RESEARCH TRADITIONS OF SCHOOLS OF RELATIONSHIP MARKETING

Introduction

The concepts of partnership and market relationships appeared in marketing theories already in the early 1950s. In 1950-1958, E.D. McGarry emphasized the role and significance of relationships in his six functions of marketing transactions. Both L. Adler and J. Arndt can be considered the precursors of the idea of relationship marketing as in 1966 L. Adler observed “symbiotic” relationships between companies that normally were not connected by traditional links resulting from operating on the market, and 1979 J. Arndt noticed the trend among companies operating on institutional markets to establish and maintain long-term relationships with key clients. In 1960s, the researchers from the Uppsala University investigated the interactive approach in partnership marketing (these concepts were followed by B. B. Jackson). A major breakthrough in the research on relationship marketing took place thanks to the scientists from The Nordic School of Service Marketing. Since the very foundation of that centre, i.e. since 1970s, there has been a gradual growth in the interest in the concept of relationship marketing both in Finland and Sweden. Due to the scale and the achievements of the investigations, the School was considered the leader as regards the development of the theory of relationship marketing. A dramatic expansion of the concept of relationship marketing occurred in the late 1980s and early 1990s. The aim of the article is to present the methodological and theoretical foundations, the trends and major schools of relationship marketing.

4 Professor of the Harvard Business School, who developed the concept of relationship marketing on industrial markets.
1. Research traditions of relationship marketing

Together with the new market phenomena, new issues appeared that could not be explained and analyzed by the concept of traditional marketing which lost its capability to find adequate solutions. The only way to overcome the lack of the adjustment of the classic marketing concept to the new market reality could be found through the search and discussions of researchers that aimed at redefining the marketing notions, giving them new meanings and, eventually, generating new proposals that would supplement the classic idea with new elements\(^6\). It seems reasonable to investigate the evolution of the concept of marketing itself in the context of newly founded schools and research traditions. The following most significant traditions should be mentioned: 1) services-based marketing, 2) direct marketing, data base marketing and customer relationship management (CRM), 3) B2B partnership marketing (here, the analysis of the dyadic relationships in the distribution channels on industrial markets is particularly important), 4) interaction and network marketing – developed mainly by The International Marketing and Purchasing Group (IMP) in the area of the analysis of network relationships and network markets\(^7\).

As regards service marketing tradition, relationship marketing was mainly influenced by the analysis of personal contacts in traditional service encounters (L.L. Berry, J.A. Czepiel, A. Parasuraman, M.R. Solomon, J.L. Walker, V.A. Zeithaml)\(^8\). In that tradition one can also notice a strong impact of social theories on the theory of the creation of market relationships and bonds. This is related to the conviction about a fundamental contribution of emotional factors in building customer loyalty. Loyal customer behavior manifests itself in a strong relationship that is referred to as bond or relationship. Market relationships are determined by such factors as salesperson attractiveness, trust, commitment, service quality and customer satisfaction.

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The next tradition to be discussed is related to the direct and database marketing. It is particularly significant as regards the analysis of customer value in the areas of operational, analytical and interactive customer relationship management (CRM) as well as the behavioral relationship marketing. The CRM systems make it possible to strengthen customer loyalty and to adapt communication systems to consumer preferences. What is more, they constitute an area of action that is difficult to examine by competitors. As regards the analysis of customer value, they enable the development of such indices as consumer lifetime value or incremental consumer value.

In the case of the third tradition (B2B partnership marketing) the important factors are the analysis of the dyadic relationships in distribution channels on the industrial market, the trust among partners and the issues of cultural differences between them. This approach was dominated by the solutions based in the theory of transactional costs (R.H. Coase, O.E. Williamson). J.G. Heide indicates that particular company attitudes and behavior, often called the relationship norms, are often the main incentive for the organizations to develop relationships and create market bonds. The relationship norms that are shared by the participants of exchange help create mutual trust, thanks to which the success of transactions is somehow secured, they result in the maximization of the total value of transaction and, which is important, they have an impact on lowering the transactional costs.

The fourth tradition (interaction and network marketing) is based mainly on the industrial network theory. The approach concerns first of all the bonds and mutual relationships among companies in the aspect of partnership marketing. Due to the development of IT as regards the construction, analysis and management of data warehouses, companies can define groups of the most profitable clients that are worth creating

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relationships and bonds with, and consequently, to manage efficiently the groups of customers on institutional B2B markets.\textsuperscript{14}

The above four research traditions are basically considered within the context of market-based and network-based relationship marketing which both have a decisive influence on the methods of data storage and analysis.

2. Schools of relationship marketing

At present, there are six centers in the world, which follow the above discussed research traditions in order to develop the knowledge and theory of relationship marketing:

1) The Nordic School of Service Marketing – represented by the Swedish School of Economics and Business Administration in Helsinki and Stockholms Universitetet, which in 1990s developed into the school of relationship marketing. The top researchers of the centre include Christian Grönroos, Evert Gummesson, Jarmo R. Lehtinen, Veronica Liljander, Kay Storbacka and Tore Strandvik. Since the beginning of the centre’s operation (1970s), the investigations have been focused on service quality. They particularly concentrated on long-term relationships in service marketing: E.Gummesson’s supplier-client interaction wheels (1970) and Ch.Grönroos’ marketing and need-adaptation circles (1980). The first works of Ch.Grönroos from 1981 emphasize the fact that constant improvement of the staff qualifications in service businesses is indispensable to retain customers.\textsuperscript{15} Already in 1982 he presented the argument that the strengthening of bonds with customers is the core of interactive marketing.\textsuperscript{16} According to him, the aim of marketing is to influence the customer in the process of service production and consumption; he also defines the area of relationship marketing and emphasizes the significance of the exchange of value. As Ch.Grönoos states, marketing is building, maintaining and developing


relationships between customers and their partners so that the objective of both parties are implemented by means of mutual exchange and compliance of commitments\textsuperscript{17}.

Another prominent researcher in the Centre, E. Gummesson – when criticizing the 4P concepts – called for the transformation of the tools of marketing. He re-evaluated their dominant role, considering them as secondary in relation to market relationships and interactions generated by business, customer-oriented activities, the quality and long-term mutual co-operation\textsuperscript{18}. He based his concept on thirty kinds of relationships that business can create on the market. The researchers of the Nordic School introduced such notions to the theory of marketing as buyer-seller interaction, interactive marketing and customer relationship life cycle.

Undoubtedly, the investigations of the Nordic Centre exerted an influence on other authors and further research centers began to consider the relationship issues in their research. The Nordic School of Service Marketing was the first one to start the criticism of classical marketing as regards the following areas\textsuperscript{19}:

- the theoretical fundamentals of the traditional concept of marketing. The microeconomic theory of the firm, especially the theory of competition was criticized; according to Ch. Grönroos, the applicability of the 4P concept as a leading theory became doubtful due to the diminishing connection between the microeconomic theories and the marketing rules of the 1930s\textsuperscript{20}.
- the excessive generalizations in the theory of marketing. The 4P model was constructed on the basis of the investigations on the American markets of packaged consumer goods and consumer durables, which were well developed, with good distribution network and extensive media coverage. According to E.Gummesson, the use of the marketing mix in other fields may be destructive as

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\textsuperscript{19} Considerable fragments were published in: M. Kowalska-Musiał, \textit{Marketing relacyjny – zmiana paradigmatu czy nowa orientacja rynkowa}, „Marketing i Rynek” 2006, No 3.


- the concentration of marketing tools on the transaction sensu stricto. That area was particularly strongly criticized by the researchers from the Nordic School, which resulted in the formation of the relationship-oriented approach with its concept of marketing continuum.\footnote{Ibidem, pp. 256–257.}

According to Ch. Grönroos, the transaction marketing and relationship marketing represent two marginal ends of an increasingly intensive evolutionary process of the transition from one approach to the other. In his opinion, the sources of the evolution from the transactional to relational approach lie in such areas as new, better and varied technologies that appear on the market, growing customer satisfaction, competition and customer’s access to a growing number of purchase alternatives.\footnote{E. Gummesson, \textit{Total Relationship Marketing: Rethinking Marketing Management from 4P to 30RS}, Butterworth-Heinemann, Oxford 1999, p. 24.}

At present, the Centre concentrates on two research traditions: CRM and interaction and network marketing. As regards the first area, the investigations concern the aspect of the management of relationships with customer (J.R. Lehtinen, K. Storbacka) with the consideration of emotional factors in developing and shaping the economic bonds with the final consumer. The other approach is concerned with interactions, relationships and their networks. The network approach to the issue of relationships is applied by E. Gummesson, who uses the term of \textit{total relationship marketing}\footnote{Idem, \textit{Relationship Marketing in the New Economy}, ,,Journal of Relationship Marketing” 1998, Vol. 1, No 1, p. 39.}. In that approach, marketing is perceived as an element of management of the network of relationships between an organization and the market. It aims at the creation of long-term, win-win relationships with customers and the character of the relationships results from the value created by both parties of the exchange. The exchange, and also any other kind of interaction, has an impact on the position of the network participants.  

\footnote{\textit{J. Otto, Marketing relacji. Koncepcja...}, p. 42.}
The scientific initiatives of the Nordic Centre originate from the services marketing approach but currently the Center is also developing research related to CRM and interaction and network marketing. Thanks to a wider research perspective, the Centre can conduct more completely the analysis of over-individual dimensions of service relationships with the consideration of the first level properties as regards relational variables (such as service quality, subjective value, subjective costs, customer commitment and satisfaction), the properties of the second level as regards varying factors or constructs (such as the strength, duration and costs of relationship) and of the fourth level that refers to the network of relationships (e.g. the centrality, strength, interdependence in the network, distance).

2) **The Anglo-Australian School of Relationship Marketing** was originally founded by a team of scientists directed by Adrian Payne from the Cranfield School of Management (UK), which started their research already in 1988. After some time, the team was joined by researchers from Australia, among them the highly esteemed David Ballantyne from the Monash University in Melbourne. In 1991, M. Christopher, A. Payne and D. Ballantyne published *Relationship Marketing. Bringing Quality, Customer Services and Marketing Together*. The authors define the concept of relationship marketing as a strategy related to the development and strengthening of relationships with key markets. They have in mind internal markets as well as the creation of relationships with the consumer market and the markets of distributors and potential employees of the company. L. Ryals and A. Payne, on the other hand, point out to the significance of long-term relationships with the existing customers and the importance of the increase of the share in their expenditure. The research centre created the most common concept in relationship marketing (based on L.L. Berry’s study) known as the six markets model. It distinguishes six areas where companies can run marketing operations: *customer markets, internal markets, referral markets, influence markets, recruitment markets* and *supplier markets*.

The authors determined the relations between marketing, customer service and quality; their customer loyalty ladder allows for customer segmentation. The research centre deals mainly with the issues that concern retaining customers. Its research applies the partnership marketing approach with regard to B2B relationships. The

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research is one-sided: it concerns only the buyer, i.e. one of the parties involved in the relationship. Consequently, the analysis of over-individual dimensions of relationships refers only to the first two levels of the interaction structure: the relational variables (index variables such as loyalty, quality) and the properties of relationships on the level of factors and constructs (e.g. service quality, duration of the relationship).

3) **The American Harvard Business School** – Prof. Theodore Levitt and Prof. Barbara Bund Jackson developed the concept of relationship marketing through their research on partnership marketing. Already in 1981, T. Levitt pointed out to the significance of operations encouraging customers to purchase once again the products of the same brand. The centre contributed significantly to the development of the relationship marketing idea. Investigations which were conducted together with an American management consulting company, Bain&Company, indicated that the increase of the client retention index by 5% may result in the growth of company net profits by 85%. Strong relationships constitute economic profit for business and at the same time they may create a barrier for the potential competition willing to enter the market. Bain&Company developed the concept of *loyalty-based management*.

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4) the school centered around **The International Marketing and Purchasing Group (IMP)** was formed in the early 1980s. The group – informal in character – includes researchers from Sweden, England, France, Germany and the USA. They are, among others, Malcolm T. Cunnigham, Geoff Easton, David Ford, Håkan Håkansson, Ivan J. Snehota, Peter Turnbull.

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In mid-1980s, the scholars from the Uppsala Universitet and Industrial Marketing and Purchasing Group developed the concept of bonds and mutual relationships in the aspect of partnership marketing. The investigations made it possible to understand the idea of relationships among companies within the theory of industrial network and the resulting marketing implications. In the network approach the stress is laid on the network of dependencies. In contrast to the dyadic sets, the theory of industrial network considers the framework of relationships with regard to the surrounding structures. The structures consist of several horizontal, vertical and lateral relationships that are referred to as the networks of dependencies. The relationships form a network of interdependent connections. On the one hand, they constitute a framework of reference to the interactions that are happening within them but, on the other, they change as a result of interactions. The dynamics and mutual interdependence indicate that a change of one connection has an impact on all the other relationships in the network. The atmosphere of the exchange, which is the result of either the rivalry or co-operation, is a significant element of the network structure.

The research work of the center originates from the interaction and network tradition and concerns the analysis of over-individual B2B relationships. The research is two-sided – it concerns both the supplier and the buyer. Thus, the analysis of over-individual properties of the morphology of relationships refers to the properties of relationships with regard to variables and constructa, i.e. to the first and the second level, and also to the relationship properties on the fourth level, i.e. in the network. Moreover, the research centre conducts the analysis of over-individual dimensions of relationships in the most complete way.

5) **The Texas University** with its research group led by Lenn L.Berry is an important research centre of relationship marketing. The investigations focus on services marketing. Here the foundations of the concept of partnership marketing were laid. In 1982, L.L.Berry and T.W.Thompson presented their idea that the 1980s marketing which was based on the creation of long term customer bonds would become a

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fundamental principle of the functioning of commercial banks\textsuperscript{31}. L.L.Berry is considered to be the author of the first definition of relationship marketing in which it is described as creating, retaining and enhancing customer relationships. Attracting new customers is the first step in marketing\textsuperscript{32}, and relationship marketing “is attracting, maintaining and – in multi-service organizations – enhancing customer relationships” \textsuperscript{33}. L.L.Berry points out to the fact that the service of the existing customers in order to gain a long-term success is just as important as attracting the new ones. A new customer constitutes the first step in company’s marketing operations. The enhancement of bonds with the existing customers, the process of their transformation into loyal customers and the adequate service quality – these are the factors that determine the new functions of marketing.

The research of the centre is associated with the service related marketing and concerns the identification of the nature of relationships that occur on the service market. The research is one-sided: – it concerns only one party of the relationship, i.e. the buyer. The analysis of over-individual dimensions of relationships enables the determination of mainly the first two levels: the relational variables (loyalty, service quality, satisfaction) and the level of construct and factors.

6) The Center for Relationship Marketing was founded by Prof. Jagdish N. Sheth from the Emory University in Atlanta. For J.N.Sheth, relationship marketing is the recognition, explanation and management of partnership relationships between suppliers and buyers. According to another representative of the center, Atula Parvatiyara, relationship management is the co-operation with customers in order to increase the effectiveness and efficiency of marketing. The work of the research team concentrates on the creation of value for customers.

The investigations of the Center for Relationship Marketing are deeply rooted in the B2B partnership marketing approach. The research is one-sided – it concerns only one party of the relationship, i.e. the buyer. The analysis of over-individual relationships is a one-sided process involving only one party of the relationship, i.e. the buyer. The analysis of over-individual


properties of relationships takes into consideration the first two levels: the relationships with regard to variables and factors.

Conclusion

The research of the above discussed centers and schools of relational marketing identifies and explains to a different extent the levels of over-individual properties of the market relationship structure. Most commonly, the morphology of the relationship structure properties concerns the identification and determination of the first two relationship levels with the consideration of variables that are related both to the B2C and B2B markets. This is due to the fact that researches choose classic marketing methods which enable the research of only one party of the relationship under investigation and analyze only the effect or the subjectively perceived properties of a relationship. The only exception are the Nordic centre and the IMP group which consider the multi-level aspect of market relationships in their investigations. The object of their analysis is the two-sided relationship and consequently other than traditional research methods are applied which consider the analysis of dyads, triads and relationship networks. In both centers a wide range of research is carried out on the identification of over-individual dimensions of market relationships with the consideration of such relationship variables as quality, subjective value, subjective costs, customer commitment and satisfaction), the properties of the second level with the consideration of such variable factors, constructs as the strength, duration and costs of relationship) and of the fourth level that refers to the network of relationships (e.g. the centrality, strength, interdependence in the network, distance). It has to be pointed out that all the centers ignore the property category of the third level which concerns the effects of interactions. The presented concepts, models and the wide range of research conducted in the schools of relationship marketing define undoubtedly the basic development trends in the theory of relationship marketing, both in the conceptual, operational and methodological aspects.

Bibliography


Abstract

The article presents the concept of relationship marketing as a defined and specific way of thinking. It determines and defines the theoretical fundamentals of relationship marketing, its concept approaches, research traditions and the schools of relationship marketing: 1) the Nordic School of Service Marketing, 2) the Australian School of Relationship Marketing, 3) the American Harvard Business School, 4) the International Marketing and Purchasing Group (IMP), 5) The University of Texas, 6) the Center for Relationship Marketing.