Understanding Contemporary Marketing: Development of a Classification Scheme

The term Relationship Marketing has been used in a multitude of ways to describe and define marketing in the contemporary environment. This has led to the term being loosely defined and applied in the literature, resulting in frustration for both researchers and practitioners. Therefore, a classification scheme is developed from analysis of the extant literature, and used to systematically examine the meaning of marketing across twelve dimensions which reflect issues related to marketing practice. From this scheme, the authors identify two ‘perspectives’ of marketing, which encompass four distinguishable ‘types’ of marketing. Implications for future research in the area are discussed.

Introduction

In the last decade, there has been considerable discussion in the marketing literature about how to describe and define marketing in the contemporary environment. For many, the commonly accepted view of marketing has been that offered by the American Marketing Association (AMA) (1985), which defines marketing to be:

"...the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchange, and satisfy individual and organisational objectives".

At the same time, however, certain academics have long argued that this view of marketing is outdated, and only relevant to certain types of firms and markets (e.g. Hakansson 1982; Berry 1983; Ford 1984, 1990; Gummesson 1987, 1994; Gronroos 1989, 1994). Further, they argue that the “4P” perspective offered by the AMA is overly clinical and based solely on short-term economic transactions in a monopolistic environment dominated by large multinational firms (see Gronroos 1994). As noted by Moller (1992) in his review and critique of marketing traditions, the AMA view seems to presume “primarily a stimulus-response relationship between the firm and its customers”, where the customer markets are comprised of passive, independent actors.

Such criticisms have led to the suggestion that a “new paradigm” is more universally relevant, whereby Marketing per se is focused on facilitating and maintaining relationships over time. Gronroos (1990) defines the purpose of marketing in this new context:
to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the partners involved are met. This is achieved by a mutual exchange and fulfilment of promises”.

This “new paradigm” is commonly referred to as Relationship Marketing, and widespread interest in the concept has led to an increase in conceptual and empirical research debating the topic, and a number of important books (e.g. Gronroos 1990; Christopher et al. 1991; Houston et al. 1992; Gummesson 1995). A number of respected journals have devoted a “special issue” to Relationship Marketing per se, and not surprisingly, reviews of the history and evolution of Relationship Marketing are now published (Gronroos 1994; Sheth and Parvatiyar 1995; Aijo 1996). Unfortunately, the precise meaning of this concept is not always clear in the literature (Fisk 1994; Iacobucci 1994; Peterson 1995; Blois 1996; Lehtinen 1996).

At the broadest level, Relationship Marketing may incorporate everything from database management to personalised service, loyalty programmes, brand loyalty, internal marketing, personal/social relationships, and strategic alliances (Kotler 1992; Gummesson 1994; Morgan and Hunt 1994). Defined as such, the term becomes a “catch-all” phrase, perhaps best summarised by Gummesson (1994) as an approach which is based on the concepts of relationships, interactions, and networks.

Unfortunately, such a broad definition seems to have had two effects: (i) it has led to the term Relationship Marketing being applied rather loosely, with the result that the term has become a popularised buzzword (see Nevin 1995); and (ii) it has also given rise to a multitude of narrow, convenient interpretations of the term, whereby Relationship Marketing has been defined to fit the specific needs of the researcher. For example, some areas of the literature discuss Relationship Marketing at a tactical level, with one interpretation presenting it as a manifestation of database marketing; a technology-based tool for firms to acquire and manage customers (Copulsky and Wolf 1990; Shani and Chalasani 1993; Peppers and Rogers 1995). A second tactical interpretation uses Relationship Marketing to describe the use of electronic media to actively interact with the customer (Blattberg and Deighton 1991; Fuhrman 1991). A third tactical interpretation suggests Relationship Marketing is a form of multi-level marketing or pyramid selling (Fogg 1995; Croft and Woodruffe 1996).

At a more strategic level, Relationship Marketing is said to focus on the ongoing collaborative relationships between a business and its customers, with emphasis on customer retention (Parvatiyar and Sheth 1994; Sheth 1995). Notably, Relationship Marketing in this context excludes non-customer relationships with suppliers or other partners, or non-business/social relationships. Not surprisingly, a fifth interpretation of Relationship Marketing then extends the focus beyond customer retention to view the concept as a form of “customer partnering”, where the buyer is “...involved in the design and development of the seller’s product or service offerings” (Magrath and Hardy 1994), or where “working relationships” are established with customer firms in a co-operative manner (Anderson and Narus 1990). This perspective focuses on co-operative personal relationships as the core element of marketing.

These varied interpretations and multiple uses of the term Relationship Marketing are perhaps not surprising given the complexity of relationships themselves
(Gummesson 1994). However, they have led to the term being both over-used and carelessly used in the literature, resulting in frustration for academics and practitioners.

To complicate matters, concepts associated with research on interactions and networks are also common in the literature, yet are often labelled as Relationship Marketing (e.g. Gronroos 1990, 1994; Webster 1992; Morgan and Hunt 1994). This is in spite of the fact that significant bodies of research have been developed in each area. For example, research from the IMP Group has led to the development of the Interaction Approach, which focuses on individuals in dyadic buyer-seller relationships (Hakansson 1982; Ford 1990). In this context, marketing is seen as an interpersonal and social process, based on ongoing contact, mutual goals, trust, and commitment (Hakansson 1982; Ford 1984; Wilson and Mummeleni 1986; Wilson and Jantrania 1994). The Network perspective on the other hand, focuses on the totality of relationships in a market/industry, and not the individual or dyad (Easton 1995). As described by Gummesson (1994), marketing in this context involves “...the creation, utilisation, and maintenance of [a] network [of relationships between firms].”

Each of these schools of research reflects an additional factor which further complicates efforts to understand marketing: they focus on different levels of relational exchange and units of analysis. While there are many types and levels of relationships which could be examined in the context of marketing, Transaction Marketing (i.e. the AMA view) tends to focus on the exchange process between groups of customers in the market and the organisation supplying products and services. Alternatively, the other schools focus specifically on relationships with a specific end-user, or between individuals or firms, or among groups of firms.

Finally, efforts to understand the nature of marketing in the contemporary environment are complicated by the common argument that certain types of marketing are appropriate to consumer goods firms, while others are more appropriate to service or industrial goods companies. This view is conceptualised in a continuum by Gronroos (1990), who argues that the more traditional “marketing mix” perspective of marketing is “not geared to the current market situation” of service industries and manufacturers of industrial goods and equipment, and is “...therefore misleading.” (Gronroos 1995). Although Gronroos does recognise that marketing mix variables can be useful for such firms, Easton (1992) states that most organisational markets “reject” the micro-economic model of marketing, where the firm “sets the mix parameters and the faceless market responds.” Furthermore, Easton (1995) argues that the “interorganisational network paradigms” lie outside “traditional marketing territory” since the central notion is that of exchange relationships (as opposed to transactions).

This notion that the Interaction and Network approaches to marketing are the domain of industrial and service firms is also reflected in recent work (Hakansson and Snehota 1995; Rajala et al. 1995; Low 1996), in spite of the fact that when dealing with the external market, all types of firms (regardless of industry) may have contact with customers, individuals, and other businesses, through exchange relationships. Similarly, all firms may have contact and perhaps relationships with buyers in the market, be they intermediaries or end-users (ranging from those in the mass market, to specifically identified individuals, to organisational buyers or teams of buyers). Thus, firms and/or individuals may interact and develop exchange relationships
with other firms and/or individuals, and such exchange relationships may be more transactional, or more relationship in nature.

To summarise, efforts to understand marketing in the contemporary environment are complicated by: (i) the variety of terms used to describe and define marketing; (ii) the differing units of analysis emphasised by each of the differing schools of research in the area; and (iii) the view that some types of marketing are more appropriate to certain industries than others.

**Research Purpose**

Given the above, the purpose of this paper is to review the broad literature base discussing *Relationship Marketing per se*, and develop a simple classification scheme which helps to identify and distinguish various types of marketing that may be relevant to contemporary business practice. Rather than focus on the shortcomings of the extant literature, this paper seeks to:

1. integrate both the normative and positive literatures, in an effort to develop a conceptual framework that can be used for future investigation of marketing practice;
2. synthesise the Scandinavian-based European school of marketing thought with that of the North American school, recognising that each has developed its own emphasis and traditions over time (Halinen 1995; Wensley 1995; Wilson and Moller 1991); and
3. focus on issues relevant to the practice of marketing (rather than the theory of marketing).

The paper proceeds with the development of the classification scheme, which is then used to identify four distinct, yet related, types of marketing. The paper concludes with a discussion of key findings and research implications.

**A Classification Scheme**

To begin, the classification scheme was developed by identifying the themes and dimensions of marketing most commonly discussed in the literature. This involved searching for common denominators across the various streams of research associated with the services, channels, interaction, and network literature. Of note, this examination of the literature recognised that even if previous researchers focused on similar issues, they may not have used common construct definitions (Wilson and Moller 1991).

In the same way the various views of marketing may or may not share certain constructs, there is little agreement on the conceptual language to be used (Halinen 1995). Therefore, an effort was made to avoid language such as that found in the network literature which is "diffuse and contradictory, hence difficult to learn" (Easton 1992). Rather, the classification scheme employs terms which are concise,
understandable, and able to be communicated to academics and practitioners alike. Also, the classification scheme should have the potential to be operationalised, thus requiring simplicity in structure.

Through content analysis of how previous researchers have defined and used terms associated with marketing, three common themes were identified through the literature: (i) exchange; (ii) relationships; and (iii) managerial issues. Interestingly, the "exchange" and "relationship" dimensions were often discussed concurrently (especially in recent literature). Thus, this research will focus on only two themes:

1. relational exchange; and
2. management issues.

Within these two themes, twelve dimensions relative to marketing practice were identified. While each of the twelve dimensions can be found throughout the literature, there is no common classification scheme integrating them with the themes of relational exchange and management, for the purpose of understanding marketing in the contemporary environment.

Furthermore, the paper adopts the perspective of the practitioner so far as possible, whereby the practitioner may be an individual, groups of individuals, parts of firms, firms, or groups of firms. In this manner, we follow the definition of an "actor" as offered by Hakansson and Johanson (1992), and focus on parties which perform activities and/or control resources, develop relationships with each other through an exchange process, are goal oriented, and have differential knowledge about activities, resources, and other actors in their "network". As a result, understanding marketing from the themes of both relational exchange and management (how practitioners perform marketing activities and/or control resources) is relevant. This is supported by Houston et al. (1992).

Each theme and its related dimensions will now be discussed in greater detail.

**Relational Exchange Dimensions**

The exchange concept has traditionally been seen as the core or hub of the marketing discipline (Alderson 1957; Bagozzi 1975; Hunt 1976; Kotler 1984; Houston et al. 1992). However, more recent views of marketing (Sheth et al. 1988; Gronroos 1995) argue that the concept of economic exchange is too narrow a unit of analysis and reflects a perspective of marketing that has emerged from the functionalist school of thought (Parvatiyar and Sheth 1994). Both Gronroos (1995) and Parvatiyar and Sheth (1994) argue that current marketing practice suggests that interactions may or may not include "exchange", and rather, seek to attain mutual benefit through shared activities. As a result, they argue that economic exchange *per se* should not be the fundamental unit of analysis in marketing. However, implicit in the argument that parties seek to "attain mutual benefit" through association, is the fact that knowledge, experience, and perhaps financial resources may well be exchanged in the activity of sharing. As summarised by Houston et al. (1992), each party to an exchange both gives and receives "value"; value which can take different forms, including for example, shared experiences.
Thus, as implied by Wensley (1995) "exchange" is a process central to marketing, but will vary in its breadth, depending on which perspective of marketing is examined. For example, exchange may involve a single, isolated economic transaction, or it may encompass on-going relationships with a technical, knowledge, planning, or legal component (Easton 1992). Exchange might also be social in nature, and involve a personal, interaction-based process of social bonding, based on mutual goals, adaptation, trust and commitment (Ford 1984; Ballantyne 1995), or "exchange relationships" connecting firms in a network structure (Easton 1992; 1995). Following from this, the concept of relational exchange is used in this research to encompass both transactional and relational properties, and as a result, provides the first area of analysis.

Analysis of the literature leads to the identification of seven relational exchange dimensions. They are: the focus of the relational exchange, the parties involved in the relational exchange, the communication pattern between parties and their type of contact, the duration and nature (formality) of the relational exchange, and the balance of power in terms of who controls the relational exchange process and the level of interdependence between parties. Table 1 lists these dimensions, together with their meanings derived from the literature analysis, and authors which have discussed these dimensions in the context of marketing.

Of note, these seven relational exchange dimensions are drawn from both conceptual and empirical work used (for example) to describe characteristics of exchange relationships (e.g. Houston et al. 1992), describe the underlying constructs of buyer–seller relationships (e.g. Wilson and Moller 1991), describe the structural and process characteristics of inter-firm relationships (e.g. Easton 1992; Hakansson and Snehota 1995), distinguish between various "relationship marketing" mechanisms (e.g. Joshi 1995) and so on. However, most of this literature approaches construct definition from the perspective of the researcher. In the current paper, the authors take the perspective of the practitioner, and in an effort to summarize a wide-ranging set of constructs across multiple perspectives of marketing, have chosen the seven dimensions of exchange most clearly in the domain of the practitioner.

**Managerial Dimensions**

While the relational exchange perspective is fundamental to the marketing discipline, Ambler (1994) argues that to understand the marketing process, the focus should be on "...how managers use their time, energies, and enthusiasms, as well as the available financial resources." This is supported by Houston et al. (1992). Thus, the second area of analysis is related to managerial issues.

Analysis of the literature identifies five common management dimensions: the intent of managerial decisions, the focus of managerial decision-making, the types of marketing investment made by the firm, the organisational level at which marketing decisions are made and implemented, and the managerial planning time frame. Table 2 lists these dimensions, together with their meanings and authors which have discussed these dimensions in the context of marketing.
<table>
<thead>
<tr>
<th>Dimension</th>
<th>Meaning</th>
<th>Useful sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parties involved</td>
<td>Does the relational exchange process involve a firm and buyers in the general market? Individual sellers and buyers? Multiple firms?</td>
<td>Aijo (1996); Low (1996); Easton (1995); Hakansson and Snehota (1995); Sheth (1995); Gronroos (1994); Morgan and Hunt (1994); Sharma (1993); Kotler (1992); Iacobucci and Hopkins (1992); Johanson and Hallen (1989); Dwyer et al. (1987); Cunningham and Homse (1986); Turnbull and Valla (1986); Hakansson (1982).</td>
</tr>
<tr>
<td>Communication pattern</td>
<td>Is communication in the relational exchange directed “to” or “with” parties at the individual, firm, or market level?</td>
<td>Easton (1995, 1992); Low (1995); Hakansson and Snehota (1995); Sheth (1995); Sharma (1993); Iacobucci and Hopkins (1992); Copulsky and Wolf (1990); Johanson and Mattsson (1986); Cunningham and Turnbull (1982).</td>
</tr>
<tr>
<td>Duration</td>
<td>Is the relational exchange a routine, discrete transaction? A relationship-based process that may be short term? Long term?</td>
<td>Aijo (1996); Low (1996); Hakansson and Snehota (1995); Joshi (1995); Sharma (1993); Easton (1992); Dwyer et al. (1987); Johanson and Hallen (1989); Hallen et al. (1987); Turnbull and Valla (1986); Johanson and Mattsson (1985); Ford (1982).</td>
</tr>
<tr>
<td>Formality</td>
<td>Is the relational exchange formal or informal? At a business or social level?</td>
<td>Bjorkman and Kock (1995); Hakansson and Snehota (1995); Sharma (1993); Copulsky and Wolf (1990); Gronroos (1990); Dwyer et al. (1987); Johanson and Mattsson (1987).</td>
</tr>
<tr>
<td>Balance of power</td>
<td>Is the relational exchange process dominated by the seller? Buyer? Is there interdependence and reciprocity?</td>
<td>Low (1996); Hakansson and Snehota (1995); Joshi (1995); Perriem and Ricard (1995); Sheth and Parvatiyar (1995); Gronroos (1994); Wilson and Jantrania (1994); Sharma (1993); Easton (1992); Houston et al. (1992); Moller (1992); Wilson and Moller (1991); Johanson and Hallen (1989); Dwyer et al. (1987); Turnbull and Valla (1986); Johanson and Mattsson (1985); Arndt (1985); Hakansson (1982).</td>
</tr>
<tr>
<td>Dimension</td>
<td>Meaning</td>
<td>Useful sources</td>
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<tr>
<td>Managerial intent</td>
<td>Is the goal to attract customers? Retain customers?</td>
<td>Joshi (1995); Sheth (1995); Sheth and Parvatiyar (1995); Wilson (1995);</td>
</tr>
<tr>
<td></td>
<td>Interact with customers and/or other parties?</td>
<td>Gronroos (1994); Gummesson (1994); Jutner and Wehrl (1994); Magrath and</td>
</tr>
<tr>
<td></td>
<td>Co-ordinate and co-operate with customers (and other parties) to achieve</td>
<td>Hardy (1994); Morgan and Hunt (1994); Payne (1994); Sharma (1993); Kotler</td>
</tr>
<tr>
<td></td>
<td>mutual goals?</td>
<td>(1992); Easton (1992); Christopher et al. (1991); Copulsky and Wolf (1990);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Easton and Araujo (1986); Ford et al. (1986); Johanson and Mattsson (1985);</td>
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<tr>
<td></td>
<td></td>
<td>Ford (1984); Berry (1983); Cunningham and Turnbull (1982).</td>
</tr>
<tr>
<td>Decision focus</td>
<td>Is decision-making focused on the product/brand? Customers in a market?</td>
<td>Hakansson and Snehota (1995); Low (1995); Evans and Laskin (1994); Gronroos</td>
</tr>
<tr>
<td></td>
<td>An individual relationship? A firm? Firms in a network of connected</td>
<td>(1994); Gummesson (1994); Shani and Chalasani (1993); Easton (1992); Kotler</td>
</tr>
<tr>
<td></td>
<td>relationships?</td>
<td>(1992); Webster (1992); Dwyer et al. (1987).</td>
</tr>
<tr>
<td>Managerial</td>
<td>Are resources invested in internal marketing assets or capabilities?</td>
<td>Peppers and Rogers (1995); Wilson (1995); Morgan and Hunt (1994); Wilson and</td>
</tr>
<tr>
<td>investment</td>
<td>Developing committed relationships with individuals? Developing a</td>
<td>Jantrania (1994); Easton (1992); Wilson and Moller (1991); Johanson and Mattsson</td>
</tr>
<tr>
<td>Managerial level</td>
<td>Are marketing decisions made and implemented by functional marketers?</td>
<td>Gronroos (1990, 1994, 1995); Rajala et al. (1995); Gummesson (1994); Sharma</td>
</tr>
<tr>
<td>Time frame</td>
<td>Is the planning horizon short term? Long term?</td>
<td>Low (1996); Gummesson (1994); Jutner and Wehrl (1994); Madhavan et al. (1994);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payne (1994); Dwyer et al. (1987); Turnbull and Valla (1986); Wilson and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mummalaneni (1986); Johanson and Mattsson (1985).</td>
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</tbody>
</table>
Analysing the Relational Exchange and Managerial Dimensions of Marketing

Following identification of the seven relational exchange and five managerial dimensions, the source literature was re-analysed to: (i) more clearly define each dimension in the context of marketing practice; and (ii) identify and distinguish different types of marketing which might emerge.

The analysis did not seek to place distinct boundaries between various types of marketing, nor did it imply they were independent and mutually exclusive. Rather, the analysis attempted to highlight the similarities and differences between each type of marketing, as determined by the relational exchange and management dimensions derived from the marketing literature. More importantly, emphasis was placed on identifying dimensions relevant to actual marketing practice, rather than replicating all the constructs underlying the nature of relationships per se (see Wilson and Moller 1991; Wilson 1995).

Identifying Four Types of Marketing

Following from analysis of Tables 1 and 2, two general marketing perspectives were identified, encompassing four distinct types of marketing (see Tables 3 and 4). These are:

1. Transactional Marketing
   - Transaction Marketing
2. Relational Marketing
   - Database Marketing
   - Interaction Marketing
   - Network Marketing

Each will be discussed below.

Transaction Marketing

Transaction Marketing involves a firm attracting and satisfying potential buyers by managing the elements in the marketing mix (AMA 1985). Table 3 shows this approach involves creating discrete economic transactions. While these single transactions may continue over time, they are generally treated in isolation, at arm’s length, and largely in the context of a formal, impersonal process. Following from this, buyers in the market are passive in the relationship, and the seller actively manages the exchange, including communication “to” buyers in the mass market.

At a managerial level, Table 4 shows that the Transaction Marketing approach is again reflected in the AMA definition of marketing, and involves four operational functions (product development, pricing, promotion, and distribution). In this type of marketing, managers focus on marketing a product/brand to an identified group of customers. Marketing activities are usually relegated to functional marketing areas, and managers focus on developing internal capabilities related to the 4Ps.
Table 3. Types of marketing classified by relational exchange dimensions

<table>
<thead>
<tr>
<th></th>
<th>Transactional perspective</th>
<th>Relational perspective</th>
<th>Type: Interaction marketing</th>
<th>Type: Network marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Economic transaction</td>
<td>Information and economic transaction</td>
<td>Interactive relationships between a buyer and seller</td>
<td>Connected relationships between firms</td>
</tr>
<tr>
<td>Parties involved</td>
<td>A firm and buyers in the general market</td>
<td>A firm and buyers in a specific target market</td>
<td>Individual sellers and buyers (a dyad)</td>
<td>Sellers, buyers, and other firms</td>
</tr>
<tr>
<td>Communication pattern</td>
<td>Firm “to” market</td>
<td>Firm “to” individual</td>
<td>Individuals “with” individuals (across organizations)</td>
<td>Firms “with” firms (involving individuals)</td>
</tr>
<tr>
<td>Type of contact</td>
<td>Arms’ length, impersonal</td>
<td>Personalised (yet distant)</td>
<td>Face-to-face, interpersonal (close, based on commitment, trust, and cooperation)</td>
<td>Impersonal-interpersonal (ranging from distant to close)</td>
</tr>
<tr>
<td>Duration</td>
<td>Discrete (yet perhaps over time)</td>
<td>Discrete and over time</td>
<td>Continuous (ongoing and mutually adaptive, may be short or long term)</td>
<td>Continuous (stable yet dynamic, may be short or long term)</td>
</tr>
<tr>
<td>Formality</td>
<td>Formal</td>
<td>Formal (yet personalised via technology)</td>
<td>Formal and informal (ie at both a business and social level)</td>
<td>Formal and informal (ie at both a business and social level)</td>
</tr>
<tr>
<td>Balance of power</td>
<td>Active seller–passive buyers</td>
<td>Active seller–Less passive buyers</td>
<td>Seller and buyer mutually active and adaptive (interdependent and reciprocal)</td>
<td>All firms active and adaptive</td>
</tr>
<tr>
<td>Managerial intent</td>
<td>Transactional perspective</td>
<td>Relational perspective</td>
<td>Type: Transaction marketing</td>
<td>Type: Database marketing</td>
</tr>
<tr>
<td>-----------------------------------------</td>
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</tr>
<tr>
<td>Customer attraction</td>
<td>Customer retention</td>
<td>Interaction</td>
<td>(to satisfy the customer at a profit)</td>
<td>(to satisfy the customer, increase profit, and attain other objectives such as increased loyalty, decreased customer risk, etc.)</td>
</tr>
<tr>
<td>Decision focus</td>
<td>Product or brand</td>
<td>Product/brand and customers (in a targeted market)</td>
<td>Relationships between individuals</td>
<td>Connected relationships between firms (in a network)</td>
</tr>
<tr>
<td>Managerial investment</td>
<td>Internal marketing assets (focusing on product/service, price, distribution, promotion capabilities)</td>
<td>Internal marketing assets (emphasizing communication, information, and technology capabilities)</td>
<td>External market assets (focusing on establishing and developing a relationship with another individual)</td>
<td>External market assets (focusing on developing the firms position in a network of firms)</td>
</tr>
<tr>
<td>Managerial level</td>
<td>Functional marketers (eg Sales Manager, Product Development Manager)</td>
<td>Specialist marketers (eg Customer Service Manager, Loyalty Manager)</td>
<td>Managers from across functions and levels in the firm</td>
<td>General manager</td>
</tr>
<tr>
<td>Time frame</td>
<td>Short term</td>
<td>Longer term</td>
<td>Short or long term</td>
<td>Short or long term</td>
</tr>
</tbody>
</table>
Co-ordination with other functions in the firm is limited, and the planning horizon for this type of marketing is generally short term.

Although Iacobucci (1994) notes the AMA approach to marketing involves properties of exchange, and is therefore a relationship concept, the above analysis shows it is not truly based on relationships or interaction between parties.

Database Marketing

Analysis of Tables 3 and 4 identifies Database Marketing to be a form of Relational Marketing, involving an information and technology-based tool used by marketers. In this type of marketing, the focus is still on the market transaction, but now involves both economic and information exchange. This view is similar to Peppers and Rogers (1995), who define this type of marketing as "one-to-one" marketing which uses:

"advanced information technology to give an enterprise the ability to develop relationships with individual customers... (via) individually addressable and interactive media."

In this definition, the marketer relies on information technology (possibly in the form of a database or the Internet) to form a type of relationship, thus allowing firms to compete in a manner different from "mass marketing" (as seen in Transaction Marketing). More specifically, the intent is to retain customers over time. This is reflected in the process outlined by Copulsky and Wolf (1990) where the firm seeks to:

"(1) identify and build a database of current and potential customers... (2) deliver differentiated messages to these people through established and new media channels based on the consumers characteristics and preferences, and (3) track each relationship to monitor the cost of acquiring the consumer and the lifetime value of his purchases."

According to both of these definitions, Database Marketing is basically a tool or technique used by businesses to develop and manage long-term relationships between the company and its targeted customers.

Table 3 shows that while the intent of Database Marketing is to facilitate and maintain long-term customer retention, communication patterns are generally driven and managed by the seller, and therefore asymmetrical (similar to Transaction Marketing). Marketing is still "to" the customer, rather than "with" the customer (Pepper and Rogers 1995). Relationships per se are not close, and are facilitated and "personalised" through the use of technology. They do not generally involve ongoing interpersonal communication and interaction between individuals, and exchange is discrete, albeit over time.

Table 4 highlights that managerial investment for Database Marketing is in the tool/technique, and supporting technology and information. That is, it is an internal and controllable marketing asset to be managed by specialist marketers. In this type
of marketing, the managerial focus widens to include both the product/brand and specifically targeted customers.

Overall, the analysis supports Iacobucci's (1994) view that this a "more intense" or "closer" form of Transaction Marketing. As a result, it may best be considered a "...communication process [used] to enhance a seller's offering" (Perrien and Ricard 1995).

Interaction Marketing

Analysis of Table 3 shows while Database Marketing involves a certain form of relationship that is personalised yet distant, Interaction Marketing implies face-to-face interaction within relationships, and is reflected in the work of service marketing researchers (e.g. Berry 1983; Gronroos and Gummesson 1985), and the Industrial Marketing and Purchasing group (e.g. Hakansson 1982; Ford 1990).

As identified by Cunningham and Turnbull (1982), this type of marketing occurs at the individual level, where "personal contacts are made, bargaining and information exchange carried out, and individual relationships established." According to Webster (1992):¹

"...the focus shifts from products and firms as units, to people, organisations, and the social processes that bind actors together in ongoing relationships."

Thus, Interaction Marketing is a process involving individuals which initiate and handle complex, personal interactions (Dwyer et al. 1987). The relationship is based on social exchange, involving for example, trust, mutual orientation, dependence, satisfaction, commitment, and adaptation (Ford 1984; Wilson and Mummalaneni 1986; Gronroos 1990; Easton 1992; Wilson and Jantrania 1994).

Given the above, one unit of analysis in Interaction Marketing is the relationship itself. A second is "people" in an interactive, dyadic relationship, and a third is the interaction between "people" and various technologies and systems. At the same time, the relationships established between individuals are done in the context of their organisation, thus providing a fourth (interfirm) unit of analysis. As suggested by Johanson and Mattsson (1987), such interfirm relationships are characterised as:

"(1) having a mutual orientation, and (2) arising through exchange processes and social exchange, with an adaptation process."

These exchange relationships can occur in both a formal and informal manner, with the parties being mutually active and adaptive. Thus, Interaction Marketing is clearly different from the tool/technique of Database Marketing.

At a managerial level, Table 4 shows that Interaction Marketing is truly "with" the customer, as the individual and firm invests resources to develop a mutually

¹Webster uses this description in the context of what he terms "Relationship Marketing." However, as noted in the previous discussion, that label has been applied broadly, and in this case, the author's feel Webster's description is more appropriate to the term "Interaction Marketing."
beneficial and personal, interactive relationship. At the same time, the interaction-based relationship (in this context) is different from a simple long-term relationship in that: (i) it involves negotiation and therefore joint planning; (ii) the focus of exchange is expanded to include continuous value creation for all parties involved; and (iii) it involves reciprocal rather than sequential interdependence (Joshi 1995). Interaction Marketing is not the responsibility of a specialist marketer per se (as in Database Marketing), nor is the practitioner necessarily in the position of "seller". Rather, Interaction Marketing can involve a number of individuals across functions and levels in the firm, including Business and General Managers (Hallen 1986; Gummesson 1994), and encompasses both marketing and purchasing activities. Thus, the managerial focus and activities involved with Interaction Marketing differ markedly from those of Transaction and Database marketing.

Network Marketing

As discussed by Sharma (1993) and Anderson et al. (1994), dyadic analysis provides only a partial perspective to the understanding of relationships. Thus, discussion now shifts from dyadic relationships in Interaction Marketing, to the totality of relationships in a market or industry (Easton 1995). In this perspective, multiple, networked relationships between firms are the focus of Network Marketing, with specific interest in the "connectedness" of these relationships (Anderson et al. 1994).

By definition, a network involves "firms engaged in production, distribution and use of goods and services" (Johanson and Mattsson 1988). In this context, coordination occurs through interaction between firms in the network, and exchange relationships are established between firms. Each firm has direct relationships with customers, distributors, suppliers etc, as well as various indirect relationships (e.g. Johanson and Hallen 1989). Thus, a business network is basically a set of connected relationships (Anderson, Hakansson and Johanson 1994), implying relationships between firms (Hakansson and Johanson 1993). This view encompasses the role of both the individual and the firm, as relationships and networks "emerge through interaction between managers at different management levels" (Johanson and Hallen 1989). Because the relationships are part of a larger net, they can range from close (interpersonal) to distant (impersonal), and have varying levels of power and dependence, as well as degrees of communication (see Table 3). It is these relationships that are established through Interaction Marketing, although the focal interest in Network Marketing is on the network (Anderson et al. 1994), rather than the dyadic relationship.

Marketing in this context then becomes the "creation, utilisation, and maintenance of [the] network" (Gummesson 1994). Although Gronroos (1994) believes the role

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2 Recent work by Low (1996) however, recognises that not all relationships are entered into on a long-term basis, nor should they be, given short-term opportunistic behaviour is both accepted and encouraged, under certain conditions.

3 To understand the network however, the dyadic relationships forming the network structure must first be understood (Easton 1992; Anderson, Hakansson, and Johanson 1994; Cravens and Piercy 1994).

4 While the term "co-ordination" implies a positive, co-operative, mutually beneficial system, interaction in the network can also involve conflict, competition, collusion, or simple co-existence (Easton and Araujo 1986).
and form of marketing in networks is not very clear, Cunningham and Homse (1982) provide a useful view of Network Marketing whereby:

...all marketing activities may be seen as either providing the right circumstances for relationships to be established or developed, or to influence directly the nature and characteristics of individual relationships."

More specifically, Johanson and Mattsson (1985) define such marketing to involve:

"...those activities that serve to establish, maintain, develop, and sometimes break relationships, to determine the exchange conditions, and to handle the actual exchange."

Based on these definitions, Table 4 shows that Network Marketing occurs across organisations, where firms commit resources to develop positions in a network of relationships (Johanson and Mattsson 1985, 1988). This is generally accomplished through business and social transactions overtime, as a result of developing and maintaining relationships. Furthermore, Network Marketing may be conducted at a general management level (Groonroos 1994) or by "part-time" marketers from other functional areas in the organisation (Gummersson 1994), or even outside the organisation. As a result, it may be more strategic in orientation, as compared with Transaction and Database marketing.

Conclusions and Implications

Current marketing literature has moved beyond "4P" or Transaction Marketing to include other types of marketing loosely termed Relationship Marketing. This paper helps to summarise and synthesise this literature by developing a simple classification scheme which identifies four distinct yet related types of marketing, in the context of marketing practice.

These types of marketing may be generally classified into two perspectives: (i) Transactional; and (ii) Relational marketing, with the latter encompassing Database, Interaction, and Network marketing. Within this framework, Network Marketing emerges as a holistic view of Interaction Marketing, with interaction-based relationships characteristic of both. Network and Interaction Marketing differ from the tool/technique of Database Marketing, which is a "closer form" of Transaction Marketing. Each type of marketing has unique characteristics which may be more or less appropriate/applicable in different types of industry and market environments.

Overall, the classification scheme provides common reference points for discussion, research, and understanding of marketing practice. It offers a synthesis of the normative and positive marketing literatures in a unique context, and includes the perspectives of both the European and North American schools of research.

The framework is also unique in that it provides a strong conceptual base for examining both Transactional and Relational marketing practices in the context of a

5 The term "individual" in this context refers to unique or separate relationships, rather than a person.
consistent framework. This differs from much of the literature which focuses on (for example) one type of Relational marketing, arguing that companies in industrial or service sectors practice inherently different types of marketing than do consumer packaged goods firms, given their involvement in complex network relationships with customers, suppliers, and other organisations (Gronroos 1990, 1995; Easton 1992; Hakansson and Snehota 1995; Rajala et al. 1995). Does this mean that consumer packaged good and consumer durable firms have no such relationships? And that such companies do not practice Interaction or Network marketing? Similarly, does this mean that industrial good or service firms do not practice Transaction marketing? To help answer these questions, the classification scheme offered in this paper provides a basis for rigorous cross-sectoral investigation.

Finally, Sheth (1995), Gronroos (1994), and Kotler (1992), state that the concept of *Relationship Marketing* offers a “new paradigm”. However, unless the phrase is used loosely, a paradigm shift implies that a change has occurred, to one “…whose world view replaces that of an existing world, and whose underlying assumptions replace those of an existing research model” (Fisk 1994). On a practical level, the paradigm shift argument implies that not only has the practice of marketing changed, but that Transactional marketing has been subsumed by the Relational perspective. Might it not be possible however, that all four types of marketing are practised simultaneously? If this is so, then the two general perspectives are not mutually exclusive, and are all part of the same paradigm; a paradigm which allows for Transactional and Relational marketing to coexist. Again, this question might be addressed by employing the classification scheme offered in this paper as a conceptual basis for empirical investigation.

Drawing from the above, future research should first ensure the framework provides a useful means of understanding and distinguishing between the different types of contemporary marketing practice. Such research should also seek to identify other types of marketing that have emerged in practice, but are not fully captured in the literature.

Following this, researchers could empirically examine current marketing practices in the context of the classification scheme. In particular, it would be of interest to examine whether or not there are types of industries and firms where one perspective of marketing is more dominant than the other, and the conditions under which this occurs. Similarly:

(1) What types of industries and firms are dominated by *one* “type” of marketing, in terms of actual marketing practice (as per Gronroos 1990, 1995; Easton 1992; Hakansson and Snehota 1995)?
(2) What types of industries and firms emphasise *more* than one “type” of marketing, in terms of actual marketing practice?
(3) What types of industries and firms practice *all* four “types” of marketing simultaneously? How, when, and why are these “types” of marketing balanced in practice?

From this base, researchers might begin to be able to empirically address the question of whether or not contemporary marketing practice supports the notion of a “paradigm shift” from Transactional to Relational marketing.

To address these issues, future research should capture a variety of industry and firm types, and provide as holistic a view as possible. For example, firms should be
selected from across the consumer packaged good, consumer durable, industrial
good, and service sectors (as per Gronroos 1990). They might also reflect
organisations of varying:

- Size (small vs large);
- markets served (domestic vs international);
- Ownership (locally-founded/owned vs multinational); and
- Technology base (high vs low technology).

Methodologically, all of the above investigations would benefit from applying a
combined qualitative and quantitative approach (e.g. case and survey research), as
this would provide breadth and depth to the findings.

Overall, our understanding of marketing in the contemporary environment
requires a pragmatic, practitioner-oriented approach. As suggested by Easton (1995),
researchers need to “...try to understand rather more about how marketing systems
work, including how and why marketing managers make decisions, before we
presume to prescribe.”

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