This chapter takes a fresh look at relationship marketing (RM) and business or industrial networks (BN) as sub-fields of the marketing discipline. Some scholars, including Gumnesson and Grönroos, see these as nested and use relationship marketing as a generic term to cover the research on both consumer and business relationships and on inter-organizational networks. However, several authors have emphasized the dispersed origin of relationship marketing and suggested a need to explore the differences between business-to-business marketing relationships and consumer marketing (Egan, 2008; Eiriz and Wilson, 2006; Pels, 1999). Möller and Halinen (2000) claim that relationship marketing consists of two theoretically different and distinctive approaches: market-based RM (MRM) and network-based RM (NRM). This view is supported by Mattsson (1997) who makes a clear distinction between the theoretical assumptions that provide the foundation for relationship marketing research and network research.

*This work, although independent, draws on Möller and Halinen (2000) and Möller, Pels and Saren (2009). The author wishes to thank all the colleagues involved in these publications. The work goes on. The work is related to the ValueNet Project which is part of the Liike2 Programme of the Academy of Finland.
In fact, both of these domains can be seen as relatively broad and fragmented research traditions in which the founding researchers, by utilizing concepts and theories from a variety of social science disciplines, have tried to cover and synthesize phenomena. These range from the behaviours of marketers and customers and the processes that constitute relationships, to business networks, their structures and their dynamics. In addressing this complexity and diversity, this chapter seeks to:

- Examine and articulate the origins of the different views underlying current relationship marketing thought and the business networks approach
- Provide a theoretical comparison of the disciplinary foundation of RM and BN
- Articulate two distinctive theoretical views covering the marketing phenomena captured by the RM and BN terms: the market-based relationship marketing (MRM) and the network-based relationship marketing (NRM)
- Provide a ‘theory map’ of the research streams constituting the current RM and BN
- Discuss the theoretical consequences of the proposed ‘multi-theory’ approach.

The outlined conceptual analysis, which also describes the structure of this chapter, is helpful in revealing the differences and similarities in the key approaches to the RM and BN, and this is indispensable for any marketing scholar. Without a proper understanding of the fundamental disciplinary approaches, it is difficult to navigate through the assortment of research and literature that constitutes the widespread relationship marketing and business networks domains. Thus, in order to utilize different traditions efficiently or to challenge them, it is essential to understand their theoretical positions and core assumptions. By providing an articulated theory map, this chapter contributes not only to current marketing knowledge but to its future development as well.

Relationship marketing and business networks research

Extant research suggests that the emergence of business networks (BN) and relationship marketing (RM) as important schools of marketing thought was influenced by several intertwined research streams ongoing in marketing since 1970 (Egan, 2008; Eiriz and Wilson, 2006; Möller and Halinen, 2000; Möller, 1994; Pels et al., 2009). These include services research, customer–supplier relationships and interaction in business marketing and in international business, research concerning marketing channel relationships, and more pragmatic knowledge concerning the emerging practices of database and direct marketing (labelled later as interactive marketing). The industrial network approach, arriving on the stage in the late 1980s, represents the last piece in the relationship marketing puzzle. The role of these streams in understanding RM is crucial. They are not
only the roots or sources of current relationship marketing but actually the streams of research that constitute RM and BN. What makes matters even more complicated is that these research streams are not monoliths. Their researchers draw from a variety disciplines and theories ranging from economics and organizational sciences to political science and social psychology. This disciplinary multiplicity is described in Figure 14.1 and builds on the work of Möller and Halinen and Eiriz and Wilson. Next, these streams are discussed, and their disciplinary backgrounds and key aspects are summarized in Table 14.1.

Primary constituents of relationship marketing

**Services marketing**
The emphasis on marketing relationships and the consequent relationship marketing tradition has several origins. By the late 1970s, researchers interested in services were beginning to question the marketing management school. Their main concern was that the school did not provide conceptualizations for describing and managing the service
<table>
<thead>
<tr>
<th>Research tradition characteristics</th>
<th>Database &amp; interactive marketing</th>
<th>Services marketing</th>
<th>Channel research</th>
<th>Interaction &amp; networks</th>
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<tbody>
<tr>
<td><strong>Basic goals</strong></td>
<td>Managerial goal: enhance marketing efficiency through better targeting of marketing activities, especially marketing communications. Strong managerial emphasis, integrated marketing communications (IMC) an important agenda. Customer retention, share of a customer database as a device for managing direct communications, integrated use of channels.</td>
<td>To explain and understand services management and services marketing relationships. To understand the organization of service production. Managerial goal: how to enhance the efficiency of managing customer encounters and relationships through managing the perceived quality of the service offer and relationship.</td>
<td>Theoretical goal: explain governance structures and dyadic channel member behaviour in the channel context. Normative goal: determine efficient relational forms between channel members.</td>
<td>Three interrelated sets of goals: (i) understand and explain inter-organizational exchange behaviour and relationship development at a dyadic level in a network context; (ii) understand how nets of relationships between actors evolve; and (iii) understand how markets function and evolve from a network perspective. Managerial goal: gain a more valid view of reality through network theory for management in a network context.</td>
</tr>
<tr>
<td><strong>Key research questions</strong></td>
<td>How to provide value for the customer, how to develop loyal customers, how to adapt marketing activities along the customer’s life-cycle, how to retain customers?</td>
<td>How to create and manage customer relationships, how to co-create value with customers, how to organize service production and create a service-driven organization.</td>
<td>What forms of governance are efficient for what types of channel relationships? How is use of power related to the relationship efficiency? How does trust evolve and facilitate relationship development and commitment? In what way is the dyadic relationship contingent on the larger channel context?</td>
<td>How are relationships created and managed; how do nets of relationships evolve, how can an actor manage these relationships and create a position in a net? How to describe markets as networks; network structures and the processes driving network emergence and change.</td>
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<thead>
<tr>
<th>Research tradition characteristics</th>
<th>Database &amp; interactive marketing</th>
<th>Services marketing</th>
<th>Channel research</th>
<th>Interaction &amp; networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>View of relationships</td>
<td>Pragmatic – no explicit assumptions; implicitly assumes competitive markets of customers; stimulus response view with feedback. Organization-personal customer relationships, generally comprising discrete transactions over time, handled through media enabling customized interactive communication.</td>
<td>Personal customer relationships attended by service personnel and influenced through other marketing activities. Earlier a strong focus on the service encounter, later expanded to include the life-cycle of relationships.</td>
<td>Dyadic, multidimensional interorganizational relationships, which are interactive and dynamic. Both parties can be active.</td>
<td>Relationships exist between different types of actors: firms, government and research agencies, individual actors; not only goods but all kinds of resources are exchanged through relationships. Relationships are seen as vehicles to access and control resources and to create new resources.</td>
</tr>
<tr>
<td>View of context</td>
<td>No explicit theory of context; working consumer markets implicitly assumed. Also customer database as a ‘context’ for customer classification and competition for preferences and retention.</td>
<td>Primarily the management perspective; dyadic interactive relationship but customers often seen as objects. Interdependence between the seller and the customer varies from weak to relatively strong. The basic service is often relatively substitutable, but the service relationship can be differentiated and individualized.</td>
<td>Well developed theory on ‘environment’ in the political-economy approach. Structuration perspective: the dyadic behaviour and efficient forms of governance are influenced by the channel context and dyadic behaviour influences the channel context.</td>
<td>Environment is seen as networks of actor relationships. Actor behaviour is highly embedded, i.e., specific actions cannot be understood out of their historical context. Firms learn and construct their environment through enactment, i.e., the environment is not transparent; the actor–environment relationship is reciprocal.</td>
</tr>
<tr>
<td>Research tradition characteristics</td>
<td>Database &amp; interactive marketing</td>
<td>Services marketing</td>
<td>Channel research</td>
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<tr>
<td>Disciplinary background</td>
<td>No clear disciplinary background; driven by information technology, marketing communication applications, data processing techniques and modelling. Marketing decision making and optimization perspectives important.</td>
<td>No clear disciplinary background; early phase a response to 'traditional marketing management', later consumer behaviour applications, operations and human resource perspective and general management outlook. Both empirically and theory driven with heavy managerial orientation.</td>
<td>Primarily theory driven, tries to combine the economic and political aspects (power, dependency) of channel relationships. The tradition relies on: (i) transaction cost theory; and (ii) social exchange theory, political economy, power and conflict in organizational sociology. The transaction cost approach provides the economic perspective and the social exchange theory the behavioural perspective.</td>
<td>Both empirically and theory driven; earlier influenced by channels research, organizational buying behaviour, resource dependency theory, social exchange theory, and institutional economics; later by institutional theory, dynamic industrial economics, organizational sociology, and resource-based theory. Eclectic tradition.</td>
</tr>
<tr>
<td>Unit(s) of analysis &amp; view of actor(s)</td>
<td>A rational marketer generally looked from a single firm (unit) perspective, a machine-like view of organization. Individual customer(s) defined by preferences and response profiles. Also customer types (segments) as unit of analysis.</td>
<td>Multiple foci of analyses: rational marketer, service provider–client relationship, individual customer, customer group or segment. Generally a machine-like organization, but some interest in organizational culture.</td>
<td>Multiple foci of analysis: firm, dyadic relationship in channel context. Structurization perspective: the dyadic behaviour and efficient forms of governance are influenced by the channel context and dyadic behaviour influences the channel context. Actors generally treated as single units with bounded rationality, they are defined through their goals and roles.</td>
<td>Multiple foci of analysis: an actor can be an organization, person, dyadic relationship, a net or a network. Transactions are episodes in the long-term relationship. Emphasis on the embeddedness of actors in networks. Actors are sensemaking through enactment. Actors defined through resources, roles (goals) and relationships; organizations seen as 'organic' and adaptive.</td>
</tr>
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</table>
provider–customer relationship. Consumers’ quality experiences and subsequent satisfaction towards the service were argued to be an outcome of an interaction relationship between the personnel and the customer, which was augmented by the traditional marketing communications, institutional image, and service delivery technology (Berry and Parasuraman, 1993, Grönroos, 1990; Zeithaml and Bittner, 1996). Initially, the relational emphasis was on relatively short-term service provider–customer encounters, which was later expanded to include the life-cycle of the customer relationship.

Besides the joint production roles and enduring relationships, the services marketing school (SMS) stresses the organizational aspects apparent in the successful marketing of services. Indeed, the whole organization should be targeted and culturally fine-tuned for the service of target customers. This notion was captured via the internal marketing concept, which was suggested by Grönroos (1981) for achieving organizational awareness and skills. Another prominent construct was that of service quality and its operationalization with the service gap model and the consequent SERVQUAL measurement system. The ultimate goal was better management of customer satisfaction (cf. Parasuraman et al., 1985; Zeithaml et al., 1988).

Services marketing brought to the foreground two principal issues: the interactive and process nature of customer relationships, and the organizational aspects of marketing. These are both important areas about which the marketing management tradition had remained silent. Services scholars also provided some of the early attempts to define relationship marketing. According to Berry et al. ‘Relationship marketing is attracting, maintaining and – in multi-service organizations – enhancing customer relationships’ (1983: 66).

In spite of the conceptual breakthroughs, services research was relatively shallow in terms of theory development. This is related to the key goals of this school. Much of the services marketing research is driven primarily by empirical and managerial issues. Inductive orientation is especially strong among the Nordic researchers. Instead of developing an in-depth, theory-based understanding, services research seems to aim at broad, managerially oriented frameworks. However, a stronger theoretical base has been constructed for the customer service expectations and behaviour by drawing from the psychological and social psychological foundations in consumer behaviour, especially the disconfirmation theory of expectations (Oliver, 1980). Concerning the service production and interface organizing, the school indeed advanced relevant issues; nevertheless, because these lack relations to organizational theory, it has not developed them to the potential they merit. Another noteworthy aspect is the silence concerning the context or environment of service relationships and encounters. The school seems to implicitly assume a working market context with multiple customers and service providers.

**Database and direct marketing – interactive marketing**

From the mid-1980s onwards, rapidly developing information technology created a primarily practice-based and consultant-driven literature on managing customer relationships through databases (database marketing) and direct marketing activities (see Jenkinson, 1995; McKenna, 1991; Peppers and Rogers, 1993, 1997; Pine et al., 1995; Rapp and Collins, 1991; Shaw and Stone, 1988; Shepard, 1995). The
buzzwords ‘mass customization’ and ‘one-to-one marketing’ had arrived. This technology-driven approach included a strong emphasis on marketing communications and is often referred to as integrated marketing communications (IMC) (Schultz et al., 1993). Later development, driven by the internet and mobile technology, has further extended marketers’ opportunities to customize their offerings and messages per individual customer (Blattberg and Deighton, 1991; Malthouse and Blattberg, 2005). While used predominantly in consumer marketing, the technologies involved in interactive marketing have also had a clear impact on the customer relationship management (CRM) practices in business marketing (Kumar, 2008).

Database and interactive marketing are primarily practice driven. These include a strong managerial emphasis that aims to enhance the efficiency of marketing activities, especially communication targeting, media usage and message personalization. Through the use of optimization tools, interactive marketing targets the maximization of customer lifetime value as well as the customer equity of the firm (Kumar, 2008; Rust et al., 2004). Here, competitive markets are implicitly assumed. The organization–customer relationship perspective is narrow and portrays the image of a relatively loose and distant connection. The focus is on interactive communication, where the seller is the active partner who plans communication and offerings on the basis of customer profile and feedback. Relationships are seen as long-term in nature, evidenced by the customer life-cycle concept, but concrete theoretical and empirical efforts to tackle the dynamism of customer relationships have been limited. The main focus is on how to keep customers loyal and profitable in an efficient manner. Essentially, this is an optimization problem and paradoxically, the ‘interactive marketing’ actually achieves many of the normative goals of the marketing management tradition (Möller, 2006).

**Channels research tradition**

In the late 1970s, researchers interested in marketing channels began to develop frameworks and theories that focused on the relationships between business marketers and channel members. Research in the channels research tradition (CRT) examines how actors in a marketing channel behave, and how and why various forms of channels evolve. Here, the basic normative goal is defining efficient relational forms between channel members.

The tradition attempts to combine the economic aspects and the behavioural aspects that influence channels relationships (Stern and Reve, 1980). The economic perspective is strongly influenced by the transaction cost economics, which tries to define the efficient governance structure in dyadic exchange relationships through the use of a set of transaction and market characteristics (Rindfleisch and Heide, 1997; Williamson, 1985). Its core concepts include asset specificity, uncertainty and transaction frequency, and under-specific combinations of these contingency factors, matching governance structures, are postulated.

The behavioural perspective draws from social exchange theory and organizational sociology, and it employs political economy concepts, such as power and dependency and social aspects – expectations, cooperation, trust, commitment, communication and conflict behaviour – in analysing channels relationships.
An essential aspect of channels research is its strong programmatic and systemic nature. In fact, its inherent dualism – polity and economy – and context are its dominant features. Driven by the political economy framework (Stern and Reve, 1980) and utilizing a rich multidisciplinary base, CRT offers three essential points: (1) both economic and political aspects and their interactions must be considered in examining channel behaviour; (2) a focal channel and a dyadic relationship form the recommended unit(s) of analysis; and (3) complex relationships cannot be understood outside their context or environment, as the ‘dyadic behaviour’ and ‘channel’ are reciprocally interrelated (Heide, 1994; Möller, 1994; Möller and Halinen, 2000; Rindfleisch and Heide, 1997; Wathne and Heide, 2004).

One should note, however, that the channel context/environment dyadic behaviour linkage, as modelled through the political economy framework, has received relatively little empirical attention (see, however, Wathne and Heide, 2004). Another limitation is the insufficient empirical research on the development processes of channel relationships and channel structures.

**Interaction and network approach**

The interaction and network approach is associated primarily with the work centred on the Industrial Marketing and Purchasing (IMP) Group (Anderson et al., 1994; Axelsson and Easton, 1992; Ford, 1990; Håkansson and Snehota, 1995; Möller and Halinen, 1999; Möller and Wilson, 1995). Its birth can be traced to the late 1970s and early 1980s when a number of European scholars began to develop a theory of supplier–customer relationships based on an extensive multi-country case study (Håkansson, 1982). The resulting relationships were seen essentially as interactive and dynamic. During the 1980s, the emphasis was on understanding how such relationships are created and managed. Both parties were seen as active and the key constructs in describing relationships included interaction processes, adaptation and investments in relationships, actor bonds, resource ties, activity chains, relationship outcomes, and phases of relationships (see Ford, 1990, 1997, 2002 for compilations of the IMP research).

The interaction approach was influenced by early channels research, resource dependency theory and social exchange theory. As the channels school, it utilizes economic aspects – the investments in relationships – and behavioural aspects – expectations, relationship atmosphere, mutuality – in analysing relationships. There is, however, a clear difference in how the interaction approach emphasizes the processual character of relationships and describes them through resource and social exchange processes and adaptations. This dynamic perspective is enabled empirically through case studies whereas the channels research is dominated by structural equation modelling.

Since the 1990s, the primary focus of the approach has been on understanding business networks and organizational action in the network context. Notably, this development was led by Håkansson (1987, 1989) and Ford (1990) (see also Axelsson and Easton (1992)) and manifested itself in the actors-resources-activities (ARA) framework (Håkansson and Snehota, 1995). Three levels of analysis and related goals can be discerned in the IMP-driven network research.
At the micro level, the question is how individual organizations act in a network context, specifically how they develop, maintain and dissolve network positions and roles. Relationships play a key role in this research, and the relationships that exist between different types of actors are seen as vehicles for accessing and controlling resources, and for creating new resources in the relationships. A key issue is to understand how organizations and personal actors try to achieve their goals through relationships depending on their capabilities or competences. This perspective relates the network view to the resource-based theory of the firm and offers a new viewpoint to strategic thought (Håkansson and Ford, 2002; Mattsson, 1985; Möller and Törrönen, 2003).

The meso level addresses the issue of how focal networks – also known as value nets or strategic nets – evolve, and to what extent, and how these structures can be created and managed (Alajoutsijärvi et al., 1999; Möller and Halinen, 1999). Applications of this view involve an analysis of technological development (Håkansson and Waluszewski, 2002), the nature of the internationalization of firms and international cooperative relationships (Johansson and Mattsson, 1988; Håkansson and Johanson, 1988). Important issues include the goals and structures of specific focal networks (e.g. supply nets, competitive coalitions and R&D, and innovation networks) and their governance (de Man, 2004; Jarillo, 1988).

Finally, the macro-level research addresses the questions of how extensively the network structures evolve and what factors influence these dynamics. This view, sometimes called the ‘markets as networks’, challenges the industrial organization view of markets (Porter, 1980). It contends that markets – or industries or clusters – are constructed by complex and interdependent, inter-organizational relationships, rather than by independent actors (Håkansson and Snehota, 1995; Thompson et al., 1994). The macro network perspective has been employed primarily to examine how technological networks evolve (Håkansson, 1987; Lundgren, 1995; Möller and Svahn, 2009; Powell et al., 1996).

From the perspective of theoretical assumptions, the network approach contains several departures from mainstream marketing studies. Both relationships and networks form the unit of analysis, and the focus is on their structures and dynamics. More importantly, the worldview of network studies emphasizes contextuality and time. That is, singular events or relationships cannot be understood without knowledge of their context and evolution. This adoption of historical perspective is related to the primary use of qualitative case analysis. Moreover, the environment is not regarded as transparent; actors are seen as perceiving its structure and meanings and learning about them through enactment (Weick, 1985).

The historical explanation view that has been adopted has important consequences for the normative and managerial applications of the network approach. The approach can provide only relatively broad guidelines regarding how to manage in a network environment. More specific normative suggestions require a historical understanding of the particular network situation and must always remain context dependent. Nevertheless, this view is being challenged by the more recent ‘strategic network’ approach, which is interested in networks as quasi-organizations and especially in the management mechanism of different types of strategic nets (Möller and Rajala, 2007; Möller and Svahn, 2006). These
researchers generally adopt a more reductionist ontological view of networks and apply contingency thinking based theoretical frameworks.

**World view of relationship marketing and business networks constituents**

The description of the research streams constituting relationship marketing and business networks uncovered considerable differences, as summarized in Table 14.1. Related to this, a fundamental question becomes whether RM and BN should be handled as one domain that can be covered adequately by a single, albeit broad and eclectic, theory. Otherwise, are the goals, disciplinary backgrounds and key assumptions – or world views – between the constituting traditions so discrepant that we must treat them as interrelated but distinctive sub-theories of RM and BN? Can some of the root traditions be merged to achieve if not one homogenous theory, then at least a more elegant set of theories to address this important marketing domain?

In order to facilitate a more feasible drawing of conclusions, the following aspects are used to compare the four constituting traditions:

- The views they have on marketing exchange and exchange relationships
- The views they have on the context or embeddedness of marketing exchange behaviour
- The views they have on the actors or units conducting the exchange behaviour

These perspectives are seen to cover the key theoretical aspects of enquiries into marketing (cf. Möller and Halinen, (2000) and Möller et al. (2009) for a discussion of this meta-theoretical analysis).

**View of marketing exchange**

A close examination of how researchers in each of the four traditions view exchange relationships and the kinds of questions they are asking about them reveals substantial variety in their complexity, particularly regarding the type of dependencies that emerge between buyer and seller. Relational complexity seems to be closely associated with whether the research tradition primarily concerns marketer–consumer relationships or inter-organizational relationships. Since this division seems the most powerful in differentiating the underlying assumptions each tradition makes about exchange characteristics, it is selected as the basis for further analysis. Table 14.2 outlines the assumptions behind consumer-related and organization-related traditions.

Research on consumer relationship-related traditions (primarily services marketing and interactive marketing) has focused on the relationship between the marketer and
the customer. In contrast, inter-organizationally-oriented approaches (channels research and interaction and networks research) have focused on exchanges between suppliers and buyers of various types and even between several actors at a time. In these two perspectives on exchange relationships, the assumption about the level of interdependence between the buyer and the seller is a significant differentiating factor. Consumer relationship approaches assume a large number of potential partners, where both buyers and sellers have several alternatives from which to choose. Here, the resources exchanged and the relationships created are substitutable, since relationships rarely develop into strongly interdependent connections. Alternatively, in the inter-organizational case, there are fewer potential partners and the resources they control tend to be heterogeneous because of specialization and historical development. Therefore, such relationships are characterized by mutual interdependency, which may vary from weak to strong and which may make switching partners much more difficult. Again, unlike inter-organizational approaches, relationships between marketers and consumers are considered to be much looser since the bonds that tie the parties together are weaker and fewer. Social bonds are seen as having great importance (see, e.g. Gwinner et al., 1998; Liljander and Strandvik, 1995), whereas different economic, technological, planning, social, legal and knowledge related bonds coexist and are seen as essential in inter-organizational relationships (see, e.g. Håkansson and Snehota, 1995: 13; Möller and Wilson, 1995).

In line with the managerial emphasis on consumer-oriented relationship research, the seller is generally viewed as the active party and the consumer more as an object, although the interactive character of the relationships is recognized. The long-term view is stressed, but it remains relatively unexploited relative to the conceptual or managerial tools needed to master relationship development and the effects of history on relationships. Thus far, the long-term perspective has been seen in terms of recurring transactions and their successful management rather than the process or other dynamic relationship features.

### Table 14.2 Exchange characteristics in consumer vs. inter-organizational relationship-focused research traditions

<table>
<thead>
<tr>
<th>Consumer relationships: low relational complexity</th>
<th>Inter-organizational relationships: high relational complexity</th>
</tr>
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<tbody>
<tr>
<td>• The focus is on marketer–individual customer relationships.</td>
<td>• The focus is on: (i) supplier–buyer dyads; and (ii) exchange within focal nets.</td>
</tr>
<tr>
<td>• A large number of customers.</td>
<td>• A small number of actors ranging from profit/non-profit-organizations to governmental organizations and key persons.</td>
</tr>
<tr>
<td></td>
<td>• Mutual interdependence through resource ties; resources are relatively heterogeneous making switching difficult.</td>
</tr>
<tr>
<td>• Low interdependence since resources (relationships, products, information, etc.) are substitutable.</td>
<td>• Any actor can be active.</td>
</tr>
<tr>
<td>• Switching is relatively easy.</td>
<td>• Transactions are episodes in long-term relationships.</td>
</tr>
<tr>
<td>• The seller is primarily active.</td>
<td>• The emphasis is on resource, social, and inter-functional exchange relationships.</td>
</tr>
<tr>
<td>• The focus is on few episodes – seldom on long-term relationships.</td>
<td></td>
</tr>
<tr>
<td>• The emphasis is on managerial, economic, and psychological views of exchange.</td>
<td></td>
</tr>
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</table>
As a result of the particular emphasis (managerial or theoretical) and the basic difference in relationship focus (individual customer or organization), the contributions of the two approaches to relationship marketing vary. Consumer approaches have been dominated by the managerial, economic and psychological view of exchange and relationships, while inter-organizational approaches have placed greater emphasis on resources and social and inter-functional exchanges within and between relationships.

View of exchange context

In addition to examining the characteristics of individual exchange relationships, it is also important to recognize the context in which such exchanges take place, or more precisely, to examine the assumptions different authors and traditions make about this issue. The contextual aspect is relevant as it illuminates further the kinds of mechanisms employed to understand exchange relationships. Table 14.3 contrasts the assumptions of database and interactive marketing and services marketing (both basically assuming a market context) with those of the network approach and channels research, assuming a systemic exchange context. This analysis is indebted to the ideas of Mattsson (1997) and Möller and Halinen (2000).

As can be seen, the underlying assumptions behind the market and network/channel perspectives on exchange relationships are fundamentally different.
and represent almost polar views. As such, these contextual assumptions form
the critical dividing line between the constituent streams of relationship
marketing. The consumer-based approaches clearly stem from the traditional
theory of markets as the context of managing customer relationships, where
competition is the dominant force. It seems that this linkage is often not
explicitly recognized.

Inter-organizationally-oriented traditions assume a complex network of interre-
lated actors whose actions are shaped by both competition and cooperation.
Companies and dyadic relationships between them are embedded in networks of
relationships and channel systems. The world is not transparent, and experience
and history matter in understanding any particular relationship as well as the
nature of existing networks.

Our analysis of the assumptions made in the root disciplines of relationship
marketing yields a picture of strongly divided views of the phenomenon. Both the
character of exchange and the context in which it takes place have been subject to
very different assumptions in consumer-related research traditions and in inter-
organizational traditions.

View of the marketing actors

The discussion of the views and assumptions research traditions have about the
marketing exchange and its context has obviously also touched on the actors that
conduct the exchange. This allows us to make only a few remarks about how the
traditions view marketing actors.

Database and interactive marketing sees the marketer as a rational actor (firm)
making marketing programme decisions by using analytical tools. The approach
assumes, in an implicit fashion, a metaphorical, machine-like organization (Morgan,
1996), which is interested primarily in organizing issues from the perspective of
how to combine and utilize databases and marketing activities. Customers are
represented through their beliefs, preferences and, especially, actions – media
behaviour, responses to marketing messages and purchasing. Implicitly, they are
taken to be subjectively rational in their behaviour.

Essentially, services marketing assumes a rational marketer striving to create and
manage customer relationships. The marketer is either an organization or a person
depending on the level of analysis. The organization has an interest in the services
process, which amounts to ‘backroom operations’ and internal marketing, as well
as an interest in examining the cultural aspects of a company engaged in services
provision or relationship marketing. The view held by services marketing
researchers on organizational culture is mechanistic and instrumental (Alvesson,
2002; Deshpande et al., 1993). Culture is seen as being composed of elements that
can be influenced relatively easily by management pursuing a ‘targeted organiza-
tional culture’, which is expected to be instrumental in a particular services business
or market.

The channels research is relatively heterogeneous in its theoretical bases.
Research that focuses on manufacturer–channel member relationships, particularly
on governance, and drawing on the transaction cost approach and social exchange
theory (e.g., Heide, 1994; Wathne and Heide, 2004), holds a rational and mechanistic outlook on the actors, which are generally viewed as firms or organizations. Research driven by the political economy framework (Stern and Reve, 1980) also focuses on the channel structure and company (and dyad) interaction and observes, at least implicitly, organizations as adaptive agents being boundedly rational. Organizations remain, however, very much like 'black boxes' being described primarily through their roles (in the channel system) and goals.

The interaction and network approach describes organizations through their network roles, positions and relationships, and through their resource configurations. Roles are constructed by carrying out value activities and actors are seen simultaneously as adapting to their networks and influencing them through their value activities. Actors are clearly learning organizations that make sense of the network environment through enacting relationships.

The analysis of the assumptions made in the root disciplines of relationship marketing and business networks gives a picture of strongly divided views of the phenomenon. Both the character of exchange, the context in which it takes place, and the actors carrying out that exchange have been subject to very different assumptions in consumer-related research traditions on the one hand and in inter-organizational traditions on the other. The next section elaborates the relevance of these findings from a theoretical perspective.

**Synthesis – the key research streams of relationship marketing and business networks**

A comparative analysis of the root traditions of relationship marketing and business networks revealed that it is misleading to discuss a single 'relationship marketing theory' without any reference to the fundamental distinctions exposed. In fact, there seems to be good reason to distinguish between the two basic types of relationship marketing theories: market-based relationship marketing and network-based relationship marketing. The former deals with fairly simple exchange relationships and assumes a market context, whereas the latter examines complex relationships and presumes a network-like business environment. This proposition was made by Möller and Halinen (2000). It is used here as a platform for developing a less abstract, but also a more complex view of current research schools focused on marketing relationships and business networks.

**Market-based relationships and network-based relationships**

The idea that the research conducted among the identified root traditions of relationship marketing and business networks (cf. Figure 14.1 and Table 14.1) can cluster to market-based relationship marketing (MBRM) and network-based relationship marketing (NBRM) is related to how these traditions view the exchange
relationships and the context in which the exchange takes place (Figure 14.2). However, as noted by Möller and Halinen (2000), buyer–seller relationships rarely exist in pure types and they are therefore portrayed more effectively on a continuum of varying degrees of relational complexity. Complexity, as used here, is a multidimensional construct. It refers to the number of actors involved in an exchange, to their interdependence, intensity, and nature of interaction, and to the potential temporal contingencies in the relationship. Complexity is closely related to the kind of task that is exchanged or administered through the relationship, how standardized the task is, and how complex and novel it is. In that respect, it is also related to the relative substitutability of the product or service and its provider.

With this in mind, what is the relationship between relational complexity and the context of exchange? On the basis of the research tradition analysis, it is suggested that complex exchange relationships generally occur in a network context, whereas less complex relationships are characterized by a market-like exchange context, as depicted in Figure 14.2.

There are several reasons for this occurrence. Complex exchange tasks demand a high level of mutual understanding, which is not fostered in market-governed relationships. Through increased mutual learning and relationship-specific investments, actors become interdependent, thus making switching difficult. When these conditions characterize exchange behaviour, the exchange context also tends to become network-like. In contrast, there are several generally acceptable alternatives for customers at the low complexity end of the exchange continuum. This makes switching possible, and leads to less interdependent relationships. These kinds of relationships tend to be more efficiently governed by markets.

Based on this reasoning, Möller and Halinen (2000) made their suggestion of the theoretical usefulness of distinguishing between two relationship marketing theories: market-based relationship marketing and network-based relationship marketing:

These theories have unique features and they are efficient in explaining the particular relationship-marketing phenomena that exist in the domains of exchange described. Although these theories are closely related to consumer-directed relationship marketing and interorganizational relationship marketing, their theoretical bases are anchored in exchange characteristics and the exchange context, not in the ‘consumer-business’ division. (Möller and Halinen, 2000: 44)
Although highly valuable, this distinction is also very abstract and conceals many important differences between the examined research traditions that constitute both the RM and BN domains. So, what was just aggregated will next be disaggregated.

### Key constituents of relationship marketing and business networks

Drawing on the previous analysis, it is useful to portray the identified key constituent research traditions on a ‘theory continuum’ as depicted in Figure 14.3. The continuum reflects how the traditions view relational exchange, what kind of role the context plays – or fails to play – in the traditions, and whether the theorizing of the traditions is relatively reductionist or ‘embedded’; that is, taking into account the context and history of the focal behaviour.

**CRM-driven RM**

The market-based relationship marketing domain is seen to be composed of customer relationship management (CRM)-driven relationship marketing and behaviourally driven relationship marketing. The former utilizes the tools and opportunities offered by customer databases and data mining techniques, and aims at optimizing a firm’s customer equity and the customer lifetime value through customer relationships and customer portfolio management (Malthouse and Blattberg, 2005). Although the approach aims at increasing customer loyalty by tailoring marketing communications
and offerings, it is not deeply interested in the psychological and behavioural aspects of those relationships. The analytical tools within CRM presume relatively reductionist research settings with low contextuality. Its applications cover both consumer and business customer products and services, and these are essentially prominent in the fields of internet and mobile marketing (Kumar, 2008).

**Behaviourally-driven RM**

Behaviourally-driven RM (BRM) represents much about what is generally regarded as ‘relationship marketing’. The key theoretical interest lies in understanding supplier–customer relationships, their elements and development, and the factors influencing them. Besides utilizing the services marketing research, BRM has been influenced substantially by social exchange (SOE) theory and its applications within channels research and business relationships. Since the seminal publications by Håkansson (1982, business relationships and interaction) and Dwyer, Schurr and Oh (1987), key SOE concepts, such as dependence, power, attraction, trust and commitment, have played central roles in examining buyer–seller and consumer–marketer relationships. These also form the key elements of Morgan and Hunt’s (1994) ‘commitment–trust theory of relationship marketing’.

It is relevant to recognize that the social exchange theory forms an important bridge between the BRM and the supplier–customer research both in the channels research and in the industrial network tradition. Although the BRM offers theory-based tools for rigorous modelling of the relationships, it is relatively weak in its contextuality. That is, it tries primarily to explain the outcomes of relationships (e.g. perceived satisfaction, relationship duration, and performance) by factors related to the actors forming the relationship or to the relationship itself.

**Channel systems**

In order to provide an in-depth understanding of the research comprising the business networks and channel domains, these are depicted through five interrelated streams. The research into channel systems and markets-as-networks form the upper or macro layer of this domain and are discussed first.

Channel systems refers to studies that examine the channel structures, their characteristics and evolution, and the factors that influence specific structures and change (Robicheaux and Coleman, 1994). This channel system research often addresses issues concerning the influence of the channel system on channel relationships as posed by the political economy approach (Stern and Reve, 1980). (For an illustrative study, cf. Grewal and Dharwadkar (2002).) The channel system research is relatively scarce, which is unfortunate as it addresses fundamental questions, such as why do we have different channels structures, how do they evolve, are there different evolutionary patterns and why? How do the different channel structures influence channel member roles and their interaction and relationship structures?

**Markets-as-networks – macro networks**

In the business networks domain, the ‘markets-as-networks’ label is employed to refer to the similar macro-level research as the channel systems in the channels tradition. It addresses questions such as how do networks emerge, why do we have different network structures, what are their key drivers, and through what kinds of
processes do networks evolve? This kind of knowledge is also fundamental in understanding the dynamics of more restricted focal networks and dyadic network relationships. Again, we have relatively few macro network studies. In the IMP tradition, Håkansson and Waluszewski (2002) have examined the role of cognition and technology in network dynamics, Lundgren (1995) provides a strong historical analysis of the ‘networked’ evolution of a new business field, and Möller and Svahn (2009) offer a framework model identifying key patterns in the evolution of new networks. The issue of network structures has also been addressed in economic sociology where the work by Powell and his colleagues (Powell et al., 1996, 2005) address the new field’s emergence and structure (biotechnology and life sciences); and in organization science and strategy studies, where Rosenkopf and her colleagues (Rosenkopf and Padula, 2008; Rosenkopf and Schilling, 2007) examine network formation through strategic alliances.

Supplier–customer interaction – channels context
Turning to the dyadic supplier–customer interaction research, it is useful to examine how relationships are studied in the channel context and in the network environment, as well as make a comparison to the behaviourally-driven RM (BRM) research. As previously mentioned, both channel research on relationships and BRM share the conceptualization provided by social exchange (SOE) theory. The major difference is that in the channels tradition the majority of studies combine the behavioural concepts (from the SOE) and the transaction cost framework when they study efficient governance forms for manufacturer–channel member relationships and examine the influence of governance on relational performance. Another theme that is exclusive to channels research is the investigation of how parties develop safeguards against becoming overly dependent on the other. Heide and his colleagues’ work provide good exemplars (Heide, 1994; Heide and John, 1988, 1992; Wathne and Heide, 2000). Advanced studies examine also the influence that the channel system exerts on the relationship-level behaviour (Wathne and Heide, 2004).

Actor interaction – network context
Compared to the channel research in business relationships, the network approach is more interested in the issues of through what kind of resource ties, activity links and social and organizational bonds the network actors are connected and through what kind of interactive processes – resource exchange, social exchange and adaptations – the relationships evolve (Håkansson and Snehota, 1995). The economic aspect is included in terms of the investments the parties are making in the relationship (Easton, 1992). Besides the emphasis on relationship processes, the notion that dyadic relationships actually cannot be usefully studied outside their network context forms the major distinction compared to the behaviourally-driven RM. The current actor roles and network positions, being aggregations of actors’ network relationships, cannot be understood without some level of knowledge of their evolution (Easton, 1992). In relation to methodology this requires understanding that is mainly offered by historical analysis and case studies. This is another major division to the channels tradition which primarily uses causal modelling frameworks and techniques.
Focal networks and strategic nets

In addition to the macro network research and the network relationship research, it is useful to distinguish between studies examining the firm and its relationships in a focal network context and the so-called strategic nets or value nets (see Möller and Halinen (1999), for a discussion on the levels of analysis in network research). The term focal network refers to the view that although networks as such are borderless the cognitive capacity of the actors, as well as their limited resources, constrain their ability to make sense of and utilize these borderless networks. Thus actors are primarily dealing with actors forming their focal network, that is, the actors they are able perceive (Alajoutsijärvi et al., 1999).

The point that networks are not transparent is highly relevant for network management. Because of the non-transparency, actors are assumed to learn about their networks, in depth sense, primarily through enactment (Weick, 1969, 1985). In this respect each actor is assumed to form his or her network view. The formation of the view is seen to be influenced by the accumulated network experience of the actor, on his/her network position and the number and variety of relationships the position enables, and on the learning capacity of the actor (Möller and Svhahn, 2009). The resulting view, also called ‘network picture or framework’, is actually an actor’s theory of the network. This network theory influences his/her network perceptions, interpretations and actions (Henneberg et al., 2006; Mouzas et al., 2008). Concerning the focal network, an actor’s capacity to make sense of the network forms their network horizon (Dubois, 1998). It should be noted that the network opaqueness and ambiguity, and the resulting emphasis on network cognitions, forms another major distinction to channels systems research and to market-based relationship marketing.

Finally, if focal networks form the network actors ‘playground’, what are then the strategic nets or value nets? These terms refer to intentionally planned and mobilized ‘network organizations’ (Möller et al., 2005). There exist important ontological differences between these ‘network organizations’ and more generic networks. The studies drawing on economic sociology and the social networks tradition (Powell et al., 1996), as well as the key authors within the industrial network approach, tend to emphasize the historical, evolutionary and embedded character of business networks (Håkansson and Ford, 2002; Håkansson and Snehota, 1995), and view networks as borderless, self-organizing systems that emerge in a bottom-up fashion from local interactions. On the other hand, many scholars representing the strategic management perspective are suggesting that there are also more intentionally created strategic networks or value nets, which contain a specific set of organizations with agreed roles and distributed tasks (see, e.g. Jarillo, 1993; Möller and Svhahn, 2003; Parolini, 1999).

This distinction is an essential element in the debate concerning the question of to what extent can networks be managed. While sharing the view that open, borderless networks are not managed, Möller and his colleagues have developed an articulated theory of value nets. Their work explores basic net types and their management requirements (Möller and Rajala, 2007; Möller and Svhahn, 2003; Möller et al., 2005). A key suggestion is that the structure and management of specific nets are influenced by the specific value creation logics of the nets. The extent to which this logic can be specified shapes the role of knowledge exploitation and exploration in the value
creation (Möller and Svahn, 2006). This is a significant opening as the IMP network theory has been notoriously void of managerially-oriented theory development.

**Conclusions**

Our analysis shows that the ‘relationship marketing’ and ‘business networks’ domains are composed of several research traditions drawing from a variety of disciplines. The ‘relationship marketing’ domain, especially, resembles a mosaic of partly overlapping and partly distinctive streams of research. This finding, together with the description and comparison of the different traditions constituting this broad domain has several major consequences.

First, it is evident that one cannot meaningfully talk about a single relationship marketing theory. The CRM-driven RM, the behaviourally-driven RM, and the way relationships are conceptualized and studied in channels research and business networks research are all distinctive modes or approaches in marketing relationships.

Second, this mosaic- and medley-like character of relationship marketing research makes it very difficult to derive a comprehensive yet articulated view of the different types of exchange relationships and the theories addressing them. This kind of complex puzzle calls for clarifying tools. It has been proposed that a fundamental division can be drawn between the research approaches assuming a marketing context and the approaches assuming a channel or a network context. Because of its relevance this distinction is briefly discussed.

There are significant differences between the underlying ontological assumptions between the market-based approaches and the networked-based approaches. By assuming a working market context the former approaches consider the exchange relationships as mutually independent. This may be an acceptable assumption in mass type of products and services for both consumer and business customers, but is not satisfactory in the exchange of more complex offerings where the exchange relationships are more directly influenced by their context. In these domains researchers have to develop such theories which inform us about how the context and the exchange relationships are interrelated. The channels research and the business networks approach are good examples. It is also important to note that by ‘assuming away’ or standardizing the context we voluntarily restrict the seeking for an explanation of the form and dynamics of business relationships to the level of the relationships themselves. The influential commitment-trust theory of relationship marketing by Morgan and Hunt (1994) is a good example of this kind of ‘flat modelling’. The relationship outcomes are explained by factors pertaining to the actors and to their views of the relationship.

Third, all the research traditions identified are relatively logical configurations; their research foci and practices follow the goals and the underlying theoretical assumptions. Each tradition has its relative strengths and weaknesses. As such each provides a partial theory or understanding of the complex domain of relational marketing exchange and its embeddedness in our social and economic environment. The key point, however, is that because of their particular theoretical positions and
goals they cannot be merged into a comprehensive general theory. Each has a specific role to play in understanding and explaining relationships. However, researchers working within a school do not necessarily recognize the assumptions and their consequences as these have often not been explicitly described.

Fourth, there seem to be important lacunae in the current research approaches. We have very little research and knowledge of such significant questions as what are the principal modes or forms of exchange relationships, how do they vary across different fields or contexts, and why? The point is that such non-contextual approaches as the CRM-driven RM and even the more multidimensional behaviourally-driven RM have severe limitations in addressing these. The oversight of the basic what and why questions is evidently related to the strong normative and managerial character of the market-based RM approaches. Their researchers are predominantly interested in the ‘how to manage a relationship question’. Unfortunately, even the channels and business networks research has not been very interested in these questions.

Another limitation, concerning all the examined research approaches except the business networks, is related to the organizing of the marketing relationships. There are some notions of the organizational issues in the service marketing which have partly been adopted in CRM and behaviourally-driven RM. These developments remain limited, however, as the researchers have not established any stronger links with organization theory. In practice, contemporary relationship marketing is not interested in research questions like what kind of marketing organizations exist in different fields and contexts?; or how to explain potential differences; how organizational forms and solutions seems to evolve; what are the performance consequences of different forms and why? Are we leaving these issues to organizational theory or should we bother? It is interesting to compare the situation to the development of consumer behaviour into a new discipline. The most probable reason for this void of research is the narrow focus on influencing customers. We seem to lack both the sociology of marketing organizations and the sociology of exchange relationships.

To conclude, it is hoped that the developed theory map of the relationship marketing and business networks domains will help researchers to become more conscious of the research approaches constituting them. This facilitates both the navigation in these mosaic-like domains and the advancement of theory development. A related point is embracing the theoretical pluralism. We have to accept the fact that there is no single theory of relationship marketing. On the contrary, this broad domain is composed of multiple research streams, partly inter-related but yet distinctive. They all offer only partial understanding of the complex domain. In order to make sense of their knowledge ‘offerings’ and limitations we have to become theoretically multilingual. It is tough but there is no other way.

Recommended further reading

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