DOMINANT BUSINESS-TO-CUSTOMER RELATIONSHIPS IN THE ERA OF COVID-19 PANDEMIC

RELACJE PRZEDSIĘBIORSTWA Z KONSUMENTAMI W CZASACH PANDEMII COVID-19

Abstract: Establishing proper relationships with customers is a subject matter of interest of many researchers and managers due to increasing competitive forces in the market and decreased demand. The importance of business-to-consumers (B2C) relationships developed even stronger in Covid-19 pandemic times. The main purpose of the study is to identify
the dominant changes in business to-consumers relations that allow the business to achieve success in the new pandemic reality. An assumption was made in the paper, that proper business-to-consumers relationships are key determinants of organisational success in times of a crisis. The theoretical deliberation, based on critical literature review, are supplemented by empirical research conducted in a form of a case study based on Toyota Motor Corporation example. Further fields of study are also identified.

**Keywords:** B2C relationships, pandemic era, good practices

**Introduction**

Coronavirus has shaken up business and consumer behaviour on a massive scale. We can observe significant changes affecting all industries globally. The key term emerging during COVID-19 pandemic is relationship: strong bonds built with customers are a remedy for companies in troubled times of market fluctuations, allowing companies to survive and develop the businesses. The concept of business-to-consumer (B2C) relationships became a dominant logic in recent years, reflected both in relationship marketing concept and in relationship paradigm in management. However, the relationships are not the same. Although the full economic consequences of this pandemic are still unclear, we know that the business-to-consumers relationships have changed for good. Businesses that are led with empathy and genuinely address customer needs will be the winners of the pandemic era.

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The theoretical deliberation, based on critical literature review, are supplemented by empirical research conducted in a form of a case study based on Toyota Motor Corporation example. Further fields of study are also identified.
From an academic point of view, the research examines online B2C relationship model, with focus on relationship benefits and their components. From a managerial perspective, the presented study brings several contributions to marketing professionals, especially gives examples how to build and maintain strong positive relationships with customers and what business tools to apply based on good practices.

1. Literature review on business-to-consumers relationships

Business relationships are widely researched, becoming a subject of interest of many academics and practitioners with its developed concepts and constructs. In general aspect, relationship is comprehended as interactions, connections and partnership among subjects or entities.

Relationship in the economic context may be perceived as long-term interactions with clients and other company’s stakeholders when their aims may be achieved by mutual, beneficial exchange of values. Since the introduction in the 80’s, terms: “relationship”, and the more managerial and normative “relationship marketing”, have been transitioned to central concepts in mainstream marketing.

Studies on literature show that company’s relationships may be built with various stakeholders (B2B, B2A, B2P), but customers (B2C) seem to be of dominant importance because of business competitive environment. Relationships may be commenced by a company, which is the most common case, but also by consumers. This is a specific situation that takes place when customers are the party initiating a contact with the company or other company’s customers, called Customer Citizenship Behaviour. Interactions may be established between companies and customers offline, i.e. the traditional way, and online. In offline settings, customer–company relationships rely on face-to-face (e.g., customer shopping at a retailer’s location) or non-face-to-face verbal (e.g., phone) or written (e.g., mail) interactions. Offline customer–company relationships are consistently characterized by human-to-human relational interactions. In online contexts, face-to-face interactions disappear, and all exchanges are indirect and mediated by Internet technologies.

5. A. Dewalska-Opitek, M. Mitręga, Appreciate me and I will be your good soldier. The exploration of antecedents to consumer citizenship, “Engineering Management in Production and Services” 2019, Vol. 11, No 3, pp. 48-49.
6. M. Yadav, P.A. Pavlou, Marketing in computer-mediated environments: research, synthesis, and new
Palmatier et al.\(^7\) proposed a relationship marketing model, in which the researchers identified factors influencing the effectiveness of business-to-consumers relationships. Based on the study, Verma et al.\(^8\) adapted the model to the online context (see Fig.1).

Although a relationship is, by its very nature, two sided and both parties typically share in the benefits of a strong relationship, some antecedents and outcomes may have differential effects according to the measurement perspective\(^9\). One of the most frequently discussed antecedents of online relationships are relationship benefits, i.e. various functional or social benefits received from the exchange partner.

Figure 1. Relationship marketing in online context

Rysunek 1. Marketing relacyjny w ujęciu online


The benefits consist of the following component elements:

1. Convenience motivation – perceived as one of the major benefits of online interactions, contributing to the growth of commerce\(^10\). Five types of convenience may be distinguished, i.e.: flexibility in shopping, reduction in shopping time, saving the effort of visiting the physical store, saving aggravation, and the option to buy on impulse or in response to an advertisement\(^11\).


2. Information quality – contributing consumers’ knowledge about product attributes, reviews, order and delivery information, frequently asked questions, promotions, consumer reviews and ratings\textsuperscript{12}. There are six components of information quality, i.e. relevancy, sufficiency, recency, consistency, understandability, and playfulness\textsuperscript{13}.

3. Price consciousness – internet lowers the cost of acquiring information about offers, allowing consumers to compare prices across products and sellers and providing so called “smart experience” to “smart shoppers”\textsuperscript{14}.

4. Website design – in online interactions, website is the only connection or interface companies have with customers. It should be simple, consistent, responsive, provide intuitive navigation and ensure good security features\textsuperscript{15}.

According to Verma et al., relationship benefits lead to consumers’ commitment (an enduring desire to maintain a valued relationship), trust, relationship satisfaction (i.e. customers affective or emotional state toward a relationship), and relationship quality (overall assessment of the strength of a relationship). Relationship benefits are also causally related to customer loyalty (customer’s likeliness to do repeat business with a company or brand) and expectation of continuity (customer’s intention to maintain the relationship in future), the main consequences of relationship marketing provided effectively\textsuperscript{16}.

Online relationships between customers and companies, in which relational interactions are mediated by Internet-based channels, are ubiquitous. Online relationships remain en vogue among customers, who “want to have a connection, a relationship, with the organizations they deal with”\textsuperscript{17}. Accordingly, on the other side of the exchange dyad, companies work to build, grow, and retain strong online relationships with their customers. It was predicted that by the end of 2020, customers would manage 85% of their relationships with firms without any human interaction\textsuperscript{18}. The beginning of the year 2020 changed the business and the concept of relationship to an unimaginable extent.


\textsuperscript{14} K. Green Atkins, S.Y. Hyun, Smart Shoppers’ Purchasing Experiences: Functions of Product Type, Gender, and Generation, “International Journal of Marketing Studies” 2016, Vol. 8, No 2, pp. 1-12.


\textsuperscript{16} V. Verma, D. Sharma, J. Sheth, Does relationship marketing matter…, p. 212.

\textsuperscript{17} C. Pettey, How to respond to tomorrow’s customers today. Retrieved on August 8, 2020 from https://www.gartner.com/smarterwithgartner/how-to-respond-to-tomorrows-customers today/.


The Covid-19 outbreak started in December 2019 in Wuhan, China and within few months it spread across the world. On January 30, 2020, the World Health Organization declared the outbreak as a Public Health Emergency of International Concern. At the beginning of August 2020 almost 20 million cases of the virus were recorded worldwide.\(^{19}\)

In a strongly connected and integrated world, the impacts of the disease are immense, and may be discussed in medical, political, social, and economic context. In many countries severe lockdowns were imposed. This led to a decrease in consumption, and interruptions to production and selling. Overall, the functioning of global economy was disrupted, affecting companies across the globe. Social distancing, self-isolation and travel restrictions led to a reduced workforce across all economic sectors and caused many jobs to be lost or at risk. Consumers also changed their consumption patterns.\(^{20}\)

First, online sales gained popularity, reaching the value of 30.1% of total sales in June 2020 (compared to 18.6% in June 2019).\(^{21}\) Second, a wide difference in sales volumes across product categories could be seen. With the majority of the population confined to home, consumers tended to opt for essential products (food & beverage) and those that could make time spent at home more enjoyable (including entertainment products such as gaming, videos, and software, as well as stationery & hobbies). As parents seek activities to entertain children at home or facilitate enjoyment during times of self-isolation, these products became “essentials”\(^{22}\) (see Fig. 2).

\(^{19}\) WHO Coronavirus Disease Dashboard, retrieved from https://covid19.who.int/ on August 8, 2020.


As quarantine is gradually lifted country by country, many consumers are reluctant to return to the old shopping ways for fear of getting sick. It is likely that households will continue to turn to eCommerce. This preference will likely develop and reinforce new online shopping habits for millions of consumers long after the Covid-19, hence redefining the retailing landscape.

This shift in consumption patterns shall be taken into consideration by companies that need to face and overcome new market challenges. Covid-19 will challenge brands and retailers across the world but those that have invested in online capabilities and strategies to build out strong B2C relationships, will generate sales and engage with customers at a time when commerce has otherwise ground to a near-complete halt. Some business examples deserve the “good practices” label.

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3. Covid-19 impact on business relationships with consumers – practical implications based on business examples in Poland

3.2. Research methodology

Based on the theoretic deliberation of business to consumers relationships in the pandemic times, qualitative research was conducted to supplement the theoretical background. The method employed was a case study.

A case study is a research approach that is used to generate an in-depth, multifaceted understanding of a complex issue, event, or phenomenon in depth and in its natural context\textsuperscript{24}. With the case study method, a critical decision is the selection of cases. Contrary to the sampling approaches typically adopted in quantitative research (e.g., random, stratified, or statistical sampling), cases are selected because they are particularly suitable for illuminating a phenomenon and for extending relationships and logic among variables\textsuperscript{25}. Researchers have to decide about the number of studied cases. Case studies may be applied as a single case study, that uses a particular case, or a multiple (collective) case study, which involves studying multiple cases simultaneously or sequentially to generate a broader appreciation of a particular issue\textsuperscript{26}.

The research in question will apply a single case study. The sampling of single cases is straightforward. Single cases are chosen because they are unusually revelatory or extreme exemplars or because they offer opportunities for unusual research access\textsuperscript{27}.

Data in the case study method are collected by multiple means that may consist of potential qualitative or quantitative information retrieved from primary and/ or secondary sources. Case study data often provide advantages in being able to integrate both objective and perceptual data\textsuperscript{28}. The conducted research is based on both primary sources (in the form of non-participant observations) and secondary sources (documents available online).

The subject of the research was Toyota Motor Corporation. The company was chosen purposefully, as it represents the automotive sector, i.e. one of the sectors of global economy suffering from Covid-19 pandemic. It was concluded, that choosing a case representing a high or growing demand sector, would not allow to research

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\textsuperscript{26} S. Crowe, K. Cresswell, A. Robertson, G. Huby, A. Avery, A. Sheikh, \textit{The case study approach...}, p. 2.


\textsuperscript{28} Ibidem, p. 5.
the complex issue. The temporal scope of the research covers activity of Toyota undertaken between March and July 2020.

3.2. Research findings

Toyota Motor Corporation (TMC), Japanese company of the Toyota Group with headquarters in Toyota City, an industrial city east of Nagoya in Japan, became the largest automobile manufacturer in the world for the first time in 2008, surpassing General Motors. Many of its about 1,000 subsidiary companies and affiliates are involved in the production of automobiles, automobile parts, and commercial and industrial vehicles. Today Toyota has assembly plants and distributors in many countries. In addition to automotive products, its subsidiaries manufacture rubber and cork materials, steel, synthetic resins, automatic looms, and cotton and woollen goods. Others deal in real estate, prefabricated housing units, and the import and export of raw materials. Nevertheless, automotive industry is still the main business area for Toyota Group.

The coronavirus outbreak heavily impacted the automotive industry (among others), decreasing the number of cars produced and sold all over the globe. As more consumers were confined indoors, they tended to scale back or postpone on new car purchases. Focused on public spacing, tracing and hygiene rules, many customers refrained from visiting car showrooms. Toyota Motor Corporation found an innovative solution offering digitalised consumer service.

First, virtual car showrooms appeared. A virtual showroom allows anyone to “visit” a dealership remotely via a computer, smartphone, or tablet screen. Customer experience is now enhanced, and safely, through the introduction of the Toyota virtual showroom, which features 360-degree vehicle displays of the interior and exterior of available models and other dynamic features (see Fig. 3).

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Through the digital platform, customers have the opportunity to check and access preferred Toyota models anywhere and anytime. They can click and control the interior view to see the detailed specifications of a vehicle or rotate the exterior view as if they are inspecting an actual car (Fig. 4). Customers may also experience their virtual test drive (See Fig. 5).
Figure 4. 360° exterior and interior view of Toyota
Rysunek 4. Wewnętrzny i zewnętrzny widok panoramiczny Toyoty

Once customers have picked their desired vehicle, payment estimates can be
determined on the website, and personal information can be submitted to have the
customer connected to the preferred dealership. Dealer representatives can reach
out to assist in a car purchase, provide the official quotation, help to prepare pur-
chase documents, and handle further inquiries regarding the chosen vehicle. TMC
also provided flexible financing schemes, extended payment terms, and payment
holiday terms. Free services like periodic maintenance, insurance, and vehicle sani-
tation also became available for customers,

C. Arevalo, first vice president for the brand and product planning cluster of
Toyota Motor Corporation in Philippines, said that “[…] safety is the main prior-
ity of the auto brand. In line with this, it has designed the virtual showroom for the
simulation of the customer’s actual purchasing experience without the necessity to
leave their homes […].”

As the digitalized approach gained customers’ recognition, TMC enabled other
online services, i.e. booking a service appointment via a mobile app (My Toyota –
MyT – see Fig. 6) or renting a Toyota car.
According to Toyota President, Akio Toyoda, the coronavirus induced a bigger shock to the automotive sector than the 2008 global financial crisis. He anticipates a big drop in sales volumes – global sales will fall to a nine-year low of 8.9 million vehicles in 2020/21, compared with 10.46 million in the financial year causing Toyota to lose 145bn yen (£1.1bn) in operating profit. Despite the forecast, Toyota said spending on research and development would remain unchanged, with operating officer Koji Kobayashi adding: «We cannot stop investing in the future». Due to further digitalisation and moving most of customers’ service and customers’ experience online, Toyota is potentially better prepared for a tough year than its rivals.

**Summary**

Summarising the presented theoretic and empirical deliberation, it shall be noticed that establishing right relationships with customers is a subject matter of interest of many companies due to increasing competitive forces in the market. The

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importance of B2C relationships developed even stronger in Covid-19 pandemic times. Many interactions turned online, becoming the dominant exchange mode for companies and customers. Additionally, many traditionally operated businesses had to perform innovations to keep up with suddenly changed consumption patterns, consumers’ needs for convenience and safety. Crises are known to accelerate the development of new ideas, decisions and processes changed at such a speed and scale, that nobody could have predicted. What would normally take months or years, took just days or weeks.

An interesting example of an accelerated digitalization of business-to-consumer relationship is the auto industry. Cars are traditionally products that people want to look at in person, to touch and try out. Toyota was one of the first automotive companies responding to new needs of their customers, as well as the pandemic restrictions imposed by many governments. It was certainly followed by many other manufacturers and sellers yet establishing the leading position in the market.

Referring to the online relationship model suggested by Verma, Sharma and Sheth and discussed in the theoretical part of the paper, B2C online relationships may be evaluated from the relationship benefits perspective, consisting of convenience motivation, information quality, price consciousness and website design. It may be stated that Toyota well identified and implemented all of the mentioned variables classified under the relationship benefits construct.

First, the company replied to the convenience motivation of customers. Virtual showrooms, virtual test drives, mobile apps etc. enabled Toyota’s clients appreciate the unique customer experience yet stay safe at homes. This professional service required provision of high-quality information available online, i.e. relevant, sufficient, recent, consistent, and understandable in the audio, visual or audio-visual form. Consumers may consult a dealer’s representatives or artificial intelligence tools (so called bots) for real time assistance and interact with them in a human-like manner. It certainly requires professionally design websites, enabling intuitive navigation via platforms combining marketing videos on demand, live stream functions, social interaction, and lead management tools to help with attracting and retaining customers. The last discussed variable was price consciousness supplemented with all the financial benefits like flexible financing schemes, extended payment terms, payment holiday terms and free-of-charge services.

On a managerial level, the current study provides useful actionable guidance to innovation program managers on how build and sustain strong and positive B2C relationships, even in the potentially unfavourable market conditions like pandemic. Firms need to learn how to respond to new consumption patterns, presenting innovative business solutions.

The study findings are constrained by several limitations. First, not all model antecedents were discussed, drawing attention to customer-focused antecedents.
Second, a single case study was applied. Extending the number of case subjects to other automotive companies or other market segments would allow to identify new models of B2C relationships. Third, it would take time to evaluate the outcomes of the relationship model introduced by Toyota – future information on sales and profit will reveal how successful the company was. It all leaves place for future research.

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