PARADIGM SHIFT IN INTERFIRM MARKETING RELATIONSHIPS:

EMERGING RESEARCH ISSUES

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The development of Marketing is undergoing a paradigm shift in orientation from "transaction to relationship" (Kotler, 1991; Sheth & Parvatiyar, 1995a). The emphasis on "relationship interdependence," as opposed to "transaction exchange," is an outcome of the changing dynamic focus of marketing, and it is very likely to redefine the domain of marketing (Sheth, Gardener, & Garrett, 1988). The purpose of this chapter is to highlight the nature of this paradigm shift and to describe its impact on marketing practice. In order to better explain how this will affect interfirm marketing relationships, we will develop a typology based on the new paradigm of relational orientation and interdependence, and contrast it with a typology of interfirm marketing relationships under the old paradigm of transaction exchange. We will then discuss the research gaps and thereby suggest an agenda for future research on interfirm marketing relationships.

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THE PARADIGM SHIFT

For a considerable time, the notion of exchange, and thus transaction, has been considered to be central to the meaning of marketing (Alderson, 1965; Bagozzi, 1974, 1978, 1979; Kotler, 1972, 1988; Houston & Gassenheimer, 1987). Marketing theorists have sought to explain "exchange relationships" or "transactions" (Hunt, 1976) as a process of value creation through value distribution (Kotler, 1988), and thus as the raison d'être of marketing. Hunt (1983) furthered this view by defining the purpose of marketing research as seeking to explain four interrelated phenomena linked to the consummation and facilitation of exchange. However, more recent marketing literature has begun to underplay the element of exchange in favor of the element of continued relationships between marketing actors, including the buyer and seller, to the extent that these parties closely interact, not always for the purpose of exchange, but for other activities of value creation, such as joint production, research and development, and co-marketing partnerships (Arndt, 1979; Anderson & Narus, 1984, 1991; Dwyer, Schurr, & Oh ,1987; O'Neal, 1989; Bucklin & Sengupta, 1993). Industry observers seem to be more pronounced in their observations, as evidenced by several articles in business periodicals that exhort both customers and supplier firms in a variety of industries to seek close, collaborative relationships with each other in order to build their competitive capability (Burdett, 1991; Copulsky & Wolf, 1990; Craig, 1990; Gill, 1991; McKenna, 1991; Peppers & Rogers, 1993).

This change of focus from business exchanges to relational interdependence is likely to alter the role of marketing in corporations (Webster, 1992) and the way inter-firm marketing relationships are studied (Ganesan, 1994; Wilson, 1995). This change will reduce emphasis on pure transactions and selling. It will also reduce the tendency to view competing firms solely as rivals and will place more emphasis on enhancing and maintaining continued relationships, often cooperative in nature, with other marketing actors. In consequence, this cooperative and collaborative paradigm may have to be embraced and understood by marketers and marketing theorists: close, cooperative and interdependent relationships are now seen to be of greater value than merely transaction-based relationships (Sheth & Parvatiyar, 1995b).

Several factors have led to this paradigm shift and thus have helped create an interest in partnerships and close interfirm marketing relationships. These are macro-environmental forces and shortcomings in our current theories of marketing and economics. Many economists have devalued the personal, or relational, component of market transactions. These economists have traditionally composed models that described transactions between steps in the value chain as being merely arm's length relationships or hierarchies of common ownership (Williamson, 1975, 1985). Under economic theory, recurring transactions between identified counterparts have been said to be governed by "intermediate" institutional forms, which MacNeil (1980) describes as "relational contracting." Traditional economists have derided the value of close working relationships among business people, believing that close industry partners would collude to raise prices through monopolistic practices, or they have argued that "opportunistic behavior" by each party would creep in, making the cooperative interfirm relationship untenable.

In their evaluation of different schools of marketing thought, Sheth and associates (1988) observe that the focus on objects or processes of transactions provides limited understanding about marketing interactions. Instead, they contend that it is the role definition of parties in an interaction that defines a market transaction. The same party may be either seller or buyer at different moments in time, and both parties' interactions over a period of time will establish the interactive relationship they will naturally develop between themselves. This emphasis on role definition encourages a focus, not on single market transactions or on selling, but rather on the continued relationship between the buyer and the seller. Academic research in marketing has begun to reflect this new emphasis on building relationships and partnering as a focused marketing strategy (Berry, 1995; Mohr, Fisher, & Nevin, 1996; Morgan & Hunt, 1994; Smith & Barclay, 1997).

Marketing practice has been influenced considerably by today's new business environment. Increased competition and globalization of industries have made it difficult and costly to attract new customers. Marketers are realizing that it costs less to retain customers than to compete for new ones (Blattberg & Deighton 1996). On the supply side, it is more rewarding to develop closer relationships with a few suppliers than it is to develop more vendors. Also, parties in business relationships may help share some of the development costs associated

with quickly changing technologies. Shorter product life cycles and rapid environmental changes can be better managed when companies share information and develop joint strategies with other firms in the value chain. Firms are becoming increasingly aware that they can close business, resource, technological, market and competitive gaps by cooperating and partnering with other firms, including their competitors (Ohmae, 1989).

Until recently, this new concept of interfirm cooperative action received only secondary attention (Harrigan & Newman, 1990). Substantive research is now being directed toward this area. Within the existing research, the focus has been on resource dependency and partner symmetry in vertical trade relationships (Anderson & Weitz, 1989; Buchanan, 1992; El-Ansary & Stern, 1972; Frazier, 1983; Pfeffer & Salanick, 1978), norms for cooperative behavior (Heide & John, 1990; Lusch & Brown, 1996; Nevin, John, & Noordeweir, 1991), implications of transaction costs in cooperative relationships (Klein & Frazier, 1991; Mudambi & Mudambi, 1995), the legal and ethical foundations of relational exchange (Gundlach & Murphy, 1993), or on factors favoring the formation of symbiotic marketing relationships (Adler, 1966; Vardarajan & Rajaratnam, 1986).

Following this paradigm shift toward cooperative interfirm relationships, marketing practitioners will now begin to seek answers to several questions. What changes in their marketing approaches are appropriate, given the new increased focus on customer relationships? What key elements characterize different types of interfirm marketing relationships? With whom should they partner and develop close relationships? Are the outcomes of collaborative relationships superior to those of cooperative, or even transactional, relationships? How should they understand the behavior of partners and their relationships under competitive influence? These and many other research questions have yet to be fully addressed in the marketing literature.

Our attempt in this chapter is not to answer all of the above questions. We will, however, identify a set of issues that could become part of the research agenda in this domain. To do so, we will develop a typology of interfirm relationships under transactional and relational paradigms and identify how new marketing knowledge will be needed to understand and/or manage interfirm relationships in the future. Our typology suggests that six new forms of interfirm marketing relationships have emerged under the relational

orientation. These can be directly contrasted with six forms of interfirm marketing relationships among firms that follow the transactional approach. Our typology is based on the three dimensions of *parties*, *purpose*, and *relational orientation*. *Parties* reflect the members in the relationship, and *purpose* reflects the objectives sought by the interacting parties in the relationship. The theoretical basis for choosing parties and purpose as dimensions for identifying types of interfirm relationships conforms to the typology of business alliances developed by Sheth and Parvatiyar (1992). The two contrasting relationship orientations are modeled in the transactional and relational paradigms. As discussed earlier, the transactional paradigm views the relational parties as engaged in an independent, arm's length relationship and who often compete against each other. On the other hand, the relational paradigm views the parties as interdependent and seeking cooperative mutual goals (Morgan & Hunt, 1994; Peterson, 1995; Weitz & Jap, 1995).

PARTIES IN MARKETING RELATIONSHIPS

Sheth and associates (1988) observe that the fundamental unit of analysis in marketing is, or should be, market interactions between two or more parties, and therefore we should set aside social, psychic or charitable interactions from the domain of marketing, limiting it to those interactions that are related to market encounters. Who, then, are the parties that are involved in market relationships? In our opinion, there are primarily three parties: customers, suppliers and competitors. Every firm plays the role of customer, supplier or competitor in the marketplace. Customers include both intermediate purchasers (resellers) of goods as well as final consumers. Suppliers could be either suppliers of materials or suppliers of services such as market research information or logistics.

Some marketing theorists (Alderson, 1957; Hunt, 1983) have identified the roles of the parties to transactions as that of buyers, sellers and facilitators. However, since facilitating institutions play the role of providers, other theorists (Sheth et al., 1988) consider only two roles—those of providers (sellers) and customers (buyers)—as central to market transactions. For our part, we contend that the role of competitors in relationship orientation is no less instrumental than that of the buyer and seller. Unlike earlier thinking, which holds that

competitors only impose constraints on market behavior, similar to other normative constraints of the macro-environment (social, legal, and economic forces), recent trends suggest that the efficiency and effectiveness of marketing transactions can be enhanced by integrating competitors within the overall interaction process. The popularity of strategic alliances corroborates this contention (Bleeke & Ernst, 1995; Hamel, Doz, & Prahalad, 1989; Ohmae, 1989).

Therefore, we view interfirm marketing relationships in the context of three interacting parties: customers, suppliers and competitors. Important interdependencies exist among these parties because each is striving to access resources controlled by other actors (Pfeffer & Salancik, 1978). Instead of maintaining an arm's length relationship, the boundaries of relational parties due to resource sharing, close cooperation and partnership orientation. In the past, interfirm relationships were assumed to be managed by "boundary spanners" or "boundary personnel" (i.e., representatives of the buyer and seller acting in an advertised negotiating capacity, such as a salesperson or purchasing executive) and there was very little, if any, cross-functional cooperation between the interacting parties. In the current approach, cross-functional working relationships are common and collaboration across functional boundaries are necessary (Anderson, 1995; Hutt, 1995).

PURPOSE OF MARKETING RELATIONSHIPS

Firms interact and develop relationships with one another for certain purposes. These purposes could be strategic in nature, such as to develop new products, conduct joint research, enter new markets and improve competitive position; or they may be for operative purposes, such as to lower the costs of distribution, achieve sales efficiency, improve price position, or reduce the administrative and transaction costs. Depending upon the purpose, interactive relationships among partners will vary. A firm's strategic purpose reflects its growth objective and its efforts to enhance long-term capability and effectiveness. Operative purpose is guided by profitability concerns as well as efforts to increase efficiency. Sharing assets and coordinating activities generally help to enhance operative efficiency for partners in a relationship. On the other hand, sharing knowledge helps develop a company's capability and strategic position, thus increasing its effectiveness.

A partnering relationship for strategic purposes is likely to involve the time and attention of senior management and the allocation of specific assets, given the larger stakes of such a relationship and its associated risks. Operative-purpose relationships may involve frequent interaction among non-critical members of each side to achieve operational coordination and efficiencies. One could argue that marketing is always multi-dimensional, and thus relational purpose would also be multidimensional. What if the purpose of the relationship is both strategic and operative in nature—that is, the two parties not only wish to improve their competitive position, but are also seeking to reduce operating costs through the interaction? For the sake of simplicity, in our typology we account for the primary purpose of the relationship and not the secondary or tertiary purposes sought by the parties.

TYPOLOGY OF INTERFIRM MARKETING RELATIONSHIPS

Based on purpose and parties, we identify six types of interfirm marketing relationships under the relational paradigm: cooperative marketing, special sourcing arrangements, cartels, strategic alliances, supplier partnering, and collaborative marketing. Contrasted to this relational paradigm are the characteristics of interfirm marketing relationships under the traditional transactional marketing paradigm: transaction marketing, vendor evaluation, adversarial relationships, rivalry, vendor development, and strategic neglect (see Figure 1).

Interfirm marketing relationships vary according to the context, parties involved and the purpose for which they are formed and developed. Relationships with customers differ from those with suppliers or competitors. Similarly, relationships developed with strategic intent are different from relationships developed with an operative intent. And, most importantly, a relational orientation, when contrasted with the traditional transactional orientation of marketing, will lead to different relationship strategies. Figure 1 (A & B) shows relationship marketing strategies under the relational and transactional approaches.

Cooperative Marketing

When companies develop partnering relationship with customers for the purpose of achieving operational goals and marketing

1A. Relationship Orientation

Relational Purpose	Customers	Suppliers	Competitors
Strategic	Collaborative Marketing	Supplier Partnering	Strategic Alliances
Operational	Cooperative Marketing	Special Sourcing Arrangements	Cartels

1B. Transaction Orientation

Relational Purpose	Customers	Suppliers	Competitors
Strategic	Strategic Neglect	Vendor Development	Competitive Rivalry
Operational	Transactional Marketing	Vendor Evaluation	Adversary Arrangements

Figure 1. Typology of Interfirm Marketing Relationships

fficiency, it is called cooperative marketing. More and more, marketers are realizing the value of continuity in transactions with customers, rather than merely engaging in discrete transactions. Transaction marketing is based on arm's length, discrete transactions where the operational efficiency of each transaction is desired by both parties. By contrast cooperative marketing is not limited to value-added services, but includes efforts to share costs and facilities with the customer in order to achieve operating efficiency and enhanced revenues. Marketers assist customers to modify their systems and

procedures, share relevant information and cooperate in the marketing and promotional efforts of the customer. The intent is to improve the customer's business and operating results and to achieve in return a greater share of the customer's business. In cooperative marketing, with its increased access to the customer's information systems, cross marketing and cross-selling become common.

Konsynski and McFarlan (1990) describe several cases of cooperative and cross-marketing efforts, including such examples as Citibank's cooperation with American Airlines' frequent flyer program, and IBM's cooperation with Sears in marketing Prodigy. Other companies, such as American Hospital Supply, Baxter, Johnson & Johnson, and McKesson's, have developed and installed ordering systems that provide lower inventory and ordering costs to their customers. Procter & Gamble has adopted such cooperative marketing relationships with many of its customers including WalMart, Kroger, Winn-Dixie and others, under the aegis of its "Customer Business Development Program."

Cooperative marketing strategies require a thorough study of the customer's business in order to provide the correct assistance in improving their revenue returns. Such work processes and tools as efficient consumer response (ECR) and category management are increasingly being used by many firms to effectively manage cooperative marketing relationships with reseller customers. Perhaps of greatest value to the marketer is access to the customer's information systems. Opportunities to create scale advantages, cross-selling and new channels of distribution can be obtained by offering novel incentives and services or by participating in joint marketing programs. Johnston and Lawrence (1988) call these cooperative marketing strategies "value adding partnership." In any case, it could be a basis for differentiating an individual company's offerings from those of its competitors.

Special Sourcing Arrangements

Cooperative relationships with suppliers to achieve operational goals such as lower procurement costs, reduced inventory and cycle time, and so forth are referred to as "special sourcing arrangements." The marketer and supplier cooperate along several marketing and non-marketing dimensions to achieve efficiency and improve performance. Hayes, Wheelwright, and Clark (1988) present two

contrasting archetypes of supplier relationships. The two extreme examples are labeled "traditional" and "comaker." These relationships are described by Hayes and associates along seven dimensions: selection and qualification criteria, the vendor's production process, pricing, schedules, quality expectations, new products, and information transfers. Unlike the traditional approach based on vendor evaluation and rating, the "comaker" approach suggests fewer sources, close and long-term relationships, process control, continued product, and vendor improvement, substantial and regular sharing of information and multiple-level, two-way contacts. "Vendor evaluation" refers to the traditional, discrete, transaction-oriented relationship with suppliers, one in which purchasing efficiency was expected through an impartial evaluation of the vendor's capability to deliver items as per requirement at the lowest price. Special sourcing, on the other hand, does not necessarily strive for the lowest-priced vendor, but aims at quality, performance and service improvement along the entire vertical marketing system by cooperating with suppliers to align the company's processes and quality system with that of vendors'.

Cartels

When competitors partner to achieve such operational goals as lower distribution costs, price efficiency or reduced advertising and promotion costs, they operate like cartels. Although the scope of partnerships in a cartel is limited to a few functional elements, such as price or distribution, it still encompasses cooperation among competitors. Competitors can develop joint distribution, logistics and back office support and joint marketing programs to increase revenues or reduce costs. Examples include bank credit cards such as Visa or Mastercard, automatic teller machines (ATMs) and telephone rate settlements. Cartel-type arrangements help protect the growing erosion of margins caused by intense competition in the marketplace.

When competitors are not cooperating, they conduct an adversarial relationship that is somewhat becoming a posture of the past. More and more companies are realizing that they can partner with competitors and create an advantageous market position for each other through cartel type arrangements. Cartel relationships are often observed in cigarette distribution within the

United States and some other countries. Cartels control over three-fourths of the world market in oil, diamonds, Swiss chocolate and semi-conductor chips. Competitors cooperate by regulating supply, price and promotional activities.

Strategic Alliances

Strategic alliances refer to collaboration between competitors for strategic purposes. Unlike the traditional rivalry evident in the transactional paradigm, competitors are recognizing the power of collaborating with each other in an alliance (Ohmae, 1989; Vardarajan & Cunningham, 1995). "Competitive rivalry" relationships are giving way to "strategic alliances," which means that former business arch-rivals are now turning into allies. As people in the military know, there is a strategic advantage to forming an alliance with another nation—it builds leverage against enemy nations. Likewise, many competing companies now see the virtue of leveraging the combined resources and capabilities of their competitors. When properly structured, alliances can enhance the current and future competitive capabilities of a firm.

Even the largest global companies such as General Motors, Toyota, Siemens, IBM, and several others, are finding the world too large and competition too strong to go it alone. General Motors and Toyota jointly assemble automobiles; Siemens and Phillips co-develop semi-conductors; Canon supplies photocopiers to Kodak; France's Thomson and Japan's JVC together manufacture VCRs; Nissan distributes Volkswagens in Japan, while Volkswagen sells Nissan's four-wheel drive cars in Europe, and so on.

Strategic alliances can take many forms: R&D consortia, co-manufacturing, joint technology development, cross-licensing and cross-distribution. This striking entente with competitors reflects the new vision of interdependent marketing relationships. The synergistic payoffs of combined technology, resources and knowledge can help companies meet the challenges of rapid technological changes, the globalization of industry and markets, escalating fixed costs and meeting the increased costs of research and development.

Supplier Partnering

Strategic-purpose collaboration with suppliers is called "supplier partnering." Supplier relationships for strategic purposes on a non-partnering basis are known as "vendor development." Firms today are aggressively reducing their total number of suppliers (Lyons, Krachenberg, & Henke, 1990) and are relying more on partnership with suppliers (Henderson, 1990). One source stated that Xerox Corporation had reduced its total number of vendors from over 500 to some 70 or so. Several other companies, such as BellSouth, AT&T, Ford Motor company, and so forth, are reported to have also reduced the total number of suppliers in favor of developing close partnering relationship with few suppliers. Corporate executives are seeing the benefit of making the most out of vendor relationships (Davis, 1989).

Strategic thinking has shifted from an emphasis on the "vendor development" approach (i.e., supplier-based enhancement) to an emphasis on "supplier partnering" (i.e., long-term, symbiotic relationships with suppliers). The value of the supplier is being seen from the perspective of its capabilities, rather than its narrower historical role as provider of products and services. Suppliers are now participating in design, prototype development, engineering services, and research and development—at any stage of the product's development, from concept to final manufacturing and assembly. Some suppliers are now being asked to do "womb-to-tomb" engineering—everything from initial product design to incremental improvements over the life of the product (Lyons, Krachenberg, & Henke, 1990).

The key question is how to position the firm's capability to maximize the benefits that can be derived from combining the strengths of their in-house skills and capabilities with the strengths of their suppliers. The need for new product development, knowledge of core technology and improved service to primary and secondary markets are driving companies to co-align their strategies. By integrating with supplier competence, a firm can increase its overall capability.

Collaborative Marketing

Strategic-purpose partnering with customers is called collaborative marketing. Traditionally, strategic relationships with customers were

neglected; hence, we call it "strategic neglect." Unlike in the past, where the strategic neglect of key customers was often the case, today "collaborative marketing" efforts seem to be the newly realized panacea among prominent firms. Joint product and market development and joint marketing efforts are the hallmark of collaborative efforts with customers. For example, Hull and Slowinski (1990) report the strategic collaboration between Genetech and Eli Lilly. Genetech, lacking sufficient downstream resources to commercialize a genetic engineering breakthrough in insulin, entered into a partnership with Eli Lilly, the number one distributor of insulin in the United States. Eli Lilly supplied not only financing but also marketing, resulting in the rapid commercialization of a product called Humulin.

Shapiro (1988) describes the efforts of Hartford company, a disguised manufacturer of specialized components for measuring instruments. In order to further improve its technological capability, Hartford convinced one of its primary customers, New Haven Instrument (N.H.I.), to enter a joint development program to make measuring instruments for chemical analysis and medical diagnosis. The companies collaborated in product development, information exchange and sales. This collaborative relationship with N.H.I. provided Hartford more product use knowledge, additional technical expertise in several related engineering disciplines and an assured outlet for its new product. Several other industry examples can be cited from the popular press involving such prominent companies as IBM, Intel, Motorola, Minebea, and others, who are actively developing strategic relationships with customers.

Collaborative marketing often locks a customer into a relationship with the company for a long duration because both have long-term interest in promoting their joint products. This is well illustrated in the case of NutraSweet and its primary customers, Coke and Pepsi, where the latter two have an interest in promoting NutraSweet-branded diet soft drinks. Joint marketing has also led to operating, technological and strategic dependencies between NutraSweet and Coke and between NutraSweet and Pepsi. Marketers pursuing collaborative marketing strategies aim at increasing their own long-term growth by increasing the business of customers (Blattberg & Deighton, 1996).

RESEARCH IN INTERFIRM MARKETING RELATIONS

We will now examine the available marketing literature on the types of interfirm relationships described in our typology. It is perhaps self-evident that, as the paradigm shift is quite recent, little literature on relationship-oriented strategies is available. Most of our current knowledge lies in the operative aspect of transaction-based relations. Considerable research and marketing theory exists on "transactional marketing," "vendor evaluation" and "adversarial" relationships. On the strategic side, "competitive rivalry" has been the focus of scholarly research for authors in strategic marketing and management. However, the other types of relationships that we describe in our typology have not been substantially researched in marketing.

The bulk of marketing research contributed by all major schools of marketing thought (Sheth et al., 1988) is devoted to "transactional marketing." Some theories and research are specifically focused on buyer-seller interactions (Evans, 1963; Hakansson, 1982; Sheth, 1976; Weitz, 1981) and some others on inter-organizational interactions (Mallen, 1963; Stern & Reve, 1980; Gaski, 1984; Frazier, 1983; Anderson & Coughlan, 1987; Klein, Frazier, & Roth, 1990; Katsikeas, 1991; Buchanan, 1992). We have also studied several aspects of "transactional marketing" in buyer behavior theories, marketing-mix based models and other managerial marketing approaches.

"Vendor evaluation" has received extensive attention in industrial marketing and purchasing literature. A good review on "vendor evaluation" strategies can be seen in Hayes, Wheelright, and Clark (1988). Studies by the International Marketing and Purchasing (IMP) group of European researchers (Hakansson, 1982) and subsequent studies (Hallen et al., 1991; Heide & John, 1990; Noordewier, John, & Nevin, 1990) explain the dynamic nature of vendor relationships. Conceptually still focused on operative transactions, these empirical studies describe the nature of adaptations made by vendors to improve the value of follow-on transactions.

The study of adversarial relationships as warfare analogies to marketing (Kotler & Singh, 1981; Ginter & Rucks, 1984; Sammon, 1984; Ries & Trout, 1986) became popular in many marketing texts (Kotler, 1988; Park & Zaltman, 1987; Kotler & Armstrong, 1989). Contemporary knowledge is also available on other aspects of adversarial relationships, such as applications of zero-sum game

theories in negotiations with adversaries, conflict resolution (Deutsch, 1973; Sheth, 1973; Kaufmann & Stern, 1988), competitive marketing strategies including positioning, and the relative efficiency of the competing firm (Lippman & Rumelt, 1982; Dickson, 1992).

On the strategic side of transaction-oriented relationships, authors have studied "competitive rivalry" and have developed explanations and theoretical models (Porter, 1980, 1985; Ohmae, 1982; Fraser & Bradford, 1983; Park & Smith, 1986; Dickson, 1992). However, transaction-oriented interfirm marketing relationships, that is, "strategic neglect," have received scant attention from marketing scholars. Although a very prevalent corporate practice, vendor development has more or less remained a subject in managerial books (Leenders & Blenkhorn, 1988), or a concern of strategic management in the context of global out-sourcing strategies (Porter, 1986; Ohmae, 1985). It ought to be realized that, in spite of a paradigm shift toward a partnering approach with suppliers, vendor development will remain a critical and appropriate strategy in many industries. For example, ethnic-goods marketers, such as those producing hand-woven carpets, must rely on a large weaver base to supply them the woven carpets for finishing and marketing. Strategically, these marketers need to continue developing a large base of weavers to be their vendors, or they may lose the capability of serving world markets. For these companies and others where a large supply base is critical, vendor development strategies may be the most appropriate relationship strategy to pursue. Marketing academics might like to address their scholarly work in this area.

Additionally, no studies seem to explain the strategic neglect of customers by many companies. A number of anecdotal references, as well as the consulting experience of the authors of this chapter, suggests that even prominent companies have strategically neglected customers in the past and present. In some cases, it has cost them dearly, since customers have walked away with large business accounts. We may need to empirically investigate and theorize as to why strategic neglect relationships exist—and what are their nature, cost and strategic implications.

It is evident that the paradigm shift towards a relationship orientation in marketing has widened our knowledge gap. Corporate practitioners have already begun to embrace partnering-based relationship with their customers, suppliers and competitors, yet research and theory related to the new orientation have still to be

developed. Within the new paradigm, perhaps the only relationship type that has an emerging, organized explanation is that of "vertical marketing" (Lyons, Krachenberg, & Henke, 1990; Landeros & Monczka, 1989; Turnbull & Wilson, 1989; Spekman, 1988; Johnston & Lawrence, 1988; Jarillo & Stevenson, 1991; Anderson & Weitz, 1992). However, much of the above research is still at the descriptive stage of investigation. Some attempt has also been made to suggest processes that ought to be followed in order to identify appropriate relational partners for cooperative marketing (Anderson & Narus, 1991; Shapiro, 1988).

Research related to other types of interfirm relationships having a collaborative approach has not appeared in the marketing literature. However, some organized knowledge on operative aspects of partnering relationships exists in other disciplines. We may benefit by applying some of that knowledge to the marketing context.

A considerable amount of research in agricultural marketing—an area somewhat conspicuously out of the present purview of mainstream marketing—has been conducted on Cooperatives, which we may use as a base for studying cooperative marketing relationships. Similarly, we can draw upon the literature on cartels, which have drawn the attention of economists for a long time (Hollander & Fraser, 1989).

New knowledge and research needs to be developed on the strategic side of relational marketing. Already, some interest has been generated on strategic alliances and strategic partnerships among scholars in international business and management (Hamel et al., 1989; Harrigan, 1988; Contractor & Lorange, 1988; Hull & Slowinski, 1990; Hamel, 1991). This, along with some studies initiated by Jain (1987) and Spekman and Sawhney (1990), should benefit marketing scholars by focusing their research on strategic aspects of relational marketing. Perhaps we may gain greater insight into strategic alliances if we incorporate contending theories in international relations and political science, especially since the concept of strategic alliances emerged from the above fields of study.

AN AGENDA FOR FUTURE RESEARCH

Numerous research opportunities are emerging, given this paradigm shift towards relational marketing. Researchers from all schools of

marketing thought may find challenging research questions that will enrich our discipline and provide useful knowledge to marketing practitioners. Future research may range from partnering behavior theories to the management and control of relational marketing strategies. Some broad and specific research areas and questions are enumerated below:

1. When is the relationship approach appropriate? Should all firms develop relational marketing strategies? Which customers, suppliers or competitors are best suited for partnering relationships?
2. What are specific strategies for developing and sustaining these relationships?
3. What is the impact of strategic relationships on marketing policies, programs, systems and the actions of individual partners?
4. How do partners obtain synergies in marketing strategy, theme, culture and policies?
5. Buyer/supplier/competitor behavior in the partnership context: When are these parties willing to become partners? What kind of information search and evaluation process is undertaken by them? How are decisions of partner choice made? What kind of rational-emotional motives exists during the formation, growth and maturity of interfirm relationships? What is the nature of partner-switching behavior?
6. Concerning the life cycle of partnering relationships, is it similar to the product life cycle?
7. What should be the performance measures of relationship? How should their efficiency and effectiveness be measured?
8. How do we evaluate the rewards of the relationship marketing approach versus the transactional approach?
9. How do the needs of management relationships with an international or global partner vary from other relationships?
10. What is the nature of conflicts in partnering relationships?

CONCLUSION

The objective of this chapter is to highlight the new paradigm of relationship marketing and to present a typology on interfirm

marketing relationships. We discussed two contrasting typologies based on the contrasting orientations of transactional and relationship approaches. The typologies were developed according to the relational parties and the relational purpose of the firm. Examining these typologies has helped us identify research gaps in both the traditional transactional paradigm and the relational paradigm. We put forth that new research opportunities along several dimensions of inter-firm relationships are available to marketing scholars.

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