Relationship Management: Strategic Marketing's Next Source of Competitive Advantage
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# RELATIONSHIP MANAGEMENT: STRATEGIC MARKETING'S NEXT SOURCE OF COMPETITIVE ADVANTAGE

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This paper integrates two major themes, relationships in business contexts and strategic marketing. Strategic marketing must be understood as the way marketing is carried out in a firm, not as the province of but a select few firm members. Given this theoretical understanding, we develop the idea that how the firm manages relationship processes, consumer and business alike, is fully a strategic marketing issue and not an issue for an unnecessary new marketing paradigm entitled relationship marketing. Insights from consumers are discussed and then a relationship continuum is presented with its associated managerial implications.

## INTRODUCTION

American management has witnessed the introduction of numerous concepts over the past 30 years, each designed to improve productivity and competitiveness. In their highly acclaimed *Reengineering The Corporation*, Hammer and Champy (1993, p. 25) observe, however, that:

> ...none of the management fads of the last twenty years--not management by objectives, diversification, Theory Z, zero-based budgeting, value chain analysis, decentralization, quality circles, "excellence," restructuring, portfolio management, management by walking around, matrix management, intrapreneuring, or one-minute managing—has reversed the deterioration of America's corporate competitive performance.

One of the latest concepts to receive attention in the marketing literature is relationship marketing. Is it a future candidate for Hammer and Champy's list of fads? We believe it is unless, more appropriately, it is conceptualized as a way for the firm to more strategically implement marketing instead of being conceptualized as a new marketing paradigm.

This article explores Relationship Marketing's ties to the philosophical underpinnings of the marketing discipline and the alleged weaknesses in those underpinnings that have provided the rationale for efforts to develop a new paradigm. We argue that the premises of relationship marketing are fundamentally neither new nor different from the traditional principles of marketing. We also argue that the supposed philosophical weaknesses in marketing, as advanced by advocates of relationship marketing, are often misleading and can serve to undermine the value of the discipline as a framework for management decisions. Clearly, failures in implementation of the marketing concept all too often exist. Failures in implementation, however, must not serve as the basis for unwarranted claims about the inadequacy of the concept as a foundation for corporate decision-making.

We initially examine the arguments proposed by advocates of a relationship marketing paradigm, and, contrary to its advocates, point out that any marketing shortcomings rest with marketing implementation and not with marketing's basic tenets, as relationship marketing advocates imply. We will then underscore the point that relationships are managed, not marketed, and proceed to present ways that relationship management has been practiced by many businesses. We then focus on marketplace reactions to the meaning of "relationship." Finally, we summarize the first part of the paper with comments about relationship processes and the tendency throughout nature for them to deteriorate.

The paper then focuses on its second major theme, strategic marketing. Our assertion is that strategic marketing was inappropriately conceived as the province of a select few in a firm, usually upper echelon employees, rather than as the domain of everyone in the organization. Each employee must be viewed as part of the firm's strategic marketing effort. We conclude by urging the discipline to undertake a more integrative effort at conceptualizing the meaning and scope of strategic marketing.

## MARKETING: PURPORTED SHORTCOMINGS

Marketers have long advanced an expanded understanding for the word "product" to include products, services, or ideas. Thus, the marketing of an idea should parallel the marketing of a product or service (Peter and Olsen 1983). To gain market acceptance, management touts the benefits of its new offering while noting to potential adopters the shortcomings of alternatives. True to this formula, relationship marketing advocates formulated something called "traditional" marketing, presented its flaws, and then proceeded to underscore how relationship marketing "fixes" things. Their thesis is that traditional marketing is transaction, not relationship, focused; that it relies on gimmickry; that it fails to adequately identify and respond to market segments; and that it has traditionally been treated as a separate function of management, not as a philosophy of business. Let us briefly look at each of these assertions.

### A Transaction Focus

Christopher, Payne & Ballantyne (1993) argue that traditionally marketing has not been concerned with quality nor with customer service. In essence, they argue, marketing, to its detriment, has historically been concerned with the transaction, the getting of customers, and not with the relationship, the keeping of them. O'Neal (1989) similarly chides marketing's "transactional" approach, as have others (c.f., Gronroos 1990; Cannon and Sheth 1994; Morgan and Hunt 1994). We capture these sentiments as follows (Perrien, Filiatrault & Richard 1993, p. 141):

> The relational approach gave birth to the concept of relationship marketing based on the premise that keeping a client is more desirable than attracting new business. This statement becomes provocative when one recognizes that marketing people have tended to focus on discrete transactions rather than on continuous buyer-seller relationships.

### Gimmickry

McKenna (1993) contends that traditional market-driven approaches have relied on tricks, gimmicks, promotions and tinkering and not on an ongoing dialog between the organization and the customer (see also Ferguson and Brown 1991; Perrien et al. 1993; Dwyer, Schurr & Oh 1987; and Ries 1994, for similar assertions).

### Failure to Identify and Serve Key Market Segments

Illingsworth (1991) and Shani and Chalasani (1992) argue that relationship marketing will result in uncovering and serving segments that otherwise might not be discovered. This argument seems to presume that the marketing discipline has not evolved beyond the mass-marketing concept that prevailed until the 1950s. It also seems to presume that segmentation and positioning have not been key elements of marketing strategy, in spite of the seminal work of Wendall Smith in the late 1950s.

### Marketing as a Separate Function of Management

Finally, Webster (1994b) argues that traditionally marketing has been viewed as a separate function of management, not as the essence of a customer focused philosophy that permeates the organization. Proponents of relationship marketing argue that the traditional marketing paradigm treats distribution, pricing, product development and selling as separate management issues addressed by specialists. The role of marketing in such an arrangement, they argue, is to insure that sales goals are met. Relationship marketing, we are told, corrects this flaw by advocating a more unifying type of marketing for the firm to implement.

The rationale for relationship marketing now seems clear, as summarized in Table 1. The contrasting differences put forth suggest that relationship marketing is characterized by a longer term focus, a greater focus on the customer, and a greater emphasis on product benefits and quality than traditional (so-called transaction) marketing.

**TABLE 1**

| TRANSACTION MARKETING | RELATIONSHIP MARKETING |
|---|---|
| Focus on the Single Sale | Focus on Customer Retention |
| Orientation on Product Features | Orientation on Product Benefits |
| Short Time Scale | Long time Scale |
| Little Emphasis on Customer Emphasis | High Customer Service Emphasis |
| Limited Customer Commitment | High Customer Commitment |
| Moderate Customer Contact | High Customer Contact |
| Reliance on Gimmicks, Tinkering, and the Quick Fix | Reliance on an On-Going Dialog |
| Marketing as One of Several Functions of the Firm | Marketing as a Pervasive Philosophy of the Firm |
| Quality a Concern of Production | Quality is the Concern of all |

Source: Christopher Martin et al., *Relationship Marketing*, Oxford, England: Butterworth-Heinemann, Ltd., 1993, 9 (includes minor modifications).

## "TRADITIONAL" MARKETING: THE REALITY

Is the above perspective of "traditional marketing" truly reflective of reality? To thoughtful professionals and academics with an historical business perspective, there is compelling reason to challenge the assertions. The principles of relationship marketing as presented by its advocates above are neither new nor different (c.f., Webster 1992). Tedlow (1990), for example, presents a wealth of examples that support an historical relationship-mindedness for highly successful American firms that were formed before the start of this century. Pine (1993) does as well. Beginning in 1820, he notes, the entire machine tool industry in the United States was based on the relationships between machine tool suppliers and the manufacturers which relied on them. As noted, "American firms showed a much greater talent than British firms for coordinating successfully their relationships with other firms upon whom they were dependent" (Pine 1993, p. 12). Another excellent example of relationship mindedness has to do with the publication *Farm Journal*. *Farm Journal*, a national publication founded in 1877, began developing, early this century, regional editions as farming became specialized, region-by-region, throughout the United States (Pine 1993).

In the contemporary corporate arena, firms such as L. L. Bean and Lands End are legendary for their successes in relationship building contexts. Add to this the successes of one-hundred-year-old firms such as Citicorp, Procter & Gamble, Philip Morris, American Express, and Johnson & Johnson, all masters of relationship building and maintenance (Collins and Porras 1994). From their beginnings, the marketplace orientation for these firms called for the getting and keeping of customers. Such orientation is fully aligned with marketing's "traditional" tenets, none of which suggests a bias toward a one-shot transaction as opposed to an ongoing business relationship.

We can test the logic of the above point by studying how relationship marketing has been defined. No single definition for relationship marketing exists (Robicheaux and Coleman 1994). However, we may examine the following as being representative (Woodside, Wilson & Milner 1992, p. 265): "The business task of establishing, maintaining, and enhancing relationships." Similarly, a typical definition of marketing is, "...a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others (Kotler 1994, pp. 6-7). Kotler goes on to say (p. 7) "This definition of marketing rests on the following core concepts: needs, wants and demands; products; value, cost and satisfaction; exchange, transactions, and relationships; markets; and marketing and marketers. Thus, we find no basis for viewing relationship marketing as distinct from marketing in any way. It is not surprising that Peterson (1995) has remarked that relationship marketing and marketing are redundant terms and also noted that (p. 279), "Because relationship is an adjective that modifies marketing, relationship marketing should be considered a subset or specific focus of marketing."

## THE REAL PROBLEM: IMPLEMENTATION VS. POLICY

Tailoring traditional marketing theory and principles to fit specific marketplace needs such as service marketing and international marketing, as shown in Figure 1, has intellectual merit. However, devising new paradigms such as value-marketing, expert-marketing, quality-marketing, and relationship-marketing forces advocates of these "new frameworks" to identify supposed faults in marketing's core philosophy that simply do not exist. To fault marketing's implementation is one thing. To fault the philosophical underpinnings of marketing is another.

To heighten sensitivity for this issue, academicians and practitioners have, over time, developed different strategic perspectives concerning marketing policy as contrasted with implementation of policy. Too often marketplace failures are erroneously attributed to policy failures when the fault more accurately rests with implementation shortcomings (Bonoma 1984; Bonoma and Crittenden 1988). With this as frame-of-reference, we ask, "Does the philosophy of marketing need 'reengineering', as relationship marketing proponents recommend?" Our answer is "no." Kohli and Jaworski (1990, p. 1) observed, "The marketing concept is essentially a business philosophy...The...philosophy can be contrasted with its implementation..." Relationship Marketing, in essence, simply reflects a "catching up" of sorts in the implementation of the marketing concept.

The issue is how and where it would be most productive to integrate relationship marketing into the marketing discipline? The answer suggested is shown in Figure 2. Relationship marketing is best conceptualized as a tool of value in the implementation of marketing policy. The "new" marketings, as shown in Figure 2 (relationship marketing, value marketing, and quality marketing), claim to correct marketing's "flaws." In reality, their value is in enhancing the practice of marketing (marketing implementation) to be more closely aligned with the theory of marketing (c.f., Berry and Yadaw, 1996, as an example of how relationship pricing helps implement relationship marketing, itself a relationship management issue, as we have argued). We suspicion that increasing attention will be paid by marketing academics to implementation issues, as is evident in work such as that of Berry (1995a) for services marketing, and Hammer and Stanton (1995) in the context of reengineering (see also Hamel 1996).

**FIGURE 1**

**TAILORING THE MARKETING DISCIPLINE TO MARKETPLACE EVOLUTION**

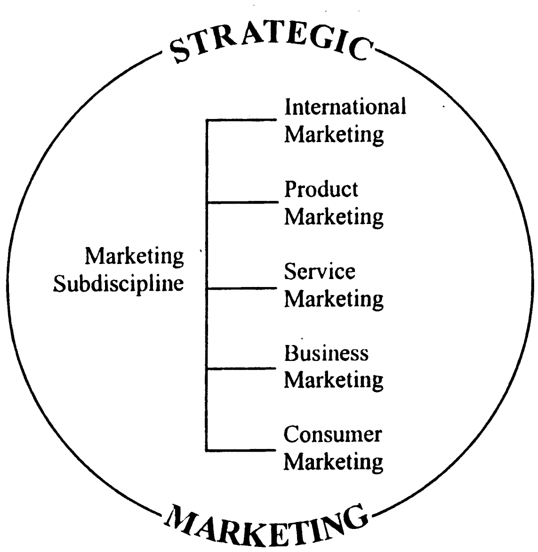
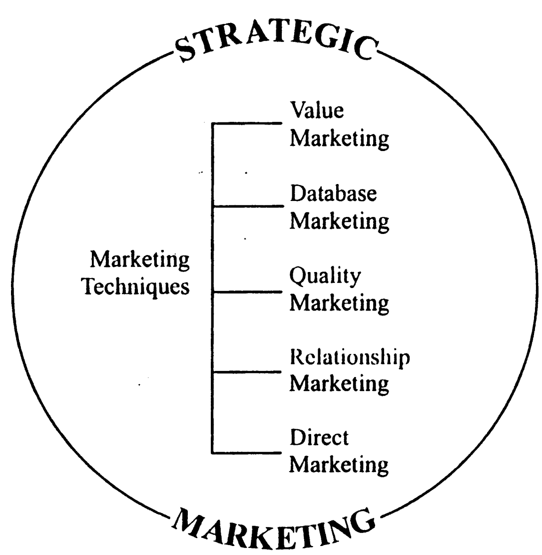



**FIGURE 2**

**MARKETING TECHNIQUES FOR STRATEGY IMPLEMENTATION**



### Relationship Management: Some Examples

Some important business practices are excellent examples of relationship management, though not typically explicated in this light as we believe they comfortably should be. The three we have chosen--systems selling, just-in-time (JIT), and quick response (QR)--all represent efforts to facilitate implementation of "traditional" marketing by enhanced relationship management. All are examples of how the management of relationships can help align marketing practice with marketing theory.

**Systems Selling.** The necessity for systems selling as a key element of relationship building became clear in the 1960s. The essence of the concept was the recognition that the sale of a complex system such as a data processing unit, with its concomitant interactions with multiple constituencies over an extended period of time (Levitt 1986), required a selling modus operandi that was inherently a "relationship" issue. Over 20 years ago, Webster and Wind (1972) similarly discussed the importance of systems and relationship management in the context of gatekeepers, influencers, deciders, and users, the key players in an organizational buying decision. To build and manage "a relationship", underscored these authors, required recognition of the numerous supporting relationships that needed to be understood, developed, and nurtured.

**JIT**. The JIT concept emerged as a key issue in competitive strategy in the 1980s (Frazier, Spekman & O'Neal 1988; Dion, Banting & Hasey 1990). It is at its heart a relationship management concept. The roots of JIT go back to the 1950s (Davidow and Malone 1992), when Japanese students of American business noticed the process of supermarket shopping and creatively envisioned this process in a manufacturing setting. JIT arrangements require business relationships to be nurtured and preserved (Spekman and Johnston 1986; Spekman 1988; O'Neal 1989; Ganesan 1994) because of the inherent interdependencies of the parties involved (Treacy and Wiersema 1993). Recognition of "interdependencies" also underpins other relationship management issues such as strategic alliances, partnering, and joint venturing (Dunham and Marcus 1993).

**Quick Response Systems**. A final example of the value of relationship management in an implementation context is the quick response (QR) movement. Though so named in 1985 (Pine, 1993, p. 191), the actual spirit of QR appeared at the end of World War II when American Airlines revamped its ticketing and reservations system to get available seats back into the system as quickly as possible (Davidow and Malone 1992). The QR movement today is driven by fabric giants such as Milliken and DuPont and their success in dramatically reducing the time needed to convert raw materials to finished textiles (Kotler 1994; Goldman, Nagel and Preiss 1995). The well-known Wal-Mart and P&G relationship reflects a similar commitment to customer satisfaction in a partnership context (Bleakley 1995).

## A RELATIONSHIP: OF INTEREST TO WHOM?

Missing from the literature is detail on when and how the word "relationship" is conceptualized by the marketplace. Advocates of relationship marketing tend to view relationship marketing as having equal applicability across all market sectors and customer groups (though some have now begun to question this perspective: Ballantyne 1994; Webster 1994a). As Levitt (1986, p. 114) remarked, "It is not just that once you get a customer you want to keep him. It is more a matter of what the buyer wants." Some marketers in embracing relationship marketing seem to be in danger of riding roughshod over the basic premise of marketing, i.e., identifying and satisfying customer wants and needs.[1] A "relationship" in a value-added context must be examined from the perspective of the customer, not just from that of the firm. In the words of Peter Drucker (1995, p. A12), "One must not start out asking what do <u>we</u> want to do? The right question is what do <u>they</u> want us to do?"

### Marketplace Reactions

Guided by Drucker's caveat, we informally asked consumers (acquaintances and colleagues) in a qualitative research context (Bitner 1995, pp. 248-249) how they reacted to the concept: "a relationship with a firm." Relationships were defined as:

> ...the building of bonds with customers and other markets or groups to ensure long-term relationships of mutual advantage" (Christopher et al. 1993).

**Consumer Service Markets**. First in importance were ongoing relationships with doctor(s), followed by family attorney, family accountant (Woodside et al. 1992), beautician, and to a lesser extent, insurance agent. Lovelock (1991) categorizes these as people processing, possession processing, and information processing services. Possession processing services were also mentioned by our respondents in the context of pets and home maintenance. Relationships with such small, personal service businesses have been commented on by Berry (1995b) and Pine (1993) as being of special importance to consumers.

As we looked over the comments of our respondents and then considered the several risks discussed by marketers such as physical risk, social risk, and so forth, one could postulate a risk hierarchy and relate it to which relationships are most desirous of being preserved by an individual and which are viewed as least risky if not maintained.

**Consumer Products Markets**. The concept of "a relationship" with consumer goods marketers was dramatically different from views about relationships with service providers. Some respondents expressed annoyance with firms that sought to establish "a relationship" by incessant phone calls (telemarketing) and direct mailings (postal-marketing). Respondents had no consistently expressed desire "to have a relationship" with firms such as P&G, Kimberly Clark or Campbell Soup. Top notch products and services from these firms, yes. A relationship, per se, no. An 800 number was not viewed as a relationship issue, for example, but as a service issue. Thus, from 800 numbers to frequent flyer programs to branding to product encounters, the word "relationship" was not used by consumers to capture their sentiments. Consumers used the phrases, "an opportunity to take advantage of," or "doing business with," and not the word "relationship" to express themselves.

If we look at the relationship issue from the perspective of the marketer, on the other hand, clearly the word is comfortably and often used. Branding, for example, was a concept developed early in this century so that manufacturers could establish, in their minds, a direct relationship with the consumer. "What is a successful brand but a special relationship?," asks McKenna (1991, p. 68). Some have highlighted the strategic decision to emphasize the fashion dimension of even durable products such as pagers so as to reinvigorate the product relationship (Pine, 1993, p. 148). Bagozzi's (1995) comment that, "A glaring omission in the . . . literature . . . is the neglect of efforts to conceptualize what a marketing relationship is" seems to have special merit, especially in the consumer products context.

**Retailing**. In a retail setting, consumers may form a relationship with a salesperson which can greatly enhance store patronage (Zimmerman 1992). Similar to respondent comments noted in the previous section, consumers did not express the desire "to have a relationship" with a Sears or a Wal-Mart. An insight for retailers may be to accept the following: That although no consumer will think, for example, "I have a relationship with Sears", because of relationships established with sales personnel throughout the store, the bottom line behavior of consumers would essentially reflect "a relationship with Sears." Considering turnover problems, retailers would be well advised to appreciate the many tools they can use to facilitate a relationship management perspective (Taher, Leigh & French 1996). Changing the store layout, freshening a window display, featuring in-store specials and the like can be conceptualized as relationship enhancement techniques (Stone and Mason 1996). The world's number one retailer, Wal-Mart, does not rely on sales personnel for its success. Would anyone make the claim, however, that management fails to practice relationship management? Obviously not. The typical Wal-Mart senior citizen "greeter" is a case in point.

**Business-to-Business Markets**. It is in the business-to-business arena, as exemplified in our earlier examples, where the concept of a "relationship" is most comfortably used by the involved parties (Root 1994). Members of each business-to-business organization often act as boundary spanning agents with multiple relationships evolving simultaneously, a process defined in the early 1970s by management consultant Andrew Kaldor (1971) as imbricative marketing (meaning overlapping of edges). Increasing the number of these boundary spanners will assist the firm in strengthening the ongoing relationship (Stone and Mason 1995). Specifically, the selling firm's salesperson has a relationship with the buying firm's purchasing agent; the buying firm's accounts payable person has a relationship with the selling firm's accounts receivables person; the selling firm's design staff has a relationship with the buying firm's engineers, and so on (not dramatically different from the systems selling concept). Each party individually benefits from the ongoing interaction, and the firm does collectively.

Whereas, our respondents did not comfortably verbalize "a relationship" with corporations, consumers in the future may want relationships with major firms (retailers, product marketers, and so forth) that go beyond what is now generally in evidence. Consumers may want to know firm policies with respect to the environment, to family matters regarding employees, and with respect to international issues (Popcorn 1991). Popcorn remarks (p. 77), "We'll want to know...a biography of the product and the ethics of the maker. We'll want to know the company's stand on the environment, how it regards animal testing, human rights, and other issues..." In sum, relationship processes are evolutionary processes and must always command center stage in business management.

## UNDERSTANDING RELATIONSHIPS: SOME PHILOSOPHY

We conclude the discussion of the paper's first theme with the following remarks. From a practical perspective, it would seem especially important to study relationship issues in business contexts when one understands that the U.S. has not shown the same adroitness as other global competitors in establishing and nurturing relationships (Kanter 1994; Trompenaars 1994). In the global marketplace arena, all businesses, not just a few hundred appearing in the press as "best practices" firms, will have to become sharper at understanding the relational dimensions of doing business. Marketing academics must participate in this enlightenment as well. Noting that the primary investigators of relationship issues in channel management have been consulting companies, Weitz and Jap (1995, p. 309), remarked, "Reminiscent of the Total Quality Movement, marketing scholars have been watching the world evolve rather than leading or even participating in the evolution."

An intriguing, underlying dynamic also exists that compels the need to elucidate the concept of relationship formation and maintenance. The dynamic is for the natural tendency for things to decay. Waldrop (1992) remarks:

> Nature seems to be less interested in creating structures than in tearing structures apart. . . . Indeed, the process of disorder and decay seems inexorable—so much so that nineteenth-century physicists codified it as the second law of thermodynamics...Left to themselves, says the second law, atoms will mix and randomize themselves as much as possible.

With the downsizing of corporations, with the consolidation of supplier relationships, with the proliferation of technologies which encourage experimentation, there is dramatic evidence of this "tendency toward deterioration" ( Dobyns and Crawford-Mason 1991; Hammer and Champy 1993; Han, Wilson and Dant 1993). And yet the influence of the second law may not be inexorable.

Nobel prize winner Ilya Prigogine was intrigued by the degree of order in the universe, seemingly in spite of thermodynamics' second law (Prigogine and Stengers 1984). He labeled the higher states of order as dissipative structures and pointed out that "Left to themselves" does not always typify the real world. Waldrop (1992, p. 33) summarizes Prigogine's insights and clarifies matters by underscoring the point that exposing atoms to energy from the outside partially reverses the steady degradation of things demanded by thermodynamics second law.

Studying the "process of relationship formation and nurturing", as several have done (c.f., Ford 1980; Jackson 1985; Turnball and Wilson 1989; Copulsky and Wolf 1990; Dabholkar, Johnston, and Cathey 1994; Magrath and Hardy 1994; Kanter 1994), can be viewed as an effort to combat thermodynamics' second law by engineering "a flow of energy in" (see also Salmond and Spekman, 1986, for a perspective on relationships and collaborations). The entire concept of the learning organization (Handy, 1989; Senge, 1990; Garfield, 1992) may be understood as "a flow of learning energy" into the firm. The expectation is that thermodynamics' second law and its prediction of deteriorating relationships can be averted.

For years the avalanche of material about the customer/firm interface focused on the customer as being catered to by the marketer. A body of novel thinking and writing is needed that focuses on the relationship as that which must be catered to in enhancing marketing policy implementation. Davis (1987) remarks that while the industrial model focused on the producers and the postindustrial on the consumer, the business model of the future should focus on the relationship between producer and consumer. Thus, the relationship becomes the focus of both parties. As such, customers will be asked to become better listeners, to become more tolerant of errors, and to play a role in assisting the marketer to make a sale. Such a perspective is viable in both the consumer and business-to-business arenas. Simultaneously, as the other member of the relationship, marketers in their policy implementation efforts must be asked to become better listeners, to become better at devising complaint management systems, to become more tolerant of customer idiosyncrasies and so forth. The "consumer is king" mantra may, correctly, give way to a new one, "the relationship is king," as reflective of the commitment of both parties to the marketing concept.[2]

The need now is to bring theory and practice together. How and where can we best incorporate the wisdom of relationship issues in marketing? It is not within a new paradigm called relationship marketing. It is, however, within a broadened conceptualization of what strategic marketing should represent to the marketing discipline.

## WHAT'S NEEDED: THE STRENGTHENING OF STRATEGIC MARKETING BY IMPLEMENTATION OF RELATIONSHIP MANAGEMENT

A continuing discourse on relationships in marketing is a must in recognition that there is no such thing as a sustainable competitive advantage (D'Aveni 1994). Indeed, Schumpeter's "creative destruction", the basis of capitalism, rests on the understanding that when something is destroyed, it is a severed or attenuated relationship, person-to-person, person-to-product, or business-to-business that really is. The very survival of capitalism is predicated on this process of relationship destruction and replacement. Thus, marketing must maintain the getting and keeping mind-set while appreciating that competitor firms simultaneously have the same one. Short term competitive advantages which, in essence, mean short term relationships, are most worthy of pursuit. Firms that have the longest standing success in the marketplace have enjoyed this success by destroying the relationships they had with customers (i.e., through innovation), while immediately replacing them with new relationship enhancements.

The place to nurture such a discourse about relationships is within the context of strategic marketing because strong business relationships are among the most important competitive advantages a firm can possess (Davidow and Malone 1992; Normann and Ramirez 1993; Pinchot and Pinchot 1994). As observed by Gronroos (1989), "The most important issue in marketing is to establish, strengthen and develop customer relations..."

Strategic management emerged as a hot topic in the management literature twenty years ago. Marketers then raced to develop a separate but parallel concept called strategic marketing. As one studied the strategic marketing literature, however, with its discussion of portfolio models and experience curve effects, it became clear that "Managers had tended to shift their attention from creating customers to trying to dominate particular markets, segments, or niches" (Sutton 1990, p. 21). Strategic marketing thought and practice in the 1980s moved away from the very foundation of marketing, the getting **and** keeping of customers. Such a perspective so frustrated some writers that they erroneously concluded that strategic marketing would have little to offer firms of the future. For example, Davidow and Malone (1992, p. 225) asked, "What will replace strategic marketing?" and answered, "The marketing of value...convincing customers about corporate and product credibility, quality, service, fairness and customer satisfaction."

Why this unfortunate perspective for strategic marketing? We suggest that the reason is a direct consequence of the conceptualization of strategic marketing as primarily a financially driven dimension of the firm. Apparently to legitimize strategic marketing, marketing theorists sought to separate marketing strategy from marketing management and to glorify the former at the expense of the latter. Strategic marketing was to be involved with broad, strategic issues facing the firm, with management addressing such issues as the marketing mix and customer satisfaction. The resultant conceptual fracturing forced marketers to view a person responsible for setting prices, for example, as not being in strategic marketing. The conceptual separation that resulted between strategic marketing and marketing management must be repaired.

Everything in the firm must be viewed with a strategic marketing mind set. Whether the acquisition of a multi-billion dollar firm or the design of the next coupon campaign, all must be understood as efforts to help get and keep customers. The qualifier "strategic" is not to be reserved because of scope of undertaking (i.e., an acquisition vs. a coupon campaign), but because of the quality of the objectives that are set, the way resources are used, and the speed of implementation of plan. Thus, the complementary label "strategic," always one of degree, depends on how the three variables have been managed by the individual.

## MANAGERIAL IMPLICATIONS

What managerial implications may be drawn from this research? First, it is imperative that strategic marketing must be understood as the province of everyone in the firm, not simply a few corporate strategists.

Second, relationship management should be accepted as being at the heart of marketing itself. Whether a relationship is between a consumer and a product, or between one firm and another, and regardless of the marketing action (from site selection to a coupon campaign, from a window display to the acquisition of a new business), all activities should be approached as matters of relationship management.

The third issue involves the use of the word "relationship" in business contexts. In some contexts, such as firm-to-firm interaction, the word is comfortably used by all parties. However, in the firm-to-consumer context, the word may be more comfortably used by the firm than by the customer. Nevertheless, firms should strive to develop relationships with customers even if the customer does not comfortably use the word "relationship" to characterize buying the products and services of the firm.

Fourth, as firms establish and refine relationships with the marketplace, some marketplace relationships with competitors will inevitably be severed and new ones formed. Capitalism, with its emphasis on a competitive marketplace, demands this process be preserved and protected. Left to themselves, relationships of all kinds deteriorate. Each firm, therefore, must be its own best competitor in refining and sharpening ways for strengthening relationships with customers.

The 1990s are witnessing a renewed focus on the 1950s priorities of a corporate-wide focus on the customer, on product quality, and on the delivery of value. It is strategic marketing that is responsible in such a context for developing the vision for the firm. It is strategic marketing that is responsible for maintaining the viability of the firm. It is within strategic marketing that marketingimplementation occurs. Relationship management, i.e., the getting and keeping of customers, reflects one important way in which the firm can implement its strategic marketing plans. Levitt (1986) observed over a decade ago, "The fundamental purpose of a business is the getting and keeping of a customer." The fundamental purpose of a business and the fundamental purpose of strategic marketing are fully congruent.

The final issue is the gamut of relationships a firm may have with its customers. How can one most readily conceptualize the gamut of relationships a firm may have with its customers? We do not favor suggestions for a dual strategy continuum approach (Berry 1995b; Gronroos 1995), with transactions at one extreme and relationships at the other, as shown in Figure 3. We argue, instead, for the continuum representation noted in the bottom half of the figure.

We view it more strategically sound to view all interactions with customers as relationship interactions. It is the intensity of the effort put into the relationship that should determine where the relationship falls on the continuum. If a relationship is best managed with brochures left in hotel rooms (along with the other basics that must be done), that would be a less intense management process than would be a relationship managed with full scale inter-relationships of firm members, one with the other. Even what one firm may think is a one-shot transaction with a customer could have dramatic implications for future, though now unknown, dealings with that individual. Furthermore, the possibility exists that this "transaction" individual could have important current influence over others. Consequently, we favor the continuum perspective for all types of relationship exchanges as shown in the bottom of Figure 3.

## SUMMARY

Almost two decades ago, Johnson (1978, p. 515) noted in a retrospective about marketing that "As the material, technological, social and cultural boundaries of our society underwent change over the years, the boundaries of marketing were continuously being redefined." International marketing, service marketing, global marketing, business-to-business marketing, "not-for-profit" marketing, and so on, reflect this reality and represent a tailoring of the marketing discipline to the ongoing evolution. Regardless of the specificity of focus (service marketing, international marketing, etc.), however, the philosophical underpinnings of these various subspecialties have always remained unwavering: that the relationship between buyer and seller is at the heart of the marketing process.

**FIGURE 3**

**THE RELATIONSHIP MANAGEMENT CONTINUUM**

**WHAT'S NEEDED**

NOT THIS CONTINUUM

TRANSACTION MARKETING ———— RELATIONSHIP MARKETING

**BUT THIS ONE**

RELATIONSHIP MANAGEMENT CONTINUUM

LOW INTENSITY ———— HIGH INTENSITY

Strategic marketing adds value to theory and practice by embracing relationship management as the essence of its foundation. Indeed, what is a business if not for its relationships? To quote from Deming's **Out of the Crisis** (Christopher et al. 1993), "Is it the bell that rings, Is it the hammer that rings, Or is it the meeting of the two that rings?" We think it's the meeting of the two that rings, it's the relationship.

## ENDNOTES

1.An analogy exists in the context of the quality movement. Many companies in the 1980s became so obsessed with the pursuit of statistically-based quality that they ignored customer needs. A new concept, return on quality (ROQ), is now being pioneered (Rust, Zahorik, and Keiningham 1995). "ROQ is about getting companies back to something that's equally intrinsic to everyone's business: customer focus" (Griesing 1994, p.56).

2.Philosophically related to Davis's (1987) point is the comment from the seminal work by Wheatley (1992, p. 9). She shares the sufi teaching, "you think because you understand one you understand two, because one and one makes two. But you must also understand ***and***." It is this "and" that Davis is talking about for the new business model. Philosophies like this one may increasingly find their way into the marketing literature as academics become more global in their desire to tap into cultural perspectives throughout the world, paralleling businesses that become more global in the products and services they market. Along these lines, Senge et al. (1994), begin their interesting work by sharing ubuntu teachings from Natal in South Africa. In the spirit of ubuntu, they point out, a person is a person because of other people. Might it not seem healthy for our culture to acknowledge that a business is a business only because of the relationships it has with other businesses?

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