

## **STRENGTHENING ENTREPRENEURIAL VENTURES: PRICING STRATEGIES, SOCIAL BONDS, AND STRUCTURAL INTERDEPENDENCE**

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### **ABSTRACT**

The entrepreneur is one who creates, organizes, and manages a business in pursuit of profit (Shane, 2012). These individuals are inherent risk-takers, given that many new businesses fail. Entrepreneurial ventures generate wealth, new money. “Existing businesses may remain confined to the scope of existing markets and may hit the glass ceiling in terms of income” (Seth, 2015, p. 14). New and/or improved services, products, or technologies facilitate new markets to be developed, employment opportunities offered, and new wealth created. Strengthening the entrepreneurial enterprise can occur on three levels, through: pricing strategies, social bonds, and structural interdependence. Each level is successively more complex and enduring. It is the authors' hypothesis that entrepreneurial businesses are particularly good at social bonding and structural interdependence. However, pricing strategies and price incentives prove way more challenging for the average entrepreneur.

*Keywords:* social bonding, structural interdependence, customer relationship management

### **INTRODUCTION**

Entrepreneurial businesses are uniquely situated for the 21<sup>st</sup> century. Their strengths are the very things valued in today's business world: the ability to respond quickly to environmental challenges due to a lean hierarchical structure; a creativity and "thinking outside the box" that seems to be lacking in big companies; and a closeness to customers that allows them to form relationships that ensure continued success in the future (Stephenson, 2014; Hitt, Ireland, Sirmon, & Trahms, 2011). Entrepreneurs typically start out small and recognize the importance of each and every customer to the survival of the fledgling enterprise. The founder has an intense dedication to making the business work, driven by personality characteristics and the fact that his/her reputation is tied up in how well the business does (Stephenson, 2014). These forces combine to make the new enterprise flexible and customer friendly.

### **LITERATURE – STRENGTHENING THE ENTERPRISE**

#### **Relationship Marketing**

Earlier decades brought significant deregulation to many different types of industries, but hit particularly hard, was the service industry. Coupled with the lower growth of the same era, service industries, like financial services, airlines, and long-distance telephone carriers struggled

to retain customers (Hitt, et al., 2011; Berry, 2002). The cost of constantly chasing new customers in the face of increased competition became wasteful since many finally realized that devoting at least some portion of the available marketing resources to the retention of current customers, just may be more cost effective. In fact, Berry (2002) contends that there can be a greater net gain if more customers are retained out of a smaller new customer base than if fewer are retained out of a larger new customer base.

Schneider recognized early that academic literature focused mainly on attracting new customers, rather than the retention of the current customers with little to no attention being paid to the consumer evaluation of products or services and the impact on organizational effectiveness and profitability (1980). However, the decades since have seen a shift in the literature and entrepreneurs' attention away from attracting new customers and towards the retention of customers already captured by the company. Dubbed 'relationship marketing' in 1983 by Berry, the emphasis was on "building long-term satisfying relations with key parties, customers, suppliers, distributors -- in order to retain their long-term preference and business" (Kotler, 1997, p. 12). In short, relationship marketing is about "transforming indifferent customers into loyal ones" (Berry, 1995, p. 236). The new focus occurred for a number of reasons. Customers were unhappy with the old paradigm where merchants looked at each sale as a wholly *new* transaction, failing to recognize the importance of long-term customers to the success of business. Entrepreneurs were faced with an increasingly competitive world where new customers were harder and harder to come by, forcing them to belatedly realize that it was more cost effective to serve already existing customers than to continually attract new ones.

Peppers and Rogers (1993) called relationship marketing 'one-to-one marketing,' because they see the success of such efforts being in the enterprise's ability to treat customers as individuals and not as part of a segment or group. Peppers and Rogers exhort entrepreneurs to focus their efforts on 'share of customer' as opposed to 'share of market.' Conducting business in this way means that emphasis is placed on getting more of your current customers' business as opposed to indiscriminately selling more of your product to whomever walks in the door. In the latter model, one time customers are as important as long-standing customers, and there is no attempt to draw distinctions between the two.

Relationship marketing is not a new concept; rather, it is a return to an old way of doing things. Entrepreneurs started out being based on relationships. Small neighborhood shops knew their customers by name and could anticipate their purchasing needs. But, as economies of scale and sophisticated distribution techniques allowed merchants to mass produce goods and deliver them worldwide, intimate relationships were lost. Consequently, producers and sellers became further and further removed from those who bought and used the product. It's interesting how evolution sometimes brings you back to the very place you started. The 2000s have seen resurgence in customers' desires to form relationships with their suppliers, forcing businesses to realize that customers want more than just a quality offering- they want an understanding of their individual problems and a willingness on the part of business to respond to their personal needs. This return to the development of relationships between buyers and sellers is the type of marketing that entrepreneurial businesses do best. They grow their businesses one customer at a time, and the retention of each customer is an important long-term goal that should be factored into the evaluation of organizational effectiveness and profit planning.

### ***Customer Relationship Management (CRM)***

In a world full of social media and electronic overload, relationships can suffer. For entrepreneurs, Customer Relationship Management or CRM has become a valuable tool. It is a tool to cultivate customers and create loyalty. A satisfied customer is just that, one who received what he/she expected, nothing more. The goal is to turn that one positive exchange into an on-going relationship. CRM seeks to 'house' unique details about a customer, like: milestones, birthdays, special interests, spouse's name, etc. into a database so an entrepreneur can sprinkle this information into verbal and written communications with the customer (Stephenson, 2014). CRM, when used optimally, facilitates a lasting relationship with the customer and fosters loyalty, even refers. There are many CRM software tools available to entrepreneurs at a cost (Stephenson, 2014).

### ***Customer Focus of Entrepreneurial Businesses***

Entrepreneurial businesses are particularly well-suited to engage in customer-centric relational-bonding because of the personality of the founder and the developmental stages of the business. The founder of the business, the entrepreneur, has been portrayed to have high levels of commitment to the business (Cyert & March, 1963; Drucker, 1985; Hitt et al., 2011) and customers (McClelland, 1987; Stephenson, 2014), and a propensity for anticipating problems and dealing with them proactively (Hornaday & Aboud, 1971). In addition, the entrepreneur is intuitive, (Stevenson, Roberts, & Grousbeck, 1989), willing to take risks (Lansberg, 1988), creative (Drucker, 1985), independent (Hunt & Morgan, 1995), flexible, has a high tolerance for ambiguity (Fernald, Solomon, & Tarabishy, 1996; Ibrahim and Ellis, 1994), and a management style which allows him/her to effectively seize opportunities when they are presented (Hitt, et al., 2011; Stevenson et al., 1989). These traits allow the entrepreneur to respond quickly to customers' needs and concerns in a way that tells customers their patronage is valued. The entrepreneur's struggles to create the business also ensure that the customer will take center stage in the process.

A new business is a fragile institution. It normally starts out with little capital and few buyers. It is literally willed into existence and sustained by the personality and talents of the founder and entrepreneur (Adizes 1989; Hitt, et al., 2011; Lansberg, 1988; Peiser & Wooten, 1983) who works side by side with his/her employees to ensure the survival of the operation. This "hands on" approach by the owner/manager gives him/her a unique perspective of the concerns of the customer. Absence of a track record forces the founder, and his customers and suppliers, to take risks an established business person might not take (Churchill & Lewis, 1983). For example, the entrepreneur may be forced to take on marginal customers and suppliers, while customers and suppliers must rely on promises that may or may not be fulfilled. As a result, a certain level of trust must be established in the relationship between the entrepreneur and those he must depend on to grow the business (Ward & Arnoff, 1991).

The interdependence that develops between the entrepreneur and his/her customers in the professional arena may spill over to the entrepreneur's personal life (Kets de Vries, 1993). Friendships may develop out of business relationships or, alternatively, an entrepreneur's first customers may actually be his/her personal friends and/or family members (Donnelley, 1964).

As the business takes off, the entrepreneur will continue to value those who helped ensure the success of the enterprise. In a study of selected service industries, Day, Dean and Reynolds (1998) found that "entrepreneurial SMIEs engage in a much more measured, calculated and effective approach to what is at the heart of the relationship marketing concept-customer retention and development" than non-entrepreneurial businesses do (p. 835). It is popular in businesses today to say the customer is king, but to act otherwise. However, small, startup businesses must live by this creed if they want to survive.

### **Benefits to Entrepreneurs**

The neoclassical theory of perfect competition subscribes to the long held presumption that buyers and sellers pursue their own interests and will seek to maximize their own benefits above all others (Hitt et al., 2011; Hunt & Morgan, 1995; Maradan, Pradhan, Dash, Jayakumar, & Chatterjee, 2017; Stephenson, 2014). However, this opportunism is challenged by relational logic which inherently assumes that both parties will share in the benefits and the burdens over time (Dwyer, Schurr, & Oh, 1987). Opportunism should become more unexpected when buyers and sellers engage more frequently and become relationship partners. The primary motivation for businesses to engage customers in long-term relationships is that it positively affects operational effectiveness and enhances the bottom line. Heskett, Jones, Loveman, Sasser, and Schlesinger (1994) postulate a Service-Profit chain operating in businesses that directly links revenue growth and profits to customer loyalty. Customer loyalty is built through a chain of events that begins with the company providing a good product and work environment, which leads to employee satisfaction and results in employee retention and productivity. Thus, long-term productive employees provide the customer with good service value that leads to customer satisfaction and loyalty. Loyal customers, Heskett argues, are the primary determinants of financial success.

Support for Heskett's theory comes from a number of studies which show that loyal customers buy more product, cost less to serve, and are an important source of new business through customer referrals (Reichheld & Sasser, 1990). The impact of customer loyalty on revenue growth and profits is demonstrated by Reichheld and Sasser (1990) whose studies indicate that a 5% increase in customer loyalty can produce profit increases of 25-85%, depending on the industry. Additional research indicates that loyal customers can result in market share gains of 6% a year (Stephenson, 2014), and attracting new customers is five times more expensive than keeping current ones (Glanz, 1994; Lele & Sheth, 1987). Heskett's Service-Profit Chain is particularly relevant to entrepreneurial businesses because it gives them a blueprint for how to grow and maintain a successful long term operation in a way that closely tracks how they already do business. Customers can also benefit from relationship marketing. Being able to transact with the same business establishments time after time takes the hassle out of buying and develops a level of trust that ensures peace of mind (Berry, 1995; Doney & Cannon, 1997). Decision-making is reduced and the individual frees up time for other endeavors (Sheth & Parvatiyar, 1995). In addition, developing a satisfying relationship with a seller means that the customer gets his/her needs met in a more constructive way because the business owner is personally involved with the customer and attuned to the customer's requirements.

## **Levels of Customer Focus**

Based upon Berry and Parasuraman's original research (1991), three seeds to a customer-focused enterprise were identified: strategic pricing, social bonding, and structural interdependence. These are explored below, but with a *modern* focus.

### **Strategic Pricing**

The first, pricing strategies and price incentives, is a seemingly relatively easy and potentially transitory way to encourage customers to repurchase the product. Pricing strategy is the reasoned choice made from a set of alternatives that will serve to meet the organization's objectives. Businesses may utilize multiple pricing strategies (e.g., value based pricing, everyday low pricing) (Bolton & Shankar, 2003), but it is generally agreed that the cost of producing, or the cost of acquiring the goods, plays at least some significance in establishing prices. In cases where those costs increase sellers can practice self-interest and pass on the entire increase to the buyer, can practice opportunism and increase prices greater than the cost increase, or move toward establishing a relationship with the buyer by either fully or partially absorbing the increase themselves (Doyle, 2010). The extent to which a seller invests in buyer relationships should potentially influence price if the relationship is valued. For example, if the buyer sets a low price and absorbs cost increases it may imply that they are willing to sacrifice short-term profits in exchange for customer loyalty. However, it is difficult for small, entrepreneurial businesses that are many times strapped for cash; to fully absorb cost increases even in cases where forming a long-term customer relationship is vital.

Frequency marketing programs are good examples of such efforts in which a customer is rewarded with frequent flier miles or free merchandise after so many purchases. Again, it is particularly difficult for small, entrepreneurial businesses to compete at this level because they can't generate enough product to keep their costs low enough to sell below their competitors. Consequently, larger businesses are usually the price leaders in the marketplace. But, the good news is that customers attracted by price are not the most stable and will likely bolt when they find a better deal. In fact, customers who buy on price are very adept at playing one business off against another until those who compete on price find themselves caught in a destructive downward spiral that demands more and more concessions until it is unprofitable to be in business at all. This never-ending price competition is particularly evident in the airlines, telephone, and credit card businesses today.

### **Social Bonding**

Social bonding, the second level, is a more permanent way to tie a customer to the business. In this scenario, customers and suppliers become friends. For example, first names are used when business contacts are made; meetings, both arranged and spontaneous, occur in social settings; and written greetings are exchanged at birthdays and holidays. The theory behind this approach is that it is easier to walk away from doing business with a faceless, nameless entity than it is to walk away from doing business with someone you know and see in Rotary on Tuesday mornings.

Social bonding explains the cachet of small intimate gift stores and apparel shops that generally charge much more than department and discount merchants but can do so because they provide a friendly environment where the loyal customer is made to feel special. In this environment salespeople will make suggestions based on their knowledge of the customer's tastes, will invite customers to special sales and events, and will call customers to inform them when the store has received merchandise the customer would be particularly interested in. While it's not as easy for large stores to compete in this way, some are trying to build social relationships in other ways. For instance, Sears introduced a 'Guys Holiday Shopping Week' in early 2000s after research showed that one-third of the men surveyed said "the holiday shopping experience was more grueling than painting a house" (Cuneo, 2000; Doyle, 2010). In addition to setting aside a special week for men, the store distributed booklets with suggestions on what to buy wives, family members, friends, and even co-workers, with a nominal coupon. In later years, they introduced, the 'Softer Side of Sears' to cater to the modern female consumer. This is an effort to motivate women to "snap up its apparel and boost lackluster sales" (Chandler, 2000, p. 11).

Hasbro Games Group and Pizza Hut have teamed up in Toronto to offer family game nights at local Pizza Huts. These nights allow families to think of Pizza Hut as more than just a place where they can get a good meal but as a place where their family can spend enjoyable time together (Hasbro, Pizza Hut, Mattel..., 1998). Nieman Marcus schedules in-store breakfasts with distinguished speakers to tie the customer to the company in ways other than through shopping (Talmadge, 1995). Other companies, such as Teach and Play Smart and Williams-Sonoma, encourage customers to interact with and try out the products so they feel comfortable with what they buy. Teach and Play Smart also sponsors storytelling, maskmaking and video screenings targeted at not only children but parents and teachers. Borders Books likes to think of its establishments as community centers where people can gather to "hear poetry readings and lectures, see demonstrations and attend children's programs" (Hasbro, Pizza Hut, Mattel..., 1998). Years ago one of the company's stores in Dallas brought in "Vampire" author Anne Rice not only for the traditional book signing but for a costume party with prizes and a blood drive. Subaru sponsors an Outback Rendezvous that includes one-on-one consumer contact with adventure sports such as kayaking, mountain biking, and rock climbing. With these types of events customers have a fun experience in addition to being able to purchase the product and, consequently, feel more connected, in a personal way, with the manufacturer or retailer (Hasbro, Pizza Hut, Mattel..., 1998).

### **Structural Interdependence**

But "warm and fuzzy" marketing is easily copied, so the real competitive advantage in customer-focused or relationship marketing is taking place at the third-level where structural relationships are built. This is the most enduring stage because it ties buyers and sellers together in a mutually beneficial relationship, which significantly affects how each does business. At the third-level of relationship building, the seller customizes the product to the buyer's needs, and by so doing, links the two together in a way that is difficult to sever. The most obvious example of this is the relationship between a company and its computer hardware/software provider. Once a certain technology is chosen, businesses will resist changing because the switching costs associated with using another vendor are high. And the vendor may have invested significant dollars in customizing the products for the customer, so s/he is equally committed to continuing the

relationship.

In the case study of Vani Kola, creator of the software business, RightWorks, showed the company went from an idea to a 50-person, multimillion dollar company in four years. A web-based business that specializes in start-to-finish corporate procurement systems; RightWorks customizes its \$250,000+ product to a customer's business needs. Fujitsu was impressed with Kola's wares, but her product did not mesh with a system the company was already using. No problem, Ms. Kola reconfigured her software in 45 days to fit what the company was doing. Fujitsu became an enthusiastic customer (UPS, FedEx Struggle to Keep Up..., 1998). In the age of the 'web,' where buyers and sellers are located all over the world, the quick movement of goods from one location to another becomes a significant issue. FedEx has set up partnerships with companies that allow it to coordinate the arrival and delivery of the companies' parts and products, saving the company's inventory holding costs and significantly cutting the shipping time to customers. Fujitsu became dependent upon FedEx, so much so that it moved its distribution center from Portland, Oregon to the FedEx hub in Memphis, Tennessee. The two companies could take delivery of parts, assemble products, and ship them out without excessive delays. This arrangement cut Fujitsu's delivery time then by as much as two-thirds, thus increased profits by 25%. FedEx also allowed Fujitsu to hook into its computer network so it can track deliveries and bill customers upon receipt of goods (Smart, 2000). Now, Amazon has become an emerging market leader in distribution.

Hospital supplier giant, Baxter International, established similar relationships with its customers. Baxter shares business risks with some customers by jointly setting targets and sharing savings or losses. The company's consultants work with hospitals to cut supply expenses by streamlining distribution, standardizing certain goods, and delivering them only when needed. Both FedEx and Baxter have found a way to integrate their businesses with their customers' businesses, so totally that one cannot do business without the other. FedEx's Brent Meyers confirms this: "It's hard to say which is FedEx and which is Fujitsu, we're so integrated. We're just an extension of Fujitsu from the time that part is picked up in Japan until the laptop is delivered to the final customer" (Meyers, 1999, p. 4). Empire Blue Cross & Blue Shield of New York tracked patient information from a variety of health care sources to get a total picture of the care being delivered. Empire uses this information to consult with the patients' health care providers to flag potential problem areas, such as inappropriate prescription use, or to recommend preventative treatment that will forestall future medical interventions (Jeffrey, 1999; Smart, 2000). While somewhat controversial, because it involved the privacy of a patient's medical records, the ability to integrate information related to individuals' overall health care treatment holds the promise of ensuring better health care service at lower costs.

Then came the rise of entrepreneur turned big business, Amazon. Half of all online shopping searches are on Amazon and now, half of all U.S. households are subscribed to the membership program Amazon Prime (Heller, 2016). As a retailer, its market power is unrivaled. Amazon, in an effort to constrain rising shipping costs, created its own distribution operation in an effort to directly compete with UPS and FedEx (Amazon's newest ambition..., 2016). Amazon went head-to-head with major shippers for mainstream business delivery. Customers like this option (Heller, 2016).

These examples of second and third level relationship building primarily deal with large companies that are trying very hard to integrate a personal touch into their businesses (second level) or become an indispensable partner with their customers where both parties benefit (third level). This is not particularly easy for such companies which have historically depended on moving large volumes of standardized products. But, because customers are demanding such relationships, large businesses are scrambling to be responsive. Unlike large companies, entrepreneurs are particularly adept at building relationships at the second and third level for a number of reasons: their commitment to customers on an individual basis was a major factor in their initial success, and their greater challenge in competing in the pricing area can be somewhat overcome by striving even harder in other means of customer alliance development (Doyle, 2010).

### **Relational Bonding in Entrepreneurial Companies**

Entrepreneurial companies have been practicing relationship marketing since the beginning of time. It is only over the last decade or so that larger, less-entrepreneurial enterprises have come to the realization that a customer-focus in this way can positively affect organizational effectiveness and enhance profits. In order to capitalize on a consumer-centric approach, one that seems to come naturally to entrepreneurs, they must formally integrate relationship marketing techniques that they have practiced informally in the past into their future business strategies. This can be done adopting Peppers, Rogers, and Dorf (1999) four step process for practicing one-to-one marketing.

**Identifying customers:** While entrepreneurs have an excellent sense of whom their customers are and what they need, the challenge is to get a better handle on such information. This can be done by keeping records of customers' names, addresses and telephone numbers through the use of guest registers, and the capturing of information from checks and house accounts. Having customers sign-up for special drawings can also help entrepreneurs determine who has shopped in their stores.

**Differentiating among customers:** Identifying customers by their name, address and telephone number is just the first step. This information must be put to work by marrying it to the customer's buying habits and purchases. Every time a business has an interaction with a long term customer, the business should record the outcome of that interaction. Through such records, the business can not only better serve the customer when s/he is ready to buy but can anticipate the customer's future purchases. This type of intimate knowledge of customer preferences will serve to strengthen entrepreneurial customer relationships. The danger in not keeping such records is that you are relying on memory to address customers' needs. While ok for a small business, as the clientele expands it becomes more and more difficult to use this method. In today's marketplace customers expect you to remember their tastes, especially if they come in on a regular basis.

Failure to do so may mean customers will seek out other establishments where they feel their business is more appreciated. Entrepreneurial businesses that track customer buying habits include beauty shops that record hair color formulas for each customer so they can easily recreate a color the customer likes. Hair styles could be handled in a similar way, through

entering notes on a customer's record and taking a picture of the cut and style each time a customer comes in the shop. A review of a customer's file before his/her next visit will allow the business owner to refer back to information exchanged during the last visit and will convince the customer that the entrepreneur has been listening to his/her concerns. This type of activity helps cement the special relationship that has developed between the entrepreneur and the customer and helps to ensure that the customer is satisfied with the final product.

***Interacting with customers:*** A 'relationship marketing world' demands two-way communication between the customer and the entrepreneur. To accomplish this, business owners must do more than just direct marketing messages at customers. They must engage in conversation. There are several ways to accomplish this: face to face in the business or a social setting, or through written or telephone contacts and surveys. Many large businesses must rely on the latter, but small, entrepreneurial firms are particularly well equipped to engage their customers in meaningful personal dialogue. Entrepreneurs should build into each customer contact a feedback mechanism that helps the entrepreneur determine how the customer has evaluated the contact and what, if any, changes could be implemented in the fixture. This feedback mechanism could be as simple as asking, "What do you think of our new spring wardrobe?" to taking a valued customer to lunch to explore in depth what the customer thinks about the business.

Since the entrepreneur cannot always be on site when every customer appears, his/her enthusiasm for personalized customer contact must be imparted to the employees. This can be done through example and written mission statements but can be driven home by encouraging social interactions between the two. Salespeople should know the names of people who come in the store on a regular basis and make sure the customers know their names as well. Whenever possible, entrepreneurs should invite customers to a "coffee and cookie break" in the store. The dynamics of a relationship change when people "break bread" together. The atmosphere becomes one of friends interacting as opposed to a commercial venture. Other ways to interact positively with customers include sending mailings announcing special events that are open only to valued patrons; becoming active in the community so customers see you in different settings and get to know you on different levels; and engaging in reciprocal relationships with other businesses and organizations. Contributing goods and services to charitable organization fundraisers gives a business positive visibility and can create loyal customers from those involved with the charity.

***Customizing your product or service:*** Customization requires entrepreneurs to track customer purchases and preferences in order to address individual needs and wants. Typically, service firms do this well (Doyle, 2010; Seth, 2015). It may mean customizing a product or customizing the service that goes with the product. Small dress shops many times will have seamstresses available to "remake" clothes that don't fit customers. They will also put whole outfits together, suggesting jewelry, shoes, and purses to go with the clothes the customer has bought. Both the customer and the businessperson benefit from this type of special treatment - the customer spends more in the shop, but is happier doing so because she feels her individual needs have been met. Customization demands flexibility. It is a company's job to figure out a way to say "yes" to the customer. Operating with hard and fast rules about what your business will and will not provide the customer is the death knell for establishing long-term relationships. It is only when the customer's requirements come first that customer loyalty can be developed.

## MANAGERIAL IMPLICATIONS

In today's competitive environment customers are looking for personal attention and a special relationship from those from whom they buy products and services. With value placed on relationship marketing by both buyers and sellers, entrepreneurs must also attempt to compete in this arena right beside much larger and more established businesses. Whether entrepreneurs like it or not, they must acknowledge that even the largest of box stores are now proud of the customer loyalty that they have earned even if it is mainly based on "everyday low prices."

While it may be more manageable for entrepreneurs to compete in areas like social bonding and structural interdependence, it proves more difficult to establish in-roads with pricing and price incentives. Entrepreneurs, if successful in establishing meaningful relationships through social bonds and interdependence, can compete successfully by offering enhanced products and services with *competitive* prices, without resorting to drastic price cuts detrimental to them. And possibly, over time, be better able to be more price-competitive. Dollars not spent on finding replacement customers can be spent on customer retention. In the planning process, it is wise for entrepreneurs to plan in some price concessions for maintaining the customer base in lieu of spending even larger amounts to continually attract new customers. With a committed focus on customer retention through relational bonding, consumers are ensured of being treated as a more valuable commodity and marketing resources are spent more wisely. In an era of more and more constraints being placed on available resources, entrepreneurs must plan wisely from start-up to retain customers verses continually replacing them.

## CONCLUSION

Entrepreneurs, in a market economy, are motivated by profit opportunities. Entrepreneurs provide price quotations to others as an invitation to trade and, on occasion barter. In the long run, competition between entrepreneurs subjugates price in favor of the customers' willingness and ability to pay. With so much competition, even global competition, the customer is more in charge than ever. That means entrepreneurs need to offer better-designed pricing options. Both customers and entrepreneurs today live in an exciting time. With a renewed focus on the consumer, specifically customer retention, entrepreneurs move toward a customer-centric enterprise. Successful entrepreneurs operationalize relational bonding in the form of customer-focused strategies, events, promotions that foster 'warm and fuzzy' connections. They use pricing strategies/incentives as a means to entice trial and reduce the risk of purchase. This is especially important for an entrepreneur given the levels of competition (local, regional, and online). Structural interdependence requires entrepreneurs to look for better avenues to reach customers. Amazon, as a case study, would be a prime example of structural interdependence given its thriving membership program and own distribution network. It is only when the customers' requirements come *first* that customer loyalty can be developed and maintained. A true customer-focus positively affects organizational effectiveness and enhances profits for entrepreneurs.

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