

Table of Content

Preface 11

Part I – The Value of Relationships

1. Understanding Buyer-Seller Relationships. 27

 1.1 Introduction – The Power of Relationships. 27

 1.2 What Business is Marketing really in? 29

 1.3 The Classical Buyer-Seller Relationship 32

 1.4 Classifying the Buyer-Seller Relationships 33

 1.5 Structural Attributes of Buyer-Seller Relationship 34

 1.6 Classifying the Pattern of Interaction within the Standard Buyer-Seller Relationship 37

 1.7 Defining Relationship Marketing. 39

 1.8 The Relationship Marketing Context – Categorising Relationships 41

 1.9 Relationships in a Broader Perspective with Impact on Relationship Marketing 43

 1.10 Different Theoretical Directions in Relationship Marketing 45

2. A Systematic Approach to Buyer-Seller Relationships. 52

 2.1 Marketing as Mutual Exchange. 52

 2.2 Marketing as Systems. 54

 2.2.1 Three Types of Exchanges 55

 2.2.2 Two Approaches to Exchanges. 57

 2.3 Introduction of the Political Economy Paradigm 59

 2.4 The Political Economy Paradigm. 61

 2.5 Supplementing the Political Economy Paradigm 66

 2.5.1 The 30 R's Framework. 67

 2.5.2 The 6 Markets Framework. 70

 Appendix: Gummesson's 30 R Framework Presented in Detail 77

3. Discovering the Economics of Customer Relationships. 85

 3.1 Replacing Traditional Economic Cornerstones 85

 3.1.1 The Principle of Complete Resource Mobility. 86

 3.1.2 The Principle of Frictionless Transactions 87

 3.1.3 The Principle of Focusing on the Period. 88

3.2	Risk and Opportunism of relationships.	89
3.2.1	Case – Skanska and Rockwool.	89
3.2.2	What are the True Product Costs – Introducing Risk and Opportunism	91
3.2.3	Types of Decision Situations in Relationships	93
3.3	Customisation of Assets, Frictions and Life Cycle	95
3.3.1	Customisation of Assets versus Complete Resource Mobility.	95
3.3.2	Cost of Friction versus the Concept of Smooth Exchanges.	96
3.3.3	Customer Life Cycle versus the Periodic View	97
3.4	Transaction Costs – Bridging Economics and Relationship Marketing	100
3.4.1	The Reach and Richness Trade-Off of Transaction Costs	103
3.5	The Business Economics of Customer Relationships and Competitive Advantage.	105
4.	Customer Loyalty and the Effect on Business Economics	108
4.1	Defining and Describing Customer Loyalty	108
4.1.1	Customer Life Cycle as Reflection of Various Loyalty Patterns.	110
4.2	The Value of Customer Loyalty	112
4.2.1	Lifetime Economy and Customer Retention.	113
4.2.2	Efficiency Economy – The Positive Dyadic Effect	114
4.2.3	Value Adding Economy – Value for the Customer’s Money	115
4.3	Loyalty in a Market Segmentation Perspective	116
4.3.1	The Loyalty Pyramid as a Segmentation Variable	117
4.3.2	Taking a closer Look at Loyalty Segments	119
4.3.3	Ties as Segmentation Criteria	121
4.4	The Loyalty Matrix as an Approach to Segmentation.	123
4.5	A Typology for Industrial Markets	124
4.6	Measuring Customer Loyalty.	127
4.6.1	The Business Loyalty Cube	127
4.6.2	The Profit/Potential Grid	130
4.6.3	A Brief Note on Customer Relationship Management (CRM).	131
	Appendix: A Framework for Customer Loyalty Review – Service Profit Chain Audit.	134

Part II – Preconditions for Building Successful Relationships

5.	Understanding the Driving Forces of Customer Relationships	141
5.1	The Reorientation of Strategic Market Analysis	141
5.2	The Influence Position of the Seller – the Relationship Marketer.	144
5.2.1	The Value of the Relationship and the Distribution of Power	144
5.2.2	Interdependence of Ties and Trust between Buyer and Seller	145

5.2.3	The Threat of Vertical Integration in Dyadic Relationships	147
5.3	Competitors as Driving Force – Direction and Level of Pressure	148
5.3.1	The Competitor Threat in Different Industry Environments	152
5.4	Buyers and Their Influence on Relationships	154
5.4.1	How can Buyers Increase the Importance of Relationships to Suppliers	155
5.4.2	The Supplier’s Motivation to Invest in Customised Assets?	157
5.5	Influents as a Driving Force in Customer Relationships	158
5.5.1	Invaders – New Players with Alternative Strategies	160
5.5.2	Innovators – Their Sources, Their Influence and Effects	161
5.6	Internal Driving Forces of Customer Relationships	162
5.6.1	Which Impact does the Relationship Form have on the Relationship?	163
5.6.2	The Exchange Form – the Critical Influential Factor	165
5.6.3	Customer Lifecycle – Reinforcing and Dissolution Forces of Relationships	167
6.	Supplier Relationship Levels – Consequences and Contents	170
6.1	The Relationship Ladder	170
6.2	The Five Steps of Supplier-Customer Relationships	173
6.3	The Origin of Key Account Management	176
6.4	Four Types of Key Account Management	179
6.4.1	Contact – the One Point Relationship	180
6.4.2	Passive Coordinator – Customer Reflected Relationship	181
6.4.3	Proactive Coordinator – Supplier Reflected Relationship	184
6.4.4	Integrator – Joint Development	186
6.5	Is there a Limit to the Number of Customers per Key Account Manager?	189
6.5.1	Multinational Relationship – Increased Complexity	190
7.	Relationships in Different Environments	193
7.1	Industry Characteristics and How They Affect Relationships	193
7.1.1	The Customer’s Competitive Position	197
7.1.2	Relationship Value System	198
7.1.3	Potential Competitor Analysis	200
7.2	Industry Concentration	202
7.3	Relationships in Digital Value Chains	207
7.4	Relationships Across the Industry Lifecycle	212
7.5	Relationship Contents	216

Part III – Relationship Marketing Strategies

8. The Individualised Approach to Relationships	225
8.1 Typology of Strategic Behaviour	226
8.1.1 The Concept of Fit	227
8.1.2. The Entrepreneurial Problem	228
8.1.3 The Administrative Problem.	229
8.1.4 The Engineering Problem	230
8.2 The Four Archetypes	230
8.2.1 Defenders – It is All about Costs.	231
8.2.2. Prospectors – It’s Got to Develop	233
8.2.3 Analysers – Rather be Safe than First	234
8.2.4 Reactors – Let’s Move	235
8.3 Strategies Related to Buying	238
9. Generic Relationship Marketing Strategies	244
9.1 The Narrow, Decisive Track to Outstanding Performance	244
9.2. Why base the Marketing Strategy on a Relationship Philosophy?.	249
9.3 Generic Relationship Marketing Strategies	251
9.3.1 Looking for a Unique Relationship Position?	252
9.3.2 Detecting Relationship-based Sustainable Competitive Advantages	253
9.4 Modelling Generic Relationship Marketing Strategies	257
9.5 Transaction Cost Leadership: The Gate to Market Leadership	260
9.5.1 Elements Stimulating Transaction Cost Leadership	261
9.5.2 Developing Transaction Cost Leadership through Routinisation.	264
9.5.3 How can Transaction Cost Leadership be Attacked and Defended?	265
9.6 The Relationship Differentiator: Overall Relationship Quality	267
9.6.1 Elements Promoting a Relationship Differentiator Leadership Strategy	268
9.6.2 Developing a Strong Position as Relationship Differentiator.	270
9.6.3 How Can Relationship Differentiation Leadership be Defended?	273
9.7 The Relationship Quality Segment Specialist.	274
9.7.1 Elements in Favour of Relationship Specialist Marketing Strategy	276
9.7.2 Competitive Advantages in Relationship Quality Segments	279
9.7.3 When is a Relationship Quality Niche Threatened?	281
9.8 Engineering the Transaction Cost Niche Explorer Strategy	281
9.8.1 Elements Promoting Transaction Cost Niche Strategies	282
9.8.2 Developing a Company into a Transaction Cost Niche Explorer	283
9.8.3 Is the Transaction Cost Niche Defendable?	285
10. Risks and Benefits of Relationships	288
10.1 Supplier Benefits – as a Relationship Partner	288

10.2	Customer Benefits – as a Relationship Partner	295
10.3	The Relationship Audit – Evaluating the Relationship	298
10.4	Strategic Selling as opposed to Traditional Selling	299
10.5	Relationship Traps	302
10.5.1	The Standardisation Trap	303
10.5.2	The Individualisation Trap.	307
11.	Cases	311
11.1	Sanisteel: The Dyadic Power of Supply Chain Management	311
11.2	The Golden Relationship Secrets of Ikea	318
11.3	Flight Bonus: The Most Successful Loyalty Program Ever	322
11.4	Danish Pharmacies: “If the Pharmacy doesn’t have it – it doesn’t exist”. . .	327
11.5	Economics of Customer Relationships in e-business	330
11.6	And then came TGI Friday’s	336
11.7	How the Flames died for Firestone and Ford	340
11.8	Scandinavian Airlines System – Turning around a Supertanker by Relationship Marketing	344
11.9	The Promise of Mass Customisation in Auto-manufacturing – True or False?	348
11.10	The Bank as Life Companion	354
11.11	The Danish car industry: www.bilsalg.dk	358
	Abbreviations	366
	Index of subjects	367