Morgan and Hunt (1994, p. 22) defined relationship marketing as “all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges.” Early works on relationship marketing were written by Arndt (1983), Bagozzi (1975), Berry (1983), Day and Wensley (1983), Dwyer, Schurr, and Oh (1987), Håkansson (1982), Levitt (1983), and MacNeil (1980). Scientific attention for the subject mainly emerged within the fields of industrial and channel marketing, trying to explain horizontal and vertical trade relationships (Dahlstrom, McNeilly, and Spch, 1996; Doney and Cannon, 1997; Grönroos, 1994; Iacobucci and Hibbard, 1999; Peterson, 1995; Ping, 1993; Webster, 1992). This emphasis is not surprising given that, by their very nature, industrial and channel market exchanges are inherently relational. Consistent with the interest of industrial buyers for “just-in-time” techniques and with their search for reliable suppliers, long-term buyer-seller relationships are often considered to be of strategic relevance in industrial contexts (Doney and Cannon, 1997; Lewin and Johnston, 1997; Perrien and Ricard, 1995). Similarly, in a channel context, high interdependencies and direct exchanges between partners stimulate the need to cooperate on a long-term basis (Doney and Cannon, 1997). In explaining the development of industrial and channel relationships, researchers considered the traditional central theories and analytical frameworks of marketing that were originally developed for consumer markets as less valuable (Christy, Oliver, and Penn, 1996; Grönroos, 1994). In response to this, other theories underlying relationship marketing were primarily used as a basis for further theoretical advancements in industrial and channel settings.

Recently, there has been increasing interest in the potential value of relationship marketing in consumer markets (Fournier, 1998; Gwinner, Gremler, and Bitner, 1998; Iacobucci and Ostrom, 1996). The importance of relationship
marketing in consumer markets is expected to grow as resellers have gained increased power and as communication and information technologies have put individual consumers in more direct contact with resellers and manufacturers (Barnes, 1997; Webster, 1992). Such technological advances enable sellers to recognize individual consumer needs, to directly interact with consumers, to quickly respond to their preferences, and to differentiate product or service offerings towards them (Bennett, 1996; Nielson, 1998; Sheth and Parvatiyar, 1995a; Speckman, 1988; Wray, Palmer, and Bejou, 1994). In addition, other factors such as eroding repeat purchases, intensified competitive pressures, and the continuing growth of the service economy increase the need to apply relationship marketing in consumer markets (Achrol, 1997; Bejou, 1997; Bennett, 1996; Berry, 1995; Iacobucci and Hibbard, 1999; Javalgi and Moberg, 1997; Woodruff, 1997). However, many researchers have noted that systematic conceptual as well as empirical research on consumer relationships is practically lacking (Beatty et al., 1996; Gummesson, 1994; Gwinner, Gremler, and Bitner, 1998; Iacobucci and Hibbard, 1999; Macintosh and Lockshin, 1997; Sheth and Parvatiyar, 1995b).

More specifically, the role of theories underlying relationship marketing other than consumer behavior theory has hardly been examined in exploring the nature and development of consumer relationships. For example, Sheth and Parvatiyar (1995b) primarily drew on consumer behavior theories to better understand consumer motivations to engage in relational market behavior, to the neglect of the relational frameworks used for industrial and channel relationships.

As an important number of consumer exchange situations reveal similarities with business exchange situations, we do believe that relational theories applied to business exchanges have the potential to provide valuable insights into relational exchanges involving consumers.

Several authors indicate that marketing relationships are easier to form in some types of consumer markets than others, expressing the idea that some consumer exchange situations are more “relationship friendly” than others (e.g., Bendapudi and Berry, 1997; Christy, Oliver, and Penn, 1996). Nevertheless, to the best of our knowledge, no critical assessment has been made of the role that relational theories can play in determining the relative “relationship friendliness” of a particular consumer situation. Such an effort is valuable as it reduces the risk that practitioners waste critical resources by applying relationship marketing strategies to “relationship unfriendly” situations. Moreover, it should enable researchers investigating consumer markets to assess the relevance of each theory to the particular consumer exchange situation they are investigating.

Consequently, the objective of this study is to assess the merits of seven theories commonly referred to as cornerstones of relationship marketing in explaining relationship friendliness of consumer exchange situations. We describe the characteristics, strengths, and weaknesses of the following relational theories: neoclassical microeconomic theory, transaction cost theory (TCT), relational contracting theory, social exchange theory, equity theory, political economy
theory, and resource dependence theory. Based upon these insights, we illustrate how the theories can be used to determine the relative relationship friendliness of a consumer exchange situation, providing examples of application. Moreover, it should aid researchers in their understanding of the added value of each theory for explaining consumer relationships.

1. NEOCLASSICAL MICROECONOMIC THEORY

1.1. Characteristics

At the root of managerial and academic marketing literature is the microeconomic paradigm with its emphasis on profit maximization in competitive markets. The mission of the microeconomic perspective is to explain relative prices, market equilibrium, and income distribution (Arndt, 1983). Exchange parties are price-takers and utility maximizers in price equilibrium markets, under the assumptions of well-defined and stable preference structures where individuals independently worry about creating value (Dabholkar, Johnston, and Cathey, 1994; Pandya and Dholakia, 1992; Sheth and Parvatiyar, 1995a). Transactions are considered to be independent of other transactions, as virtually all necessary information is contained in the price of the product that is exchanged, reducing the marketing function to simply finding buyers. In principle, such transactions are characterized by the absence of a brand name, recognition of the buyer by the seller, or buyer preference or loyalty (Webster, 1992).

The marketing mix paradigm, treated as the largely unchallenged basic model of marketing, directly flows from the assumptions of microeconomic theory (Arndt, 1983; Grönroos, 1994). The functional view of the marketing mix concept developed from a notion of the marketer blending and manipulating different marketing elements (popularized by McCarthy (1960) as the “four Ps”, being product, price, place, and promotion) into a “marketing mix”, so that a profit function is optimized or rather satisfied. The analytical culture surrounding the marketing mix paradigm called for careful problem definition, followed by the development and evaluation of multiple decision alternatives, from which a course of action was derived that had the highest probability of maximizing profitability (Webster, 1992). In this approach, a customer is regarded as somebody to whom something is done, in line with the assumption of price takers in microeconomic theory (Grönroos, 1994).

1.2. Strengths

The microeconomic framework has been relevant in the development of marketing theory and served a useful purpose in explaining value distribution among

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marketing actors (Sheth and Parvatiyar, 1995a). The marketing mix tradition based upon the microeconomic maximization paradigm has made a strong point of distinguishing between the environment and controllable decision variables (in particular the four Ps) (Arndt, 1983). From a managerial point of view, the four Ps have been helpful in organizing various means of competition and in providing normative decision rules for practitioners (Arndt, 1983; Grönroos, 1994; Webster, 1992).

1.3. Weaknesses

Scholars recognized several limitations of microeconomic theory when applying its principles to today’s market environment (Webster, 1992). Given that many assumptions (price and costs as main decision criteria, rational behavior, functional differentiation, and equilibrated market structures) seldom occur in practice, researchers are increasingly hesitant to apply this framework for explaining marketing exchanges (Dabholkar, Johnston, and Cathey, 1994). For example, the assumption of rational behavior is often not realistic. Economists generally view markets as interpersonal vacuums in which buyers and sellers only know each other in their role dictated by the market (Frenzen and Davis, 1990). No personalized relationships between buyers and sellers exist as the seller is considered to be the active party in a relationship, while the buyer is attributed a passive role only (Grönroos, 1994). The microeconomic view is deemed inadequate in the sense that it provides insufficient tools for analyzing exchange structures and processes within and between exchange parties (Arndt, 1983).

While the four P model flowing from microeconomic theory will provide guidance in many marketing situations, the model was originally developed for consumer package goods marketing where transaction marketing as opposed to relationship marketing is more appropriate. Basically, it regards marketing as a rather “simplistic” process of clinical decision making that may hold only under particular circumstances (Grönroos, 1994). More specifically, Pandya and Dholakia (1992) claimed that the microeconomic framework is primarily applicable to transactional exchange situations. Consumer package goods companies such as Procter & Gamble generate demand for standardized products in huge mass markets, use highly competitive distribution systems, and create consumer preference through mass media. The marketing mix paradigm seems to offer less explanatory power in industrial, services, and consumer durable environments (Grönroos, 1994).

1.4. Potential application to consumer exchange situations

Typical consumer studies departing from the principles of microeconomic theory focus on measuring short-term effects of different marketing mix elements (e.g.,
price or sales promotions) on sales and demand curves of commodity goods. A recent example of this is provided by the study of Van Heerde, Leeflang, and Wittink (2000), examining pre- and post-promotion sales dips resulting from four types of price discounts on basis of store-level scanner data for consumer commodity products such as tuna and toilet tissue. Such consumer studies typically depart from many of the assumptions that underlie microeconomic principles, often taking a quantitative modeling approach towards solving marketing problems. Moreover, these studies mainly take a short-term perspective in analyzing consumer behavior issues, focusing rather upon discrete transactions as opposed to enduring relationships. An extreme example of a discrete event would be a one-time purchase of unbranded gasoline out-of-town at an independent station paid for with cash (Dwyer, Schurr, and Oh, 1987). A less “pure” example of a consumer market in which transactional behavior might occur, is the do-it-yourself market (DIY). For most products offered, consumers reveal low involvement, the potential added value of the DIY provider is limited, and the market is characterized by intense competition primarily based on price (Christy, Oliver, and Penn, 1996).

However, in contrast to single transactions, consumer relationships are typically driven by a variety of different forces exceeding pure utility maximization and price optimization (Bendapudi and Berry, 1997). A large portion of consumer settings, e.g. those involving high priced durable goods and complex services, cannot be expected to be purely driven by the price mechanism. For instance, the prevalence of different exit barriers in consumer markets compels recognition, e.g. the “investment” in a consumer durable such as a car ties the customer to frequent “repurchases” of for example car specific accessories, maintenance, or repair. In a services context, customers typically make specific investments of time and efforts ranging from informing a hairdresser about one’s personal style and preferences to providing financial records and participating in in-depth discussions with the objective of informing a personal financial planner (Bendapudi and Berry, 1997). These examples indicate that elements other than price are conducive to building long-term relationships.

Moreover, today’s consumers are more and more difficult to describe in terms of stable preference structures as assumed in microeconomic theory. A consumer’s behavior and motivations are increasingly difficult to grasp. For example, Shim and Eastlick (1998, p. 139) stated that “technological developments and market conditions, combined with relatively affluent, highly mobile, and increasingly time-scarce consumers, have all played important roles in affecting retail changes.”

Concluding, in the terminology of Christy, Oliver, and Penn (1996), the microeconomic theory is deemed to be especially applicable to the so-called “relationship-unfriendly” product-markets, as the examples above illustrate that these product-markets are typically characterized by commodity offerings and a short term focus. Indeed Iacobucci and Ostrom (1996) found evidence for the fact that not all consumer marketing is relational as some consumer relationships
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are more casual and distant. Also Gundlach and Murphy (1993) indicated that spot market or transactional exchanges represent a viable and needed form of business for some commodities and goods. However, many current consumer exchanges are moderately or strongly characterized by so-called “relationship-friendly” features, limiting the applicability of microeconomic theory.

2. TRANSACTION COST THEORY

2.1. Characteristics

In TCT as originally presented, Coase (1937) classified transactions according to whether they occurred within a firm or across markets. Williamson (1975) further built upon his work by examining the transaction cost advantages of different forms of internally and externally organized transactions (Arndt, 1983). At the core of the paradigm are the axioms that certain exchange characteristics give rise to transaction difficulties and that different governance mechanisms vary in their cost-minimizing properties (Heide and John, 1992). Williamson (1975) indicated that market transactions might become very costly due to human factors, such as bounded rationality and opportunism, and environmental factors, such as uncertainty and economically concentrated input or output markets.

TCT departs from the assumptions that individuals are limited in their cognitive capabilities and that they are inclined towards opportunistic and self-interest-seeking behavior (Rindfleisch and Heide, 1997). Consequently, in situations when information is unequally spread across exchange parties, opportunistic behavior is believed to prevail and exchange may be commercially hazardous (Andaleeb, 1992; Stern and Reve, 1980). In order to reduce the risks of being exploited by each other, exchange partners can build in a safeguarding mechanism by making substantial transaction specific investments that are uniquely related to the exchange relationship and that cannot be retrieved in case it terminates (Andaleeb, 1992; Dahlstrom, McNeilly, and Speh, 1996; Ganesan, 1994; Wilson, 1995). If both partners make such investments, they create incentives to maintain or obstacles to leave the relationship they are in by communicating their credibility of commitment to the relationship (Anderson and Weitz, 1992; Dwyer, Schurr, and Oh, 1987). Evidently, investments in transaction specific assets also create dependence relationships between exchange partners given the fact that they are difficult or costly to replace (Bowen and Jones, 1986; Lewin and Johnston, 1997; Williamson, 1985). Organizational economics literature has demonstrated that one-sided investments are open to exploitation as a result of the fact that the specific assets, which are related to these investments, cannot be safeguarded (Ganesan, 1994).

Every market transaction involves transaction costs or frictional losses that lead to inefficiencies for the firms engaged in these exchange transactions.
Such transaction costs include costs associated with information search, reaching a satisfactory agreement, relationship monitoring, adapting agreements to unanticipated contingencies, and contract enforcement (Bowen and Jones, 1986; Ganesan, 1994; Krapfel, Salmond, and Spekman, 1991). Due to bounded rationality and the existence of transaction costs, a comprehensive contract related to controlling all aspects of a relationship is not a viable option for partners in a relationship (Ganesan, 1994; Sheth and Sharma, 1997). Instead, parties have to rely on “incomplete contracting” involving the development of long-term relationships that permits sequential, adaptive decision making (Ganesan, 1994). Transaction costs are minimized by selecting a relationship governance mode that is “optimal” given transaction properties such as asset specificity, uncertainty, and infrequency and that curbs small numbers bargaining and opportunism (Bowen and Jones, 1986; Heide and John, 1992; Mudambi and Mudambi, 1995; Robicheaux and Coleman, 1994; Sheth and Sharma, 1997; Varadarajan and Cunningham, 1995; Williamson, 1985).

The extremes in governance modes are arms’ length spot-market governance (external governance mechanism) and vertical integration (internal governance mechanism) (Krapfel, Salmond, and Spekman, 1991). In arm’s length exchange situations, buyers pit sellers against each other in order to achieve lower costs. In vertically integrated exchange situations, buyers and sellers can reduce transaction costs by aligning their objectives and internal systems (Wilson, 1995). Williamson (1985) argued that under conditions of asset specificity, opportunism, and uncertainty, transaction costs of arm’s length market exchanges are far larger than those of more long-term relational exchanges (Grönroos, 1990; Jüttner and Wehrli, 1994; Pandya and Dholakia, 1992). As a general rule, Bowen and Jones (1986) stated that an increase in transaction costs is accompanied by a movement from external to internal governance mechanisms. While Williamson (1975) initially considered only these two governance structures, he recognized intermediate forms of organization, such as relational contracting, in his later work (Williamson, 1985).

2.2. Strengths

A main contribution of the transaction cost framework is its economically rooted assumption that a party will tend to build a long-term relationship if this relationship helps to reduce transaction costs and that it will rely on market mechanisms for those activities that do not involve important transaction costs (Dabholkar, Johnston, and Cathey, 1994). Therefore, dependent upon the level of transaction costs, it provides guidelines for deciding whether or not to build long-term relationships. As a result, it expands the ideas residing in microeconomic theory as it not only takes into account discrete exchanges driven by price as
the only transaction cost, but also recognizes the existence of more relational exchanges resulting from transaction costs other than price. Moreover, the framework helps to identify problems that can arise when idiosyncratic or transaction-specific investments are involved in an exchange relationship, e.g., exploitation risks due to one-sided investments (Weitz and Jap, 1995).

2.3. Weaknesses

The enthusiasm for the TCT has almost been matched by the strength of its criticism (Heide and John 1992). Its major limitations that are generally referred to are outlined next.

(1) The unilateral focus of TCT on the reduction of transaction costs by making idiosyncratic investments fails to recognize the potential value that is generated by these investments (Weitz and Jap, 1995). TCT focuses on one single criterion—cost efficiency—for shaping transactions. As a result, apart from solely focusing on the decrease of transaction costs, also synergetic effects potentially resulting in strategic advantages for both parties should be taken into account (Houston and Gassenheimer, 1987). For example, a consumer’s repeat purchases at Wall-Mart diminish his search costs and reduce Wall-Mart’s customer acquisition costs. Nevertheless, Wall-Mart’s customer intelligence based upon scanning technology can result in extra value for both parties in terms of better targeted and customized product offerings directed towards customers.

(2) TCT does not take into account interdependencies between the parties in a relationship. It focuses upon one party making decisions to maximize profit as a result of minimizing transaction costs rather than two parties cooperating to maximize the profit flowing from the relationship as well as their individual profits. As a result, the theory does not take into account the costs incurred by both parties in the transaction (Bendapudi and Berry, 1997; Weitz and Jap, 1995). As opposed to the unilateral focus taken in TCT, a bilateral focus may point out that the development of relationships is impeded if one of both parties is not able to reduce costs.

(3) TCT is mainly preoccupied with the conditions that motivate exchange partners to structure relationships in a particular way without specifying the mechanisms that provide the ability to implement these desired structures (Heide and John, 1992). As TCT focuses on a desired relationship structure at one moment in time and neglects the possible dynamic evolution influencing the ability to realize this desired structure, TCT is more or less of a static nature. For example, the role of people as one of the dynamic mechanisms underlying the governance of exchanges is virtually ignored by TCT (Weitz and Jap, 1995). Moreover, despite the normative
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orientation of TCT, there is little empirical evidence of the performance effects of following TCT’s guidelines, making it difficult to assess its true theoretical value and empirical validity (Rindfleisch and Heide, 1997).

(4) The fact that TCT assumes opportunistically inclined parties is overly simplistic and misleading. Empirical research demonstrates that human behavior in relationships is not as Machiavellian as described in TCT (Morgan and Hunt, 1994). Arguments drawn from sociology stress that exchange typically is embedded in social structures in which opportunism is the exception rather than the rule. As a result, TCT has failed to offer predictions about the implications of a deviance from opportunism (Dabholkar, Johnston, and Cathey, 1994; Heide and John, 1992). Many exchanges are based on a gradual development of trust that helps exchange partners to lower transaction costs by safeguarding against opportunism. The implications of the effect of trusting behavior on governance structures are generally ignored in TCT. Nevertheless, Rindfleisch and Heide (1997) downplay this critique by stating that only some actors are opportunistically inclined, and that it is difficult and costly to identify opportunistic actors ex ante.

(5) TCT is narrowly focused as it addresses a limited set of control and coordinating actions, namely making transaction specific investments (Weitz and Jap, 1995). Though transaction specific investments play an important role in affecting relationships through creating dependence and locking in customers, they are not sufficient to explain long-term orientation in exchanges (Ganesan, 1994). Moreover, TCT makes no allowance for safeguarding transaction specific investments other than vertical integration. This is an important omission because vertical integration is not always a feasible or relevant strategy (Dahlstrom, McNeilly, and Speh, 1996; Robicheaux and Coleman, 1994). Anderson and Weitz (1992) indicated that, although vertically integrated exchange parties can more effectively coordinate exchanges, quasi-integrated relationship forms based on mutual commitment, trust, contractual terms, relationship history, and reputation can be less costly and more flexible (Heide and John, 1992; Weitz and Jap, 1995).

2.4. POTENTIAL APPLICATION TO CONSUMER EXCHANGE SITUATIONS

While TCT has most often been applied to organizational issues such as sales organization, distribution, and market entry decisions (Heide and John, 1992), its substantive focus on exchange makes it relevant to a wide range of marketing phenomena (Cannon, Achrol, and Gundlach, 2000; Rindfleisch and Heide, 1997). As a result, we intend to show that it can serve as a useful framework for determining whether or not a particular consumer exchange situation can be
considered to be relationship friendly. As higher levels of asset specificity, uncertainty, and transaction frequency lead to higher transaction costs (Mudambi and Mudambi, 1995; Sharma and Sheth, 1997; Varadarajan and Cunningham, 1995), assessing the extent to which consumer situations are characterized by these features guides in determining the level of relationship friendliness. For example, departing from the properties of consumer service exchanges, Bowen and Jones (1986) used the TCT framework as a basis for developing a typology for matching governance mechanisms with the level of transaction costs of different service exchanges.

We see the surface of asset specificity in many everyday consumer exchanges. For example, a carrier awarding carrier-specific bonus miles to a frequent flier increases a flier’s costs of exiting his relationship with the carrier, ultimately giving him an incentive to make his relationship as fruitful as possible. Nevertheless, many consumer exchange situations such as grocery shopping in supermarkets involve less significant relationship-specific investments, permitting consumers to more or less “take or leave” relationships. In such situations, customer loyalty is primarily the result of the price paid rather than the quality of the relationship between consumer and supermarket (Beatty et al., 1996; Dwyer, Schurr, and Oh, 1987). Second, levels of uncertainty vary according to different types of consumer exchanges. For example, it is generally recognized that consumers perceive more uncertainty in buying services than when buying products (Berry, 1983). In a consumer service situation such as car repair, a consumer is typically at an informational disadvantage compared to the repairman. As a consequence, this consumer has to approach several garages to assess a fair market value, leading to an increase in his costs of information search. Therefore, he most probably will develop an enduring relationship with a trusted garage to economize on these costs (Bowen and Jones, 1986). Paradoxically, reducing uncertainty by means of service guarantees, quality assurance, and customer integrity is likely to encourage transactional behavior (Sheth and Parvatiyar, 1995b). Third, transaction frequency may differ from one consumer situation to another. For example, roofing service typically requires less frequent encounters than lawn maintenance. Greater frequency of contact implies higher transaction costs when each encounter is considered as a discrete transaction such as hiring a new gardener every couple of weeks. As a result, a relationship with a single gardener is more desirable (Bendapudi and Berry, 1997).

3. RELATIONAL CONTRACTING THEORY

3.1. Characteristics

The theory of relational contracting offers a valuable complement to Williamson’s (1975) TCT (Robicheaux and Coleman, 1994) as relational contracting theory
explicitly distinguishes intermediate types of exchange between discrete transactions and complete internalization of exchanges (Gundlach and Murphy, 1993; Pandya and Dholakia, 1992). MacNeil (1980) referred to such intermediate forms of exchange as “contractual ways of exchange” or “relational transactions” where exchange parties are still independent, but at the same time coupled by weak or strong contractual agreements (MacNeil, 1978; Pandya and Dholakia, 1992). MacNeil (1980) defined the concept of contract very broadly in the sense that it means nothing more than a relationship between exchange parties who expect to sustain this relationship into the future (Nevin, 1995; Robicheaux and Coleman, 1994).

Classical contract law relied primarily upon the legal framework as a mechanism for planning exchanges, negotiating contracts, adjusting existing contract relationships, and resolving contractual conflict (Rylander, Strutton, and Pelton, 1997). Instead, relational contracting theory states that purely relying on the law mechanism can be costly in terms of both resources and time. As unforeseen circumstances can affect the exchange relationship, extra-legal governance methods are often needed (Nevin, 1995). More specifically, norms—expectations about behavior that are at least partially shared by a group of decision-makers—are suggested as complementary mechanisms for relational governance (Dwyer, Schurr, and Oh, 1987; Heide and John, 1992; Houston and Gassenheimer, 1987; Krapfel, Salmond, and Spekman, 1991; Weitz and Jap, 1995). During an exchange act, buyers and sellers often establish norms that did not exist prior to this exchange (Dwyer, Schurr, and Oh, 1987). Buyer-seller relationships can be based on either the traditional promise of contract law (promissory norms) or on relation-based promises (non-promissory or relational norms) (Nevin, 1995). A general property of relational norms is their prescription of behaviors that are aimed at maintaining a relationship and their rejection of behaviors that promote individual goal seeking (Heide and John, 1992). For example, relational norms may be translated into several different behaviors such as flexibility, mutuality, consistency, solidarity, creation and use of power, and information exchange (Heide and John, 1992; Krapfel, Salmond, and Spekman, 1991; MacNeil, 1980).

MacNeil (1980) argued that formal contracts guided by promissory norms do not play a substantial role in most relationships. Rather, it is the set of understandings among exchange partners or the “implicit contract” guided by non-promissory norms that substantially affects relationships (Anderson and Weitz, 1992). Parties who engage in exchanges based upon implicit contracts are less in need of monitoring their exchange partners or building safeguards in the relationship (Andaleeb, 1996).

3.2. Strengths

The relational contracting theory proposed by MacNeil (1980) provides a rich conceptual framework that is able to capture the dimensions and dynamics that...
underlie the nature of exchange relationships as well as the belief structures and activities that are necessary for successful exchange relationships (Nevin, 1995). It deals with the criticisms that have been directed at TCT by including social dimensions of exchange and by making clear that hierarchical relationship governance mechanisms are not the only mechanisms available. Consequently, the theory of relational contracting offers a valuable complement to Williamson's (1975) transaction cost approach (Robicheaux and Coleman, 1994).

3.3. Weaknesses

Relational exchange theory has been criticized for failing to prescribe optimal types of governance to deal with specific characteristics of the exchange. Until now, relational exchange theory has mainly been used for descriptive and conceptual purposes. While relational contracting theory provides a comprehensive conceptual treatment of relational exchange, analyzing MacNeil's (1980) norms from a marketing perspective may prove difficult and presents significant challenges. Researchers attempting to empirically measure and assess the role of constructs such as flexibility, mutuality, and consistency have achieved limited success (Nevin, 1995; Robicheaux and Coleman, 1994).

3.4. Potential application to consumer exchange situations

Bagozzi (1995) remarked that consumers often act or fail to act because of their own moral behavioral norms, even if it is contrary to their best interest. Theories of consumer behavior and relationship marketing have difficulties in explaining this phenomenon, basically neglecting the role of relational norms in consumer exchange situations. He stated that “what is missing is . . . the instinct Kant (1963) spoke about when he referred to ‘inner pain when we do evil’ and ‘inner pleasure when we do good’ which accompany personal judgements about our own actions” (p. 276).

Based upon his arguments, we believe relational contracting theory can add value to our understanding of consumer relationships. Initial evidence for this can be found when observing that relational contracting theory has been used for empirically explaining business-to-business relational exchanges. For example, in their study on relationships between original equipment manufacturers (OEMs) and their component suppliers, Heide and John (1992) proved that under conditions of high relational norms, OEMs’ dependency on component suppliers caused by transaction specific investments was reduced. When applying the same principle to a consumer exchange situation, we might think of the effects of relational norms on a relationship between a guest and the restaurant he frequently visits. Imagining that the guest would lack money to pay for his meal, the restaurant owner could allow postponed payment to his frequent visitor.
without running the risk of non-payment. The relational norms shared by the guest and restaurant owner (e.g., fairness, decency, and common ethical sense) ensure trust and confidence in each other’s relational behavior.

Concluding, the presence of relational norms between parties in consumer exchange situations contributes to the relationship friendliness of these situations. However, as already indicated by its limitations, relational contracting theory does not provide normative guidelines in determining the conditions that underlie the development and growth of relational norms. Consequently, it is difficult to classify consumer situations according to the extent to which they are characterized by the presence of relational norms.

4. SOCIAL EXCHANGE THEORY

4.1. Characteristics

One of the most popular theories on relationships is social exchange theory (Fischer and Bristor, 1994). As is stated by Fischer and Bristor (1994, p. 329), “social exchange theory explicitly predicts social relationships to be based on each partner’s motivational investment and anticipated social gain.” Consequently, social exchange theory stresses that self-interest and relationship outcome evaluation are at the basis of maintaining and exploiting relationships (Oliver and Swan, 1989; Smith and Barclay, 1997).

Self-interest is at the core of social exchange theory as it assumes that exchange parties intend to derive benefits from their relationship that would not be achievable on their own. These benefits can include non-economic and even altruistic rewards derived from increasing their partner’s utility (Andaleeb, 1992; Weitz and Jap, 1995). Especially the interpersonal attraction literature directed a lot of its attention at rewards flowing from perceived similarity or complementary resources such as money, information, or status (Dwyer, Schurr, and Oh, 1987). Therefore, it should not be surprising that social exchange theory often compares the formation and continuity of a relationship with those of a marriage, placing the interactions between people and organizations at the core of relationships (Dwyer, Schurr, and Oh, 1987; Metcalf, Frear, and Krishnan, 1992; Perrien and Ricard, 1995). More specifically, Thibaut and Kelley (1959) distinguished between positive and negative motivations for engaging in and maintaining exchange relationships. Their ideas correspond with the views of Bendapudi and Berry (1997), Ganesan (1994), and Morgan and Hunt (1994) who are in favor of considering both desires and constraints as relationship determining factors.

A second key assumption of social exchange theory is that relationship outcome evaluation is at the basis of relationship maintenance and growth. Thibaut and Kelley (1959) measured relationship outcomes by “comparison level” (the quality of outcomes expected from experience and knowledge with
similar relationships) and “comparison level for alternatives” (the average quality of outcomes from the best alternative that is still above the level of acceptance). According to them, comparing outcomes on basis of comparison levels determines the attractiveness of a relationship and the degree of relationship satisfaction, while comparing outcomes on basis of comparison levels for alternatives determines relationship dependence (Anderson and Narus, 1984; Wilson, 1995). As a consequence, power is explicitly integrated in their framework. The more dependent one party is, the more the other party can influence the quality of this party’s outcomes. The basic conceptual tool that is used by Kelley and Thibaut (1978) for evaluating relationship outcomes is the outcome matrix. In this matrix, the behavior of one party is crossed with the resultant outcome of this behavior given the other party’s behavior. One party can increase its satisfaction with the other party by making use of the transformations available to that party (Oliver and Swan, 1989).

4.2. Strengths

Social exchange theory explicitly recognizes positive as well as negative motivations underlying the formation and growth of relationships. Individuals are believed to engage in relationships either because they genuinely want to or because they believe they have no other option (Stanley and Markman, 1992). Ganesan (1994) and Morgan and Hunt (1994) stressed the importance of addressing both types of motivators in order to fully understand the relationship formation and continuity process.

4.3. Weaknesses

Dwyer, Schurr, and Oh (1987) criticized social exchange theory for not being able to explain the processes related to relationship dissolution. Moreover, we could question to which extent one party in a relationship is able and/or motivated to objectively benchmark the other party’s offerings against the comparison level and comparison level for alternatives. Social exchange theory does not explicitly take into consideration the availability of information required to assess both comparison levels. Moreover, it assumes that parties consciously engage in a process of comparison, while this assumption may not hold in real-life scenarios.

4.4. Potential application to consumer exchange situations

While social exchange theory has been most frequently applied in an interpersonal relationship context (Dwyer, Schurr, and Oh, 1987), its applicability has been tested in different interorganizational studies. For example, in a study
focusing upon distributor-manufacturer working relationships, Anderson and Narus (1984) empirically assessed that sound relationships can be built when a manufacturer provides benefits (e.g., quality products, discounts for distributors, expedited delivery, sales training, and technical assistance) that meet or exceed a distributor’s expectations (comparison level). Moreover, when such benefits are regarded as superior to those offered by the distributor’s best alternative supplier (comparison level for alternatives), a manufacturer is less likely to have to use coercive practices to get distributors to perform desired tasks.

Given its ready applicability to the interpersonal domain, we intend to show that social exchange theory lends itself well to the arena of consumer relationships, as these involve individual-to-firm relationships as opposed to firm-to-firm relationships. This is in line with Iacobucci and Ostrom (1996, p. 57) who stated that “. . . mixed dyads (individual-to-firm) may be perceived as similar to individual-to-individual dyads, because while a customer’s long-term interactions may be with a single firm, his/her specific day-to-day interactions are with service providers employed by that firm.” Corresponding to the assumptions of social exchange theory, consumer-firm exchanges are driven by self-interest and are intended to lead to mutually beneficial economic and/or non-economic outcomes. The outcomes for the consumer as well as the firm having a relationship are affected through communication and transformation processes. For example, Harolds, a Texas clothing store that grows more than ten percent a year, tries to transform its customers’ outcome matrix by communicating its expertise towards customers. All of Harolds’ salespeople are highly knowledgeable about the top-of-line clothing they sell. Consider for example the following statement of a long-term Harolds customer: “I get kidded by friends who say I can get the same thing for half the price. But I tell them I can’t get the same thing, I can’t get the service, the confidence that it’s the right color, the relationship” (Berry, 1995, p. 13). By providing these benefits, Harolds intends to strengthen consumer relationships by exceeding their expectations (in other words, surpassing the comparison level) and by putting competitors at a structural disadvantage (in other words, exceeding the comparison level of alternatives).

Concluding, by applying the concepts of comparison level and comparison level for alternatives in consumer exchange situations, the relationship friendliness of these situations can be assessed. Exchange situations in which a firm is able to go beyond consumers’ comparison level and comparison level for alternatives could be classified as relationship friendly.

5. EQUITY THEORY

5.1. Characteristics

Equity theory, referred to as distributive justice in sociological literature, seeks to understand deviations from the norm of distributive justice in dyadic relationships,
i.e. desires on the part of exchange parties to have a fair distribution of profits (Adams, 1965; Houston and Gassenheimer, 1987; Huppertz, Arenson, and Evans, 1978; Oliver and Swan, 1989). It postulates that parties in exchange relationships compare their ratios of exchange inputs to outcomes. Consequently, since equity theory—as opposed to social exchange theory—not merely focuses upon relationship outcomes, it is readily applicable as an explanatory framework to exchange situations in which parties are unequal in size or power.

Inequity is said to exist when the perceived inputs and/or outcomes in an exchange relationship are psychologically inconsistent with the perceived inputs and/or outcomes of the referent (Huppertz, Arenson, and Evans, 1978). Perceived inequities lead exchange parties to feel under- or over-rewarded, angry, or resentful, to affect behaviors in subsequent periods by encouraging these parties to change their inputs into the relationship, and to result in suspicion and mistrust of the exchange partner (Ganesan, 1994; Gruen, 1995). If equity prevails, the ratio of one’s outcomes to inputs is assumed to be constant across exchange partners, which results in the satisfaction of exchange partners with their outcomes (Adams, 1965; Ganesan, 1994; Lewin and Johnston, 1997; Oliver and Swan, 1989). Equitable outcomes stimulate confidence that parties do not take advantage of each other and that they are concerned about each other’s welfare (Ganesan, 1994).

As parties need to evaluate each other before engaging in an exchange, role expectations play a crucial role in determining the equity level of a potential exchange relationship. Each party to the exchange has certain expectations about one’s own role as well as that of the other party. According to role theory, the fact that each exchange partner has learned a set of behaviors that is appropriate in an exchange context will increase the probability of goal attainment by each partner (Solomon et al., 1985). Role stress can affect long-term relationships if role expectations are unclear (role ambiguity) or if actual behaviors deviate from expectations (role conflict) (Dabholkar, Johnston, and Cathey, 1994).

5.2. Strengths

A major strength of equity theory is that it explicitly recognizes the inherent inequality between exchange partners. In case roles are disparate, theories of distributive justice are useful for understanding exchange relationships. These theories require only that each party has expectations of the role of the other party and interpret justice in terms of how well this other party performs on his role dimensions. As a result, equity theory is considered to be applicable to a broader range of commercial exchange situations than social exchange theory with its assumption of equal partners to the exchange (Huppertz, Arenson, and Evans, 1978).
5.3. Weaknesses

In line with one of the weaknesses of social exchange theory, equity theory does not explicitly take into account whether parties in a relationship are able and/or motivated to judge their respective input to output ratios. Moreover, equity theory implicitly assumes that parties strive for equitable relationships in any situation. However, there is some evidence that idiosyncratic characteristics play a role in equity evaluations. For example, Miles et al. (1989) demonstrated that individuals may have different preferences for levels of equity. They concluded that there are marked differences among individuals for their preferences concerning the equity equation, leading to three types of “equity sensitivity”.

5.4. Potential application to consumer exchange situations

Huppertz, Arenson, and Evans (1978) indicated that equity theory provides a useful framework for understanding consumer behavior. In their study, equity theory was applied to retail exchange situations, involving consumers’ perceptions of inequity and resulting behaviors. While a first group of respondents judged the fairness of 16 hypothetical situations in which high price and poor service were introduced as sources of inequity, a second group indicated the behavior they would be most likely to perform in each situation. When inequity was evident, most subjects chose leaving the store. Only in case a situation was characterized by high shopping frequency, several respondents chose to complain about price or service.

In any consumer-firm relationship, both consumer and firm will have to give up something, the cost of which is expected to be outweighed by the advantages. The consumer, for example, may decide to forgo some freedom of choice in the product field in question, or even pay some form of entry fee in exchange for the benefits available from the relationship. The firm, correspondingly, may accept a lower price or be prepared to add extra value in some other way for the consumer, because the net present value of the resultant long-term relationship is expected to be positive (Christy, Oliver, and Penn, 1996). We see the surface of equity theory in everyday consumer exchanges. For example, consumers are prepared to accept a particular price-quality ratio as long as this consumer perceives the firm to have a comparable ratio in terms of product or service quality efforts versus the turnover it generates. In case consumers perceive inequity, the firm can adjust its input-outcome ratio by lowering its price (thereby reducing its turnover) or enhancing its quality level (thereby investing more in product or service quality efforts).

Concluding, equity theory can assist researchers in determining the level of relationship friendliness of a particular exchange situation. Situations that are typified by an equitable input-outcome ratio can be considered as relationship friendly.
6. POLITICAL ECONOMY THEORY

6.1. Characteristics

The political economy paradigm integrates economic efficiency theories of organizations with behavioral power theories in explaining the development of relationships (Stern and Reve, 1980). It has mainly been developed for explaining collective, organizational, and institutional behavior (Arndt, 1983; Pandya and Dholakia, 1992). Consequently, the unit of analysis of political economy theory consists of relational exchanges between collective entities.

An essential characteristic of political economy theory is its simultaneous and interdependent analysis of economic and political systems of production and consumption (Arndt, 1983; Pandya and Dholakia, 1992; Stern and Reve, 1980). Economy refers to the economic drivers that underlie optimal governance structures (ranging from market exchanges to vertical integration) surrounding exchange transactions within and between institutions. Polity refers to elements of power, authority, control, and conflict (ranging from minimal to centralized power) legitimizing, facilitating, monitoring, and regulating exchange transactions within and between institutions (Arndt, 1983; Pandya and Dholakia, 1992; Robicheaux and Coleman, 1994). As a result, political economy theory is concerned with the allocation of economic resources, authority, and power (Stern and Reve, 1980).

A second distinctive characteristic of political economy theory is the fact that it examines both the internal structures of a group as well as its external environment. More specifically, it focuses upon external as well as internal determinants of institutional exchange (Pandya and Dholakia, 1992; Robicheaux and Coleman, 1994). It views a social system as consisting of interacting sets of (economic and sociopolitical) internal or external forces that affect collective behavior and performance (Robicheaux and Coleman, 1994).

6.2. Strengths

The main contribution of political economy theory results from its dyadic approach that integrates both economic and sociopolitical factors, explicitly insisting that economic and sociopolitical forces should not be analyzed in isolation (Dabholkar, Johnston, and Cathey, 1994; Stern and Reve, 1980). Moreover, the value of the theory lies in its capacity of identifying socioeconomic interactions between exchange partners in terms of their internal structure and external environment (Krapfel, Salmond, and Spekman, 1991).

In contrast to the microeconomic paradigm and its emphasis on prices, political economy theory is better suited for understanding all types of relationships and alliances in marketing (Webster, 1992). Arndt (1983) further stated that the
value of political economy theory results from both its generality and its integrative potential. It is a fairly general theory that can support theory construction in a wide range of marketing areas. It is an integrative one given the fact that it offers a unifying framework in which major economic and sociopolitical constructs can be used for comparing marketing relationships.

6.3. Weaknesses

An often cited limitation of political economy theory is that the model is so comprehensive that it has proven difficult to apply empirically (Dabholkar, Johnston, and Cathey, 1994). As a result of its complexity, political economy theory is often confronted with criticisms reflecting its incompleteness, methodological problems, and vagueness. The paradigm still is incomplete as it may be criticized for putting too little emphasis on performance or goal attainment of social units in terms of effectiveness and efficiency (Arndt, 1983). Moreover, it specifies many constructs and relationships that are difficult to capture through conventional research methods. Finally, at its present level, political economy is more vague and less precise than for instance the microeconomic paradigm, which limits its applicability to more specific domains of interest.

6.4. Potential application to consumer exchange situations

Several authors claim that political economy theory offers solid potential for better understanding all types of relationships and alliances in marketing (Arndt, 1983; Krapfel, Salmond, and Spekman, 1991). While political economy theory has most often been used in order to analyze relationships with industrial customers, suppliers, joint venture partners, resellers, and other stakeholders (Krapfel, Salmond, and Spekman, 1991; Ping, 1993; Stern and Reve, 1980; Webster, 1992), it may also be applied to consumer exchange situations. For Arndt (1983, p. 51) stated, “in consumer behavior analyses, the household may be viewed as a special case of small organizations leading to emphasis on goals, power bases, conflict management, and allocation rules.” Therefore, Arndt (1983) prefers the term “social unit” to the more narrow concepts of institution or organization as the central unit of analysis. The social unit as an aggregation of individual members may relate to a household, a family, or another group of individuals.

Sheth and Parvatiyar (1995b) provided an interesting overview of consumer behavior theories that can be usefully applied to explain consumer-firm relationships. Several of these theories can be readily put into the political economy framework. While some of theories discussed relate to the internal structure of the consumer household, others apply to the external environment surrounding...
this household. For example, according to reference group theory, individual product, brand, or store choices can be heavily influenced by other members of the household (internal) or by reference groups (external) reflected in for instance celebrity advertisements, testimonials, and endorsements. The norms and values held by either the household or external reference groups are often reflected in one’s individual purchase behavior. For example, a husband and his wife may visit McDonalds regularly despite their dislike for fast food, as they want to please their children by taking them out there. Moreover, some consumer behavior theories are more of an economic nature, while others take a more political perspective. For example, from an economic perspective, consumers may want to comply with group norms in order to attain the benefits of socialization, to achieve the rewards associated with social compliance, and to avoid conflict and punishment associated with noncompliance (Sheth and Parvatiyar, 1995b). From a political perspective however, there may be elements facilitating or hindering this process of complying with group norms. For example, a teenager wanting to reap the “economic” benefits of socializing with a reference group of youngsters by regularly visiting a trendy discotheque, may be restricted in his aim as the discotheque can exert power by refusing the teenager from entering for reasons of age or dress code.

Concluding, political economy theory provides a comprehensive framework for analyzing consumer exchange situations, taking a political and an economic perspective as well as an internal and an external view. However, in line with the limitations cited above, its comprehensiveness also limits its normative value to determine the relationship friendliness of a particular consumer exchange situation. Compared to the other theories discussed in this article, political economy theory does not provide us with clearly defined conditions that, if met, imply a relationship friendly situation.

7. RESOURCE DEPENDENCE THEORY

7.1. Characteristics

Many theorists regard dependence and power as central to explaining organizational and interpersonal behavior (Andaleeb, 1996; Morgan and Hunt, 1994). Emerson (1962) described dependence as the extent to which (1) each party’s reward or motivation is reliant upon the reward or motivation received by the other party and (2) the reward or motivation exceeds what would be available outside the relationship. Nevertheless, the traditional discussion of exchange in marketing generally does not focus on differences in negotiation power and the consequently unequal and unsatisfactory nature of exchange transactions. Resource dependence theory explicitly addresses these issues by examining sources of power and dependence in exchange relationships (Pandya.
and Dholakia, 1992). Indeed, several scholars state that, for a relationship to truly exist, interdependence between exchange partners must exist (Fournier, 1998).

The resource-based economic theory of the firm states that a company, seen as a collection of productive resources, tries to upgrade these resources as part of an attempt to initiate, develop, and terminate relationships (Krapfel, Salmond, and Spekman, 1991; Williamson, 1985). A lack of self-sufficiency with respect to acquiring and developing resources leads to dependence and introduces uncertainty in a party’s decision making environment (Varadarajan and Cunningham, 1995). The dependence of a party is intrinsically tied to the power of the other party. When one party in a relationship controls resources that are wanted or needed by the other party, this other party becomes dependent upon the controlling party (Andaleeb, 1996; Dwyer, Schurr, and Oh, 1987; Ganesan, 1994; Wilson, 1995). As posited by psychological reactance theory, dependent exchange partners may wish to regain control and influence their power balance by acquiring and defending a secure and adequate supply of critical resources or by developing substitute sources which can reduce their dependence (Andaleeb, 1992; Arndt, 1983).

The work of resource dependence theorists suggests that dependencies between exchange partners are a function of multiple factors. Exchange partners become more dependent upon each other as (1) outcomes from an exchange become more important (referred to as criticality), (2) the magnitude or proportion of trade with one partner increases (referred to as quantity), (3) the business is concentrated with fewer partners (referred to as replaceability), and (4) it becomes more difficult to locate potential alternative exchange partners (referred to as slack) (Andaleeb, 1992; Krapfel, Salmond, and Spekman, 1991). Exchange partners engage in relational behavior through increasing interdependence levels in order to mitigate short-term self-interest (Emerson, 1962). Power-dependence theory suggests that an exchange party’s investment in specific assets may constrain its ability to acquire control and may transfer this control to the party receiving the investment (Heide and John, 1992). Consequently, resource dependence theory directs our attention at the dangers of increased dependence in terms of increased strategic vulnerability. Improper screening of an exchange relationship can leave exchange partners worse off than if they had engaged in looser arm’s length relationships (Krapfel, Salmond, and Spekman, 1991).

Stern and Reve (1980) stated that, while exchange partners will peacefully coexist and interact co-operatively as long as there remains a balance of power between them, conflict potential and the magnitude of dysfunctional conflict are highest in unbalanced power situations given the exploitation opportunities that result from this imbalance (Anderson and Weitz, 1989; Dwyer, Schurr, and Oh, 1987). Consistent with the bargaining and negotiation literature, in case of a power imbalance, the high power party will attempt to exploit its advantage and the low power party will become dissatisfied with the relationship (Anderson and Narus, 1984; Anderson and Weitz, 1989; Ganesan, 1994; Varadarajan and
Cunningham, 1995). Also bilateral deterrence theory suggests that, all else being equal, increasing interdependence asymmetry results in higher levels of aggression and conflict expressed by both parties in a relationship (Kumar, Scheer, and Steenkamp, 1995).

7.2. Strengths

The assumptions of resource dependence theory reflect the characteristics of many real-life exchange situations. For example, most relationships are characterized by a certain amount of goal conflict and by exchange partners that act to decrease their dependence on other exchange partners (Dabholkar, Johnston, and Cathey, 1994).

7.3. Weaknesses

Resource dependence theory cannot explain why and how exchange relationships are initiated and how exchange outcomes are evaluated by exchange partners (Dabholkar, Johnston, and Cathey, 1994). Proponents of TCT criticized resource dependence theory for its focus on descriptive issues and its failure to examine the efficiency implications of various structural arrangements (Heide and John, 1992). Therefore, Heide and John (1992) suggested to integrate both by augmenting the normative insights from TCT with the descriptive insights offered by power-dependence theory.

Moreover, resource dependence theory has difficulties explaining long-term exchange relationships resulting from behavior based on trust. Exchange partners can rely on cooperation, collaboration, and coordination instead of power, influence, and control. Morgan and Hunt (1994, p. 22) expressed the same concern when they stated that “the presence of relationship commitment and trust is central to successful relationship marketing, not power and its ability to ‘condition others’.” In a channel context, Young and Wilkinson (1989) argued that the primary focus of channel research on power and conflict has distorted our understanding of channel relationships focusing on sick rather than healthy relationships. According to Weitz and Jap (1995), the use of power as a coordinating mechanism is limited to asymmetric relationships—those relationships in which one party is more powerful than another (Weitz and Jap, 1995).

7.4. Potential application to consumer exchange situations

Resource dependence theory is a broad framework that can be used to explain many different interaction types (Dabholkar, Johnston, and Cathey, 1994). Neve-
theless, most empirical work applying resource dependence theory was conducted in a firm-to-firm setting as opposed to a consumer-to-firm setting. For example, in a study of wholesalers-distributors reporting on their suppliers, Lusch and Brown (1996) found that unilateral dependence of either party had no impact on relational behavior, while as both firms became more dependent upon each other, the degree of relational behavior between them increased. When applying the principles of resource dependence theory to a consumer environment, we would arrive at the conclusion that consumer-firm exchanges are less relationship friendly. Buyers and sellers are often less dependent upon each other in consumer markets. Consumers are generally less dependent upon sellers because they can choose from a wide range of alternative suppliers. Sellers are generally less dependent upon consumers because their business with one consumer only represents a small fraction of their total business. Consequently, the existence of constraints such as authority, control, and resource dependence within consumer markets is likely to be small. Yet, some consumer-firm exchange situations can be characterized by high levels of dependence and power of either party. For example, in many countries where telecommunication companies are not privatized, consumers are dependent upon the services of one single provider, leaving no other option for the consumer than to engage in a long-term relationship with this provider. But also the firm may become dependent upon a consumer audience. An example in this respect is the production quality problems Coca-Cola recently encountered in Belgium, leading to numerous health complaints from its target audience and causing serious damage to Coke’s image, reputation, and short-term turnover. Following Coca-Cola’s increased level of dependence, it made serious efforts to recover its damaged relationships by offering free bottles of Coca-Cola in supermarkets and by communicating the CEO’s apologies in printed media and on television. Concluding, in consumer-firm exchanges characterized by low dependencies from both parties, resource dependence theory would suggest that such exchanges are less relationship friendly. Only when the consumer and/or firm are dependent upon each other, we could characterize such a consumer exchange situation as relationship friendly.

IMPLICATIONS FOR RESEARCH ON CONSUMER RELATIONSHIPS

First, the broadened scope of relationship marketing from business to consumer environments has raised some questions with respect to the generalizability of industrial and channel relational concepts to consumer relationships. Our critical review indicates that all theories discussed—although many of them originated from investigating business-to-business relationships—can help to explain consumer relationships, implying the theories’ generalizability to consumer contexts. This corresponds to Iacobucci and Hibbard’s (1999) view that future research
should focus at developing higher-order understandings of relationships in general, so that business-to-business and consumer relationships may be deduced simply as special cases.

A second issue relates to the wide availability of different theoretical frameworks that can be used to explain relationships. While trying to combine these complementary viewpoints into one holistic relationship marketing theory could be useful, empirical validation would prove to be extremely difficult. This is illustrated by some of the criticisms with which political economy theory is confronted. Consequently, we are not in favor of mixing different types of theory, but rather of developing more rigorous “partial” relationship marketing theories that can be both applied in business and consumer environments (Bejou, 1997; Mudambi and Mudambi, 1995). We believe our study can aid researchers in gaining a better understanding of the added value of the partial theories we discussed in analyzing consumer relationships. For example, resource dependence theory can help us to explain why some relationships are strong and others are not, based upon the level of dependence within these relationships. However, it cannot assist in assessing differences in relationship strength between consumer exchange situations sharing a similar level of dependence, but varying on other dimensions.

Third, our theoretical analysis can be used in order to arrive at a more sophisticated picture of the relationship friendliness of a particular consumer exchange situation. In this respect, we take the liberty of comparing our critical review with John Godfred Saxe’s poem, “The Blind Men and the Elephant”. This poem is about six blind men encountering an elephant for the first time. Each blind man touched a different part of the elephant, thinking his own perception of the elephant was correct. By analogy, relationship marketing theories can be compared with blind men and the concept of relationship friendliness with an elephant. While the total truth on relationship friendliness is beyond your grasps, by putting all theories together we can better find out how relationship friendly a particular situation is. This immediately points out a limitation of our study, as we limited our critical review to seven theories most often used as explanatory frameworks in relationship marketing. As a result, we encourage future research to assess the value of additional theories in explaining consumer relationships. Moreover, our study provides a comparison between relationship marketing theories on conceptual grounds. The next step would be to assess the explanatory value of each theory in an empirical consumer setting.

**SUMMARY**

The objective of this study was to provide a critical review of the added value of seven different theories underlying relationship marketing in determining the “relationship friendliness” of consumer exchange situations. We provided a
description of the characteristics, strengths, and weaknesses of neoclassical microeconomic theory, transaction cost theory, relational contracting theory, social exchange theory, equity theory, political economy theory, and resource dependence theory. Subsequently, we provided examples of application for each theory and illustrated how the theories can be used to determine the relative relationship friendliness of a consumer exchange situation. The result of our critical review can be compared with John Godfred Saxe’s poem “The Blind Men and the Elephant”. While the total truth of relationship marketing is beyond our grasp, each of the theories reviewed can make its own contribution in assessing the relationship friendliness of a particular consumer exchange situation. Therefore, it can be concluded that within a fragmented set of relationship marketing theories surrounded by a lot of confusion and disagreement, this article provides guidance in determining the added value of the different theories in explaining consumer relationships.

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