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A Framework for Studying Relationship Marketing Dyads

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Keywords Buyer-seller exchange situation model; Case research method; Designing, implementing, monitoring and measuring relationship marketing; International food supply chain; Relationship marketing

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Abstract

Although coined more than fifteen years ago, relationship marketing remains an ambiguous concept with plenty of rhetoric but few publications on empirical evidence in support of a relationship marketing paradigm shift. A research project is currently studying marketing dyads in the international food supply chain in an attempt to better understand what constitutes relationship marketing. Four issues are dealt with in this article. First, the concept of relationship marketing, the problem area and the research questions are shortly introduced to the reader. Second, the contextual setting for the research project is described in some detail. Third, the research methodology is discussed in great depth with special emphasis on how to develop theory from qualitative case research data. Fourth, a typical example of the research process and its findings are outlined briefly.

Introduction: research area

Although coined more than fifteen years ago, relationship marketing remains an ambiguous concept and this is why more research is needed into how to design, implement, monitor and measure relationship marketing. The article, which is part of that research effort, is structured as follows. (Figure 1 depicts the simplified model of the overall research process, which has guided the composition of the article.)

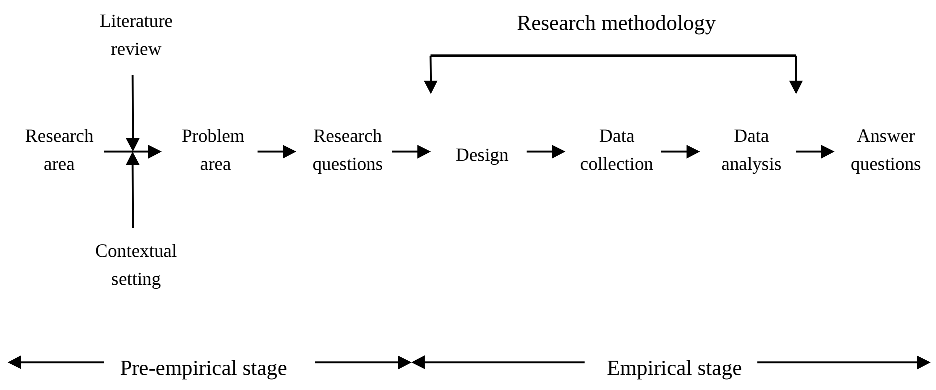

Figure 1 Simplified model of the overall research process

First, in the literature review the reader is shortly introduced to the concept of relationship marketing, the problem area and the research questions. Overall, despite the literature on relationship marketing is large and continuously expanding, it has been claimed that the history of relationship marketing has been characterised by rhetoric rather than publications on empirical evidence in support of a relationship marketing paradigm shift,

> "Relationship marketing history has been characterised by rhetoric rather than publication effort ... After fifteen years, the new relationship marketing paradigm is still without clear empirical support." [Collins 1999: 3 and 4)

This article explores the disciplines in relationship marketing using an analytical model comprised of the objectives for, the defining constructs of and the instruments in relationship marketing (Figure 2 in the *Literature review* section). Second, the contextual setting for the research project is described in some detail; the setting, which is the international food supply chain, allows for a robust multiple case study design. Third, the article then discusses the research methodology in great depth devoting special attention to the process of developing theory from the qualitative case research method, which is the overall research approach. This process consists of designing the research, collecting the data, analysing the data and answering the questions (Figure 1). Throughout this discussion the article draws on specific examples originating from the research project; those examples illustrate particular facets of the research process. Fourth, a typical example of the research process and its findings are outlined briefly. The article will now proceed and consider each of the four topics.

Literature review

The research area for the project is *relationship marketing*, which was first coined by Berry in the context of services marketing,

> "Relationship marketing is attracting, maintaining and - in multi-service organizations - enhancing customer relationships. Servicing and selling existing customers is viewed to be just as important to long-term marketing success as acquiring new customers." (Berry 1983: 25)

Since then, relationship marketing has received widespread attention in the academic press (e.g., Buttle 1996; Christopher *et al*. 1991; Gummesson 1995). Today, relationship marketing – as presented in the literature – stems from a number of different streams of research in marketing,

> "Each tradition provides a particular and partial view of its focal phenomena, dependent both on its ontological and epistemological assumptions, and on the issues researchers in that tradition have chosen to bring to the foreground." (Möller and Halinen-Kaila 1998: 293)

Cooper *et al*. (1997) carried out a bibliometric study and thus found that there has not yet been a consistent theoretical development in the field of relationship marketing, which rather consists of numerous attributes. This is because theoreticians have different vantage points and stress different applications of relationship marketing and so alternative definitions of relationship marketing have appeared (e.g., Fisk *et al*. 1993; Iacobucci 1994; Lehtinen 1996). Although each theoretician seeks to capture the nature of relationship marketing a majority of theoreticians characterise relationship marketing broadly and describe it as "longer in duration [than transactional marketing], reflecting an ongoing process" (Dwyer *et al*. 1987: 12). One of the best-known definitions reflects that relationships between a business and its partners may be either short-term (transactional) or long-term (relational),

> "[Relationship] marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises." (Grönroos 1994: 355)

Problem area and research questions

The disciplines in relationship marketing can be explored using a simple analytical model (Figure 2).

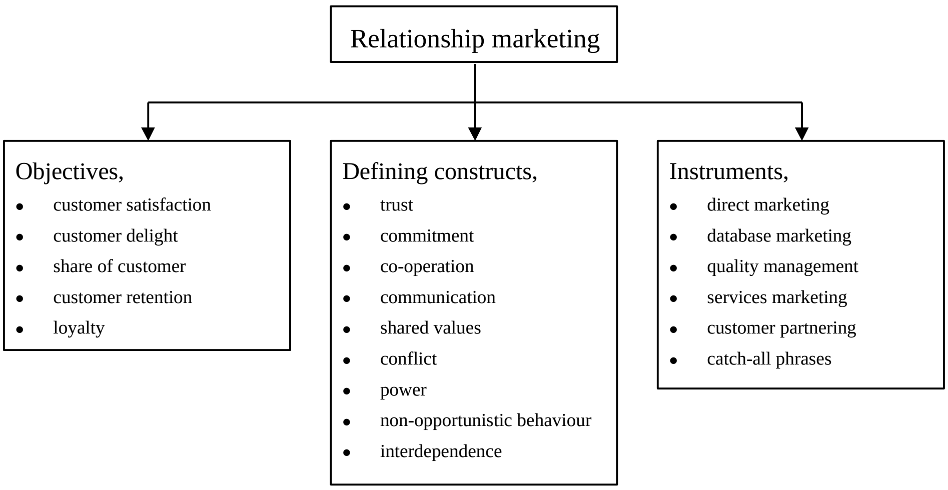

Figure 2 Breakdown of relationship marketing into objectives, defining constructs and instruments

With regards to the objectives, relationship marketing has been defined in terms of customer satisfaction and delight (Rust *et al*. 1996; Oliver *et al*. 1997), share of customer (Hammond and Ehrenberg 1995; Johnson 1992), customer retention (Buchanan and Gillies 1990; Dawkins and Reichheld 1990) and loyalty (Palmer 1994; Reichheld 1996).

With regards to the defining constructs, a number of authors have sought to characterise relationship marketing in terms of trust (Ganesan 1994; Morgan and Hunt 1994), commitment (Morgan and Hunt 1994; Spekman and Sawhney 1990), co-operation (Mohr and Spekman 1994; Stern and El-Ansary 1992), communication (Anderson and Narus 1990; Moorman *et al*. 1993), shared values (Dwyer *et al*. 1987; Morgan and Hunt 1994), conflict (Anderson and Narus 1990; Spekman and Sawhney 1990), power (Fontenot and Wilson 1997; Thorelli 1986), non-opportunistic behaviour (Morgan and Hunt 1994) and interdependence (Spekman and Salmond 1992).

With regards to the instruments, relationship marketing has been interpreted as direct marketing and database marketing (Copulsky and Wolf 1990; Fletcher *et al*. 1990), quality management (Ballantyne *et al*. 1995; Gummesson 1988), services marketing (Berry 1983; Rust and Zahorik 1993), customer partnering (Anderson and Narus 1990; Magrath and Hardy 1994) and catch-all phrases covering many different marketing disciplines (Gummesson 1994; Morgan and Hunt 1994).

As a result of the diverse ways of understanding relationship marketing, no set of best practice has been promoted although several approaches nevertheless have been proposed (e.g., DeSouza 1992; Rosenberg and Czepiel 1984; Stone and Woodcock 1995). It has even been suggested that no guidelines exist that guarantee an effective design, implementation, monitoring and measurement of a relationship marketing programme (Grande 1996; Pinto 1996). For example, when the term relationship marketing is used in so many different ways that "confusion sets in" (Palmer 1998: 106) is it then not possible to identify activities that, if practised, can be presented as substantive evidence of the practice of relationship marketing itself? Also, how are programmes of relationship marketing implemented and subsequently monitored (Cravens 1998; Gummesson 1998)? Finally, Gummesson (1997) notes that the measuring of returns on relationship marketing is still in its infancy so in what way(s), if at all, are returns on relationship marketing measured?

Contextual setting

The food industry has traditionally embraced transaction marketing (e.g., Barkema 1992; Barry *et al*. 1992; Kalfass 1993; Sporleder 1992). But, a multitude of changes has led the industry to embrace relationship marketing. Those changes include the marketing environment; population and demography; incomes and levels of living; social changes and cultural attitudes; consumer awareness; ethnic diversity; pleasures; and finally technology. The result has been significant alterations in the industry structure with horizontal links and vertical links being formed throughout the food supply chain (e.g., Behner and Bitsch 1995; Hughes 1994; Srivastava *et al*. 1998). For example, development-led alliances, purchasing-led alliances, skills-based alliances and multi-function alliances are types of new horizontal links between European food retailers. But, although international buyer-seller relationships thus are increasingly common such relationships are still not known in full,

> "However, we have scant knowledge of how culture impacts the development of relationships across national boundaries and ultimately international business performance." (Patterson *et al*. 1998: 24)

A study of international buyer-seller relationships from a number of countries will allow for a robust multiple case study design because although there are similar trading patterns between the countries there are also differences between the countries such as their marketing philosophy and way of conducting business (Coviello *et al*. 1998; Rasmussen 1998).

Research methodology

In the discussion of the research methodology four topics are considered: (1) justification of the research paradigm, (2) justification of the case research method, (3) case study design and (4) theory development from case research data.

Justification of the research paradigm

Two of the major approaches to the building and testing of theory are deductivism and inductivism. The deductive approach represents the positivist paradigm and the inductive approach represents the phenomenological paradigm, which can be further divided into critical theory, constructivism and realism (Easterby-Smith *et al*. 1991; Guba and Lincoln 1994; Perry 1998). The objective of this research project is to gather evidence of practices of relationship marketing and to explore emergent themes. Relationship marketing is contemporary and pre-paradigmatic. There is no consensus as to what it constitutes, and no accepted principles and/or constructs have yet been established. Overall, all of this makes it difficult, if not impossible, to begin with a theory or a set of hypotheses as in deductivism. Moreover, inductivism (as in realism) does not suffer from the limitations of relativism. According to realism, there is an external reality that can be reached by collecting observable *and* unobservable phenomena. Finally, findings are evaluated by for example reliability and validity (Hunt 1991; Leplin 1989; Perry 1998). However, it is important to understand, as Perry points out, that the position of realism is one of *relative* emphasis; this means that case study research includes some deduction based on prior theory (Perry 1998).

Illustration The first case study on a food company was designed to explore relationship marketing. But, even in this case prior knowledge was important. For example, it was known from the literature that the company had successfully designed and implemented a programme of relationship marketing (Christensen 1998). But not only that, however. In the literature there are different views on relationship marketing and to apprehend what was happening at the company, and also to probe for emerging themes, an unstructured interview protocol was crafted. This interview protocol, which was based upon the literature, then set out the topics to be discussed at the in-depth face-to-face interviews with the marketing director. It should be noted, however, that the first interview did not rely on the interview protocol. The marketing director explained about the programme and the author said: “Yes, please continue.” The first interview was thus almost purely grounded theory. Only in the second and third interview were specific questions raised for the marketing director to reflect on.

This project, therefore, moved from an exploratory induction to a more confirmatory induction-deduction. The on-going theory building was thus a continuous interplay between induction and deduction, which, again, meant that some prior theory influenced the design of the case study and the analysis of its data (Figure 3).

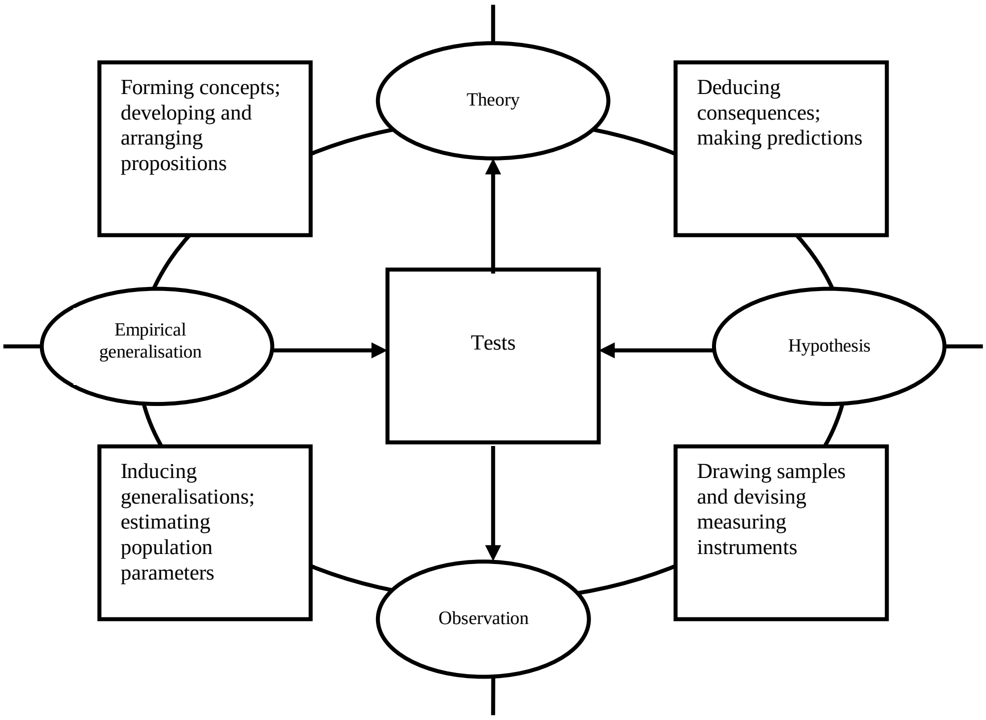

Figure 3 Combining inductive and deductive strategies

Source: Wallace, W. L. (1983), *Principles of Scientific Sociology*, Aldine, New York (as referenced by Blaikie, N. (1993), *Approaches to Social Enquiry*, Polity Press, Cambridge, p. 157).

Justification of the case research method

For probing into the research questions the case research method is considered the most suitable strategy. Because relationship marketing is a contemporary, pre-paradigmatic and on-going phenomenon it must be investigated within its real-life context. This allows little prospect of simplifying matters by excluding some variables whilst controlling and manipulating others, but the case research method facilitates the exploration of complex social processes by taking a holistic perspective on real-life events with all of their potentially rich and meaningful characteristics intact. Uniquely, the method avoids the need to pre-select the context type variables to be included in the investigations. Instead the researcher observes the important contextual variables impinging on the behaviour of interest, over time (Neuman 1997; Punch 1998; Yin 1994).

Illustration The business culture and the structure of production and marketing systems in different countries are contextual variables with a possible significant effect on the design and implementation of a relationship marketing programme (e.g., Coviello *et al*. 1998; Rasmussen 1998). The diverse nature of different countries' major markets for food products are other contextual variables. The research questions with their *What's* (e.g., In what way(s), if at all, might returns on relationship marketing be monitored?) and *How's* (e.g., How, if at all, can programmes of relationship marketing be measured?) point toward the case research method, too.

Careful consideration should be given to the design of the case study. The aim is to build up evidence of contemporary practices of relationship marketing. Because of that, the study involves a number of relationship marketing programmes (i.e., *multiple case study*). The case study design is further defined by the unit of analysis used by the researcher. For the purposes of this research project, the primary unit of analysis is first the individual food producer and exporter, then the food importer. Sub-units are the marketing philosophy and the marketing activities directed at building relations with customers and other markets. (*embedded case study*).

Many research investigators have viewed case studies as a less desirable form of inquiry than, say, surveys. The main concern has been the question of validity when drawing conclusions from a small number of cases. However, case studies are generalisable to theoretical propositions and not to populations and like the experimental researcher the case study researcher's aim is to expand and generalise theories, not to enumerate frequencies (Neuman 1997; Yin 1994). The criticism of the case research method is to some extent overcome by evaluating a case by means of reliability and validity (Table 1). Overall, emergent theories will be fully grounded in empirical data.

Table 1 Reliability and validity

Issue	Way of securing...
Reliability	The measures applied to increase the reliability of the data include the development of clearly conceptualised constructs, the use of multiple indicators and the execution of pilot tests. Overall, the interviews are conducted and analysed by the author (using a specific coding scheme) who then passes it on to his colleague who carries out an independent analysis using the same coding scheme. The two sets of analysis are then compared for goodness-of-fit and disparities reconciled through a third data interpreter.
Construct validity	Construct validity is secured through the use of multiple sources of evidence. Moreover, subsequent studies seek to replicate and extend research findings, and key informants are invited to review drafts of each case study report.
Content validity	Asking the informants what they understand by the term relationship marketing before probing them to determine which activities they see as part of relationship marketing pursues content validity. These procedures are used to 'bridge' any confusion between definition and measures.
Internal validity	Internal validity is a concern only for explanatory case studies, not for exploratory or descriptive case studies, which do not attempt to make causal statements. One tactic for achieving internal validity is by rival explanations as patterns, that is the focus on how and why a certain outcome occurred in each of the cases.
Interpretive validity	Interpretive validity is accomplished by approaching key informants for a second, or even third, interview when points raised in a discussion of a programme have been ambiguous, as well as by inviting the informants to review a draft of the case study report.
Contextual validity	Contextual validity is sought by tape-recording the interviews for later transcription.
External validity	External validity is sharpened with the specification of the particular population of interest.

Theory development from case research data

Step 1: Getting started In order to avoid loss of focus a number of research questions have been defined (*Problem area and research questions* section). Moreover, potentially important constructs with reference to extant literature have been specified in order to help *shape* the initial process of building theories (Table 2). These constructs are only tentative and thus no construct is guaranteed a place in a resultant theory.

Table 2 Some constructs in relationship marketing and their 'look-outs'

Construct	Interview 'look-outs'	Some references
Dependence	• What are the benefits and features your 'best' supplier is offering? • Which people, information and organisations do you rely on?	Dwyer *et al*. (1987); Frazier (1983); Heide and John (1988); Williamson (1985)
Trust	• What are the similarities and differences between the products from your 'best' and 'worst' suppliers? • What are the short-term and long-term goals of your customers and suppliers?	Anderson and Narus (1990); Ganesan (1994); Moorman *et al*. (1992)
Commitment	• During periods of market or price volatility, how are inventories purchased and hold? • How can the customer (supplier) relationships in which you explore possibilities to decrease costs and increase efficiencies be described?	Anderson and Weitz (1992)
Co-operation	• How are problems between the two parties in the dyad resolved? • How are new generations of products developed?	Anderson and Narus (1990); Morgan and Hunt (1994)
Equity	• What are the outcomes of close customer and supplier relationships? • What are the outcomes of occasional customer and supplier relationships?	Ganesan (1994)

Step 2: Selecting cases Random sampling is neither necessary, nor preferable (Eisenhardt 1989; Yin 1994). Cases are chosen for theoretical reasons, that is to replicate previous cases, to extend emergent theory, to fill theoretical categories, to provide examples of polar types, etc. First the population of interest is specified. Then the sample of cases is determined, and contacts are made to actors who claim to have installed relationship marketing programmes because those actors are theoretical useful. The few studies undertaken on international buyer-seller relationships have most often collected data from a *single* partner in the dyad although single partner data is often misleading (Anderson 1994). Dichotomous categorisations may explain why that is so,

> "Simple dichotomous categorisations over-emphasise the context, and neglect the role that the actors (both buyers and sellers) and their perceptions play in the interpreting the environment." (Pels *et al*. 1999: 14)

This study networks from the seller toward the buyer. The conceptual model developed by Pels *et al*. (1999) allows for the *theoretical development* and *empirical investigation* of buyer-seller relationships (Figure 4). It integrates both buyer and seller perspectives, and it identifies and understands the seller's offer proposition and the buyer's perception of that offer proposition. Both the objective value offered and sought *and* the subjective value offered and sought are identified. Uniquely, with the model the suitability and success of the transactional and relational exchange paradigms can be examined.

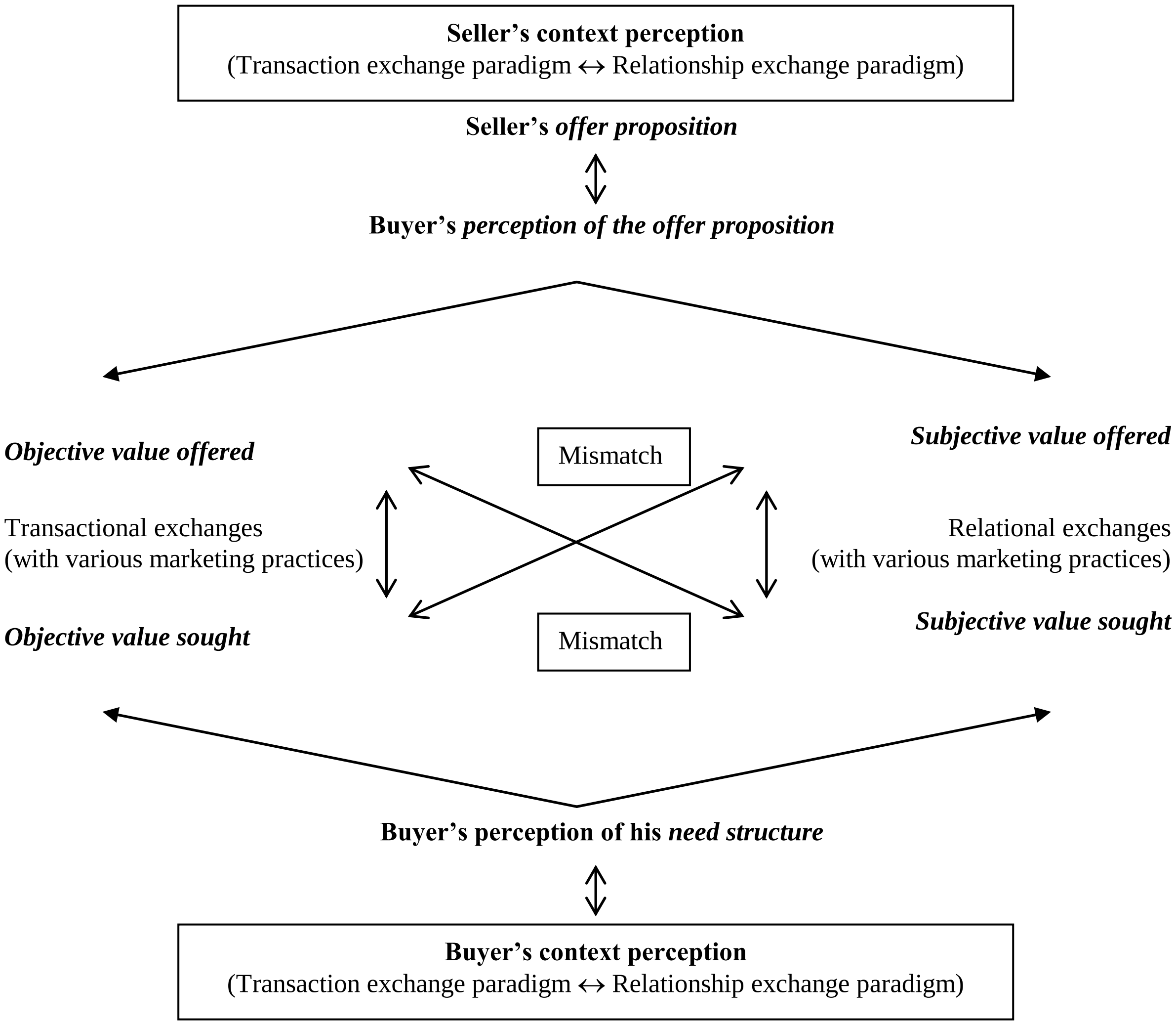

Figure 4 The buyer-seller exchange situation model

Source: Pels, J., Coviello, N. and Brodie, R. (1999), "Transactions versus relationships? The risk of missing the real issue", competitive paper for the *Conference of the Industrial Marketing and Purchasing Group,* 2-4 September, University College Dublin, Ireland.

Illustration In one case two industry organisations were contacted at the onset of the research. These meetings resulted in an overview of the particular industry and a map of the major organisations in that industry, including a list of marketing directors and senior managers in those organisations. Interviews were then set up with these people to discuss their understanding and experiences of relationship marketing activities. Toward the end of an interview an informant was asked to name some of the organisation's important customers.

Step 3: Crafting instruments and protocols The study gathers data of two types, that is basic characteristics of the food producers and exporters (size, markets, revenues, product lines, etc.) and a thorough portrait of their relationship marketing activities (marketing planning, product development, performance reviews, co-operation, communication, etc.). Different sources provide information for the cases (e.g., public materials and in-house documentation such as customer and supplier records, company newsletters, annual reports, in-depth interviews, etc.). The in-depth interview, however, is the main source of information, which is in accordance with Perry (1998). Because multiple case studies are prone to loss of focus, an unstructured interview protocol has been developed (Table 3).

Table 3 Topics from the interview protocol

Research question	Topics
Are there identifiable activities that, if practised, can be presented as substantive evidence of the practice of relationship marketing itself?	• Joint planning • Manufacturing to a customer's specifications • Negotiation of price, discounts, customer lists, etc. • Joint performance review • Information exchange • Just-in-time logistics
Are there identifiable patterns in the way activities of relationship marketing are implemented?	• Design, implementation, assessment and re-design • Company audits • Focus groups and questionnaires • Staff training • Communication
How, if at all, are programmes of relationship marketing monitored?	• Customer retention • Customer loyalty (attraction and satisfaction)

	• Share of customer • Employee satisfaction • Value flow statement • Service tracking system • Complaint tracking system
In what way(s), if at all, might returns on relationship marketing be measured?	• Lifetime value of customer • Strength of relationships • Non-opportunistic behaviour • Mutual benefits

Step 4: Entering the field Informants are contacted by telephone with a short introduction to the research project. When a contact has been established, the respondent is informed in full about the project by means of a covering letter. This should not cause bias when later the interview is conducted because the letter emphasises that there is no *one* right approach to relationship marketing. Informants are interviewed by the author involving multiple-hour sessions. Interviews are tape-recorded in order to ensure reliability and at a later stage transcribed to allow analysis. In order to probe emergent themes or to take advantage of special opportunities, the interview protocol is adjusted along with the interviews.

Illustration Exploratory studies revealed that in some cases companies are not familiar with the term *relationship marketing*. In those cases the definition by Grönroos (1994) guides the interview.

Step 5: Analysing data The analysis of interview data is carried out in two stages, that is within-case analysis and cross-case analysis. With regards to within-case analysis each case is analysed in a four-stage interactive process (Figure 5).

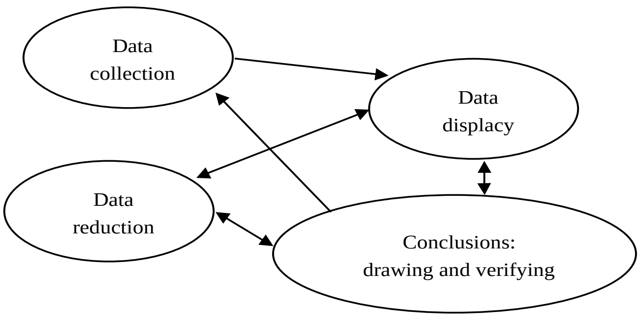

Figure 5 Components of data analysis: interactive model

Source: Miles, B. and Huberman, A. M. (1994), *Qualitative Data Analysis: An Expanded Sourcebook*, 2nd edition, Sage Publications, Thousand Oaks, California, p. 12.

In the stage of *data collection*, qualitative and quantitative data are sought. In the stage of *data reduction*, the volume of data is condensed. In the stage of *data display*, extended texts, matrices, charts and network diagrams organise data, which facilitate the process of analysis. In the stage of *conclusions: drawing and verifying*, conclusions are tentative until they can be fully grounded in the data (Glaser and Strauss 1967). Overall, interpretations are backed up through *triangulation*, that is any claim is supported with multiple evidence (Yin 1994).

> **Illustration** According to Denzin (1989) there are four types of triangulation; that is data triangulation, investigator triangulation, theory triangulation and methodological triangulation. Different data sources are used for producing data in the project; that is empirical findings are grounded in in-depth face-to-face interviews, customer records, company newsletters and business documents. To minimise biases resulting from the author as a person the transcripts from the in-depth interviews are analysed first by the author and second by his colleague. With regard to theory triangulation empirical findings are approached with multiple perspectives and hypotheses in mind. Finally, different sub-scales are employed for measuring an item (within-method triangulation); thus relationships of a high 'quality' is measured in terms of six constructs. Moreover, at later stages in the project in-depth interviews will be combined with questionnaires (between-method triangulation).

The four-stage process involves three main operations: coding (i.e., labelling data), memoing (i.e., theorising ideas about codes and their relationships) and developing propositions (Glaser 1978; Miles and Huberman 1994; Punch 1998). With regard to coding, the research moves toward a first set of codes after having conducted the first case study. Subsequently, an analysis derives a second set of codes, which serves as an initial guiding coding scheme for the second case study, etc.

With regards to cross-case analysis several tactics exist when cases are cross-analysed. One tactic is to look for inter-group differences in important dimensions. Another tactic is to list similarities and differences between sets of cases. Yet a third tactic is to divide the data by their source and then to establish whether the sources result in the same pattern (Eisenhardt 1989). All tactics are employed in the research.

Step 6: Shaping hypotheses This step involves measuring constructs and verifying relationships. Thus a definition of a construct is refined, and evidence that measures that construct is built up. Also, each case of an emergent relationship between constructs is backed by solid evidence. This verification process is similar to traditional hypothesis testing with each case serving to confirm or disconfirm the hypothesis (Yin 1994).

Illustration The first case study found that the quality of a relationship is key to the successful implementation of a programme of relationship marketing. The second case study, which confirmed this belief, probed for the constructs of relationships of high 'quality' and found six important constructs; that is trust in credibility, trust in benevolence, affective commitment, affective conflict, satisfaction and social bonding (Table 4). Finally, a subsequent case study confirmed those findings.

Table 4 Key constructs of relationship quality

Trust in credibility	***Trust in benevolence***	***Affective commitment***
"A word is a word. If we have agreed on a price then we do not change that price even though market developments would favour a change." "Our firm participates at trade shows around the world. The cost ... is very high ... but you have to do it because if you suddenly don't participate then [people may think] that we can no longer afford it."	"The price should be alright for the customer." "A customer appreciates valuable and up-dated information about the market. It is important that ... we recommend the customer to [do what we think is the best]."	"At times, you have to prostitute yourself." "A golf day may cost 6,000-7,000 [British] pounds. I cannot say that it will give us additional orders. It is part of building a relationship with the customer."
Affective conflict	***Satisfaction***	***Social bonding***
"It is important to have a good relationship to a customer because he is prone to accept a faulty delivery. That is not the case with the customer who only buys once in a while." "The retailers in Britain have realised that we must have some saying in which countries to buy pig meat products from."	"You must be able to deliver goods according to the customer's needs and wants; goods that do not create too many problems for him." "If we cannot deliver the goods that our customer wants then we have no business."	"Relationship, that's the link between the trader and his suppliers and customers." "We visit our clients. ... We invite them to Denmark. .... An important part of our budget is entertainment." "Your employees are very important. ... They are the ones who deal with our suppliers and customers."

Step 7: Enfolding literature Emergent concepts, theories or hypotheses from the case studies are compared with the extant literature in order to note consistencies with and departures from other findings. This process enhances the internal validity, generalisability and theoretical level of theory building from case study research (Eisenhardt 1989).

> **Illustration** One case study found that the presence of the managerial leadership, the level of back-up and resources given to project teams and the personal involvement of the marketing director in communicating the importance of relationship marketing are paramount. But the case study also suggested that returns on relationship marketing are well correlated to customer loyalty and customer satisfaction. These findings were then pursued in subsequent case studies.

Step 8: Reaching closure Eisenhardt (1989) recommends that between four and ten cases be included in a multiple case study. With fewer than four cases it is difficult to generate theory and with more than ten cases the analysis becomes to complex. Ideally, the iteration between theory and data should stop when the incremental improvement to theory is minimal. Tentative research questions direct the collection of a first set of data. Guided by theoretical developments from a first analysis of those data, a second set of data is collected. This cycle of data collection and data analysis continues until theoretical saturation (Figure 6). It is probable, however, that time, a constraining factor, determines when to reach closure.

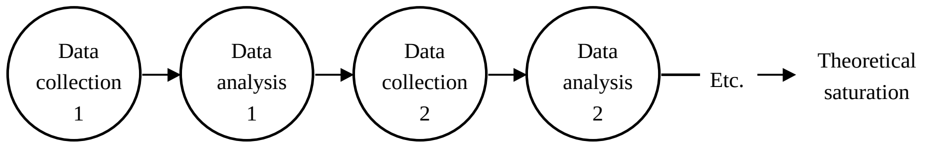

Figure 6 Theoretical sampling: cycle of alternation between data collection and data analysis

Conclusion: answer questions

Perhaps it is appropriate to bring the article to an end by outlining a typical research process and its findings (Figure 7). Contact was first made to a Danish food catering company, which was known to have implemented a programme of relationship marketing (Christensen 1998). This case found that the company had moved from transaction marketing to relationship marketing. Moving on, a case study on a Danish dairy company suggested that a pluralistic approach to marketing is, in fact, being practising. That is, transaction marketing is implemented in some instances and relationship marketing is implemented in other instances – the approach depends on the particular business partners and their will, skills and importance. Finally, the New Zealand wine industry was believed to be an exciting field for investigating those findings in more detail. For example, it has been noted that the close exporter-importer relationships in the New Zealand-British wine supply chain to a great extent explain the phenomenal growth that the New Zealand wine industry has experienced in the 1980s and 1990s (Wilson and Benson-Rea 1997). It was also reasoned that the New Zealand wine industry allows different practices of marketing to co-exist (i.e., relationship marketing in the case of high quality wine and transaction marketing in the case of low quality wine (Boni 1999).

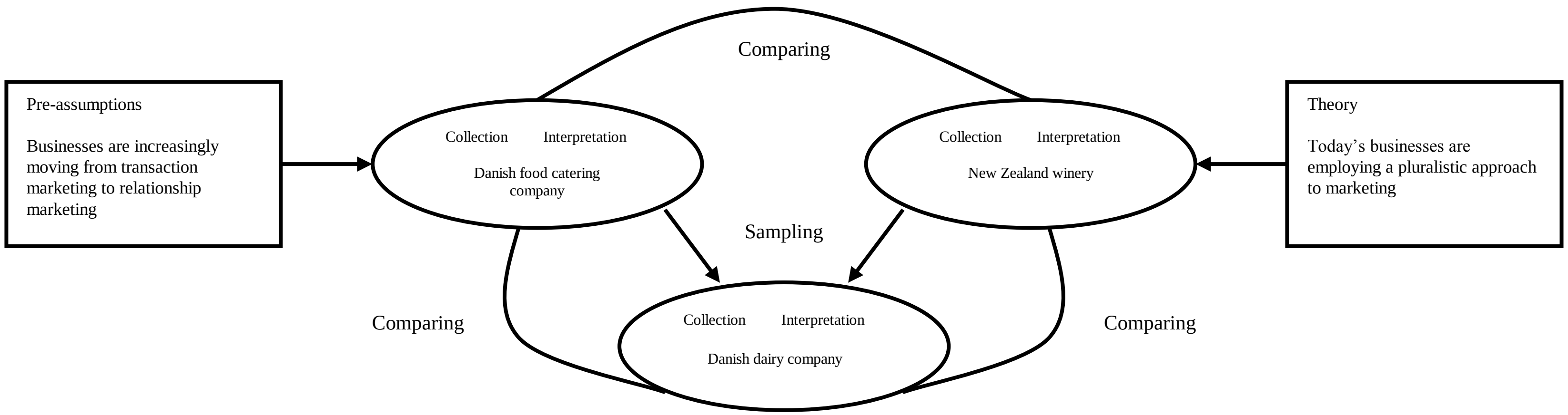

Figure 7 Models of process and theory: approach to marketing

The population of interest was New Zealand exporters of wine. A personal meeting was set up with the New Zealand Wine Institute; the author discussed with the chief executive officer the criteria for the wineries to be included, and the chief executive officer identified ten wineries. The in-depth interviews with those wineries confirmed that the approach to marketing is not just one of either transaction marketing or relationship marketing but rather one of four different approaches (Figure 8).

		Buyer's paradigm	
		Transaction marketing	Relationship marketing
Seller's paradigm	Transaction marketing	Transaction marketing	Hostage situation
	Relationship marketing	Free rider situation	Relationship marketing

Figure 8 Matrix: market orientation of buyers and sellers

When the seller is proposing a generic offer and the buyer seeks to satisfy a generic need the marketing situation is transaction marketing; and when the seller is developing a unique offer proposition for the buyer who seeks to satisfy a specific need the marketing situation is relationship marketing. More interesting, perhaps, in the hostage situation the buyer seeks to satisfy a special need but the seller is proposing a generic offer; and in the free rider situation the buyer seeks to satisfy a generic need but the seller wants to develop a close relationship.

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