Chapter 3
The Conceptual Framework of Relationship Marketing

ABSTRACT

Relationship marketing has been receiving widespread attention in the business world as well as in the literature. Different streams of marketing handle the concept of relationship marketing from their perspective; because of this reason, various definitions of relationship marketing have emerged in the marketing literature. This chapter aims to review the different definitions of relationship marketing and provide a comprehensive understanding of the relationship marketing concept. Based on the literature, basic constituents of relationship marketing have been analysed in a detailed way. This chapter handles the relationship marketing concept beyond the typical supplier-buyer relationships and analyses all collaborative relationships that allow companies to deliver superior customer value. Main motivations of customers to engage in a relationship and their relationship termination reasons are also examined. This chapter ends with identifying the facilitators and barriers for relationship marketing success.

INTRODUCTION

As the competition increases in today's dynamic world, business and markets have been changing and marketing has been also undergoing a paradigmatic shift from transactional orientation to relational marketing orientation and requiring a new marketing theory, which has to focus on the value of the total offering; a balance between production-centric and customer-centric aspects; and should recognize relationships, networks and interaction as core variables (Gummesson, 2002a). Das (2009) reviews the relationship marketing literature from 1994 to 2006 to classify the litera-

ture. The review finally generated 209 research papers related to relationship marketing. This study concludes that relationship marketing has gained the attention of businesses and institutions and research activity in the area of relationship marketing has rapidly increased over the years especially after 2000 (Das, 2009).

Hence, the main focus of marketers in post-2000 era has been shifting towards relational marketing, Gummesson (2002a) indicates that consumer goods marketing, services marketing and business to business marketing currently converge under the concept of relationship marketing. There are various definitions of relationship marketing in

the marketing literature. Agariya and Singh (2011) use content analysis to provide an overview of the existing academic literature on relationship marketing and identify relationship marketing definitions and major defining constructs based on the previous research findings. In this study, they identify a total of 72 relationship marketing definitions from 1982 to 2010. These definitions vary in scope and emphasis. Relationship marketing has been receiving widespread attention in the literature and the different streams of marketing such as industrial marketing, network marketing and services marketing handle the concept of relationship marketing from their perspective because of this reason alternative definitions of relationships emerged in the literature. Although some of the definitions are narrow in scope, they provide initial guidance about relationship marketing (Gummesson, 1999a, p. 242). The definitions of relationship marketing will be examined in attempt to get an extensive idea and a comprehensive understanding of relationship marketing.

TOWARDS A COMPREHENSIVE DEFINITION OF RELATIONSHIP MARKETING

Different authors, who have various academic background, make different contributions to the definition of relationship marketing. Berry's definition of relationship marketing is developed within services marketing and he defines relationship marketing as "attracting, maintaining and – in multi service organizations- enhancing customer relationships" (Berry, 1983, p. 25). Berry's definition of relationship marketing emphasizes the importance of customer retention and the allocation of resources to keep existent customers as well as attract new customers (Gummesson, 1999a, pp. 242-243). Jackson's definition of relationship marketing, which is grounded in industrial marketing, defines the relationship marketing as "marketing oriented toward strong, lasting

relationships with individual accounts" (Jackson, 1985. p. 2). Berry and Parasuraman (1991, p. 133) define the relationship marketing from the perspective of services marketing and define it as "a process of attracting, developing, and retaining customer relationships". A comprehensive and widely used definition of relationship marketing is done by Grönroos (1991) and he explains relationship marketing as "identifying and establishing, maintaining, and enhancing relationships with customers and other stake holders, at a profit, so that the objective of all parties involved are met, and that is done by a mutual exchange and fulfilment of promises". The definition of Grönroos involves not only customer-supplier relationships but also includes relationships between stakeholders (Grönroos, 1996a).

Morgan and Hunt (1994) examine the nature of relationship marketing and classify a firm's relational exchanges into four categories: supplier, lateral, buyer, and internal partnerships. Morgan and Hunt (1994) identify ten discrete forms of relationship marketing. Supplier partnerships include (1) the relational exchanges between manufacturers and their goods' suppliers and (2) relational exchanges between the firm and its service providers such as advertising or marketing research agencies. Morgan and Hunt (1994) indicate that lateral partnerships involve (3) strategic alliances between firm and their competitors for the purpose of technology alliances, co-marketing alliances, and global strategic alliances, (4) alliances between a firm and non-profit organizations, and (5) partnerships between the firm and governments. Furthermore, buyer partnerships include (6) long-term relationships between firms and consumers and (7) relational exchanges between the firm and its intermediaries such as distribution channel members. Lastly, Morgan and Hunt (1994) mention about the internal partnerships that cover (8) exchanges among functional departments of the firm, (9) exchanges between a firm and its employees, and (10) exchanges with business units. Considering the nature and forms of relationship

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