

# *Relationship Marketing in Emerging Economies: Some Lessons for the Future*

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## *Executive Summary*

Relationship marketing as a philosophy and a set of practices is now widely accepted by both academics and practitioners. At the centre of the relationship marketing paradigm is the notion that making the most out of existing clients is essential for long-term profitability. Retaining clients by developing relationships with them is crucial to establishing and maintaining a competitive advantage in the market. But, moving away from an analysis of needs to an analysis of the customer, from management of the transaction to management of the relationship marks a fundamental shift which positions relationship marketing as a double innovation: conceptual innovation (it has evolved into an entirely new and separate concept) and organizational innovation (it imposes transformation on organizations that are not limited to the marketing function but require the participation of all components of the firm). But, perceptions on what exactly constitutes relationship marketing may differ in various cultural settings.

Indeed, the theoretical domains that relationship marketing has traditionally drawn upon have been Western theories developed in economics, psychology, and management. Having largely exhausted these sources, it is now perhaps time to look more widely and consider less traditional paradigms from a broader range of cultures. The author suggests looking at Eastern cultures where relationships have provided the foundations for business activity for thousands of years.

This article is an initial attempt to bridge the gap in existing literature as no adequate conceptual framework exists as yet. It aims to contribute to the knowledge of the reasons for the emergence of relationship marketing in Western economies and makes a brief comparison of the study of relationships in Western and Eastern literature so as to identify how culturally-based relationships are formed. In particular, the focus is on the Chinese complex concept of *guanxi* (loosely translated as 'connections' though 'relationships' might be better) and its importance in relationship development. This framework is the starting point for a set of criteria to be taken into account before transferring relationship marketing in emerging economies.

In conclusion, this exploratory paper highlights the following:

- Theory transcends economies whether they are emerging or not.
- Marketing has always studied relationships between institutions (B2B) and between institutions and customers (B2C). The basic rules of marketing, therefore, remain the same whatever the economy. What changes is the context.
- The environment is and remains multi-cultural. In that sense, the dangers of ethnocentrism must be avoided and, on the contrary, the phenomena of acculturation and local appropriation must be embraced.
- To be successfully implemented, relationship marketing should reflect the value system of the population to which it is targeted. ♡

### KEY WORDS

**Relationship Marketing**

**Emerging Economies**

**Cultural Adaptation**

***Guanxi***

The past two decades have brought dramatic changes in the marketing environment leading to a rethinking of the marketing discipline. As markets mature and customers become scarce resources, the concept of relationship marketing has emerged as a big new idea and has become increasingly important for many Western companies. Today, relational, as opposed to transactional exchange, is the norm in the more affluent industrialized economies.

At the centre of this contemporary philosophy is the notion that making the most out of existing clients is essential for long-term profitability. Retaining clients by developing relationships with them is crucial to establishing and maintaining a competitive advantage in the market. Numerous companies use structures (for instance, key account management) and instruments (databases, direct marketing, efficient consumer response, and customer relationship management) developed by relationship marketing. Certain companies implement individual or dyadic relationship marketing based on the personalization of the offer and interpersonal interaction while certain other companies prefer a community or associative relationship marketing where emphasis is on the collective behaviour of clients (feeling of belonging, level of participation, etc.). But, perceptions on what exactly constitutes relationship marketing may differ in various cultural settings. As a result, an exchange method which has worked well at home may fail in a culture with different values. Failure to adapt methods of exchange may bring about a marketing failure. This leads us to question whether the concept of relationship marketing can be transferred, especially to new markets such as emerging markets, which offer amazing opportunities to the firms.

Therefore, in spite of the considerable attention devoted to relationship marketing in the practical and academic world, far less research has been carried out in the sensitive adaptation of this concept to meet the needs of emerging economies. A search of refereed articles that combine emerging economies and marketing shows that since 1986, only 50 articles have responded to these key words (Pels and Brodie, 2003).

While being very heterogenous, these markets are full of pitfalls even for the very experienced and successful global companies because there are specific conditions unique to emerging economies.<sup>1</sup> Therefore, an understanding of the concept of relationship marketing in emerging economies needs to be advanced. This study attempts to improve such an understanding.

## ORIGIN OF RELATIONSHIP MARKETING

Even if the concept of relationship marketing is rather recent within the science of marketing, we must admit that the values it represents are far from new. Relationship marketing seems to be the theorization and modernization of a latent secular process present in the industrialized world. In fact, marketing has always been and still remains a science of exchange which aims to analyse and understand the relationship between supply (seller) and demand (buyer). The meeting of supply and demand of products and services involves a rather complex subject often called 'business'— an umbrella term which covers all major areas of management such as marketing, finance, production, accounting, information systems, organizational structures, and even human resources. Creating 'relationships' within business is one of the oldest jobs in the world which always required exchanges.

For instance, in the pre-industrial era, relationship development between producer and consumer was relatively easy to achieve in economies which were in an early stage of development due to small-scale production processes and relatively local markets. Buyers were able to learn through the personal experience of the abilities, consistency, and reliability of a supplier while suppliers were able to adapt simple production methods to the needs of individual customers who were known personally. Preference was judged on the basis of face-to-face contact and, from this, trust was developed; through personal knowledge and trust, a supplier was also able to judge the creditworthiness of each customer (Palmer, 1995).

With the development of mass production methods, producers were able to achieve economies of scale in production and, through price advantage, encroach on the traditional markets of smaller, less efficient producers. Relationship building based on personal knowledge and liking based on face-to-face contact became more difficult. Consumers shifted their liking from the personal characteristics of the producer to the abstract concept of the brand. Branding emerged as a means of providing reassurance of consistent quality to spatially dispersed customers who, because of the use of intermediaries, had no direct relationship with the manufacturers of their products. In effect, brand became a substitute for personal relationship (Palmer, 1997).

But, globalization of markets, competitive pressure, brand multiplication and, above all, the ever-changing lifestyles and consumer behaviour have forced companies to develop strategies to keep their clients and create consumer loyalty programmes and thus carry out relationship marketing. One of the earliest notions of relationship marketing in the academic sphere can be traced to Levy and Zaltman's (1975) statement that to maximize the value of exchanges, people or groups need to develop 'patterned relationships with one another.'

But, although the origins of relationship marketing were initially in the industrial context (with the network approach as designed by the Industrial Marketing and Purchasing (IMP) Group, e.g., Håkansson and Snehota, 1995), the service industry has increasingly become focused on maintaining and enhancing customer relationships.

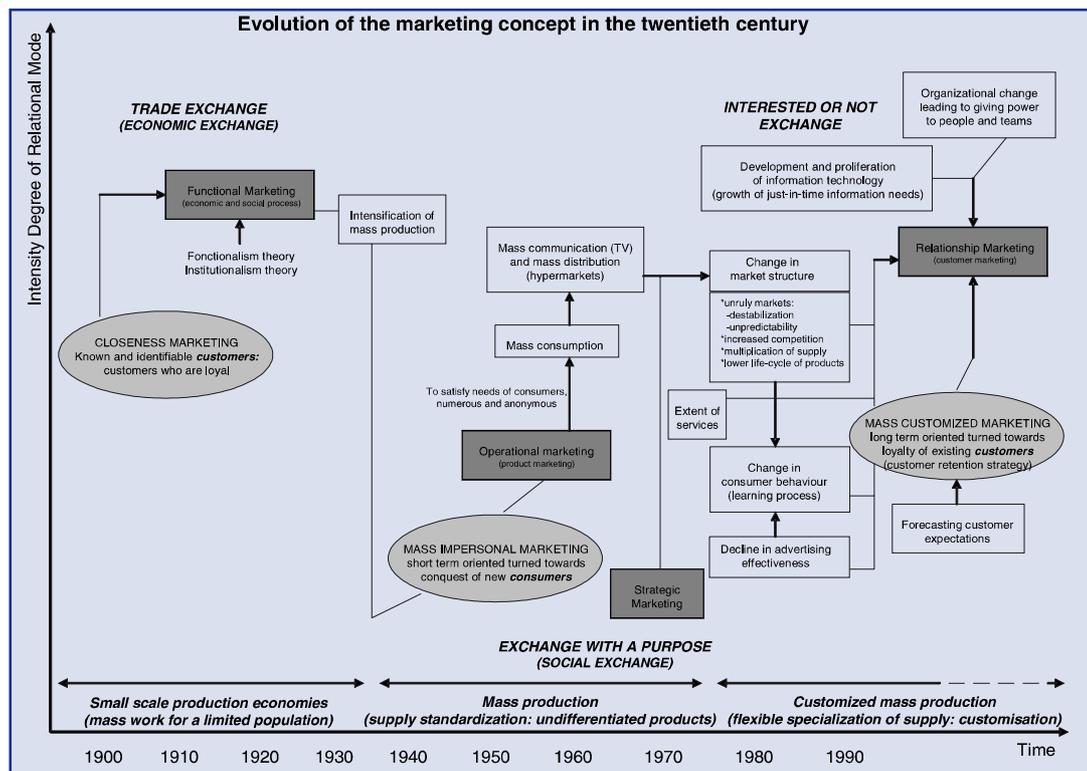
Most sources credit Berry (1983) with originating the term relationship marketing. Houston and Gassenheimer (1987) argued that if attention is limited to the study of single, isolated exchanges, then the heart of marketing is ignored. Other scholars state that developing relationships has now become the focal point for marketing attention replacing earlier preoccupations with service and product development (Christopher, Payne and Ballantyne, 1991). Webster (1992) argued that the

relationship marketing paradigm promises to redefine marketing practice and the role of marketing in the firm.

But, if the implementation of relationship marketing at a distance is destined to dominate, it is due to the increasing power of communication and information technologies which confer on the relational view a new force and breadth. These increasingly affordable technologies integrate powerful processing capacities (data warehouses) with omnipresent means of communication (internet, call centres, and interactive terminals). Using these new capabilities, firms can treat customers as 'scarce resources' and optimize their customer equity through long-term relationships (Figure 1).

Relationship marketing appears clearly as a 'new-old' concept (Berry, 1995) for the simple reason that concern for relationship development is as old as the nature of business itself. However, even if relational exchange is not new in Western economies and has been successfully practised by smaller firms for several hundreds of years, its present form differs from that which existed in an era of relatively simple economic development. While companies seek to exploit information technology to develop relationships with their customers, the types of relationships now enjoyed are very different compared with those that existed between customers and small-scale, local producers.

**Figure 1: Evolution of the Marketing Concept in the 20th Century**



## STRATEGIC ISSUES

Unquestionably, relationship marketing is a subject which has attracted the most interest, given rise to considerable debates and investments in the marketing discipline over the last decade, and still allures the university community as well as the experts. As such, it has led to many contributions, the concept being used as a base for reflection on different themes or perspectives.<sup>2</sup>

The almost inevitable result is the obvious lack of established common ground which leads to conflict over fundamentals such as the 'basic' meaning of relationship marketing. In fact, much controversy reigns over the definition of the term relationship marketing, its process, and its operational mode. The concept is not clear in literature (Brodie *et al.*, 1997; Zineldin, 2000). It remains unclear and vague and is used and abused by many. Harker (1999), in a content analysis of 117 articles, identifies 26 different definitions. Despite the lack of consensus on exactly what relationship marketing is, most observers conceptualized relationship marketing as a core business philosophy which is fundamentally about adding value to a relationship through mutually rewarding cooperation (Han, Wilson and Dant, 1993) to the point where relational exchange is characterized by stable, friendly relationships based on reciprocated trust and commitment involving both cognitive and emotional components.

Adopting a relationship marketing approach involves changing the traditional ways of managing marketing at the strategic and tactical level (Gronröos, 1996). Three important strategic issues in the relationship marketing approach can be distinguished:

- redefining the business as a service business and the key competitive element as service competition
- looking at the organization from a process management perspective and not from a functional perspective
- establishing partnerships and a network to be able to handle the whole service process.

At the tactical level, there are three typical elements:

- seeking direct contact with customers and other stakeholders
- building a database covering necessary information about customers and others
- developing a customer-oriented service system.

Relationship marketing stresses on the building and management of relationships in a social context

(Grönroos, 1994). It means a change in focus from products and firms as units of analysis to people and organizations (Webster, 1992).

The results of this extensive work allow us to confirm that relationship marketing can be positioned as a double innovation (Flambard-Ruaud, 2004): firstly as a conceptual innovation (it has evolved into an entirely new and separate concept) and secondly as an organizational innovation (it imposes transformation on the organization that is not limited to the marketing function but require the participation of all components of the firm so as to propel the customer into the heart of the firm).

The discussion so far has shown the overall importance of the relationship marketing paradigm for Western academics. However, despite its growing importance in both theory and practice, there has been little published research on the extent to which relationship marketing concepts have been diffused in emerging economies.

## BUSINESS AND CULTURAL VALUES

From the Westerner's point of view, a market is a market. But, the formulations of relationship marketing based on contemporary Western norms of behaviour may not function well when transplanted into emerging countries where the economic, social, and cultural environments differ significantly from the country for which a relationship marketing policy was originally formulated.

Using an inter-cultural approach to explain marketing and general business practice has been supported by academics such as Hofstede (1991) who emphasized that cultural differences have a vital impact on the results of all aspects in business such as marketing management, leadership, decision-making, etc. As a result, it was felt that, in order to understand the contextual background of generating relationships with customers, cultural factors should be included (Gilbert and Tsao, 2000).

Though there are various definitions of culture, a more agreed upon definition seems to be that of Hofstede (1980): "culture is the collective programming of the mind." In other words, culture can be defined as the deep-seated, unwritten system of shared values and norms within an organization (Peck *et al.*, 1999). People from different cultures behave and interact differently because their minds are programmed differently.

Thus, when relationships cross national borders, any cultural differences that exist will impact the nature of relationships, what flows through them, and how successful they are (Ambler and Styles, 2000). Consequently, there are subtle differences between the Western and the Eastern ways of doing things (Buttery and Wong, 1999).

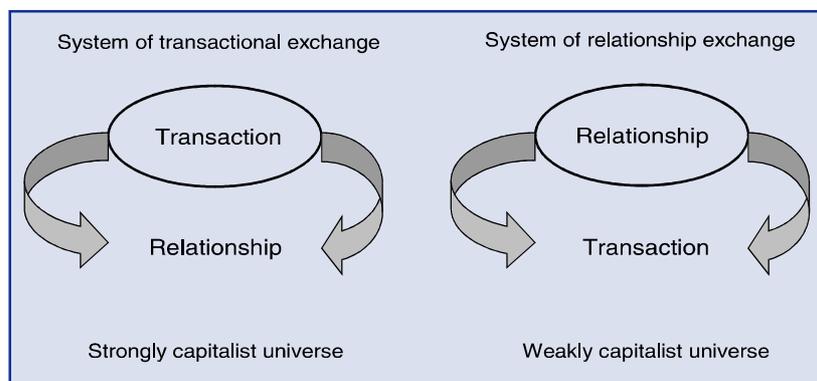
In Western societies, the analysis of relationships has come from transaction cost theory, social exchange theory, and interaction theory. *Transaction cost theory* takes the view that transaction costs are associated with exchange such as research, information, and the cost of monitoring contractual performance. Such costs are generated by the exchange process and are in addition to the market price of goods and services. Transaction cost analysis has been applied to explain the behaviour of a wide range of organizational activities including bureaucracy (Williamson, 1979), vertical integration of production (Williamson, 1971; Klein, Crawford and Alchian, 1978), clan-like relations among firms (Ouchi, 1980), and organizational culture. *Social exchange theory* is a framework for analysing different social interactions which are defined as a process in which two parties are engaged in activities directed towards one another with the expectation of the exchange of valuable resources (Dwyer, Schurr and Oh, 1987). The social exchange theory (Blau, 1964, Emerson, 1962, and Schurr and Ozanne 1985) explains, for example, the importance of inter-firm adaptation and trust. The limitations of both the approaches — economic and social theories — lie in their static nature when, in fact, relationship building is dynamic, and in the assumption of rational behaviour by those involved in the process of negotiation and this too does not always apply. *Interaction theory* has brought in a dynamic element into the analysis such as the mutual influence of, and communication in, the transactions

process (Kutschler, 1985). Similarly, Håkansson (1982) and Cunningham (1980) have captured the factors leading to close relationships and exchange episodes over time in a framework in which actors adapt to one another. This approach has also been the focus of the work of the European IMP Group (as previously mentioned). Also, such writers as Grönroos (1994) and Gummesson (1994) consider the study of relationships so important that they have called for a new theory of marketing based on relationships rather than exchange.

In contrast, the relationship dimension of business has always been integrated in the Asian and the African cultures. In these societies, it is often the success of established relationships that condition successful business transactions. The relationship is built before transactions take place and is closer to a client-seeking strategy. For example, the Chinese prefer to deal with people they know and trust. On the surface, this does not seem to be much different from doing business in the Western world. But, in reality, the heavy reliance on relationship means that Western companies would have to make themselves known to the Chinese before any business can take place. Furthermore, this relationship is not simply between companies but also between individuals at a personal level. The relationship is not just before the sales start taking place but is an ongoing process. The company has to maintain the relationship if it wants to do more business with the Chinese. In other words, in the strongly capitalist economies (Western society, for example), transaction creates and develops the relationship (transaction is the centre of the exchange) whereas in the less capitalist economies (Asia, Africa, Middle-East), relationship creates and develops the transaction (Figure 2).

Based on the work of Tsapi (1999), the comparison of the terms *individualism* and *community* enables us to

**Figure 2: Two Universes, Two Visions of Business**



better understand this difference. In the community philosophy, the most important attributes revolve around self-awareness as a member of a community (family, working group, nation). The objectives of the group take priority over personal objectives. The norms and values of the group are more important than the personal attitudes such as behavioural determiners and the pre-eminence of the needs of group members on which an individual determines social behaviour. Durkheim (1973), the French sociologist, qualifies this form of social link as *mechanical solidarity* dominated by the primacy of the collective conscience, i.e., "all beliefs and feelings common to members of a same society."

In slightly capitalist societies (i.e., traditional and less individualistic), the individuals prefer to work in teams and interdependence is a basic fact. The collective conscience is, thus, maximized and the individual conscience practically does not exist. The success of the group is more important than that of the individual and, as a result, the individual gives great importance to how his/her actions will affect the other members of the group. Conversely, the 'individualists' define themselves as being autonomous compared to a group, give priority to personal objectives, behave mainly according to their attitudes, and pay attention in priority to their own needs. For Durkheim (1973), these societies are characterized by a form of *organic solidarity* which essentially is based on the division of labour which makes persons economically dependent on one another.

In strongly capitalist societies (modern and, therefore, highly individualistic), recognition and self-fulfilment give great satisfaction and there is competition between individuals to achieve these goals. Social functions are totally distinct and inequalities appear more difficult than in traditional societies. In these rather competitive societies, the psychological structures and the politico-economic systems reward individual contributions and encourage competition between individuals. This distinction is relevant because it is linked to the distinction made today in marketing, i.e., between 'relational' which is close to the community (traditional) society and to 'transactional' which is close to an individualistic (modern) society. In this logic, a system with low individualism requires greater connections in the process of exchange and the members involved respond favourably according to the degree of interpersonal dynamism.

## THE CONCEPT OF GUANXI

While marketing theory has advised Western firms to choose rationally between a relationship marketing approach for key customers and a transactional approach for the majority of less important customers, Eastern firms tend to prefer long-term personalized relationships and mutual cooperation as the basis for most of their business dealings (Hamzah-Sendut, Madsen and Thong, 1990).

As emerging economies are not homogenous or clearly identifiable and recognizable groups, we look at Asia, more particularly, China which is now the biggest emerging economy. Indeed, China has recently experienced a rapidly growing economy with huge market potential and is already the second largest foreign direct investment recipient in the world (Luo, 1997b). However, China's economy is characterized by a lack of coherent business laws and strong governmental control over limited resources (Xin and Pearce, 1996). These characteristics of China's economy demonstrate the difficulties of entering this massive market. Many studies have argued that developing close relationships is a necessary step to succeed in China (Ambler, 1994; Hall and Hall, 1987; Johansson, 1995; Luo, 1997b). By developing personal relationships, firms can enhance their marketing effectiveness and efficiency (Sheth and Parvatiyar, 1995).

In fact, Chinese business persons prefer to work with others with whom they have empathy, trust, and share a process that produces mutual benefits (Chen, 1996; Luo, 1997a). This special kind of relationship is called *guanxi* (it can be translated as 'relationship' or 'connections' or 'networking' or even 'entering through the back door') and it has been identified as a key feature of doing business in China (Abramson and Ai, 1994; Chen, 1995; Davies, 1995; Buttery and Wong, 1999).

However, only limited research is available on this complex notion of *guanxi*. Misunderstandings and misconceptions concerning this significant topic persist. We make an attempt here to explore the concept of *guanxi*, discuss its origin and ethics, and analyse its major benefits, risks, and implications for management.

In the Chinese culture, much emphasis has been placed on the teaching of Confucius and the impact it has had on the Chinese population in the past and in current times. According to this philosophy, all relationships are dictated by five major *wu-lun* or relationships:

emperor-subject, father-son, husband-wife, elder-younger brothers, and friend-friend (Ordonez de Pablos, 2002). To ensure social harmony, order, and stability, appropriate behaviours are needed. In business practice, the word used to refer to the latter is *guanxi*.

However, because *guanxi* refers to a cultural phenomenon, it is not a precise term of art and, as such, it carries several different connotations. In the most general sense, *guanxi* simply means relationship. The second usage refers to a sub-set of relationships that work according to norms of reciprocity. A third usage exhibits a negative connotation related to bribery and corruption: the usage of someone's authority to obtain political or economic benefits by unethical person(s); *guanxi* or *guanxixue* represents a way to bypass regulations, laws or norms through personal connections with people who control limited resources.

In this paper, we focus on the first and the second usage of the term *guanxi* which essentially refers to emotional bonds, trust, and friendship that originated from previous satisfactory experiences of dealing with each other and frequent contacts.

The foundation of the process of *guanxi* is conceptualized as having four dimensions (Abramson and Ai, 1997). Trust was viewed as the basis for shared goals which were the basis of cooperation driven by self-interest. Under conditions of trust, one would expect disagreements to be handled using collaboration or compromise-based methods. *Guanxi* also seems to require extensive networking efforts. The four dimensions were combined into a single *guanxi* construct in an attempt to test an authentic construct. This was done despite Thompson's (1996) concerns related to the use of multi-causal variables.

Because *guanxi* and relationship exchange in the West have several similarities — exchange partners have long-term perspectives; they focus on the relationship itself rather than on a single transaction, make efforts to preserve the relationship, try to resolve conflicts in harmonious ways, and engage in multi-dimensional roles rather than simple buying and selling (Alston, 1989; Xin and Pearce, 1996; Gomez Arias, 1998) — some authors (Bjorkman and Kock, 1995; Wong and Chan, 1999, imply this in the title, if not the discussion) have identified *guanxi* with a traditional form of relationship marketing.

However, *guanxi* has its own unique characteristics distinguishable from relational exchange in the West (Lee, Pae and Wong, 2001). For instance, although often

criticized as favouritism in Western society (Anderson, 1995), the reciprocal exchange of due favours is widely accepted and used in Chinese business (Luo, 1997b; Xin and Pearce, 1996). Exchange partners in *guanxi* have affective and personal involvement in the relationship resulting in affective commitment (Geyskens *et al.*, 1996). In contrast, relational exchange partners in the West tend to have economic and impersonal involvement which leads to calculative commitment (e.g., commitment based on cost and benefits). Besides, partners in *guanxi* tend to have implicit role expectations which often go beyond the existing role expectations. That is, expectations in a *guanxi* relationship often go beyond the existing roles to include reciprocal exchange of personal favours, mutual protection, and enhancement of social status. The guiding principles of relational behaviours in *guanxi* are morality and social norms (Gomez Arias, 1998) and the underlying motive for reciprocal behaviours is face-saving. In other words, *guanxi* is an informal relationship based on personal affiliations (Alston, 1989; Hwang, 1987). Exchange partners in a Western-style close relationship will have more explicit role expectations. The guiding principles of a relational exchange in the West are legality and rules. One of the main motives for reciprocal behaviours is mutuality in the relationship.

Several empirical researchers have examined the outcomes of *guanxi*. Most studies focus only on the positive outcomes of developing *guanxi*. For example, the empirical study conducted by Davies (1995) suggests three major benefits that arise from the establishment of *guanxi*: key sources of information, sources of resources, and other areas (smoothing transport arrangements, smoothing collection of payments, and building up the firm's reputation and image).

However, in a recent survey of Chinese managers (Guthrie, 1998, mentioned in Dunfee and Warren, 2001), we noticed that some perceptions about the practice of *guanxi* are increasing in importance while others believe that it is of less or even no importance in the emerging Chinese legal framework. Guthrie summarized the views by stating that *guanxi*, while still an important institutional system, is diminishing in importance due to both increasing competition and legalism. Managerial perceptions of *guanxi*'s importance varied according to the firm's position in the industrial hierarchy of the former command economy. Specifically, Guthrie found that managers in the higher institutions of the Chinese in-

dustrial hierarchy perceive *guanxi* as less important than managers in institutions that hold lower positions in the industrial hierarchy. He interprets the difference as a reflection of the manager's ability to access high-level officials. Those managers in higher institutions already have access to the bureaucrats who facilitate business transactions and, therefore, do not need to rely on *guanxi* as much as those managers in lower institutions.

In short, China is enjoying rapidly increasing foreign investment while, at the same time, it must cope with local changes influenced by Western forms and concepts. This evolution of the Chinese market is bringing about the need for a relationship marketing approach to serve more sophisticated consumers who demand better products and services. Understanding the role *guanxi* plays in the Chinese society and business is part of the process of learning about the Chinese market that Western companies need to be aware of and provides one of the most dramatic examples of an entrenched cultural norm under pressure from international business trends.

Besides, the practice of *guanxi* is not unique to China; it occurs in many societies (Li and Wright, 1999 in Wright, Szeto and Cheng, 2002). It also pervades other business cultures such as Japan (called *Kankei* or *Toyama* or *Kusuri*), Korea (known as *Kwankye*), India, Russia (called *Soyazi*), and other managed economies where intimacy with those in authority, be they political, military or bureaucratic, is important (Lehtinen, 1996; Robins, 1996).

## COMPARISON OF ASIAN VS WESTERN MANAGEMENT

An in-depth examination of Asian culture reveals the advantages of certain practices. One of the most striking characteristics of Asian societies is the remarkable stability of their civilizations. More precisely, Cova and Pras (1995) have identified four major permanent features to differentiate Asian management from Western management:

- the family rather than the firm as basic economic actor
- a long-term horizon rather than a short-term horizon
- a consensus approach to decision-making rather than a conflictual approach
- a risk reduction approach rather than a risk-creation approach.

Two hypotheses can be put forward to explain the existence of these permanent features:

**Hypothesis 1 :** The traditionalist hypothesis which insists on the duration of traditional customs and habits in Asia contrary to modern (or post-modern) Western societies which continually try to rid themselves of the matrix of traditional bonds and archaic beliefs.

**Hypothesis 2 :** The cultural hypothesis which evokes the existence of the same basic culture made up of contextual specificities (values, nature of social relations, ...) as opposed to the Western society which is fragmented and pluralist.

However, even if one succeeds in identifying common Asian features and finding an ethical grounding, following the image of management in Western countries, it is still possible to highlight numerous features specific to a local managerial approach (Dubinsky *et al.*, 1991) such as:

- the rhythm and process of economic development of each country
- the role played by the state in each country
- the political orientations of each country
- the structural differences of a socio-economic issue
- the strategic choices of companies
- the societal context in which the economic activity is embedded (language, writing system, social system, etc.).

An analysis of the environmental and cultural constraints of Western countries combined with the previous reflection on the local Asia specificities enables us to draw the following conclusions:

Western societies are more differentiated and pluralist than Asian societies. A majority of the Western societies have developed other centres of authority and power than that of the family and the state. In the same way, CEOs are generally less dependent on political power than in Asia, relationships between business leaders and politicians being closer in the West. Relationships with authority are not influenced by the omnipresence of the state but by the development of legal and institutional systems which have given a legal base common or close to most Western societies.

The greater importance of the individual and the legislature in the West has led to more formalized procedures centred on individual performances within the structure and to a high level of confidence for formal

contracts. The development of law in the West has reduced the authority of the business leader of the firm compared to that of Asian leaders. In the same way, the importance of the contract has reduced flexibility, given less weight to confidence in one's partners' word, and made easier the development of imposing hierarchical structures and impersonal networks.

## CONCLUSIONS

Theory transgresses economies whether they are emerging or not. Marketing has always studied relationships between institutions (B2B) and relationships between institutions and customers. The basic rules of marketing, therefore, remain the same whatever the economy. What changes is the context.

In Western economies, fundamental changes in the market environment have forced marketers to reconsider marketing strategies. A transaction-oriented marketing strategy encounters more and more difficulties in finding an appropriate answer to challenges such as increasing numbers of product varieties, shortening of product life cycles, and higher customer expectations. These developments require firms to become more customer-oriented. As technological developments in data collection and data processing as well as in communicating and interacting with customers provide opportunities to meet these requirements, companies are increasingly shifting their focus from transaction-oriented to relationship-oriented strategy so as to build a competitive edge.

The recognition of the importance of establishing and maintaining long-term relationships has led both marketing theorists and practitioners to focus on an emerging framework termed relationship marketing.

## ENDNOTES

1. For a more general discussion about the differences in the market environments of emerging (transition) and developed economies, see Batra (1999) and Johansson (2000).
2. The abundance of the scientific publications which are constantly increasing (i.e., the evolution of the articles since 1994 in *Journal of Marketing*, *Journal of Marketing Research*, etc.), the special editions (*International Journal of Service Industry Management* in 1994, *Journal of the Academy of Marketing Science* and *International Business Review* in 1995, *European Journal of Marketing* in 1996, *Industrial Marketing Management*, *Journal of Marketing Theory and Practice* and *Psychology & Marketing* in 1997...),

However, relationship marketing cannot be a universal paradigm capable of having uniform global application. The environment is and remains multi-cultural. In that sense, the dangers of ethnocentrism must be avoided and, on the contrary, the phenomena of acculturation and local appropriation need to be taken into consideration.

As seen previously, in the Chinese society, *guanxi*, which is based upon social activities and business activities, is significant as a basis of conducting business. As such, it is not a simple matter to transpose relationship marketing, which is based upon a different set of cultural values, into a Chinese-dominated culture.

Relationships are built on a cultural platform which means that the route to developing a good relationship can be very different in the Western and the Eastern cultures. Not only are the methods for building relationship different, but also the relative importance of the attributes which make up the relationship are valued differently in different parts of the world. In other words, cultural factors play an important role in the development of relationship marketing. It is, therefore, suggested that more cultural studies need to be carried out in order to understand what kind of cultural elements can have a positive or magnified impact on relationship marketing applications in a business context.

In essence, this exploratory study has taken a step forward towards a better understanding of the ways in which relationship marketing has emerged in the Western economy and suggests a few rules which need to be observed in order to apply it efficiently in emerging countries. It also shows how the management of *guanxi* can help in enhancement of sustained competitive advantage taking into consideration the idiosyncrasies of the Eastern and the Western national and organizational cultures. ♡

the birth of a new review in 2002 (*Journal of Relationship Marketing*), the publication of many books as well as the organization of several international seminars (the International Colloquium of Relationship Marketing series (the first was held at the University of Monash in Australia), the Emory University conferences which began in 1993, the American Marketing Seminar Association with Berlin in 1996 and in Dublin in 1997) effectively contributed to create a world forum of discussion dedicated to this subject. Similarly, several professional articles have been published in *Direct Marketing*, *Marketing Week*, *Chain Store*, *Business Marketing*, *Marketing News*, *Management Today*, and *Sales and Marketing Management*. ♡

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*The mind is slow in unlearning what it has been long in learning.*

**Seneca**