An Analysis of Life Cycle Perspectives of Relationship Marketing

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Abstract
This conceptual paper presents a life cycle perspective of relationship marketing. Based on the literature and capturing the evolutionary trend of relationship marketing since its formal inception in the 1980s, this paper argues that the concepts and theories concerning relationship marketing follow a typical life cycle format. This paper is embedded with the Vernon’s (1966) theory of product life cycle to relate it to the progression of relationship marketing life cycle. This paper broadens and deepens our understanding of the historical progression of relationship marketing concepts and theories in general and relational evolution in particular with supporting information principally rooted in extant literature, research findings, research experience and personal observation of the authors. The paper also identifies the limits of this research and discusses the implications for future research.

Background and Emergence of Relationship Marketing
The concept of relationship marketing (RM) has travelled a long way since its inception in the 1980s. The focus of prior research in the field of marketing has evolved over time from the simplified concept of the 4 Ps (McCarthy 1960) and the exchange-based transaction paradigm to the customer-centric RM paradigm (Kotler 1992; Brodie, Coviello, Brookes and Little 1997). It has been widely held by marketing pundits that RM is philosophically opposite to the concept of transactional marketing (Gummesson 1994b) which is rooted in the traditional one off transaction oriented marketing thought. Over the years there has been a proliferation of offerings in all sectors of business resulting in shifts in consumer demand, technological innovation and entry of new competitors from outside the traditional environment (Payne, Holt and Frow 2000). As a result, new-age players such as the modern day retailers, internet portals have emerged in the market (Dixon 1999). These new-age players are under pressure to establish closer links with customers in terms of the development of a higher level of intimacy with customers and familiarity with their needs. This is mainly driven by the imperatives of growing competition in the market. Marketers are taking this new development into account and are tending to adapt to these fundamental shifts in the marketing environment. Accordingly, marketers started showing more concern for their customers (Sheth and Parvatiyar 1995b). This growing concern for customers resulted in the development of direct contact between the marketers and consumers. Modern organizations - especially the marketing institutions - are increasingly co-opting with their customers to achieve better results in terms of relationship outcomes (Gummesson 1998; Prahalad and Venkatram 2000). These developments at the organisational level led to the development of long-term relationships with their customers and resulted in the shift of focus from transaction-based marketing towards relationship oriented marketing. Berry (1983, p.25) was among the first to introduce the concept of RM defining it as “attracting, maintaining and enhancing customer relationships.” However, Jackson (1985), Johanson and Mattson (1987),
Gummesson (1987), Gronroos (1991) have contributed substantially towards its conceptual development in the post Berry era. Establishing a customer relationship means making promises, maintenance of relationships involves fulfillment of promises and enhancement of relationships mean that a new set of promises is made after the fulfillment of an earlier set of promises (Gronroos 1991). Gronroos (1991, 1997) suggests that marketing in relational terms is meant “to establish, maintain and enhance relationships with customers and other partners at a profit so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises.”

**Research Question, Objectives and Method**

The research question of this paper is, ‘does relationship marketing follow a life cycle pattern’? The objectives of this paper are to identify the relevant literature to justify the existence of a relationship life cycle and discuss the nature and pattern of the relationship life cycle.

The research methodology followed literature survey involving journal publications, books, periodicals, published reports and the personal observations and experiences of the authors.

**Relationship Marketing Life Cycle (RMLC)**

RM has gone through an evolutionary process since its inception. The literature revealed seven conceptual categories of RM such as birth, development, maintenance, temporal, interactive, emotional content and output (Harker 1999). Most of the relationship studies view RM as a dynamic process of exchange relationships (e.g., Jap, 2001; Terawatanavong et al., 2007). Jap and Ganesan (2000) synthesised the relationship lifecycle in five phases: awareness, exploration, build-up, maturity and decline/deterioration from the customer relationship angle. Therefore, by considering one of the pioneers - Vernon’s (1966) theory of product life cycle - this paper argues that RM followed a life cycle pattern from the introduction of the concept through to the present form of its saturation/decline. Each stage of the RM life cycle (RMLC) is characterised by some unique features that distinguish each stage from the others. The various stages of RMLC and the pertaining arguments for their existence are presented below:

**Introduction**

This stage is marked by the very inception of the concept of RM. As shown in Appendix 1, researchers such as Berry (1983) and Levitt, (1983) and Day and Wensley, (1983) are believed to be the pioneers of modern RM. However, another school of thought suggests that the basic relational concept existed prior to Berry (e.g. Bagozzi, 1974, 1975; Macneil, 1978 and Arndt, 1979). In fact Berry (1983) provided a formal rationalisation of the relational concept into the marketing domain. Philosophically, this stage of RM witnessed a plethora of attempts by authors from related disciplines such as management, organisational behaviour, sociology and psychology who contributed to the conceptualisation of RM. At this conceptualisation stage, RM witnessed attempts from a number of researchers to clarify the very foundation of RM.

**Growth stage:** This stage is characterised by an advancement of the concept of RM. At this stage RM witnessed a trend towards its integration mainly with management and marketing
disciplines. A number of scholars have nurtured this phase of RM by making substantial contributions toward broadening the concept of RM through academic research (Berry and Gronroos 1991, 1994, 1997; Morgan and Hunt 1994, Arhrol, R.S. (1997; Gummesson, 2000). The nourishment of the concept of RM thus reached a take off stage in terms of the development of some frameworks that were later used in empirical studies. An example of this is Christopher and Ballantyne’s (1991) six market model that extended the traditional RM focus to a more broad based perspective. Gronroos (1994) came up with a thesis showing the process of a complete paradigm shift from the traditional 4 Ps format to a relationship orientation format. More detailed information can be found in Appendix 1.

**Maturity stage:** At this stage RM was further developed as a unique body of knowledge backed by empirical research and development. A number of frameworks and models were established in the RM literature. The most important feature of this maturity era of RM was its versatility in terms of linkages with other related fields of marketing; especially services management (Parasuraman 1991). At this stage both academics and practitioners recognized the increasing role of RM in varying organizational settings across boundaries. This phase of the development of RM is marked by the growth of specialized applied areas of RM such as customer relationship management (CRM) (http://www.chessmediagroup.com/resource/guide-to-understanding-social-crm), database marketing and network marketing. Some authors have gone further to justify the maturity phase of RM bringing in the marriage analogy to interpret the bond that is created between two matured individuals (in the case of RM, a bond between two business parties) (e.g., Tynan, 1997). Appendix 1 lists the literature supporting the justification of this phase along with some comments.

**Saturation:** This stage is characterized by the diffusion of RM in terms of its increasing acceptability, applicability and replicability to all functional areas of businesses. Moreover, RM has been looked at from a variety of perspectives. For example, Anderson & Weitz (1992) focused on the dyadic relationship between manufacturers and distributors, Andaleeb (1996) explored the relationship between distributors and retailers. At this phase RM has become a basis of survival in developed markets. More specifically, this stage is featured by research directed to a strategic dimension. Furthermore, practitioners are also increasingly becoming interested in exploring the strategic posture of RM and the application of RM in their approach to relationship bonding. However, RM is still at the introductory stage in emerging as well as in underdeveloped economies. This is particularly the case in those developing economies where a sellers’ market condition exists. The relatively slow pace of the development of RM in the developing world can be attributed to the weak infrastructure of information technology which is considered to be the basis of interactions between businesses and their clients. However, in an advanced developing country RM is growing rapidly because of the growing trends in economic development as well as an increase of customer awareness of their rights. Appendix 1 summarises the key literature on a variety of issues related to this phase.

**Declining stage:** This stage of RM still remains un-equivocal as pundits differ in their views on this issue. As illustrated in Appendix 1, some authors believe that the process of decline is about to begin (O’Malley. Patterson and Kelly-Holmes, 2008). Fournier et el (1998) predicted a premature death of RM noting that “marketers need to take the time to figure out how and why they are undermining their own best efforts, as well as how they can get things back on track”.

While it is difficult to test this proposition today because of changed circumstances, the
observations are still relevant for marketers searching for appropriate ways to avoid this possible vulnerability. In practice, however, RM is not at all on decline rather RM is becoming even stronger as the direct contract between the marketers and consumers/users is easing resulting in increased arm length relationship. The nature of RM may have changed in terms of total volume but certainly the intensity of RM has increased. Examples may include automotive and telecommunication industries where RM has been further strengthened because of intense competition in the market. However, whether RM is really entering the stage of decline in terms of its impact on the operation of marketing in theoretical and practical terms, is a subject of sound empirical studies.

Conclusion and Implications

Although it is very difficult to organise and interpret the available data over the various stages of the RMLC, an attempt has been made in this paper to carefully study, summarise and interpret the various comments, research findings and personal observations of academics and practitioners into the various phases of development of RM from its inception to date. In categorising the findings of this paper into the various stages of RMLC, arguments backed by relevant evidences from the literature have been used to substantiate the existence of a particular stage. The relevant comments and observation of pundits on the progression of RM have also been utilised for this purpose. The findings of this paper will prompt further research to empirically justify the existence of RMLC and the factors responsible for the progression of RM. Practitioners will find the findings useful in terms of designing appropriate strategies to manage RM effectively in an era of its saturation and decline. For example, Fournier et al (1998) suggested a number of measures to be adopted by marketers to manage this issue which include, “seeing through the eyes of consumer” (P. 44), “regaining trust” (p.48), and “attaining intimacy” (P.49) with relational partners. Although a little dated, these suggestions seem to be relevant and directional from both academic and practical perspectives.

Limitations and Future Research

This paper has a number of limitations that are worth noting. Firstly, this conceptual paper is based on purely literature review and personal experience and observations of the authors. This practice is not unusual for any pioneering work. However, future research can use case studies to prove that in reality a RMLC does exist. Secondly, a number of assumptions have been made to justify the case of a RMLC which are subject to change with the changing macro environmental forces shaping the future of RM. Thirdly, the arguments put forward in favour of a relationship life cycle are not supported by any empirical data. Therefore, future research can be directed towards collecting quantitative data to provide concrete evidence for the existence of a relationship life cycle as well as the stages identified in this paper.
### Appendix 1

**A summary of literature supporting the relationship marketing life cycle (RMLC)**

<table>
<thead>
<tr>
<th>Stages of RMLC</th>
<th>Authors</th>
<th>Summary of findings</th>
<th>Comments</th>
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<tbody>
<tr>
<td><strong>Introduction</strong></td>
<td>Bagozzi (1974, 1975), Macneil (1978, 1980), Arian (1979), Jackson (1985), Johanson and Mattson (1987), Gummesson (1987),</td>
<td>These authors are widely recognised as the pioneering contributors to the introduction, nourishment and subsequent establishment of arguments supporting the very existence of RM. The papers are obviously conceptual in nature and contributed to the early exploration of the concept.</td>
<td>Since the introduction and growth stages are interlinked, it is difficult to draw a demarcation line in between these two phases.</td>
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<tr>
<td><strong>Growth</strong></td>
<td>Berry (1983), Day and Wensley (1983), Levitt (1983).</td>
<td>At this stage research and practices of RM started to increase. Active research tended to extend the concept to incorporate newer, more advanced thoughts and viewpoints. Emerging perspectives explored here include targeting profitable customers, using the strongest possible strategies for customer bonding, marketing to employees and other stakeholders, and building trust as a marketing tool (Berry, 1983).</td>
<td>The Growth stage is defined as the takeoff stage in which the concept of RM started to be recognised as a distinctive departure from the transactional orientation of firms.</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>Berry and Gronroos 1991, 1994, 1997, 1994, 1997, Hunt 1997, Parasuraman, 1991, Bennett &amp; Gabriel (2001), Hennig-Thurau, Gwinner and Gremler 2002, Morgan and Hunt, (1994), Sheh and Parvatiyar (1995b), Zeithaml (2000), Tynan (1997)</td>
<td>Under the process of relationship development RM partners sought maximization of sustained benefits from their relationship. Parties involved in marketing relationships also looked for reciprocal benefits through effective exchange processes, keeping promises and maintaining a timeline of relationships. RM research expanded to a variety of areas including B2B (e.g., Ford 1997), buyer seller (e.g., Dwyer et al. 1987) and services marketing contexts (e.g., Berry 1995; Gummesson 1987).</td>
<td>This stage is characterised by the total transformation of the transactional paradigm to the RM paradigm. As a result this stage witnessed the development of numerous constructs and models which enriched the field.</td>
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<td><strong>Saturation</strong></td>
<td>Coote et al. (2003), Skarmeas et al.(2002), Johnson, Barksdale Jr, &amp; Boles (2001), Walter &amp; Ritter (2003), Miyamoto &amp; Rexha (2004), Jap and Ganesan (2000), Kim (2001), Rodriguez &amp; Wilson (2002), Sharma &amp; Patterson (2000), Ruyter et al. (2001), Skarmeas et al.(2002), Walter &amp; Ritter (2003), Zineldin &amp; Jonsson (2000)</td>
<td>This saturated stage is currently attracting a great deal of attention of researchers and practitioners who are exploring the potential of strategic direction of RM and are attempting to direct their activities in achieving this goal. Practitioners are finding it strategically important to sustain the existing relationships to survive in an era of saturation. As such, academic research also tended to follow the same line to provide practitioners with guidelines to achieve this goal.</td>
<td>Although this stage is hard to avoid, new research is needed to address the factors responsible for this state of affairs and find possible solutions to this decaying paradigm.</td>
</tr>
<tr>
<td><strong>Decline</strong></td>
<td>O'Malley. Patterson and Kelly-Holmes, 2008), Fournier et el (1998); Reinartz et al (2004)</td>
<td>Though un-equivocal, some authors contend that the concept itself and its application are about to be out of track. Businesses need to take appropriate measures to avoid the possible decline of RM. Literature emphasized the growing trend of termination of relationships and the cause and consequences of the termination. Some scholars noted that “to save relationship marketing, managers will need to separate rhetoric from reality” (Fournier et el, 1998, p.42).</td>
<td>This stage is debatable as some authors still believe that RM is very much on track and given the increasing trend of globalised RM, it has definite potential.</td>
</tr>
</tbody>
</table>
References


marketing definitions,” Marketing Intelligence and Planning, Vol. 17 No. 1, 13-20.
O'Malley, L; Patterson, M. and Kelly-Holmes, H. (2008), Death of a metaphor: reviewing the ‘marketing as relationships' frame” Marketing Theory. vol. 8 no. 2 167-187