


The continuum of exchanges provides a visual expression of the diversity of organizational transactions, from the one-off, short-term exchange where value is perceived in the product or service, to those that are long term and based on value rooted in collaboration and partnership.

▶ Research Insight 15.1

To take your learning further, you might wish to read this influential paper.

Day, G. (2000), 'Managing market relationships', *Journal of the Academy of Marketing Science*, 28, 1 (Winter), 24–30.

Day considers that the basis of competitive advantage rests with an organization's ability to create and maintain relationships with their most valuable customers. Part of this advantage rests with the value generated and he presents a continuum of exchanges to express the possible range of values.

 Visit the **Online Resource Centre** to read the abstract and access the full paper.

It is important to put these ideas in the context of what organizations do in practice. Pels, Möller, and Saren (2009: 323) report a series of independent research studies that 'provide clear evidence' that 30% of B2B companies practice transactional marketing, as advocated by the Marketing Management school of thought. A further 30% practice a combination of transactional and relational marketing. The numbers practicing pure collaborative or relational marketing are not itemized but they would clearly be a minority.

Foundations of Relationship Marketing

Founding ideas about industrial (now termed business) marketing were based on market exchanges between organizations, where there was no prior history of exchange and no future exchanges expected. These paired organizations were considered to enter into transactions where products were the main focus and price was the key mechanism to exchange completion. Organizations were perceived to be adversarial and competition was paramount. These undertakings are referred to as market (or discrete) exchanges and often termed 'transactional marketing'.

In contrast, relationship marketing is based on the principles that there is a history of exchanges and an expectation that there will be exchanges in the future. Furthermore, the perspective is on the long term, envisioning a form of loyalty or continued attachment by the buyer to the seller. Price, as the key controlling mechanism is replaced by customer service and quality of interaction between the two organizations. The exchange is termed collaborative because the focus is on both organizations seeking to achieve their goals in a mutually rewarding way and not at the expense of one another. See Table 15.1 for a more comprehensive list of fundamental differences between transactional and collaborative-based marketing.