Making Relationship Marketing Operational

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Introduction

The philosophy of relationship marketing (RM) is being advocated more and more strongly by marketers. However, its operational contents are unclear: Which are the relationships of RM? How do we manage them? Which are the benefits?

In this article, an attempt is made to specify – in a broader sense than usual – the relationships that constitute RM. It deals with direct market relationships between suppliers and customers, but also with supporting relationships above and below the market proper.

The philosophy of the marketing mix theory, which is the currently most prevalant approach to marketing, is condensed in a few operational concepts through the 4Ps: product, price, promotion and place. In addition, supporting approaches and activities such as market segmentation and marketing research techniques, have been developed. In a similar vein and in order to improve the applicability of RM, the philosophy of RM is transformed into 30 relationships, the 30Rs.

The article opens with a comparison between the marketing mix theory and RM. It proceeds to explain the link between RM and a new organizational design, here referred to as the imaginary corporation. The core of the text consists of the listing and definition of the 30Rs, and a discussion of their properties and implications for marketing. It is concluded that RM constitutes a paradigm shift in marketing. The article ends with a note on research strategy and methodology.

Marketing Mix Theory versus RM: From 4Ps to 30 Rs

The following definition will be used: "Relationship marketing (RM) is marketing seen as relationships, networks and interaction."

Relationships require at least two parties – basically a supplier and a customer – who enter into interaction with each other. More complex relationships grow into networks.

The 4Ps are straightforward and operational. The operationality has been less obvious with RM. However, relationships have been in the centre of business activity since time immemorial, although they have not been offered any prominent place in general marketing theory. Consider the following examples:

IKEA has 100 huge furniture stores, operates in 25 countries and engages 1,500 suppliers of 12,000 products. This is a complex network of relations to

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develop and maintain. The marketing relationship between IKEA and the customers is at its strongest when customers visit the stores. But relationships are also maintained through an annual distribution of 60 million copies of its catalogue and IKEA Family, a club which in 1994 had two million customers as members, entitling the members to a series of benefits. The customers are not just buyers, they are members of a family.

The US Xerox Corporation has allied with Rank in the UK to cover the markets in Western and Eastern Europe, the former Soviet Union states, China and Africa. In Asia, Xerox operates in alliances with Japanese Fuji and Indian Modi. Through this network of alliances, Xerox has been able to penetrate the global market. Alliances are part of a new organizational format and are not only for large corporations. One-man firms can become resourceful through alliances; one such example is network or multilevel marketing, MLM, which is built on a friends and friends-of-friends expansion of a business network (Hawkins, 1991).

Affiliation to electronic networks is a necessity for airlines and other players in the travel arena; it is the foundation for their marketing. In Europe, the dominating airline computer reservation systems are Galileo and Amadeus, owned by major carriers. American Airlines' Sabre has developed into an international booking system established in 54 countries and connecting 20,000 travel agencies through 130,000 terminals. It stores timetables for 641 airlines, 57 car rental firms, 50 tour operators and keeps track of the rooms of 22,000 hotels. The number of transactions in Sabre is 2,700 per second during peak hours and 750,000 new passenger files per day (Sahlberg, 1995).

Restaurants, hotels and retailers – even large ones – may create one-to-one relationships to their customers. This is true for the local pub or convenience store with daily visits by regular customers. They can learn the names, habits and expectations of customers; they may even become friends. At Lizard Island in the Great Barrier Reef, all staff that are "onstage" – i.e. those who interact directly with guests – must address each guest by name, even if he or she only stays for two days and may never come back. A type of "intimacy" can even be created through the use of information technology (IT). The Mariott hotel chain, by systematically storing customer information on preference for a non-smoking room, previous visits to Mariott hotels, etc., can treat guests in a customized mode even at their first visit to a specific hotel location.

The examples give glimpses of the significance and scope of relationships, networks and interaction. RM emphasizes a long-term interactive relationship between the provider and the customer, and long-term profitability. It is particularly obvious in the relationship approach that marketing is embedded in the whole management process. In order to recognize this embeddedness, it is more appropriate to speak of *marketing-oriented management* than of *marketing management*. RM recognizes that everyone is a part-time marketer and that marketing is not confined to the full-time marketers of the marketing and sales departments (Gummesson, 1991). It recognizes that both the customer and the seller can be active. They should see each other as partners in a win-win relationship.

Existing theory contributes to RM, both specifically and broadly, and helps to transform it into a general marketing theory. The most innovative and theoretically developed contributions to RM come from *services marketing, the network approach to industrial marketing, quality management* and indirectly from *organizational theory*. Certain contributions also emanate from the *marketing mix theory*. Services marketing has grown in importance since the mid 1970s with contributions from many directions, notably the "Nordic School" of Northern Europe, France, the UK and the USA. Its developments are accounted for in two articles on the history of services marketing (Berry and Parasuraman, 1993; Fisk *et al.*, 1994). During approximately the same period, the network approach has been developed systematically in Europe through the IMP (Industrial Marketing and Purchasing) Group (Ford, 1990). A renewed and further advanced approach to quality management has established itself world-wide during the 1980s (Edvardsson *et al.*, 1994); the customer has become the reference point – "customer-perceived quality" – just as in marketing. Organizational theory contributes with new ways of perceiving and describing organizations. They go by many names, such as the virtual organization, the network organization or the boundaryless organization, but the term imaginary organization will be used here as a broad concept for current trends.

RM is currently seeking its identity. Gradually, a more general approach to marketing management, based on relationships is gaining ground (Grönroos, 1990, 1994; Gummesson 1987, 1994; Kotler, 1992). The perception of RM, however, varies between authors. Jackson (1985) sees RM as the opposite to transaction marketing where the industrial buyer shops around and one deal says little about the chance of a repeat purchase. For Berry and Parasuraman (1991), RM is a preferred approach to services marketing. Based on his experience from the IT market, McKenna (1991) points to the crucial role of relationship. Christopher *et al.* (1991) approach RM as the synthesis of marketing, customer service and quality management. The vantage point for Blomqvist *et al.* (1993) was direct marketing, although they gradually broadened their approach. Sheth (1994) defines RM as "…the understanding, explanation and management of the ongoing collaborative business relationship between suppliers and customers" and "…an emerging school of marketing thought." For Porter (1993), RM is "The process whereby the buyer and the provider establish an effective, efficient, enjoyable, enthusiastic and ethical relationship – one.…that is rewarding to both parties". Grönroos (1990) contributes with a general definition of marketing with an RM angle: "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 mutual exchange and fulfilment of promises". Particularly, Christopher *et al.* (1991) and Kotler (1992) specify relationships to a series of stakeholders or markets, going beyond the basic customer-supplier dyad.

My definition is not an effort to nail RM as a clearly delimited phenomenon but to use it as a helpful perspective in approaching marketing: Look through the relationship, network and interaction lenses and what do you see? It is more inclusive than the other definitions and draws more heavily on a variety of theories. The core of the outcome of this approach is the specification of the 30 relationships.

Still, the reigning paradigm of marketing management is the marketing mix theory, mostly described as the 4Ps. The 4Ps first appeared in a textbook by McCarthy (1960) and has provided the scaffolding for a subsequent plethora of marketing textbooks. The original marketing mix consisted of 12 parameters based on the notion of a businessman being a decision maker and artist, "a mixer of ingredients" (Borden, 1964; Culliton, 1948). Reduced to 4Ps, the mix gained in simplicity and elegance, but lost in substance and validity. It is still an advancement compared with the single P of microeconomics, price. Rasmussen (1955), representing the "Copenhagen School" of economics, proposed the parameter theory defining four determinants of competition and sales: price, quality, service and advertising. Mickwitz (1959) in Finland tied the parameter theory to the product life cycle curve and showed that the importance of the parameters varies with the stages in the life cycle. For a further review of the history of the marketing mix, see Grönroos (1994).

The marketing mix approach has been criticized for being incomplete, not bearing in mind properly the needs of the customer and disregarding services and industrial marketing. In order to overcome some of its deficiencies, the 4Ps have been expanded, as shown in Table I. Judd (1987) suggests a fifth P, people, thereby regarding the marketing staff as a major marketing parameter. Booms

4Ps McCarthy (1960)	5Ps Judd (1987)	6Ps Kotler (1984)	7Ps Booms and Bitner (1981)	15Ps Baumgartner (1991)
Product	Product	Product	Product	Product/service
Price	Price	Price	Price	Price
Promotion	Promotion	Promotion	Promotion	Promotion
Place	Place	Place	Place	Place
	People	Political power	Participants	People
		Public opinion formation	Physical evidence	Politics
			Process	Public relations
				Probe
				Partition
				Prioritize
				Position
				Profit
				Plan
				Performance
				Positive implementations

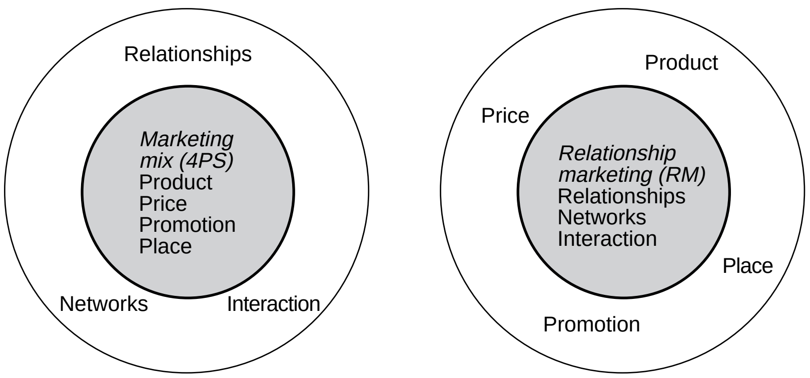
Source: Gummesson (1994)

Table I.
The Marketing Mix and Proposed Extensions of the 4Ps

and Bitner (1982) turn services marketing into 7Ps by adding three “service Ps”: participants, physical evidence and process. Kotler (1986) adds two Ps, political power and public opinion formation as part of his megamarketing concept. Finally, in an effort to supply a complete list, Baumgartner (1991) has proposed 15Ps.

Both the marketing mix theory and RM are – in theory at least – based on *the marketing concept* which puts customers and their needs as the focus. Unfortunately, in practice, the 4Ps are too often used for manipulation of customers, exploiting customer ignorance. Although the marketing mix and its additions incorporate relationships and interaction to some extent, RM provides a more radical change, a paradigm shift. There are, however, indications that the basic values of the manipulative marketing mix theory have not changed. RM is often comprehended as a firmer grip on the customer, much like the fisherman’s relationship to the fish; more sophisticated equipment and techniques make it less probable that the fish will get off the hook. Marketing then becomes a matter of trapping customers, to imprison them and even punish their escape. If buzz words such as “customer retention” and “zero defection” are treated in the light of mere manipulation, the application of RM will not make a noteworthy contribution. Ideally, RM assumes goodwill from all parties. In practice, however, power and smartness enter the scene. Relationships are seldom completely symmetrical; one party is often the stronger. This is acceptable to a degree in an imperfect market, but from a welfare perspective it is unacceptable over the long term.

I perceive a shift in the marketing paradigm as shown in Figure 1. The 4Ps and their extensions will always be needed, but the paradigm shift develops their role from that of being founding parameters of marketing to one of being contributing parameters to relationships, networks and interaction. This transition has been obvious since the 1970s, in practice as well as in scholarly research and theory, particularly in Europe. An international breakthrough for



Source: Gummesson (1994)

Figure 1. The Current Marketing Mix (4P) Paradigm of Marketing (left) and the Future RM Paradigm (right)

RM during the 1990s is clearly discernible; the number of conferences, articles, books and research programmes on RM is growing at a rapid rate.

RM and the Imaginary Organization

RM's environment is not only the market and society in general but also the organization. Therefore, RM is dependent on changes in organizational design.

The concept of RM is a recognition of a new type of organization which needs a new type of management. Badaracco (1991, p. ix) describes the transition away from the the clearly defined traditional corporation, "the citadel": "Firms were… islands of managerial co-ordination in a sea of market relationships…Companies are now breaking down barriers which, like the Berlin Wall, have endured for decades. Their managers are now working in a world that consists not simply of markets and firms, but of complex relationships with a variety of other organizations". These companies could be called network organizations as they consist of a web of relationships. With reference to an ongoing major research programme at Stockholm University, I will use the term *imaginary organization* (Hedberg *et al*., 1994). The term refers to the fact that organizations are not tangible objects but rather social constructs. They are people, activities, thoughts, emotions etc. and their operations are most often not limited to one specific location where everything can be overviewed. There are many other designations for similar notions but with slightly different twists. The virtual corporation (Davidow and Malone, 1992) puts special emphasis on IT; Handy (1990, pp. 87ff) talks about the shamrock organization including full-time employees, part-time and temporary employees, suppliers and customers, the organization as a federation of a variety of groups (pp. 117ff) and an organization called Triple I, based on intelligence, information and ideas (pp. 141ff); Quinn (1992, pp. 120ff) uses the spider's web organization to stress the network properties, and the starburst organization (p. 148) which is a continuously spawning organization; Mills (1991, p. 31) presents the cluster organization which is shaped by a cluster of teams and Gustavsson (1992) has developed the notion of the transcendent organization based on the collective consciousness of management and employees.

Organizing an imaginary business requires continuous creation, transformation and maintenance of networks and amoeba-like, dynamic processes and organizational structures (Figure 2). Management must defend a new type of "citadel" which successively changes character and whose boundaries differ depending on which stakeholders look at the organization. Its strength is the ability to combine its own resources with those from other organizations and its ablity to grow and shrink more quickly than the traditional organization.

In order to exist in the long term, an imaginary organization must have a "heart" – a core of competence – indicated by the black circle in Figure 2. This core is usually a unique product or service, an ability to innovate, a unique marketing method or a financial strength. From that core, a texture of alliances

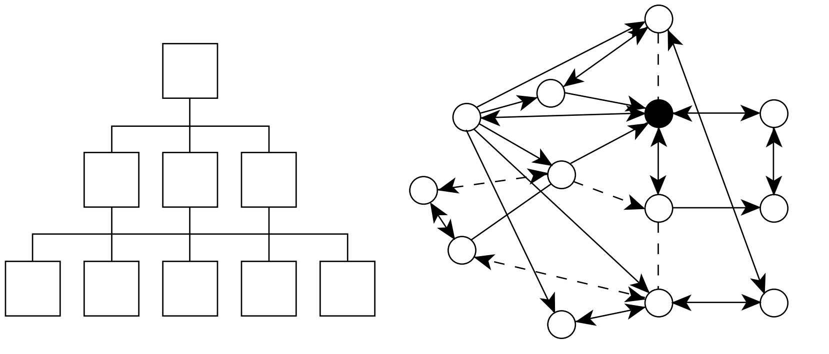


Figure 2. The Traditional Hierarchical Reification of an Organization with Clear Boundaries (left), and the Imaginary Corporation Described as a Network of Relationships with Fuzzy Boundaries

and contacts can be woven, outsourcing is used to keep down the size but still have access to resources, and the boundaries of the organization fade away and merge with other organizations. The customer is part of the network, but not of the hierarchy.

RM has a chicken-and-egg connection with the imaginary corporation; the direction of causality is not evident. It is obvious, however, that the concept of RM is related to the ongoing change in organizations. The imaginary organizations have been here long, although our ability to define them and communicate their true content is still limited. Examples of existing imaginary organizations are franchises, the project organization used by consulting firms, and the complex set of alliances of large corporations. The imaginary organization paradigm will grow in importance for management.

Introducing the Thirty Relationships, The 30Rs

The urge for marketers to design a list of allliterative parameters can be seen as an effort to make marketing easier to overview. It can also be seen as a trick to memorize the essentials, maybe also as a manifestation of playfulness. The trick, however, becomes somewhat forced when trying to capture a complex reality within the restriction of the single letter P. My choice of R as a key letter – which in all instances means relationships – is a counter-reaction. It does not force us to invent alien terms.

The 30Rs will be briefly presented below. In what "logical order" should they appear? There cannot be a simple sequence, as the Rs are not sequential by nature. Nor are they – with the exception of R1 – in ranking order. In reality, the Rs appear concurrently in different constellations. As they are composed of many qualities, they can partly overlap. Numbering them is a practical issue; they are many, and the numbers make it easier to keep track of them. It is an effort to transform theories of relationships, networks and interaction into something tangible which can be applied in a company's marketing planning. In reading the list, it is essential that the vantage points of the approach are kept in mind by posing the question: *If we view marketing as relationships, networks and interaction what do we see?*

R1. The classic dyad: the relationship between the supplier and the customer. This is the parent relationship of marketing, the ultimate exchange of value which constitutes the basis of business.

R2. The many-headed customer and the many-headed supplier. Marketing to other organizations – industrial marketing or business marketing – often means contacts between many individuals from the supplier's and the customer's organization.

R3. Megamarketing: the real "customer" is not always found in the marketplace. In certain instances, relationships must be sought with a "non-market network" above the market proper – governments, legislators, influencial individuals – in order to make marketing feasible on an operational level.

R4. The classic triad: the customer-supplier-competitor relationship Competition is a central ingredient of the market economy. In the competition there are relationships between three parties: between the customer and the current supplier, between the customer and the supplier's competitors, and between competitors.

R5. Alliances change the market mechanisms Alliances mean closer relationships and collaboration between companies. Thus competition is partly curbed, but collaboration is necessary to make the market economy work.

R6. Market mechanisms are brought inside the company. By introducing profit centres in an organization, a market inside the company is created and internal as well as external relationships of a new kind emerge.

R7. The service encounter: interaction between the customer and front line personnel. Production and delivery of services involve the customer in an interactive relationship with the service provider's personnel.

R8. Interfunctional and interhierarchical dependency: the relationship between internal and external customers. The dependency between the different tiers and departments in a company is seen as a process consisting of relationships between internal customers and internal providers.

R9. Relationships via full-time marketers (FTMs) and part-time marketers (PTMs). Those who work in marketing and sales departments – the FTMs – are professional relationship-makers. All others, who perform other main functions but yet influence customer relationships directly or indirectly, are PTMs. There are also contributing FTMs and PTMs outside the organization.

R10. *Internal marketing: relationships with the "employee market".* Internal marketing can be seen as part of RM as it gives indirect and necessary support to the relationships with external customers.

R11. *The non-commercial relationship.* This is a relationship between the public sector and citizens/customers, but it also includes voluntary organizations and other activities outside of the profit-based or monetarized economy, such as those performed in families.

R12. *Physical distribution: the classic marketing network.* The physical distribution consists of a network of relationships which is sometimes totally decisive for marketing success.

R13. *The electronic relationship.* An important volume of marketing today takes place through networks based on IT. This volume is expected to grow in significance.

R14. *Megaalliances.* EU (the European Union) and NAFTA (the North America Free Trade Agreement) are examples of alliances above the single company and industry. They exist on government and supranational levels.

R15. *Quality providing a relationship between production and marketing.* The modern quality concept has built a bridge between technology and marketing. It considers the company's internal relationships as well as its relationships to the customers.

R16. *Personal and social network.* The personal and social networks often determine the business networks. In some cultures even, business is solely conducted between friends and friends-of-friends.

R17. *The two-dimensional matrix relationship.* Oganizational matrices are frequent in large corporations, above all in the relationships between product management and sales.

R18. *The relationship to external providers of marketing services.* External providers reinforce the marketing function by supplying a series of services, such as those offered by advertising agencies and market research institutes, but also in the area of sales and distribution.

R19. *The relationship to the customer's customer.* A condition for success is often the understanding of the customer's customer, and what suppliers can do to help their customers become successful.

R20. *The owner and financier relationship.* Owners and other financiers can sometimes determine the conditions under which marketing works. The relationship to them may influence the marketing strategy.

R21. Parasocial relationships via symbols and objects. Relationships do not only exist to people and physical phenomena, but also to mental images and symbols such as brand names and corporate identities.

R22. The law-based relationship. A relationship to a customer is sometimes founded primarily on legal contracts and the threat of litigation.

R23. The criminal network. Organized crime is built on tight and often impermeable networks guided by an illegal business mission. They exist around the world and are apparently growing but are not observed in marketing theory. These networks can disturb the functioning of a whole market or industry.

R24. The mental and physical proximity to customers vs. the relationship via market research. In mass marketing the closeness to the customer is often lost and the customer relationship is based on surveys, statistics and written reports.

R25. The customer as member. In order to create a long-term sustaining relationship, it has become increasingly frequent to enlist customers as members of various marketing programmes.

R26. The relationship to the dissatisfied customer. The dissatisfied customer perceives a special type of relationship, more intense than the normal situation, and often badly managed by the provider. The way of handling a complaint – the recovery – can determine the quality of the future relationship.

R27. The green relationship. The environmental and health issues have slowly but gradually increased in importance and are creating a new type of customer relationship through legislation, the voice of opinion leading consumers, changing behaviour of consumers and an extension of the customer-supplier relationship to encompass a recycling process.

R28. The knowledge relationship. Knowledge can be the most strategic and critical resource and "knowledge acquisition" is often the rationale for alliances.

R29. The mass media relationship. The media can be supportive or damaging to the marketing. The way of handling the media relationships is often crucial for success or failure.

R30. The monopoly relationship: the customer or supplier as prisoners. When competition is inhibited, the customer may be at the mercy of the provider – or the other way around. One of them becomes a prisoner.

The Rs have different properties. Some are primarily externally oriented *market relationships* involving direct contact with customers: the classic dyad between supplier and customer (*R1*), the relationship between the many-headed seller and the many-headed buyer (*R2*), the classic triad of customers, suppliers and competitors (*R4*), the service encounter and the interaction between the customer and the front-line personnel (*R7*) and the full-time marketer and the part-time marketer (*R9*). Although some of these relationships primarily concern consumers and others are interorganizational relationships, they exist above the dichotomies of consumer marketing versus industrial marketing and goods versus services.

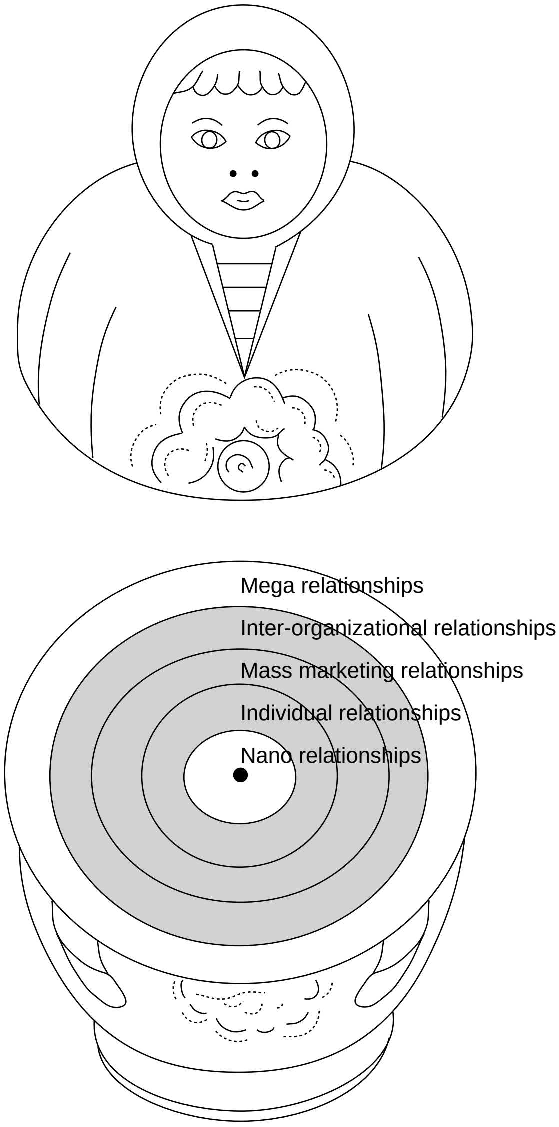
Other relationships are *nano relationships* (from the Greek "nanos", dwarf). They are internally directed, providing support to the market relationships from below: the market mechanisms that have been brought inside the company (*R6*), the interhierarchical and interfunctional dependency (*R8*), internal marketing to reach the "employee market" (*R10*), quality as a bridge between technology and marketing (*R15*) and the two-dimensional matrix relationship (*R17*).

Mega relationships exist on levels above the market proper. Megamarketing (*R3*) and megaalliances (*R14*) belong here, and to a certain extent also personal and social networks (*R16*) and the relationship to mass media (*R29*).

Organizational issues unite some of the Rs: alliances change the market mechanisms (*R5*), the relationship to external providers of marketing services (*R18*) and the owner and financial relationship (*R20*). There are also special relationships to customers, such as the non-commercial relationship (*R11*), the relationship to the customer's customer (*R19*), the parasocial relationships (*R21*), the proximity to the customer versus the the relationship via market research (*R24*), the customer as member (*R25*), the relationship to the dissatisfied customer (*R26*) and the monopoly relationship taking the customer or supplier prisoner (*R30*).

The relationships also concern *form* and *content* in varying ratios. The form is emphasized in the classic marketing network of the physical distribution (*R12*) and the electronic relationship (*R13*). The green relationship (*R27*) and the knowledge relationship (*R28*) focus on content; they are particularly *topical but not yet observed by the general marketing literature*. Other relationships which do not exist in the marketing literature, although they are practised in everyday operations, are the electronic relationship (*R13*), the law-based relationship (*R22*) and the criminal relationship (*R23*).

The relationships can also be viewed as a series of concentric circles or even "bodies", ranging from the nano relationship to the market relationships and the mega relationships. In her book *From Tin Soldiers to Russian Dolls*, Vandermerwe (1993) is using the metaphor of soldiers and dolls to describe the management of the emerging service society. It inspired me to draw the "relationship doll" to provide an interpretation of the "logic" of RM and its organizational dependency. The tin soldiers, representing an obsolete management paradigm based on the hierarchy, are neatly placed in rows; they follow orders and regulations. The dolls represent the new organizational paradigm of the imaginary organization. A Russian doll is composed of dolls enclosed in each other and mutually dependent in a never-ending series. This is illustrated in Figure 3. Zohar and Marshall (1993, p. 64), who explore the "quantum society", reinforce my belief in the relationship doll metaphor: "Persons are living networks of biology and emotions and memories and



Source: Gummesson (1994)
The choice of the Russian wooden doll is inspired by Vandermerwe (1993). The metaphor and design are used with permission

Figure 3.
RM as a Russian Doll, "The Relationship Doll"

relationships. Each is unique, but none can flourish alone. Each in some way contains others, and is contained by others, without his or her personal truth ever being wholly isolated or exhausted."

Implications for Marketing

Marketing as a manipulative, short-term activity is in contrast to life-supporting processes. Manipulative marketing can be compared with the use of artifical fertilizer and pesticides which increase short-term harvests but impoverish not only the soil where the crops grow, but the whole of nature, for short-term greed. Just like ecology, RM sees marketing activities as part of a larger context, inside as well as outside the company, which shall be beneficial to all parties in the long run, preferably also in the short run. RM is a process, a chain of activities. It stresses flows and context. It represents a holistic attitude to marketing.

We can now ask the question: *Looking at marketing as relationships, networks and interaction, to what decisions and activities does it lead*? The answer can be referred to two issues that have to be addressed in the marketing planning process:

(1) *Establish which relationship portfolio is essential to your specific business and make sure it is handled skillfully*. RM planning requires the selection of Rs to be tackled; I refer to this as the selection of a relationship portfolio in a desire – maybe a vain one – to distinguish RM further from the marketing mix. Not all relationships are important to all companies all the time. Some may already be handled well, whereas others may be important but neglected, and some marketing is best handled as transaction marketing, the one-time deal. Set goals and determine activities for the elected Rs.

(2) *Calculate the cost and revenue of the relationships and ultimately the contribution to profits from the portfolio*. As "the language of management is money", a good question is how the relationship portfolio pays off. The profitability issue basically concerns the outcome of the classic dyad and the concomitant variations of the market relationship: "Which customers do we want? How long does it pay to interact with the customer? Should we get rid of some customers?" A currently popular adage states that it costs five to ten times as much to get a new customer as to keep one. In industrial marketing there may sometimes only be one or a few customers in each country, such as in the marketing of defence products, passenger aircraft or telephone switching equipment. It is obvious then that a supplier has to handle those customer relationships with great care and patience and look at the long-term profits. The profit contribution from the nano and mega relationships – the supporting non-market relationships – are difficult to measure; they are an organizational and strategic necessity for the market relationships to thrive. Methods of calculating the profitability of relationships are gradually emerging (Buck-Lew and Edvinsson, 1993;

Grönroos, 1992; Payne and Rickard, 1994; Reichheld and Sasser, 1990; Storbacka, 1994).

Paradigm Shift or the Emperor's New Clothes?

In conclusion, one can ask how new RM really is. Is it just the emperor's new clothes, the mid-1990s fashion for consultants and professors? Is it just an incremental supplement to traditional marketing? Or does RM really add novel insights to marketing? My answer is both yes and no. It is apparent that there is in existence pertinent knowledge which should be utilized in RM. However, through its difference in perspective from traditional marketing, RM puts emphasis on important areas that are missing, or are given only scant attention in general marketing theory and textbooks. RM suggest a different focus and different underpinning values for marketing that, in my view, justify calling RM a new paradigm and the beginning of a new marketing-oriented management theory.

A Note on Research Strategy and Methodology

Each of the 30 relationships that has been generated differs in some basic sense from every other relationship. However desirable it would be for the sake of orderliness and simplicity, there is no simple dimension along which the Rs can be organized. I am influenced – and intellectually as well as emotionally attracted – by inductive, empirical and qualitative research, above all "grounded theory" (Glaser and Strauss, 1967). To start a theory-generating research project by first designing clear-cut categories and criteria is not feasible; it will kill or mutilate the material. As long as the search is focused on one or a few concepts – in this case relationships, networks and interactions – patterns will emerge with the gentle assistance of the researcher, not through forcing (Glaser, 1992). Gradually the patterns can be arranged according to an underlying logic which facilitates the presentation and understanding of what has been discovered.

I have attempted to extract relationships from literature and business life, and treat them with "theoretical sensitivity", and finally to present them in a comprehensible way. What one presents should ideally have both "genuine validity" – coincide with reality – and "face validity", i.e. be easy to recognize. The presentation here is brief; each R gets only a few lines. In a forthcoming book, each R will be given five to ten pages and the RM concept will be more thoroughly discussed (Gummesson, 1994).

The relationships partly overlap. This is no surprise, as phenomena in business, as well as in all other social sciences, lack clearly delimited definitions. The reason to this "shortcoming" – which is rather a shortcoming in our attitude and cognitive capacity – is simply that those phenomena that are studied, in reality are not in themselves clearly delimited. They are fuzzy entities with fuzzy borders and overlapping properties.

In defining the Rs, I found that the text kept speaking back to me through my Macintosh. This dialogue revealed new dimensions and animated the Rs.

Gradually the material grew in volume and the Rs grew in numbers, stabilizing themselves around 30. I felt I had reached a point of saturation.

I do not claim that this is the final word on making RM operational. Even if the reader accepts my format, the definition of the Rs is far from evident and requires a series of judgement calls. I see my effort as a station on a long, never ending journey and as a brain-teaser to intrigue others. Empirical evidence – not just in the narrow sense of quantitative testing but in its original sense of real-world cases – is needed.

The journey started in the early 1980s. There have been intermediate stops over the years when papers, research reports and articles have been written, and presentations have been made. This approach to scientific work means that the ultimate "truth" is never reached; one is only striving in its direction. This article should be seen as another stop on the journey to discover a more general and applicable marketing theory.

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