The future development of relationship marketing: Constructs and conduits

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Abstract

This paper ranges widely across the state of relationship marketing research today and suggests directions for future research. Current problem areas include reductionism, and lack of recognition that the balance of the components of a relationship may matter more than the amount of each, i.e. more trust is not necessarily better. Components of relationships have been adopted from other streams of literature without adequate consideration of construct validity and whether all the key components have been included. Furthermore it is strong on correlation and weak on causality. The parallel Chinese literature on guanxi is reviewed to explore what it may add. We suggest that relationships should be seen merely as conduits, necessary but not sufficient for improved performance. We further suggest that information and “animal spirits” are the two key factors that flow through these conduits.
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The importance of forming and maintaining marketing relationships has received increasing attention over the last decade. Academic marketing journals and conferences now routinely include relational concepts and research. This paper takes a fresh look at the role of relationships in business performance. We may have been taking too much for granted. Relationships may be no more than conduits: essential for the conduct of sophisticated business but not causal. We question whether the pendulum may not have swung too far: from ignoring relationships to over-emphasising them. Relationships are, by definition, connections; to progress we need to research what flows through those connections.

Relationship marketing, as it has come to be known, has been applied in contexts ranging from services (Berry 1983) and marketing channels (Anderson and Narus 1984), to consumer marketing (Sheth 1995) and exports (Styles and Ambler 1994). The explosion of new technologies which improve connectivity with consumers (e.g., loyalty programmes, internet auctions) and suppliers (e.g., Efficient Consumer Response), have also focused on building relationships in practice.

Much of the relational literature has been concerned with identifying the key dimensions and exploring how these dimensions interact, e.g. Morgan and Hunt (1994). Less attention has been devoted to how these constructs drive short- or long-term performance (see Kalawani and Narayandas 1994 for a rare example), leaving questions about the links between relationships and value creation largely unanswered.

There has also been little attempt to go beyond traditional theoretical domains, such as transaction cost economics (Williamson 1979) and relational exchange theory (Macneil 1982), in the search for relevant constructs. In fact there has been greater focus on dividing the most prevalent constructs, such as, commitment and trust, into ever more narrowly defined sub-constructs e.g., affective vs. calculative commitment, (Geyskens et al. 1996); credibility trust vs. benevolence trust (Ganesan 1994).
This paper takes stock of progress in relationship marketing in two ways: i) we review the key relational constructs and explore possible omissions. Once this process is complete, further research, e.g. using non-metric methods, could establish the underlying dimensionality of business relationships. And ii) we examine the link between relationships and business performance – either short or long-term. The cumulative evidence shows moderating, and perhaps mediating, effects but if relationships are not causal, we need to look elsewhere to find the drivers. We speculate about what flows through those relationship conduits, e.g. critical information (both implicit and explicit). The paper concludes with implications for relationship measurement and relational research generally.

1 Relationship constructs

1.1 Theoretical domains

Relational variables have been drawn from a wide variety of theoretical domains. Ahmed, Patterson and Styles (1999) identify six main sources: i). transaction cost analysis (Williamson 1975; 1979; 1985); ii). relational exchange theory (Macneil 1982); iii) resource-dependence theory (Pfeffer and Salancik 1978); iv) network theory (IMP Group 1987; Ford 1990; Achrol 1997); v) political economy paradigm (Stern and Reve 1980); and vi) cross-cultural management (in the case on international relationships). Each theory has provided a particular lens through which relationships, their dimensions and appropriate research methodologies, are viewed. A summary of key constructs is reproduced in Figure 1.
The relational perspective has evolved from the shadows into mainstream academic marketing thinking from many sources: industrial marketing, services, legal contracts, political science and Scandinavian interest in exporting. Early papers were largely conceptual as researchers struggled to quantify human relationships. Almost a decade ago, Wilson and Moller (1991) directly compared seven studies (their table 5.1, p.104) and interestingly commitment did not have the importance it now commands. Table 1 summarises the then most common constructs.

Source: Ahmed et al. (1999)
TABLE 1

Relationship Marketing Constructs

<table>
<thead>
<tr>
<th>Frequency of Variable use</th>
<th>(Maximum is 7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>5</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>4</td>
</tr>
<tr>
<td>Transaction specific or irretrievable investment</td>
<td>4</td>
</tr>
<tr>
<td>Power of buyer &amp; seller</td>
<td>3 each</td>
</tr>
<tr>
<td>Dependence on buyer/seller</td>
<td>3 each</td>
</tr>
<tr>
<td>Communication</td>
<td>3</td>
</tr>
<tr>
<td>Outcome of value performance</td>
<td>3</td>
</tr>
<tr>
<td>Transaction costs</td>
<td>3</td>
</tr>
<tr>
<td>Age of relationship</td>
<td>3</td>
</tr>
<tr>
<td>Expectations</td>
<td>3</td>
</tr>
<tr>
<td>12 others</td>
<td>2</td>
</tr>
<tr>
<td>10 others</td>
<td>1</td>
</tr>
</tbody>
</table>

Some relational components seem to follow fashion. A few years ago power was seen as a key component and that was analysed down to referant power, expertise etc (French and Raven 1959). Today, power rarely appears and trust is a dominant concept. Seeking to delve more deeply into this construct, a number of authors have suggested various sub-divisions (Ambler 1997; Doney and Cannon 1997; Ganesan 1994; Sako 1992), giving us both cognitive and behavioural types of trust, such as competence trust and credibility trust (cognitive); and goodwill trust and benevolence trust (behavioural). This highlights two issues: i) the usefulness of sub-dividing major constructs; and ii) the need to evolve the focal constructs beyond the current list.

In terms of sub-division, we caution against taking this too far, and instead suggest a greater focus on the *relative mix* of relationship dimensions. We use an analogy to illustrate. In principle, a relationship, like a cake, can be divided into any number of components. The basic ingredients, eggs, flour, sugar etc., are themselves divisible into their chemical components, the quantities of each molecule can be sub-analysed into atoms and on down to elemental particles. The cake maker, however, needs to know the ingredients available in a shop and the process for assembling them. Any further analysis is unhelpful. We need to bear in mind, if relevance is important for us, the way the practitioner will use our analysis. Taking deconstruction below the level where he can work with the ingredients, may be interesting in other ways but it will not connect what the practitioner does with the consequences.
The metaphor tells us something else: the cook needs to know the relative quantities. The absolute amounts of flour etc. matter only to the size of the cake. Far more crucial is the balance between the mix. Get that wrong and there will be no cake at all. In the same way, an imbalance of any of the components of business relationships will preclude their development. Yet, in our research we tend to assume that more of any ingredient is better. Conventional multivariate analysis may be inappropriate for relationship research.

Rather than relativity, most research has been concerned with the role or position of constructs within multi-variables models. For example, of trust has been put under much scrutiny in terms of identifying its antecedents and outcomes? Does it follow commitment of precede it? In terms of performance, trust may be more of a consequence than an antecedent of business outcomes, though it is clearly both (many business relationships will not get off the ground unless there is some degree of trust), and commitment is probably a stronger performance driver (e.g. Styles and Ambler 1994). Nevertheless, their relativity is important, neither trust nor commitment will be effective without the right balance between them and the other ingredients.

Another area of difficulty concerns the labelling of relationship components and sub-components. For example, benevolence and honesty may be sub-components of trust or really two separate characteristics which it is convenient to bring together. Geyskens et al. (1998) discuss this issue and find opposing schools of thought in the literature and conclude that we really do not know whether they should be measured separately or whether a single global measure is adequate.

Staying with our cake analogy, self-raising flour is not a single entity with two sub-components but simply a convenient premixing to two independent components: flour and baking powder. Similarly, calculative commitment and affective commitment could be two aspects of commitment or two different things simply compounded together, i.e. given a shared label, for convenience or two sub-components of commitment. Our concern is that the literature inherits these terms with too little thought about their structural meaning.

As well as the correct balance and labelling of ingredients, some researchers, and here we must plead guilty, do not distinguish the dyadic relationship itself from what is in the heads of the two partners. For example, A and B may have great commitment to
each other and to their relationship but it may have been so poorly expressed that the relationship *in fact* is rather poor. Conversely, A may have built up a fine relationship with B through habit without either of them caring very much about the other. Thus, A, B and the AB relationship are three different things and yet we research the relationship by asking, usually, just one party about attitudes and behaviour without making those distinctions.

Most relationship marketing research does not address dyadic issues from both sides of the dyad. Deshpandé, Farley and Webster (1993; 1998) pioneered the quadrad research design using more than one respondent in both supplier and buyer companies. Anderson and Weitz (1992) is another example of the dyadic research as is Ahmed et al.(1998; 1999).

This brings pragmatists to a second logical problem: most models do not seek causally to explain performance but only the more limited target of finding associations between one or more ingredients and performance. For example, in a model of how the intention to form a strategic alliance is built up, Lee (1998) shows the final drivers as relational exchange (the state of the relationship between the two parties), prior exporting performance and the duration of the relationship. The data was gathered by survey. Models such as these can show the relative strengths of association but not the relative quantities nor those of components excluded from the model.

Relationship marketing research has come a long way in its first two decades. A number of measurement constructs are now established. We are now witnessing general acceptance of the key constructs noted above, but we have, thus far, identified five areas which trouble us:

- The reductionist trend may be taking the relationship ingredients below the levers that practitioners can handle;
- Multivariate methods may be inappropriate. They assume more of any ingredient is better whereas the balance between the ingredients matters more;
- Deconstructing relationships into components in a descending hierarchy needs to distinguish semantic from substantive differences and compounds from entities where the components are at a lower level of the hierarchy, e.g. are forms of trust different aspects of the same thing, completely different things compounded together or lower level units that together form the trust entity?
• There is a lack of distinction between the two dyad partners and their relationship. These are three connected but different entities; and
• Most research is correlational in nature, including LISREL, and does not explain causal chains.

Now we turn to what constructs may be *missing* to achieve a complete list of relational ingredients and what the balance of all these constructs should be. As part of this search we now look to eastern culture and China in particular. The next section describes guanxi, the Chinese counterpart to business relationships, and its deconstruction. This analysis is useful for comparison with Western analysis of relationships but, as noted above, we are concerned that such reductionism is not carried too far.

### 1.2 Guanxi

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 perhaps time to look more widely and consider less traditional paradigms. We suggest looking to eastern cultures where relationships have provided the foundations for business activity for some thousands of years. In particular, we focus our attention on the Chinese concept of guanxi (loosely translated as “connections” though “relationships” might be better). This should not be confused with corruption even though extreme forms may be so associated, nor is it wise to dismiss guanxi as old fashioned and being replaced by modern western methods.

The concept is complex but which carries expectations that, sometime, favours will be returned (de Keijzer 1992). Nevertheless it is not some form of bank account where net favour indebtedness can be measured. The whole system, guanxiwang, is a web of subtle, and not so subtle, obligations, not rights.

Westerners have difficulty with the concept of obligations unmatched by rights. Conversely, the Chinese had no word for, and thus concept of, “rights” until they had to import *chuan li*, via Japan, for Western translation purposes (Becker 1996). Although a recent term, guanxi is rooted in Confucianism (King 1991). Family and social context defines the individual as distinct from the Western view in which the
individual defines his context. “In other words, self-individualisation is possible only through a process of engagement with others within the context of one’s social roles and relationships.....the self is always a relational self, a relational being...” (Tao 1996, p. 16). Tseng, Kwan and Cheung (1995) position guanxi as one of the key problems and practices in China’s distribution maze. Yang (1994) traces the influence of guanxi through all forms of social and commercial life in China. Thus marketing in China, however much it will be influenced by Western theory and practice, can be expected to depend on relationships.

The Chinese classify guanxi capital (ziben) according to its efficacy (ling). Wank (1996) lists these as:

- Durability (naiyong) meaning unconditionality. Thus the more certain that support will be reciprocated, the longer it can be deferred.
- Harder (ying) guanxi refers to the relative importance of the other party: the more senior the “harder”.
- Connectivity (lianhuo) refers to the onward guanxi in relevant networks. However strong the relationship may be with a dead end, he is still a dead end.
- Wank wrestles with a term for the last idiom which seems to be somewhere between consanguinity and the degree of obligation. The sub-components are “endowed” (tianzi) by birth, whether immediate family (zhizi qinshu) or father’s relations (nanfang). The weaker non-birth varieties are seen as personal savings (jilei) which may be pulled over (laguolai) for business. Affective (ganqing) shared experience accumulates: the longer, childhood ideally, the better. Relationships formed within, are for the purpose of, business are the weakest and seen, to some extent, as instrumental (liyong), self-interest (liyi) and money (jinjian) guanxi.

The first of those is similar, perhaps, to trust and the last to identity (of interest). This shared identification is sometimes called the guanxi base (Tsang 1998). Each of us is an amalgam of nature (genes) and nurture (experience) and this last idiom directly mirrors that with tianzi and ganqing. It is interesting, but not surprising, that expatriate Chinese are more likely to deal with other expatriates originating in the same part of China1.

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1 This bears some comparison with recent neuroscience developments in human...
Yan (1996) focuses on the identity model of guanxi which is locally analysed into close relatives (shizai qinqi), a “reliable zone” of good friends and other relatives who can be counted on (kao de zhu de ren), and a wide circle of, e.g. villagers and distant relatives, making up an “effective zone” (yiban qinyou). This research concerned a north China village; other villagers and outsiders formed the two last categories.

Relationship marketing research in the West does not seem to contain Wank’s other two idioms: ying, which we reinterpret as leverage, and lianluo, as onward connectivity.

Tsang (1998) analyses guanxi into ganqing, i.e. affective experience, trust/credibility, and face. He suggests that firms audit their organisational and individual guanxi annually.

Although it may be declining in significance as PRC moves closer to world legal and business practices, guanxi is necessary for mutual trade but not sufficient. Clearly guanxi is a consequence of successful trading and not strictly causal. The extent to which a relationship is a moderator of successful A/B trading, or a hybrid (quasi moderator and partial mediator), is open to empirical testing but it cannot be a pure mediator.

Guanxi is a mechanism for dealing with risk. The Chinese may be gamblers but, without guanxi, they prefer to miss the opportunity for gaining £1M. On the other hand, they may prefer to risk losing £100 in order to build guanxi for the future. You do not risk what you cannot afford.

In the same way, a consumer needs very little packaged goods brand relationship to select that brand but the relative, to other brands, relationship matters.

Therefore we can see effective business relationships as having these components:

decision-making. Damasio (1994) suggested that decision-making is primarily associated with the part of the brain that deals with feelings and social skills, affect, not cognition. Patients with lesions in the ventro-medial frontal lobes did not experience the appropriate feelings to the stimuli. As a result of prior conditioning they knew what feelings they should have had but were not moved in those ways. His findings are supported by Adolphs et al. (1994) and Phelps and Anderson (1997). For elaboration of this detour see Ambler and Burne (1999) but the relevance is that decision making is determined primarily by memory (experience, habit and what we know - Rose 1993), with affect determining the outcome if memory is insufficient. Only if both memory and affect are inconclusive do we bring cognition into play.
Risk is a moderating factor on the relationship/performance linkage: more risk requiring a wider/stronger relationship. It is not a component of the relationship itself. These components need to be seen in a competitive environment in which they act at two levels: a strong enough relationship gains entry to the consideration set and then the relative guanxi affects the probability of doing business. For example, tendering for large contracts in China is rarely the free market auction Westerners expect. The supplier will be determined by guanxi; only the terms of that business are determined by the tenders.

2 Relationships as conduits

While business relationships in themselves are an interesting and worthy of study, their role in value creation, whether for consumers, shareholders, managers or other stakeholders, should be a central concern to a managerial discipline such as marketing. However, there has been little effort so far to link relational dimensions to either short- or long-term value creation. For the firm, brand or SBU, this means revenue, market share, profitability (short-term), or asset creation, such as establishing and building brand equity (long-term). High levels of trust may lead to a satisfying relationship, but does it necessarily lead to enhanced business performance? If so, how?

It is possible that the high levels of trust associated with outstanding performance may be consequences rather than antecedents. More likely, it is a cumulative build-up of both. Geyskens et al. (1998) list 24 major empirical research papers on trust only four of which included performance (Table 1, pp.226-229). “Outcomes” appeared twice, performance once and “sales performance of partner” once. More significantly it was always either an antecedent or a consequence of any variable, never both.

The causal effect of relationship, quantity or quality, on performance is not obvious yet the importance of the relationship marketing literature depends on that, mostly implicit,
assumption. The practitioner interest is not altruistic: they are looking for ways to improve performance. Occasionally it is explicit: “methods of calculating the profitability of relationships are gradually emerging” (Gummesson 1994, p.42) and Siguaw, Simpson and Baker (1998) show trust, relationship co-operative norms and commitment as drivers of distributor satisfaction with financial performance.

Counter-examples can be of two types: customers and suppliers with poor but profitable relationships and those with good but unprofitable ones. They are not hard to find. A race horse owner will stay with a trainer despite mutual antipathy if the horses keep winning. Setting up in business with an old school friend will not necessarily lead either of party to riches.

The relationship marketing assumption is more subtle than that. It says only that, other things being equal, a good relationship is more likely to be associated with successful business than a poor one. Perhaps few would quarrel with that but, as noted above for trust, that says nothing about causality or even antecedence. Profitability is likely to enhance the relationship and yet there was no feedback loop in the Siguaw et al. (1998) model (p.101). We should learn from the Chinese, however, that a “good” relationship should be seen as obligations rather than rights.

We suggest that the potential for a relationship to create value comes primarily from its role as a conduit; good communication requires a medium. That is, value creation comes from what flows through the relationship rather than from the quality of the relationship itself. We highlight two key conduit roles i) the transfer of explicit and implicit information; and ii) the generation and reinforcement of emotional commitment (passion) towards a business or idea.

2.1 Information flows

The (re)emergence in the academic and popular literature of knowledge as a central driver of performance, combined with advances in information technology, has focused our attention on the creation and dissemination of information and knowledge. Many of the ideas have a long history. Penrose (1966) distinguished two types of knowledge: i) objective knowledge, which can be formally taught and transmitted through books, reports, spreadsheets, and increasingly through electronic means, and ii) experiential knowledge, which, as the label suggests, comes from personal
experiences. More recently, Boisot (1995) and Nonaka and Takeuchi (1995) have developed the Penrose concepts into explicit and implicit information. Boisot argues that value is created in the act of converting implicit, social information to explicit problem solutions and thereafter formulae which can be widely distributed and implemented. Nonaka and Takeuchi highlight the critical importance of tacit (implicit) knowledge, and reach similar conclusions with a social explanation of business success. Innovation, a primary source of future cash flow, is therefore directly linked to the generation and transfer of social knowledge.

We all experience interpersonal non-verbal communications even though we do not understand how they work. This brief reference does not do justice to their work and a fuller elaboration would distract us. For now we merely need to ask where, if this is not the source of added value, what is? For our purpose, it provides a rationale for relationships as conduits: they are providing the pipe-work along which these implicit (and explicit) communications can flow.

To illustrate, the relationship between a supermarket and a manufacturer involves both types of knowledge being generated and transferred. Objective knowledge may come from consumer survey results, point-of-sale data, and shelf space measurements. This ‘hard’ data is unambiguous and shared easily – the meaning of ‘1.5 metres of shelf space’ is quite clear. Experiential knowledge, on the other hand, may have come from cashier interactions with customers, reported experiences of product usage, and brainstorming sessions involving the sales representative and store buyer. This type of knowledge is harder to verbalise and transfer to others. For example, creative people have difficulty in convincing others of the brilliance of their concepts. The generation and/or transmission of experiential knowledge often requires two or more people, while objective knowledge can be calculated, written, or read in isolation, and where computerised, without any human involvement at all.

The network (guanxiwang) portrayal of business relationships implies the concept that each is a conduit. Using the component conclusions above, the conduit can be more or less durable, upwardly directed, having onward connections and volume capacity (identity). It can be used more or less intensively to transmit both implicit/social and explicit information. In the Boisot view, it will not add value unless it does both.
The conduit is two-way but the apertures at each end do not necessarily match. If one perceives the relationship being used to the unreiprocated advantage of the other, that opening may shrink, depending partly on the other characteristics.

While the importance of communication has been recognised in the relationship marketing literature (e.g. Duncan and Moriarty 1998), the social nature of some types of knowledge, and its criticality to learning, innovation and value creation has largely been ignored. Yet this, perhaps, is a step towards explaining how relationships create value.

2.2 Animal spirits

This information carrying capacity of a relationship is important but managers are unlikely to be convinced that it is enough. Information is inert and it is hard to credit it with any driving force. Necessary as it is we are left with the question of what drives this implicit/explicit conversion and the extraction of value.

We are now coming to see companies as living organisms (e.g. de Geus 1997) and the crucial role of emotions in business (e.g. Thomson 1998, Cooper and Sawaf 1996, Goleman 1996). Chief Executives, such as Dennis Malamatinas (1998) at Burger King, refer to “passion” as the driving force they seek for their business. Vitality implies something more than, and different from, information. A relationship needs motivation both to learn and then to do something with that learning.

Keynes (1936) used the Cartesian term “animal spirits” as an umbrella for the directed energies by which we achieve our goals. That includes commitment, perseverance, determination, courage, and enthusiasm. Widely recognised in business, and affective in character, animal spirits have received far less academic attention than information. This goes some way to explain why a “bad”, in the sense of mutual dislike, relationship can still be productive. Some feeling of obligation is needed but a determination to prove the other party wrong may be as effective, perhaps more effective, than mutual satisfaction. Thus both positive and negative relationships can work but a nil relationship, which implies no communication, remains an obstacle to performance.

The relationship, therefore, carries implicit and explicit information and also animal spirits. These may be productive or debilitating according to the nature of the
interaction. We expect positive attitudes and behaviours by both partners to be reinforcing but that does not have to be the case.

3 Implications for relationship measurement and research

Thus far we have proposed that a relationship is more than A’s attitudes and behaviours toward B, and/or vice versa; it is a conduit that connects them. Information and animal spirits flow through the conduit in both directions – if that is not straining the metaphor. In order to explain the impact of relationships on performance, we need to build a model which includes the key elements of the relationship, and the balance between them, as well as what they carry. In this section we highlight the need to recognise their long-term, dynamic characteristics, their dyadic nature and their environmental and competitive context. The final part of this section returns to the issue of determining the dimensionality of a relationship. In other words, how many constructs do we need in order to completely describe a relationship?

**Dynamics:** Recognition of the importance of relationship marketing was driven in part by the realisation that people traded over lifetimes. The theory of infinite games is important: trade appears to be conducted on the basis that they play in order to continue to play (infinite game), not necessarily to win (finite). Most micro-economic models, however, allow no carry over from the past or to the future. They are transactional. Similarly most relationship marketing models, such as the often cited Morgan and Hunt (1994) commitment-trust model, have uni-directional arrows without feedback loops, i.e. no past or future carryovers.

Empirical research is largely through snapshot surveys but longitudinal methods do not provide the solution. They are expensive and place demands beyond the time limits of most researchers. It may also be theoretically invalid. The world does not stand still; context, environment and competition change too rapidly for single variable effects to be isolated.

The Chinese see guanxi as an asset, like brand equity. The simplest way to account for these dynamic effects is to include one or more brought forward relationships asset(s) at the beginning of the period being research and a matching set carried forward at the
end of the period. Thus the researcher should test the state of relationships immediately before and after the period under review.

A second approach is to categorise business relationships according to the evolutionary stage of that relationship. The best practice at the beginning of a relationship is not the same as maintaining a mature relationship. By ensuring a sufficient amount of data in each evolutionary stage, a composite model can be formed showing the dynamics involved. In astronomy, where the life cycles of stars far exceed those of researchers, this has standard practice since William Herschel (1738-1822).

**Dyads:** It is self evident that relationships involve two parties, and that the actions, attitudes and perceptions of one side impact those of the other. However, most relational research has collected data from only one side e.g., a distributor or manufacturer, but rarely both. Despite the practical constraints facing this methodology (e.g., obtaining the agreement of both sides of a dyad, requiring double the number of respondents), dyadic studies should become the rule rather than the exception in relational research, whether qualitative (e.g., case study based) or quantitative (e.g., survey).

**Contextual moderators:** It seems unlikely that contextual factors such as the environment, business sector, macro-economy, or competition drive performance. Evidence from research conducted within the resource-based theory of the firm has played down the direct impact of environmental (e.g. industry) factors (Rumelt, 1991). At the same time, one would expect performance to be influenced by them. Accordingly, these factors should be treated as moderators where relationship models differ in these respects. Future relational modelling should consider the context of the relationships being studied.

**Completeness:** The usual measures of business relationships have been drawn from associated literatures perhaps because they exist rather than because they are necessarily intrinsic to the business situation. This paper has asked radical questions about the completeness and relevance of key relational components. The guanxi literature implies that the key components are strength, trust, leverage, onward connectivity, and identity. Strength may be positive or negative but a measure close to zero would be expected to have weak association with performance. Trust is
seen as necessary. Leverage and onward connectivity imply that the relationship can be used effectively for performance and identity personalises the connection. This does not exclude the inclusion of the constructs, notably commitment, from the Western literature. Quantitative methods, such as factor analysis, can be applied to determine the underlying dimensionality.

Balance is an empirical question probably depending on the stage of the relationship and contextual factors.

Thus a relationship is a conduit for business performance, necessary but not sufficient. Information and animal spirits flow through this relationship which grows both through successful experience and the anticipation of more to come. The dynamic effects may be shown by the change in the relationships, i.e. the asset carried forward less the asset brought forward.

Whilst much work is needed to bring the theory together, note that affect is taken to be the more important ingredient. In this model, experience dominates affect which in turn dominates cognition. As the Chinese specifically note, calculative and instrumental elements in relations, whilst they certainly play a part, can be counter-productive if the are large relative to affect and shared experience.

In summary, therefore, we suggest that future research in performance oriented relationship marketing needs to:

- Be more thoughtful in including all relevant constructs, looking beyond traditional theoretical domain;
- Issues of labelling and sub-components require a wholesale revision of construct validities
- Consider the balance between them and thus the appropriate form of analysis. Multivariate analysis may not be suitable;
- Allow for the dynamic development of relationships which will place emphasis on the examination of causality, not simply correlation;
- Consider both sides of any relationships;
- Include contextual, probably moderating, factors; and
- Treat them as conduits for, rather than drivers of, performance.

Whether or not relationship marketing has represented a true paradigm shift in the discipline is less important than its ongoing ability to shed light on important marketing
phenomena. We have suggested that further work is needed to better understand the nature and role of relationships, and importantly, their impact on performance. Over the past two decades relationship marketing has opened up a number of new avenues of enquiry, and there is still much exciting work to be done.
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