

RE-EXAMINING RELATIONSHIP DEVELOPMENT

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Abstract

Research examining marketing relationships has not traditionally discussed the fact that business-to-business relationships strengthen *and* weaken over its life. The model also suggests relationship inactivity is not necessarily the same as relationship failure. The paper proposes a model that allows relationships to move in multiple directions over their existence.

Background

There is an assumption in much of the business-to-business relationship related literature that relationships develop in a linear or evolutionary way (Andersen 2001; Dwyer, Schurr and Oh 1987; Palmer 1995). This assumes there are ongoing sets of interactions amongst parties and relationships continually strengthen. This may not be the case and some “relationships” may actually be short-term transactionally focused or ultimately be completed (O’Toole and Donaldson 2000).

In examining the management of an ongoing business relationship, firms often seek to strengthen potential partners’ involvement using a range of activities, such as building trust, commitment, etc. (Das and Teng 2002; Dwyer, Schurr and Oh 1987). However, there are several reasons firms may not want to continually invest in a relationship including: high costs of developing and maintaining relationships (Park, Chen and Gallagher 2002); the objectives have been achieved (Tikkanen and Tuominen 2002); parties strategic focus has shifted (Leminen 2001); or there is limited benefit in maintaining a relationship (O’Toole and Donaldson 2000).

Not all attempts to nurture supportive relationships will succeed (Havila and Wilkinson 2002) and some successful relationships may take years to develop (Wathne, Biong and Heide 2001). On the other hand relationships may become dormant after organisations achieve their common goal (O’Toole and Donaldson 2000) and in this case there may be a perceived level of involvement between the two organisations, even though no exchanges are currently taking place (Havila and Wilkinson 2002). A dormant relationship may in fact be extremely important and might allow firms to operate with “peace of mind”, as they have a supportive stakeholder with whom they can draw, should the need arise (Havila and Wilkinson 2002; Polonsky, Schuppisser and Beldona 2002).

Much of the literature on relationship failure suggests that organisations have the ability to

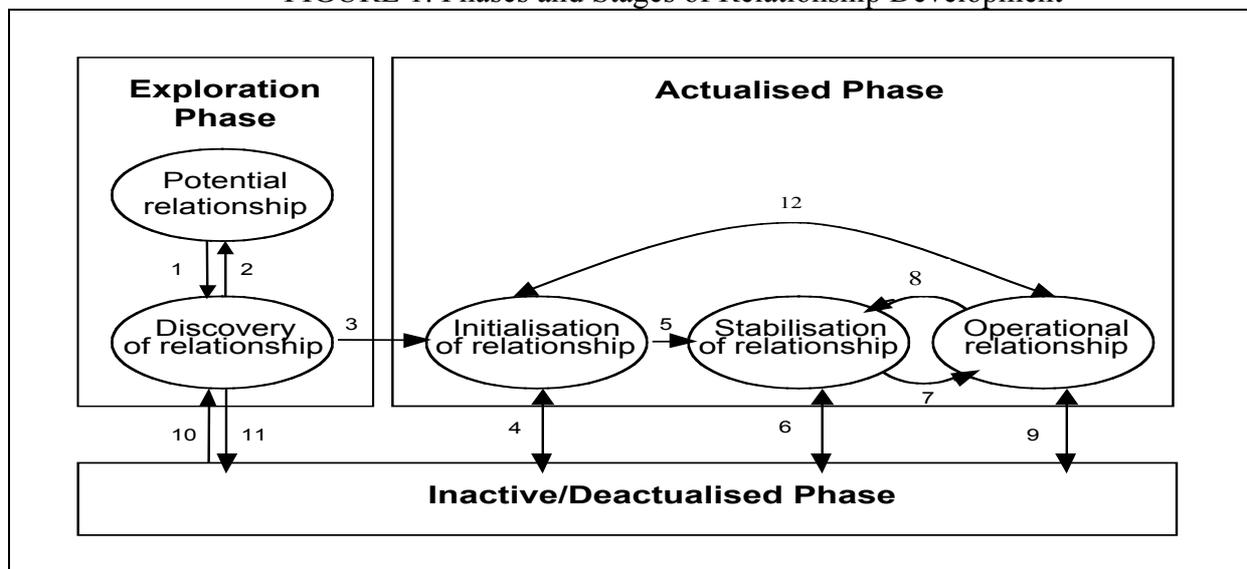
make a given relationship successful. There is limited investigation of dormant relationships or relationships that do not generate exchange (for example Havila and Wilkinson 2002), even though many of the relationship models discuss non-transactional phases of relationships. Dormant and inactive relationships are not necessarily failed relationships and may reflect the fact that relationship interactions are not necessarily ongoing (Palmer 1995; O’Toole and Donandson 2000).

For the most part, relationship marketing literature has focused on constructs and concepts from a static viewpoint (Palmer 1995), which does not take into account the dynamic interplay of relational variables or the complexities of networks of relationships, particularly where multiple parties are involved (Polonsky, Suchard and Scott 1999; Polonsky, Schuppisser and Beldona 2002). Given relationships evolve over time and operate in a dynamic environment it is important to have a model that accommodates these complexities (Das and Teng 2002). The objective of this paper is to advance a model that can be used to better understand how relationships can develop and change over time. The model for relationships to become more stronger, but also allows for relationships to stagnate, become dormant, regress and even become reinvigorated.

A Complex Relationship Model

The proposed model of relationship suggests relationships may strengthen and/or weaken (See Figure 1). The strategies that can be used to manage specific relationships will depend on the state of the firm–partner relationship in question and the vast array of moderating factors, such as; trust, commitment, reciprocity, social bonding and communication. It is beyond the scope of this paper to discuss how these various moderating factors will influence relationships progressing or regressing, and identifies this is an area for future research.

FIGURE 1: Phases and Stages of Relationship Development



As is depicted in Figure 1, we suggest that there are three phases of a relationship - exploration, actualised and inactivity. Progressing a relationship can involve a range of individual movements between the three phases or within the stages of a phase (i.e. the eleven arrows). It is unlikely that any two firm-partner relationships, no matter how similar the sets of partners, will evolve in the same way, simply because each partner faces different

environmental forces (Das and Teng 2002). While firms may wish to progress a relationship with an important party to a higher level of involvement, this may not occur, as the relationship might get caught up in iterations at one stage or another, or a given relationship might become dormant for extended periods of time before it is reactivated. These phases and the relevant components will be discussed in the following subsections.

Relationship Exploration Phase

Most relationship models recognise that some activities must take place before any relationship can be activated. Ford's (1980) five-stage model includes two distinct phases requiring organisational action where there is no relationship operating - pre-relationship and exploration. Within Dwyer, Schurr and Oh (1987) and Pett and Debrell's (2001) models, they both have an exploration phase, which involves the firm undertaking a range of actions, which serve as precursors to the relationship being formed. Andersen (2001) suggests there are two pre-relationship phases, which require extensive organisational resources, if the relationship is to develop. Others do not define phases, but rather identify antecedent variables are required for relationships to become active (Das and Teng 2002). Our model suggests there are two stages in exploration – potential relationship and relationship discovery.

In the ***Potential Relationship Stage*** parties are either unaware of each other or are individually beginning to identify there may be some potential benefit in developing a relationship. The characteristics would be similar to pre-relationship identified by Ford (1980) and Andersen (2001). In that the parties have never directly or indirectly addressed the other party, but this does not necessarily mean the parties are unaware of one another. When firms begin to actively seek out partners they move to the discovery stage (i.e. down arrow 1), but they may never move out of being a potential relationship.

Relationship Discovery Stage is the second stage is where parties unilaterally observe and analyse each other. Evaluation of possible partners will concentrate on a range of attributes (e.g. Morgan and Hunt 1994) and will potentially take some time. When parties are in the discovery phase they cannot look back on a common history. Their frames, beliefs and knowledge about the other and thus their relationship orientation have no experiential basis (Polonsky, Schuppisser and Beldona 2002). If starting a relationship is regarded as beneficial for one of the parties in terms of its frames, communication will increase (Andersen 2001) and the relationship will become an actualised relationship (arrow 3).

The firm may start the discovery stage with many organisations. The information gathered to understand the potential partner might result in the firm deciding, that in this situation a specific relationship should not progress, but this does not necessarily mean the relationship has failed. If the firm decides not to seek out new partners it moves back to the potential relationship phase (up arrow 2). Alternatively, if the firm has had extensive discussions with potential partners it has in fact gained substantial information, knowledge and understanding of potential partners, which might be used in future discovery stages (Havila and Wilkinson 2002), but in this case they move from relationship discovery to an inactive/deactualised relationship (i.e. down arrow 1).

Relationship Actualisation Phase

Authors frequently discuss the dynamic and adaptive nature of exchanges and the

environment in which exchanges operate (Wilkinson and Young 2002; Tikkanen and Toumien 2002). Ford (1980) incorporates three stages related to relationship operations. Dwyer, Schurr and Oh (1987) have two stages related to ongoing operations, whilst Pett and Dibrell (2001) have four stages related to ongoing operation. It is clear from the previous models that there are several stages within this phase. We suggest there are three stages in the actualisation phase – initialisation, stabilisation and operational.

In the ***Relationship Initialisation Stage*** parties begin directly or indirectly addressing each other in regards to the specific relationship, which is different to the discovery phase where firm interactions are designed to determine whether a relationship should be initiated. During these interactions extensive learning takes place as each party learns how the other communicates and how it reacts (Polonsky, Schuppisser and Beldona 2002). The initialisation phase ends when the quality of consecutive interactions becomes more uniform and exchanges become almost routine.

If parties decide the relationship should be developed further they move to stabilisation of the relationship (i.e. arrow 5). However, the initiation stage may alert parties to reasons that they cannot or should not work together and the relationship becomes deactualised (i.e. move down arrow 4). The determination that the relationship should not evolve requires extensive information gathering, relating to parties' organisational culture, objectives and modes of operation. Organizations may be able to draw on this knowledge in the future and re-develop the relationship (Havila and Wilkinson 2002) to advance discovery of a potential relationship (i.e. arrow 10) or reactivate the initialisation stage (i.e. move up arrow 4).

After having experienced intensive interaction in the initialisation phase, parties then interact on a lower intensity level and move to the ***Relationship Stabilisation Stage***. In this stage there is a better understanding of parties' responsibilities and additional interactions serve to maintain an existing relationship quality. A reduction of exchanges may become inefficient and as the number and periodicity of interactions decrease below a certain threshold, the relationship is likely to become deactualised (i.e. move down arrow 6). Although, as with previous stages the knowledge and experience might be used to restart the relationship (i.e. move up arrow 6) or possibly assist the organization in developing a relationship with this partner in another context (i.e. arrow 10).

In cases where minimum levels of exchanges take place at regular periods the relationship becomes stable and can develop to the next stage of operational relationship (i.e. arrow 7). Within the literature several authors have referred to operating relationships using the terms institutionalization (Ford 1980) and commitment (Dwyer, Schurr and Oh 1987).

Operational Relationship Stage involves the relationship continuing with minimal variation. Relationships might, however, change because of the emergence of a new issue and in this situation the relationship moves back to the stabilisation stage (arrow 8). In extreme cases relationships could even move back to the initialisation stage (arrow 12). If the changes are substantial enough the relationship may in fact break down and enter deactualisation (i.e. move down arrow 9). It may also cease to operate if the parties' overall objectives have been achieved. As in other stages, it is possible an inactive relationship could be reactivated if the need arises (i.e. move up arrow 9). Given the parties' extensive knowledge and experience with one another it is also likely they may call on this past partner again and progress to new discovery stages (i.e. arrow 10), or even possibly move directly to initialisation (i.e. up arrow

4).

Relationship Inactivity/Deactualised Phase

A relationship can become deactualised or temporarily dormant when interactions between the parties cease (arrows 4, 6, 9, 11). Inactivity has sometimes been discussed in terms of relationship failure (Dwyer, Schurr and Oh 1989; Halinen and Tähtinen 2002; Havila and Wilkinson 2002; Pett and Dibrell 2001) and some have suggested there are identifiable steps associated with relationships ending (Halinen and Tähtinen 2002). While Dwyer, Schurr and Oh (1987, p19) discussed “dissolution” as something that causes “psychological, emotional and physical stress”, within the proceeding sections we have discussed that deactualisation does not mean the relationship failed and as such inactivity may not be viewed negatively by parties but rather is a valuable asset (Havila and Wilkinson 2002; Pett and Dibrell 2001).

As was identified previously a relationship might cease because it has been successfully completed (Havila and Wilkenson 2002; O’Toole and Donaldson 2000; Pett and Dibrell 2001). Alternatively relationships can also break down and be cancelled by one party or the other without completion of the exchange or problem solution. In this case there will possibly be the negative effects associated with failure (Dwyer, Schurr and Oh 1987). However the cessation of interactions might not always be the result of a conscious decision and might simply occur over time (Halinen and Tähtinen 2002).

A new relationship could emerge from an inactive/deactualised relationship and would clearly be different to a completely “new” relationship, as a revitalised relationship would involve parties having some common history and experience with one another (Havila and Wilkinson 2002; O’Toole and Donaldson 2000). Parties would have more information to judge the pros and cons of recommencing interactions in a new discovery phase (i.e. arrow 10), or the relationship may re-emerge into one of the stages of the actualisation phase (i.e. arrows 4, 6, or 9).

Conclusions

The synthesised model proposed in this paper illustrates the complexity of relationship development through distinguishable relationship phases and stages. The fact that relationships can move both forwards and backwards is critical in marketing, as it means relationships will strengthen and weaken over their duration. It is critical that future research examine how relationships can be nurtured, as well as how they change over time.

The fact there is no exchange between parties may not mean a “relationship” does not exist and inactivity is an important aspect of relationship development needs further investigation. The role of inactive relationships is not something that has been extensively explored in the literature (for example Havila and Wilkenson 2002; Park and Ungson 2001) and future research should examine how dormant relationships are maintained, especially given the changing nature of organisational activities would be valuable. Another interesting question is what causes organizations to “reactivate” these dormant relationships *and* are reactivated relationships as effective as relationships with new “untested” partners. Future research also needs to examine why relationships change overtime and whether there are organisational strategies that might allow for a shorter exploration phase or longer actualised phase.

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