

# **Marketing as Science and as Technology**

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## **Abstract**

Knowing that it is a difficult task trying to define marketing as science and as technology, the paper reviews the main concepts that may be considered in such objective. So, exchange, relationship, and network concepts are introduced and commented, allowing the explanation of some polemic point of views, and the realization of the importance of each branch of investigation. It is defined a new perspective for the definition of market and the principal object of marketing science research. New definitions of marketing science and marketing technology (management) are proposed.

## **Keywords**

Marketing science, marketing management, exchange, relationship, network, market.

## **Introduction**

The concept of marketing has had many approaches, and this leads to a lack of consensus in the literature about its object and scope. It seems it's time we assumed Marketing as a social science besides being a social and a managerial process. From now on we write Marketing with capital letter when we talk about the scientific discipline, or should we say Marketology? So, we try to highlight the main concepts around the marketing development, and to reflect on core issues about it.

We divide this explanation in seven sections. The first is about the evolution of marketing concept. The second presents the concept of exchange. The third introduces the concept of relationship as a new paradigm of marketing. The fourth shows the concept of network as other level of analysis in marketing. In the fifth we define market because it's a base concept for understanding the definition of marketing that is exposed in the sixth section. The seventh section is a resume conclusion of the paper. As we'll see, there are three perspectives of marketing: as a social behaviour; as a management process or technology called marketing management; and as a science called Marketing.

## **Marketing Concept**

Marketing began to be conceptualized with the customer as the main purpose for the existence of business (Drucker, 1954), initiating the mainstream of modern approaches to it. But marketing has evolved to become a social science and mainly a set of business managerial practices, with many textbooks of reference.

McKitterick (1957) has suggested that the main purpose of an organization is to respond to customers, rather than trying to change their behaviour to adapt to its goals.

Felton (1959) has referred the marketing concept as a state of mind adopted by all in the organization, needing the integration and coordination of all functions with those of marketing for achieving maximum profitability.

And so on, many more investigators (ex: Keith, 1960; Levitt, 1960; Lear, 1963) assume the principle that marketing must be transversal to organizations and that must concern the wants and needs of customers, aiming its satisfaction. Although it is difficult its implementation because there are many resistances in the organizations.

The broadening of marketing concept has begun very early. In the 50's it was notorious that the social sector was less effective, comparing with the commercial one. Wiebe (1952) has put the question: "*Why not selling fraternity as we sell soap?*"

The enlargement of the scope of marketing to the non-profit sector, suggested by Kotler and Levy (1969), had continuity in the seminal article about social marketing from Kotler and Zaltman (1971). In this article, it is mentioned that the nuclear idea of marketing fits in the exchange process. It is postulated the marketing management concept as the analysis, planning, implementation, and control of programs designed to achieve the desired exchanges with the target audiences with the purpose of mutual and personal gain. They pretend to apply to the social products (goods, services, ideas, and behaviours considered socially beneficial) the marketing management approach, in a way to increase the success of the activities related to them.

Kotler (1972) talks about marketing as the discipline of the exchange behaviour, leading with problems related to that behaviour. He reinforces the idea that marketing is applied to the attempts of an organization to be related to all of its publics rather than only to the clients.

In 1985, the American Marketing Association has defined marketing as "... *the process of planning and executing the conception, pricing, promotion, and distribution of ideas,*

*goods, and services to create exchanges that satisfy individual and organizational objectives”.*

We notice the settlement of some ideas like the creation of exchanges and the explanation of the original elements from the so-called marketing mix (McCarthy, 1960; Borden, 1964). The theoretical systematisation of these elements on marketing management facilitated and stimulated the research in this area, and is the base for the planning of marketing programs. Throughout the years, many investigators from different sub-areas of marketing have added or reformulated this list of strategic-tactical variables (ex: Booms and Bitner, 1982; Kotler, 1986; Christopher, Payne and Ballantyne, 1991). However, we think that they are dispensable elements in the definition of Marketing, but with relevance for the definition of marketing management (Kotler, 1997: 15).

Historically, the marketing concept has evolved from an accessory activity related to production, having a content limited to sales, physical distribution, and advertising, with application essentially to some consumers goods, that it was necessary to sell out. After the 1<sup>st</sup> World War, selling becomes more essential for most of the firms because they have problems of excess of production for the national markets. Step by step, the firms stopped being, to the eyes of its managers, the centre of economic universe, being that place occupied by the clients. It's no longer production the main function, but selling to continue to produce. The marketing manager evolved to the general direction of the firm and marketing functions were being enlarged. Afterwards, marketing became to worry about the satisfaction of needs and desires from clients (we assume the term “client” as representing customer, consumer, buyer, user, etc.), trying to serve them better than the competition, offering and obtaining greater profitability. A modern conception of marketing becomes stronger, evolving to a primordial role in management, seeing the clients as the principal asset of an organization, who must be created, maintained and increased, and without who, the organization will not survive.

Today, the content of marketing goes from the study of target clients and other stakeholders to the accompaniment and to the fidelity of the relationship behaviours desired by the organization, being its field of application generalized.

When an organization depends on the behaviours of other non-members, then it will be compromised with marketing (Kotler, 1972; Bagozzi, 1975). The satisfaction of human needs is the motivating force behind marketing behaviours (Houston and Gassenheimer 1987). Thence the inclusion, as object of marketing science, of all transactional relationship, be it economical, social, political or cultural.

The desired changes in beliefs, values, cognitions and attitudes, only will have social interest by the fact of leading to behaviour changes (Andreasen, 1995). Thus, we defend that the ultimate objective of marketing is to achieve beneficial behaviour changes to all (Kotler and Roberto, 1989).

The relationship marketing has here a fundamental role, namely due to the importance of trust that we have to conquer along time and to the faithful behaviours that we intend to obtain.

Now, the objectives differ according to the type of organizations in presence, which by their turn depend on the type of chased objectives. But what is common in the marketing approach in general is the need to influence and modify behaviours, being they of the pure transactional type, or being relational, or being social. Besides, marketing action in general, contributes to the increase of well being of the involved individual, since it's assumed that they fulfil exchanges in which the benefits are mutual.

What is important is the behavioural change in any relational context. Sales and market share are behaviour measures. In commercial marketing, we have the possibility to measure the results in monetary value in a direct form, but these are an indicator of how the objective

of altering the client's behaviours was achieved. So, the better way to have success is to be market oriented and to have a developed and adjusted marketing management.

For us, there is a potential market whenever it exists a human need expressed or latent. This market, to be completed, must have a revealed demand and a supply disposed to satisfy that need. Whenever it misses the demand or the supply related to a human need, we talk about an incomplete market. Therefore, whenever it exists the possibility to satisfy a human need, expressed or latent, through an exchange relationship between two or more parts, we are in presence of a marketing situation. Obviously, a human need that could be self-satisfied or that implies an abstinence behaviour (priests, athletes) doesn't establish a marketing situation (Houston and Gassenheimer, 1987).

For the organization, the needs that come first must be its own, because they motive the study of the parts in an exchange and the conception of an offer, being they the needs of financial profit or other non-financial goals (Houston, 1986; Houston and Gassenheimer, 1987). We agreed with this position because it seems logical that who wants to present an offer in the market (need already detected) or who looks for a need to satisfy, does it to satisfy first of all a own need, whenever it's economical, social, cultural, spiritual or moral. Notice that the altruistic behaviour assumes a feeling of concern and dedication to the others, but also satisfies an existent need of helping others, which motivates a transactional relationship, and so the existence of a market.

Hirschman (1983) argues that the producers of art and ideology have many times personal goals that are not satisfied by the commercial success. Those goals have to do with the recognition by their pairs or the interior sense of accomplishment. Then, according to this authoress, the marketing concept is not applicable to these two classes of producers because of the personal values and social norms that characterized those processes of production. This position only will be defensible if we characterize marketing in a narrow form, related only to

the economic exchange and assuming that it doesn't exist any objective of tangible or intangible transaction with others. More, if the desire of this producer of art or ideas is only personal satisfaction, then marketing is no reason, but in case of aiming the utilization of his offer by others, then marketing could have a relevant role for the wanted success.

It also places the question of the coincidence between the producer and the marketer (ex: teachers, artists, etc.). It could exist conflicts between what clients (students, buyers, etc.) want and what patterns of alternative markets demand (academic environment, parents, sponsors, etc.). Even in these situations, marketing has appropriate answers, because one of its assumptions is that the success will be a compromise between the requirements of the diverse stakeholders (publics).

Some of the questions placed by Kaldor (1971) allow us to continue exposing the ideas we defend about the marketing concept. He criticises this concept defined in basis of looking and satisfying clients' needs, because it virtually ignores a vital resource of marketing strategy – the creative capacities of the organization. The great discoveries weren't made because the inventor felt that a set of latent needs must have been satisfied. This author defends that the marketer can glimmer products, because he knows better the technologies and the innovation process, that will satisfy future needs, and that belongs to the marketing concept. He adds that not ever the clients know what they need, being the relation doctor-patient a good example of that situation, but recognizes that the doctor tries to satisfy the patient needs, although he chooses the means. Now, the creative capacities of an individual or organization only have application with success in case of market transactional relationships, that is, in case of a revealed demand existence to those innovations. Not all the innovations have an assured success in the market, because they depend on the answer of demand. The innovations are many times an effect of experience and scientific curiosity, but they will have a weak

evolution or will be abandoned when without market application, and will be recovered when someone discovers a possibility of satisfying human needs.

Many times the demand is negative (vaccination, dentists, alcoholic or ex-prisoners employees, etc.), but socially desirable, involving great efforts of marketing like the redesign of the offer, the increase of the perceived benefits, the diminishing of the perceived costs, a more positive promotion, etc. This situation doesn't imply necessarily that the creativity will be disabled or ignored, because the needs exist (disease prevention, oral health, diminishing of social exclusion, etc.), as well as offers, lacking the adequate stimulation of the demand.

Also, it is not essential that the patient knows what he needs in terms of the medical act, but that he wants to satisfy his need of health, this means they know what benefits and outcomes they would like to obtain. Many times, what people want more is attention and the possibility of talking with someone or a professional. People need affection and feeling they are significant (Hayden, 1997). Being so, marketing keeps its importance and relevance in all situations where there is an effective or potential market.

There are many definitions of marketing that mention the competition (ex: Kotler, 1972) and even place in the competition orientation the true nature of marketing (Oxenfeldt and Moore, 1978; Trout and Ries, 1985). The marketing concept can be linked to the "invisible hand" by the recognition that is competition which forces to the market or client orientation (Dickson, 1992).

Today, it is clear in many activity sectors that the partnership, the network organizations, the cooperation in their multiple ways, may be so important as the market competition. However, the competition will exist whenever there is no monopoly, even in the non-profit sector (for the attention, for the time, for the choice of the social activity, with inertia, for the donors, with the pernicious behaviour, etc.).

McKenna (1991) defends a marketing based in knowledge and experience. The organization must improve its knowledge about present and new technologies, competitors, clients, its own organization, capacities, plans and ways of doing business. The basis of experience emphasizes the interactivity, the connectivity, the cooperation, and the creativity. Today, marketing is not a function but a way of doing business. Marketing must cross all the organization and belong to all function descriptions. So, the question of learning organization is related with marketing and seems to be a crucial characteristic in the organizational culture, in a way that it has the capacity of quick adaptation which markets and the diverse stakeholders demand today.

For Deshpandé and Webster (1989), the marketing concept defines a distinct organizational culture, with a set of shared fundamental beliefs and values, which put the client in the centre of the firm thoughts about strategy and operations. This type of organizational culture or business philosophy can not be seen only in the relationships with the diverse external stakeholders but also internally with the employees, because they are the protagonists of the relationship with the external stakeholders. So, they must be well motivated and their needs must be considered and satisfied.

Berry, Hensel and Burke (1976) have proposed for the first time the internal marketing, as a solution for the problem of the consistent supply of a quality service. Today, it is recognized that internal marketing can also help any type of organization in achieving their objectives, in improving internal communication, in overcoming conflicts, in reducing departmental isolation, in overcoming resistance to change (Rafiq and Ahmed, 2000), and performs a strategic role in the achievement of patterns of high quality in the organization (Lukas and Maignan, 1996). Besides, it has an important part in the attraction, motivation and retention of quality employees (Berry, Conant and Parasuraman, 1991).

Thus, we see that it exists a constant expansion of the scope, content, and utilization of the marketing concept. Since the approaches have turned to the individual decision maker and to the transaction (ex: Kotler and Levy, 1969; Kotler, 1972; Bagozzi, 1974; Levy and Zaltman, 1975; Houston, 1986; Houston, Gassenheimer and Mashulka, 1992), passing through the consideration of the exchange relationship as the unity of analysis of marketing (ex: Bagozzi, 1975, 1978, 1979; Hunt, 1976; Johnston and Bonoma, 1977), till the recognition that transactions can be formulated in collective or macro levels, where the unity of analysis will be the network.

In the next sections, we propose ourselves to analyse in a more specific way some concepts considered paradigmatic of marketing science: exchange, relationship, and network.

## **The Exchange**

Economics concerns itself with the allocation of resources, while Marketing has a focus on the process of exchange subjacent to such allocation (Houston and Gassenheimer, 1987). The exchange involves transference of something tangible or intangible, real or symbolic, between two or more social actors (Bagozzi, 1979).

The law of exchange from Alderson and Martin (1965) presents a set of sufficient conditions for the existence of an exchange in a world with two persons: an element of the assortment of A is exchangeable for an element of the assortment of B if these conditions happen: the elements are different and the value of any of the assortments becomes greater with the exchange.

Kotler (1997) identifies the necessary conditions for having potential of exchange: the existence of at least two parts, each with something with value for the other, being both capable of communication and delivering, free to accept or reject the offer, and believing that it is appropriate and desirable to deal with one another. For him it is possible to obtain a good

in four ways: through self-production (there is neither market nor marketing); through coercion (robbery, giving nothing back, except making evil); asking (only can offer back gratitude); and exchanging (where marketing emerges). He distinguishes between transference and transaction, although we can say that it exists, nevertheless, something in exchange for the contribution: public thanks, donor magazines, special invitations for events, etc. However, he considers that the enlargement of Marketing concept allows the inclusion in this discipline the study of the transference behaviour such as the one of transaction.

Bagozzi (1979) refers that the consequences of exchanges are the attainment of value derived from the product and from the act of exchange itself, in terms of action, experience and outcomes achieved. The act of exchange results in positive and negative experiences and consequences, including the so-called transaction costs (Williamson, 1975, 1979), which in Coase (1937) were referred as marketing costs or from utilization of the prices mechanism (market). Generalizing, Houston and Gassenheimer (1987) describe an exchange as representing the realization of the conjoint maximization of two or more utility functions, each one submitted to the reservation price of the other (the minimum acceptable terms for an exchange) and to the comprehension of each about those prices. Bagozzi (1978, 1979) talks about the maximization of a conjoint utility function instead of two functions.

Levy and Zaltman (1975) define marketing as a social system, that is a group of people or interrelated groups, compromised in the realization of exchanges and having pattern relationships between them.

Houston and Gassenheimer (1987) prefer to say that marketing occurs in a social system, but the marketing process works because people have different goals. It is because people satisfy differently their needs that exchange can bring more high levels of satisfaction to whom compromises himself in the exchange process.

Marketing may be considered as the exchange behaviour science (Bagozzi, 1985, 1994). This behaviour may be described as an exchange or transactional relationship, overcoming the short-term from the initial approaches, and assuming characteristics of the long-term, with several episodes interrelated of exchange, occurring in a context of simple bargain relationship or in a network of relationships (Olkkonen, 1998).

According to Sheth, Gardner and Garrett (1988) and Sheth and Parvatiyar (1995), the dominant perspective for marketing should be the creation of value and its distribution through the transactional process and market relationship.

It is yet dominant, in marketing theories, the individual vision of decision-making, with an approach focused in marketing mix by the side of supply, and in the theories of the consumer behaviour and organizational buying by the side of demand. One of the main reasons will be the great impact from classical microeconomic theory in the different approaches of marketing (Webster, 1992), giving emphasis to the short-term utility as a motivation for exchanging between market agents. The point of view of relationship appears when it is clearly assumed that the unity of analysis is not the simple actor but the exchange relationship between two actors (Johnston and Bonoma, 1977).

Arndt (1979) adds that many markets have a long-term inter-organizational network form. Therefore, the temporal dimension and the boundary context of exchange started being taken in consideration. More, the market relationships are not only an economic phenomena but include also several other dimensions: social, political, legal, technological, etc.

Olkkonen (1998) makes a good review of exchange as core concept of marketing, and presents three paradigms of exchange as defined by the properties of the markets: discrete transactions, based in neoclassic economics; pure hierarchy, like in the transaction costs theory; and relationalism. This last paradigm point out the relations that occur in most of the cases, between the other two extremes of pure transactional and pure hierarchic exchanges.

The exchange relationship assumes that market is not controlled by the pure forces of the market or from hierarchies, but by the “visible hand”, that is by the network process, as the interconnection of the diverse actors from the market and their complex activities and heterogeneous resources (Hakansson and Johanson, 1993). We have a continuum: pure transactions – repeated transactions – long-term relationships – seller-buyer partnerships – strategic alliances – organizations networks – vertical integration (Webster, 1992). Throughout it, the organizations use with more intensity administrative and bureaucratic controls and less market control for achieving economic efficiency.

As we see most of the authors talk about Marketing and marketing (management) in a way that doesn't make the conceptual difference.

Thus, we are going now to analyse the forms as the transactional relationship served as basis to the development of the European school of relationship marketing, allowing a more deepening of the marketing concept.

## **The Relationship**

The criticsers of the models and assumptions based in exchange and marketing mix argued that they are inappropriate in the industrial and service context, where the relationships with clients are very important, as well as in the international market (Jackson, 1985b; Gronroos, 1990c).

In the 90's it was recognized that even in the consumer markets the classic paradigm of marketing had lost its power (Brady and Davis, 1993).

Sheth and Parvatiyar (1995) proposed that the exchange concept was totally abandoned and replaced by the value creation concept, when they referred the emergent relational marketing paradigm from post-industrial era. More, ought to the notion of short-term from the

exchange concept, then the most used expression “exchange relationship” will be contradictory in its nature (Gronroos, 1995, 1996).

It was in the American literature, with Berry (1983) and Jackson (1985a, 1985b) that for the first time the concept of relationship in marketing appears, in opposition to the transaction concept, but was the Nordic School that has developed it.

For understanding the relationship marketing we must distinguish between a discrete transaction, of short-term, and a relational exchange, which come after previous agreements, being more of long-term, reflecting a process in course, which is a function of two main factors: mutual dependence and the extension in which both market actors trust one another (Dwyer, Schurr and Oh, 1987; Ganesan, 1994).

Jackson (1985b) suggests a spectrum of clients’ behaviours between two extremes (high and low), in which shift the main costs of change and adaptation to new products, services or systems. This has to do with investments in the organizational relationships in terms of money, people, assets and procedures, as well as with the risk costs of making bad choices in changing. This authoress argues that the selection of a marketing approach must consider the client’s position in that behaviour spectrum.

So, it will be used more a marketing of transaction with the clients near the extreme easier to change, and a marketing of relationship for the other extreme, harder to change. For the clients along the spectrum we adapt a marketing adjusted to the situation.

The emphasis in changing from objectives oriented to transactions of short-term to objectives oriented to the construction of long-term relationships, also appears in the total marketing concept from Kotler (1992). Identical notice is made by Webster (1992), in an analysis of the development of marketing.

The Nordic School has an approach of interaction/network of industrial and service marketing (the context of services implies all kind of activities of services, like service

enterprises, public institutions, non-profit organizations or good producers). It was born among investigators from the IM Group of Sweden, that is now the International Marketing and Purchasing Group (IMP Group). They were innovators underlining more the service marketing and the industrial marketing than the consumer marketing, changing gradually the focus in goods and services to value, and integrating the marketing function with other functions and general management (Gummesson, 1996a). According to this approach the main question in marketing is to establish, fortify and develop the relationships with clients, where they can be commercialised with profit, and where the individual and organizational objectives are achieved (Gronroos, 1989, 1990a).

A key-question in the modern Nordic research is the vision of marketing function, that has not to do with the marketing department but with all the organization and all its activities that have impact in the clients' present and future behaviour. It will be more correct to see marketing as market oriented management than only as a separated function. The relations with clients are central; the exchanges happen in a way to establish and to maintain such relationships. The long term relationships may be achieved through, among other things, the exchange of information, goods and services, and social contacts, being high the possibility of this relationship to become profitable. The same happens in the consumer markets as well as in the industrial markets.

Gronroos (1994a, 1994b) sees the relationship marketing as including the network characteristic, whereas Morgan e Hunt (1994) define relationship marketing as part of the development of the network paradigm. The relational exchanges in the marketing from a focal organization might have several types of network partnership: with suppliers of goods and services; with their business units, employees, and functional departments; with final and intermediate clients; with competitors, the government, and non-profit organizations. All

networks are part of the relation with client and have impact in the development of such relationship (Hakansson, 1982).

Thus, the relationship marketing would make part of the network paradigm development, which recognize that the global competition occurs more and more among network enterprises (Thorelli, 1986). Achrol (1991) foresees the rising of marketing enterprises in network organizations functionally specialized, whose interrelationships are kept and coordinated by market oriented organizations.

There is another concept in the Nordic approach, which is part of the framework of market orientation marketing – the promise concept (Calonius, 1986). In the establishment and maintenance of relations with the client, either the seller or the buyer made a set of promises according to the type of relationship in question, which must be kept in a way to solidify the relation, with mutual benefits. This promise concept is an element of relationship so important as the exchange concept.

Thus, based in those approaches and concepts, Gronroos (1989) presents a Nordic marketing definition, where marketing will be to establish, develops and commercialise long term relationships with clients, in such a way that the objectives from the involved parts will be achieved. This is done by mutual exchange and by the accomplishment of the promises. This definition might be completed: the organizations resources – people, technology, and systems – must be used in such a way that the client's confidence in the different resources, therefore in the firm, will be kept and strengthened.

Christopher, Payne and Ballantyne (1991) call our attention to the links among marketing, customer service, and quality, considering that in their intersection there will be the relationship marketing. Besides conquering the customers (traditional vision), it is wanted to keep them. Either the customer service or the quality are seen in a multidimensional context with impact in the relationship with specific target groups, in the diverse activities of

the firm, implying a client orientation. Their vision of customer service is wider than the one of the firms. It concerns the obligations with customers and other groups or markets, in a way to assure long-term mutually advantageous relationships. It can be seen as a process that provides time and places utilities to clients, which involves pre-transaction, transaction, and post-transaction considerations related to the process of exchange with the client. Quality must be now in all processes and all functions of an organization. Thus, relationship marketing is not seen as a new concept, but more as a refocus of traditional marketing, given a more emphasis to the creation of value to the client.

For Gummesson (1996a, 1996b), relationship marketing sees marketing as relationship, network and interaction. It's not a final definition, but it offers a perspective of looking marketing from the point of view of relationships. However, marketing is a complex field, not being sufficient only one angle of analysis (Gummesson, 1997).

To commercialise the relationships with the clients means that the benefit-cost ratio of the transaction of goods, services or goods and service systems is positive, at least in long term (Gronroos, 1990a).

In the service context, a strong and well established organizational culture, that emphasizes the service quality, the client and service orientation, will be crucial and will allow that the employees know how to answer to new and unexpected situations.

The organizational culture is also closely linked with internal marketing (Arndt, 1983; Berry and Parasuram, 1991), being a pre-requirement for a well succeeded external marketing (Flipo, 1986). The management must understand and appreciate the employees' roles in the organizations. These must have a holistic vision of the organizational activities. Therefore, the internal marketing focuses itself in attracting and retaining employees who are conscientious with clients, because it depends on them the effectiveness and efficiency of the services.

Other authors (ex: Christopher, Payne and Ballantyne, 1991; Kotler, 1992; Greenley e Foxall, 1997, 1998) also specify the relationship with several stakeholders or markets, going behind of basic client-supplier dyad.

While traditional marketing sees competition as the leading force of market economy, relationship marketing puts the collaboration in the focus (Gummesson, 1996a). The cooperation suggests that all parts assume actively the responsibility of making work the relationships and the networks. In the occidental economies, competition coexists with collaboration and regulatory institutions. Gummesson (1996a) calls marketing equilibrium to the balance among these three forces.

Gronroos (1990b) concludes that the definition of relationship is truly a definition oriented to the market. In other papers, Gronroos (1994b, 1997) presents reviews of the development of relationship marketing, considering that the main elements are interactivity, network approach, long term perspective, internal marketing, trust and exchange of promises.

Aijo (1996) speaks about a new emergent paradigm – relationship orientation. Today, many organizations are beginning to create close relationship networks with their personnel, suppliers, shareholders, competitors, etc., besides clients. The same occurs in international marketing.

A fundamental idea of relationship marketing is the creation of client loyalty (Christopher, Payne and Ballantyne, 1991; Raval and Gronroos, 1996). In every type of organizations, this aspect is crucial, since marketing, after all, has always wanted that the target publics have and maintain certain types of behaviour. For example, in the case of profit sector, one wishes that the clients have, develop and maintain a preference for the offered product, which means that has faithful buyer behaviour to the offer of the firm. In the non-profit sector, one wishes in many activities that clients change their behaviour in a way that allows them to have a healthier life. Christopher, Payne and Ballantyne (1991) have referred

the so-called customer loyalty ladder: prospect, customer, client, supporter, and advocate. A greater emphasis in the latter steps will be always preferable, since it implies repeated, faithful and reproducible business (being referral sources) and, inclusive, conjoined work for mutual satisfaction.

The value concept is also very important for the relationship marketing. Its definition, already referred as the ratio between perceived benefits and costs, (Monroe, 1991), or as the global evaluation of the utility of an offer based in a perception of what is received and what is given (Zeithaml, 1988), show the subjectivity and individuality of this value, which will vary among clients. A person can evaluate the same offer in different ways in different occasions. One wants that such liquid value of the offer will be superior to the competition, but it must consider the incorporation of the relationship in that value, what might be decisive in the client's choice. Thus, besides the characteristics of the product and associated services, we got the relationship, that also weigh in the client perceived value, to what Ravald and Gronroos (1996) call total value from the episode, being described as the ratio between the episode benefits plus the relationship benefits, and the sacrifices from the episode plus the sacrifices of the relationship. Then, the deficient value of an episode can be balanced by a good relationship and vice versa.

To increase the benefits or to reduce the sacrifices stimulates the activity, helps to establish a relation, which will consolidate with security and credibility, progressing to trust and after loyalty, which allows a beneficial mutual relationship. Besides these actions, there are various factors that can motivate the clients to have relational market behaviour, like the client inertia, the perceived risk in future choice decision, the expectative of positive reinforcements, or a leader opinion recommendation from the client's reference network (Sheth and Pervatiyar, 1995). The client as a partner is the ultimate target of this new paradigm of marketing (Gruen, 1997).

To Kotler (1997), transaction marketing is included in the relationship marketing, consisting this in the construction of satisfactory long-term relations with the other key parts, in a way to get their preference and business. More, he states that its outcome is the creation of a unique asset of the firm called marketing network. This includes the organization and its support base: clients, employees, suppliers, distributors, agencies, scientists and others, with whom it's built profitable mutual business relationships. More and more, the competition is not among firms, but rather among networks, with the premium going to the firm, which builds the better network.

Although the developing description of marketing concept might point to an assembly of knowledge in the disciplinary area, there are authors who prefer to insist in the marketing paradigm change, that is, in changing the vision that one has about something, in terms of normative model. Gummesson (1997) considers that existent knowledge can be incorporated in the new paradigm, but doesn't attend to its foundation.

There are, however, alert signals relatively to the excess of engagement in the relationships with clients, which lead to their dissatisfaction, reacting negatively against the constant invasion of their privacy (Fournier, Dobscha and Mick, 1998). The client's orientation implies that one takes account on those wishes. On the contrary we are in presence of sales orientation and the organizational performance will end being prejudiced.

Naudé and Holland (1998) speak about a new vision of marketing oriented by information, which would be an extension of the relationship marketing model, because of the concepts of transaction, relationship, networks, exchange of information, and confidence, equally valid in the so called information paradigm. They consider that the development of information technologies starts a new era in theory and practice of marketing. They conceptualize marketing as a manipulation of an information problem. Now, for many years, marketing has been in the base of a business philosophy market oriented, and even when it is

incorrectly applied, it has always depended on information about the market. Then, we think that we cannot speak of a new conceptualisation or orientation, but instead in a possibility, which exists in the present time, of using more effective technologic means for orientation of the individual and organizational activities.

In the pursuing of the analysis of the relationship concept, we verify that exists another concept closely linked to this – the network. This one and the relationship are related, not as a cause-effect, but as part of the same phenomena, being answers to the environmental turbulence and pursuing a common target – the creation of a competitive advantage in a changing world (Peck, Payne, Christopher e Clark, 1999).

Being so, we will develop in the next section some of the aspects of network theory, with special incidence in what concerns more to the marketing concept.

## **The Network**

The model of industrial network proposed by Hakansson and Johanson (1992) includes: actors in different levels (from individual to firm groups), who control the resources, perform activities, develop relationships one with another, and are oriented by objectives; resources, which are heterogeneous, human and physical, and mutually dependents; and activities, which include the transformation act, the transactional act, cycles of activities, and transactions chains, linking the resources among each other, changing or exchanging the resources by the use of other resources (Hakansson, 1987).

These classes of variables form a network, existing a functional interdependency among them, forming a system where the heterogeneous demands are satisfied by heterogeneous resources. There is a power structure, based in the control of activities and resources, among actors, and a knowledge and experience structure of the past and present actors, who combine the activities design and the use of resources. One adds the inter-temporal dependence, since

the network is a product of its history, in terms of memories, investment in relations, knowledge, routines, etc.

The approach of industrial networks concerns about understanding the totality of the relations among firms dedicated to the production, distribution and use of goods and services, which can be described as an industrial system. The focus of research is, essentially, the network and not the firm or the individual relationship, although organizations and relationships must be studied if we want to understand the networks (Easton, 1987).

We can have four different angles of analysis of the industrial networks that we'll expound in the next paragraphs.

The network as relationship: the analysis of inter-organizational behaviour distinguishes between relationship and interaction (Johanson and Mattsson, 1987). The relational elements of behaviour are more general and of long term. The interactions represent the inter-organizations behaviours here and now and compose the dynamic aspects of the relationship. The relationships form the context in which the transactions take place. These can be divided in exchanges and procedures adaptation.

The network as a position: it's a partial perspective, but powerful, having links with industrial organization and with strategy. The focus is in the individual organization instead of on the network. Mattsson (1984) defines a position as a role that an organization has for other organizations which they are connected with, direct or indirectly, that wait, therefore, that the firm acts according to the rules associated with its position. The balance between the constraints and the opportunities, the past and the future, the conflicts and the reconciliation in the demand, go maintaining the organization in its position. With a link to the firm strategy we have four strategic situations: to enter or to go out of a established network, to defend or to change the existent positions (Mattsson, 1987).

The network as structure: if the organizations in the industrial system are interdependent more than independent, then the network will have a structure. The firms will be their elements. The reduction of uncertainty is a motive to form strong relationships. The specialization, the doing learning and the existence of specific investments of transaction, support the heterogeneousness. Thus, the interdependence is not only a source of heterogeneity, but also a result from it, being mutually reinforced. For a certain set of resources and a certain set of needs, there are a great, possibly infinite, number of network structures that are capable to accomplish the transformation process, which doesn't mean that all of them have the same possibility of occurring in practice. Inversely, it must not be assumed that it exists an objective function for the network, defined, as example, in terms of entropy, efficiency or effectiveness, which predicts the structure that would be better and, therefore, that would emerge as preferable. A way to characterize the structure of a network is by the division of work among the firms of the network. The balance between the conversion and the exchange of activities can be seen as other measure of the structure of the network. A structural theme in the analysis of the network is the one of frontiers. The networks defined as equivalents, in their scope, to the industrial systems, are so large (till the global network), as the investigator is capable to understand it alone. There are networks of an inferior level of analysis, but one recognizes that any frontiers are arbitrary. The network can be identified in terms of the force of the complementation among their members. It can be thought as a local concentration in the global network. It has natural frontiers, in the sense that the relationships among members are stronger than the relationships between members and non-members. A firm can belong to more than one network along different dimensions (products, geography, process, technology, etc.).

The network as a process: the changing is a central characteristic of the industrial networks. The coordination of the organizations in an industrial system can be done by three

types of mechanisms. The economists speak of the “invisible hand” of market, which, through the price formation, gives the sign that determines which firms produce which products. The firms also give a form of internal coordination, of self-direction and management, called the “visible hand”. We call this form of coordination, hierarchy. Where exists a strong inter-organizational relationship, emerges a third form of coordination: the network process. It’s not even an intermediary form, but an alternative way, which operates, with different mechanisms. The network processes are dominated by the distribution of power and by the structures with interests. Some have access to more and better resources, being for that more powerful, making the relations asymmetric. Neither all firms have the same interests, being the distribution of power/interest dictated in the form in which the network operates and develops.

Thus, an organizational network is an interdependent coalition of tasks or specialized economic entities in competences (independent firms or autonomous organizational unities), that operates without hierarchical control, but it is embedded by dense lateral connections of reciprocity, in a shared value system that defines the roles of the member and its responsibilities.

There are two dialectic processes in networks, the competition and the cooperation. The relationship frame in the network approach emphasizes the cooperation, the complementation and the coordination. Many times, the competition exists more among networks than among firms, rivalling the latter by the resources. An alternative and complementary vision tells us that network competition is a function of the overlapping of organizational domains. A complete overlapping implies competition; a partial implies a network (Thorelli, 1986).

Even simple transactions, involving instantaneous transferences of goods for money, depend on a network of linkages connecting the dyad to other economic agents and institutions (Araújo, 1999).

The networks with success will be more market oriented, and give to the clients more value and satisfaction (Achrol and Kotler, 1999).

The markets give place to hierarchies because of the industrial revolution. With the technology of production becoming more complex, the coordination costs through the market became very high. As well as the evolution of the hierarchic firm was led by the technology of production, the technology of information is leading the network organization evolution. The great organizations, as vertical integrated hierarchies, are inefficient means of govern in turbulent environments and rich in knowledge. In these conditions, maximizing the organizational learning and the adaptable flexibility instead of economizing in the transaction costs, becomes the organizational critical imperative.

Achrol and Kotler (1999) distinguish four network categories:

- The internal networks that are designed to reduce the hierarchy and open the firms to their environments. Marketing in these networks, because it is a responsibility of everyone, can disappear or not be responsibility of anyone, thence the defence of its maintenance as a function. Marketing is seen as an internal intermediary of information, as a creator of marketing knowledge, as an organizational educator, and as a coordinator and conflict manager.
- The vertical networks, that maximize the productivity of the functions dependent on series, creating partnerships among independent firms specialized in competences. Marketing is seen as a resuscitator of the philosophies oriented to product and production, as an integrator of the network, as a predictor of technology and risk manager, as the measurer of performance and prices of transference, and as a multifunctional marketing management.

- The inter-market networks that look for leveraging horizontal synergies through the industries. Marketing is seen as multilateral, as a technology conductor, as financially integrated, and as e-marketing.
- The opportunity networks that are organized around client's needs and market opportunities, and are designed to search the better solutions to them. Marketing is seen as an information mediator, as brand mediator, and as manager of the community of clients.

Therefore, the questions linked with marketing concept and its application in terms of business philosophy and as marketing management, cross the new organizational realities, questioning its functional role, and challenging marketers to find the better market strategies in a way of continually improving their performance. The information role on the markets and environments, of its quality and pertinence, and of its flow, continues to be the indispensable base for strategic and operational decision making by the market agents. As we see in the marketing literature, the measurement instruments developed in the last decade, about market orientation, have precisely the questions about the information systems as privileged indicators (ex: Narver and Slater, 1990; Kohli and Jaworski, 1990; Kohli, Jaworski and Kumar, 1993).

We have approached marketing within the compass of the spectrum between transactions and relationships, on the individual, organizational, and network levels. It urges to introduce, in a more clear way, what market is as the base for a new perspective in the definition of Marketing and marketing management.

## **Defining Market**

The basis to the existence of markets is the human needs. These, however, could be self-satisfied, non-existing in this case market.

In the classical economic theory, a market is defined by the metaphor of the “invisible hand” (Smith, 1776), in which one obeys to the price mechanism confronting supply and demand. In marketing management, the market is seen in function of needs, products, brands, consumer groups, (Kotler, 1997), where there is potential to exchanges (Sheth, Gardner and Garrett, 1988), which means it is identified, essentially, with demand.

Most of the markets are voluntary, but there are some that are imposed by law, namely, when the former fail. This happens, for example, in the situations in which exist externalities or in the cases of public goods.

We assume the widening of the market concept scope, in a way to involve all the economical and non-economical transactional relationships, knowing that they present similar problems, always existing some contribution (goods, services, ideas), and some retribution (in species, monetary, psychological, spiritual).

The markets can be perfect (theoretically) or imperfect (monopoly, oligopoly, monopolistic competition) in terms of competition. That is, the assumption is market competition. Now, it could exist cooperation markets through many present organizational and strategic formulations. These differentiate forms of making relational exchanges in the market can be seen in the continuum spectrum proposed by Webster (1992), and already mentioned above.

We add the idea that markets can be complete or incomplete, that is, having or not simultaneously, supply and demand. In the profit and non-profit sectors, there are many situations where one of those market forces is absent (table 1).

**Table 1: Examples of complete and incomplete markets**

		<b>Demand</b>	
		<i>Exist</i>	<i>Absent</i>
<b>Supply</b>	<i>Exist</i>	Preschool education Bank services	Vaccines Obsolete goods
	<i>Absent</i>	Specific social supports Voyages to the Moon	New or latent needs

Another important idea, to our definition of market, concerns the interested parts in an activity, that legally interfere (regulatory forces), which supplies goods and services that are important as resources (suppliers in general), which financed the activity (shareholders, donors, sponsors, maecenas, loaners), which are intermediates (distributors), which are offer protagonists (employees, voluntaries), which influence the transactional relationships (reference and influents groups), etc. Therefore, the market will be constituted by two main forces and by several stakeholders.

Notice that the offer is normally plural, that is, it will exist competition among several products to satisfy a defined need. Then, the offer includes the competitors. Also, the demand is normally plural, which means, it doesn't exist client homogeneity, so it is important to use the strategic technique of market segmentation.

Then, we saw that a market can exist, but it may be incomplete. In Economics it is seen as a set of buyers and sellers, and in Management is associated with a product demand. What actual is common to all those approaches and that never can miss, is the human need underlying or motivating of creation of transactional relationships. That is, whenever it exists a human need, it will exist a potential market, which will become real through the simultaneous appearance or not of supply and demand, which will have, to exist, to be based in vary other stakeholders, who will turn possible market relational exchanges.

Thus, we define **real and complete market as a mechanism of human needs satisfaction through transactional relationships, at which main forces are supply and demand, and that depend on the conjugated efforts of diverse market agents and of environmental tendencies.**

## **Defining Marketing**

The approaches that are closer to the way we want to define marketing are, in terms of social reality, from Kotler (1997: 14), and in terms of scientific discipline, the one from Sheth, Gardner and Garrett (1988: 191). We propose ourselves to contribute for the clarification of Marketing's object, as a social science, and to the definition of marketing as a technology, what is called marketing management.

## **Marketing Science**

Exchange is the key element, the central concept in the general theory of marketing (Bagozzi, 1975; Kotler, 1975, 1998). Whenever an organization seeks to expand itself or to modify its exchange relations with others, it faces with a marketing problem. The fundamental unity of analysis in marketing is, or must be, the market interaction between two or more parts (Sheth, Gardner and Garrett, 1988). The exchange can be materialized in transactions, involving money or not, and/or through transferences (ideas, contributions, gifts).

That is, the principal object of investigation of Marketing will be the relational exchange, in terms of market behaviours wanted to satisfy the needs and desires of all parts, which doesn't mean that this object is exclusive of marketing science, since it is studied by other disciplines (ex: Economics, Sociology, Psychology), although with other perspectives of analysis.

Kotler sees marketing as a social and managerial process. Sheth, Gardner and Garrett distinguish between interactions that are market transactions, and social, psychic or charitable interactions. They limit the domain of marketing to those interactions that have clearly identified the roles of parts in the transaction, as suppliers (sellers) and clients (buyers). But, afterwards, they contradict themselves when including the so-called transactions based in a non-exchange in their comprehension of market.

In our opinion, there are many individual relational transactions or organized with social character (including the social, the psychic, and the charitable), that configures an offer (good, service, idea) and a demand, therefore composing a market (complete or latent), in which the diverse involved parts will seek to create, maintain, and reinforce or change the relational behaviours, in a way to satisfy the needs and desires in cause.

We will use in a synonymous manner the following expressions: “relational exchange”, “relational transaction” and “transactional relationship”, meaning exchange behaviours or market relationships. This is because we consider the existence of a spectrum that goes from the unique exchange to the long-term relationship.

All depends on the type of business or activity. We don't consider that it is justifiable to oppose the classic transactional marketing, more of the American school, to the so-called relationship marketing, from the European Nordic school. Both perspectives are valid and constitute, in our opinion, the investigation and knowledge accumulated in marketing science. The same happens with the network concept, which is in the basis of the explanation of new realities in industrial organization, in which marketing also has its specific importance, either in the level of study (science), or the adapted applications, that is, the technology. The political, ideological, cultural, and social applications of marketing have contributed to extend its borders beyond the restricted economic vision. The society is a relationship network in which we interact; therefore we need marketing (Gummesson, 1997).

Thus, the market base (in a wide sense) is the human needs, which doesn't mean that it is the only mechanism for its satisfaction. Authority and tradition are also important mechanisms in the resolution of the economic problems, but that we can extend to the other areas of human activity. It seems obvious that our behaviours are also conditioned and explained by those mechanisms. For example, we can visit a museum because it is a tradition doing that once a year, or because that was imposed by a school study visit, or because there was a motivator contact for that visit, through a normal market process, that is, involving a marketing action. Outside this scope there will be the self-satisfaction of needs. That is, demand and supply will be conjugated in the same individual, so there is no market.

There is not confusion between Psychology that studies individual human behaviour in general, and Marketing that studies market transactional relations, either in an individual level or collective (organizations), and the forms to influence them. Now, to exist exchange relationships, it is necessary the existence of needs and desires to satisfy, and for being the more useful possible, it is necessary that all parts in the market are satisfied, namely the producers and clients. It will be then the creation and distribution of value to clients, one of the fundamental objectives of the organizations that want to survive in the market.

Thus, we define **Marketing as the science that studies, in the different environmental contexts of the markets, the forms with which one creates, maintains or develops transactional relationships, internal and external, by which the individual and collective entities look for the satisfaction of their needs and desires.**

This definition comprehends either the supply or the demand. Therefore, the tonic is in the transactional relationships that satisfy the needs of all parts involved, but each one invests in those relations for self-satisfaction. This means, the definitions, which defend the idea that marketing is to satisfy the needs of clients, presents already the better strategy to achieve survival and win in the competitive markets. But, this is one of the possible strategies or

orientations and not the marketing itself. Thence, to exist many manipulating marketing actions, which are not well seen by target populations, but don't stop, for that reason, being marketing activities, since they can promote market relational exchanges, at least, of short term. As the investigation has exhibited, one only achieves long term transactional relationships (or of short term, in unique exchanges, but with recognition of its value and repeatable if necessary), beneficial for all, if marketing strategies are adapted to the actual needs of clients, allowing the value exchange.

Hunt and Morgan (1995) refer the self-interest with ethic, moral, and sense of what is appropriate. The search for the maximization of self-interest satisfaction implies the foreign satisfaction, having to have equilibrium. Then, Marketing would be the study of the ways of achieving satisfaction maximization in an economic or non-economic exchange relation. They speak about not cheating because it is deontologically wrong. We would say that it is preferable the truth, a not misleading marketing, as the way to maintain the relationship.

### **Marketing Technology**

When one of the parts of market desires to relate transitionally with other, it seeks the strategic and operational marketing means appropriated for such desideratum. We are so in the scope of marketing management, which is defined through the processes to use for satisfaction of clients' needs and desires (ex: Kotler, 1997: 15).

That is, the question is the vision from the point of view of supply, in which marketing is seen essentially as the demand management, being its essential activity the creation and the offer of value, which is defined subjectively from the point of view of market, that stimulates the desired answer, as Kotler (1998) defends. Also, it can be considered a limited approach, since it defines marketing in function of the elements of classic marketing mix, which has been put in cause, as we know, by many investigators of different areas of marketing.

We consider that market is composed by the supply and the demand, and therefore marketing management, implies the management of both supply and demand. Our definition seeks to be more comprehensive, and demonstrates a market orientation, that we assume as preferable in all situations, what doesn't mean exclusive.

**Thus, marketing management consists in the analysis of internal and external environment, of the interested parts, of supply and demand, relatively to existent and latent sets of human needs and desires, as well as in the preparation of the strategic and operational answers, based on the available resources, that allow to create, maintain, and develop transactional relationships, that aim the satisfaction of all present actors in the markets, in the individual, organizational and social levels.**

The internal environment is related to existent relationships within the organization. The external environment has to do with political, economical, social, cultural, and technological tendencies, in the time and space in cause. The stakeholders are all market agents with relevance to the transactional relationship. The available resources concern to the financial, material, human, technological, and knowledge capital, existent or possible of assembling by the organization.

Therefore, the fundamental objective of marketing management, whatsoever its specificity (service marketing, industrial marketing, international marketing, social marketing, etc.), perspective (exchange, relationship, network) or focus (in product, in the activities, in the actors, in seller, in buyer, etc.), is to achieve creating, maintaining, and developing behaviours that allow to satisfy ones own needs and desires. Thus, we defend that there is a common element to all types of marketing – to influence the behaviour in a way to benefit individuals, organizations, and/or the society in general.

For example, marketing of consumption goods will use strategic and operational instruments appropriated to the market context (marketing mix), in a way to achieve purchase

behaviours, that means, transactional relationships, if possible of long term, implying its fidelity. The same occurs in industrial or service marketing. But also the marketing for non-profit organizations and the social marketing want to change and/or achieve faithful behaviours. In cases in which there are goods and services, even free, the goal will be always to change and/or to achieve faithful behaviours related to those offers (ex: helping through professional teaching wishes that individual becomes socially integrated and has a better life, as soon as he changes his social behaviours; the availability of contraceptives aims that individual changes his sexual behaviours and prevents diseases; etc.). These may not involve a purchase in the traditional sense (unless we want to speak in “purchasing ideas”, in the current meaning of acceptance), but consist in the same way in a process of adhesion to behaviours considered desirable by the promoter organization or by society.

Inclusive, the purchase and adhesion behavioural models present great similitude, and may be represented, with specific adaptations to each market context (in terms of quantity and quality of the market actors), by the model adopted by Andreasen (1995), which specifies the stages of precontemplation, contemplation (initial and late), action, and maintenance, and the different techniques adapted to each stage, to achieve the behavioural change.

This universal vision of marketing as an appropriated technology to the behavioural change in the markets, allows that marketing science may be concentrated in the study of its essential object – the transactional relationships on markets – without the classical restrictions related to the ideas of profitability, monetary price, blind satisfaction of clients’ needs, or competitiveness. That doesn’t mean that it doesn’t exist in many markets these and other characteristics. Therefore, each specific market will have a proper analysis of its relevant characteristics, which will be in the basis of a suitable adapted marketing management.

## **Conclusion**

We have tried to clarify the definitions of Marketing as a scientific discipline that studies market transactional relationships, and of marketing (management) as a managerial technology to achieve behavioural changes that allow the satisfaction of their own objectives. We consider that all paradigms presented in literature are important for the understanding and developing of theory and practice of Marketing.

It is time, after the broadening of the concepts and the application scope, and after many proposals of new paradigms, one systematized in a common trunk, all the main schools of investigation in order to value this discipline that is so important in all aspects of life, and which can improve the quality of life in society.

We hope that this kind of theoretical analysis may increase the acceptance of Marketing as a social science with the relevance that it deserves.

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