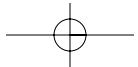
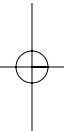
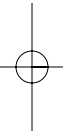


Part I

Relationship Marketing: The State of the Art



1

Origins and History of Relationship Marketing

Background

As the world and society change over time, so do business and management processes and practices. As one of the established business and management disciplines, marketing has developed accordingly. Different perspectives on marketing have been adopted, most notably 'Relationship Marketing' in the 1980s and the 'Service-Dominant Logic [S-D logic] of Marketing' in the mid-2000s. In tandem, information and communication technology (ICT) has, through internet access and mobile telephony, become a customer, as well as supplier resource since the mid-late 1990s, and so the customer/consumer role in marketplaces has changed significantly. This book is entitled 'Relationship Marketing: A Consumer Experience Approach' because we feel that it is an appropriate time to expand the ideas behind relationship marketing into an era where the customer/consumer perspective on relationships is being recognized as being increasingly important.

In Table 1.1, we summarize some of the key developments in marketing and ICT over time, followed by an explanation of the rationale adopted in this book.

The 1960s

In the 1960s, westernized economies were dominated by manufacturing industries, and effort was geared towards the marketing of tangible goods. This was the case in Kotler's first Marketing textbook in 1967, where marketing was equated with marketing management (Bourassa et al. 2007). Even in the fourth edition of Kotler's *Marketing Management* text (1980) there were only five of 772 pages devoted to services, and of the nine discussion questions in the chapter on 'market segmentation and targeting', seven were on manufacturing organizations (automobile, printing equipment, motorboats, beverages, chemicals, hair products,

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Table 1.1 Key developments in marketing and ICT

<i>Time period</i>	<i>Economy type</i>	<i>ICT environment</i>	<i>Marketing priorities and distinctions</i>	<i>Relationship marketing</i>
1960s	Manufacturing/ goods-based	Main-frame computing; land-line telephones	Marketing of goods; often concentration on fast-moving consumer goods	Not really articulated
1970s– 1990s	Shift to service- based economies	Advent of micro- and personal computers. Mobile/ cell-phones in 1990s. Era of digitalization. Data mining by organizations	Distinctions made between Business- to-Consumer (B2C) and Business- to-Business (B2B) Marketing, and between the marketing of goods and services	Relationships seen as important in B2B and services marketing (both characterized by interpersonal interactions), leading to the development of relationship marketing. Focus on Customer Retention
2000–	More service- based economies. Experience Economy?	Widespread use of internet (world wide web) and mobile technology by consumers. Social Networking	Debate about goods-dominant and service- dominant logics of marketing. Increased importance of Customer-to- Customer (C2C) interactions	Increased recognition of customer experiences and the effect of customer and consumer communities

automotive), with the remaining two questions on demand forecasting at industry and company level.

Marketing practice was adopted by companies producing fast-moving-consumer-goods (fmcg) such as toothpaste, soap powders, chocolate, soup, and also by those selling higher-priced items (cars, washing machines). The companies were guided by marketing mix considerations (the 4Ps – product, price, place, promotion) in operationalizing their marketing plans. The focus was on tangible goods. As such, attracting more customers for the goods was an important goal, which brought with it the need to understand customers' needs and the development of a marketing orientation. Computers were generally owned by organizations and personal computers were a development for the future.

The 1970s–90s

During this period, the balance in many economies moved towards services, with more than half the countries' GDP and employment attributed to

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service industries. In the 1970s, relationships in marketing were given more overt prominence, especially in the areas of B2B (industrial) marketing and services marketing, because interactions between people played a central role in each of these marketing sub-disciplines. A greater focus on customer retention and loyalty became the goal, and relationship marketing (sometimes called 'customer relationship management') was born. The increasing access by businesses to customer databases, and use by consumers of ICT, meant that relationship marketing had the potential to be applied in the B2C marketplace – to develop one-to-one relationships with consumers.

During this period, Berry (1983) is credited with introducing the term 'relationship marketing', but the relationship marketing concept did not gain widespread access until the publication of the first Relationship Marketing book by Christopher et al. (1991). One of the most influential features of the book was the concept of a loyalty ladder, where strategies for organizations were to be geared towards moving customers up the rungs of a ladder from 'suspects' to 'prospects' to 'first time customers' to 'repeat customers' to 'supporters' to 'advocates'; the top three rungs being where relationship marketing took over from traditional (at the time) marketing. Also, in this period, relationship marketing was seen by some as a new marketing paradigm (Grönroos 1997). These aspects are discussed in more detail later in this chapter.

The year 2000 onwards

In the late 1990s and the early 2000s, there was an even greater swing to service-based economies, with upwards of 70 per cent of GDP of many countries attributed to services. By this time Kotler's *Marketing Management* textbook (12th edition, co-authored with Keller in 2006) had a 30-page chapter on 'designing and managing services', as well as a 34-page chapter on 'creating customer value, satisfaction and loyalty' which addresses customer relationship management and database marketing. There is also a final chapter on a new theme for this edition, 'managing a holistic marketing organization', in which relationship marketing is an explicit element.

Some authors even suggested that many countries are entering the era of the experience economy (Pine and Gilmore 1999): indeed, the European edition of Kotler's co-authored *Marketing Management* textbook contains nine pages on the experience economy (Kotler et al. 2009). Whether or not we are entering such an era, there is ample evidence that customer experiences are the key to many business and social relationships. For example, in the UK, the Department of Trade and Industry (DTI) published the findings of an extensive research project into innovation in experiential services (Voss and Zomerdijsk 2007), and universities and health services are actively monitoring the student and patient experiences, respectively, and being judged on how they manage these experiences.

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In parallel, there has been an upsurge in interest in Consumer-to-Consumer (C2C) interactions, partly because of the evidence of the effects of social networking. According to the *New York Times* (18 August 2008), for example, the Fox News Channel wanted more friends, and so decided to network on the 'Facebook' social networking site. They aimed to use every feature that Facebook offered – discussion boards, wall for user comments, reviews, polls and photo submissions – as well as designing a video player for social networking, with facilities for users to create customized playlists and share clips with Facebook friends. This example also provides evidence of the notion of co-creation of value (between suppliers and customers), and the employment of consumer resources, that are key features of the S-D logic of marketing (see Chapter 4).

Rationale for this book

The developments outlined above – described in more detail in Vargo and Lusch (2004) and Harwood et al. (2008) – provided a rationale for this book; one that is in keeping with marketplaces in the early twenty-first century. We move toward a *consumer experience perspective of relationship marketing*. The current insights into relationship marketing are definitely not being abandoned. Indeed, Chapters 2 and 3 of Part I are devoted to a summary of the main elements of relationship marketing that have been researched, discussed and applied in practice since the 1980s. However, in Part II, new ideas are presented which examine interactions and relationships from a consumer/customer perspective, which resonate with the S-D logic marketing. Such an approach also offers opportunities for active student learning of consumer experiences.

Figure 1.1 is taken from Harwood et al. (2008) and represents the traditional focal firm perspective on networks of relationships. The firm is the centre of the network and the network consists of entities with which the firm has direct interactions and relationships. Such a view is implicit in the discussions in Chapters 2 and 3, but, what happens if the customer or consumer replaces the focal firm at the centre of a network of direct interactions that they have during experiences? This is the angle being explored in Part II.

In the remainder of this chapter, we look at current definitions of relationship marketing (RM), consider whether RM is a new marketing paradigm, and trace in more detail the historical development of RM. Underpinning these discussions is a case study of Liverpool Football (Soccer) Club, where relationships from the focal firm and from a customer (Liverpool soccer fan) perspective are contrasted, so as to highlight the features of this book.

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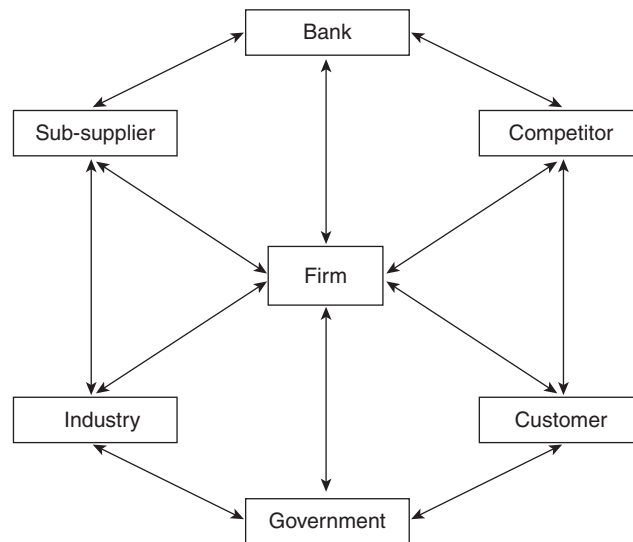


Figure 1.1 A firm-centred perspective on relationships

Source: Harwood, Garry and Broderick (2008)

Liverpool Football Club and relationship marketing

Liverpool Football Club is a football (soccer) club in the English Premier League. It has been a successful club for thirty years or more at the time of writing, and has built up a loyal fan base not just in Liverpool (in northwest England) and the UK but also in other parts of Europe, and in Asia.

To begin the case study, we re-produce a press release that appeared on the 'How-Do' website that provides news and opinions for the media industry of northwest England (see Exhibit 1.1). Ostensibly, this is an announcement of a new TV channel devoted entirely to Liverpool Football Club (LFC from now on). However, it is worth asking why LFC should invest in over 20 new employees, and on this new initiative. The answer clearly lies in the desire to enhance LFC's relationships with its fans (supporters). As the chief executive says 'we always welcome the opportunity to engage with our fantastic fan base' and he believes that the TV initiative 'will bring them closer to the club and the team they love'. Here, in a nutshell, are the desired outcomes of relationship marketing efforts of organizations with their customers – customers should be *loyal to*, and have a *close affinity* with the organization, and even *love* the organization and what it represents.

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Exhibit 1.1 Press release, 12 July 2008

Liverpool confirms September launch date for LFC TV

Thursday, 12 July 2007



Following the announcement in April that LFC was to launch its own TV channel employing over 20 staff, the club yesterday confirmed the channel will launch in September.

The new station intends to broadcast at least six hours of original programming content a day, five days a week across the whole year. LFC TV has been trialling a three hour weekly programme over the spring.

The club also announced that it had signed an exclusive three year deal with broadcaster Setanta Sports to carry the new channel in the UK and Ireland as part of the Setanta Sports Pack, a nine channel satellite offering.

The channel will also be broadcast live on www.liverpoolfc.tv as part of e-Season Ticket, the official club website's premium content service.

Rick Parry, chief executive of LFC, said: 'The channel heralds a new era for Liverpool Football Club. We always welcome the opportunity to engage with our fantastic fan base and LFC TV will bring them closer to the club and the team they love, at what is a very exciting time both on and off the pitch.'

We will deal with definitions of relationship marketing later, but for now, we will look a little more closely at what else is implied by the press release.

The dedicated TV channel is seen by LFC as an initiative for increasing its interactions and relationships with its fans; providing them with news, interviews with players, and match highlights on a continuous basis. But the interactions and relationships with the fans are not the only ones that take place in the provision of the service offered by the TV channel. For example, LFC has business-to-business (B2B) external relationships with the broadcaster, Setanta Sports (replaced in 2009 by ESPN), and the LFC website designers, and internal relationships have to be in place to ensure that loyal fans can purchase e-season tickets.

This one press release gives only an inkling of the potential relationships that have to be in place for an organization such as LFC to seek to encourage loyalty, close affinity and love from their fans. Exhibits 1.2, 1.3 and 1.4, taken from the home page of LFC's website, give a picture of the complexity

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of interactions and relationships that underpin the organization's marketing efforts.

Exhibit 1.2 Customized ring-tones for the mobile/cell phone

LFC REALTONES



Have the Kop singing on your mobile. You'll Never Walk Alone and so many more are all available!

Items available in UK ONLY

You must have a WAP enabled handset to download. Check compatibility before ordering. Click for [help](#) and our [Terms & Conditions](#).

If you need further assistance please call on 0870 750 7886 to speak to a customer support representative.

Ring-tones (Exhibit 1.2) are a means of constantly reminding the user of LFC. To provide this service, LFC need also to engage in B2B relationships with mobile phone manufacturers and operators, and recording experts. (The Kop is the part of the stadium – behind one of the goals – where the most vociferous fans sit, and sing and chant. 'You'll Never Walk Alone' is the anthem of LFC.)

Exhibit 1.3 Replica kit at an early age!



E-shopping (Exhibit 1.3) is available for fans across the world. The nurturing of fans from a very early age is integral to a football club's relationship marketing strategy (and worthy of ethical debate?). Again, such an offer involves LFC in other B2B relationships with kit manufacturers and designers, and child modelling agencies.

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Exhibit 1.4 The LFC credit card



Help Build the long term future of the club

The club receives a one-off payment for every approved account and further contributions for every retail purchase. All contributions and one-off payments the club receives will be sent straight into the Academy – so you'll play a real part in building the long-term future of the club.

The Academy, based in the Kirkby area of Liverpool, is the training facility for the youth teams. The LFC credit card (Exhibit 1.4), therefore, not only provides its owner with a physical reminder of the club, but also provides a means for fans to invest in the future playing talent. Once more, many interactions and relationships support the initiative. Deals have to be struck with MasterCard, and the card designers, and internal relationships are required between LFC's finance department and the staff running the Academy.

Although the labels of the network partners may be slightly different, LFC is essentially the 'firm' at the centre of Figure 1.1, and all the relationships talked of above are seen through the eyes of the firm. This, we call the traditional relationship marketing approach. This is expanded upon below.

So, what is Relationship Marketing?

The two statements below provide the essence of a traditional relationship marketing approach.

- Relationship Marketing (RM) draws attention to the importance of *retaining* as well as attracting customers, with emphasis being placed on the development of *long-term relationships* with customers.
- The primary goal of RM is to *build* and *maintain* a base of *committed* customers who are profitable for the organization.

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So, from the perspective of LFC, an RM approach is being adopted to retain fans, not just through providing them with a team to support on match days, but also through other devices that enhance their commitment to the club; ring-tones and credit cards, for example. Even the attraction of new fans, through the replica kits for toddlers, is achieved via the existing committed fans, the parents.

An RM approach is often compared to transactional marketing, as follows (Jackson 1985):

- Transaction Marketing – *Attracting* customers using *offensive* strategies, e.g. encouragement of brand switching; recruiting dissatisfied customers of competitors.
- Relationship Marketing – *Retaining* customers using *defensive* strategies, e.g. minimizing customer turnover, maximizing customer retention.

There is a recognition that, in the context of soccer fans, ‘consumption becomes exclusively oriented toward their team, no matter its on-field performance’ (Harris and Ogbonna 2008: 383). Therefore, brand switching is relatively rare, and so transaction marketing using offensive strategies is not really a feasible approach for an organization such as LFC.

As is emphasized above, the focus of RM is on customer retention and the nurturing of long-term customer relationships (loyal customers), as opposed to a focus on individual transactions.

RM has been difficult to define. By 1999, Harker (1999: 14) had identified 26 definitions of RM. The earlier definitions specify that RM is about:

- ‘attracting, maintaining and enhancing customer relationships’ (Grönroos 1994);
- ‘turning new customers into regular purchasers ... to strong supporters ... to active, vocal advocates of the company’ (Christopher et al. 1991);
- ‘developing mutual trust and commitment’ (Morgan and Hunt 1994).

Largely, they refer to dyadic relationships between an organization and its customers (for example, LFC and its fans). Later definitions emphasize more the interactions that take place and the relationship networks that underpin the activities. For example, RM is said to be:

- ‘the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end user customers to create or enhance mutual economic value, at reduced cost’ (Parvatiyar and Sheth 1999: 8);
- ‘marketing based on interaction within networks of relationships’ (Gummesson 2002: 587);
- ‘the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, when this is done by mutual giving and fulfilment of promises’ (Grönroos 2004: 101).

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Thus, the interactions of LFC with their many partners and stakeholders, in addition to those with its fans, are integral to an RM *process*. Also the notion of mutuality (that is, that the relationships should benefit both or all parties, not just the provider organization) is explicitly recognized. In particular, RM benefits to customers are seen to be as important as those for the organization. This will be explored later.

Is RM a new marketing paradigm?

A paradigm is a fundamental set of assumptions that is shared by members of a particular scientific community (Kuhn 1970). A paradigm is in crisis when:

- *too many exceptions* result in loss of credibility, acceptance;
- it *ceases to inform research* in useful ways.

It has been proposed that RM could be a new marketing paradigm, as the traditional, transaction-based marketing paradigm, centred on the marketing mix (the 4Ps), is believed to be inadequate especially with respect to the service and experience economies (Pine and Gilmore 1999) of the late twentieth and early twenty-first centuries, and the increasing accessibility and use of information and communication technology. One of the first advocates of RM as a new paradigm was Grönroos who argued that 'the simplicity of the marketing mix paradigm, with its Four P model, has become a strait-jacket, fostering toolbox thinking rather than an awareness that marketing is a multi-faceted social process' (1997: 322). Ballantyne et al. agree that marketing activity should be understood as 'systemic, holistic, and, above all, as dynamically complex' (2003: 164). Sheth observed that 'relationship marketing emerged as a popular new paradigm in the 1980s due to shift in focus from customer acquisition to customer retention' (2002: 591).

There is general agreement that the marketing mix approach has reduced credibility and has ceased to inform research in the twenty-first century in useful ways. However, the S-D logic (Vargo and Lusch 2004, 2008) may be the new paradigm. It advocates a move away from a goods-dominant logic of marketing to a service-dominant logic of marketing; a logic that is underpinned by intangible resources (service), co-creation of value by producers and consumers, and *relationships*. Therefore, relationships and RM are deemed to be integral to a new logic of marketing. The S-D logic of marketing will be explained in detail, and discussed, in Chapter 5.

The historical development of RM

In order to provide a context for the material that follows in this book, we expand on Table 1.1 by concentrating more on the historical development of RM. O'Malley and Tynan (1998) provide a concise summary of how RM grew from obscurity to popularity in business-to-consumer (B2C) markets.

In the late 1970s and early 1980s, RM emerged as an alternative to mainstream marketing for B2B and service marketers. It was seen as an alternative paradigm where:

- markets are heterogeneous;
- buyers and sellers both active;
- interactions and relationships are important.

An example is holiday tour companies, which compete for holiday seekers of many types, and must engage in B2B relationships with hotels, airlines, tourism departments, etc., as well as with the consumers of their services. Here, a relationship focus was deemed more appropriate, especially with a view to the creation and maintenance of loyal customers.

In the late 1980s, it was proposed that RM may be of benefit in B2C markets. Technology advances made it conceivable as:

- customer databases offered potential to *personalize* interaction with customers;
- there were opportunities to identify *the most important customers*; thereby identifying lifetime value accruing from individual customers or customer types, and also making cross-selling more achievable.

However, the increased use of customer databases raised concerns about invasion of privacy.

In the early twenty-first century, we are all used to personalized messages from organizations ranging from utility companies to fitness centres, each of which is treating the individual customer as a 'valued friend', and it is often a shock to realize that these activities only became mainstream in the 1990s.

By the mid-1990s, there was a general acceptance, by academics, that RM was feasible, and indeed helpful, for organizations engaged in B2C marketing:

- there was academic weight/support for RM in consumer markets;
- there were the arguments for a paradigm shift from transaction to relationship marketing;
- there was an assumption that both consumers and organizations want relationships (B2C).

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From the mid-1990s until the early 2000s, there was an explosion of work/research on RM, especially in the B2C marketplace. A number of issues and questions were given great attention, for example:

- what motivates consumers and organizations to engage in RM?;
- the identification of feasible scenarios for relationship building;
- a keen interest in explaining the processes of relationship development.

These issues and questions will be addressed in Chapters 2, 3 and 4 of the book.

Interactions and relationships from a consumer perspective

Since the emergence of the S-D logic of marketing in 2004, there has been an increased focus on how consumers, through their experiences and interactions, co-create value with organizations. Interactions and relationships from the consumer perspective are less well understood than those from an organizational perspective. Part II of the book attempts to redress the balance by putting the consumer at the centre of a network of interactions and relationships.

This brings us back to the story of LFC. We use an account by a Liverpool fan, published in the fanzine 'Red All Over the Land' (<http://raotl.co.uk/>), of his personal experience in following his team, Liverpool, to the final of the European Champions League (aka European Cup) in Istanbul in 2005, to illustrate this different perspective on relationships.

A personal experience as a fan of LFC

The narrative in Exhibit 1.5 is quite long (but only half the length of the original published story in the fanzine), but should be read in full, as it gives a rich account of the interactions and relationships that contribute to this fan's experience with LFC. The description of the match itself (where Liverpool recovered from 3-0 down at half-time to eventually winning the game) has been kept to a minimum as it is well documented elsewhere. This is deliberate as the intention is to delve into the complete consumer experience; something that extends well beyond the match itself.

As is the norm with personalized accounts, a certain amount of jargon and colloquialisms are used. Therefore, a short glossary of (perhaps) unfamiliar terms is provided after the account.

Exhibit 1.5 A consumer experience in the context of LFC

Growing up in Birkenhead, and becoming accustomed to winning the European cup as a 10 year old, meant the full significance of being European champions often passed you by. Birkenhead wasn't exactly a cosmopolitan, ethnically diverse place. Foreigners were rarely encountered and foreign travel was a luxury. We were largely unaware of the awe with which the Reds were coming to be regarded across the world. Nevertheless, each triumph delivered a fully turbo-charged electric buzz. Such was the magic of the European Cup ...

There was something magically mystical about us reaching the Istanbul final in such unexpected circumstances. We were becoming an irresistible force and a pilgrimage to the banks of the Bosphorous of religious proportions ensued. Istanbul is a lively, exotic, passionate and crazy city. Without a lively, exotic, passionate and crazy travelling horde, Istanbul would have been disappointed with hosting the European Cup final. Fortunately, we delivered all of the above, in spades, and Istanbul enjoyed one of the greatest nights in its modern history. It staged the greatest European cup final in living memory and played host to the greatest fans in the world who were on a mission to fulfil their destiny and recreate their glorious past in the most special of competitions. The truth is that for the duration of our stay, there was a curious symbiosis between visiting scousers and the city of Istanbul. Anyone who didn't sense this, either wasn't there, or is completely incapable of any form of sensory perception ...

BEFORE THE MATCH

My own visit to Istanbul began with check-in at Belfast International airport at 8am Tuesday 24th May for an Easyjet flight to Amsterdam. It was not an auspicious start, although it was a fortunate one. The check-in attendant was unhappy with my well worn passport. If you dug your nail round the bottom edge, which she delighted in doing, you could make it flake away slightly. She disappeared with the parting words, 'I don't know if you'll be able to travel.' Imagine the scene. There I was with luggage, match ticket, passport and Turkish airline tickets to Istanbul, on the eve of the most momentous night in Liverpool's history, certainly since Rome '77 and here I was being informed that I might not be able to leave Belfast. It was 7.30 on a cold grey Belfast morning, but sweat began to trickle from my arm pit. I was left stranded in a state of purgatory at the check-in desk for about five minutes before she returned scowling with the message, that they would let me travel today, but in future if I wanted to leave the country I'd need to get a new passport. I had intended to pace myself, but after that little encounter I greedily guzzled my first beer at 8am in the airport lounge.

...

(Continued)

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(Continued)

The Istanbul flight was uneventful. From Attaturk airport I took a cab to Taksim Square where I was meeting John Mackin, Paul Stewart and other members of our ten man strong crew, with the plan of bunking into their Flight Options hotel. If the flight had been uneventful, the taxi ride wasn't. My Turkish taxi driver was sinister. He had a six-inch knife scar down one cheek, looked as though he could handle himself and threw his car round corners. At times we were on two wheels. He was a Fernabahce supporter, but didn't seem too happy about his side's weekend league triumph. He was in fact morose. Or at least he was until the sight of a Ford destination, 'champions league' football, courtesy car wrapped around a tree reduced him to hysterics. 'Football, football' he roared, slapping his steering wheel. I was glad to arrive in Taksim Square in one piece ...

The sight that greeted me was of messy and very drunk reds massed around the square. At that point, about 11.00pm on Tuesday evening there was an element of tension in the air, or at the very least some electricity. Young Turks were entering the square flying flags from car windows. Some of them were trying to be provocative and gesturing at Liverpool supporters. But in the hours that followed, I think the Turks themselves came to realize that Liverpool supporters were interested only in drinking and singing. And what was more there were thousands of these red pilgrims. They were good for business and they were very good at drinking and singing ...

...

The Turks wanted to know why we were just stood on the street in the early hours of the morning and what time we were planning to go to bed. Some of them had stopped to have a bevy with reds on their way home from a shift at a bar or a restaurant. They seemed puzzled by the mass open-air drinking festival going on around them, but they were keen to join in. I tried explaining that what they were witnessing was a big religious pilgrimage, in which tens of thousands had come from disparate locations to pay homage to the Redmen, to our glorious past and to renew our relationship with the European cup.

When I went to bed in the early hours of Wednesday, the streets around Taksim Square, although quietening down, were still abuzz. The next day Taksim was chokka again by 10.30am and there was a discernible electricity in the air that grew throughout the day. Taksim Square was an assault on the senses; delicious wafts of kebab, crazy taxi drivers weaving their way past pedestrians and a dull buzz of excited chatter and singing from tens of thousands of scousers. It was the perfect setting for a European Cup Final featuring Liverpool. The square was bedecked in red and white. It was a bright sunny day and there was a mass red and white throng creating a carnival on the streets of Istanbul. That was certainly the mood amongst our little crew as we strolled the streets around Taksim taking in the sun and heading down to the river on Wednesday lunch time.

We never made the river, but we were entertained by some Kurdish shoe shine lads, who clearly didn't go to school, but spoke better English than most of our party. For an hour or so we idled away our time in the sun on a large terrace with stunning views down to the river and over the city. The sight of numerous mosques and some shabby neighbourhoods, that made Kensington

look like the height of middle class affluence, indicated that we were indeed on the very edge of Europe, with Asia but an afternoon's stroll away. By the standards of European trips we were having a quiet and uneventful day. We were taking it easy. At some point, Mackin and I sloped off to the Galatasaray Fish Market for a feast of Sardines, Squid and Octopus, but whereas normally we'd have polished off a bottle or two of wine, this was not the occasion for that. Steady as she goes – cold leisurely beers were the order of the day. This was not a time to be rip-roaring drunk.

...

AFTER THE MATCH

... What do you do when you've just seen your team stage the most incredible, dramatic, against the odds European cup victory of all time? That was the dilemma that now faced us. We had to do justice to what we had just seen, but first of all we had to get back into town, but we had no chance of finding our minibus in the chaos outside. We met Simon Morris and boarded one of the public buses and headed back for Taksim. It was packed to the rafters and it was desperate. People were on the verge of passing out and were forcing the doors open and alighting for a spot of fresh air, before re-boarding. Over two hours later we finally hit some clear road and moved above snail's pace. Then within a couple of minutes the bus made a strange noise and ground to a shuddering halt, pulling onto the hard shoulder. Thick black acrid smoke poured out of the back. Our bus was on fire in the middle of nowhere.

After what we had just witnessed and the emotional roller coaster ride we'd experienced, we looked and felt like acid casualties. But now it was time for champagne, kebabs, more champagne and Efes. At 7.00am we ventured out into Taksim Square for a dance – a fitting tribute to the red men. Morris was back to his apache ways, had acquired a red head dress and was doing some sort of rain dance. At 8.00 we waved Nico, founder of the Keep Belgium Scouse movement, into a cab to the airport and I promised him we'd continue the celebrations in Antwerp, which was where I was headed straight after the final to play football. At 9am I made it to bed. By 11 I was checking out ...

For a while afterwards, I began to think that I'd caught a chill in the Attaturk Stadium. After all the temperature had dropped at night fall and it had been draughty at the top of those steps. For the next week, every time I thought back to the events inside that stadium, I got the most incredible shiver and goose pimple inducing rush. Ordinarily only heavy duty narcotics can produce such a feeling.

Glossary:

Reds	Liverpool supporters/fans
Scouser	Person from Liverpool
Bevy	A drink, normally of beer
Chokka	Short for chock-a-block: very crowded
Efes	A Turkish brand of beer
Kensington	A suburb of Liverpool
Acid	A drug

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Perspectives on interactions and relationships

The account in Exhibit 1.5 demonstrates most clearly that interactions and relationships play a large part in consumer experiences, and that the value of the experience is a subtle mix between an occasion created by the achievements of players and staff of LFC, and the processes and activities of the fan concerned in contributing to the occasion. It exemplifies the notion of co-creation of value that will be re-visited in Chapter 4.

At the start of the chapter we looked at some of the relationships that LFC enter into in order to engender trust and commitment of their fans, so that the fans have a close affinity with the club, and remain loyal advocates of LFC. In addition to the relationships with their customers (the fans) they have many other relationships. The LFC website lists Setanta Sports (ESPN), the Premier League, Carlsberg (their sponsors), Adidas (the kit manufacturers), Unibet (a betting company) and EA Sports (a developer of interactive and video games) as their partners, and clearly they have many other B2B interactions with mobile/cell phone operators, credit card companies, caterers, and so on. It must be remembered, however, that these are interactions and relationships that are viewed from *the perspective of an organization* to achieve organizational objectives.

When we examine the narrative in Exhibit 1.5, we can readily observe that consumer experiences (that contribute to the co-creation of value) also involve many interactions and relationships. For example, the fan concerned interacted with other fans; those he knew (his crew of ten) and others (the 'thousands of reds' in Istanbul). He also interacted with Turkish waiters, taxi and bus drivers, and various other Turks (the shoe-shine boys). He interacted with other employees, at check-in desks, shops and bars. He interacted with various air services, and with a number of destinations – Belfast, Amsterdam, Istanbul, Antwerp – and with technology to share his experience with others on the fanzine website. In the latter case, he was clearly identifying himself with *a consumer community*.

A feature of this book is that we explore relationships from *the consumer experience perspective* as well as from the organizational perspective. We do not do this simply out of interest but with a conviction that a real understanding of consumers' interactions and relationships provides knowledge that organizations currently lack to a large extent; knowledge that could improve their competitive advantage.

Structure and features of the book

The book is organized in two main parts. In the remainder of Part I, we examine interactions and relationships from an organizational perspective. In Chapter 2, we explore the main themes in RM that have been researched

and practised over the past thirty years. The underlying principle of customer retention is the basis of the discussions of market-based RM. The external and internal relationship networks that organizations work within are then presented under the heading of network-based RM. Chapter 3 is entirely devoted to the concept of customer loyalty, including discussions of loyalty schemes (programmes) and the relationship between customer loyalty and profitability. In Chapter 4, the changing environment in the twenty-first century, with a concentration on the information and communication technology (ICT) advances that have contributed to current consumer experiences, is outlined. Here, details of the S-D logic of marketing are first outlined (Vargo and Lusch 2004, 2008).

In Part II, interactions and relationships from a consumer experience perspective are examined. Chapter 5 contextualizes this approach by developing further the debate and ideas on the S-D logic of marketing. To our knowledge, a consumer experience perspective has not been presented systematically elsewhere, and therefore constitutes a novel feature of the book. Chapter 6 focuses on how consumers (as well as organizations) use and integrate their resources. The approach adopted in Chapters 7 and 8 synthesizes experiences of many individual consumers in an experience domain, through their interactions and relationships, with a view to identifying value-enhancing and value-inhibiting features of their experience. The process has been labelled 'consumer experience modelling' (CEM). The approach adopted in Chapters 9 and 10 focuses on communities of consumers, with a particular emphasis (in Chapter 10) on social networks and C2C exchanges.

Finally, in the conclusion, after a brief summary of the book's contents, we outline some of the research directions that RM is likely to take in the next five years, as well as pedagogic issues associated with the approach adopted in Part II.

We intend that this book is not just a textbook, but also a tool for facilitating active student learning. With that in mind, the following features have been incorporated:

- discussion questions and activities;
- case studies;
- learning objectives, learning outcomes and learning propositions.

Discussion questions and activities

Discussion questions and/or activities are provided at the end of each chapter. Given the variety of readership of this book, some of the questions may be more appropriate for students on undergraduate programmes/MSc/MA programmes, while others are really aimed at students on MBA/Executive programmes. In the latter case, we assume that students have two to three years' managerial experience or are currently in a management position.

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In the former case, we assume that students are on an academic route. Some questions can clearly apply to all students.

Case studies

In Part I, there is a case study at the end of each chapter. The purpose of the case study, related to the chapter content, is clearly stated. These case studies offer opportunities for student activities, and for further discussions which are guided by a series of questions that encourage active student participation. In Part II, Chapters 6–9 are written around case scenarios (the the British Library, gap-year travel experience, save-the-cinema campaign), and Chapter 10 offers personal and organizational accounts of social network usage, and so, instead of offering a pre-written case study at the end of these chapters, guidelines are given for students to engage in their own case scenarios by employing the concepts for understanding consumer experiences that are outlined in the chapters.

Learning objectives, learning outcomes and learning propositions

Each chapter in Parts I and II, from Chapter 2 onwards, will have learning objectives specified at the start of the chapter, so that the purpose of the chapter is known in advance. Chapters 2–4, in Part I, will have conventional learning outcomes at the end of the chapter, outlining what students should be able to do having read and understood the chapter content. However, in Part II, learning propositions will be stated instead of learning outcomes. This is not simply a matter of semantics. The notion of a learning outcome has with it an assumption that the teacher knows what are desirable goals, and monitors progress against those goals. In the chapters in Part II, the aim is that the students co-create the value of the learning, and the outcomes of such a process are not known in advance of the learning experience. The learning propositions, therefore, provide debating points based on the material presented in the chapter. As such they provide ideas for seminars/tutorials. We as teachers/writers, according to this view, provide learning propositions that act as potential building blocks for students to develop their own outcomes.

Case Study 1

Political marketing then and now: a focus on Barack Obama's 2008 presidential campaign

Purpose: To demonstrate how information and communication technology (ICT) mediates marketing activity, interactions and relationship-building.

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Background:

Political Marketing is a sub-discipline of marketing that has received greater attention in the marketing literature since a special issue of the *European Journal of Marketing* was devoted to it in 1996. The joint editors of the special issue then referred to Political Marketing as at a 'craft' stage; a discipline that needed to develop its own underpinning frameworks.¹ It was, however, argued in 1996, that:

Marketing has been extended to include all organizations and their relationships. Relationships are with any public not just commercial customers, and, therefore, include exchanges of value between any social entities ... Politics falls within marketing's extended domain centrally because an exchange takes place when a voter casts his or her vote for a particular candidate. They are engaged in a transaction and exchange time and support (their vote) for the services the candidate offers after election through better government.²

And that:

Marketing offers political parties the ability to address diverse voter concerns and needs through marketing analyses, planning, implementation and control of political and electoral campaigns.³

It was felt that electioneering had evolved from propaganda to media campaigning to political marketing in an analogous way to that which traces business practices from a production orientation to a selling orientation to a marketing orientation.⁴ The main political marketing tools used to connect with voters consisted of polls and focus groups that were devised to establish voters' needs and deliver voter satisfaction.⁵

Features of the Obama presidential campaign of 2008

According to ABC News in the USA on 23 August, 2008, at 3.25 a.m., Eastern Time (ET):

Sen. Barack Obama has sent his vice presidential text message: were you awake to read it? At 3.04 ET, and just after midnight on the west coast, the Obama campaign sent the following message to anyone who signed up to find out who the presumptive Democratic nominee had picked: 'Barack has chosen Senator Joe Biden to be our VP nominee. Watch the first Obama-Biden rally live at 3pm ET on www.barackobama.com. Spread the word!'

This may be seen as political marketing 2008-style. Remember, in 1996, text messaging was simply not available in the USA, the World Wide Web had only a very small number of users, and 'search engine' was a phrase only understood by technical folk.

In 2008, Obama's campaign team communicated with potential voters by text message. How did this come about? Very simply, anyone who accessed Obama's personal website (easily found through Google) was invited to 'Join Obama Mobile' by filling in details of their mobile phone number and zip-code (both required), email address, first name, last name, and address (all optional). By joining, they signed up to the right to receive text messages (from Obama) on their phone or to text GO to 62262 (the digital equivalent of OBAMA on the mobile handset). The intention of the Obama campaign team was to text the members of Obama Mobile with the news of

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the vice-presidential nominee before the mass media knew about it, thus giving the members advanced, privileged information. Those who received the message at 3.04 a.m. heard the news 20 minutes in advance of the media. However, such was the number of text messages that were sent (estimated 3 million) that some members did not receive the text message until 12 hours after it was sent. However, such recipients did not seem upset. One person observed:

Whatever you think of when it was sent, you have to admit this was a really smart way for a campaign to get thousands, if not millions of numbers. Texting is a huge new tool.⁶

The last part of the text message said 'Spread the word!' There is recognition of the power of social networking, not just through text messaging, but also through the most popular social networking sites. Barack Obama has a page on 'Facebook' (see <http://en-gb.facebook.com/barackobama>), and uploads videos of his addresses to YouTube. It is hardly surprising that observers claim that:

Obama's contact list is one many marketers would pay dearly for. Obama fans are young, politically passionate and digitally savvy, with the means to access millions like them via word-of-mouth.⁷

Barack Obama polled over 69 million votes (53 per cent of the popular vote) on 4 November 2008, and was inaugurated as President of the United States on 20 January 2009.

Notes

- 1 Lock, A. and Harris, P. (1996) 'Political Marketing – Vive La Difference!', *European Journal of Marketing*, 30(10/11): 14–24.
- 2 O'Cass, A. (1996) 'Political Marketing and the Marketing Concept', *European Journal of Marketing*, 30(10/11): 37–53, quotation on p. 38.
- 3 Ibid., quotation on p. 40.
- 4 Wring, D. (1996) 'Political Marketing and Party Development in Britain', *European Journal of Marketing*, 30(10/11): 92–103.
- 5 O'Cass, 'Political Marketing and the Marketing Concept'.
- 6 <http://www.marketingvox.com/obama-adds-biden-to-text-message-dictionary-040581/> (accessed on 6 February 2009).
- 7 Ibid.

Activities and discussion questions

Log in to Barack Obama's website (www.barackobama.com) and critically examine the features:

- What are the features that encourage website visitors to engage with Barack Obama?
- Do you think the website and its related links helps create trust with, and commitment to Barack Obama? Provide evidence for your views.

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- How much do website users (voters) need to use their own knowledge, skills and capabilities to interact with Barack Obama and what he stands for?
- Briefly summarize the changes in ICT between 1996 and 2008, and how this affects interactions and relationships between organizations and consumers.

Social network usage:

- It is estimated that (in 2008) about one-third of internet users are members of a social networking site. List the social networking sites that you and/or your friends use and/or are aware of.
- Should organizations tap into social networking sites? What are the potential pros and cons?

Barack Obama and the Fox News Network have opted for having a page on 'Facebook'.

- Has your organization done a similar thing or thought about it? Would you consider it a relationship marketing or customer relationship management initiative?
- Under what conditions do you think it is effective for an organization to tap into a social networking website? What might be the disadvantages?
- What does your organization do to further understand consumer/customer experiences?

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