From relationship marketing to total relationship marketing and beyond

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Abstract

Purpose – This paper aims to emphasize the need for generation of more general, abstract and grand theory in marketing by synthesizing relationship marketing and other developments and to address complexity instead of fragmented bits of marketing.

Design/methodology/approach – This study is a discourse based on new theoretical developments, literature and personal reflection.

Findings – Relationships, networks and interaction constitute the core of marketing.

Research limitations/implications – Future focus on theory generation and complexity through case study research and not on fragmented quantitative surveys and hypotheses testing. When complexity is better understood, boil it down to actionable simplicity in the form of mid-range theory.

Practical implications – Research in marketing is there to be used in real life; it is not an academic parlor game. The paper addresses complexity instead of shunning it, search for the core of marketing and offer simplification as mid-range theory (checklists, heuristics, etc.) and with focus on decisions, action and results.

Originality/value – Going from the current fragmented approach of marketing to a holistic and theory-based approach, linking theory with practice.

Keywords Interaction, Pragmatic wisdom, Relationships, Complexity, Networks, Theory generation

Paper type Viewpoint

Introduction

There are different perceptions of relationship marketing (RM) – and there should be as it is dealing with extremely complex and composite phenomena. Research in marketing tends to take shortcuts and overgeneralize and oversimplify at a stage when the understanding is still shallow. This is a brief account for a way of approaching RM and link it to other developments. Within the limited space, only certain elements can be treated, and tentative conclusions be drawn.

These are the vantage points of the paper:

- *Life is interaction in networks of relationships*: This is grand theory, general for all life. After understanding this, the next step is to make it specific to the marketing context.
- *The world is complex*: Marketing uses methodologies from social sciences. Too often, they emanate from positivism and do not address complexity. More deep-going case study research is necessary.
- *Theory generation*: Grand theory can help us better see the whole picture, process its complexity and condense and simplify it into actionable mid-range theory.

RM's future is not as a special issue the way it is treated in the mainstream literature. RM is part of a series of developments that offer ideas which need to be synthesized to form more general, grand theory. Theory generation in marketing is underdeveloped. It is easier to get fragmented empirical surveys published in a journal than new theory. This is contradictory from a scientific standpoint. The bulk of empirical research builds on taken-for-granted opposites such as goods/services, quantitative/qualitative and supplier/customer. These vantage-points are fuzzy sets, and to be understood they have to be treated together as overlapping and without clear boundaries. They can be used as characteristics on a lower level, but they do not earn the right as overriding. More theoretical sensitivity through inductive research is required.

Research and education in marketing is largely stuck in positivistic quantitative methodology from the Classic Scientific Revolution of the 1600s, even if there is a plethora of efforts to deviate from this through interpretive and qualitative methods, critical research and postmodernism. These alternatives are second-rated by the mainstream and only useful as a prelude to the "real thing": statistical randomized surveys followed by hypotheses testing. Factor analysis, regression analysis, multivariate analysis, LISREL, etc., are brought in and the outcome is presented with a zoo of number-animals of which new species being born continuously. Quantitative empirical research has elaborate ways of giving an ambiguous outcome a pseudo-precise identity. Examples are operationalization of variables, averages, probabilities and distributions, where there are "exact" indices and numbers, even with decimals. It is an impressive way of saying "precisely perhaps" and "exactly approximate", but it offers few conclusive results. Despite this it claims to be "rigorous" and systematically arrived at. It is based on *reduction* of reality, instead of *condensation* of reality. The outcome easily becomes rigorously derived ignorance.

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By convention, *explicit* knowledge is considered scientific, whereas *tacit* knowledge – common sense, experience, intuition, judgement calls and so on – is considered non-scientific. Despite its rejection of tacit knowledge, quantitative research is replete with subjective assumptions. I found that doing a statistical questionnaire survey included some 30 weak spots where judgement calls have to be made by the researcher. Marketing is applied science and the practical reality – decisions, action and results – has to be recognized. The combined effect of explicit and tacit knowledge is referred to as *pragmatic wisdom* (Gummesson, 2017a).

Modern natural sciences can teach us about the need for grand theory that is abstract and strives to be generally valid. But the base should not be positivism from the Classic Scientific Revolution, although it made certain contributions that are still valid. Einstein's theory of relativity, published 100 years ago, started a New Scientific Revolution: Modern Physics. In its wake came quantum physics, systems theory, network theory, chaos theory, fuzzy set theory, fractal geometry and others opening up for the study of real-world complexity. The *positivist paradigm* is replaced by the *complexity paradigm*. From that mid-range theory can be derived and guide practical action. Mainstream research techniques such as surveys and other types of interviews shun complexity for the risk of not being "rigorous". It leads to superficial, oversimplified and overgeneralized results.

Relationships, networks and interaction as core marketing concepts

When people started to exchange goods and services, they also started to interact in relationships. At first, trade was local barter and everybody knew each other; it was a two-party relationship where value was exchanged for value. When trade expanded, people had to build new relationships beyond family and neighbors, and at present, most of our business relationships are anonymous. The individual economy became a multi-party, network economy. Money was invented as a facilitator of exchange. Trade became marketing which currently is a central discipline of business and management.

Business people have always known about the importance of relationships, networks and interaction but handled them more or less skillfully. The only ones who did not know were the professors at business schools and the MBAs who were examined by them. If the graduates landed managerial positions before they had gained sufficient practical experience, built tacit knowledge and developed pragmatic wisdom, they would still dwell in a world of textbook models of disputable validity.

Although some academics had brought up relationships before it was not until the early 1980s and when the term RM was suggested in two areas – services marketing and B2B marketing – that it began to catch on. The conventional definitions of RM list properties of relationships, first of all that transaction marketing (one-shot buyer/seller relationships) should be turned into long-term continuous relationships. Suppliers should attract, win, build, establish, enhance, maintain and terminate relationships; and make them enjoyable, enthusiastic, ethical and personally and professionally rewarding win–win relationships. Some even claimed that customers should not just like you but love you and become glowing fans. Others went overboard and talked about techniques to lock up and own customers thus treating "relationships" as a new device to control customers.

These listings did not catch the soul of RM; a more conceptual, abstract, general and inclusive definition was needed. It became: "Marketing is interaction in networks of relationships" (Gummesson, 1983). It has since included new developments and was given the name *Total Relationship Marketing, TRM* (Gummesson, 2017b). Others have contributed in the same vein (Christopher *et al.*, 2002).

Paradigm shifts

To sort out the development of marketing over the years is not easy. There is no unified paradigm, as the progress is non-linear and often non-cumulative. Marketing management textbooks mainly offer a listing of everything there is and was, with a lack of syntheses and theory generation. They carry forward obsolete models and are thus historical and with very little about the research frontline. New thinking is presented in special marketing books and articles. Furthermore, academic paradigms differ from practitioner paradigms and several paradigms are living side by side.

Here is an effort to identify changes over the past decades. All such efforts offer fuzzy rather than crisp categories with time frames that are fuzzy.

Paradigm 1 (-1970s) was dominated by American marketing management and the marketing mix ("the 4Ps"). All were standardized, mass-manufactured and mass-distributed consumer goods, business-to-consumer (B2C) marketing. Business-to-business (B2B) marketing was a footnote. Services and relationships were absent. Customer centricity was stressed – but on the conditions of suppliers who *do something to* customers.

Paradigm 2 (1970s-2000s) formed an era of differences. Service marketing and management was discovered focusing on differences to goods marketing. The service encounter introduced interaction between service providers and customers, also noting that customers were partially present during the production and delivery of service. B2B marketing was also discovered and treated as different from B2C marketing. RM, customer relationship management (CRM) and one-to-one marketing were introduced and the relationship, network and interaction concepts started to appear more frequently. In the 1980s, quality management was rediscovered in business and excellence, value and customer satisfaction were in focus. Marketing was claimed to be customer and relationship centric but, as before essentially, based on the supplier's conditions: *do something to* the customers.

Paradigm 3 (2000s-) is the beginning of an era of commonalities, interdependencies and a systemic, stakeholder centric approach, addressing marketing complexity and theory generation. *Service-dominant (S-D) logic* opens up for higher level theory, grand theory and connects former fragments but also discards outdated and a non-viable theory claims. It is supported by the practitioner-initiated *service science*, with an increased emphasis on many-to-many networks and systems theory. A new marketing and service theory and a science of service based on cocreation of value in complex service systems is in the making: *do with* others.

Selected comments to the paradigms

- S-D logic (Lusch and Vargo, 2014) offers the major theoretical breakthrough. It has long been stressed that the goods/services divide is counterproductive but with S-D logic it has become a central issue. The major change is that *service* was totally supplier-centric and has now turned into a stakeholder-centric concept viewing goods as packaged service. IBM and other companies are adopting S-D logic in their practice when changing from the supplier-centric computer science to service science (Spohrer and Motahari-Nezhad, 2015). It is a token of pragmatic wisdom. It addresses complexity and will keep developing for the next decades with great support from researchers worldwide. Despite this, there are forces trying to "dilute" it, showing how low the understanding of the need for grand theory is in marketing.
- As always, the USA dominates the literature, but contributions come from many countries. In RM and service early contributions came from Sweden and Finland (The Nordic School: Grönroos, 1997; Normann, 2001; Gummerus and von Koskull, 2015), the UK and France, and, currently, RM is globally established. Through the IMP (Industrial Marketing and Purchasing) Group in Europe, B2B switched from dyads to complex networks (Håkansson *et al.*, 2009).
- One-to-one especially stressed customers as individuals – the segment of one – market share changed to share of customer (Peppers and Rogers, 1993). If individual customers have similarities, they can be categorized in communities and networks. While traditional segments were crude and based on gender, income and other sociodemographic variables, communities are based on interaction in networks of relationships. Examples of such communities are consumption networks and brand networks (Närvänen *et al.*, 2014).
- Within a network of stakeholders, there are multiple roles, all affecting the outcome. The most conspicuous are the roles of the supplier and the customer. The customer role has changed, and in the cocreative mode, there is resource integration between customers and suppliers, and customers can take initiatives and sometimes lead the development and if supported, rather than controlled by the supplier, the supplier can leave much of the marketing to customer networks and communities (Gummesson *et al.*, 2014). Much earlier, although it was hardly noted in the marketing literature, do-it-yourself (DIY) had grown powerful and opened up new markets. IKEA is partially a DIY store, and stores provide people with equipment for self-gardening, repair, etc.
- Online marketing and social media established themselves and keep growing at a rapid pace. They change market conditions and render additional and partially new meaning to relationships, network and interaction. These relationships are less understood and change continuously with new platforms and new generations. Social media are increasingly used for marketing and financed through advertising.
- The idea that technology replaced human activity was proven wrong. The high-tech/high touch concept says that high tech asks for a balance with the human aspect, high touch. When high tech increases, high touch goes up as well, and the two grow together. Online and offline interact in numerous patterns, partially understood through networks and communities (Närvänen *et al.*, 2014).
- There were also other important contributions to RM that are not treated in this brief paper. Among them are trust and commitment as necessary conditions for successful customer–supplier relationships (Morgan and Hunt, 1994). Others are efforts to measure the effect on profitability of relationships, return on relationships.

Conclusion

RM should not be treated as a special case of marketing. Marketing is a complex area that must be more deeply understood through cases. The generation of grand theory is a necessity for understanding the core of marketing and lay the ground for actionable simplifications in the form of mid-range theory. Following the definition of RM and marketing in general as interaction in networks of relationships RM should merge with other approaches. Its broading to TRM was a step in this direction, but in the future, there may appear a better designation. Examples of syntheses are Payne and Frow (2013) have successfully merged RM and CRM; and in the article "B2B is not an island!" Gummesson and Polese (2009) link IMP research with the general developments in RM, TRM, many-to-many marketing, S-D logic and service science. In this way, a link is established between B2B, B2C, customer-to-customer and further generalized to actor-to-actor marketing.

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