The theory of relational exchange within marketing systems: Deliberate decision or inertia?

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Contrary to traditional consumer markets industrial markets are to a large extent characterized by long-term relationships (Håkansson 1982). During the last decade, relational exchange (RE) has received increased attention among practitioners as well as researchers. The core of the theory is that informal coordination based on norms-of-behavior and trust is an alternative to market transactions as well as hierarchical and quasi-hierarchical arrangements, and that such informal coordination offers benefits otherwise not available. Compared to market transactions, RE is characterized by trust, long-term orientation, overlapping roles and high information exchange. This is associated with benefits like increased risk-bearing capability (Heide & John 1992), higher growth rates and performance - most notably given high uncertainty (Larson 1992, Noordwier, John and Nevin 1990), and more effective product development (Dwyer, Schurr and Oh 1987). Compared to hierarchical and quasi-hierarchical arrangements, RE is argued to be more flexible and innovative (e.g. Macaulay 1963, Moss Kanter 1989). Furthermore, Dabholkar, Johnston and Cathey (1994) propose that long-term relationships allow companies to develop a competitive advantage in terms of profit, market share and customer satisfaction.

The studies above stress that the decision to enter and/or maintain a relationship is a deliberate evaluation where the parties (or the buyer) carefully examine pros and cons regarding benefits and business payoffs of such a relationship. However, relationships are not necessarily always based on a careful assessment of business payoffs, but might evolve on a less «rational basis». For instance, relationships can be a result of inertia (Assael 1992) in that a customer undertakes repeat purchase on the basis of situational cues, such as familiarity or personal ties. The absence of rational decision input has been addressed in the consumer behavior literature, where the basis for evaluations has been questioned (Olshavsky and Granbois 1979). Furthermore, the diagnosticity of the available information for evaluating ongoing relationships might not be sufficient, since information obtained at this point frequently is ambiguous (Hoch and Deighton 1989). Although these findings are taken from the consumer behavior literature, we believe that they also might serve as a description of industrial markets. In spite of the proposed assumption that professional buyers are more rational than consumers (see Ames 1970; Webster 1988; Hutt and Speh 1985), industrial decision makers also face time constraints, information overload and nonimportant decisions.

We propose a framework where the existence of relational exchange is addressed from a perspective focusing on the degree of considerate evaluation, rather than consequences connected to such arrangements. Specifically, we argue that long-term relations may be the fundamental marketing practice within industrial markets due to the complexity of exchange and hence the difficulty of making careful assessment of
business pay-offs. As a result, long-term relations may be the primary exchange format as a result of lack of evaluation of costs and benefits. In the same way, increasing complexity of exchange relationships e.g. due to symmetric and high dependence makes such evaluations even more complex and less probable. As a result, relationalism is increased (e.g., Heide 1994, Gundlach & Cardotte 1994, Gundlach, Achrol and Mentzer 1995). Only in situations where decision maker is forced to evaluate due to e.g. asymmetrical dependence and deprived pay-off (e.g., Boyle et al. 1992, Haugland & Reve 1993), evaluation and eventually return to more discrete exchange forms takes place. In the paper we address factors that are likely to trigger deliberate evaluation. Managerial and research implications are discussed.

REFERENCES:


