A Proposal for the Studying of Relationship Marketing Dyads

Adam Lindgreen, Cranfield University

Abstract

This research project seeks to develop the theory of relationship marketing by addressing five overall research questions. One question asks whether the approach to contemporary marketing is pluralistic or there has been a paradigm shift from transaction marketing to relationship marketing. Four questions ask how actual programmes of relationship marketing are designed, implemented, monitored and measured. The contextual setting is the international food supply chain, and the research methodology is the case study. Preliminary results from a number of case studies have shaped the overall design of the research project. Anticipated contributions are outlined.

Introduction

Relationship marketing remains ambiguous despite a large literature. A research project was therefore established to develop the theory of relationship marketing. In this paper, five main issues are dealt with. First, the background literature is introduced. Second, the contextual setting and the five overall research questions are briefly presented. Third, the research methodology is described at length. Fourth, the discussion of preliminary results and anticipated contributions of the research project brings the paper to an end.

Background Literature

The concept of relationship marketing was first coined by Berry more than fifteen years ago (Berry 1983). Since that time, the history of relationship marketing has been characterised by more rhetoric than publication effort (Collins 1999) although it is true that there have been a number of attempts to define relationship marketing in detail (e.g., Christopher et al. 1991; Grönroos 1994; Gummesson 1995; Morgan and Hunt 1994). Despite these attempts, however, it is frequently argued that relationship marketing still remains nebulous (e.g., Barnes 1995; Buttle 1996; Gummesson 1994a; Palmer 1998; Snehota and Söderlund 1998).

"There is, however, little consistency in how the concept [relationship marketing] has been defined and even less in how it is practised in business and other organizations." (Barnes 1995, 1393)

On the grand level it is thus often claimed that there has been a paradigm shift in contemporary marketing, namely from transaction marketing to relationship marketing.
(e.g., Gummesson 1995; McKenna 1991; Parvatiyar and Sheth 1994) although Grönroos has cautioned against this perspective,

“However, remembering the damaging long-term effects of the marketing mix, hopefully it [relationship marketing] will not establish itself as the only one [marketing paradigm].” (Grönroos 1994: 355)

Somewhat similar Brodie et al. have proposed that,

“It this is so, might it not be argued that Transactional and Relational marketing are not mutually exclusive, but are part of the same paradigm; a paradigm which allows for both perspectives to coexist?” (Brodie et al. 1997)

But no empirical evidence has been provided to support the proposition of a pluralistic approach to marketing. Research should therefore investigate whether transaction marketing and relationship marketing indeed are part of the same paradigm (Brodie et al. 1997) or marketing exchanges rather constitute a continuum ranging from transaction marketing to relationship (Dwyer et al. 1987; Grönroos 1991; Jackson 1985; Webster 1992).

### Table 1. Relationship marketing: objectives, defining constructs and instruments

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<td>Customer delight</td>
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On a less grand level relationship marketing has been characterised with respect to its objectives and to its defining constructs and to its instruments (Table 1). However, the perception of relationship marketing varies between authors (Gummesson 1994a) with only little consistency in how the concept of relationship marketing has been defined (Barnes 1995; Fisk et al. 1993; Gummesson 1994b; Iacobucci 1994; Lehtinen 1995; Palmer 1998; Peterson 1995; Stone and Woodcock 1995).

The ‘confusion’ is perhaps not surprising since relationship marketing draws on many different research streams (Brodie et al. 1997; Collins 1999). Some streams include
service marketing (Bitner 1995; Rust and Zahorik 1993), network marketing (Croft and Woodruff 1996; Johanson and Mattson 1985) and information technology (Morton 1991; Pine 1993). Other streams include consumer marketing (Sheth and Parvatiyar 1995), supplier relationships (Aigroy 1999; Ganesan 1994), inter-organisational exchange relationships (Dwyer et al. 1987; Håkansson 1982) and channel relationships (Anderson and Weitz 1992; Buzzell and Ortmeyer 1995).

The overall result is of the ‘confusion’ is that there are few ‘theories’ or even guidelines to direct practitioners (e.g., Blois 1995; Fournier et al. 1998; Grande 1996; Lindgreen and Crawford 1999; Pinto 1997). (It has even been suggested by Grande (1996) and Pinto (1996) that no guidelines can guarantee the success of relationship marketing.) This is despite the endeavours of researchers to put together relevant theory from related fields in an effort to provide frameworks that conceptualise the scope, properties and contents of relationship marketing (Collins 1999; Peck 1997).

There is thus an evident need for the studying of current programmes of relationship marketing. 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? Moreover, Cravens (1998) and Gummesson (1998) have asked for empirical evidence of how programmes of relationship marketing are implemented and monitored. Finally, the measuring of returns on relationship marketing is still in its infancy (Gummesson 1997) so in what way, if at all, are returns on relationship marketing measured?

**Contextual Setting**

Although international relationships are of special interest because of the physical distance and cultural gap between buyer and seller only few studies (e.g., Ahmed et al. 1998; Madsen 1994) have empirically examined the role and nature of such relationships. This research project seeks to rectify that situation by investigating current programmes of relationship marketing in the Danish-British and New Zealand-British food supply chains.

Relationship marketing has not previously been tested in the setting of the Danish-British and New Zealand-British food supply chains although the setting is suitable for the studying of relational marketing activities. Britain imports products from sectors where it does not have an inherent competitive disadvantage, and among the major food producers and exporters for the British consumer are Denmark and New Zealand (Shaw 1994; Woolven 1996). For example, it has been noted that the close buyer-seller relationships in the wine supply chain to a great extent explain the phenomenal growth that the New Zealand wine industry has experienced (Wilson and Benson-rea 1997). Close relationships have been found important in both contemporary marketing practices (e.g., Boone and Kurtz 1999; Brodie et al. 1997; Coviello et al. 1997) and relationship marketing (e.g., Christopher et al. 1991, Gordon 1998; Gummesson 1995). This makes the New Zealand wine industry one appropriate setting. The increasing market power concentration and the shift of market power toward retailers and consumers in the Danish bacon industry are producing interesting bargaining and social
relations, which makes this food chain another appropriate setting (Ferguson et al. 1995; Hughes 1994; Tansey and Worsley 1995; Wileman 1992). Finally, food processors and retailers are increasingly communicating to the consumers the diligence with which they operate - and communication has been suggested as a major precursor to trust and commitment that are said to be central to successful relationship marketing (e.g., Anderson and Narus 1990; Morgan and Hunt 1994).

Denmark and New Zealand have many similar trading patterns but their marketing philosophy and way of conducting business may differ from each other (Coviello et al. 1998; Rasmussen 1998). The similarities (e.g., between Danish food producers) and the differences (e.g., between Danish and New Zealand food exporters) allow for a robust multiple case study design (see later).

**Research Questions**

The research project seeks to develop the theory of relationship marketing by addressing five overall research questions,

*Is the approach to contemporary marketing pluralistic?*

*Are there identifiable activities that, if practised, can be presented as substantive evidence of the practice of relationship marketing itself?*

*Are there identifiable patterns in the way activities of relationship marketing are implemented and if so can any of these be promoted as ‘best practice’?*

*How, if at all, can programmes of relationship marketing be monitored?*

*In what way(s), if at all, might returns on relationship marketing be measured?*

**Research Methodology**

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

**Justification of the Paradigm**

There are two major approaches to the building and testing of theory (Bonoma 1985; Neuman 1997; Parkhe 1993; Romano 1989). The deductive approach represents the positivist paradigm and the inductive approach represents the phenomenological paradigm that can be further divided into critical theory, constructivism and realism (Easterby-Smith et al. 1991; Guba and Lincoln 1994; Perry 1998). A combination of inductivism and deductivism is used in the research project (Glaser and Strauss 1967; Miles and Huberman 1994; Parkhe 1993). The research project consists of two parts. The first part is exploratory and the second part is explanatory. For several reasons, inductivism (and realism) is the appropriate epistemological guide for the case research method that, as we shall see later, is the overall research
methodology for the first part of the research project. The objective of the first part is to
gather evidence of contemporary 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 been established. All of this makes it difficult, if not impossible, to begin with a
theory or a set of hypotheses as in deductivism. Moreover, 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, in the case
research method findings are evaluated by for example reliability and validity (Boing

A combination of inductivism-deductivism is suitable for the second part of the project.
At this stage an initial framework and a number of hypotheses, which have been
developed, can be further supported or rejected and/or tested. The building and testing
of theory by first inductivism and second a combination of inductivism and deductivism
is consistent with the paradigm of realism that searches for capabilities, not regularities
(Tsoukas 1989) and analytic generalisation, not statistical generalisation (Yin 1994). For
example, case research interviews include unstructured questions but also probe questions
in order to raise respondents’ perceptions about concerns in the prior theory.
In order to aid the interview protocol the case research method also involves pilot tests;
in general, case studies help shape the design of subsequent case studies. Finally,
convergent interviews with practitioners are built into the design at the same time, as the
literature’s prior theory is being reviewed (Nair and Riege 1995; Perry 1998; Yin 1994).

In this research project, qualitative data and some quantitative data are sought. This
approach has been termed a dominant/less-dominant design (Creswell 1994).
Qualitative methods are well suited for studying real-life events and they also
accommodate the local ‘groundedness’ of the things they study. Examples of qualitative
data in the project include detailed descriptions of relational marketing plans, joint
buyer-seller performance reviews, customer-focused training programmes, etc. (For the
issue of triangulation, see later.)

Justification of the Methodology

Of the several alternatives that exist for addressing the research questions the case
research method is the most appropriate one because the phenomenon under study (i.e.,
relationship marketing) is on-going and therefore has to be investigated within its real-
life context. Also, by taking a holistic perspective on real-life events with all their
characteristics intact, the case research method facilitates the exploration of complex
social processes. Finally, by observing the important contextual variables impinging on
the behaviour of interest, over time, the case research method avoids the need to pre-
select context type variables to be included in the investigation (Yin 1994). This is
essential because the business culture and the structure of the production and marketing
systems in Denmark and New Zealand may have a significant effect on the adoption and
implementation of relationship marketing. The research questions also point toward the
case research method.

Case Study Design

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A multiple, embedded case study design was designed to build up evidence of contemporary practices of relationship marketing. The study involves a number of programmes of relational marketing activities in the Danish-British and New Zealand-British food supply chains (i.e., multiple case study). Further, the primary unit of analysis is the individual Danish or New Zealand food producer and exporter, subsequently the British food importer. Sub-units are the marketing philosophy, the marketing activities directed at building relations with customers and other markets, etc. (i.e., embedded case study).

The main concern of using the case research method has been the question of validity when drawing conclusions from a relatively small number of cases. However, case studies are generalisable to theoretical propositions, not to populations (Crawford 1997; Neuman 1997; Yin 1994). Thus cases were chosen for theoretical reasons: to replicate previous cases, to extend emergent theory, to fill theoretical categories, to provide examples of polar types, etc. (Patton 1990). Theories developed in the research are fully grounded in empirical data and not bound to a specific context. To overcome the criticism of the case research method different methods of securing reliability and validity are sought (Table 2).

| Reliability | The development of clearly conceptualised constructs, the use of multiple indicators and the execution of pilot tests secure reliability. Overall the interviews are conducted and analysed by the doctoral candidate using a specific coding scheme who then passes it on to the academic supervisor for 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 | The use of multiple sources of evidence secures construct validity. Also, subsequent studies will replicate and extend research findings, and key informants will be invited to review drafts of each case study report. |
| Content validity | Asking the interviewees 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 that do not attempt to make causal statements. In broad outline, the first part of the research project is exploratory/descriptive whereas the second part of the project moves toward making explanatory statements. One tactic for achieving internal validity is by rival explanations as patterns, the focus on how and why a certain outcome occurred in each of the cases. |
| Interpretative validity | Interpretative validity is accomplished by approaching key informants for a second, or even third, interview when points raised in a discussion of a programme are 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. |

Table 2. Reliability and validity

Although evidence is collected from many sources (e.g., material from the public domain, archival analysis of customer records, in-house documentation, newsletters and annual reports, etc.), the following sub-section focuses on interviews. This is in accordance with Perry (1998: 3) who has defined the case research method as “a research methodology based on interviews that is used in a postgraduate thesis involving a body of knowledge”. (For the interview protocol, see later.)
Theory Development from Case Research Data

The procedure by Eisenhardt (1989) for developing theory from case research data was found to be suitable for the research project. Each of the eight steps is described in Figure 1. In the following, two issues are examined at some depth: (1) within-case analysis and (2) cross-case analysis.

Within-case Analysis

Each individual case is analysed in the four-stage process developed by Miles and Huberman (1994) (Figure 2). The process involves coding (i.e., labelling data), memoing (i.e., theorising ideas about codes and their relationships) and developing propositions (Glaser 1978; Miles et al. 1994; Punch 1998). QSR NUD•IST 4 appears to be an appropriate qualitative programme tool since it is compatible with both the interactive model and the grounded theory. Although triangulation has been criticised because various theories and methods have different and incommensurate ontological and epistemological assumptions (Blaikie 1991) interpretations are backed up through triangulation. This means that claims are supported with multiple evidence such as the comparing of interview notes with a transcription of the interview and the inclusion of more than one respondent in case organisations (Bryman 1988; Creswell 1994; Miles and Huberman 1994; Yin 1994).

One of the tactics to cross analyse cases is to look for inter-group differences in important dimensions, for example trust-building activities, means of communication, etc. Another tactic is to list similarities and differences between sets of cases. 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). Overall, the cycle of data collection and data analysis will continue until theoretical saturation (Figure 3). It is probable, however, that time, a constraining factor, will determine when to reach closure.

Preliminary Results

In the following, preliminary results from the Danish-British food supply chains are discussed. The section finishes with some guidelines for future research.

Flensted Catering A/S

Ole Flensted Holding A S, a key actor in the Danish salad and potato industry, operates in Denmark, Britain, Germany and Sweden. One of its subsidiaries, Flensted Catering A/S, caters for some 4,000 customers. The strategy for success has been to maintain relationships and to enhance relationships with customers. However, a consultancy company revealed that the subsidiary only retained 80 per cent of its customers. In 1996, Flensted Catering A/S therefore embarked on a three-phase programme of relationship marketing.
Getting started

2. Selecting cases

3. Crafting instruments and protocols

4. Entering the field

5. Analysing data

6. Shaping hypotheses

7. Enfolding literature

8. Reaching closure

To avoid loss of research focus and to help shape the initial process of theory building, tentative research questions and potentially important constructs with reference to extant literature are specified.

Cases are chosen for theoretical reasons. In order to understand a relationship and to allow for triangulation, both sides of buyer-seller dyads are contacted. This is arranged by networking from Danish and New Zealand sellers toward British buyers.

The main instrument to obtain data (such as basic characteristics of the focal exporters and a thorough portrait of their relational marketing activities) is in-depth, face-to-face interviews. An interview protocol has been developed.

Respondents are first contacted by telephone, second by a covering letter. Respondents are interviewed in multiple-hour sessions. In order to secure reliability, interviews are tape-recorded and later transcribed.

Interview data are analysed in two stages: within-case analysis involving write-ups for each case and cross-case analysis involving searches for cross-case patterns.

By measuring constructs and verifying relationships, hypotheses are shaped. Definitions of constructs are refined and evidence that measures those constructs is built up.

In order to note consistencies with and departures from other findings emergent concepts, theories or hypotheses are compared with the extant literature. This process also enhances the internal validity, generalisability and theoretical level of theory building.

It is likely that the research will include between four and ten cases. Ideally, however, the iteration between theory and data should stop when the incremental improvement to theory is minimal. However, it is probable that time will determine when to reach closure.

Figure 1. Steps in developing theory from case research data

Figure 2. Components of data analysis: interactive model

Source: Adapted from Miles and Huberman (1994: 12)

Cross-case Analysis

Figure 3. Theoretical sampling: cycle of alternation between data collection and data analysis

*Source: Adapted from Punch (1998: 167)*

**The Design Phase**

140 customers (20 customers from each sales office) attended focus groups to discuss the strengths and weaknesses of Flensted Catering A/S. The result from the seven two-hour meetings was a 115-issues questionnaire, which was sent to all customers. Some 1,200 questionnaires were returned and the responses were ranked according to their perceived importance. In order to know about the remaining 70 per cent of the customers the subsidiary invited all its customers to complete a reduced questionnaire the following year.

**The Implementation Phase**

Small project teams consisting of employees from different departments were put together to deal with the more substantive problems. Prior to this, Flensted Catering A/S had invested in customer-focused staff training. Project teams were steered by the management. A quarterly newsletter informs customers and employees of current and planned initiatives. Customers are also invited to visit the subsidiary. Finally, regular contact to the customers is maintained through telephone (sales consultants) and visits (chauffeurs).

**The Assessment Phase**

Three measurements were used to assess the design and implementation phases: (1) Customer loyalty follows a customer’s relative attraction to, and satisfaction with, Flensted Catering A/S. A green-yellow-red colour scheme is used. ‘Green customers’ are more attracted to, and satisfied with, the subsidiary than ‘yellow customers’ and ‘red customers’. ‘Yellow customers’ have the potential of turning green. (2) A retained customer is a customer who continues to buy the same (or more) amount of products from the subsidiary over a two-week period. (3) Employees are monitored in annually ‘climate check-ups’ in terms of commitment, knowledge, skills, etc. Overall, Flensted Catering A/S has adopted the philosophy that ‘green employees result in green customers’. ‘Green employees’ answer and respond to customer queries competently, and they are helpful, eager and committed to the subsidiary.

The results are impressive. In 1996, 14 per cent of the customers were green. A year later, 20 per cent of the customers were green. Following the two-year programme, 43 of

the customers believed that Flensted Catering AS had become a better supplier, only 3 per cent had the opposite view (Customers who have rated the company as a better supplier gave as reasons less wrong deliveries, up-dated products and price lists and efficient distribution of samples). Customer retention has gone up from 80 per cent to 94 per cent. This means that the value of an average customer has risen with 300 per cent.

The Danish Bacon Industry

Export of pig meat products provides Denmark with more than 10 per cent of total export earnings with Britain importing 90 per cent of the Danish bacon export. However, Denmark’s share of the British bacon market has fallen in recent years. Two slaughterhouses (Danish Crown and Vestjyske Slagterier), a secondary pig processor (Tulip International), a distributor (ESS-Food) and the trading organisation Danske Slagterier constituted the overall case. A number of findings resulted from the study.

Understanding of Relationship Marketing

Few respondents have come across the term relationship marketing. Those who have believe that the relational approach to marketing is manifested in closer relationships to the customer. That relationship marketing should result in mutual benefits was not stressed unanimously.

Relevance of Relationship Marketing

Respondents found relationship marketing interesting because of mainly two reasons. (1) Because of the several crises of consumer confidence consumers want to be assured that the food supply chain is designed to deliver safe, as well as high quality food products. (2) Long-term co-operation between the numerous sectors in the supply chain is necessary because with assurance for their sales farmers will invest in new farming systems and with a steady supply of pig meat products retailers can offer the consumers the products they ask for.

Approaches to Relationship Marketing

Several approaches to relational marketing have been implemented: (1) Trust-building assurance schemes, which communicate to the consumer the diligence with which the businesses operate, lead to buyer-seller trust. (2) Organisations build relationships with a number of constituencies such as farmers, processors, retailers, consumers, ancillary suppliers, referrals, influencers, employees and consumers. (3) Organisations have moved toward a horizontal organisation in which employees from different departments work together. Also employees from different departments in the seller and buyer organisations exchange information.

Some Guidelines for Future Research

The interview protocol, which will be further developed, is likely to include a number of different topics (Table 3).
Research question | Topics
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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 and if so can any of these be promoted as 'best practice'? | • Design, implementation, assessment and re-design
• Company audits
• Focus groups and questionnaires
• Staff training
• Communication

How, if at all, can programmes of relationship marketing be 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) might returns on relationship marketing be measured? | • Lifetime value of customer
• Strength of relationships
• Non-opportunistic behaviour
• Mutual benefits

Table 3. Topics in the interview protocol

Anticipated Contributions

Practitioners have long needed a blueprint for how to design, implement, monitor and measure a programme of relationship marketing. It is anticipated that studying real-life approaches to relational marketing activities will lead to a set of 'best practice' to relationship marketing. Moreover, it is anticipated that the research project will highlight the inadequacy of relationship marketing.

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