

## Editorial

Editorial

# Relationship Marketing

A word from the Guest Editors

### Why this Special Issue?

The 1995 special issue of the *International Business Review* focuses on developing knowledge on Relationship Marketing: why relationship marketing has gained prominence in the recent years; how it challenges the existing paradigms and theories of marketing; how it can be better understood and practiced; and how it would impact organizational performance. We hope that the articles included in this special issue will help stir further debate on these topics and motivate other researchers to provide alternative explanations of the phenomena. We also hope that this will stimulate thinking among practicing managers and provide them insights as to what aspects of relationship marketing lead to superior performance.

There has been a flurry of activity in relationship marketing in recent years and a variety of new marketing practices have emerged. These are aimed at relational selling (database marketing, key account management, cross-selling, etc.), customer and supplier retention (membership programs, after-marketing, etc.), cooperative marketing arrangements (co-branding, JIT supply, EDI, shared logistics, etc.) and strategic partnerships (co-marketing, co-design, co-production, joint R&D, etc.) just to name a few. Because many of these new practices are treading into the unknown, there is a need to develop concepts, techniques and research results. However, this special issue is not a comprehensive representation of the research that is being undertaken in the area of relationship marketing, yet it represents some outstanding research and insightful observations on a few basic and applied topics of relationship marketing. This we hope will become the basis for further research and advancement of the field.

### On the Contributions

Based on reviewers comments (double-blind reviews), we have selected seven papers from the 26 submitted for competitive selection for this special issue, along with one contributed by the guest editors. Also included are three book reviews in this special issue. Although many other papers submitted could have found a place here, space limitations dictated that we accept only a handful. The articles selected represent a variety of themes, research methodologies, forms and style. They are grounded in many theoretical paradigms and have varied international contexts as they are based on research conducted in a number of countries. As guest editors, we are enthusiastic about the diverse nature of the submissions and the high caliber of the selected works.

The papers in this issue are organized in three parts, the first represents a historical perspective; the next set of papers provide models on relationship marketing as an alternative paradigm; and the final set of papers provide approaches to the implementation of relationship marketing. Below, we briefly describe each of these contributions.

In the paper on the evolution of relationship marketing we trace the history of marketing practices and illustrate how relationship marketing is experiencing a rebirth in the current era. As we observe in the paper, a relationship orientation to marketing was evident in the pre-industrial era, characterized by direct marketing and specialized production. A transformation occurred during the industrial era towards a transactions orientation due to the advent of mass production, the emergence of middlemen and the separation of the producer from the consumer. Now direct marketing is returning and hence, relationship marketing has also made a comeback. We contend, in this paper, that with the evolution of relationship marketing, the hitherto prominent exchange paradigm of marketing will be insufficient to explain the growing marketing phenomena of collaborative involvement of customers and suppliers in the production process.

Ram and Susan Mudambi provide an interesting model of buyer-seller relationships using both transaction cost economics and relationship marketing perspectives. They introduce a model of buyers' switching decisions and analyze the parameters that effect their switching decision. Their results support the argument for closer relationships between buyers and suppliers even though these results are generated in a non-cooperative game.

Tom Gruen advances propositions on consumers' perspectives regarding outcomes of relationship marketing. He compares the characteristics of the nature of relationships in business-to-business and business-to-consumer contexts. These comparisons help in constructing a conceptual model on potential outcomes sought by consumers in relationship marketing. Researchers and practitioners would find the model useful as it incorporates social psychology and organizational behavior theory into the existing relationship marketing research.

Using cognitive decision theories of buyer behavior, Macintosh and Gentry address two fundamental questions: (1) does a relational perspective involve different cognitive processes, which lead to different decision outcomes; and (2) does the social context in which the decisions are made alter the decision processes and outcomes? As the results of their experimental research indicate differences in the salesperson's cognitive processes and the social context in which the sales decision is made has strong influences on decision outcomes. This research raises interesting issues for conclusive research on who will be more relationship-oriented in the firm.

Biong and Selnes present their findings on how selling behaviors and skills affect relationship continuity with industrial customers. Interestingly, their findings suggest that relational selling behavior and skills are not universally effective, and that the effects of some selling behaviors and skills are

contingent on the degree of the supplier dependence. For example, personal similarity is most effective in low dependence relationships, and negative effects of aggressive selling are less in high dependence relationships. Their research results also suggest that communication and conflict handling have a universally positive impact on relationship continuity. In fact, their research also indicates that it is not always necessary to be 'nice' to the customer. In some situations the salesperson is well advised to be confrontational and very direct with the customer, without being perceived as coercive or being perceived as only acting in favor of the supplier.

Adrian Palmer discusses the nature of relationship engagement and governance in a cross-cultural context and advises caution in the implementation of western style tactical relationship marketing activity, such as loyalty programs that are short-term in nature and perform a similar function as sales promotion, or using databases to promote cross-selling. He argues that in many oriental societies, relationships represent core cultural values. In such environments, Palmer recommends that marketers must adopt relational values as a core business philosophy in order to match the needs of the local culture and technology.

In their paper on strategic alliances, Rao and Reddy develop a non-linear dynamic model to study the formation of competitive strategic alliances and contrast it with the game-theoretic approach. Drawing upon the literature in international political relations, specifically Richardson's arms race model, Rao and Reddy develop a set of non-linear equations that illustrate possible scenarios over time. The objective is to obtain all possible parameter conditions and the evolution of the alliance scenarios over time. It represents a major breakthrough over conventional static models. Given the modern capabilities of analytical tools, technology and resources, such dynamic models can simulate a large set of realistic interactions that could help understand underlying motivations and strategic choices which drive the alliance formation process.

The final paper by Björkman and Kock uses the network approach of the International Marketing and Purchasing group to study the role played by social relationships that managers of industrial organizations have in providing their firm an access or entry into foreign networks. Based on a study conducted in China, Björkman and Kock suggest that indeed personal and social relationships are considered important by Chinese managers and experienced non-Chinese managers. They conclude that the most effective way to gain access to the social networks in China is to display commitment by maintaining a local presence and one that does not use middlemen.

In addition to the eight papers in this issue, we have also included three book reviews that are relevant to this topic. Terry Clark reviews the collection of essays on exchange and relationships in the book *Marketing Exchange Relationships, Transactions, and Their Media*, edited by Frank Houston. As Clark notes in his review, the book contains good scholarly papers on exchange theory of marketing and should be useful to those who are interested in relationship marketing. However, he also notes that this book does not

represent the emerging paradigm of relationship marketing that is taking somewhat of a different perspective than the traditional exchange relationships.

Lou Pelton reviews the book by Christopher *et al.*, *Relationship Marketing: Bringing Quality, Customer Service, and Marketing Together*. He recommends the book to both practitioners and academicians as it provides a useful framework by integrating customer service, total quality, process management and six customer markets, in a multifaceted relationship. He also notes that an attempt has been made in this book to link relationship marketing theory with practice and therefore, can also be used as a classroom textbook.

Finally, the review of Peppers and Rogers book *The One to One Future* by Sanjit Sengupta suggests that the book will be very useful for developing new ideas in marketing. According to Sengupta, this book combines intriguing conceptual ideas with suggestions for implementation of ideas related to building and maintaining relationships with each individual consumer. He notes that almost half the book contains original ideas that could really make a difference to the success or failure of a marketer's strategy and programs. Its potential is greatest in implementing individual relationship marketing approaches in consumer packaged goods companies.

We hope this special issue of *International Business Review* will be helpful to both scholars interested in relationship marketing and to business practitioners who are interested in effective marketing practices.

We would like to give special thanks to the many authors who submitted their work for consideration to this special issue. We also thank and gratefully acknowledge the substantial efforts of the reviewers in evaluating the manuscripts and providing useful guidance to the authors in refining their papers. A list of the reviewers follows. We would like to acknowledge the support and encouragement provided by the editor of *International Business Review*, Pervez Ghauri, to us and for giving us the opportunity to be guest editors of this prestigious journal. Finally, we wish to thank our student assistants Amanda Billings and Sean Cook of Emory University for their assistance and tremendous dedication in coordinating this project on our behalf.

We would like to acknowledge the reviewers whose efforts are gratefully appreciated:

Ravi Achrol, *George Washington University, USA*

Tim Ambler, *London Business School, UK*

Richard P. Bagozzi, *University of Michigan, USA*

Daniel Bello, *Georgia State University, USA*

Sundar Bharadwaj, *Emory University, USA*

Harald Biong, *Norwegian School of Management, Sandvika, Norway*

David Blenkhorn, *Wilfrid Laurier University,*

Steven P. Brown, *Southern Methodist University, USA*

Joseph P. Cannon, *Emory University, USA*

*Frank V. Cespedes, Harvard University, USA*  
*Gautam Chalagullah, Georgia Institute of Technology, USA*  
*Terrence Clark, Emory University, USA*  
*Pratibha Dabholkar, University of Tennessee, USA*  
*Shantanu Dutta, University of Chicago, USA*  
*F. Robert Dwyer, University of Cincinnati, USA*  
*Adel El-Ansary, University of North Florida, USA*  
*Shankar Ganesan, Virginia Polytechnic, USA*  
*Rajiv Grover, University of Georgia, USA*  
*Gregory T. Gundlach, University of Notre Dame, USA*  
*Lars Hallén, Gothenburg University, Sweden*  
*Franklin S. Houston, Rutgers University, USA*  
*Dawn Iacobucci, Northwestern University, USA*  
*Timothy C. Johnston, University of Tennessee, USA*  
*Wesley Johnston, Georgia State University, USA*  
*Sudhir H. Kale, University of South Carolina, USA*  
*Saul Klein, National University of Singapore, Singapore*  
*Ajay K. Kohli, University of Texas at Austin, USA*  
*Masaaki Kotabe, University of Texas at Austin, USA*  
*Thomas Leigh, University of Georgia, USA*  
*Ritu Lohatia, Keio University, Japan*  
*Anil Menon, Emory University, USA*  
*Banwari Mittal, Northern Kentucky University, USA*  
*Jakki Mohr, University of Colorado, USA*  
*Robert M. Morgan, University of Alabama, USA*  
*Narakesari Narayandas, Harvard University, USA*  
*Robert W. Nason, Michigan State University, USA*  
*Thomas Noordewier, University of Vermont, USA*  
*Peter Palij, Columbia University, USA*  
*Awadhesh Paswar, University of North Dakota, USA*  
*Louis E. Pelton, University of North Texas, USA*  
*V. Kasturi Rangan, Harvard University, USA*  
*Srinivas K. Reddy, University of Georgia, USA*  
*Lisa Scheer, University of Missouri, USA*  
*Sanjit Sengupta, University of Maryland at College Park, USA*  
*Reshma H. Shah, University of Pittsburgh, USA*  
*Arun Sharma, University of Miami, USA*  
*Shannon Shipp, Texas Christian University, USA*  
*Rajendra Sisodia, George Mason University, USA*  
*Daniel C. Smith, University of Pittsburgh, USA*  
*Robert Spekman, University of Virginia, USA*  
*Tore Strandvik, Swedish School of Economics and Business Administration,  
Finland*  
*Kaj Storbacka, Swedish School of Economics and Business Administration,  
Finland*  
*John Swan, University of Alabama-Birmingham, USA*

International  
Business  
Review  
4,4

*Hans B. Thorelli, Indiana University, USA*  
*Fredrick Webster, Dartmouth College, USA*  
*Barton Weitz, University of Florida, USA*  
*David T. Wilson, Pennsylvania State University, USA*  
*Elizabeth Wilson, Louisiana State University, USA*  
*Arch G. Woodside, Tulane University, USA*  
*John P. Workman, Jr., University of North Carolina - Chapel Hill, USA*  
*George Zinkhan, University of Georgia, USA*

**Jagdish N. Sheth**  
Goizueta Business School, Emory University, USA  
**Atul Parvatiyar**  
Goizueta Business School, Emory University, USA