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Rethinking the Emergence of Relationship Marketing

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In this article, the history of relationship marketing (RM) is challenged. Similar to discussions of the marketing concept, the debates surrounding RM are largely ahistorical. This is despite numerous scholars indicating that RM has a far longer history than is currently appreciated. In contrast to received wisdom that RM emerged in the late 1970s, it is demonstrated that RM themes have been present in the marketing literature for longer than is recognized by the contemporary scholars.

Keywords: relationship marketing; history of marketing thought; reciprocity; transaction marketing

The topic of relationship marketing (RM) continues to receive a great deal of attention (e.g., Christopher, Payne, and Ballantyne 2002; Guenzi 2002; O’Malley and Prothero 2004; Palmer, Lindgreen, and Vanhamme 2005; Harker and Egan 2006). The term itself seems to have been first used by Berry (1983) and has been defined as an attempt to “identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met... [and] that this is done by mutual exchange and fulfilment of promises” (Grönroos 1994, 9). As with discussions of the marketing concept (e.g., Hollander 1986; cf. Fullerton 1988; Webster 1988, 1992; Vargo and Lusch 2004; Jones and Richard- son 2007), the debates surrounding RM are largely ahistorical.

For instance, when we turn to those historical studies that are available in the business-to-business and services marketing areas, the origin of RM is usually positioned somewhere in the late 1970s (Grönroos 1994; Gummesson 1994a, 1994b; Möller and Halinen 2000; Parvatiyar and Sheth 2000; Sheth and Parvatiyar, 2000; O’Malley and Prothero 2004; Palmer, Lindgreen, and Vanhamme 2005), even though the comprehensive historical studies of RM in business-to-business markets (Keep, Hollander, and Dickinson 1998) and in retailing (Tadajewski 2008) demonstrate the use of similar practices from the 1880s onward.

The studies by Keep, Hollander, and Dickinson (1998) and Tadajewski (2008) are not entirely unusual in that numerous scholars have questioned the “received wisdom,” which assumes that only recently have firms begun to devote attention to the fostering of longer-term relations with customers and suppliers (Palmer 1994; Gummesson 1994a, 1994b; Petrof 1997; S. Brown 1998; Witzel 2000; Egan 2004; Tadajewski and Jones 2008). They moreover offer evidence to support the argument that RM is not a new idea to most business practitioners. It may be a conceptualization of a business practice long in existence, but what RM refers to certainly is not new, critics claim.

Stephen Brown offers the most direct criticism of the thesis that RM is a new approach to business practice, making the case that many of the proposals associated with RM are very much in line with the original marketing concept. Brown does concede that many of the converts to the RM cause acknowledge that it involves re-emphasizing certain neglected aspects of the marketing concept, although supporting evidence is conspicuous by its absence. A somewhat superior way of interpreting the RM shift is to accept its content is no different from the original marketing concept. (S. Brown 1998, 173–4; emphases in original)

To complement the work of Keep, Hollander, and Dickinson (1998) and Tadajewski (2008), we respond to the call that “We need a much more extensive literature that explores... marketing academics’ more scholarly output” (Hollander 1986, 22), by examining texts...
published from 1911 to 1950 to verify whether themes associated with RM were present in the history of marketing thought, much earlier than the RM literature otherwise admits.

**Methodology**

To determine the features commonly associated with RM, we used a number of data sources. Initially, this was the American Marketing Association’s (AMA) definition of marketing (2004), along with the wider RM literature. According to the AMA, marketing is “an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and stakeholders” (Keefe 2004, 17).

Given the explicit gesture toward “customer relationships” in the AMA’s definition and Kotler’s view that “marketing is moving from a transaction-oriented to a customer-relationship-building orientation” (Marketing Redefined 2004, 16), the AMA is evidently attempting to provide a RM-inspired definition of marketing. The key difference between a transaction and an RM orientation is that customer-organizational interaction takes place over a longer time period from a RM perspective, with organizations attempting to retain profitable customers over the long term (Morgan and Hunt 1994; Christopher, Payne, and Ballantyne 2002).

Unpacking the AMA’s definition further, reciprocity is depicted in the RM literature as one of the most important aspects of relationship formation and maintenance (e.g., Bagozzi 1995; Buttle 1996; Day and Montgomery 1999; O’Malley and Tynan 1999; Barnes 2001; De Wulf, Oderken-Schröder, and Iacobucci 2001; Varey 2002; Tadajewski, in press). The theme of reciprocity should thus be present in any literature concerned with relationship development between organizations and customers.

However, organizations will not necessarily want to form relationships with all members of their possible customer base. In those cases where relationship development does not benefit the organization and stakeholders, it follows that no relationship will be sought. Similarly, there will be those customers who are particularly desirable in terms of their lifetime value, so much so that organizations might be willing to serve these customers at a loss, while expecting to recoup any initial losses in the long term (Christopher, Payne, and Ballantyne 1991, 2002).

The development and cultivation of a relationship between an organization and customer will, of course, require that an organization produces some product or service that is valuable enough to the customer that they want to engage in a relationship with the organization. The relevant question here is how does an organization know what constitutes “value” for the customer? The obvious response is that an organization would seek to determine the customer’s viewpoint regarding what products or services they actually required, so that the organization could then supply products and services consistent with customer needs and requirements, assuming that relationship development was an institutional objective. The activities of the business, in other words, are defined from the customer’s perspective, not from the firms’. Finally, if organizations are adhering to the dictates of relational development articulated in the RM literature, they will also exhibit some concern for developing close relations with suppliers, employees, and a range of other stakeholders for the mutual benefit of all (Morgan and Hunt 1994; Aijo 1996).

These themes—forming long-term relationships, reciprocity, customer divestment, adoption of the customer’s viewpoint, and customer focus—are consequently the focus of attention in this article. Nonetheless, a word of caution must be sounded. We do not claim that the work marshalled in support of the primary argument of this article necessarily talks about every theme noted above; the topics covered by each study we examined were more fragmented than this, with some focusing on fostering relations with customers, while others devoted their attention to different stakeholder groups. By bringing this diverse range of literature together in this way, what we document is that certain scholars and practitioners were extremely sensitive to the issues associated with RM.

The use of an older definition of marketing that has been the subject of some controversy could be seen as a limitation of this article. As is quite well known now, the managerial focus of the 2004 definition led to it being revised to incorporate a societal dimension (e.g., Mick 2007; Shultz 2007), so that in late 2007 marketing was redefined as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (AMA Blog 2008; cf. Tadajewski and Brownlie 2008). This reference to society is obviously important, but we have not refocused the attention of this article from the way it was initially written to mirror the new definition, for the reason that our focus is on RM and this subject is undoubtedly managerial in tenor.

Even so, the period from which our analysis is drawn (discussed below) was not completely dominated by the managerial marketing school. As a result, many of the issues we discuss, notably the disputes regarding the
social benefits of reciprocity, had an overt moral dimension. We should have expected this given that a macro-orientation was a major research interest of the earliest scholarly pioneers and practitioners of marketing (Jones and Monieson 1990; Jones 1994; Wilkie and Moore 2003; Tadajewski and Brownlie 2008). In other words, the 2004 definition of marketing was a touchstone, not a blinker and warrant to focus only on managerial marketing thought.

Source Material

The focus of our attention is the pre-1950s American and Canadian marketing literatures. This geographic limitation was imposed because of the numerous reviews of the development of RM and parameter theory in European contexts (e.g., Gummesson 1994a; Grönnroos 1996a, 1996b; Mattsson 1997; Möller and Halinen 2000; Palmer, Lindgreen, and Vanhamme 2005; Harker and Egan 2006). These historical reviews have, as we mentioned above, positioned the development of RM as a 1970s phenomenon. There are a limited range of studies that document the presence of RM topics in the 1950s literature, notably drawing these out of the work of Borch, Alderson (Evans 2002), and Wunderman (Varey 2002). So, in an effort to produce an analysis that sheds new light on a range of literature that has not yet been examined in any detail, our self-imposed limitations seem reasonable.

As may well be expected, the texts highlighted in this article are in no way representative of the entire marketing literature. This is because by 1932 there were “so many different branches” (Learned 1932, 332) of marketing that it is unfeasible to survey all areas for RM concepts. Registering this, our study adopted a pragmatic approach, investigating two areas in which RM themes were reasonably likely to be found namely, consumer and industrial marketing, respectively.

Contemporary literature in the domain of consumer marketing, for example, documents the desirability of close relations with customers and points to the “strong compelling logic for managing to build strong... economic and personal ties with customers” (Varey 2002, 48). In addition, we saw no reason why earlier commentators would not have adopted similar views. Dunlap (2006) provides us with support for this intuitively appealing supposition, when he suggested that marketers should build relationships with their customers in much the same way as the “country store clerk did historically” (Dunlap 2006). The selling, salesmanship, retailing, and sales management literatures as compiled by Bartels (1976, 281–5, 285–92) were the basis for this aspect of our research.

It also made sense for this project to devote attention to the domain of industrial marketing. There were a number of reasons for this. First, along with services marketing, RM is most frequently discussed in the context of business-to-business marketing. Second, industrial products are often far more expensive than consumer goods; and they may be made to the specifications of the individual which, in turn, requires close contact between the personnel of both companies, over an extended period. Finally, the high expense associated with industrial goods, and the likely need for future servicing of components and related technology infrastructure, makes it plausible that organizations that enter into some initial exchange relationship will continue to be involved with each other in some respect. Bartels’ (1976, 292–4) survey of the wholesaling literature was our starting point here.

Additional source material was found serendipitously (see Witkowski and Jones 2006). The chance event in this case was the first author reading the 2004 AMA definition of marketing alongside S. Brown’s (1998) book that featured an extended critique of the proposition that RM was a new business practice. When this was combined with the reading undertaken for the first author’s doctoral research, most notably his consultation of La Londe and Morrison’s (1967) article and their reference to Percival White’s (1927) monograph, not only did P. White’s (1927) book call into question the argument that the marketing concept emerged in the 1950s, but if S. Brown (1998) was correct about the similarities between the marketing concept and RM, then it indicated that the history of RM was equally misrepresented.

Implications of this Approach

In focusing on the scholarly literature, the following historical examination moves between the categories of “actual business practices” (marketing history) and “ideas about business practice” (the history of marketing thought), most notably in the section on reciprocity (Witkowski and Jones 2006). We do this in view of the fact that the boundaries between the two areas are indistinct. The history of marketing thought was, in some quite major ways, practice-driven (Witkowski and Jones 2006). Business practice was, in turn, influenced by the work of the early academic pioneers of marketing. Having acknowledged the limitations of this historical account, we now turn to the early marketing literature and the main part of our analysis.
Cooperation and the Formation of Long-Term Relationships

Many recently published marketing textbooks continue to represent the history of marketing thought in terms of a teleological narrative from production, sales, marketing eras, respectively, culminating in an RM era (e.g., Boone and Kurtz 2006, 10–1). This, as has already been gestured toward, is an ahistorical account of the development of marketing history and the history of marketing thought.

As we shall demonstrate, it is quite clear that the formation of relationship bonds between an organization and its customer base, a customer focus and espousals of the desire by firms to develop long-term relationships with customers are prominent in the apparently transactional-oriented marketing literature. The increasing value accorded to cooperation rather than competition between business concerns did not emerge from nowhere. It was a result of the turbulent nature of the marketplace in the early twentieth century.

Central figures in advocating close relations between firms, rather than the then current practice of engaging in “destructive competition,” that is, essentially price-led competition, were Eddy (1912/1915), Gary (in Bulletin 1915), and Steinmetz (in Bulletin 1914), all of whom were concerned with fostering closer relationships between business concerns. Competition, for all three, was detrimental to business and economic development. Eddy (1912/1915) was most prominent of all the three in this debate and repeatedly promoted his “new” form of competition. He was especially interested in encouraging members of the same industry to cooperate and thereby eliminate waste from their business activities, by sharing information about marketplace conditions and informing each other about the latest production techniques and so forth.

Destructive competition, on the other hand, benefitted no one; the consumer was supplied with substandard products, the manufacturer received less money for their labor, and the economy suffered as a whole. Business relations needed to change, Eddy said. As he put it,

Furthermore, the “‘old cry, ‘Competition is the life of trade,’ is yielding to the new cry, ‘Coöperation is trade’” (Eddy 1912/1915, 10). Bringing his views in line with those more commonly associated with a stakeholder orientation, Eddy outlined the business relationships that all businesses needed to pay due attention to

Men… should consider the relations enumerated below; but when organized they must consider them.

Relations of members to one another.

Relations with employees.

Relations with those to whom they sell—customers.

Relations with those from whom they buy.

Relations to the public generally.

(158; emphases in original)

Reflective of improved relations between business practitioners and their customer base, the comments by R. A. Brown (1911/2000) are typical; the retailer had to build “goodwill” with customers (see also Eddy 1912/1915, 103). In view of consumer concerns about product adulteration, a primary task in this regard was to provide the appropriate cues to the customer that would encourage him or her to trust the manufacturer or retailer. One way of doing this was to brand products. The manufacturer had to maintain high standards of production, product quality and reaffirm its commitment to its product via advertising, which Brown considered the most important way for a manufacturer to begin to cement the psychological bonds between the firm, its product range, and the ultimate customer. Attaching their name to the product signified the manufacturer’s commitment to the goods and this provided psychological comfort to the retailer selling the product range. However, it also made the manufacturer, not the retailer, responsible for anything that dissatisfied the customer. The former was expected to make sure that the “‘quality and condition’” of their products was consistent with those it communicated through any advertising and were consequently quite rightly expected by the customer (R. A. Brown 1911/2000, 18).

The value of this mass market means of communication was presented by Brown in terms commensurate with RM strategies. The close communication and psychological bond that Brown considered advertising to provide was, he concluded, extremely useful: “By advertising the manufacturer brings himself into direct relation with
the customers. He speaks to them just as directly through the Press or from the hoardings as... [he] would if he went round from house to house delivering his message by word of mouth, and he obtains a far better hearing” (R. A. Brown 1911/2000, 18).

Keeping to the topic of advertising and its value as a means of communication, Orange and McBain (1911/2000) also support its usefulness (see also Copeland 1923). Both personal communications and advertising had their place in increasing awareness of the offerings of any particular company. They were especially important to mail-order companies who needed to reach the mass of consumers, spread across the entire country. As we might anticipate, with the growth in use of the parcel post and the popularity of mail-order catalogs, as a means to maximize potential sales, mail-order firms needed “to secure as big a list of customers as possible, irrespective of any consideration for the profit he might make on the first transaction” (Orange and McBain 1911/2000, 22).

Orange and McBain bring us firmly within the territory of RM in this case. Mail-order companies, they remind us, were likely to make a loss on the first sale to any customer. Nevertheless, getting the customer to place the first order was important, as this would begin to ameliorate any concerns the patron had regarding the trustworthiness of a firm. It also enabled the organization to secure the name, address, and requirements of the patron (see Knauth 1948). Naturally enough, after having successfully completed one transaction, it was not too much to assume that the customer will, “in due course, at small cost, be persuaded to buy other articles, or... in all probability repeat his order” (Orange and McBain 1911/2000, 22).

It was repeat business that was of most interest here, as it meant that mail-order firms no longer had to issue new catalogs to customers without knowing whether this initial outlay would result in an order. The more times a customer ordered, in effect the cheaper it became to service them, while at the same time offering opportunities for cross-selling and up-selling in relation to items they may already have purchased. In no uncertain terms then, Orange and McBain tell their reader that existing customers are much cheaper to service than new customers, costing approximately “one-half to one-third the cost of effecting the sale in the case of the first transaction” (Orange and McBain 1911/2000, 22). To press their point still further, they asserted “It is obvious, therefore, that a mail-order advertiser of this type makes his profit out of a particular customer, not on the first sale but on the sum total of the transactions that he has with that customer” (Orange and McBain 1911/2000, 22).

Consistent with these kinds of views, in their efforts to encourage manufacturers and retailers to manage their customer relations effectively, commentators frequently attested to the importance of ensuring that the customer was treated “generously” (see Converse 1920; Kitson 1929; Burtt 1938). Goodwill, as R. A. Brown (1911/2000) and Orange and McBain (1911/2000) realized, was a “valuable asset” (Orange and McBain 1911/2000). Valuable indeed, because one moment of disinterest by the retailer can permanently and negatively influence the attitude of a customer toward the business itself and eventually lead to relationship dissolution (Nystrom 1936; Burtt 1938).

Such a failure to focus on customer needs, wants, and requirements was all the more troubling in view of the fact that the formation of a mutually satisfying relationship is relatively simple to establish: “a few cases of courtesy and apparent interest in the producers [or customers] problem may make a permanent friend for the establishment” (Nystrom 1936, 232; Burtt 1938, 411). Again, these writers were very pragmatically oriented; getting the customer to return to the retail establishment, or to procure further industrial machinery by generating and maintaining goodwill, results in a firm earning a greater quantity of “dollars and cents” (Burtt 1938, 438). And lest we have forgotten the lessons that Orange and McBain were telling business practitioners in 1911, repeat purchasing lowers the costs associated with selling (see P. White 1927, 17–8; Lester 1935, 146–7; McGarry 1951, 107).

Moriarty (1923) expresses the logic behind continuous advertising and customer retention in prescient fashion:

The great function of retail advertising in direct relation to customers is not to gain new customers, but to hold old customers. It is a well-known thesis of business that the first sale is more apt to be a loss than a gain—that is, that the time and energy and money required to get the customer to come into the store and make his first purchase is more than the store makes through this sale... it is evident that the regular customer is the store’s real gain and this alone should make evident that the real function of advertising is to develop regular customers and retain them. (Moriarty 1923, 418–9)

He further describes the process of creating “bonds that bind the store to the old customer” (Moriarty 1923, 419; cf. Tadajewski 2008, 177). These were important for the reason that “the customer keeps my business solvent; he makes possible every possible enlargement of my business; he is my never failing ‘meal ticket’” (Leigh 1921, 100). With this in mind, interaction between the customer and the firm needed to be choreographed, as far
as possible, because it only took a ‘‘single tactless remark’’ by a salesperson to terminate ‘‘the customer’s buying habits with reference to that particular store’’ (Burtt 1938, 438).

One remark may appear inconsequential, but the consumer in Burtt’s account was no exemplar of economic man. Buying behavior was not the result of any abstract cost-benefit analysis; the consumer was an ‘‘affective creature’’ whose ‘‘feelings and emotions [when] aroused by one stimulus . . . spread and attach themselves to other stimuli’’ (Burtt 1938, 438). One careless or callous remark by the salesperson had the potential to lead the customer to view the business as a whole in a negative light, and transfer his or her business elsewhere, with potentially disastrous effects. Accepting the premise that consumers’ had feelings that influenced their subsequent shopping behavior and may be communicated to other patrons informally, Strong recommended that the manufacturer, retailer, or salesperson ‘‘get close to the buyer . . . [and] establish a friendly personal relationship’’ (Leigh 1921, 132, 137; Ivey 1926, 95; Strong 1938, 290).

Reciprocity

This need to form and to maintain friendly relationships is most frequently found in the business-to-business literature, where the reciprocal exchange of goods and services to the (usually) mutual advantage of the participants is discussed in great detail (see Moriarty 1923; Devlin 1933; Engel 1937; Lewis 1938; Stocking and Mueller 1957). Reciprocity, Bagozzi suggests ‘‘is at the core of marketing relationships’’ (1995, 275). Interestingly, in a case study of The Aimesbury Company, a manufacturer of power equipment, there is further evidence of the formation and affirmation of reciprocal bonds, in this case, between industrial buyers and sellers (HCS 1924); the group most likely to engage in reciprocity, according to Stocking and Mueller (1957).

The narrative presented in the case of The Aimesbury Company developed as follows. In 1919, the company wanted to purchase a quantity of coal. Having established this objective, they then sought out bids from their usual suppliers, as well as from those who Aimesbury had had no prior dealings. Bids were tendered and when examined, a regular customer of the company (the Storyton Brothers) had submitted a bid slightly above that proffered by a noncustomer. This placed the company in a quandary.

Management were happy that either company would be able to deliver the requisite standard and quantity of coal they required. There still remained the question of which party the contract should be awarded to: their existing customer or the cheaper, noncustomer? According to the sales department, it was in the best interest of Aimesbury to purchase from the Storyton Brothers to ensure continued goodwill between the organizations notwithstanding the additional cost involved. In the past, after all, ‘‘that firm had purchased mining machinery from the Aimesbury Company for many years and its continued patronage was desired’’ (HCS 1924, 490; cf. McGarry 1951, 102; Stocking and Mueller 1957, 87). Even though Aimesbury normally expected the best ‘‘price, quality, and service’’ when purchasing goods from their suppliers, they had usually given ‘‘preference to bids made by users of its own product, provided these three factors were equal among all bidders’’ (HCS 1924, 490). By purchasing from Storyton Brothers, Aimesbury was setting a precedent that might become common knowledge with as yet unknown effects for any bids that they could expect to receive in the future.

This initial discussion of Aimesbury’s buying policy was used to survey a whole range of organizations about whether the issues that Aimesbury had faced relating to reciprocity were affecting other firms and if so, how was the business community dealing with them? Were companies purchasing from higher priced, but current clients? Or were loyalties effectively transaction specific, and as such, short term, like proponents of RM expect in this historical period. The results of the survey were fairly clear; a majority of respondents practiced reciprocity (35 of 45). The reasons given included the following:

We feel that reciprocity is a sound business policy, and an expedient one, although it probably could be overworked to the extent that if a company were well known to be wedded to the plan, it might have difficulty in securing quotations from those outside its scope. A reasonable amount of reciprocity tends to put business concerns on a comfortable, friendly basis, and to encourage close acquaintance and mutual interest in one another’s business. It results in your securing the services of your business friends who have your business interests in mind and try to extend your sales or help in any other reasonable way. (HCS 1924, 493)

In the Aimesbury case, the company accepted the bid submitted by the Storyton Brothers, thereby giving present customers a clear preference over noncustomers—an approach that was apparently common at the time (see Copeland 1923; Devlin 1933; Breyer 1934; Engel 1937; Stocking and Mueller 1957). This is not to suggest that all reciprocity between businesses was mutually beneficial or necessarily as willingly entered into, as that of Aimesbury (see Devlin 1933, 363; Lewis 1938, 300; Edwards 1949, 179–82; Stocking and Mueller 1957, 75, 77, 79).
Then, as now, there were more powerful companies operating in the American marketplace, who used reciprocal buying strategies to their own benefit. Many of those affected in a negative way were often smaller operators. What the Aimesbury case does serve to indicate is that a core tenet of RM was already being practiced by the business community, who were aware of the need to retain their existing customer base in the long term.

Customer Divestment

Of course, there are those customers with whom organizations do not wish to form relationships and early commentators accepted that it was not profitable in either the short term or long term to form relationships with all customers. In some circumstances, it is more appropriate to favor a transaction approach over a RM strategy and vice versa (e.g., Guenzi 2002, 770). Consistent with this notion, Orange and McBain (1911/2000), Moriarty (1923), Elder (1935), Lester (1935), P. White (1927), Strong (1938), Cowan (1936, 1939), and Thompson (1939) stated that not all customers are likely to be equally profitable and each recommended, in various ways, the divestment of unprofitable customers. Cowan (1939), for example, was acutely concerned with managing customer relations in fairly complex ways. He demanded that management pay attention to the allocation of the time salespeople were spending with customers. The effective manager, for Cowan, must scrutinize the number of telephone calls and trips made to each customer and subsequent deliveries per patron, including the full spend per delivery (see also Eddy 1912/1915, 96).

In one of the examples Cowan draws upon, he notes how large customers bought “10 times” the quantity of goods per week than “smaller customers”, and only required four times “as many interviews, twice as many phone calls, and three times as many deliveries of orders. Moreover, the time per sales interview on large customers is not proportionately longer than on small customers” (Cowan 1936, 232–5; Cowan 1939, 62). Interpreting these figures led Cowan to argue that “many customers were unprofitable” and management must evaluate “direct expenses, gross profits, and net returns for customers of different size and type.” Using this information, they were then able to segment their customers on the basis of their profitability and to find the “dividing point between profitable and unprofitable solicitation” (Cowan 1939, 63). In a not wholly unexpected summary, Cowan concludes

training salesmen and eliminating insufficient performance, that company profits can be improved and from a social standpoint, the cost of marketing goods to consumers may be reduced. (Cowan 1939, 71)

Where Cowan (1936, 1939) wanted to divest unprofitable customers after a slightly protracted period, Orange and McBain (1911/2000) counsel that divestment must be almost immediate. Citing the case of advertising that promises a “free booklet or sample,” they acknowledge that the number of “undesirable inquiries”—those people who “want something for nothing”—can range from “5 to as many as 25 percent” of all inquiries.

In first instance, it may be entirely appropriate for the sales manager to forward the requested material in the interest of not offending the (potential) customer unnecessarily. However sellers were told to avoid following up requests from “schoolgirls, housemaids, general servants, and laborers” for further materials: “it is not wise to keep their names for the purpose of following up or of placing them on a general mailing list” (Orange and McBain 1911/2000, 25), as this added to operational expenses without contributing to the bottom line.

Taking a slightly different approach, P. White (1927) directs his attention to the discontinuation of unprofitable product lines (see also Lester 1935, 85–6, 293–4). He convincingly makes the case that the “scientific marketing manager” must apply “cost analysis” to “market statistics to determine whether or not business actually secured is netting a profit, which items are the best profit makers, what customers return the greatest profit, and which sections are the most profitable” (White and Hayward 1924; P. White 1927, 275; see also Copeland 1930; P. White 1931; Cowan 1940; W. L. White 1940).

Calling for greater quantitative analysis to inform managerial decision making, he emphasizes the need for the “production schedule” to reflect the accurate requirements of the market. This meant that firms needed to be regularly engaged in market and customer research, rather than basing production only on the intuition and limited knowledge of salesmen, however, sensitive these individuals were to marketplace trends. This market orientation is essential, White maintained, because the greatest quantity of profit was, in his experience, obtained from a limited range of products. “Unprofitable lines,” he stressed, should “be tactfully eliminated, while customers are shifted over to the standard styles, sizes, or qualities” (P. White 1927, 276).

There is some tension here between making the organization as efficient as possible, while at the same time remembering that it was important that the customer was treated fairly, and offered the products that they
Customer Focus

Customer focus, then, is one of the major themes of the literature we have reviewed (e.g., Appel 1911, 1913; P. White 1927; Knauth 1948, 1956). There perhaps is no better exemplar of this than the work of Percival White (1927), who repeatedly critiqued the excessive attention accorded to increasing the efficiency of industrial machinery. Far less attention had been paid to the person who actually purchased the products and services from the “customer’s viewpoint” (Leigh 1921, 134; see also Lester 1935, 34). For Leigh, the customer is the “boss”; and the retailer should “cater to her whims and desires. This means that her preference must invariably be considered first” (Leigh 1921, 100).

With the customer positioned as the idol of the retailer, whose requirements should be the focus of attention, it was essential that the salesperson learn as much about their customer as possible, if they were to properly adopt the customers’ point of view as their heuristic (e.g., Nystrom 1936, 186–7). Leigh writes, “Study your goods with the eyes of a possible customer. Imagine yourself before a counter purchasing goods. What questions would you ask? What would you want to know? By putting yourself in the customer’s place, you will think of many valuable pointers about your merchandise that otherwise might not occur to you” (Appel 1911, 215; Leigh 1921, 8). According to Leigh, the retailer must study the customer at all times, taking every opportunity to enhance their understanding of customer behavior:

if you are fortunate enough to serve an exceedingly intelligent person, who has read or traveled widely, he or she can often, in a few minutes, give you information that has taken years of study to accumulate. You should consider yourself fortunate in being in contact with cultured customers, for they are not only easy to serve, knowing exactly what they want, but they sometimes pass along valuable and interesting information about your merchandise. (Leigh 1921, 83)

She persists by campaigning for the ethnographic investigation of consumer behavior: “Your business as a salesperson is a business of people . . . a study of ‘folks’” (Leigh 1921, 110; emphases in original).

Leigh is certainly not alone in espousing the need to get close to the customer, as we have already seen (e.g., Nystrom 1924; Knauth 1948). Not only is the customer king, collectively they are sophisticated buyers and this “deserves serious consideration” (Barnes 1924, 360). It is only through giving customer requirements considerable attention that a business will be successful (Barnes 1924). If they did not, some other company would, as Nystrom explained: “consumers are the rulers of the retail market. What consumers want, actually or potentially, constitute the things the retailer must supply; if he cannot then he will have to make way for one who can” (Nystrom 1924, 7). This accent on the customer and on making “patronage permanent” (Leigh 1921, 127) was consistently affirmed throughout the 1920s, 1930s, and 1940s and is prominent in the scientific marketing literature (P. White 1927) and elsewhere (e.g., Knauth 1948, 1956).
forefront of the field, translating the latest techniques into easily readable texts for students and managers alike. These insights were incorporated into his later work, and in his 1927 book, he reminded his reader that the marketplace was rapidly changing and the day of the owner-manager deciding what goods to produce, and then expecting them, was long gone.

In line with changing market circumstances, scientific marketing “is based on the theory of finding out what the consumer wants and then giving it to him” (P. White 1927, 99; emphasis in original; see also, Elder 1935, 168–9, 232–3; Lester 1935, 34, 83, 187, 265; Corey 1962, 151). Thus, the most important question that any manager was expected to consider was “What does the customer need?” This question will stand at the beginning of every business problem” (P. White 1927, 100). Here, White appears to support the view that manufacturers must cater to customer demands almost on a one-to-one basis, as was probably feasible for certain types of industrial production: “It is probable that the wise manufacturer of the future will get away from methods absolute and continuous repetition, and that he will devote himself to building articles more in keeping with demand” (P. White 1927, 34).

The importance accorded to the customer is prominent across the works of Ivey (1926), P. White (1927), and Leigh (1921). Leigh (1921), for example, notes how “obvious” a customer orientation appears; although she still bemoans the fact that many retailers have failed to appreciate “all that lies behind that truth” (Leigh 1921, 99). What she is gesturing toward in this instance is the need to create and to maintain a relationship with the customer, because a “store may succeed for a time with inferior goods or poor styles; it may even remain in business with poorly trained or disobliging salespeople, but it cannot hope to succeed for one day without customers” (Leigh 1921, 99).

As a consequence, the retailer must dedicate their efforts to “retaining every single customer as long as possible and [also] towards winning as many new customers as you can by excellent merchandising service. The end and object of all selling is the satisfaction of immediate customers and the attraction of new patrons to the store” (Leigh 1921, 99; emphases in original). This was an argument that resonated with industrial and consumer marketing consultants and scholars in equal measure (e.g., Elder 1935, 135–6; Nystrom 1936, 177) but only within certain bounds. Simply pursuing new patrons and forgetting about existing customers in the process was certainly not to be encouraged.

Thompson (1939) is particularly perceptive in this regard and highlighted the disproportionate amount of energy some merchants expended “getting customers from a competitor” (Thompson 1939, 52; see also Knauth 1948, 100). A more efficient strategy, by contrast, is to satisfy “existing customers” (Thompson 1939), as “it would seem that a store can assure itself of a very substantial growth if it can reduce the number of customers lost” (Thompson 1939, 53). Current customers could, moreover, effectively introduce the retailer to new customers as a result of their everyday interaction. As a concomitant of long-term customer relationships, Leigh made reference to the familial dynamics that reflected changing life circumstances. As existing patrons progressed through their lifecycles, they invariably introduced the retailer to new members of their family, especially their children, who represented future patrons and another cycle of customer relationships, with their own lifetime value (Leigh 1921, 123, 170; see also Little 1926, 604; P. White 1927, 251; Breyer 1934, 102, 107, 156; Lester 1935, 146–7; Hollander 1986, 19).

In spite of the foregoing analysis, some less enlightened businessmen continued to hold the view that caveat emptor was an appropriate business philosophy, much to P. White’s (1927) dismay (see also Appel 1911, 1913). He did note though that there had been a movement “from the basis of caveat emptor to higher-principled relationships with customers” (P. White 1927, 242). Moriarty was especially dismissive of retailers, manufacturers, and jobbers who considered caveat emptor an appropriate business philosophy. It was a historical relic of a bygone age, he exclaimed (Appel 1911, 120–121, 137, 140, 141; Moriarty 1923, 463).

Manufacturers could not take the risk that their customer relations might be jeopardized at any point in the future. Moriarty illustrated what he meant with the example of an automobile manufacturer. The manufacturer had to guard against their cars being serviced badly, and so they attempted to “induce the buyer to go where his car will receive proper attention” (Moriarty 1923, 463). What this case, in particular, illustrates was the extent to which organizational boundaries were becoming more permeable than they had been previously. As Butler (1923, 7) admits, it is “neither possible nor advisable to draw any lines and to say, for instance, that here the manufacturer’s marketing interests end and here the retailers begin. There are few marketing problems which do not affect [manufacturer] . . . wholesaler and retailer.”

Organizational boundaries are blurred, with different members of the supply chain expected to work together to provide the most appropriate levels of service to the customer (Leigh 1921, 81, 187; Barnes 1924, 359; Otterson 1924, 329–35; P. White 1927, 104, 243; Breyer 1934, 80, 100, 255–6; Elder 1935, 154–61; Lester 1935, 186–7;
One of the fundamental requisites for success in scientific marketing is that of help and support all along the line. The help comes from the top downward. The marketing manager supports his department managers; and they in turn back up their men. The company’s representatives help the dealers. Everything is keyed to bringing help to every link in the chain, and above all to that last link, the consumer. (P. White 1927, 104)

In Thompson’s opinion, the motivation for coordination between departments internal to a firm, as well as between members of the supply chain, was that it was only through concerted action, that each can ensure that they do not negate the performance of the others, and thereby affect the satisfaction of the customer. Or more succinctly, “over a long period of time, the manufacturer and the retailer, as well as the consumer, must work together in such a way that all will be satisfied” (Thompson 1939, 50).

Breyer also realized that as products become more complex and supply chains grow longer, there will inevitably be some element of coordination and interaction between marketing organizations (Breyer 1934, 1964; Elder 1935; Lester 1935; Thompson 1939; McGarry 1951, 1964). Of special interest to Breyer is the “studied cooperation” that takes place inside an organization between departments, that is, in terms of the effective communications between them—what Butler (1923, 201) calls “team play” and Lyon, organizational “synthesis” (Lyon 1926, 387). Essentially, each department had to work together and appreciate how their actions impacted upon the others:

Factory officials who do not understand selling, and salesmen who do not understand manufacturing slow up the field of business progress. Lack of sympathy, based on lack of mutual understanding, between the factory and salesforce is so common to be taken for granted. This is wasteful and unnecessary. Plans should be made to inform salesmen of manufacturing problems and to inform factory officials of selling problems to such an extent that they will mutually appreciate the difficulties that each group encounters in promoting the interests of the business. (Butler 1923, 201; see also Elder 1935, 177)

In contrast to this form of “studied cooperation,” Breyer outlined “nons spontaneous external cooperation.” He defined this as “cooperation between the independent business units concerned with marketing—producers, middlemen, non-trading agencies, and consumers” (Eddy 1912/1915, 150; Breyer 1934, 163; McGarry 1951, 100, 102; Breyer 1964, 167–8).

Nons spontaneous external cooperation was further segmented into horizontal, vertical, and ancillary cooperation. A paradigmatic case of horizontal cooperation, he asserted, is when a group of department stores, each with high rates of product returns, studied exactly why certain products were being routinely brought back to the stores and what, as a consequence, they could do to prevent this occurring in the future. Vertical cooperation is where each member of the supply chain works together in the interest of generating profits for all. The final form of cooperation was ancillary cooperation. This related to cooperation between “selling agents, commission houses, brokers, auctions, producers, wholesalers, retailers, etc.—on the one hand, and the non-trading agencies, commercial banks, steamship companies, hauling concerns, warehouses, insurance companies, etc.—on the other” (Breyer 1934, 163).

Although all of these forms of cooperation have the consumer as their central object and usually had customer satisfaction as their main aim (Butler 1923; P. White 1927; Breyer 1934), not all business people paid much attention to the “best practice” scholars and marketing counsellors publicized (Donham 1932; Tosdal 1933). This is to be expected. Hypothetically, at least, if business people are not interested in maintaining customer patronage, then they can ignore the customers’ requirements. This, of course, will not be a profitable long-term strategy. As Ivey well knew, firms could not afford to “be inconsiderate and discourteous . . . if you are trying to sell something” (Ivey 1926, 194).

Such discourteous behavior was not generally subscribed to (cf. S. Brown 2001). More typically, the early literature is characterized by consistent reaffirmations of comments now associated with the marketing concept (Hollander 1986; Keith 1960). Consider, for instance, the following quote, where Ivey justifies placing the customer central to all business activities:

The customer, you know, is the boss of your company. I do not care who owns it and I do not care who runs it. The patrons of your company are the bosses; they can preserve or destroy your organization. How do I know? Because the men who manage it do everything they can to satisfy the customer. That is the secret of progress and success in any business. Are you doing all that you can to satisfy the customer, to satisfy the people that are working with you, and to satisfy the person you are working under in your organization? (Ivey 1926, 99)

The manufacturer or retailer has to “get the customer’s view-point” (Ivey 1926, 99) because it was only by doing this that they would be able to provide appropriate
products that “demonstrate [their] value to the customer” (Ivey 1926, 88).

Taking Ivey’s argument to its logical conclusion, P. White (1927) averred (as did others) that in a competitive market where the consumer has numerous potential suppliers, that manufacturers and retailers had to differentiate their offerings by providing an appropriate level of service, especially outside of the store environment. This could be something as simple as reminding the customer when it was time for his or her piano to be retuned, and then sending along courteous engineers to do.

Expecting this sort of continued retailer–customer interaction necessitated that salesmen should always consider their relations with the customer to be indeterminate, extending to some unknown time horizon. In the past, this had not been the case, said White. Some companies had pursued each transaction on the basis of securing the maximal amount of income from that customer, at that particular point, occasionally selling inappropriate goods which effectively terminated relations there and then, often with animosity on the customers’ side. Salespeople were able to get away with this kind of short-term approach for a limited time, that is, “as long as . . . [they] ‘brought home the bacon’” (P. White 1927, 215). Rapidly, however, those companies that continued to permit such behavior realized that it cost more than was gained by it . . . . Even the most successful sales managers have begun to realize that the high-powered salesmanship was not sufficient. Scientific marketing goes a step further. It requires the salesman to know the business of his customers almost as well as they know it, and sometimes better than they know it. (P. White 1927, 215; see also Lester 1935, 216–7, 241–5)

Thus, “salesmen should feel that their duty to the customer does not end when the sale is made, but that it continues indefinitely” (P. White 1927, 246; see also Corey 1962, 450) and White is emphatic in saying one final time that

Scientific marketing is built around the consumer. It is a system aiming positively and throughout at his benefit. This system is based on the assumption that the sellers’ market is a matter of economic history, and that the buyers’ market is henceforth the normal condition . . . . Too many manufacturers have followed the tradition of making what pleases them, never dreaming that they would not find a market ready and waiting . . . . [The marketing system] depends on a nicely balanced relationship between producer and consumer, whereby each party is benefited. Just as one of the aims of scientific management was to promote a better relationship between the company and the workmen, so the primary objective of scientific marketing should be to promote a better relationship between the company and consuming public. (P. White 1927, 99)

Furthermore, “It cannot be long before manufacturers see that the interests of customers are their interests also . . . . Some of them with unusual prescience, have already seen the handwriting on the wall and are reorganizing their marketing activities in accordance with the true requirements of the consumer” (P. White 1927, 11). By adopting this customer focus, a business communicates to the public more generally and the target market specifically that the “value of the service that our company renders is so great that we are not going to jeopardize it by anything we say to you. We believe in you as a customer, and we are going to take care of you. Your complete satisfaction is the most desirable thing this institution wants” (Ivey 1926, 88).

In summary, what the Aimesbury case serves to demonstrate, along with the comments of Breyer (1934), Burtt (1938), Cowan (1936, 1939), Elder (1935), Ivey (1926), Leigh (1921), Lester (1935), McGarry (1951), Stocking and Mueller (1957), Thompson (1939), and P. White (1927), is that there were key features now associated with RM, present in the early marketing literature.

Conclusion

We have argued that the themes associated with RM were present in the marketing literature since before the turn of the twentieth century as Tadajewski (2008) and Keep, Hollander, and Dickinson (1998) have also documented. Through a review of consumer and industrial marketing scholarship, we were able to document extensive reflection on the value of cultivating relations with certain—not all—customers. Reciprocity was pursued with some vigor within industrial markets; the customer was depicted as central to business practice. In short, RM is not the radically new idea that some profess.

But this raises an interesting question: why does the marketing literature exhibit such a degree of amnesia? This might be a function of the lack of time many scholars will have in terms of searching out the originators of the arguments they discuss. The “publish or perish” climate that characterizes United States, European, and other academic systems certainly does not reward close attention to the historical record, beyond what is consensually agreed to be the “accepted wisdom” of the time (Wilkinson 2001). We can appreciate this. The challenge remains that we try to limit the extent to which these
pressures affect our own work and listen more closely to what our intellectual predecessors had to say; we think this attentiveness will be repaid in full.

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