The interface between transactional and relational orientation in small service frm's marketing behaviour: A study of Scottish and Swedish small firms in the service sector

Claes M Hultman, Eleanor Shaw. Journal of Marketing Theory and Practice. Statesboro: Winter 2003. Vol. 11, Iss. 1; pg. 36, 16 pgs

Abstract

This paper presents and discusses findings of a cross-country study of small service firm marketing behavior. These findings demonstrate that small service firms are flexible in the marketing approaches that they adopt. They reveal that such firms are transactional and relational orientated in their marketing activities and that for growing firms, marketing activities are used to create short-term transactions and form relations with key stakeholders. This finding implies that transactional and relationship marketing should be regarded as complementary. The findings presented also demonstrate that the marketing approach selected by participating small firms is determined by a range of customer characteristics of which repeat business is only one. An integrated framework containing elements of transactional and relational approaches is proposed as an appropriate way of describing the marketing behaviours of investigated firms.

INTRODUCTION

The marketing literature identifies a number of alternative marketing approaches. A cursory review of marketing textbooks reveals that a managerial approach to marketing which involves planned manipulation of marketing mix variables has been widely written about and suggested as the preferred school of marketing thought (c.f.: Howard 1957; McCarthy 1960; Kotler 2000). However, as the marketing subject has evolved and developed, alternative perspectives including Maxi-marketing (Rapp and Collins 1994); Database marketing (Davies 1992); Value-added marketing (Nilsson 1992); Postmodern marketing (Brown 1995) and Entrepreneurial marketing (Morris and Gordon 1987; Hills 1988; Hills and La Forge 1992; Morris et al 1994; Collinson and Shaw 2001; Bjerke and Hultman 2002;) have received research attention. Of the alternative perspectives on marketing which have mushroomed over the past decade, it is perhaps the concept and practice of relationship marketing which has received greatest attention from both practitioners and researchers (c.f.: Jackson 1985; Gummesson 1987; 1994; 1996, 1997; Christopher et al 1991; Webster 1992; Berry 1993; Morgan and Hunt 1994; Gronroos 2000). The reason for this is understandable: for most developed economies, service sector industries have come to dominate their industrial base and contribute significantly more to their gross national product than manufacturing sectors.

The emergence of a relational approach to marketing has its roots in both the services marketing literature (Berry and Parasuraman 1991; Gronroos 1991; 1994; 2000) and the network approach to industrial marketing which has been developed by the

Industrial Marketing and Purchasing Group (see for example Axelsson and Easton 1992; Hakansson 1992). While work in these areas has developed over the past twenty to thirty years, it has not been until fairly recently that the term, `relationship marketing' has attracted such popular, global appeal. Increasing use of 'relationship marketing' within the vocabulary of marketing theory and practice should not however be interpreted to suggest that it is a new phenomenon. Recent research has suggested that while the relationship marketing label may be new, the practice of establishing and building, "long term... committed, trusting and co-operative relationships with customers" (Bennett 1996) is a long established marketing practice (Sheth and Parvatiyar 1995) especially within professional services (Larson, 1977; Hart and Hogg 1998).

While increasing research interest in current relationship marketing practices has been described as a paradigm shift (Christopher et al 1991; Gronroos 1994; Sheth and Paravatiyar 1995 Pels 1997), research in this area is not without its criticisms. Recent papers acknowledge that a scarcity of empirical research about the practice and activity of relationship marketing has created a number of gaps in our current understanding about the processes and dynamics involved in creating and developing relationships (Blois 1990; 1997; Saren and Tzokas 1998; Sheth and Parvatiyar 1995). Particular to our interests in small and growing firms, a flu-ther gap to be identified is the lack of empirical data about the relationship marketing strategies and activities employed by small firms. We feel that this is an important gap to address for two reasons. First, the governments of most developed economies are increasingly interested in the small firms sector as a source of innovation, creativity and economic and social wealth. Secondly, the establishment and growth of large numbers of small firms, the marketing approaches and practices of which the marketing literature is largely unaware, have fuelled significant growth within service sector industries. This paper presents empirical evidence from a cross-country study of the marketing approaches and practices utilised by small and growing firms in Scotland and Sweden. By doing so, it seeks to address some of these research gaps and consider the extent to which relationship marketing theory is relevant to the marketing activities and practices of small, growing firms. The paper is presented in five sections. First we review the relationship marketing literature contrasting it with transactional approaches to marketing. Second, we briefly discuss the small firm sector in Scotland and Sweden and question the extent to which current relationship marketing theory is applicable to small firms. We then present research questions and describe the research methodology. Research findings are then presented and discussed before drawing conclusions, offering recommendations and identifying managerial implications.

LITERATURE REVIEW

It was mentioned above that as the subject of marketing has developed and evolved, a range of approaches to marketing can be identified within the literature. Of these, relationship marketing, most likely as a consequence of a growing service sector, has received significant attention. In reviewing the relationship marketing literature, we notice that many researchers propose and discuss relationship marketing as an alternative approach to transaction marketing. Specifically, it has been argued that when considering which marketing approach to adopt, organisations will select from either a transactional or relational approach (Jackson 1985; Gronroos 1991). For this reason we have decided to briefly review the transaction and relationship marketing literature before considering its applicability to small firms.

Transaction Marketing

In the late 1950s and early 60s the 'Managerial School of Marketing' (Howard 1957; McCarthy 1960) emerged to become the dominant perspective within the marketing literature. Within the managerial perspective, marketing is regarded as a management 'problem' and the focus is on how to analyse, plan and implement marketing activities for the ultimate purpose of selling organisational products. Hence, within the managerial perspective the transaction exchange is at the core (Bagozzi 1974; 1978; 1979; 1995). No other representative of the managerial school can be more prominent than Philip Kotler. In his millennium edition of Marketing Management (2000) he states that "the marketing process consists of analysing market opportunities, researching and selecting target markets, designing marketing strategies, planning marketing programs, and organising, implementing, and controlling the marketing effort... (and to) transform marketing strategy into marketing programs marketing managers must make basic decisions on marketing expenditure, marketing mix, and marketing allocation" (p.86-87). The American Marketing Association offer a similar definition of marketing based on the mix: "marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives" (1985). Hence, the well-known 'Marketing Mix' continues as the main concept offered by the managerial school as an instrument for understanding how transactions are created. Within this perspective, managers have control of 'decision-variables' related to four main categories, the product, the price, the place and the promotion: the '4 Ps'. Although Borden (1964) introduced the marketing-mix concept in the 1950s, it was the work of McCarthy (1960) that has positioned the 'marketing mix' so prominently within marketing literature. In tracing the development of the marketing mix it appears that the idea that marketing activities, besides price, can influence demand emerged early in the minds of several researchers. In his history of the marketing mix, Gronroos (1994) provides examples of economists (cf.: Chamberlain 1933; Robinson 1933) whose thoughts on this topic predate much of what has since been published within the marketing literature. Chamberlain's theory of monopolistic competition recognises that all aspects of the product: its location, communication and price may be altered with subsequent effects on demand. Later Kjare-Hansen (1945) and Rasmussen (1955) in Denmark and Mickwitz (1959) in Finland introduced "parameter theory". Based on foundations laid by Frisch's (1933) "action parameters", this theory argues that advertising can be expected to impact on demand in the same way that in micro economics, a relationship exists between price and demand. Gronroos (1994) claims that parameter theory "was theoretically more developed and more realistic than the 4Ps of today's mainstream marketing literature" (p. 351) and argues that it is a Nordic predecessor to the marketing-mix concept. However, since its introduction, McCarthy's (1960) description of a marketing mix comprised of product, price, promotion and place has widely become regarded as an 'infallible' guide for the effective planning and implementation of marketing strategy (Gronroos 1994; p.4). Gronroos believes that within the literature, the marketing mix has become an 'indisputable paradigm' (p. 5). Kent (1986) agrees that the marketing mix is the zeitgeist of this period, and concurs that within the literature it has become '(t)he holy quadruple ...of the marketing faith.. written in tablets of stone' (p. 146).

This description is not to suggest that these and other researchers are without criticism of the marketing mix. Kent (1986) contends that, while very popular, the marketing mix is too simple and misleading to be effective in today's business environment. Going further, Dixon and Blois (1983) postulate that the marketing mix does not in fact complement the fundamental marketing concept of 'exchange' as its components are actively controlled by the marketer, with the consumer a passive receiver of their impact. Most concerted criticism however has been posed by the services marketing literature (Rafiq and Ahmed 1993). This literature argues that applied to contemporary marketing, the marketing mix is an anachronism as it focuses on the exchange between marketing and customer as an isolated transaction. Gummesson (1999) explains that currently, as successful marketing is dependent upon a relationship between buyer and supplier, the focus on discrete transactions encouraged by the marketing mix concept is at odds with contemporary marketing practice. Despite these criticisms and the emergence of a services marketing mix, the principles and purposes of the marketing mix have remained virtually unchanged. Organisations embracing the concept of the marketing mix believe that by manipulating a series of inter-related marketing decisions, the marketing manager can target and position products within a defined segment of the market which will respond in a planned and desirable manner. Within such a perspective then, the customer reacts to the marketing mix and is unable to engage in those interactions with the organisation, which it is argued, are necessary for the building of long-term profitable relationships.

Relationship Marketing

Most severe criticisms of the managerial perspective on marketing and the concept of the marketing-mix can be traced to European academics. In particular, those involved in service marketing and advocators of the relationship school of marketing have been vocal on the above mentioned shortcomings of the marketing mix. As a term 'Relationship Marketing', was first introduced in the service marketing context by Berry (1983) and has been described as the latest 'product' in the evolution of the marketing discipline (c.f.: Christopher et al 1991; Gronroos 1991; 1994; Gummesson 1999). While there are competing definitions of what is meant by 'relationship marketine (for a discussion see for example Hunt 1997; Coviello et al 1997), common to all is the importance attached to the acquisition and retention of customers. It is the building of long-term interactive relationships, particularly with customers, that has been identified as the most important benefit accruing to organisations adopting a relational rather than transactional approach to their marketing strategy and activities (Webster 1992). This characteristic is captured by Gronroos (1991, 1994) who argues that the purpose of relationship marketing is to, "establish, maintain, and enhance relationships with customers and other partners".

Unlike transactional marketing, within the relational perspective, the focus is on creating a series of sequential rather than individual exchanges. As a consequence, relationship marketing is concerned with acquiring, maintaining and enhancing relationships with customers and other stakeholders. It has been suggested that this can be achieved by firms engaging in a number of activities including building trust, reputation, goodwill and creating positive personal statements (Morgan and Hunt 1994; O'Malley and Tynan 1997; Pels 1997). Such activities may not be performed with an intention to create a direct transaction (but are definitely marketing activities) and may also be done in parallel with other activities related to transactional marketing. Such activities do however have the effect of 'tying' customers to the organisation by building interpersonal switching barriers (Ford 1980, 1990; Easton 1992; Storbacka et al 1994; Shaw 1997).

While definitions of relationship marketing emphasise that it is a management approach which recognises the importance of building relationships with the various stakeholder groups in which organisations are embedded, researchers in the field do not advocate that organisations should engage in relationships with all of these groups (Gummesson 1994). Rather, it is argued that to be effective, organisations adopting a relational approach to their marketing activities should consider creating a portfolio of profitable, usually, long term relationships (Gronroos 1994; Hunt 1997). Research, which has considered how marketing managers should select those customers with whom their organisation will benefit from developing a relationship, suggests a number of alternative approaches.

Some like Gronroos (1991; 1994) and Dwyer et al (1987) believe that in selecting an effective marketing approach, organisations will benefit from considering the types of products, which their customers buy, and also the type of markets within which they themselves compete. This thinking and some suggested marketing and management implications are captured by the Marketing Strategy Continuum' (Gronroos 1991; 1994b; 2000), shown in Figure 1. Transaction marketing, where the focus of marketing is on creating individual transactions, is placed at one end of the continuum. At the other is Relationship marketing where the purpose is to build relationships with customers. Building upon Lovelock's (1983) classification, Gronroos argues that what a seller offers the market lie along a continuum from consumer packaged goods at one extreme, to services at the other. Organisations will select either a transactional or a -relational approach depending on what is offered to the market. Specifically he argues that when consumer packaged goods are purchased, a transactional approach should be selected. In contrast, where consumers purchase a service, he identifies a relational approach as appropriate. In his recent text he states (Gronroos 2000, p. 252):

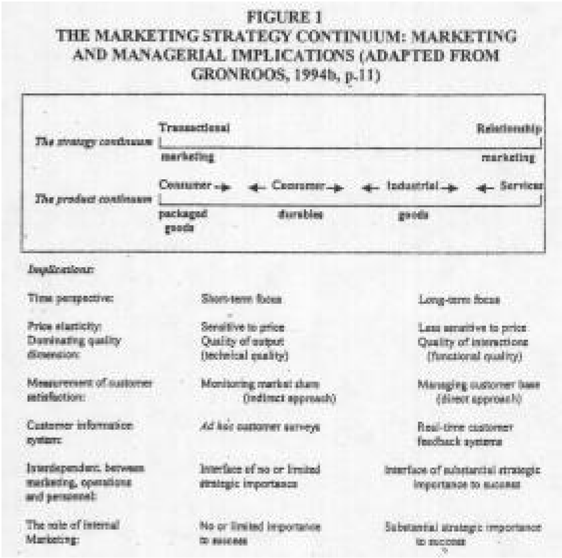
Marketers of consumer packaged goods will probably benefit most from a transaction-type strategy, although this is not necessarily the case. Service firms, on the other hand, would normally be better off by applying a relationship-type strategy. Manufacturers of consumer packaged goods have mass markets but no immediate contact with their ultimate customers, while service firms almost always have such contact, sometimes on a regular basis, sometimes only at discrete points of time
Having identified that, according to their purchases, certain buyers are better suited to a transaction approach and others to a relational approach, Gronroos concludes that organisations adopting different approaches will invest in different activities. For organisations adopting a relational approach, it is suggested that by combining sophisticated database management techniques with direct marketing, large organisations are able to personalise and tailor the marketing communications that they make with the thousands of individual consumers comprising an anonymous mass market (Sheth and Parvatiyar 1995; Sargent and West 2001). For firms adopting

a transactional approach, other activities are identified as eligible; in particular, manipulation of the marketing mix has been proposed as an appropriate tool (c.f. Kotler 2000).

An alternative approach which considers customer characteristics as a criteria for selecting 'key customers' with whom the organisation will benefit by developing a relationship has been suggested (Turnbull and Wilson 1989; Webster 1992). Building upon the argument that key features of relationship marketing are the cost savings and benefit of customer loyalty which are created by concentrating on acquiring and maintaining relationships with customers, work in this area argues that certain customer characteristics can be used to identify those with whom the organisation can most profitably share relationships. Criteria, which have been suggested for this purpose, include: the lifetime value of the customer; customer profitablity; sales turn over by customer and likelihood of repeat business.

Each of these approaches to selecting a portfolio of valuable relationships has been criticised as unrealistic (Barnes 1995; Liljander and Strandvik 1995; Pels 1997). For example, Pels (1997) and Liljander and Strandvik (1995) argue that using product classifications to determine whether a transactional or relational approach should be adopted is unrealistic. They cite examples of transaction marketing being used within industrial markets and of relationship marketing being used within consumer packaged markets and conclude that rather than using product classifications, more sophisticated criteria which account for the complexities of the market place should be employed to help in the selection of a portfolio of customer relationships. Saren and Tzokas (1998) agree that the product continuum may not be a realistic way of deciding when relational marketing should be used. Building on the work of Normann and Ramirez (1993) they argue that regardless of whether an organisation offers a good or a service, the very existence of an offering, "is an indication of a relationship between the provider (firm) and its customers" (p.188). While in its most basic form, the 'relationship' may only be comprised of a transaction exchange, this they argue "provides first indications that all transactions should be seen as a manifestation of relationships and.. the continuum is nothing but a misrepresentation of reality" (p.188). Instead, they recommend that by regarding all transactions as opportunities to form relationships and recognising that different types of relationships can be created, practitioners are able to offer products with which they can create long-term relationships with their customers. Saren and Tzokas (1998) are also critical of suggestions that customer criteria should be used to help organisations create a portfolio of profitable customer relationships. They argue that work in this area has tended to concentrate on the economic value of customers and on difficulties in handling relationships with them. To illustrate this criticism they cite the example of 'complaining' customers. Work in this area implies that given the time and effort spent in maintaining relationships with customer who complain, such customers should not be included within the organisation's portfolio of relationships. In contrast Saren and Tzokas reason that such relationships may in fact be beneficial to the organisation, providing them with information which will help improve for example, customer service. This suggests then that while consideration of customer characteristics may be a useful selection criteria, a more comprehensive customer profile based upon a range of customer characteristics may be a more realistic way of creating a portfolio of valuable customer relationships.

If then, fundamental principles governing the practice and management of relationship marketing are debated, to what extent do they apply to small firms? This is the key research question addressed by the research presented in this paper.



Enlarge 200%
Enlarge 400%

FIGURE 1

TABLE 1
EUROPEAN DEFINITIONS OF FIRM SIZE

Type of firm		Number of employees
Large firms	=	500 + employees
Medium firms	=	200-499 employees
Small firms	=	20-199 employees
Micro firms	=	1-9 employeed

Enlarge 200%
Enlarge 400%

TABLE 1

SMALL SERVICE FIRMS

Small firms are important generators of economic growth and are now accepted as constituting an integral part of most world economies. In both the UK and Sweden, small firms employing no more than nine people account for about 95% of the total stock of business. Since the publication of the Bolton Report (1971) in the UK and the Birch Report (1979) in the US, small firms have attracted the interest and attention of American and European researchers and governments. Small firms are however difficult to define and there is much debate in the small firm literature (Curran and Stanworth 1986; Bannock 1991; Storey 1994) over what constitutes a 'small' firm. For the purposes of cross-country studies such as the one presented here, statistical definitions developed by the European Community (ENSR 1993) (see Table 1) are useful.

While a universal definition of a 'small fum' does not exist and statistical descriptions can be criticised on the grounds that they fail to account for the heterogeneity of the small firm sector (Curran and Blackburn 1994), there is agreement that small firms are not simply scaled down versions of their larger counterparts (Wynarczyk et al

1993). While numerical definitions are debated, the characteristics shared by small firms which distinguish them from their larger counterparts are agreed upon: uncertainty in the market place; innovative product offerings designed to satisfy the needs of differentiated, niche markets and, the process of evolution through which they progress as they develop into larger enterprises.

Another important distinction between the two are the differences that can be identified between the 'managers' of large firms and the 'owner-managers' of small firms. Firstly, combined ownership and management has implications for the aims and objectives of an organisation as well as the activities in which it is involved. For example, profit and growth motives may not be as central to the objectives of owner-managed firms as they are to firms in which ownership is divided from its management. Secondly, the more limited resource base from which small firms are managed has implications for the activities in which small firms engage and for the ways in which they respond to the environments in which they exist. Small firms have neither the time resources to invest in strategic planning nor the budgets to manage comprehensive information systems. Yet, small firms are an essential component of Europe and America's current stock of businesses. The fact that small firms do exist and survive in increasingly dynamic and competitive environments is often credited to their flexibility in the marketplace and implies that the tactics which they adopt and the activities in which they are involved, while different from those of their larger counterparts, are effective.

While the entrepreneurship and small firm literature recognises that small firms are not scaled down versions of their larger counterparts, this has only recently been recognised by the marketing literature (Collinson 1999; Carson 1999; Gilmore and Coviello 1999; Hills 1999; Shaw 1999). Consequently, a scarcity of empirical studies of small firms' marketing practices questions the validity of using existing marketing knowledge to understand the marketing behaviours of such firms.

Particular to relationship marketing, while the notion of building long term relationships with loyal customers is not new within the small firms sector, especially small service firms, few studies have sought to consider the extent to which relationship marketing theories are of relevance to such firms. Additionally, given the lack of empirical evidence of the processes involved in creating and developing relationships, it is surprising that few studies have explored the relationship marketing practices of small firms which have significant experience of this activity.

This paper seeks to draw upon the findings of empirical data collected during a cross country study of small Scottish and Swedish service firms to demonstrate the types of marketing activities in which such firms engage. By so doing, the paper will consider the value of using existing marketing theories and concepts to understand the marketing approaches and activities used by small, growing service firms.

RESEARCH PROBLEM AND METHODOLOGY

In light of the discussion presented so far, we argue that a number of gaps exist in the relationship marketing literature. There is a lack of empirical evidence about the contents of the relationships which organisations share as well as about the processes by which these relationships are established, developed and created (Blois 1997).

Despite the contribution which they have made to growing the service sector, few studies have sought to explore the marketing activities of small firms. As relationship marketing is not new to the small firm sector, we argue that by engaging in a study which explores the marketing practices of small service firms, this paper contributes in two ways. First, it considers the extent to which existing marketing theories are of relevance to small service firms. Secondly, by presenting data about the marketing practices of such firms, this paper provides empirical insights about the criteria which small service firms use to select customers with whom they will benefit by sharing a relationship as well as about the ways in which these relationships are created and developed.

As little is known about how small firms market their services and deliver customer satisfaction, an inductive approach was adopted. Specifically, case-studies were selected because they permitted the researchers to get close to small service firms, penetrate the realities of their ownermanagers and staff and ultimately, develop a detailed, grounded understanding of their marketing activities (Glaser and Strauss 1967; Yin 1989; Maykut and Morehouse 1994). In Scotland, this suggested that case-firms should employ no more than 10 staff including owner-managers and would be independent of a larger organisation. It was also decided that case-firms had to be located close to the researcher to enable her to visit them regularly for extended periods of time and that they had to have been trading for a minimum of three years. This latter criteria allowed the researcher access to participants' understanding of the ways in which, over time, case-firms had made decisions about the ways in which they would approach Marketing. In Scotland a sample of advertising and design agencies were identified as suitable case-studies.

The Swedish sample comprised of a range of small professional service firms including high technology, construction and hospitality services. In both samples, casefirms dealt with industrial customers. The Swedish sample differed from the Scottish sample in one way: case firms were categorised as either 'growth' or `non-growth' firms. To be classified as a 'growth' company, firms had to have at least a 10% annual growth in at least one of: profit, turnover and/or number of employees in the last financial year. To be classified as a `non-growth' company, firms had to have experienced less than a 10% annual growth, no change or a reduction in these indicators. Additionally, casefirms had to been trading for at least 5 years; be managed by one or more owner-managers and be independent of any other organisation.

The in-depth study for which purposive sampling is suited demands that the number of cases included in the sample is significantly less than when probabilistic sampling is used (Easterby-Smith et al 1991). For these reasons, five Scottish and seven Swedish firms were involved in the research. In both countries a variety of qualitative methods were used including in-depth, unstructured and semi-structured interviews with owners, staff, clients, competitors and industry bodies. This was supplemented by data collected during conversations and participant observation and also by company documentation, for example: financial reports, product descriptions and market plans where available. The purpose of in-depth interviews was to acquire a detailed understanding of participants' opinions and perception of actions and events. Most interviews were taped for later transcription and field notes were also taken. Once collected, data from both countries was inductively analysed by sorting and comparing data in the search for common themes and patterns germane to the research problem.

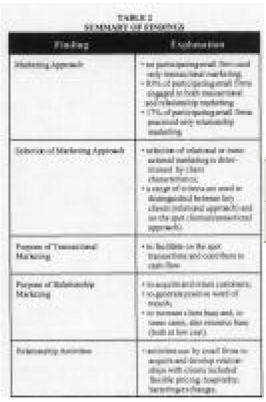
EMPIRICAL FINDINGS

Table 2 below summarises the findings of this research which are discussed in more detail below.

Marketing Approach

A company was regarded to adopt a transactional marketing approach when the respondents explicitly said that they focused activities to take immediate orders or to create immediate sales or cash flow as well as when they generally claimed to have a short-term orientation towards customers. In contrast, a relational marketing was presumed when respondents said the firm was seeking to build trust and develop social sentiments with customers and, in general, when firms were long-term oriented in their marketing activities. This description fits with that of Morgan and Hunt (1994) which suggests that, "understanding relationship marketing requires distinguishing between a discrete transaction and relational exchange" (p.21). Using these descriptions, none of the investigated service firms in either the Scottish or the Swedish sample were found to practice only transactional marketing. Nor did we expect to find that! Surprising however, it emerged that in only 2 Swedish firms and none of the Scottish sample adopted only a relationship marketing strategy. More commonly it was found that all firms in the Scottish sample and 5 in the Swedish study engaged in activities which could be described as both transactional and relational oriented (Table 3).

Data collected from Scottish firms, particularly in the busy pre-Christmas period revealed that all case firms engaged in both transaction and relational marketing. It became apparent that 'policies' were used in all case-firms to ensure that the needs of key accounts were kept satisfied at this



Finding	Explanation
Marketing Approach	[illegible]
Selection of Marketing Approach	[illegible]
Purpose of Transactional Marketing	[illegible]
Purpose of Relationship Marketing	[illegible]
Relationship Activities	[illegible]

Enlarge 200%
Enlarge 400%

TABLE 2

TABLE 3
MARKETING APPROACH ADOPTED BY INVESTIGATED SMALL SERVICE FIRMS

	Number of firms:	
	Swedish sample	Scottish sample
Focus on only Transactional marketing	0	0
Focus on only Relational marketing	2	0
Focus on both Transactional and Relational marketing	5	5
Total	7	5

Enlarge 200%
Enlarge 400%

TABLE 3

busy time. Such 'policies' involved a particular type of division of labour: owner-managers devoted their time to managing relationships with key clients, leaving their employees to provide services for one-the-spot customers. In practice this involved staff engaging in 'routine' work: taking the brief from a client, undertaking the design and providing designs to clients for an agreed price within a specified time period. Other than the exchange of professional services for payment of these at the market price, no other contents could be found within these exchanges to suggest that they involved or were perceived to be anything more than a transaction. As one employee mentioned:

At any one time we can have between twenty and thirty clients. For some of them it's just routine: they want simple design so we can provide them with something with minimum effort. Sometimes they will come back, sometimes they won't. (Employee, casefirm three)

In contrast, it was found that exchanges with key clients contained more than the transaction of professional services for a fee: within such relationships discrete transactions could be differentiated from relational exchanges. In addition to an economic exchange, such relationships were found to contain at least one and typically more of the following: information about competitors, other clients, suppliers and other stakeholders relevant to case firms; advice on topics ranging from available finding to locating new premises; bartering-exchanges involving the exchange of design for an in-kind payment valued by case firms and also normative expressions of friendship and affection.

One example of the impact which such customer relationships had upon case-firms is provided by data about the information contained within relationships with key clients. It was found that information about clients and competitors was contained within relationships which all firms held with key clients and that word of mouth communication was an important marketing tool for all case-firms:

Word of mouth - that's how it works. I tried when I started. I put an ad. in Scottish Business Insider and it was like that size (motions with his fingers) for three months, and it cost me like 800 or something, a huge amount of money really for something that didn't even get any response at all. It was wrong; ad. agencies and design studios don't advertise unless it's the owner's ego or to snub a rival if they've picked up a big amount of work. (Ownermanager, case-firm 2)

Information gleaned from key clients was identified by all owner-mangers as having had a positive impact on the development of their firms:

We have never advertised, people you meet and word of mouth are important. I used to go to a disco a lot and from that, do a lot of work for various night clubs - that put me onto a guy who installed a lot of the sound and lighting who had his own business and, it just kind of follows that pattern. We've never really had a strategy, it works from one client to the next just through word of mouth and basically our business has grown through referrals. (Ownermanger, case-firm 3)

While has been 'speculated' that relationships between small firms and their customers often comprise more than the straightforward exchange of goods and/or services for monetary payment, there is a lack of existing empirical evidence with which to substantiate these speculations. Bartering-exchange contents were identified by comparative analysis of the data collected from staff and ownermanagers. Staff in all Scottish case-firms revealed that, with 'certain clients', owner-managers had negotiated arrangements which provided them and their staff with access to a variety of either free or reduced priced goods and services. Included within these negotiations were free and reduced haircuts and meals (case-firm 1); reduced priced clothing and jewellery (case-firm 3), free entry into local night clubs (case-firms 1, 3, 4 and 5) and free beer and wine (case-firms 1 and 2). When asked about these arrangements, common to the explanations offered by these ownermanagers was the finding that these exchanges had been negotiated for one of two reasons: either because the in-kind payment was valued by owner-managers and their staff or because owner-managers wanted to encourage the repeat business of key clients they believed would be attracted towards the payment of design at a cost below its market value in return for a mixture of in-kind and monetary payment. The impact which such relationships had upon the development of case-firms cannot be underestimated. Bartering-exchanges provided firms with access to resources at a low cost and often in a manner which permitted their acquisition to be 'hidden' as it was not recorded in company accounts. Additionally, these exchanges assisted in the development of case-firms as they encouraged repeat business. This finding provides evidence of one of the ways in which the adoption of a relational approach to marketing activities had the effect of increasing the switching costs of key clients. Building upon arguments presented by transaction costs theory (Powell 1987, 1990; Blois 1990; Ebers 1994), these findings suggest that having negotiated bartering-exchanges which might not be available from other agencies, key clients became more closely tied to case-firms resulting in their repeat business and loyalty.

An extract from a critical incident interview with the ownermanager of case-firm 5 provides a useful description of the normative expressions contained within some of the relationships which case-firms shared with key-clients. When asked to describe his agency's acquisition of its largest design, the owner-manager explained:

They are strictly governed by competitive tendering processes, but I played football with the guy who heads up the department, that created the opportunity originally, that we were included on the tender lists. (Owner-manager, case-firm five)

Findings from the Swedish sample were similar. Out of the 7 investigated firms, all but one competed in industrial markets. The exception, a country hotel, competed in two segments, private consumers and business users. This firm in particular was relational oriented in its marketing behaviour. Like each of the Scottish firms, a number of buyers were regarded as `key clients' and the hotel had a clear policy which aimed to build relationships with all customers while keeping both segments separate. The company kept records of each guest and had regular mail contact with those regarded as important for sales, at least 10 times a year. Analysis of these registers established that customers were very loyal. Most consumers did return: not each year but each second or third year. As the manager said "We know now which customer to look after in particular". Special events were arranged as a part of the atmosphere at the hotel but also as a reason to keep in contact and to create sales. The owner has become a celebrity and his publicity has had a positive impact on the hotel. These activities facilitated relational efforts. The owner tried to maintain a very large personal network. Different events were advertised traditionally in newspapers. In this case what was offered to the customer differed to some extent. For the organisational buyer, a place for professional meetings with a pleasant atmosphere was provided while individual consumers were provided with a place to relax, again with a pleasant atmosphere.

Four of the remaining six investigated Swedish firms were advanced or high-tech knowledge based companies. The marketing orientations were similar among three of these. There was a clear transactional orientation to acquire new customers; for example a low price (even a price below costs) was used to create a transaction. We found that the 4 Ps model was appropriate in explaining how these firms created the first transaction and hence acquired customers. However later, these firms spared no effort in developing loyalty with new customers. Relationship marketing concepts were used by them to retain customers and both orientations were deliberately used in parallel. As formulated by the manager in one company: "whenever they have the same need our company shall be the first thing the customer thinks of'. This was accomplished by a combination of activities such as: regular sales visits, delivering speeches at conferences, arranging seminars, establishing personal relationships with customers and an outstanding performance in customer service: no effort was spared to satisfy customers.

The fourth of the high-tech companies was relational as well as transactional oriented in their activities. They have built a well-known global reputation and sought to maintain good relations with some very large multinationals. Beside their reputation, respondents also emphasised the personal aspect of this business. As the manager said:

But when you have received a good reputation you will be asked the next time they need something you know the right people and have a good relation! This is how we got our contracts. We do not have any other marketing. We work with people not companies. We depend on people in our business. Man to man! If it is good chemistry between the individuals you can work together regardless of where you are in the world.

For this case-firm, the focus was very much on using technology and outstanding performance to create satisfied customers who would provide referrals. This particular company was well established as it had been trading for a significant period of time and among the investigated firms, data collected from this firm suggests that over time, as the firm gained reputation, the importance of a relational approach increased. Customers knew about the firm' capabilities and revealed that the fact that the firm was closely related to some large multinationals had enhanced it's reputation: in a way such relationships provided credibility or portfolio prestige for the firm.

TABLE 4
MARKETING APPROACHES OF GROWING AND NON-GROWING SWEDISH SMALL SERVICE FIRMS

	Growth firms	Non-growth firms
Focus on only Transactional marketing	0	0
Focus on only Relational marketing	1	1
Focus on both: Transactional as well as Relational marketing	4	1
Total	5	2

Enlarge 200%
Enlarge 400%

TABLE 4

TABLE 5
CLIENT CHARACTERISTICS

Size of contract
Reputation & Referral Value of Customer
Likelihood of repeat business & frequency of Customer Needs
Portfolio Prestige

Enlarge 200%
Enlarge 400%

TABLE 5

The sixth company, a low-tech oriented service firm, emphasised the use of long term personal relations as an important business tool and gave priority to old customers. This firm also had an explicit interest in transacting with 'on the spot' customers and regarded such customers as another segment towards which a more transactional oriented marketing strategy using low price and standardised product offerings was employed.

The seventh company was an engineering company in the construction sector. Due to legal restrictions many of their sales were generated from markets where seal-bids were necessary responses to calls for tender. All of their other sales were found to depend on personal contacts and relationships. Their marketing effort involved maintaining their network and seeking to become involved in projects at an early stage.

Particular to the Swedish data, if we separate growing from non-growing firms, a distinct pattern emerges. Growing firms used transactional and relational approaches to a larger extent. In table 4 we can see that four of five growing o firms used transactional and relational marketing approaches and only one growing and one non-growing engaged in activities that could be classified as 'transactional'.

Selecting a Relational Strategy: Influencing Factors

The findings presented so far reveal something of those factors which influenced case firms in both countries to engage in relationship marketing. For all firms involved in the research, the decision to invest in relationship marketing was influenced by perceptions about their clients. The client characteristics used to identify customers with whom a relationship should be developed are identified in the Table 5 below. As can be seen from this table, a number of indicators were employed to identify those clients towards whom a relational approach should be directed. Comparative analysis of data indicated that, 'ideally', a relational approach was directed towards `key clients' possessing at least one, but more often several of the criteria presented.

As well as identifying key accounts by the amount of business which they generated, case-firms decision to invest in relational marketing activities was also influenced by the extent to which they believed clients to have a network of important contacts from whom additional business could be acquired. In assessing the networks of clients, `key clients' were identified as those which had a valuable network either because of their large size or as a consequence of their reputation locally. Clients identified as such were described as key accounts because it was felt that potentially they could expand the client base of case-firms by introducing and referring them to potential clients. One example of this is provided by a Scottish firm. As a consequence of directing a significant amount of hospitality towards a client within the drinks industry which was regarded as having a large referral network, one agency benefited from four additional pieces of business.

Likelihood of repeat business was also used to identify key clients. An extract from an interview with one of the Swedish firms provides an illustration of this:

If a customer comes with an order of SEK 50, 000 and you neglect it, it is very hard to get the million SEK order. But if you have successfully completed some SEK 50,000 orders and through that have received a good reputation, you have a relation to the customer and with a personal relation you have a much better chance to get the big order. ... This is how we get new customers - we do not have any other marketing. And it does not matter which country you are in. ... The customer calls us, we are well known in the industry. It is important to us to integrate with the customer. ... There is a heading in our contract specifying what the customer shall do. Instead of writing what we do not do - we specify what the customers are expected to do.

Related to this, frequency of customer needs was also found to impact upon the adoption of a relational strategy. Where it was understood that a customer would have more frequent needs, a relational approach was adopted to cultivate repetitive exchange

The final factor found to influence whether case-firm-is adopted a transactional or relational approach was the extent to which customer needs allowed case-firms to undertake complex work which would demonstrate their technical or creative strengths and contribute to their portfolio prestige. This is to say, for clients commissioning complex projects, case-firms would develop a relational strategy which provided them with close communication with clients to ascertain their exact needs and develop products which simultaneously satisfied these and demonstrated to future clients the technical and creative strengths of case-firms.

IMPLICATIONS AND CONCLUSIONS

Empirical evidence presented above demonstrates that casefirms engaged in both transactional and relationship marketing. This finding is supported by Brodie et al (1997). Their study found that participating firms engaged in 'low', 'medium' or 'high' levels of each of the following types of marketing: transaction-based marketing; databasemarketing; interaction-based marketing and network marketing (pp.396-400). They also established that the majority of firms in their sample practised more then one type of marketing approach and that combinations of both transactional and relational marketing approaches can coexist:

There appears to be a movement towards increased customer orientation (at the very least), if not full efforts to improve customer understanding, and develop synergistic relationships and partnerships. Overall, it may be concluded that the study provides evidence to support the perspective that marketing needs to be practised as an integrative activity involving personnel from across the organization, with the emphasis on facilitating, building and maintaining relationships over time. On the other hand, this should not be done at the expense of neglecting the transactional aspects of marketing activity. (p. 402)

In a study of Swedish industrial firms Gustafsson et al (1998) found there is potential for firms to use both transactional and relational marketing in combination with emerging electronic network technology. Their study found that the approach selected is partly dependent on the extent to which the goods offered are standardised: for standardised products, transactional marketing was found to be more typical; for tailored products, relational-marketing was favoured.

The findings presented above suggest that transactional and relational marketing are complementary rather than competing approaches to marketing. This implies then that while the relationship paradigm is useful for describing and analysing some aspects of small firms' marketing behaviour, it is not sufficient. Rather, it can be argued that as the relational contents of exchanges between case-firms and their customers appear to support actions relating to transactional exchanges, a useful metaphor is that these relational aspects serve as catalysts in a chemical process! The variety of marketing activities in which case-firms were found to engage are illustrated in Figure 2. However, regardless of whether a firm adopts a short or long-term involvement with its customers, its survival is dependent upon sales. For the entrepreneur or small firm ownermanager, the creation of sales is one of the most critical and important daily concerns: his/her mind constantly focuses on creating transactions. This focus is demonstrated across each of the case firms and suggests that transactional marketing involving manipulation of the marketing mix is still an important concept for understanding the marketing actions taken by small firms to create sales. However, as we expected, the marketing-mix does not cover all types of activities in which case-firms engaged, including: the creation of reputation through word of mouth and referral marketing; goodwill; long-term personal relations and trust. This finding concurs with the conclusions drawn by Coveillo & Brodie (1998):

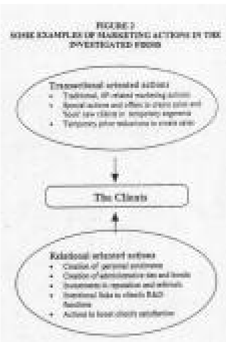
Conceptual frameworks should therefore attempt to integrate the two perspectives, recognizing that firm and market characteristics can influence marketing practice. (p. 185)

We can conclude then that the marketing behaviours of case-firms cannot be fully described by either the transaction or relational paradigm Instead, a framework that integrates all types of marketing activities in order to create both transactions and long term customer relationships may be more appropriate.

Accepting this, we propose that Gronroos' marketing strategy continuum is modified to give firms the opportunity to engage in both transactional and relational marketing approaches at the same time. A modified marketing strategy continuum is presented in figure 3 below.

In this modified continuum, the various marketing activities in which a firm invests can be categorised as either transactional oriented (where the purpose is direct to create transactions) or relational orientated (where the purpose is to create long term relationships). As proposed in figure 3, these activities can.vary in range from 0 - 100% of a firm's total marketing activities. A pure relational orientation (100 %) means that all marketing activities are directed to create a favourable climate for repeat transactions and no specific actions are taken to make the buyers buy! Sales emerge as a consequence of buyers' actions and need for the service. A pure transactional strategy involves only actions that focus sales.

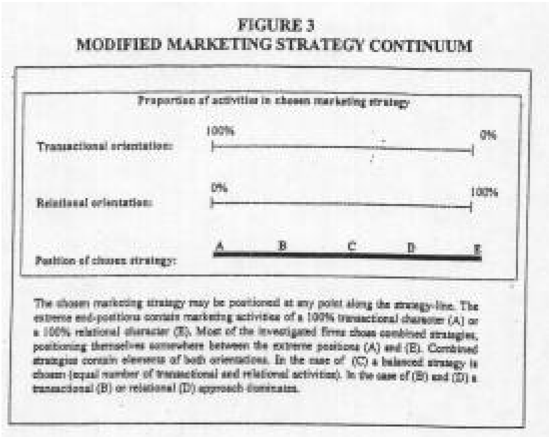
We expect, however, that many firms are not to be found in any of these extreme points but instead use a combination of the two strategies. Transactions are facilitated by relational activities but such activities are often not sufficient to create sales. In figure 3, a firm that uses a combined strategy and takes full advantage of both a transactional and relational orientation will be positioned in the middle. In the original version of the marketing strategy continuum such a mixedmarketing approach was not possible.



Enlarge 200%

Enlarge 400%

FIGURE 2



Enlarge 200%

Enlarge 400%

FIGURE 3

We believe that most companies perform transactional marketing off and on, and by doing so, firms must not necessarily deprive themselves from engaging in a variety of marketing activities.

Aspects of the marketing mix are a natural component of daily business life. However, entrepreneurs do not necessarily think in terms of the marketing-mix yet still make decisions in order to create transactions (Hills & Hultman 1998). In fact, the creation of transactions is what an entrepreneur usually has to think of each day. Hence, the marketing-mix may still be a valid concept, even for small service firms, despite its limited explanatory and normative abilities. Important for future research then is the need to learn much more about the interactions between relational and transactional marketing activities when they are used in parallel.

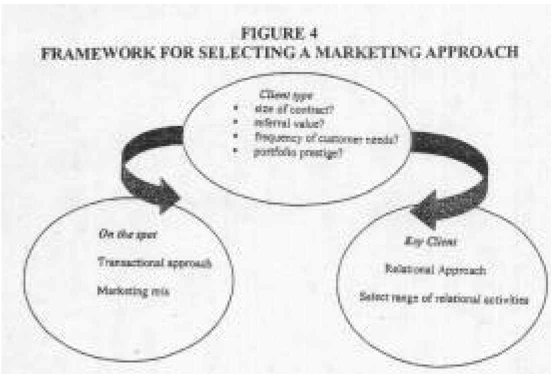
MANAGERIAL IMPLICATIONS

Particular to practising entrepreneurs and small business owner-managers, the findings presented in this paper suggest a number of managerial implications which are captured in figure 4 below.

Specifically, the findings presented suggest that in planning marketing activities, small firms should not restrict to their selection to only a relational or a transactional approach. Instead, they suggest that small firms may benefit by the adoption of a range of activities which can be described as both transaction and relational. By engaging in both transactional and relational activities, the findings presented in this paper suggest that small firms will benefit in a number of ways. Simply put, these findings suggest that the use of both transactional and relationship marketing can benefit small firms by securing transactions while also producing a range of relational benefits including: access to new customers through referrals and introductions; access to a range of resources including information and advice and the building of trust and normative connections with customers which can increase switching costs and encourage their repeat business.

In taking such decisions, the findings presented suggest that the owner-managers of small firms must consider the needs and characteristics of the clients which they serve. In particular, by using the criteria detailed in figure 4: size of contract, referral value, frequency of customer needs, likelihood of repeat business and portfolio prestige, small firm owner managers will be able to distinguish between 'key' and 'on the spot customers'. Once customers have been classified in this way, it is recommended that marketing activities which are relational in their orientation are directed towards 'key' customers while those which are transactional in focus are directed towards 'on the spot' customers. Such decisions are resource effective as by their nature, relational activities incur more time and resources and are better directed towards those customers with whom a long term relationship involving customer loyalty and repeat transactions can be developed.

Having determined the marketing approach to be used for particular clients, owner-managers must then consider the type of marketing activities which should be employed. Where a transactional approach has been selected, the findings presented suggest that the marketing mix will be appropriate in encouraging transactions. This may involve, for example, the offer of a standardised product at a reduced price. In contrast, where a relational approach has been selected, the findings presented suggest that a range of activities to first acquire and then retain relationships with key clients including flexible pricing, hospitality and bartering-exchanges are available. Such activities can involve more time and resources but when directed towards key clients, their use can be instrumental in developing a relationship and producing the transactional and relational benefits which this paper has demonstrated can result when a relational approach is adopted.



Enlarge 200%
Enlarge 400%

FIGURE 4

AMA (1985), 'Board Approves New Marketing Definition,' Marketing News, 1 March.

Axelsson, B. and Easton, G. (Eds.) (1992), Industrial Network: A New View of Reality, London: Routledge, 1-27.

Bagozzi, R. P. (1974), 'Markets as an organised behaviour system of exchange', Journal of Marketing, Vol. 38, October, pp.77-81.

Bagozzi, R. P. (1978), 'Marketing as exchange: a theory of transactions in the marketplace', American Behavioural Science, Vol. 21 No. 4, March/April, pp. 535-56.

Bagozzi, R. P. (1979), `Towards a formal theory of marketing exchanges', in Ferrell, O.C., Brown, S. W. and Lamb, C.W. Jr. (Eds.), Conceptual and Theoretical Developments in Marketing, AMA, Chicago, IL, pp. 431-47.

Bagozzi, R. P. (1995), `Reflections on relationship marketing in consumer markets', Journal of the Academy of Marketing Science, Vol. 23 No 4. pp. 272-7.

Bannock, G. (1991), "An Economic Survey, 1971-1991" in J. Stanworth and C. Gray (Eds.) Bolton 20 years On: The Small Firm in the 1990s. Paul Chapman Publishing, London.

Barnes, J.G. (1995), 'Establishing relationships - getting closer to the customer may be more difficult than you think', Irish Marketing Review, Vol. 8, pp. 107-16.

Bennett, R. (1996), `Relationship formation and governance in consumer markets: transactional analysis versus the behaviourist approach', Journal of Marketing Management, Vol. 12, No. 12, pp. 417-36.

Berry, L.L. (1983), "Relationship Marketing", in Berry, L. L., Shostack, G., L. & Upah, G., D. (Eds.), Emerging Perspectives ofService Marketing, American Marketing Association, Chicago III, pp. 25-28.

Berry, L.L. and Parasuraman, A. (1991), Marketing Services: competing through quality, The Free Press, New York, NY.

Bjerke, B. & Hultman, C. (2002), Entrepreneurial Marketing - The Growth of Small Firms in the New Economic Era, Camberly, UK: Edward Elgar Publishing Ltd.

Blois, K.J. (1990), "Transaction Costs and Networks" Strategic Management Journal, Vol. 11, pp.493496.

Blois, K (1997), "Are Business-to-Business Relationships Inherently Unstable?", Journal of Marketing Management, 13, pp. 367 - 382.

Birch, D. (1979), The Job Generation Process MT Programme in Neighbourhood and Regional Change, Cambridge, Mass.

Bolton Report (The) (1971), Small Firms: Report of the Committee of Inquiry in Small Firms, HMSO, cmnd 4811, November, London.

Borden, N. H. (1964), "The Concept of the Marketing Mix" in Journal of Advertising Research, Advertising Research Foundation, Inc. (June), pp.2-7. '

Brodie, R. J., Coviello, N., Brookes, R. W. and Victoria Little (1997), "Towards a Paradigm Shift in Marketing? An Examination of Current Marketing Practices", in Journal of Marketing Management 13, 383-406.

Brown, S. (1995), Postmodern Marketing, London: Routledge.

Chamberlin, E., H. (1933), The Theory of Monopolistic Competition, Cambridge, MA: Harvard University Press.

Christopher, M., Payne, A. and Ballantyne, D. (1991), Relationship Marketing: Bringing quality, customer service, and marketing together, Oxford, UK:

Butterworth-Heinemann.
Carson, D. (1999), 'Inaugural Commentary for the Journal of Research in Marketing and Entrepreneurship', Journal ofResearch in Marketing and Entrepreneurship, Vol. 1, Issue 1, Fall.
Collinson, E. (1999), "The Entrepreneurial Curriculum Equipping Graduates for a Career in the SME Sector", Journal ofResearch in Marketing and Entrepreneurship, Vol. 1, Issue 1, Fall.

Collinson, E. and Shaw, E. (2001), "Entrepreneurial Marketing - a historical perspective on development and practice", Management Decision, Vol. 39, No. 9, pp: 761 - 166.
Coviello, N. & Brodie, R. 1 (1998), "From transactional to relationship marketing: an investigation of managerial perceptions and practices", in Journal of Strategic Marketing (6), pp. 171 - 186.

Coviello, N., Brodie, R. J. & H. Munro (1997), "Understanding Contemporary Marketing: Development of a Classification Scheme", Journal of Marketing Management 13, pp. 501-522.
Curran, J. and Blackburn, R. A. (1994), Small Firms and Local Economic Networks: The Death of the Local Economy?. Paul Chapman Publishing Ltd. London.

Curran, J. and Stanworth, J. (1986), "Small Firms, Large Firms : Theoretical and Research Strategies for the Corporate Analysis of Small and Large Firms in the Wider Environment" in M. Scott; A. A. Gibb; J. Lewis and T. Faulkner (Eds.) Small Firms : Researching their Growth and Development. Davies, J., M. (1992), The Essential Guide to Database Marketing, Maidenhead: McGraw-Hill.

Dixon, D. F and Blois, K. J. (1983), Some Limitations of the 4P's as a Paradigm for Marketing, Marketing Education Group Annual Conference, Cranfield Institute of Technology, UK.
Dwyer, F. R., Schurr, P. H. and Oh, S. (1987), "Developing Buyer-Seller Relationships", Journal ofMarketing, Vol. 51, April, pp. 11-27.

Easton, G. (1992), "Industrial Network: A Review" in Axelsson, B. and Easton, G. (eds.) Industrial Network: A New View of Reality, London: Routledge, 62-84.

Easterby-Smith, M., Thorpe R. and Lowe, A. (1991) Management Research: An Introduction. Sage. London.

Ebers, M. (ed.) (1994), The Formation of Interorganisational Networks. Oxford University Press.
ENSR (1993), The European Observatory for SMEs. EIM, Zoeterneer, Netherlands.

Frisch, R. (1933), "Monopole-Polypole-la notion de la force dans 1'economie". Nationalekonomisk Tidskrift, Denmark, pp. 241-259.

Ford, D. (1980), "The Development of Buyer-Seller Relationships in Industrial Markets" European Journal ofMarketing, 14, pp. 339-353.
Ford, D. (ed.) (1990), Understanding Business Markets: Interaction, Relationships and Networks, The Industrial Marketing and Purchasing Group. Academic Press.

Glaser, B. and Strauss, A. (1967), The Discovery of Grounded Theory, Chicago: Aldine.
Gilmore, A. and Coviello, N. (1999), 'Methodologies for Research at the Marketing/Entrepreneurship interface', Journal ofResearch in Marketing and Entrepreneurship, Vol. 1, Issue 1, Fall.

Gronroos, C. (1991), "The Marketing Strategy Continuum: Towards a Marketing Concept for the 1990's", Management Decision, Vol. 29, No. 1, pp.7 - 13.
Gronroos, C. (1994), "Quo Vadis, Marketing? Toward a Relationship Marketing Paradigm", Journal of Marketing Management, 10, pp. 347 - 360.
Gronroos, C. (1994b), "From Marketing Mix to Relationship Marketing: Towards a Paradigm Shift in Marketing", Management Decision, Vol. 32, No.: pp.4-26.

Gronroos, C. (2000), Service Management and Marketing A customer relationship approach, Baffins Lane, Chichester: John Wiley & Sons.
Gummesson E. (1987), "The New Marketing: Developing Long Term Interactive Relationships", Long Range Planning, 20 (4),10-20.

Gummesson E. (1994), Making Relationship Marketing Operational, International Journal of Science Management, 5 (5), 5-20.
Gummesson E. (1996), "Relationship Marketing: The Emperor's New Clothes or a Paradigm Shift?" in Research Methodologies for the New Marketing, ESOMAR Publication Series, Vol. 204, (pp. 3-19), Amsterdam_

Gummesson E. (1997), Relationship Marketing as a Paradigm Shift: Some Conclusions from the 30R Approach, Management Decision, 35 (3/4), April March, 267-73.

Gummesson, E. (1999) Total Relationship Marketing. Oxford, UK: Butterworth-Heinemann.
Gustafsson, M., Hagman, S. & Hansson, A (1998), Elektroniska natverk - Nya forutsattningar for industriforetagens affd9&rsprocesser (Electronic Networks - New conditions of business processes in industrial firms) Uppsala: Centrum for Intemationella F6retagsstudier: Uppsala MBA Studies 1998/2. (In Swedish.).
Hakansson, H. (1992), International Marketing and Purchasing ofIndustrial Goods, London: John Wiley.

Hart, S. and Hogg, G. (1998), `Relationship Marketing in Corporate Legal Services', The Service Industries Journal, Vol. 18, July, (3).
Hills, G. E. (1999), 'Inaugural Commentary for the Journal of Research in Marketing and Entrepreneurship', Journal ofResearch in Marketing and Entrepreneurship, Vol. 1, Issue 1, Fall. Hills, G. E. (1988), 'Variations in university entrepreneurship education: An empirical study of an evolving field', Journal ofBus iness Venturing, 3 (1),109-122.

Hills, G. & Hultman, C., M. (1998), "Is University Marketing Education Relevant to Growth Oriented SMEs?" in Employment - The Great Challenge; Small Business - The Great Solution, Proceedings to 25th International Small Business Congress, Sao Paulo, Brazil, Oct 11-14.

Hills, G.E. and LaForge, R.W. (1992). "Marketing and Entrepreneurship: The State of Art," in The State of the Art ofEntrepreneurship, in D.L. Sexton and J. D. Kasarda (Eds.), Wellesley: Babson College, pp. 69-80.

Howard, J., A. (1957) Marketing Management: Analysis and Decisions, Homewood, Ill: Richard D. Irwin Inc.
Hunt, S.D. (1997), "Competing Through Relationships: Grounding Relationship Marketing in ResourceAdvantage Theory", Journal ofMarketing Management, 13, pp.431 - 445.
Jackson, B. (1985), 'Building Customer relationships that Last', Harvard Business Review, 63, (Nov-Dec), pp. 120-128.

Kajaer-Hansen, M. (1945), Afsaetningsokonomi (in translation: Marketing), Copenhagen: Erhvervsokonomisk Forlag.
Kent, R. A. (1986), "Faith in Four P's: An Alternative", Journal ofMarketing Management, Vol. 2, No .2, pp. 145-154.

[Reference]
Kotler, P. (2000), Marketing Management, 10th. Edition, New Jersey: Prentice Hall Inc.
Larson, M. (1977), The Rise ofProfessionalism: A Sociological Analysis, Berkley: University of California Press.

Liljander, V. and Strandvik, T. ((1995), `The Nature of Customer Relationships in Services,' in T. A. Swartz, D.E. Bowen, and S.W. Brown (Eds.) Advances in Services Marketing and Management, Greenwich, CT: JAI Press, vol. 4.
Lovelock, C. H. 91983), 'Classifying Services to Gain Strategic Advantage', Journal ofMarketing, 47, Summer, pp. 9-20.

McCarthy, E., J. (1960), Basic Marketing, Homewood, II: Irwin.

Maykut, P. and Morehouse, R. (1994), Beginning Qualitative Research : A Philosophical and Practical Guide. London: The Free Press.

Mickwitz, G. (1959) Marketing and Competition. Helsingfors, Finland: Societas Scientarium Fennica (available for University Microfilms, Ann Arbor, MI).

Morgan, R.M. and Hunt, S.D. (1994), `The CommitmentTrust theory of Relationship Marketing, Journal of Marketing, 58, July, pp. 20-38.
Morris, M. H. and Gordon, W.P. (1987), 'The Relationship between Entrepreneurship and Marketing in Established Fims' Journal ofBusiness Venturing, 2, pp. 247-259.

Morris, M. H., La Forge, R.W. and Ingram, T. I (1994), `Entrepreneurship and the Sales Function', in G. E. Hills (Ed) Marketing and Entrepreneurship, Westport, Ct: Quorum Books.
Nilson, T.H (1982), Value-added Marketing: Marketing Management for Superior Results, McGraw-Hill. Normann, R. and Ramirez, R. (1993), 'From Value Chain to Value Constellation', Harvard Business Review, July-August, pp. 65-77.

O'Malley, L. and Tynan, C. (1997), 'A reappraisal of the relationship marketing constructs of commitment and trust', New and Evolving Paradigms: the emerging future of marketing, AMA Relationships Marketing Conference, Dublin, Ireland, 13 June, pp. 486-503.

Pels, J. (1997), 'Actors' exchange paradigm and their impact on the choice of marketing models,' in A.W. Falkenberg and T.L. (Eds.) Proceedings of the 22"d Macro Marketing Conference, Vol. 2, Bergen.

Powell, W.W. (1987), "Hybrid Organizational Arrangements: New Form or Transitional development?" California Management Review, Vol. XXX. No. 1.

Powell, W.W. (1990), "Neither Market nor Hierarchy: New Forms of Organisation" in L.L. Commings and Brustaw (Eds.) Research in Organizational Behaviour, pp. 295-36, Greenwich, CT: JAI Press.
Rafiq, M. and Ahmed, P.K. (1993), 'The Scope of Internal Marketing: Defining the Boundary Between Marketing and Human Resource Management', Journal ofMarketing Management, Vol. 9, pp. 219-232.

Rapp, S. & Collins, T. L. (1994), Beyond Maxi-marketing, New York: McGraw-Hill.

Rasmussen, A. (1955), Pristeori eller parameterteori, Studier kring virksomhedens Afsaetning, Nyt Nordisk Forlag: Copenhagen.

Saren, M. and Tzokas, N. (1998), `Some dangerous axioms of relationship marketing' Journal of Strategic Marketing 6, pp. 187-196.

Sargeant, A. and West, D.C. (2001), Direct and Interactive Marketing, Oxford University Press.
Shaw, E. (1999), 'Networks and Their Relevance to the Entrepreneurial/Marketing Interface: a review of the evidence', Journal ofResearch in Marketing and Entrepreneurship, Vol. 1, Issue 1, Fall.
Shaw, E. (1997), The Impact Which Social Networks have on the Development of Small Professional Service Firms, unpublished doctoral dissertation, University of Glasgow.

Sheth J. N. and Parvatiyar A. (1995), The Evolution of Relationship Marketing, International Business Review, 4 (4), 397-19.

Storbacka, K., Strandvik, T. and Gronroos, C. (1994), `Managing Customer Relationships for Profit: The Dynamics of Relationship Quality', International Journal of Service Industry Management, Vol. 5 No. 5, pp. 21-38.

Storey, D. J. (1994), Understanding the Small Business Sector. London: Routledge.

Turnbull, P.W. and Wilson, D.T. (1989), `Developing and Protecting Profitable Customer Relationships', Industrial Marketing Management, 18, pp. 233-8.
Webster, F. E. Jr. (1992), "The Changing Role of Marketing in the Corporation" in

Journal ofMarketing, Vol. 56 (Oct), pp. 1-17.

Wynarczyk, P, Watson, R. Storey, D.J., short, H. and K. Keasey (1993), The Managerial Labour Market in Small and Medium Sized Enterprises, London: Routledge.

Yin, R.K. (1994), Case Study Research: Design and Methods, (2nd edition) Beverely Hill: Sage