NEW TEXTS

Jagdish N. Sheth, Atul Parvatiyar, Mona Sinha

The Conceptual Foundations of Relationship Marketing: Review and Synthesis[1]

SHETH, Jagdish N. — Charles H. Kellstadt Professor of Marketing, Goizueta Business School, Emory University. Address: 1300 Clifton Road. Atlanta, Georgia 30322, USA.

Email: jag@jagsheth.com

Abstract

The present review is devoted to a rapidly developing area of marketing — relationship marketing. The authors suggest that the conceptual foundations of it are not currently well developed but forecast that it will transform into a discipline in the near future. They outline two approaches to the definition of relationship marketing and provide their own definition, emphasizing such aspects as collaboration, creation and enhancement of value for those who are involved in relationships. The authors trace the origins of relationship marketing, describing the importance of a range of factors that contribute to the increasing importance of relationship marketing today, such as the development of services, communication with the end consumer, etc. A section of this work examines the development of theoretical approaches: the authors argue that marketing originated in economics, which tended to ignore issues related to distribution systems. They also show that questions concerning relationship marketing were considered even before the term itself was introduced. In the final section, the authors touch upon the models that describe processes in relational marketing and analyze its components step-by-step. The authors highlight three core aspects of relational marketing: setting a purpose, choosing parties and program formation. In the conclusion the authors describe three possible levels of future studies in this area — the concept level, model level and process level — and specifics of each level are characterized.

Keywords: relationship marketing; evolution of marketing theory; relationship marketing practices; relationship marketing programs; process model of relationship marketing; domain of relationship marketing research.

In the current era of intense competition and demanding customers, relationship marketing has attracted the expanded attention of scholars and practitioners. Marketing scholars are studying the nature and scope of relationship marketing and developing conceptualizations regarding the value of collaborative relationships between buyers and sellers as well as relationships between different marketing actors, including suppliers, competitors, distributors and internal functions in creating and delivering customer value. Many scholars with interests in various sub-disciplines of marketing, such as channels, services marketing, business-to-business marketing, advertising, and so forth, are actively engaged in studying and exploring the conceptual foundations of relationship marketing.

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PARVATIYAR, Atul — President of Institute for Customer Relationship Management (iCRM); Associate Professor of Marketing at Georgia State University.
Address: 5317 Candleberry Drive Lilburn, Georgia 30047, USA.

Email: atul@institutecrm.com

SINHA, Mona — Post Doctoral Research Fellow at Goizueta Business School, Emory University.
Address: 1300 Clifton Road. Atlanta, Georgia 30322, USA.

Email: mona.sinha@emory.edu

However, the conceptual foundations of relationship marketing are not fully developed as yet. The current growth in the field of relationship marketing is somewhat similar to what we experienced in the early stages of the development of the discipline of consumer behavior. There is a growing interest in the subject matter and many explorations are underway to find its conceptual foundations. In the floodgate of knowledge, diverse perspectives are required for understanding this growing phenomenon. Each exploration offers a perspective that should help in further conceptualization of the discipline of relationship marketing. As Sheth [1996] observed, for a discipline to emerge, it is necessary to build conceptual foundations and develop theory that will provide purpose and explanation for the phenomenon. This is how consumer behavior grew to become a discipline and now enjoys a central position in marketing knowledge. We expect relationship marketing to undergo a similar growth pattern and soon become a discipline unto itself.

The purpose of this paper is to provide a synthesis of existing knowledge on relationship marketing by integrating diverse explorations. In the following section, we discuss what relationship marketing is, examine its various perspectives, and offer a definition of relationship marketing. Subsequently, we trace the paradigmatic shifts in the evolution of marketing theory that have led to the emergence of a relationship marketing school of thought. We also identify the forces impacting the marketing environment in recent years leading to the rapid development of relationship marketing practices. A typology of relationship marketing programs is presented to provide a parsimonious view of the domain of relationship marketing practices. We then describe a process model of relationship marketing to better delineate the challenges of relationship formation, its governance, its performance evaluation, and its evolution. Finally, we examine the domain of current relationship marketing research and the issues it needs to address in the future.

What is Relationship Marketing?

What is relationship marketing? Before we begin to examine the theoretical foundations of relationship marketing, it will be useful to define what the term relationship marketing means. As Nevin [1995] points out, the term *relationship marketing* has been used to reflect a variety of themes and perspectives. Some of these themes offer a narrow functional marketing perspective while others offer a perspective that is broad and somewhat paradigmatic in approach and orientation.

Narrow versus Broad Views of Relationship Marketing

One narrow perspective of relationship marketing is database marketing, emphasizing the promotional aspects of marketing linked to database efforts [Bickert 1992]. Another narrow, yet relevant, viewpoint is to consider relationship marketing only as customer retention in which a variety of after marketing tactics are used for customer bonding or staying in touch after the sale is made [Vavra 1991]. A more popular approach with recent application of information technology is a focus on individual or one-to-one relationships with customers that integrates database knowledge with a long-term customer retention and growth strategy, which is also termed Customer Relationship Management (CRM) [Peppers, Rogers 1993; 2004]. Thus, Shani and Chalasani define relationship marketing as "an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value-added contacts over a long period of time" [Shani, Chalasani 1992: 44]. Jackson applies the individual account concept in industrial markets to define relationship marketing as "Marketing oriented toward strong, lasting relationships with individual accounts" [Jackson 1985: 2]. In other business contexts, Paul [1988], O'Neal [1989], Doyle and Roth [1992] have proposed similar definitions of relationship marketing.

McKenna [1991] professes a more strategic view of relationship marketing by putting the customer first and shifting the role of marketing from manipulating the customer (telling and selling) to genuine customer involvement (communicating and sharing the knowledge). Berry, in somewhat broader terms, also has a strategic viewpoint about relationship marketing. He stresses that attracting new customers should be viewed only as an intermediate step in the marketing process. Developing a closer relationship with these customers and turning them into loyal ones are equally important aspects of marketing. Thus, he defined relationship marketing as "attracting, maintaining, and — in multi-service organizations — enhancing customer relationships"[Berry 1983: 25].

Berry's notion of relationship marketing resembles that of other scholars studying services marketing, such as Grönroos [1983], Levitt [1983], and Gummesson [1987]. Although each one of them is espousing the value of interactions in marketing and its consequent impact on customer relationships, Grönroos [1990] and Gummesson [1987] take a broader perspective and advocate that customer relationships ought to be the focus and dominant paradigm of marketing. For example, Grönroos states: "Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises" [Grönroos 1990: 138]. The implication of Grönroos' definition is that customer relationships is the *raison d'être* of the firm and marketing should be devoted to building and enhancing such relationships.

Morgan and Hunt [1994] draw upon the distinction made between transactional exchanges and relational exchanges by Dwyer, Schurr, and Oh [1987], to propose a more inclusive definition of relationship marketing. According to Morgan and Hunt: "Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationships." [Morgan, Hunt 1994]. Such a broadened definition has come under attack by some scholars. Peterson declared Morgan and Hunt's definition guilty of an error of commission and states that if their "definition is true, then relationship marketing and marketing are redundant terms and one is unnecessary and should be stricken from the literature because having both only leads to confusion" [Peterson 1995: 279]. Other scholars who believe that relationship marketing is distinctly different from the prevailing transactional orientation of marketing may contest such an extreme viewpoint.

Relationship Marketing versus Marketing Relationships

An interesting question is raised by El-Ansary [1997] as to what is the difference between "marketing relationships" and "relationship marketing"? Certainly marketing relationships have existed and have been the topic of discussion for a long time. But what distinguishes it from relationship marketing is its nature and specificity. Marketing relationships could take any form, including adversarial relationships, rivalry relationships, affiliation relationships, independent or dependent relationships, etc. However, relationship marketing is not concerned with all aspects of marketing relationships. The core theme of all relationship marketing perspectives and definitions is its focus on collaborative relationship between the firm and its customers, and/or other marketing actors. Dwyer, Schurr, and Oh [1987] have characterized such cooperative relationships as being interdependent and long-term orientated rather than being concerned with short-term discrete transactions. The long-term orientation is often emphasized because it is believed that marketing actors will not engage in opportunistic behavior if they have a long-term orientation and that such relationships will be anchored on mutual gains and cooperation [Ganesan 1994].

Thus, the terms relationship marketing and marketing relationships are not synonymous. Relationship marketing describes a specific marketing approach that is a subset or a specific focus of marketing. However, given the rate at which practitioners and scholars are embracing the core beliefs of relationship marketing for directing Marketing practice and research, it has the potential to become the dominant paradigm and orientation of marketing. As such, Kotler [1990], Webster [1992], Parvatiyar and Sheth [1997], and others have described the emergence of relationship marketing as a paradigm shift in marketing approach and orientation. In fact, Sheth, Gardner and Garrett [1988] observe that the emphasis on relationships as opposed to transaction-based exchanges is very likely to redefine the domain of marketing.

Delimiting the Domain of Relationship Marketing

For an emerging discipline, it is important to develop an acceptable definition that encompasses all facets of the phenomenon and also effectively de-limits the domain so as to allow focused understanding and growth of knowledge in the discipline. Although Morgan and Hunt's definition [1994] focuses on the relational aspects of marketing, it is criticized for being too broad and inclusive. They include buyer partnerships, supplier partnerships, internal partnerships, and lateral partnerships within the purview of relationship marketing. Many of these partnerships are construed as being outside the domain of marketing and hence faces the risk of diluting the value and contribution of the marketing discipline in directing relationship marketing practice and research or theory development [Peterson 1995].

Therefore, Sheth [1996] suggested that we limit the domain of relationship marketing to only those collaborative marketing actions that are focused on serving the needs of customers. That would be consistent with marketing's customer focus and understanding that made the discipline prominent. Other aspects of organizational relationships, such as supplier relationships, internal relationships, and lateral relationships are aspects being directly attended to by such disciplines as purchasing and logistics management, human resources management, and strategic management. Therefore, relationship marketing has the greatest potential for becoming a discipline and developing its own theory if it delimits its domain to the firm-customer aspect of the relationship. Of course, to achieve a mutually beneficial relationship with customers, the firm may have to collaborate with its suppliers, competitors, consociates, and internal divisions. The study of such relationships is a valid domain of relationship marketing as long as it is studied in the context of how it enhances or facilitates customer relationships.

Towards a Definition of Relationship Marketing

An important aspect of the definitions by Berry, Grönroos, and Morgan and Hunt is that they all recognize the process aspects of relationship development and maintenance. A set of generic processes of relationship initiation, relationship maintenance and relationship termination is also identified by Heide [1994]. His definition claims that the objective of relationship marketing is to establish, develop, and maintain successful relational exchanges. Wilson [1995] develops a similar process model of buyer-seller cooperative and partnering relationships by integrating conceptual and empirical researches conducted in this field. Thus, a process view of relationship marketing currently prevails the literature and indicates that the marketing practice and research needs to be directed to the different stages of the relationship marketing process.

In addition to the process view, there is general acceptance that relationship marketing is concerned with collaborative relationships between the firm and its customers. Such collaborative relationships are more than a standard buyer-seller relationship, yet short of a joint venture type relationship. They are formed between the firm and one or many of its customers, including end-consumers, distributors or channel members, and business-to-business customers. Also, a prevailing axiom of relationship marketing is that collaborative relationships with customers lead to greater market value creation and that such value will benefit both parties engaged in the relationship. Creation and enhancement of mutual economic, social and psychological value is thus the purpose of relationship marketing. Hence, we define:

> *Relationship marketing is the ongoing process of engaging in collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic, social and psychological value, profitably.*

There are three underlying dimensions of relationship formation suggested by the above definition: purpose, parties, and programs. We will use these three dimensions to illustrate a process model of relationship marketing. Before we present this process model, let us examine the antecedents to the emergence of relationship marketing theory and practice.

The Emergence of Relationship Marketing School of Thought

As is widely known, the discipline of marketing grew out of economics, and the growth was motivated by a lack of interest among economists in the details of market behavior and functions of middlemen [Bartels 1976; Sheth, Gardener, Garrett 1988]. Marketing's early bias toward distribution activities is evident as the first marketing courses (at Michigan and Ohio) were focused on effectively performing distributive tasks [Bartels 1976]. Early marketing thinking centered on the efficiency of marketing channels [Shaw 1912; Weld 1916; 1917; Cherrington 1920;]. Later institutional marketing thinkers, because of their grounding in institutional economic theory, viewed the phenomena of value determination as fundamentally linked to exchange [Duddy, Revzan 1947; Alderson 1954]. Although the institutional marketing view was later modified by the organizational dynamics viewpoint and marketing thinking was influenced by other social sciences, exchange remained the central tenet of marketing [Alderson 1965; Kotler 1972; Bagozzi 1974; 1978; 1979].

Shift from Distribution Functions to Understanding Consumer Behavior

The demise of the distributive theory of marketing began after World War II as marketing focus began to shift from distributive functions to other aspects of marketing. With the advent of market research, producers, in an attempt to influence end-consumers, began to direct and control the distributors regarding merchandising, sales promotion, pricing, etc. Thus repeat purchase and brand loyalty gained prominence in the marketing literature [Churchill 1942; Womer 1944; Barton 1946; Howard, Sheth 1969; Sheth 1973;]. Also, market segmentation and targeting were developed as tools for marketing planning. Thus the concept evolved and the consumer, not distributor, became the focus of marketing attention [Kotler 1972], and producers, in order to gain control over the channels of distribution, adopted administered vertical marketing systems [McCammon 1965]. These vertical marketing systems, such as franchising and exclusive distribution rights, permitted marketers to extend their representation beyond their own corporate limits [Little 1970]. However, marketing orientation was still transactional since its success was measured in such transactional terms as sales volume and market share. Only in the 1980s, did marketers begin to emphasize customer satisfaction measures to ensure that they were not purely evaluated on the basis of transactional aspects of marketing and that the sale was not considered the culmination of all marketing efforts.

Early Relationship Marketing Ideas

Although Berry [1983] formally introduced the term relationship marketing into the literature, several ideas of relationship marketing emerged much before then. For example, McGarry included six activities in his formal list of marketing functions [McGarry 1950; 1951; 1953; 1958]: contractual function, propaganda function, merchandising function, physical distribution function, pricing function, and termination function. Of these, the contractual function falling within the main task of marketing, reflected McGarry's relational orientation and his emphasis on developing cooperation and mutual interdependency among marketing actors. For example, he suggested that:

— contractual function is the building of a structure for cooperative action;
— focus on the long-run welfare of business and continuous business relationship;
— develop an attitude of mutual interdependence;
— provide a two-way line of communication and a linkage of their interests;
— cost of dealing with continuous contact is much less than casual contacts; by selling only to regular and consistent customers costs can be reduced by 10–20% [Schwartz 1963].

McGarry's work has not been widely publicized and his relational ideas did not lead to the same flurry of interest caused by Wroe Alderson's [1965] focus on inter- and intrachannel cooperation. Although the distributive theory of marketing no longer enjoys a central position in marketing, interest in channel cooperation has been sustained for the last three decades, and many relationship marketing scholars have emerged from the tradition of channel cooperation research [Anderson, Narus 1990; Stern, El-Ansary 1992; Weitz, Jap 1995]. They have contributed significantly to the development of relationship marketing knowledge and have been most forthcoming in applying various theoretical ideas from other disciplines such as economics, law, political science, and sociology. These are discussed in more detail in other sections of this article.

Two influential writings in the 60s and 70s provided an impetus to relationship marketing thinking, particularly in the business-to-business context. First, Adler [1966] observed the symbiotic relationships between firms that were not linked by the traditional marketer-intermediary relationships. Later, Vardarajan [1986], and Vardarajan and Rajarathnam [1986], examined other manifestations of symbiotic relationships in marketing.

The second impetus was provided by Johan Arndt [1979] who noted the tendency of firms engaged in business-to-business Marketing to develop long-lasting relationships with their key customers and their key suppliers rather than focusing on discrete exchanges, and termed this phenomenon "domesticated markets." The impacts of these works spread across two continents. In USA, several scholars began examining long-term interorganizational relationships in business-to-business markets, while in Europe, the Industrial Marketing and Purchasing (IMP) Group laid emphasis on business relationships and networks (e. g., [Håkansson 1982; Jackson 1985; Dwyer, Schurr, Oh 1987; Hallen, Johanson, Seyed-Mohamed 1991; Anderson, Håkansson, Johanson 1994]).

The Nordic School approach to services marketing was also relationship-oriented from its birth in the 1970s [Grönroos, Gummesson 1985]. This school believes that for effective marketing and delivery of services, companies need to practice *internal marketing* and involve the entire organization in developing relationships with their customers [Grönroos 1981]. Except for the greater emphasis on achieving a marketing paradigm shift by the Nordic School, its approach is similar to relationship marketing ideas put forth by services marketing scholars in the United States [Berry 1983; 1995; Czepiel 1990; Berry, Parsuraman 1991; Bitner 1995]. To a certain degree, recent scholars from the Nordic Schools have tried to integrate the network approach popular among Scandinavian and European schools with service relationship questions [Holmlund 1996].

As relationship marketing grew in the 1980s and 1990s, several perspectives emerged. One perspective of integrating quality, logistics, customer services, and marketing is found in the works of Christopher, Payne, and Ballantyne [1992] and in the works of Crosby, Evans, and Cowles [1987]. Another approach of studying partnering relationships and alliances as forms of relationship marketing are observed in the works of Morgan and Hunt [1994], Heide [1994], and Vardarajan and Cunningham [1995]. Similarly, conceptual and empirical papers have appeared on relationship-oriented communication strategies [Owen 1984; Mohr, Nevin 1990; Schultz, Tannenbaum, Lauterborn 1993]; supply chain integration [Christopher 1994; Payne et. al. 1994]; legal aspects of relationship marketing [Gundlach, Murphy 1993]; and consumer motivations for engaging in relationship marketing [Sheth, Parvatiyar 1995a].

The Emergence of Relationship Marketing Practice

As observed by Sheth and Parvatiyar [1995b], relationship marketing has historical antecedents going back to the pre-industrial era. Much of it was due to direct interaction between producers of agricultural products and their consumers. Similarly, artisans often developed customized products for each customer. Such direct interaction led to relational bonding between the producer and the consumer. It was only after industrial era's mass production society and the advent of middlemen that there were less frequent interactions between producers and consumers leading to transaction-oriented marketing. The production and consumption functions became separated, leading to marketing functions being performed by the middlemen. And middlemen are in general oriented towards economic aspects of buying since the largest cost is often the cost of goods sold.

In recent years however, several factors have contributed to the rapid development and evolution of relationship marketing. These include the growing de-intermediation process in many industries due to the advent of sophisticated computer and telecommunication technologies that allow producers to directly interact with end customers. For example, in many industries such as airlines, banks, insurance, computer program software, household appliances and even consumables, the de-intermediation process is fast changing the nature of marketing and consequently making relationship marketing more popular. Databases and direct marketing tools give producers the means to individualize their marketing efforts. As a result, producers do not need those functions formerly performed by the middlemen. Even consumers are willing to undertake some of the responsibilities of direct ordering, personal merchandising, and product use related services with little help from the producers. The recent success of on-line banking, on-line investment programs by Charles Schwab and others, as well as direct selling of books, automobiles, insurance, etc., on the Internet, all attest to the growing consumer interest in maintaining direct relationship with marketers.

The de-intermediation process and consequent prevalence of relationship marketing is also due to the growth of the service economy. Since services are typically produced and delivered by the same institution, it minimizes the role of the middlemen. A greater emotional bond between the service provider and the service user also develops the need for maintaining and enhancing the relationship. It is, therefore, not difficult to see that relationship marketing is very important for scholars and practitioners of services marketing [Crosby, Stephens 1987; Crosby, Evans, Cowles 1990; Berry, Parsuraman 1991; Bitner 1995; Grönroos 1995].

Another force driving the adoption of relationship marketing has been the total quality movement. When companies embraced Total Quality Management (TQM) philosophy to improve quality and reduce costs, it became necessary to involve suppliers and customers in implementing the program at all levels of the value chain. This needed close working relationships with customers, suppliers, and other members of the marketing infrastructure. Thus, several companies, such as IBM, Ford and Toyota, formed partnering relationships with suppliers and customers to practice TQM. Other programs such as Just-in-time (JIT) supply and material resource planning (MRP) also made the use of interdependent relationships between suppliers and customers [Frazier, Spekman, O'Neal 1988].

With the advent of digital technology and complex products, a systems selling approach became common. This approach emphasized the integration of parts, supplies, and the sale of services along with the individual capital equipment. Customers liked the idea of systems integration, and sellers were able to sell augmented products and services to customers. The popularity of system integration began to extend to consumer packaged goods as well as services [Shapiro, Posner 1979]. At the same time, some companies started to insist upon new purchasing approaches such as national contracts and master purchasing agreements, forcing major vendors to develop key account management programs [Shapiro, Moriarty 1980]. These measures created intimacy and cooperation in the buyer-seller relationships. Instead of purchasing a product or service, customers were more interested in buying a relationship with a vendor. The key (or national) account management program designates account managers and account teams that assess the customer's needs and then husband the selling company's resources for the customer's benefit. Such programs have led to the foundation of strategic partnering relationship programs within the domain of relationship marketing [Shapiro 1988; Anderson, Narus 1991;].

Similarly, in the current era of hyper-competition, marketers are forced to be more concerned with customer retention and loyalty [Dick, Basu 1994; Reichheld 1996]. Several studies have indicated that retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new ones, [Rosenberg, Czepiel 1984], and some current research has been focused on quantifying the economic benefits of retention (e. g., [Pfeifer, Farris 2004]). An added benefit is that relationship marketing insulates marketers from service failures [Priluck 2003].

In addition, customer expectations have rapidly changed over the last two decades. Fueled by new technology and growing availability of advanced product features and services, customer expectations are changing almost on a daily basis. Consumers are less willing to make compromises or trade-offs in product and service quality. In the world of ever changing customer expectations, collaborative relationships with customers seem to be the most prudent way to keep track of their changing expectations and appropriately influence them [Sheth, Sisodia 1995]. Companies are increasingly collaborating with customers on marketing, sales and support processes. For example, Procter & Gamble set up P & G Advisors for new product development and Cisco Systems created their Networking Professional Connection Program to get users to troubleshoot support problems [Sawhney 2002].

Technological forces are also shaping the practice of relationship marketing. CRM software automates and integrates marketing activities such as segmentation, targeting, product development, sales, service, order management, market research, and analytics, to focus on customer acquisition, customer retention and profitability [Rigby, Reichheld, Schefter 2002]. CRM tools now include social software which at 5 % of the CRM market in 2011 totaled to $ 820 million worldwide [Rao 2011]. However, implementation challenges such as lack of critical inputs such as user acceptance, senior management engagement, strategic focus, resources, and focused change management [Bohling et al. 2006; Saini, Grewal, Johnson 2010;], have brought the process of CRM [Reinartz, Krafft, Hoyer 2004] and the role of information processes in CRM [Jayachandran et al. 2005] under greater scrutiny. CRM is undoubtedly changing the course and definition of relationship marketing, and eventually RM may likely transform into CRM with hybrid relationship marketing programs ranging from relational to transactional, and include the outsourcing of marketing exchanges and customer interactions [Sheth 2002]. The challenge is to keep CRM focused on relational needs rather than just profitability [Fournier, Avery 2011].

Given the vast amount of information on the Internet and the easy availability of peer to peer advice at websites such as Amazon and Edmunds, customers may well expect that the step after collaboration should be customer advocacy i.e., companies providing customers with open, honest and complete information for finding products even if the offerings are from competitors [Urban 2004]. For example, Progressive Auto Insurance provides rates of competitors to make it easier for customers shopping for insurance. Thus, instead of tactical use of CRM for promotions, such companies leverage CRM for understanding and advocating customers' needs to enhance customer relationships by winning trust, loyalty and even purchases.

On the supply side, it pays to develop closer relationships with a few suppliers than to develop more vendors [Hayes, Wheelwright, Clarke 1988; Spekman 1988]. In addition, several marketers are also concerned with keeping customers for life, rather than making a one-time sale [Cannie, Caplin 1991]. In a recent study (see: [Naidu et al. 1999]) found that relationship marketing intensity increased in hospitals facing a higher degree of competitive intensity. Further, as many large, internationally oriented companies are trying to become global by integrating their worldwide operations, they are seeking collaborative solutions for global operations from their vendors instead of merely engaging in transactional activities with them. Such customer needs make it imperative for marketers interested in the business of global companies to adopt relationship marketing programs, particularly global account management programs (GAM) [Yip, Madsen 1996]. Conceptually similar to national account management programs, GAMs are more complex as they are global in scope. Managing customer relationships around the world calls for external and internal partnering activities, including partnering across a firm's worldwide organization.

A Process Model of Relationship Marketing

Several scholars studying buyer-seller relationships have proposed relationship development process models [Dwyer, Schurr, Oh 1987; Borys, Jemison 1989; Evans, Laskin 1994; Wilson 1995]. Building on that work, and anchored to our definition of relationship marketing as a process of engaging in collaborative relationship with customers, we develop a four-stage process model for relationship marketing. The broad model suggests that the relationship-marketing process comprises the following four sub-processes: formation; management and governance; performance evaluation; and relationship evolution or enhancement. Figure 1 is the generic model and Figure 2 depicts the important components in greater detail.

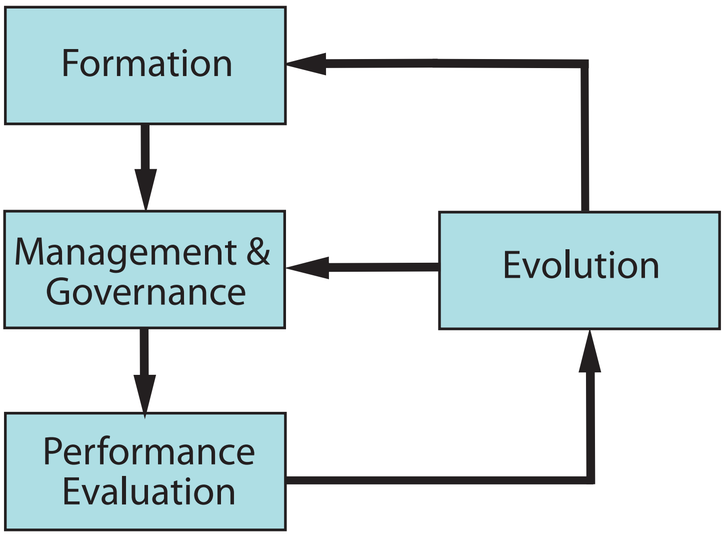

Figure 1. Relationship Marketing Process Framework

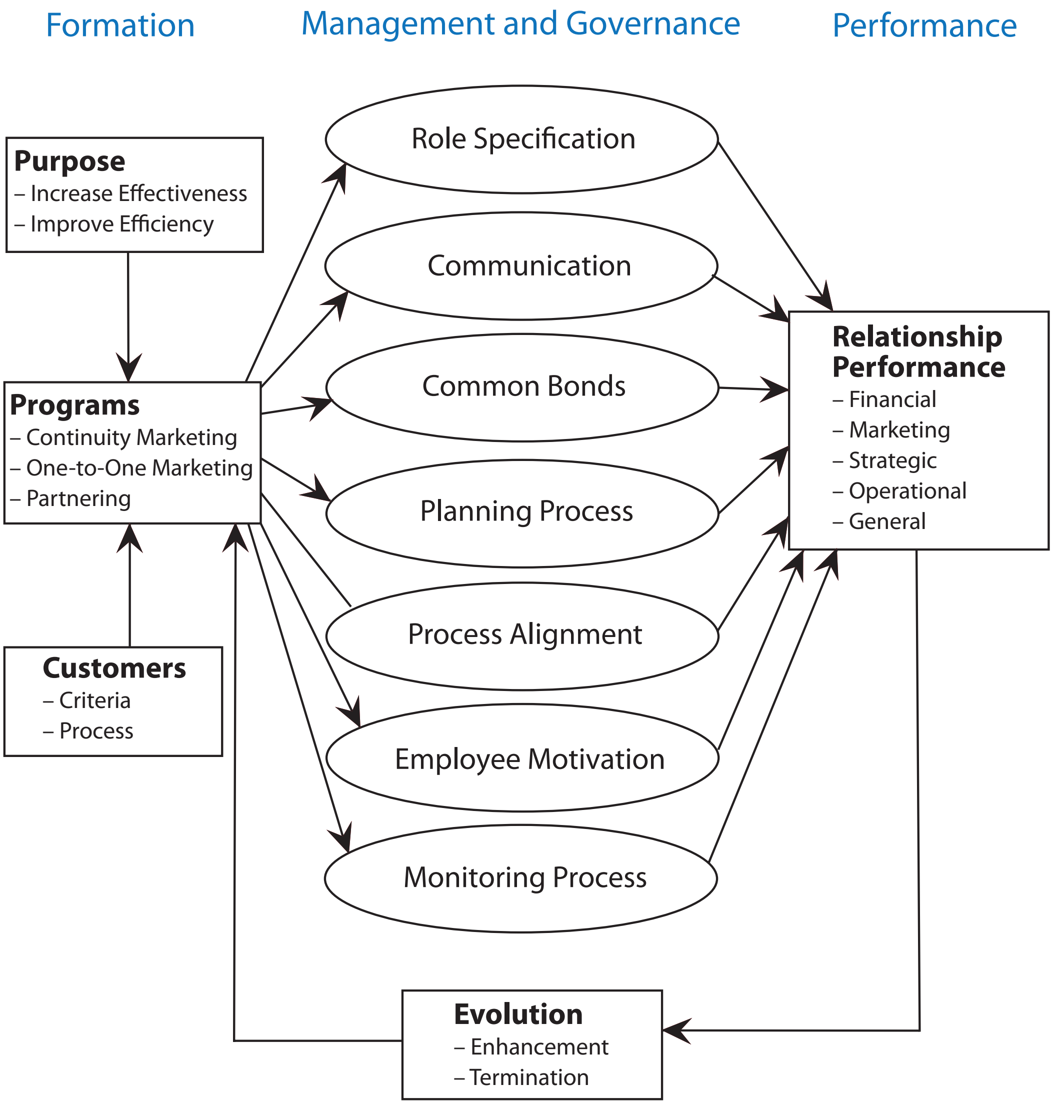

Figure 2. Formation, Governance and Evaluation Model of Relationship Marketing

The Formation Process of Relationship Marketing

The relationship marketing process comprises distinct stages such as the core interaction, planned communication that provides opportunity for meaningful dialog, and the creation of customer value as an outcome of relationship marketing [Grönroos 2004]. Forming a collaborative relationship with an individual customer or a group of customers involves three important decision areas — defining the purpose (or objective) engagement; selecting parties (or customer partners); and developing programs (or relational activity schemes).

Relationship Marketing Purpose

The overall purpose of relationship marketing is to improve marketing productivity and enhance mutual value for the parties involved in the relationship. Relationship marketing has the potential to improve marketing productivity and create mutual values by increasing marketing effectiveness and/or improving marketing efficiencies [Sheth, Parvatiyar 1995a; Sheth, Sisodia 1995]. Seeking and achieving strategic marketing goals, such as entering a new market, developing a new product or technology, serving new or expanded needs of customers, redefining the company's competitive playing field, etc., could enhance marketing effectiveness. Similarly, by seeking and achieving operational goals, such as reduction of distribution costs, streamlining order processing and inventory management, reducing the burden of excessive customer acquisition costs, etc., firms could achieve greater marketing efficiencies. Thus, stating objectives and defining the purpose of relationship marketing helps clarify the nature of relationship marketing programs and activities that ought to be performed by the partners. Defining the purpose would also help in identifying suitable relationship partners who have the necessary expectations and capabilities to fulfill mutual goals. It will further help in evaluating relationship marketing performance by comparing results achieved against objectives. These objectives could be specified as financial goals, marketing goals, strategic goals, operational goals, and general goals.

Similarly, in the mass-market context, consumers expect to fulfill their goals related to efficiencies and effectiveness in their purchase and consumption behavior. Sheth and Parvatiyar [1995a] contend that consumers are motivated to engage in relational behavior because of the psychological and sociological benefits associated with a reduction in choice decisions. In addition to their natural inclination of reducing choices, consumers are motivated to seek the rewards and associated benefits offered by relationship marketing programs of companies.

Relational parties customer selection (or parties with whom to engage in collaborative relationships) is another important decision in the formation stage. Even though a company may serve all customer types, few have the necessary resources and commitment to establish relationship marketing programs for all. Therefore, in the initial phase, a company has to decide which customer type and specific customers or customer segments will be the focus of their relationship marketing efforts. Subsequently, when the company gains experience and achieves successful results, the scope of relationship marketing activities is expanded to include other customers into the program or engage in additional programs [Shah 1997]. However, not all customers want to develop relationships with companies. Customer relationship importance, relationship characteristics [Ward, Dagger 2007], type of relationship marketing tactics, and perceived relationship investment [De Wulf, Odekerken-Schröder, Iaobucci 2001], influence firm-customer relationships.

Although customer selection is an important decision in achieving relationship marketing goals, not all companies have a formalized process of selecting customers. Some follow an intuitive judgmental approach of senior managers in selecting customers, and others partner with those customers who demand to do so. Yet other companies have formalized processes of selecting relational customers through extensive research and evaluation along chosen criteria. The criteria for customer selection vary according to company goals and policies. These range from a single criterion such as life time value of the customer to multiple criteria, including several variables such as customer's commitment, resourcefulness, and management values. New technologies enable companies to use customer data to build customized and profitable databases of select customers who can be provided preferential treatments that enhance relationship commitment, purchases, share-of-customer, word of mouth and customer feedback. However, this can create controversies since many customers would be left out of the program [Russell, Suh, Morgan 2007].

Relationship Marketing Programs

A careful review of literature and observation of corporate practices suggest that there are three types of relationship marketing programs: continuity Marketing, one-to-one Marketing, and partnering programs. These take different forms depending on whether they are meant for end-consumers, distributor customers, or business-to-business customers. Table 1 presents various types of relationship marketing programs prevalent among different types of customers. Obviously, marketing practitioners in search of new creative ideas develop many variations and combinations of these programs to build a closer and mutually beneficial relationship with their customers.

Table 1

Types of Relationship Marketing Programs

Program Type	Individual Consumers	Distributors / Consumers	Institutional Buyers (B-2-B)
Continuity marketing	Loyalty programs	Continuous replenishment and ECR programs	Special supply arrangements (e. g., JIT, MRP)
Individual marketing	Data warehousing and data mining	Customer business development	Key account management
Co-marketing / Partnering	Co-branding	Cooperative marketing	Joint marketing and co-development

Continuity marketing programs. The growing concern to retain customers as well as emerging knowledge about customer retention economics has led many companies to develop continuity marketing programs that are aimed at both retaining customers and increasing their loyalty [Payne 1995; Bhattacharya 1998]. For consumers in mass markets, these programs usually take the shape of membership and loyalty card programs where consumers are often rewarded for their membership and loyalty relationships with the marketers [Raphel 1995; Richards 1995]. These rewards may range from privileged services to points for upgrades, discounts, and cross-purchased items. For distributor customers, continuity marketing programs are in the form of continuous replenishment programs ranging anywhere from just in-time inventory management programs to efficient consumer response initiatives that include electronic order processing and material resource planning [Persutti 1992; Law, Ooten 1993]. In business-to-business markets, these may be in the form of preferred customer programs or in special sourcing arrangements including single sourcing, dual sourcing, and network sourcing, as well as just-in-time sourcing arrangements [Postula, Little 1992; Hines 1995]. The basic premise of continuity marketing programs is to retain customers and increase loyalty through long-term special services that has a potential to increase mutual value through learning about each other [Schultz 1995]. However, Malthouse and Blattberg [2005] find that the past profitability of customers may not accurately reflect their future profitability.

One-to-one marketing. One-to-one or individual marketing approach is based on the concept of account-based marketing. Such a program is aimed at meeting and satisfying each customer's need uniquely and individually [Peppers, Rogers 1995]. What was once a concept only prevalent in business-to-business marketing is now implemented in the mass market and distributor customer contexts. In the mass market, individualized information on customers is now possible at low costs due to the rapid development in information technology and due to the availability of scalable data warehouses and data mining products. By using on-line information and data bases on individual customer interactions, marketers aim to fulfill the unique needs of each mass market customer. Information on individual customers is utilized to develop frequency marketing, interactive marketing, and after-marketing programs in order to develop relationships with high yielding customers [File, Mack, Prince 1995; Pruden 1995]. Effectively and efficiently creating, disseminating and utilizing knowledge for creating value for customers requires a relationship climate and culture within the organization [Tzokas, Saren 2004].

For distributor customers these individual marketing programs take the shape of customer business development. For example, Procter & Gamble established a customer team to analyze and propose ways in which Wal-Mart's business could be developed. Thus, by bringing to bear their domain-specific knowledge from across many markets, Procter & Gamble is able to offer expert advice and resources to help build the business of its distributor customer. Such a relationship requires collaborative action and an interest in mutual value creation. In the context of business-to-business markets, individual marketing has been in place for quite sometime.

Known as a key account management (KAM) program, marketers appoint customer teams to husband the company resources according to individual customer needs. Often times such programs require extensive resource allocation and joint planning with customers. Key account management programs implemented for multi-location domestic customers usually take the shape of national account management programs, and for customers with global operations it becomes global account management programs.

Partnering programs. The third type of relationship marketing programs is partnering relationships between customers and marketers to serve end user needs. In mass markets, two types of partnering programs are most common: co-branding and affinity partnering [Teagno 1995]. In co-branding, two marketers combine their resources and skills to offer advanced products and services to mass market customers [Marx 1994]. For example, Delta Airlines and American Express have cobranded the Sky Miles Credit Card for gains to consumers as well as to the partnering organizations. Affinity partnering program is similar to co-branding except that the marketers do not create a new brand but rather use endorsement strategies. Usually affinity-partnering programs try to take advantage of customer memberships in one group for cross-selling other products and services. For example, Intel transformed from a brand that few end-consumers had heard of to a brand that signaled high quality, with its "Intel Inside" campaign in which it partnered with over 300 computer manufacturers [McKee 2009].

In the case of distributor customers, logistics partnering and collaborative marketing efforts are how partnering programs are implemented. In such partnerships, the marketer and the distributor customers cooperate and collaborate to manage inventory and supply logistics and sometimes engage in joint Marketing efforts. For business-to-business customers, partnering programs involving codesign, co-development and co-marketing activities are not uncommon today [Mitchell, Singh 1996; Young, Gilbert, McIntyre 1996].

1. Management and Governance Process. Once a relationship marketing program is developed and rolled out, the program as well as the individual relationships must be managed and governed. For mass-market customers, the degree to which there is symmetry or asymmetry in the primary responsibility of whether the customer or the program sponsoring company will be managing the relationship varies with the size of the market. However, for programs directed at distributors and business customers, the management of the relationship requires the involvement of both parties. The degree to which these governance responsibilities are shared or managed independently will depend on the perception of norms of governance processes among relational partners given the nature of their relationship marketing program and the purpose of engaging in the relationship. Not all relationships are or should be managed alike, however, several researchers have suggested appropriate governance norms for different hybrid relationships [Borys, Jemison 1989; Sheth, Parvatiyar 1992; Heide 1994].

Whether management and governance responsibilities are independently or jointly undertaken by relational partners, several issues must be addressed. These include decisions regarding *role specification, communication, common bonds, planning process, process alignment, employee motivation and monitoring procedures*. Role specification relates to determining the role of partners in fulfilling the relationship marketing tasks as well as the role of specific individuals or teams in managing the relationships and related activities [Heide 1994]. The greater the scope of the relationship marketing program and associated tasks, and the more complex the composition of the relationship management team, the more critical is the role specification decision for the partnering firms. Role specification also helps in clarifying the nature of resources and empowerment needed by individuals or teams charged with the responsibility of managing relationships with customers.

Communication with customer partners is a necessary process of relationship marketing. It helps in relationship development, fosters trust, and provides the information and knowledge needed to undertake collaborative activities of relationship marketing. In many ways it is the lifeblood of relationship marketing. By establishing proper communication channels for sharing information with customers, a company can enhance their relationship with them. In addition to communicating with customers, it is also essential to establish intra-company communication particularly among all concerned individuals and corporate functions that directly play a role in managing the relationship with a specific customer or a customer group.

Although communication with customer partners helps foster relationship bonds, conscious efforts for creating common bonds will have a more sustaining impact on the relationship. In business to business relationships, social bonds are created through interactions, however with mass-market customers frequent face-to-face interactions are uneconomical. Thus, marketers create common bonds through symbolic relationships, endorsements, affinity groups, membership benefits or by creating on-line communities. Consumers are increasingly relying on tweets, blog posts and online forums and consulting sites like TripAdvisor to evaluate companies, communicate with them, and give as well as receive feedback about products and services [Hipperson 2010]. Thus, consumers can form two-way human-like relationships with companies and their brands with social media [O'Brien 2011]. Whatever is the chosen mode, creating value bonding, reputation bonding and structural bonding are useful processes of institutionalizing relationships with customers [Sheth 1994].

Another important aspect of relationship governance is the process of planning and the degree to which customers need to be involved in the planning process. Involving customers in the planning process would ensure their support in plan implementation and achievement of planned goals. Not all customers are willing to participate in the planning process nor is it possible to involve all of them in relationship marketing programs for the mass market. However, for managing and collaborative relationship with large customers, their involvement in the planning process is desirable and sometimes necessary.

Executives are sometimes unaware, or they choose to initially ignore, the nature of misalignment in operating processes between their company and customer partners, leading to problems in relationship marketing implementation. Several aspects of the operating processes need to be aligned depending on the nature and scope of the relationship. For example, operating alignment will be needed for processing, accounting and budgeting processes, payment methods, information systems, and merchandising practices.

Several human resource decisions are also important in creating the right climate for managing relationship marketing. Training employees to interact with customers, to work in teams, and to manage relationship expectations are important. So is the issue of creating the right motivation through incentives, rewards, and recognition systems towards building stronger relationship bonds and customer commitment. Although institutionalizing the relationship is desirable for the long-term benefit of the company, personal relationships are nevertheless formed and have an impact on the institutional relationship. Thus proper training and motivation of employees to professionally handle customer relationships are needed. Finally, proper monitoring processes are needed to safeguard against failure and to manage conflicts in relationships. Such monitoring processes include periodic evaluation of goals and results, initiating changes in relationship structure, design or governance process if needed, creating a system for discussing problems and resolving conflicts. Good monitoring procedures help avoid relationship destabilization and the creation of power asymmetries. They also help in keeping the relationship marketing program on track by evaluating the proper alignment of goals, results and resources.

Overall, the governance process helps in maintenance, development, and execution aspects of relationship marketing. It also helps in strengthening the relationship among relational partners, and if the process is satisfactorily implemented it ensures the continuation and enhancement of relationship with customers. Relationship satisfaction for involved parties would include governance process satisfaction in addition to satisfaction from the results achieved in the relationship [Parvatiyar, Biong, Wathne 1998].

2. Performance Evaluation Process. Periodic assessment of results in relationship marketing is needed to evaluate whether programs are meeting expectations and whether they are sustainable in the long run. Performance evaluation also helps in making corrective action in terms of relationship governance or in modifying relationship marketing objectives and program features. Without proper performance metrics to evaluate relationship marketing efforts, it would be hard to make objective decisions regarding continuation, modification, or termination of relationship marketing programs. Developing performance metrics is always a challenging activity as most firms are inclined to use existing marketing measures to evaluate relationship marketing. However, many existing marketing measures, such as market share and total volume of sales may not be appropriate in the context of relationship marketing. Even when more relationship marketing oriented measures are selected, they cannot be applied uniformly across all relationship marketing programs particularly when the purpose of each relationship marketing program is different from another. For example, if the purpose of a particular relationship marketing effort is to enhance distribution efficiencies by reducing overall distribution cost, measuring impact of the program on revenue growth and share of customer's business may not be appropriate. In this case, the program must be evaluated based on its impact on reducing distribution costs and other metrics that is aligned with those objectives. By harmonizing the objectives and performance measures, one would expect to see a more goal directed managerial action by those involved in managing the relationship.

For measuring relationship marketing performance, a balanced scorecard that combines a variety of measures based on the defined purpose of each relationship marketing program (or each collaborative relationship) is recommended [Kaplan, Norton 1992]. In other words, the performance evaluation metrics for each relationship or relationship marketing program should mirror the set of defined objectives for the program. However, some global measures of the impact of relationship marketing effort of the company are also possible. Srivastava, Shervani and Fahey [1998] recently developed a model to suggest the asset value of collaborative relationships of the firm. If collaborative relationship with customers is treated as an intangible asset of the firm, its economic value-add can be assessed using discounted future cash flow estimates. Gummesson [2004] notes the importance not only of gauging the return on relationships — the long term net financial value of an organization's relationships, but also of overhauling the accounting systems to reflect the value of such relational investments. Recently, Reichheld has created the net promoter score, a loyalty metric that uses likelihood of customers recommendation (see http://www.netpromoter.com). In some ways, the value of relationships is similar to the concept of brand equity of the firm and hence many scholars have alluded to the term relationship equity [Bharadwaj 1994; Peterson 1995]. Although a well-accepted model for measuring relationship equity is not available in the literature yet, companies are trying to estimate its value particularly for measuring the intangible assets of the firm. Similar efforts are made in the academic community especially by V. Kumar (e. g., [Kumar, Ramani, Bohling 2004; Kumar, Rajan 2009]) and his Center for Customer Brand Equity at Georgia State University.

Another global measure used by firms to monitor relationship marketing performance is the measurement of relationship satisfaction. Similar to the measurement of customer satisfaction, which is now widely applied in many companies, relationship satisfaction measurement would help in knowing to what extent relational partners are satisfied with their current collaborative relationships. Unlike customer satisfaction measures that are applied to measure satisfaction on one side of the dyad, relationship satisfaction measures apply on both sides of the dyad. Both the customer and the marketing firm have to perform in order to produce the results in a collaborative relationship and hence each party's relationship satisfaction should be measured [Biong, Parvatiyar, Wathne 1996]. By measuring relationship satisfaction, one could estimate the propensity of either party's inclination to continue or terminate the relationship. Such propensity could also be indirectly measured by measuring customer loyalty [Reichheld, Sasser 1990]. When relationship satisfaction or loyalty measurement scales are designed based on its antecedents, it could provide rich information on their determinants and thereby help companies identify those managerial actions that are likely to improve relationship satisfaction and/or loyalty.

3. Evolution Process of Relationship Marketing. Individual relationships and relationship marketing programs are likely to evolve as they mature. Some evolution paths may be pre-planned, while others would naturally evolve. In any case, several decisions have to be made by the partners involved about the evolution of relationship marketing programs. These include decisions regarding the continuation, termination, enhancement, and modifications of the relationship engagement. Several factors could cause the precipitation of any of these decisions. Amongst them relationship performance and relationship satisfaction (including relationship process satisfaction) are likely to have the greatest impact on the evolution of the relationship marketing programs. When performance is satisfactory, partners would be motivated to continue or enhance their relationship marketing program [Shamdasani, Sheth 1995; Shah 1997]. When performance does not meet expectations, partners may consider terminating or modifying the relationship. However, extraneous factors also impact these decisions. For example, when companies are acquired, merged or divested, many relationships and relationship marketing programs undergo changes. Also, when senior corporate executives and senior leaders in the company move, relationship marketing programs undergo changes. Finally, there are many collaborative relationships that are terminated because they had planned endings. For companies that can chart out their relationship evolution cycle and state the contingencies for making evolutionary decisions, relationship marketing programs would be more systematic.

Research Directions in Relationship Marketing

Wilson [1995] classified relationship marketing research directions into three levels: concept level, model level, and process research. At the concept level, he indicated the need to improve conceptual definitions and their operationalization. Concept level research relates to identifying, defining and measuring constructs that are either successful predictors or useful measures of relationship performance. Several scholars and researchers have recently enriched our literature with relevant relationship marketing concepts and constructs. These include such constructs as trust, commitment, interdependence, interactions, shared values, power imbalance, adaptation, and mutual satisfaction [Gundlach, Cadotte 1994; Morgan, Hunt 1994; Kumar, Scheer, Steenkamp 1995; Lusch, Brown 1996; Doney, Cannon 1997; Smith, Barclay 1997]. Other constructs explored have been consumer's relationship proneness and product category involvement [De Wulf, Odekerken-Schröder, Iacobucci 2001].

At the model level, scholars are interested in presenting integrative ideas to explain how relationships develop. Several integrative models have recently begun to emerge providing us a richer insight into how relationships work and what impact relationship marketing decisions have. The IMP interaction model [Håkansson 1982] was based upon insights obtained on more than 300 industrial marketing relationships. By identifying the interactions among actors, the IMP model traces the nature and sources of relationship development. The IMP model and its research approach have become a tradition for many scholarly research endeavors in Europe over the past 25 years. The network model [Iacobucci, Hopkins 1992; Anderson, Håkansson, Johansson 1994] uses the social network theory to trace how relationships are developed among multiple actors and how relationship ties are strengthened through networks. Bagozzi [1995] makes a case for more conceptual models to understand the nature of group influence on relationship marketing.

A more evolutionary approach of integrative models is to look at the process flow of relationship formation and development. Anderson and Narus [1991] and Dwyer, Schurr and Oh [1987] along with numerous other scholars have contributed towards our understanding of the relationship process model. By looking at the stages of the relationship development process, one could identify which constructs would actively impact the outcome considerations at that stage and which of them would have latent influences [Wilson 1995]. The process model of relationship formation, relationship governance, relationship performance, and relationship evolution described in the previous section is an attempt to add to this stream of knowledge development on relationship marketing.

For practitioners, process level research provides useful guidelines in developing and managing successful relationship marketing programs and activities. Some research has now started to appear in the marketing literature on relationship marketing partner selection [Schijns, Schroder 1996; Stump, Heide 1996]. Mahajan and Srivastava [1992] recommended the use of conjoint analysis techniques for partner selection decisions in alliance type relationships. Dorsch et al. [1998] propose a framework of partner selection based on the evaluation of customers' perception of relationship quality with their vendors. At the program level, key account management programs and strategic partnering have been examined in several research studies [Aulakh, Kotabe, Sahay 1997; Nason et al. 1997; Wong 1998]. Similarly, within the context of channel relationships and buyer seller relationships, several studies have been conducted on relationship governance process [Heide 1994; Biong, Selnes 1995; Lusch, Brown 1996]. Also, research on relationship performance is beginning to appear in the literature. Kalwani and Narayandas [1995] examined the impact of longterm relationships among small firms on their financial performance. Similarly, Naidu et al. [1999] examine the impact of relationship marketing programs on the performance of hospitals. Srivastava, Shervani, and Fahey [1998] examine the economic value of relationship marketing assets. However, not much research is reported on relationship enhancement processes and relationship evolution. Although studies relating to the development of relationship marketing objectives are still lacking, the conceptual model on customer expectations presented by Sheth and Mittal [1996] could provide the foundation for research in this area. Overall, we expect future research efforts to be directed towards the process aspects of relationship marketing.

Additionally, technology's impact on relationship marketing merits further examination. Rust and Chung [2006] argue that the impact of technology on marketing necessitates research in areas such as privacy and customization, dynamic market intervention models in CRM, infinite product assortments, and personalized pricing. The social network of value creation, called social CRM [O'Brien 2011], is an area to explore dynamic interactions in brand communities [Merz, He, Vargo 2009]. In leveraging technology, companies must be mindful of balancing companies' needs for data versus consumers need for privacy (c. f., [Schoenbachler, Gordon 2002; Peltier, Milne, Phelps 2009]), in view of public outrage over privacy concerns that is likely to lead to legislation. This could dramatically change ways of conducting business in the US where until now privacy has been more of a "privilege" rather than a "right" as it is in Europe. While in Europe, consumers have just gained the "right to be forgotten" [Rosen 2012], in the US far less stringent measures such as the "Do-Not-Call Registry" have been implemented so far. Thus, greater research on technology's impact on relationship marketing is needed.

The Domain of Relationship Marketing Research

Several areas and sub-disciplines of marketing have been the focus of relationship marketing research in recent years. These include issues related to channel relationships [Robicheaux, Coleman 1994; Weitz, Jap 1995 El-Ansary 1997]; business-to-business marketing [Dwyer, Schurr, Oh 1987; Hallen, Johanson, Seyed-Mohamed 1991; Wilson 1995; Keep, Hollander, Dickinson 1998]; sales management [Smith, Barclay 1997; Boorom, Goolsby, Ramsey 1998]; services marketing [Berry 1983; 1995; Crosby, Stephens 1987; Crosby, Evans, Cowles 1990; Grönroos 1995; Gwinner, Gremler, Bitner 1998]; and consumer marketing [Gruen 1995; Sheth, Parvatiyar 1995a; Kahn 1998; Simonin, Ruth 1998]. Marketing scholars interested in strategic marketing have studied the alliance and strategic partnering aspects of relationship marketing [Sheth, Parvatiyar 1992; Bucklin, Sengupta 1993;Vardarajan, Cunningham 1995]. Gundlach and Murphy [1993] provided us a framework on public policy implications of relationship marketing. In the context of international marketing, relationship marketing concepts and models are used in the study of global account management programs [Yip, Madsen 1996], export channel cooperation [Bello, Gilliland 1997], and international alliances [Yigang, Tse 1996].

Convergence of relationship marketing with some other paradigms in marketing is also taking place. These include database marketing [Shani, Chalasani 1992; Schijns, Schroder 1996], integrated marketing communications [Schultz, Tannenbaum, Lauterborn 1993; Zhinkan et al. 1996; Duncan, Moriarty 1998], logistics, and supply-chain integration [Christopher 1994; Fawcett, Calantone, Smith 1997]. Some of these are applied as tools and work processes in relationship marketing practice. Figure 3 illustrates the tools and work processes applied in relationship marketing. As more and more companies use these processes and other practical aspects such as total quality management, process reengineering, mass customization, electronic data interchange (EDI), value enhancement, activity based costing, cross functional teams, etc. we are likely to see more and more convergence of these and related paradigm with relationship marketing.

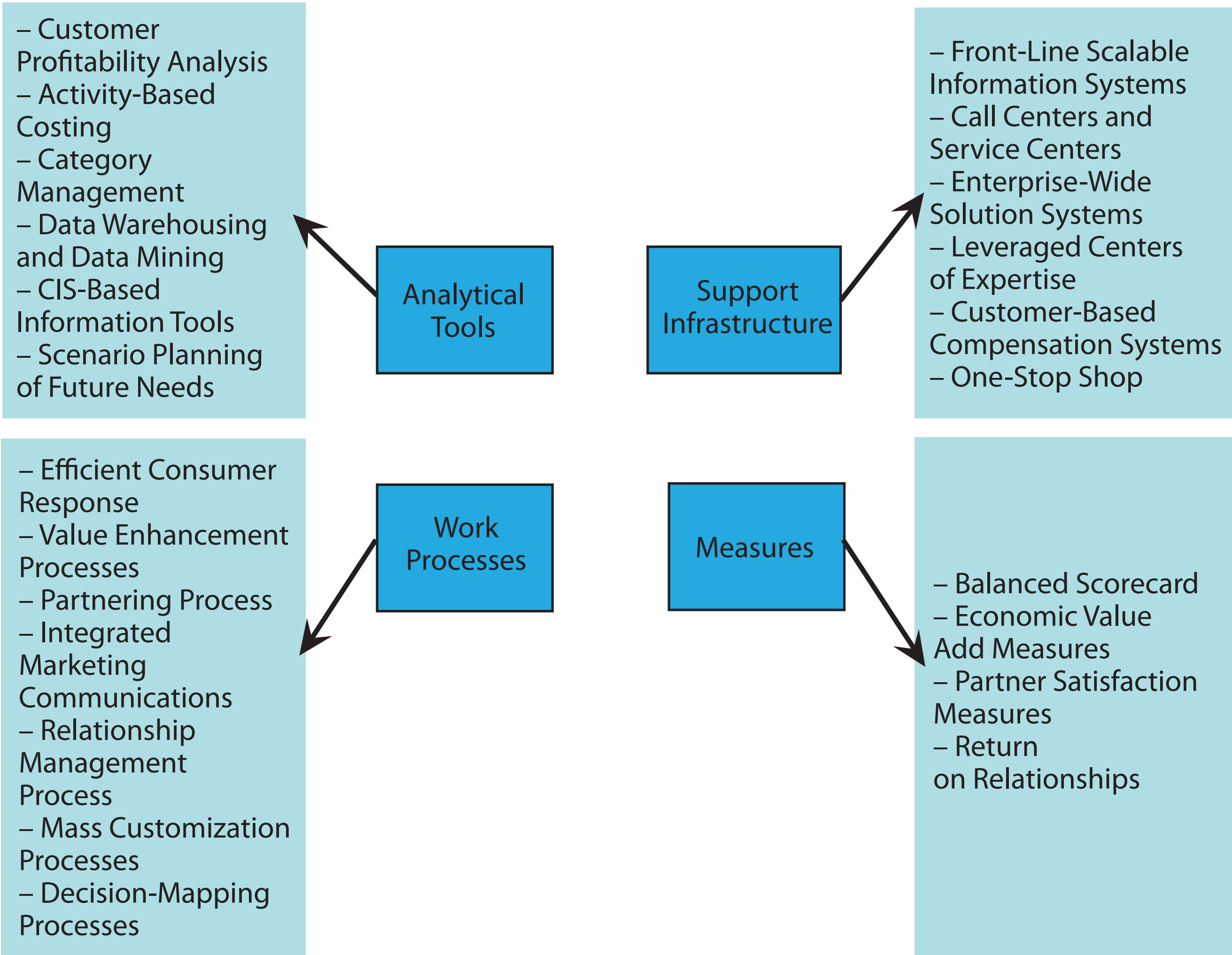

Figure 3. Tools and Work Processes Applied in Relationship Marketing

A number of theoretical perspectives developed in economics, law, and social psychology are being applied in relationship marketing. These include transactions cost analysis [Noordeweir, John, Nevin 1990; Mudambi, Mudambi 1995; Stump, Heide 1996], agency theory [Mishra, Heide, Cort 1998], relational contracting [Dwyer, Schurr, Oh 1987; Lusch, Brown 1996], social exchange theory [Hallen, Johanson, Seyed-Mohamed 1991; Heide 1994], network theory [Achrol 1997; Walker 1997], game theory [Rao, Reddy 1995], interorganizational exchange behavior [Rinehart, Page 1992], power dependency [Gundlach, Cadotte 1994; Kumar, Scheer, Steenkamp 1995], and interpersonal relations [Iacobucci, Ostrom 1996]. More recently, resource allocation and resource dependency perspectives [Vardarajan, Cunningham 1995; Lohtia 1997], and classical psychological and consumer behavior theories have been used to explain why companies and consumers engage in relationship marketing [Sheth, Parvatiyar 1995a; Iacobucci, Zerillo 1997; Kahn 1998; Simonin, Ruth 1998].

Each of these studies has enriched the field of relationship marketing. As we move forward, we expect to see more integrative approaches to studying relationship marketing, as well as a greater degree of involvement of scholars from almost all sub-disciplines of marketing. Its appeal is global, as marketing scholars from around the world are interested in the study of the phenomenon, particularly in Europe, Australia, and Asia in addition to North America.

Conclusion

The domain of relationship marketing extends into many areas of marketing and strategic decisions. Its recent prominence is facilitated by the convergence of several other paradigms of marketing and by corporate initiatives that are developed around the theme of collaboration of organizational units and its stakeholders, including customers. Relationship marketing began as a conceptually narrow phenomenon of marketing; however, as the phenomenon of cooperation and collaboration with customers has become the dominant paradigm of marketing practice and research, relationship marketing is emerging as a predominant perspective in marketing.

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