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**Relationship Marketing:
Schools of Thought and Future Research Directions**

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Relationship Marketing:

Schools of Thought

ABSTRACT

Criticised for not being adequate in many analytical and processual complex marketing situations, the conventional micro-economic framework is challenged. Relationship marketing has been proposed as a new paradigm in marketing. This paper discusses three different schools of thought in relationship marketing: the IMP group, the Nordic school, and the Anglo-Australian approach. Main components of each school are identified; different streams of research in relationship marketing are examined; and different relational exchange perspectives are considered. Moreover, two specific tools developed specifically to guide managers are examined. The second part of the paper sets out a number of directions for future research, including a bibliometric study to assess whether or not a consistent theory of relationship marketing exists, as well as an identification of contextual factors that are relevant for different marketing styles.

Key words: relationship marketing; paradigm shift; IMP group; Nordic school; Anglo-Australian approach.

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INTRODUCTION: THE MOMENTUM FOR CHANGE

Marketing has for many years been based on the management of demand, for example by advertising and promotion, and the management of price to stimulate demand, or by developing new and different products appealing to different segments of the market at different price points. There is a view, however, that this conventional micro-economic perspective - so called because of the interaction between supply and demand - is no longer adequate in the post-industrial era. As Wensley (1995: p. 67) states, "...the basic micro-economic framework [...] should not be seen as an adequate description of the analytical and processual complexities in specific situations".

The reason for this has been ascribed to changes in the pattern of demand, as the post-war boom in consumer and industrial products, particularly in the affluent markets of the west, has declined (Christopher, 1996; Gummesson, 1996; Sheth and Parvatiyar, 2000). In tandem there has been a rise in service-based industries, and an overall increase in the importance of service as an integral part of the product offering (Gummesson, 1987). The reasons for these developments can be summarised as (Aijo, 1996; Denison and McDonald, 1995; Doyle, 1995; Grönroos, 1994; Hunt and Morgan, 1994; Sheth and Parvatiyar, 1995; Tapscott and Caston, 1993; Turnbull, Ford, and Cunningham, 1996):

- The decline of traditional mass marketing techniques, as customers become more discriminating and demanding.

- The saturation of markets as they mature.
- The increasing focus on price, as differentiation decreases.
- The appearance of technological developments that provide new solutions and products.
- The changing nature of markets, particularly the increase in competition and development of fragmented, regional, and/or global markets and companies.

It is also proposed that the micro-economic framework is of most utility in the consumer markets of North America, where it originated, but of mixed value in other market/product situations (Clark, Peck, Payne, and Christopher, 1995; De Ferrer, 1986; Grönroos, 1994; Parvatiyar and Sheth, 2000).

As we shall see shortly, relationship marketing has been proposed as a new paradigm in marketing. The purpose of this paper is to examine whether relationship does indeed constitute a paradigm shift in marketing. To this end the paper is organised as follows. We first carry out a synthesis of relationship marketing; in doing this, main components of each school of thought (the IMP group, the Nordic school, and the Anglo-Australian approach) are identified. Mid-range perspectives on relationship marketing are also considered. Moreover, two specific tools developed specifically to guide managers are examined in some detail. The second part of the paper sets out a number of directions for future research, which includes a bibliometric study to assess whether or not a consistent theory of relationship marketing exists, as well as an identification of contextual factors that are relevant for different marketing styles.

EMERGING PARADIGMS

If the micro-economic framework is not seen as satisfactory then this begs the question of what other frameworks, perspectives, or paradigms are seen as more appropriate? The term 'paradigm' is in common use in the literature (Aijo, 1996; Clark, Peck, Payne, and Christopher, 1995; Gummesson, 1996; Kotler, 1991; Lehtinen, 1995). If a paradigm is taken as being "a series of general assumptions, laws and techniques for their application that the members of a particular scientific community adopt" (Chalmers, 1982: p. 90), is it then reasonable that a number of alternative paradigms could emerge?

Hunt (1994: p. 18) would maintain that this is indeed feasible, as he comments that "there is no dominant paradigm in marketing". This is counter intuitive in view of the preceding discussions, though, and certainly at some variance with the view of Sheth, Gardner, and Garrett (1988). In their evaluation of marketing they state that the 'managerial school', equivalent to the micro-economic paradigm, is the dominant, but not exclusive school of thought. Postmodernism may well constitute such a view, which postulates a number of fundamental changes in society and in the way that production and consumption are viewed (Brown, 1993). Postmodernism shares with relationship marketing issues such as fragmentation of markets and increasing buyer power, but according to Firat, Dholakia, and Venkatesch (1995) the literature is yet sparse in the marketing area. These same authors also state, "it is very difficult, if not impossible, for today's marketing theorists to reject the notion of postmodernity" (Firat, Dholakia, and Venkatesch 1995: p. 47).

Hunt (1994: p. 17) also comments on qualitative research and 'ways of knowing'. By Hunt's criteria, it is argued that postmodernism has yet to develop as a paradigm with a distinctive

knowledge content, methodology, and epistemology. Rejection or acceptance of the notion continues as a debate, but at a level removed from marketing strategy. A continuing issue with the notion of postmodernism is how this is reflected in managerial action and behaviour. For example, Firat, Dholakia, and Venkatesch (1995: p. 47) cite the example of Disney as a "hyperreality [...] a fantasy that is not consumer derived but a completely worked out vision [...]". The development of this hyperreality in France with the establishment of the Euro Disney Resort complex, and its subsequent serious underperformance (Anthony, Loveman, and Schlesinger, 1992) suggests that postmodernism as a way of knowing does not necessarily provide better insight, and that rejection, or at least questioning of the notion of postmodernism, is justified. Let us in the following consider relationship marketing as a possible paradigm.

As a paradigm, relationship marketing is a recent phenomenon. Sheth, Gardner, and Garrett (1988), in their review of the evolution of marketing schools of thought, mention the term only once, although Sheth is now a leader in the field of relationship marketing (Sheth, 1995). Whilst most writers using the term paradigm do so in a way that supports the emergence of relationship marketing as a paradigm, there still remains some discussion as to the nature of the paradigm shift involved.

The term paradigm shift is more usually used in the natural science sense where observed anomalies to the current paradigm build to a state of extraordinary science leading to a scientific revolution (Blaike, 1993). Then a jolt-like shift in the paradigm from one to the next occurs, for example blood circulation (Gregory, 2001), relativity (Einstein, 1920), and chaos theory (Gleick, 1987). Some of the constituent parts of the relationship marketing paradigm were being discussed for some years, however, whilst anomalies and additional

knowledge enabled the development of relationship marketing as an alternative perspective. For example, Schneider (1980) noted that the focus of business was on customer gain, rather than retention and satisfaction. Day and Wensley (1983: p. 83) commented that they "foresee a growing consensus around the notion that the marketing function initiates, negotiates, and manages acceptable exchange relationships with key interest groups, or constituencies, in the pursuit of sustainable competitive advantages". Calori and Ardisson (1988) identified the opportunity to gain competitive advantage by augmenting the product with service factors, and identified the value of quality strategies and other factors consistent with the paradigm.

This begs the question as to whether the degree of change that we see is sufficient for it to be termed a new paradigm. For example, the 'new economy' and the promise of the benefits that the Internet would bring proved illusory (Palmer, 2002). It has been found that the rules of the new economy are rather similar to those of the old economy (Palmer, 2002). The work of the international Contemporary Marketing Practice group demonstrates little evidence to support the argument that the practice of relationship marketing is sufficiently radically different for it to be considered, at least as yet, as a paradigm shift. We should, therefore, be more circumspect before making claims of this nature (Coviello, Brodie, Brookes, and Palmer, 2001; Coviello, Brodie, Danaher, and Johnston, 2002). In a similar vein, Möller and Halinen-Kaila (1998: p. 291) observe "RM [Relationship marketing] [...] does not have the potential to constitute a general theory of marketing". Other researchers, though, seem to view relationship marketing as a new paradigm in marketing (e.g., Donaldson and O'Toole, 2002; Grönroos, 1994a; Gummesson, 1999). The next sections discuss relationship marketing in more detail and in doing so presents a synthesis.

A SYNTHESIS OF RELATIONSHIP MARKETING

To define relationship marketing is to distinguish it from the micro-economic paradigm. At its centre is the concept that customers have continuing value over and above that of individual and discrete transactions. The focus is, therefore, on the relationship rather than the transaction. An early definition of relationship marketing is provided by Grönroos (1990: p. 7):

"The role of relationship marketing is to identify, establish, maintain and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all other parties involved are met; and that this is done by a mutual exchange and fulfilment of promises".

Further objectives of relationship marketing include the delivery of sustained or increasing levels of satisfaction, and the retention of those customers by the maintenance and promotion of the relationship (Christopher, 1996; Raval and Grönroos, 1996).

The reality, however, is that not all customers want or require a relationship with their supplier (Blois, 1996; Jackson, 1985). It is suggested that there exists a continuum of relationships from transaction based to relationship based (Dwyer, Schurr, and Oh, 1987; Easton, 1990; Grönroos, 1994b, 1996; Webster, 1992). Thus the contrast between transactional marketing – otherwise known as traditional, conventional, or 4Ps marketing - and relationship marketing may appear less distinct such that "when RM researchers talk about the RM as a paradigmatic shift in marketing it is thus not very clear what the shift is from and even less clear what the shift is to" (Mattson, 1997: p. 456).

In referring to relationship marketing this implies that, even if it has not attained the status of a paradigm, it is at least a well-ordered and distinct concept. However, in trying to understand the basis of relationship marketing "there are no nice neat stages" (Turnbull, Cunningham, and Ford, 1996: p. 148) and it has yet to acquire "uncontested status or meaning" (Buttle, 1996: p. 13). Mattsson (1997) thus comments on the unrelated nature of the various streams of work in the area – the IMP group, the Nordic school, and the Anglo-Australian approach – and acknowledges the lack of co-ordination between the research areas and describing this as scientific myopia.

Whitley (1988) and Gopinath and Hoffman (1995) discuss why management research becomes fragmented. They argue that it is due to a lack of co-ordination and dialogue between research streams, epistemological differences in approach, the varying needs of rigour and relevance, and the incompatible nature of recognition and reward systems between the various interest groups. They also demonstrate that this is not a unique feature of the field of marketing, so it is not too surprising if different explanations are to be found.

For this reason the article now moves on to generate a researchable understanding of relationship marketing. This is achieved by an analysis of the relationship marketing literature. In principle the analysis could be conducted in two main ways. Firstly by discussing the area in terms of the concepts involved. In this way the concept of, for example, a relationship could be examined from a number of different perspectives (e.g., Bretherton, 2000; Earp, Harrison, and Hunter, 1999; Morgan and Hunt, 1994). Alternatively an approach can be used whereby the various research streams are analysed; these are often referred to as 'schools of thought'. Gummesson, Lehtinen, and Grönroos (1997) discuss the rationale for the use of the term school, and justify it on the basis that it has no formal membership, but is

drawn together by a recognition of and commitment to a discipline through research, publications, and practice (e.g., Aijo, 1996; Grönroos, 1994b; Pels, Coviello, and Brodie, 1999).

The schools-of-thought approach is more commonly used in the literature (e.g., Brodie, Coviello, Brookes, and Little, 1997; Payne, 1995) and provides a more consistent basis for comparison. This method is also followed by Sheth and Parvatiyar (2000), one of whose specific objectives was to provide a point of reference for research in the field. The schools-of-thought approach suggested by Sheth and Parvatiyar (2000) will, therefore, be used in this paper. In the following we therefore review independently the literature that has been the result of each of the different relationship marketing schools in order to determine the nature of said schools.

THE DIFFERENT SCHOOLS OF THOUGHT IN RELATIONSHIP MARKETING

The Nordic area is strongly associated with relationship marketing. One school of thought originated from the field of services marketing: the Nordic school of services (Gummesson, Lehtinen, and Grönroos, 1997). The Nordic school appeared in the late 1970s in response to perceived shortcomings in the transactional approach to marketing. The central core of researchers and practitioners developed the concept of service as a means of improving the quality of the relationship, stimulating customer loyalty, and extending the customer life cycle (Grönroos, 1990; Grönroos and Gummesson, 1985).

Another research group with links to Scandinavia is the Industrial or International Marketing and Purchasing (IMP) group that is associated with business-to-business markets and the

understanding of organisational relationships (Turnbull, Ford, and Cunningham, 1996). As with the Nordic school this group of researchers formed in the 1970s, identifying the distinctive characteristics of business-to-business relationships and the factors that caused these relationships to evolve. The IMP group focuses on the interaction between companies on the basis that transactions are not isolated events but part of a continual stream of engagement (Gummesson, 1987). The interaction takes place within the context of a relationship and this, in turn, is part of a network of relationships within which the two companies are positioned (Wensley, 1995). The research output of the IMP group, as it was originally conceived, is distinguished by its methodological focus on the use of case studies and the adoption of the relationship as the unit of analysis (Ford, 1990; Håkansson, 1982).

The Nordic school of services and the IMP group are acknowledged by many authors following this method of analysis for their contribution to the field of relationship marketing (Aijo, 1996; Grönroos, 1994b; Pels, Coviello, and Brodie, 1999). From this point views diverge, as Grönroos (1997) proposes, in addition to these two traditions, an Anglo-American approach based on quality, customer service, and marketing and a North American approach, which is dyadic in nature (referring, in this case, to the company-customer relationship).

Payne (1995) also defines three traditions, with the North American approach in common with Grönroos. The North American approach derives from a heavy emphasis on customer service, often via a dyadic relationship, and it is in this sense that Sheth (1995) discusses a definition of relationship marketing with respect to the customer and supplier only. Payne defines the Nordic approach as including the services and IMP traditions.

Ballantyne (1994) agrees, as he defines the three major schools as the IMP group, the Nordic school, and the Anglo-Australian perspective. In addition he identifies two additional strands of an American service orientation, analogous to the dyadic approach noted by Payne and Grönroos, and a Chinese business relationship perspective. Ambler and Styles (2000) discuss this in more detail.

Brodie, Coviello, Brookes, and Little (1997) expand the discussion and identify six streams of research in relationship marketing. They differentiate the IMP work into two areas, namely that of the interaction between buyers and sellers and that of the network approach describing relationships between firms within industries and markets. They also identify streams of research associated with channel efficiency and effectiveness, the role of value within chains, and the impact of IT on relationships. Despite its prominence they do not include the Anglo-Australian school.

This brief analysis suggests that there are numerous potential permutations available for analysis. Whilst there is no overarching explanation, the approach followed is to address the leading schools of thought: the IMP group, the Nordic school, and the Anglo-Australian approach. But before the article moves on to do this, however, a number of mid-range perspectives will be discussed in some detail.

Mid-Range Perspectives

As discussed, relationship marketing is a diverse field with no single best explanation. As the debate has proliferated there have been attempts to post-rationalise the body of work to

provide a more unified explanation (Aijo, 1996; Eggert and Stieff, 1999; Mattsson, 1997; Palmer, 1996; Pels, Coviello, and Brodie, 1999).

Mattsson (1997) has proposed that there are various types of relationship marketing; these he refers to as limited and extended. The limited view, he proposes, is essentially an elaboration of the transactional marketing approach. In his discussion of the extended view of relationship marketing he suggests that this is more aligned with a network or relationship perspective of marketing. Berry (1995) and Palmer (1996) largely align with this view, but also introduce and support the notion that there is a philosophical element underlying the adoption of relationship marketing practices.

Eggert and Stieff (1999) have built on this by introducing the idea that relationship marketing can be seen as behavioural or attitudinal. The behavioural approach involves a series of transactions on behalf of the seller designed to achieve repeat transactions through a process of interaction with the buyer, typically driven by economic goals rather than including some of the wider aspects of the exchange such as customer satisfaction. This aligns with the tactical or marketing mix plus approach suggested by Palmer and Mattsson. As a contrast to this Eggert and Stieff suggest the alternative is the attitudinal perspective. The relationship is characterised not by the desire of the seller to achieve a transaction or series of transactions, but the motivation to achieve a state of mutual acknowledgement that the relationship exists (Bluemel and Eggert, 1998). In the business-to-consumer area there is some empirical evidence to support these contentions from the discussion of loyalty schemes by Hart, Smith, Sparks, and Tzokas (1999) and of purchasing clubs by Liebermann (1999).

Pels and her colleagues introduce the view that transactional and relational marketing can co-exist within the organisation so that marketing approaches can be categorised into various styles, and contrast this with the tactical or marketing mix plus, and strategic or relational perspective (Lindgreen and Pels, 2002; Pels, Coviello, and Brodie, 1999).

As this discussion suggests, summarised in Table 1, relationship marketing should not be regarded as a binary substitute for transaction marketing – it is not a case of either/or. Rather relationship and transaction marketing are concurrently practiced with firms adopting mid-range positions appropriate to the context in which they operate.

Table 1. Relational exchange perspectives

Author(s)	Tactical	Strategic	Philosophical	Categorisation
Berry (1995)	✓	✓	✓	
Eggert and Stieff (1999)	✓	✓	✓	
Mattsson (1997)	✓	✓		
Palmer (1996)	✓		✓	
Pels and colleagues (e.g., Lindgreen and Pels, 2002; Pels, Coviello, and Brodie, 1999)	✓	✓		✓

Source: The table is based upon the article of Brodie, Coviello, Brookes, and Little (1997).

DISCUSSION OF THREE SCHOOLS

The IMP Group

This approach stems from work conducted in business-to-business markets, compared to fast moving consumer goods markets where the transaction paradigm has its spiritual home

(Brady and Davis, 1993). In business-to-business markets, buyers and sellers are fewer but larger and transaction values are greater and, therefore, of higher significance. An early theme emerging was that in such markets transactions are not discrete but occur as part of a continuing stream of interaction between organisations. With changes in the external environment, such as market concentration, higher switching costs, and increased perceptions of risk, buyers and suppliers actively sought to change the nature of the relationship from a basis of competition to co-operation as a strategy of risk reduction (Turnbull, Ford, and Cunningham, 1996). The interaction between companies, and many individuals within companies, constitutes the relationship. This is the unit of analysis, rather than the transaction. Relationships are constituted from activity links, resource ties, and actor bonds (Håkansson, 1982). They are dyadic in nature, but multiple relationships between buyers, suppliers, and other firms aggregate into networks. This is the primary distinction between relationships and networks.

The challenge for managers is to manage individual relationships in the short term, but also to manage the long-term portfolio or network of supplier and customer relationships. The ability of managers to do this determines the ability of the company to compete. This moves competition away from a narrow definition of industries or markets, as in industrial organisation economics (Bain, 1951) and the thinking inherent in transaction marketing. Competitive advantage can be gained from the appropriate selection and management of network partners.

According to this group it is possible to identify four conceptual cornerstones of relationship marketing. The first cornerstone is that relationships exist between buyers and sellers and that

these relationships are built from interaction processes in which the following are in focus (Håkansson and Snehota 2000):

- technical issues (i.e., technicians play an important role in the contacts between companies; and technical content is apparent through the products or services, as well as through special projects that are performed by either of the two parties);
- social issues (i.e., trust, commitment, and influence/power in the relationships); and
- economic issues (i.e., single relationships are important in terms of cost and revenue volume; there are reasons to rationalise the handling of relationships; and relationships are market investments that have to be in balance and co-ordinated with investments in other internal assets)

The second cornerstone is that business relationships are connected through a wider economic organisation ('network form'). The two final cornerstones are that a relationship is a combination of individual adaptations and scale-effective production and that relationships are confrontation through which different dimensions of resources are identified and utilised by the two parties (Håkansson and Snehota 2000).

The Nordic School

Characteristically as markets mature and technologies within those markets converge and become common the opportunities for differentiation decrease (Porter, 1980). Services and price represent the only remaining means of creating competitive advantage (Grönroos, 1997). Fundamental to the Nordic school is the view that marketing is a cross-functional process and not just the responsibility of those within the function (Grönroos and

Gummesson, 1985). The management of relationships via the process rather than the conventional marketing mix is thus the focus.

The Nordic school identifies three core processes. The interaction process is shared with the IMP group in the management of the relationship. Additional processes are those of dialogue and value. The dialogue process is necessary as a means to support the successful establishment, maintenance, and enhancement of the interaction process (Schultz, Tannenbaum, and Lauterborn 1992). Management of the communication or dialogue process encompasses all elements of the interaction such as sales activity, as well as mass and direct communications (Grönroos, 2000) The value process is important, as the product is essentially service based and intangible. The perception of value by the buyer is important to the understanding of the value delivered by the interaction process; perceived value must at least equal the value that is sacrificed. The value process seeks to ensure that value is created and perceived to be delivered to the customer.

The Anglo-Australian Approach

This perspective sees traditional marketing as being built upon, and enhanced by, quality and service to form a comprehensive approach to delivering increasing levels of value to customers in enduring relationships with the company (Christopher, Payne, and Ballantyne, 1991). As with the other traditions this is regarded as a holistic or integrative approach to business, operating in a cross-functional way to provide customer satisfaction and increasing levels of value. A prominent feature is the normative definition of six markets or stakeholder groups that the firm should address in varying degrees to achieve its objectives (Figure 1).

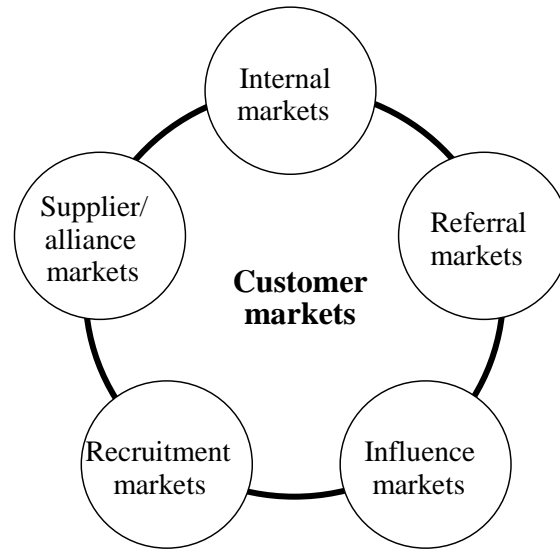


Figure 1. The six market model

Source: Christopher, Payne, and Ballantyne (1991: p. 21)

Relationships with each of these markets, as appropriate, should be built and maintained in order to provide the optimum value proposition in terms of both product and service, utilising and managing the relationships between these markets.

Quality initiatives were a common feature of businesses through the 1980s as, in particular, Japanese management techniques became more widely adopted. This was usually associated with the manufacturing function as a way of improving the physical quality of products. Similarly, customer service achieved heightened levels of popularity, particularly in the financial services sector, as companies with largely similar products sought a means of differentiation. These developments met with mixed success, though. Total quality management was mainly seen as the domain of manufacturing and operations (Ballantyne, 1994). Product quality improved and costs were consequently lowered as quality techniques became more universal, so competitive advantage and differentiation on the basis of quality, and indirectly lower price, began to diminish (Porter, 1996).

Customer service encounters a number of problems in implementation such as the functional separation of marketing from logistics. Marketers, on the one hand, are the service promise makers and logistics, on the other hand, are the service promise providers. Also important is the personal commitment of individuals to provide service, which may be variable due to misalignment of strategic intent, confusing communications, and ill trained and poorly committed staff. Ballantyne (1994: p. 8) refers to these as 'lost clusters', which are laudable in intent but vulnerable to failure in practice due to the lack of an overarching orientation. The major components of each of these schools of thought are compared with each other and to transaction marketing in Table 2.

Table 2. Comparison of main components of major schools of relationship marketing versus transaction marketing

Key component	Transaction marketing	IMP group	Nordic school	Anglo-Australian approach
Basis	Exchange 4Ps	Relationship between firms	Service	Service/quality/marketing
Timeframe	Short term	Short and long term	Long term	Long term
Market	Single, customer	Multiple, network	30 markets with four categories	Six markets
Organisation	Hierarchical Functional		Functional and cross functional	Cross functional Process based
Basis of exchange	Price	Product/service, information, financial, and social	Less sensitive to price	Perceived value
(Product)/quality dimension	Product/technical/ output quality	Technological	Interaction quality	Function of value and cost of ownership
Measurement	Revenue market share	Customer profitability	Quality, Value, Customer satisfaction	Customer satisfaction
Customer information	<i>Ad hoc</i>	Varies by relationship stage	Individual	Customer value and retention
Internal marketing			Substantial strategic importance	Integral to the concept
Service	Augmentation to core product	Close seller/ buyer relations	Integral to product	Basis for differentiation

Source: Aijo (1996); Christopher (1996); Christopher, Payne, and Ballantyne (1991); Ford (1997); Grönroos (1994); Kotler (1992); Raval and Gummesson (1996); Turnbull, Cunningham, and Ford (1996).

DIRECTIONS FOR FUTURE RESEARCH

The Current State of Relationship Marketing

The relationship marketing area is notable for the lack of empirical work to underpin the conceptual development that has taken place (Buttle, 1996; Mattsson, 1997). However, it is possible to outline a number of broad directions for future research. For example, building upon Cooper, Gardner, and Pullins (1997), a bibliometric study could be carried out in order to assess the current state of relationship marketing. A list of key words for searching the abstracts of articles in top marketing journals and the most cited articles in the relationship marketing literature could be generated. Conclusions as to whether or not there is now a consistent theory of what constitutes relationship marketing could then be reached based upon statistical analysis of the cites. In other words, do we have a dominant paradigm underlying relationship marketing, or is relationship marketing in a state of transition? In contrast to earlier studies now dating back to the mid-1990s, articles from from the European and Australasian marketing literature would be included. Related to this research direction is the examination of the academic and the managerial output of the different relationship marketing schools, for example, in terms of research methodologies, research discoveries, and best practice.

The Effective Implementation of Relationship Marketing

If relationship marketing apparently is so important then how do we best design for its implementation? Researchers could seek to develop more knowledge on relationship quality and the relations between relationship quality, customer retention, and shareholder value. For

example, relationship marketing as a concept has been well discussed and widely promoted to the marketing profession. The question arises of how relationship marketing can be characterised in practice. What do relationship marketers do that is different from or better than transaction marketers, and are there any practices that are characteristic of relational practice? How can relationship marketing be identified, and if there are variations in practice how can these be further delineated?

The Continuum of Relationship Marketing?

Yet a third avenue would be to consider in more detail the notion of relationships expressed as a continuum with transactional at one pole and relational at another (e.g., Anderson and Narus, 1999; Hutt and Speh, 2001). This implies that the transition from one style to another is incremental. By contrast could this transition imply changes in culture and attitude that may be difficult or even impossible for the firm to undertake? Far from being a continuum, could the magnitude of change required imply discontinuity posing significant management issues?

The Profitability of Relationship Marketing Investments

Future research should, of course, address the profitability of investments in relationship marketing programmes. Over the past few years, umpteen companies have rushed to implement programs such as GoldMine, SAP, and Siebel Systems (Buttle, 2002), whilst other companies are planning to spend considerable amounts of money of doing so. The UK market for customer relationship management solutions is thus expected to reach £6 billion by 2005 (Forsyth, 2001), and the European market for customer relationship management software increased by 70 per cent in 2000 (Foss and Stone, 2001). Vendors and consultancies of

customer relationship management services claim that companies can improve the performance of the businesses significantly: eight per cent in sales increase, seven per cent shareholder value increase, and 85 per cent profit increase (see Buttle, 2002; see also Zikmund, McLeod, and Gilbert, 2003). It has been documented, however, that between 55 per cent and 90 per cent of such implementations fail (e.g., Brewton, 2000 as referenced in Buttle, 2002). Other companies are failing to get maximum value out of their investments (e.g., Foss and Stone, 2001), but worse is the observation that implementation of a relationship marketing programme can hurt a company building close relationships to its customers (see Buttle, 2002). Why do not all companies seek to measure the profitability of their investments? Is this because the proper accounting methods have not yet been developed. The work of Buttle (2002) and Storbacka (2000) would be a good starting point. Building upon these findings, future research should examine why investments in customer relationship management often fail. Here a starting point could be Rigby, Reichheld, and Schefter (2002) who identify four reasons why customer relationship management does not succeed.

The Contextual Factors

Lastly, if variations in the style and practice of marketing can be identified what are the contextual factors that help to identify the relevance of an appropriate marketing style? If a change in style is desirable due to a change in context and the business environment what are the transitional factors important in facilitating such a change?

In-Depth Case Studies of Different Marketing Approaches

It is also possible more specific avenues. Consider, for example, the work that supports the view of relational exchanges. The research of Coviello and her colleagues is one of the very few empirical studies conducted in this area and demonstrates a range of transactional and relational marketing approaches exhibited by the companies they studied. They note that "neither relational nor transactional marketing fully capture the essence of current marketing practice" (Coviello, Brodie, Brooks, and Collins, 1997: p. 23; see also Brodie, Coviello, Brookes, and Little, 1997), but identify that firms can exhibit a range of marketing styles in the same market. In an effort to clarify and reconcile the various views of marketing this research group has developed a classification scheme that builds upon content analysis of how European and North American research centres have defined marketing in the literature (e.g., Brodie, Coviello, Brookes, and Little, 1997; Coviello, Brodie, and Munro, 1997; Coviello, Milley, and Marcolin, 2001). The scheme, which is based upon five marketing exchange dimensions and four managerial dimensions, identifies two broad marketing approaches: transaction marketing and relationship marketing. In turn, relationship marketing covers database marketing, e-marketing, interaction marketing, and network marketing. To build further empirical evidence, there is a need to examine by way of in-depth case studies how companies have implemented these five different marketing approaches, and what their experiences of doing so have been.

The Buyer-Seller Exchange Situation Matrix

Another direction would be to discuss the buyer-seller exchange situation matrix that Pels and her colleagues further developed (Lindgreen and Pels, 2002; Pels, 1997; Pels, Coviello, and

Brodie, 1999); this matrix was empirically tested by Lindgreen (2000). The matrix proposes a dyadic perspective that emphasises the importance of analysing both the buyer's exchange paradigm and the seller's exchange paradigm. As a result of perceptual differences between buyers and sellers, diverse exchange situations may be present in a given marketplace and which may be represented in this matrix. There are four possible market exchange situations, as depicted in Figure 2, with the hostage and free rider exchange situations being unstable. The interesting observation is that we have all of the exchange situations in the market place: the hostage situation is seen in closed economies, whereas the free rider exchange is found in buyer's markets such as those found in some mature sectors in developed economies where sellers, in the courting phase, normally offer different additional benefits compared to transactional sellers. Transaction marketing is found in traditional mass markets, and relationship marketing is seen in more mature markets. Future research could seek to identify the contextual factors that determine whether a particular market exchange situation take places or not, or it could develop managerial guidelines detailing how it is possible to change from one marketing exchange situation to another one, for example from Cell 1 to Cell 4.

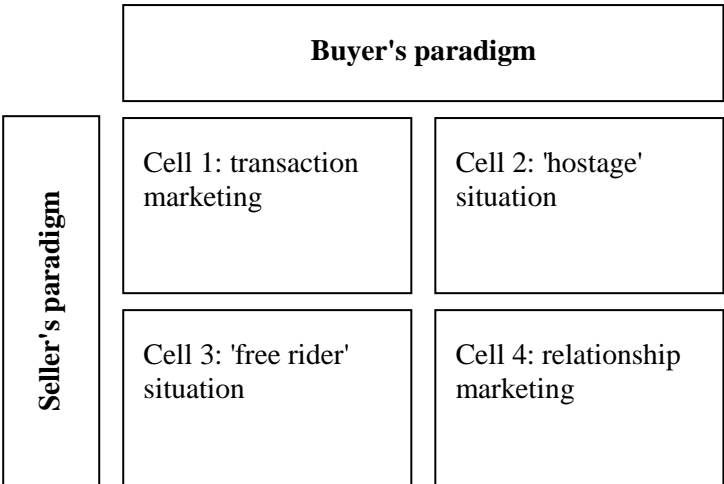


Figure 2. Buyer-seller exchange situation matrix

Source: Lindgreen and Pels (2002: p. 74)

It is also possible to look at the buyer-seller exchange situation matrix one under the influence of a changing competitive environment and the adoption of certain marketing approaches. For example, as markets become more concentrated (i.e., niche density increases), companies struggle to develop a source of differentiation based upon price, product, placement, or promotion and, therefore, develop relationship-based strategies as a result (Hunt, 2000). This focus on strategic difference in response to similar environmental changes has been identified by population ecologists (Aldrich, 1999; Hannan and Freeman, 1977). Would population ecology perhaps add explaining to the relationship marketing phenomena? Future research could thus examine what happens when niche density and market growth change: which marketing exchange do companies respond with?

The Role of IT

Morris, Brunyee, and Page (1998) also reported mid-range relationship marketing practice in their survey-based research. All of this suggests that further explanation of this phenomenon is desirable. Particular issues that would benefit from further work include the role of IT with respect to the various practices of marketing (Brady, Saren, and Tzokas, 2002a, 2002b) and further work to characterise the nature of different marketing practices, which in turn could lead to guidelines as to how to implement the practices.

CONCLUSIONS

The practice of relationship marketing can be understood from a number of perspectives as summarised in Table 1. All of this would suggest that practice is not as clear cut as the body of largely conceptual work would imply. Whilst research is limited, Morris, Brunyee, and

Page demonstrate this variance. The work of Coviello and her colleagues goes further and provides a classification of contemporary marketing practice. This gives some explanation of the problem noted by Earp, Harrison, and Hunter (1999, p. 5) "[...] many organisations which claim to be guided by and/or practice RM [relationship marketing] failed to articulate how this can be differentiated from traditional, transactional marketing [...]". Therefore a researchable understanding of relationship marketing should draw from the body of largely conceptually based knowledge. A more complete understanding of postulated and observed phenomena is likely to be gained by including recent empirical work, which can describe and explain current marketing practice.

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