Developing Buyer-Seller Relationships

Marketing theory and practice have focused persistently on exchange between buyers and sellers. Unfortunately, most of the research and too many of the marketing strategies treat buyer-seller exchanges as discrete events, not as ongoing relationships. The authors describe a framework for developing buyer-seller relationships that affords a vantage point for formulating marketing strategy and for stimulating new research directions.

SUMMARIZING 15 years of debate on the conceptual domain of marketing, Hunt (1983a) concludes that “. . . the primary focus of marketing is the exchange relationship” (p. 9; also see Ferber 1970; Kotler 1972; Kotler and Levy 1969; Kotler and Zaltman 1971; Luck 1969, 1974). The relative permanence of that view has been instituted by the recent theoretical advances it has fostered. Examples include Frazier’s (1983a) framework for interorganizational exchange, Bagozzi’s (1975, 1979) developing theory of exchange, and Weitz’s (1981) contingency model of selling. Exchange also occupies a central role in the unfolding political economy framework (Achrol, Reve, and Stern 1983; Arndt 1983; Stern and Reve 1980) and a host of more specialized empirical studies.

Each of the works cited relies on the notion of exchange for four key conceptual benefits. First, exchange serves as a focal event between two or more parties. Second, exchange provides an important frame of reference for identifying the social network of individuals and institutions that participate in its formation and execution. Third, it affords the opportunity to examine the domain of objects or psychic entities that get transferred. Finally, and most important, as a critical event in the marketplace it allows the careful study of antecedent conditions and processes for buyer-seller exchange.

Despite the importance generally ascribed to the idea of exchange, marketing research has largely neglected the relationship aspect of buyer-seller behavior while tending to study transactions as discrete events. The lack of attention to antecedent conditions and processes for buyer-seller exchange relationships is a serious omission in the development of marketing knowledge.

Ongoing buyer-seller relationships take many different forms. Arndt (1979) noted the tendency of organizational exchange to be circumscribed by long-term associations, contractual relations, and joint ownership. Dubbing these phenomena “domesticated markets,” he argued that within such ongoing relations “transactions are planned and administered instead of being conducted on an ad hoc basis” (p. 70). Arndt correctly emphasized the prominence of ex-
change relationships in industrial and institutional markets, but the notion of relationship management may also apply to consumer markets. Arndt’s extensive list of relational bonds in business marketing contrasts with his seemingly perfunctory illustrations of consumer relations: “... consumer cooperative societies in Great Britain and Scandinavia, ... book or record clubs, season tickets for sports and the arts, and, in a way, subscriptions to newspapers and magazines, and credit cards” (p. 71). Let us take note of other pervasive consumer behaviors: frequent flyer programs, church and professional club memberships, personal service patronage (lawyers, barbers, physicians), and the implicit bonds that underlie brand loyalty. Thus, both business marketing and consumer marketing benefit from attention to conditions that foster relational bonds leading to reliable repeat business.

**Objectives**

Our principal goal is to outline a framework for developing buyer-seller relationships. First we briefly contrast discrete and relational exchange using concepts from modern contract law. Because the contract law conception of discrete exchange is an idealized fiction, we suggest problem areas and issues where it seems judicious either to overlook or underscore relational dimensions. We rely on Macneil’s (1980) provocative work to suggest what relational properties may be of consequence in buyer-seller exchange. Then, after brief conjecture about the benefits and costs of relational exchange, we propose a five-phase model by which relationships are formed. Utilizing the work of Scanzoni (1979), Thibaut and Kelley (1959), and other exchange theorists, we emphasize hypothesized transitions and key distinctions between phases. Finally, we pivot on the framework to propose a marketing research agenda and outline three key facets of managing buyer-seller relationships.

**Discrete and Relational Exchange**

**Discrete Transactions**

The idea of a discrete transaction is the foundation on which concepts of relationship are built. According to Macneil (1980, p. 60), the archetype of discrete transaction is manifested by money on one side and an easily measured commodity on the other.

Discreteness is the separating of a transaction from all else between the participants at the same time and before and after. Its [pure form], never achieved in life, occurs when there is nothing else between the parties, never has been, and never will be.

Notice that the concept of discrete transaction specifically excludes relational elements. Discrete transactions are characterized by very limited communications and narrow content. The identity of parties to a transaction must be ignored or relations creep in. A one-time purchase of unbranded gasoline out-of-town at an independent station paid for with cash approximates a discrete transaction.

**Relational Exchange**

It is the departure from the anchor point of discreteness that underlies a strong customer franchise (or, from a buyer’s standpoint, a reliable team of suppliers). We posit that a strong customer franchise (or supplier base) depends on the nature of the relational contract between a buyer and seller.

Macneil (1978, 1980) differentiates discrete transactions from relational contracts, relational exchange, along several key dimensions. Most important is the fact that relational exchange transpires over time; each transaction must be viewed in terms of its history and its anticipated future. The basis for future collaboration may be supported by implicit and explicit assumptions, trust, and planning. Relational exchange participants can be expected to derive complex, personal, noneconomic satisfactions and engage in social exchange. Because duties and performance are relatively complex and occur over an extended time period, the parties may direct much effort toward carefully defining and measuring the items of exchange. Third parties may be called in to adjudicate, and other customized mechanisms for collaborating and resolving conflict may be designed.

Table 1 summarizes Macneil’s characterization of discrete and relational polar archetypes of exchange on 12 contractual dimensions. Consistent with the preceding discussion, for example, a consumer might buy peaches at farmers’ market or a grocer may buy bags in quantity from any of several sources. The products can be easily evaluated, paid for with cash, and carted away. There is no prolonged negotiation, paying cash for the goods consummates the transactions, and the mutual dependence situation quickly ends. All situational and process characteristics approximate a discrete transaction.

Table 1 suggests that relational characteristics start to appear when the buyer pays by check or the seller schedules delivery for next week. That is, dependence is prolonged, performance is less obvious, uncertainty leads to deeper communication, the rudiments of cooperative planning and anticipation of conflict arise, and expectations of trustworthiness may be cued by personal characteristics.

Though a detailed review of Macneil’s dimensions is beyond the scope of our article, Table 1 serves two important purposes. First, it dramatizes the multidimensionality of exchange. Within marketing, our eventual needs for theory and practice may require adoption of a relational perspective.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Discrete</th>
<th>Relational</th>
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<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>Yes</td>
<td>No</td>
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<tr>
<td><strong>Credit</strong></td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Relationship</strong></td>
<td>Nonexistent</td>
<td>Strong</td>
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<tr>
<td><strong>Time</strong></td>
<td>One-time</td>
<td>Recurring</td>
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<tr>
<td><strong>Duty</strong></td>
<td>Clearly defined</td>
<td>Not clearly defined</td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td>Clearly defined</td>
<td>Not clearly defined</td>
</tr>
<tr>
<td><strong>Conflict</strong></td>
<td>Resolved quickly</td>
<td>Resolved over time</td>
</tr>
</tbody>
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**Table 1: Comparison of Discrete and Relational Exchanges**
<table>
<thead>
<tr>
<th>Contractual Elements</th>
<th>Discrete Transactions</th>
<th>Relational Exchange</th>
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<tr>
<td><strong>Situational characteristics</strong></td>
<td></td>
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<tr>
<td>Timing of exchange</td>
<td>Distinct beginning, short duration, and sharp ending by performance</td>
<td>Commencement traces to previous agreements; exchange is longer in duration, reflecting an ongoing process</td>
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<tr>
<td>Number of parties (entities taking part in some aspect of the exchange process)</td>
<td>Two parties</td>
<td>Often more than two parties involved in the process and governance of exchange</td>
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<tr>
<td>Obligations (three aspects: sources of content, sources of obligation, and specificity)</td>
<td>Content comes from offers and simple claims, obligations come from beliefs and customs (external enforcement), standardized obligations</td>
<td>Content and sources of obligations are promises made in the relation plus customs and laws; obligations are customized, detailed, and administered within the relation</td>
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<tr>
<td>Expectations for relations (especially concerned with conflicts of interest, the prospects of unity, and potential trouble)</td>
<td>Conflicts of interest (goals) and little unity are expected, but no future trouble is anticipated because cash payment upon instantaneous performance precludes future interdependence</td>
<td>Anticipated conflicts of interest and future trouble are counterbalanced by trust and efforts at unity</td>
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<tr>
<td><strong>Process characteristics</strong></td>
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<tr>
<td>Primary personal relations (social interaction and communication)</td>
<td>Minimal personal relationships; ritual-like communications predominate</td>
<td>Important personal, noneconomic satisfactions derived; both formal and informal communications are used</td>
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<tr>
<td>Contractual solidarity (regulation of exchange behavior to ensure performance)</td>
<td>Governed by social norms, rules, etiquette, and prospects for self-gain</td>
<td>Increased emphasis on legal and self-regulation; psychological satisfactions cause internal adjustments</td>
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<tr>
<td>Transferability (the ability to transfer rights, obligations, and satisfactions to other parties)</td>
<td>Complete transferability; it matters not who fulfills contractual obligation</td>
<td>Limited transferability; exchange is heavily dependent on the identity of the parties</td>
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<tr>
<td>Cooperation (especially joint efforts at performance and planning)</td>
<td>No joint efforts</td>
<td>Joint efforts related to both performance and planning over time; adjustment over time is endemic</td>
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<tr>
<td>Planning (the process and mechanisms for coping with change and conflicts)</td>
<td>Primary focus on the substance of exchange; no future is anticipated</td>
<td>Significant focus on the process of exchange; detailed planning for the future exchange within new environments and to satisfy changing goals; tacit and explicit assumptions abound</td>
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<tr>
<td>Measurement and specificity (calculation and reckoning of exchange)</td>
<td>Little attention to measurement and specifications; performance is obvious</td>
<td>Significant attention to measuring, specifying, and quantifying all aspects of performance, including psychic and future benefits</td>
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<tr>
<td>Power (the ability to impose one's will on others)</td>
<td>Power may be exercised when promises are made until promises are executed</td>
<td>Increased interdependence increases the importance of judicious application of power in the exchange</td>
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<tr>
<td>Division of benefits and burdens (the extent of sharing of benefits and burdens)</td>
<td>Sharp division of benefits and burdens into parcels; exclusive allocation to parties</td>
<td>Likely to include some sharing of benefits and burdens and adjustments to both shared and parceled benefits and burdens over time</td>
</tr>
</tbody>
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*Adapted from Macneil (1978, 1980).*
fewer than 12 dimensions, but clearly the limited focus of past research (on power, personal relations) reflects less than full consideration of the properties of exchange. Thus, the characterization of polar transactional archetypes on 12 dimensions prompts us to consider sweeping arrays of diverse transactional forms.

Second, Table 1 should underscore the need to make “practical” distinctions between discrete and relational exchange—especially in the present embryonic stages of inquiry. As our simple examples of the farmers’ market and cash-and-carry grocery bag transactions establish, the notion of instantaneous exchange between anonymous partners who will never interact in the future is an abstracted model that does not exist in the real world. Even the simplest model of discrete exchange must postulate what Macneil (1980) calls a “social matrix”: an effective means of communication, a system of order to preclude killing and stealing, a currency, and a mechanism for enforcement of promises. Hence, some elements of a “relationship” in a contract law sense underlie all transactions.

This argument does not mean we should discard the concept of discrete exchange. Indeed, Goldberg (1979) suggests that treating exchange as a discrete transaction directs attention to three important issues: (1) how do economic actors make choices from an array of alternatives, (2) what market outcomes will result from the simultaneous choices of individual actors, and (3) how do outcomes depend on the structure of alternatives (competition)? It “is an extremely useful analytic construct and should properly be viewed as a special case—a subclass of exchange... [I]n many contexts explicit recognition of relational elements adds heat but sheds no light” (p. 95).

Relational Marketing: The Marriage of Buyer and Seller

To the extent that relational exchange contributes to product differentiation and creates barriers to switching, it can provide a competitive advantage (Day and Wensley 1983). Despite this potential, sellers commonly fail to see the necessity of managing their relationships with customers. Noting that exchange activity typically intensifies subsequent to the initial sale in financial services, consultancy, maintenance/repair/operating (MRO) supply systems, and capital goods industries, Levitt (1983, p. 111) states that

...the sale merely consummates the courtship. Then the marriage begins. How good the marriage is depends on how well the relationship is managed by the seller.

Though asymmetrical in his assignment of responsibility for relationship management to the seller (only one “spouse”), Levitt’s marriage analogy is fitting. In fact, research analyzing the interpersonal attraction and the interdependence relationships between husbands and wives provides an apt framework for describing the evolution of buyer-seller relations. As McCall (1966, p. 197–8) points out:

Marriage [is a] restrictive trade agreement. The two individuals agree to exchange only with one another, at least until such time as the balance of trade becomes unfavorable in terms of broader market considerations.

Within the husband-wife relationship the benefits of companionship, intimacy, procreation and parenting, personal growth, shared household maintenance, and social support are only one side of the ledger. On the other side marriage typically forecloses social and sexual options, brings expanded responsibility, demands care and nurturance, and can entail costly dissolution.

Buyer-seller relations involve analogous benefits and costs. The former include reduced uncertainty, managed dependence (Spekman, Strauss, and Smith 1985), exchange efficiency, and social satisfactions from the association. Foremost is the possibility of significant gains in joint—and consequently individual—payoffs as a result of effective communication and collaboration to attain goals. The buyer’s perception of the effectiveness of the exchange relation, then, is a significant mobility barrier and a potential competitive advantage for the seller that insulates the latter from price competition.

It is possible, however, that real or anticipated costs outweigh the benefits of relational exchange. Maintenance of the association requires resources. Parties with highly divergent goals may spend considerable economic and psychic resources in conflict and haggling processes. More important may be the opportunity costs of foregone exchange with alternative partners. A titanium fabricator that ties up 25% of next year’s shop capacity at a 20% margin may lock itself out of another large job yielding a 25% margin. Alternatively, a consumer who opens a checking account but orders only a small quantity of checks may be hedging against the possibility of an opportunity to bank elsewhere for reduced charges or expanded service.

Jackson (1985) has given principal attention to industrial marketing situations like the latter example in which the buyer incurs high switching costs. She focuses on switching costs related more to the technological and usage characteristics of the product (e.g., computers and communication systems requiring ongoing service or technical extension) than to the performance level of the exchange partner. Among other factors, we suggest that the buyer’s anticipation of high switching costs gives rise to the buyer’s interest in maintaining a quality relationship.

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Figure 1 goes farther to delineate the realm of possibilities of dyadic motivations for relational exchange. Framed in the exchange theory language of Thibaut and Kelley (1959), the axes define each party’s motivational investment in (the expected net benefits from) a relationship. The model has been developed recently in considerable detail in the analysis of marketing channel member relations (Anderson and Narus 1984). Thibaut and Kelley theorize that a party assesses the overall costs and rewards from the total association against the level of outcomes available from alternatives outside the association. They use the terms “comparison level” (CL) and “comparison level for alternatives” (CLalt), respectively, to denote the two bases for evaluating relationship outcomes. For example, for the Metro Theater’s season ticket holder, CL includes certainty of priority seating for the full array of plays, perhaps a discount from the single show rate, an efficient purchase process, plus a possible deepening identity with the playhouse and resultant prestige in the “arts community.” The seller’s CL comprises the dependable, certain ticket revenue, efficiently generated by season ticket sales, and especially renewals.

By highlighting the mutual motivational investments of the parties, Figure 1 reveals that Levitt’s (1983) discussion of seller-managed relations covers only one of several exchange forms. This fact should not denigrate the significance of seller-managed relational exchanges. Rather, by illuminating situations of buyer-supported relationships and bilateral relationship maintenance, Figure 1 suggests contingent seller roles. Toyota shares its production schedules with suppliers and has carefully knit the Toyota City manufacturing complex. Similarly, NASA and a homeowner exemplify buyer-managed exchange as they orchestrate contractor performance in rocket assembly and major remodeling, respectively. Seller attempts at leadership roles in these associations seem unnecessary and ill advised. Also, bilateral relationship maintenance seems the essence of Shapiro’s (1985) “strategic partnership” between buyer and seller, and is illustrated by industrial joint ventures.

Finally, Figure 1 allows transactions devoid of significant relational elements. In these instances for either or both of the parties, CL and CLalt are approximately equal. Exchange still may occur, but when one party’s access to alternatives (CLalt) is greater than the other’s, one of two possible situations of asymmetric power obtains (cf. Dwyer and Walker 1981). For completeness we depict the realm of “no exchange.” There are no concessions or inducements that one party is willing to offer that will provide sufficient satisfactions for the other to motivate exchange (Alderson 1965, p. 84).

As a map of exchange possibilities, Figure 1 provides a good representation of the topography. It is not a road map, however, in that it offers little detail on the routes to the northeast quadrant. Obviously, many of the costs and benefits from buyer-seller relations cannot be assessed on an a priori basis. Using the marriage analogy once more, we need to consider how practically discrete transactions (casual dating) might progress into more durable associations supported by shared goals, planning, and commitment to the relationship.

The Relationship Development Process

Relationships evolve through five general phases identified as (1) awareness, (2) exploration, (3) expansion, (4) commitment, and (5) dissolution (cf. Scanzoni 1979). Each phase represents a major transition in how parties regard one another.

Phase I. Awareness

Awareness refers to party A’s recognition that party B is a feasible exchange partner. Situational proximity between the parties facilitates awareness. Just as a family is more likely to be acquainted with adjacent neighbors than with those down the street, buyers are apt to become aware of local merchants and brands advertised in frequently viewed media.

Interaction between parties has not transpired in phase 1. Though there may be “positioning” and...
"posturing" by the parties to enhance each one's own attractiveness to a specific (or general) other, these actions are unilateral. Any type of bilateral interaction—even tacit coordination (Schelling 1960)—marks the beginning of the next phase of possible relationship development.

**Phase II. Exploration**

Exploration refers to the search and trial phase in relational exchange. In this phase potential exchange partners first consider obligations, benefits and burdens, and the possibility of exchange. Trial purchases may take place. The exploration phase may be very brief, or it may include an extended period of testing and evaluation. Seller S may give buyer B due consideration in promotions and store placement; B may attend to S's ads and linger at the display. This evaluation may result in a trial purchase, but the exploratory relationship is very fragile in the sense that minimal investment and interdependence make for simple termination. The exploration phase is conceptualized in five subprocesses (cf. Scanzoni 1979): (1) attraction, (2) communication and bargaining, (3) development and exercise of power, (4) norm development, and (5) expectation development.

**Attraction.** Attraction is the initiating process of the exploration phase. It results from the degree to which buyer and seller achieve—in their interaction with each other—a reward-cost outcome in excess of some minimum level \( CL_{at} \) (Secord and Backman 1974). Rewards are derived from the tangible and intangible gratifications of association; costs include economic (money, inconvenience) or social deterrents.

The interpersonal attraction literature has given principal attention to rewards. They may be rooted in perceived similarity of beliefs, values, or personality. Also, complementary resources, including money, information, services, legitimacy, and status, encourage favorable perceptions of benefits and burdens. Recognizing both contingent and noncontingent reward sources (John 1984; Lusch and Brown 1982), Lott and Lott (1974) catalog several types of rewards that may lead to attraction.

- Rewards directly provided by other, e.g.,
  - customer provides payment
  - seller’s product delivers functional benefits
- Characteristics of other as a source of reward, e.g.,
  - sports prowess of alma mater sparks alumni pride
  - "we were the first . . . McDonnell Douglas"
  - "an official sponsor of the 1984 Olympics"
- Other’s attitude similarity as a reinforcement of own competence, e.g.,
  - sales representative builds identity bonds with prospect

**Communication and bargaining.** Bargaining is defined as the process whereby in the face of resistance parties rearrange their mutual distributions of obligations, benefits, and burdens. Perceived willingness to negotiate may be a significant aspect of attraction which, by itself, signals that the potential exchange partner sees possible value in an exchange relationship. There are dramatic relational consequences when the parties actually bargain.

A significant indicator of development or progressive change in any association is found at the point where partners perceive that the potential rewards are great enough to take the trouble, go to the bother, and expend the psychic and physical energies necessary to negotiate (Scanzoni 1979, p. 72).

Within developing relations there is often some reluctance to engage in bargaining. Initially, parties talk around the issues, hinting at their preferences or stating them offhandedly while evidencing interest in the other’s goals (Leigh and Rethans 1984; Pruitt 1981). Through questions and answers, buyers and sellers develop a process of turn taking, making interaction easier (Knapp 1978; LaFrance and Mayo 1978). To know each other very well, they may try to reveal specific information about themselves, their needs, or their resources. If the relationship is to survive this stage, intimate disclosure must be reciprocated (Cozby 1973; Davis and Skinner 1974). Later, when the parties are both projecting their association into the future, there may be a lesser need for strict-reciprocity accounting in that the future holds ample opportunity for and expectations of balancing.

Now we risk diluting the contended significance of bargaining and communication in relationship development. We note that the behaviors described—though typical in business-to-business exchange—seem characteristic of only a portion of consumer transactions, namely those involving high priced durable goods and complex services (cf. Dwyer 1984, p. 680). On the surface, administered pricing and mass merchandising for low priced items seem to preclude explicit bargaining. We emphasize, however, that uncertainty and the "stakes" of the exchange have important effects on the extent and nature of bargaining. That is, a consumer may explicitly negotiate a quantity discount on doughnuts when setting up an after-church breakfast reception (high stakes); a single roll (low stakes) will probably involve no haggling—unless the baker attempts to sell an unfamiliar variety (uncertainty) when sold out of the consumer's favorite.

There are obvious selling efficiencies from ad-
ministered pricing. Also, administered pricing is useful for managing the aspirations of millions of consumers linked to the bargaining “stance” of the seller (see Raiffa 1982, p. 13). Thus, for good reason communication is less than complete in this setting. Bargaining and efforts at coordination are largely tacit (Alderson 1957, p. 130; Schelling 1960). Sellers interact with “representatives” of the market constituency when they enlist focus group participants and survey respondents. Furthermore, purchase postponement, stockpiling, and the like are subtle forms of tacit bargaining for low priced consumable goods that have dramatic consequences when summed across millions of households. The rare instances of explicit bargaining—as in suggestions, complaints, and redress requests—should be especially highly regarded by sellers; they reflect consumer goals, priorities, and relational involvement with the brand or store.

Finally, we emphasize that negotiation, by itself, does not lead to an enduring relationship. It is possible for haggling to transpire in what is practically a discrete transaction, such as an estate sale or flea market. In such cases, neither party expects a future with the other (Weitz 1981), and the style and tone of their negotiation strategies reflect this fact (Raiffa 1982).

We therefore propose that, though it is possible for buyers and sellers to bargain over terms to what is essentially a discrete contract, a relationship seems unlikely to form without bilateral communication of wants, issues, inputs, and priorities. Especially as the parties themselves change over time and their respective environments exert variable demands, it is inevitable that the valuation of outcomes in the buyer-seller association fluctuates. By looking for or granting accommodation within a current rather than a new exchange association, the buyer and seller verify their mutual investment in the relationship.

**Power and justice.** Though convenient for discussion, separating the adjoining processes of bargaining and power is impossible in reality. With a richer tradition in marketing than the former, power is conceived as the ability to achieve intended effects or goals (Dahl 1957). Party A’s power over B is determined by B’s dependence on A for valued resources. B’s dependence on A is high when there are limited alternative sources of those valued resources (Emerson 1962; Thibaut and Kelley 1959). Thus, concessions are granted or obtained as a result of power brought to bear in bargaining.

Resources mediated by A on which B is dependent can take many forms (cf. French and Raven 1959), but for our purposes it is useful to conceive of their application as “just” or “unjust” sanctions. Exercise of an unjust power source would control or influence the action of B to promote A’s own goals without B’s consent, against B’s will, or without B’s understanding (Buckley 1967; Raven and Kruglanski 1970). Exercise of a just power source, in contrast, implies voluntary compliance and behaviors for the promotion of collective goals. Thus, when A attempts to dominate or coerce B into some behavior without providing sufficient rewards—direct or indirect (Lusch and Brown 1982)—to lead B to perceive that compliance is worthwhile, B may elect to terminate the association. With minimal interdependencies at this stage, break-off is fairly easy. If, however, A’s power exercise is perceived as “just,” and B complies, the association passes from one “where individualistic interests are of prime concern to one where [joint] interests are taking on importance” (Scanzoni 1979, p. 75). Indeed, the successful exercise of power may be a crucial distinction for locating a relationship on a continuum between the exploratory and expansion phases. The following examples clarify this point.

As deregulation intensified competition in financial services in the early 1980s, many banks increased their efforts to segment markets and partition operating costs. The result was a diversity of approaches to encourage small depositors to use automatic tellers instead of expensive bank personnel. Some banks imposed up to $1 charges for teller-assisted withdrawals from small accounts. Others emphasized education and prize incentives for using automatic tellers. Applying the relationship development framework, we would predict poor account retention by the former approach. No matter what explanation of economic realities is used to support the program, its coercive, self-serving flavor jeopardizes its legitimacy. In contrast, the education/reward approach addresses joint goals. In turn, it expands the interdependence of the parties as the bank has a more profitable market segment and account holders have made relational transaction-specific investments by learning to use the automatic tellers.

**Norm development.** The norms and standards of conduct that mark a relational contract take form in the exploration phase of relationship development. Norms provide “guidelines for the initial probes that potential exchange partners may make towards each other” (Scanzoni 1979, p. 68). Norms are “expected patterns of behavior” (Lipset 1975, p. 173). By adopting norms and establishing standards of conduct, emerging exchange partners start setting the ground rules for future exchange.

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1Buckley (1967) uses the terms “legitimate” and “nonlegitimate” power where we use “just” and “unjust.” Our choice of terminology is intended to avoid confusion with French and Raven’s (1959) taxonomy of power sources (expert, referent, legitimate, etc.), which has been used frequently in sales and channels research (cf. Gaski 1986; Spiro and Perreault 1979).
The concept of norms that exist “prior to, and are brought into the social [exchange]” (Ekeh 1974, p. 45) is illustrated in the script theoretic work of Leigh and Rethans (1984). More than 40% of the purchasing agents in their sample described the following expected activities in a “post quotation negotiation process”: (1) salesperson arrival at purchasing agent’s office, (2) exchange greeting/small talk, (3) buyer opens negotiation on price, (4) salesperson response, . . . (7) exchange of parting comments. Such generalized expectations guide perceptions of social exchange and exert powerful influences on behavior.

Once parties come together and begin to exchange rewards, they often establish norms that did not exist prior to the interaction. Thus, “spontaneous consensus” (Fox 1974) may support initial exchange between customer and barber, but at the same time the experience will shape expectations for the next transaction (Brickman 1974). Very much in harmony with our notion of “just” power, Fox (1974) indicates that persons “who share common goals are capable of allocating roles among themselves in the light of what they perceive as ‘functional necessities’” (p. 86).

**Expectations development.** Relational expectations concern conflicts of interest and the prospects for unity and trouble. These expectations may either enhance or diminish contractual solidarity. Trust is an important concept in understanding expectations for cooperation and planning in a relational contract. Golembiewski and McConkie (1975) go further to suggest that “perhaps there is no other single variable which so thoroughly influences interpersonal and intergroup behavior” (p. 131). Trust is a concept only recently brought into the focus of buyer-seller interaction research. Schurr and Ozanne (1985) rely on Blau (1964) and Rotter (1967) to define trust as “the belief that a party’s word or promise is reliable and a party will fulfill his/her obligations in an exchange relationship” (p. 940). In a simulation of industrial purchasing, Schurr and Ozanne found that buyers’ expectations about trust and bargaining stance significantly affected attitudes and behavior toward their current supplier. Low trust stimulated less favorable attitudes, communications, and bargaining behavior with respect to the current supplier.

Pruitt (1981, p. 101) believes trust and a desire to coordinate with another party are closely related. He suggests that a party desiring coordination with a trusted other is likely to take high-risk coordinative behaviors. Examples of high-risk moves include (1) a large concession that seeks reciprocation, (2) a proposal for compromise, (3) a unilateral tension-reduction action, and (4) candid statements about one’s motives and priorities.

Examples of sustained measures to engender trust include buyers’ maintenance of good credit standing and sellers’ use of implicit stimulants of trust (e.g., brand names, trademarks, logos) and explicit guarantees (Schurr and Ozanne 1985). However, direct experience is likely to be the principal basis for judging trustworthiness in the exploratory phase. It is a key facet of Swan’s (Swan and Nolan 1985; Swan, Trawick, and Silva 1985) conceptual framework for the salesperson’s development of customer trust.

In summary, the five subprocesses are important aspects of the exploration phase because they enable each party to gauge and test the goal compatibility, integrity, and performance of the other.

**Phase III. Expansion**

Expansion refers to the continual increase in benefits obtained by exchange partners and to their increasing interdependence. The five subprocesses introduced in the exploration phase also operate in the expansion phase. The critical distinction is that the rudiments of trust and joint satisfactions established in the exploration stage now lead to increased risk taking within the dyad. Consequently, the range and depth of mutual dependence increase. “[T]he association has developed or evolved significantly from one characterized by probing, testing examination, and so on, to one characterized by continual enlargement of the kinds of rewards that partners supply one another, and thus increased interdependence” (Scanzoni 1979, p. 791).

Frazier (1983a,b) has framed the expansion process as a consequence of each party’s satisfaction with the other’s role performance and its associated rewards. That is, exchange outcomes in the exploratory phase provide a test of the other’s ability and willingness to deliver satisfaction (Blau 1964). When a party fulfills perceived exchange obligations in an exemplary fashion, that party’s attractiveness to the other increases (Thibaut and Kelley 1959). Hence motivation to maintain the relationship increases, especially because high-level outcomes reduce the number of alternatives an exchange partner might use as a replacement (Frazier 1983b, p. 159). The resulting perceptions of goal congruence and cooperativeness lead to interactions beyond those strictly required at the outset.

The intensive business growth strategies of market penetration and product development (Ansoff 1957) depend on the process of expansion. For example, Citibank used newspaper ads and mail directed toward current loan customers to attract applicants for an innovative second mortgage product in Baltimore. The program built Citibank market presence in an historically weak area and, more importantly, enabled Citibank to use the process for “upselling.” That is, applicants increased their loan amounts and purchased other financial services after discussions with a Citi-
bank loan officer (Advertising Age 1986). In a similar, buyer-managed expansion Procter & Gamble has deepened its relationship with a telemarketing distributor to (1) sell diapers to parents of premature infants, (2) serve incontinent adults, and (3) most recently, identify key decision makers at prospective accounts for institutional cooking oils.

**Phase IV. Commitment**

Commitment refers to an implicit or explicit pledge of relational continuity between exchange partners. At this most advanced phase of buyer-seller interdependence the exchange partners have achieved a level of satisfaction from the exchange process that virtually precludes other primary exchange partners who could provide similar benefits. The participants have not ceased attending to alternatives, but maintain their awareness of alternatives without “constant and frenetic testing” (Scanzoni 1979, p. 87). Customer (seller) loyalty is achieved.

Typically the notion of commitment connotes solidarity and cohesion, but these synonyms are vague. We need to consider three measurable criteria of commitment (Scanzoni 1979): inputs, durability, and consistency.

**Inputs.** The first criterion of commitment is that the parties provide relatively high levels of inputs to the association (Blau 1964). Significant economic, communication, and/or emotional resources may be exchanged.

**Durability.** Second, there should be some durability of the association over time. According to Macneil (1980, p. 95), “organic solidarity consists of a common belief in effectiveness of future exchange.”

A persevering relationship itself may or may not have content stability, depending on the environmental adjustments required and the willingness of the participants to make such adjustments (Scanzoni 1979). Durability presumes the parties can discern the benefits attributable to the exchange relation and anticipate an environment that will abet continued effective exchange. Given these expectations, the parties can bond themselves in such a way as to encourage their continued investment in the relation. Williamson (1983) argues in this vein that exchange of “hostages” (bilateral exchange of transaction-specific human or physical assets) communicates credibility of commitment to the relationship, and thus supports expanded alliance and exchange. The predominant problem in franchising illustrates this point.

Franchisees invest in the franchisor’s inventories, signs, and promotion. Franchisors train their dealers and provide specialized knowledge on business techniques. Neither party would incur these costs without at least some expectation that the relationship will continue long enough for him to recoup his expenditures (Goldberg 1979, p. 99).

The expectations of franchisee continuation derive from nonrefundable franchise fees, covenants not to compete, and anticipated relocation expenses from franchisor-owned sites. Royalties based on a percentage of gross receipts reflect a sharing formula that makes termination in a “hot” market less attractive for a franchisor than would a flat rate for all franchisee services. In consumer markets, similar investments seem evident in security deposits, delayed rebates, cumulative purchase credits, and the like.

**Consistency.** The third aspect of commitment is the consistency with which the inputs are made to the association. In terms of the other’s expectations, when a party’s input levels fluctuate the other party will have difficulty predicting the outcomes from exchange. Inconsistency on the part of the former reflects low commitment and leads to a reduced reliance by the latter on the outcomes of the exchange. A key distinction of the commitment phase is that the parties purposefully engage resources to maintain the relationship. Indeed, Levinger and Snoek (1972) analogize that just as physical-chemical bonds tend toward entropy, social bonds tend to weaken and dissolve unless actively maintained.

Many forces can strain a relationship, including increased costs of transaction, decreased obstacles associated with interacting with an alternative exchange partner, and changing personal or organizational needs resulting in diminished valuation of rewards. In contrast, pressure to adjust rather than dissolve a relationship is fueled by the ongoing benefits accruing to each partner. These benefits include the certainty from mutually anticipated roles and goals, the efficiency stemming from amelioration or role or identity bargaining (McCall and Simmons 1966), and the confidence in exchange effectiveness that comes from trust.

**Phase V. Dissolution**

The possibility of withdrawal or disengagement has been implicit throughout our relationship development framework. That is, not every dyadic linkage of which the buyer or seller is aware enters the exploration phase, and not every relation probed and tested in exploration enters expansion or becomes soldered by commitment. To this point we have merely relied on the basic exchange theory calculus (Emerson 1962; Raven and Kruglanski 1970; Thibaut and Kelley 1959; Figure 1) to explain breakup. This model is a powerful analytical perspective, but it leaves unexplained the processes of dissolution.

Such processes have great consequence when they occur after parties have reached the status of high interdependence characteristic of the expansion and commitment phases. Termination of personal relationships is a significant source of psychological, emotional, and physical stress (cf. Bloom, Asher, and
White 1978; Hill, Rubin, and Peplau 1976). From anecdotal evidence, the dissolution of commercial relationships extracts parallel tolls. Consider the trauma of Coca-Cola’s attempted discontinuation of “old” Coke, Kodak’s costly exit from instant photography, and the lengthy process of antitrust litigation that often ends distribution channel relationships (e.g., Monsanto Co. v. Spray-Rite Service Corp. 1984).

Unfortunately, little is known about disengagement. There are probably several trajectories for dissolution and we risk oversimplification by devoting four stages to relationship development while consolidating termination into a single phase. Though some scholars have found it useful to conceive of dissolution as the reverse of relationship formation (cf. Altman and Taylor 1973; Miller and Parks 1982), we think it productive to depart from such reasoning. Figure 1 and our framework emphasize bilateral (though not necessarily equal) efforts for relationship development; dissolution, in contrast, is more easily initiated unilaterally. Furthermore, the accumulating evidence seems to contradict the reversal hypothesis.

Much of the empirical work has been conducted by Baxter (1979, 1983; Baxter and Philpott 1982), positioned within a four-stage conceptual framework from Duck (1982). This model posits that dissolution begins with an intrapsychic stage in which one party privately evaluates his or her dissatisfaction with the other party, concluding that costs of continuation or modification outweigh benefits. Subsequently, the relationship enters an interactive phase in which the parties negotiate their unbonding. Dissolution then is presented publicly in the social phase. Finally, “grave dressing,” social and psychological recovery from the breakup, concludes the process—though neither party returns to their prerelationship state.

Emphasizing the interactive phase in her studies, Baxter (1985) identifies two key dimensions of strategies for disengagement: directness and other-orientation. Direct strategies explicitly state to the other party one’s desire to leave a relationship; indirect strategies try to accomplish breakup without an explicit statement of the aim. “Other-orientation captures the degree to which the disengager attempts to avoid hurting the other party in the break-up” (p. 247). The parsimony of Baxter’s distinctions makes them a promising starting point for examining dissolution of buyer-seller relationships.

**Advantages and Disadvantages of the Model**

We argue that marketing research has largely neglected relational elements of buyer-seller exchange. Macneil’s (1980) depiction of contrasting features of discrete and relational exchange leads to our conception of dyadic motivations for alternative exchange forms, Figure 1. To account for interactive processes that might diminish or magnify mutual motivations—perceptions of costs and benefits from sustained exchange—we propose a framework for relationship development.

Figure 2 is a skeletal summary of the model that highlights primary transitions and phase characteristics. Awareness is a unilateral, pre-exchange process. Mutual considerations and dyadic interactions initiate the exploration phase, which is basically a testing period for the relationship. Repeated exchange may reflect an extended testing period. The exchange association is easily terminated at this stage. However, if the parties effectively communicate, negotiate roles that reflect “just” inputs from the parties, and form expectations for promising future interactions, the association enters the expansion stage. The five subprocesses support a new trajectory of deepening interdependence in the expansion phase. The commitment phase then supports high levels of mutual dependence by circumscribing the exchange relation with value structures and contractual mechanisms that ensure its durability. Disengagement from the highly interdependent phases of expansion and commitment is not a reversal of the process. It may be complex and costly. It is a poorly understood strategic marketing process.

We caution that the model is built primarily on conceptual foundations and empirical evidence from exchange theory and its offspring—marital theory, bargaining theory, and power theory. Much remains to be done in distinguishing commercial, work, and romantic relations. Also, the model is presented abstractly. It lacks conceptual detail and obvious ways to operationalize key variables.

In this abstract form, however, the framework has advantages. We attempt to offer a model that has sufficient generality to cover both interfirm and consumer relationships. Though the emphasis of modern contract law seems to be on interfirm behaviors, the process model has its roots in interpersonal phenomena. Multiparty decision making and higher stakes distinguish interfirm from consumer relationship development, but similar factors may come into play in certain consumer buying situations and seem easily accommodated by the framework. Thus, we contend that the model supports the “logic of discovery” (Hunt 1983b, p. 21–5) by suggesting ideas and categories for grouping phenomena. Like the buying center concept, the model affords a framework for unifying and extending our understanding. To illustrate we pose directions for research and managerial efforts.

**Research Directions**

**Transitions**

Initial research efforts should confront the basic premise of the relationship development framework, grad-
FIGURE 2
The Relationship Development Process

Phase characteristics

1. Unilateral considerations of potential exchange partners.
2. Dyadic interaction occurs. A fragile association is formed. Termination of the fragile association is simple.
3. A successful power source exercise marks the beginning of Expansion. Mutual satisfaction with the role structure is significant.
4. Contractual mechanisms and/or shared value systems ensure sustained interdependence. Mutual inputs are significant and consistent. Partners resolve conflict and adapt.

Relationship phase

1. Awareness
2. Exploration
3. Expansion
4. Commitment

Enabling Subprocesses for Deepening Dependence

- Power & Justice
- Communication & Bargaining
- Norm development
- Expectations development

Shared values and governance structures support joint investment in relation.

Buyer's dependence on buyer

Seller's dependence on seller
ual emphasis on transactions as discrete events, marketing has made significant progress toward understanding the transition from awareness to exploration. This progress is well illustrated in Smith and Swinyard's (1982) review and integration of information response models. Importantly, in their integrated model they note the significant role of behavioral experience with the product in the formation of higher order beliefs and affect.

We know relatively little, however, about the important probing and testing processes of the exploration phase. Do the parties apply hypothesis testing heuristics? If so, what are the origins of their expectations? Do the “stakes” affect the “power” of the tests? What is the latitude of “just” power exercise across power sources and exchange partners?

If a relationship survives the exploration and expansion stages, the transition to commitment requires high levels of goal congruence or “airtight” enforcement mechanisms (hostages or other sanctions). Because inherently imperfect human information processing transpires in complex and uncertain environments, it may be impossible to engineer fully self-enforcing mechanisms to support the deepening interdependencies of commitment. Thus, relationship evaluation in the antecedent phases may emphasize attributed motives over quality role performance.

Negative transitions, relationship terminations or rollbacks, merit careful study also. Especially for the commitment phase, the marital metaphor and the evidence offered by Baxter (1985) compel us to frame disengagement as something other than the reversal of development. Uncoupling from this stage of high interdependence tends to render transaction-specific investments obsolete or leave deep sentimental scars that may block out intermediate relational levels. Even in bilateral agreements for “fading away” or “pseudo-deescalation” the parties “maintain the pretense of a continuing relationship, meanwhile intending total non-contact with one another” (Baxter 1985, p. 248).

The transition from the expansion back to the exploratory phase may be less dramatic. Scaling back may not make relationship investments totally obsolete or leave deep scars. Perhaps neither party wishes to foreclose the possibility of deeper interdependence in the future, though the current situation warrants a winding down. Obviously, when parties hold different perceptions of the status of the relationship, disengagement may be troublesome. A distributor who has built his business on a particular equipment line sees the manufacturer's direct sales efforts as a negative transition that obviates any state of high dependence in the future. Meanwhile, the manufacturer may have intended the move merely to complement the distributor network, anticipating an expanded product line in the next decade.

Finally, it is important to note that a great number of enduring exchange situations may compress exploration and expansion phases. Jackson's (1985) “lost-for-good” category of exchange, characterized by high buyer switching costs, is illustrative. Reasoning principally from Williamson’s (1975) transaction cost economics, she proposes that factors tending to impel internalization also favor relational exchange over recurrent spot contracting. Briefly, such factors include frequent interactions, auditability/certainty of performance, and the high degree to which durable transaction-specific investments are required. In such cases we might expect extended negotiations between the parties and relatively high reliance on reputations of trustworthiness, contingent claims contracts, and third-party mediational mechanisms.

**Negotiation**

The second item on the research agenda is the study of buyer-seller interactions as bargaining processes. Negotiation provides an excellent framework for research on relational exchange because its rich traditions address important antecedent conditions, communications, and power structures affecting exchange partners who must divide benefits and burdens, resolve conflicts, plan, and exercise power.

Arndt (1979) amplified Johnston and Bonoma’s (1977) designation of negotiation as a fundamental responsibility of marketing. Negotiations have been given little attention in the marketing literature, but some progress has been made (cf. Clopton 1984; Dwyer 1984; Schurr and Ozanne 1985). These studies have been of a transactional (tactical) nature and more must be done to study what Arndt has called “contractual” and “structural” negotiations. The former cover the terms of exchange over a period of time; the latter apply to the “form and intensity of long-term and deeply committing interorganizational relations” (p. 73). Again, we posit the possibility of more subtle, perhaps tacit, parallel forms in consumer relations.

The negotiation laboratory may be a suitable starting point for development and evaluation of measures of key constructs in the framework. Within the controlled environment, measures can be efficiently administered and tested for their sensitivity to experimental manipulations of dependence, role performance, and communication. Three constructs seem critical at the present stage of our understanding of the process of relationship development: trust, commitment, and disengagement.

**Trust.** As a pivotal facet of expectations development, trust deserves priority attention. Its role is
perhaps best summarized by Sullivan and Peterson (1982, p. 30): “... where the parties have trust in one another, then there will be ways by which the two parties can work out difficulties such as power conflict, low profitability, and so forth.” We offer this logic in our discussion of transitions to commitment. That is, it might be impossible to cover all contingencies in a formal contract for sustained cooperation, but if the partners have trust it may be unnecessary to cover all contingencies.

Recent work on trust in marketing (Schurr and Ozanne 1985; Swan and Nolan 1985) has only scratched the surface of its rich conceptual and empirical foundations in interpersonal and small group research (cf. Worchel 1979; Zand 1972). As an outcome measure of dyadic interaction, the trust scale developed by Sullivan et al. (1981; Sullivan and Peterson 1982) has shown reliability and nomological validity. Its application to buyer-seller relations, especially interfirm relations (trust as an organizational, vis-a-vis personal, facet), warrants careful evaluation.

Finally, trust in the relationship development framework provides a vantage point for unifying the research traditions on marketing channel power and conflict (cf. Gaski 1984; John 1984). Much of the channels work is replete with implicit reference to trust as an aspect of expert and referent power, cooperation, and the reliability of threats and promises. Indeed, John’s article seems key for wedding the institutional economists’ concern with market failure from opportunism and the social psychologists’ concern with ineffective group performance due to lack of cooperation and risking (trust). The former researchers regard opportunism as an inherent human characteristic that surfaces whenever it is unchecked by competitive structures or governance modes fitting the complexity and uncertainty in the environment. The latter emphasize social learning as a route to trust, expanded interdependence, and group/system effectiveness.

Commitment. Commitment represents the highest stage of relational bonding and has been defined clearly in terms of three measurable dimensions: inputs, durability, and consistency. Seemingly, these facets can be applied with great versatility to the study of interfirm and consumer relations. Relatively auditable and trackable operationalizations provide criteria and system status measures that make possible the careful study of relationship processes such as conflict management, joint decision making/coordination, and system adaptation. Comparative analysis across power systems, lifestyle segments, and product technologies likewise is supported.

Dissolution. Our discussion of disengagement processes is the most speculative. Though we acknowledge the stream of research on micro aspects of consumer satisfaction/dissatisfaction (cf. Oliver 1980), there has been no systematic study of the uncoupling of parties from highly evolved relationships. Anecdotally, the lure of treble damages in the antitrust arena seems to prompt many acrimonious interfirm separations that might otherwise have been avoided or resolved peacefully via negotiation or contract arbitration (Goldberg 1979). In the Baxter (1985) framework, antitrust disengagement is direct and not other-directed. In contrast, GM and Toyota have prearranged termination for their Nova joint venture; it is direct and other-directed. Is this a fruitful taxonomic scheme for evaluating consumer and interfirm breakups? What other environmental structures support or discourage dissolution? Again, Macneil (1980, 1978) and the marriage metaphor (Scanzoni 1982) are suggestive.

Exploratory, inductive work that classifies many relationship dissolutions seems potentially productive for evaluating the efficiency and effectiveness of the processes. We anticipate that dyadic perceptions of the process may not be congruent and that, in the face of resistance, one party’s other-directed efforts at dissolution may revert to self-defense.

Decision Models

There are significant differences in the managerial evaluation of discrete and relational transactions. Essentially, evaluation of the former works from a stimulus-response model (Arndt 1979; Johnston and Bonoma 1977) and that of the latter from a capital budgeting model (Day and Wensley 1983). Customer acquisition costs can be considered as investments offset by discounted “lifetime” customer valuation of benefits and burdens (Jackson 1985). Market segmentation then is based more explicitly on response patterns and other relational considerations. We call on the power of advanced mathematical models to structure this complexity in relationship marketing.

Morrison et al.’s (1982) model of retail customer behavior at Merrill Lynch illustrates the research direction we are affirming. More specifically, we see great promise from enhancements to their model, namely a customer grouping algorithm, an expanded transition matrix, and response functions for different marketing inputs. The last would model the marketing programming impact on the transition probabilities for the groups between each phase of relationship development.

Applying the Framework

Even in its propositional form the model makes two contributions to managerial action. First, it affords compelling post hoc explanations for the success or
failure of many current marketing practices. Second, it stimulates thinking in new directions of marketing programming.

The brief sections that follow are richer in program affirmation than program generation. Modest innovations seem more in tune with the embryonic character of our model. Nevertheless, we see great promise in creative imitation of some of the relational marketing practices exemplified in our three groups of managerial issues: performance metering, conflict management, and erecting exit barriers.

Performance Metering

Within any sustained association it is incumbent upon the parties to appraise their current satisfaction and signal each other of changing outcome priorities, role requirements, and growth opportunities. Two fundamental managerial tactics offer sensible approaches. First, the seller can improve the conduits of communication from customers. Warranty cards, demonstrations and exhibitions, the retailer’s customer service desk, and product use (e.g., recipe) contests are standard in this effort. Toll-free hotlines and salesperson followup are less common essentials of this aspect of relational marketing (Peters and Austin 1985).

The second approach is to obtain, unbtrusively, high-quality information on customer priorities and satisfactions within the exchange association. For meaningful relational marketing the seller needs to know whether purchases are intensifying or waning, expanding or contracting. Further, to the extent possible, the seller will want to anticipate each customer’s changing lifestyle, or business emphasis, and consequent shifts to new products and services. Low cost databases are making it operationally possible to track an increasing proportion of such behaviors unobtrusively on an industrial account and household level. Rebate requests, coupon redemptions, credit card purchases, and registration data are rich with relational marketing potential. When these data are combined with other data bases (e.g., Simmons and PRIZM) for media and lifestyle profiles, a new level of buyer-seller intimacy is opened—even for products historically mass marketed. They afford improved marketing efficiency from account clustering and program targeting, plus better and expanded customer service and satisfaction. AT&T has taken this approach for targeting new programs of packaged long-distance services and networking opportunities for owners of personal computers. In contrast, a packaged goods marketer has coded and stored correspondence from 8 million brand users, but has initiated no analysis or followup relationship marketing since the initial response to each letter.

Conflict Management

Our model of relationship development highlights a process of ever-expanding interdependency between buyer and seller. Indeed, each party’s gratifications from the other’s role performance and increasing reliance on role expectations secure the parties in a web of interdependencies. Conflict—divergence of goals and role preferences (Pondy 1967)—is predictable within the relationship just as periods of resource scarcity, misperceptions, and changing values and concepts of fair play are inevitable (cf. Stern and Gorman 1969; Thomas 1976).

Consistent with the managerial charge for performance metering is our second managerial concern, the constructive role of buyer-seller conflict. The destructive consequences of conflict seem well catalogued: hostility, bitterness, strikes, violence, polarization of third parties, and isolationism. However, total suppression of conflict means a relationship has lost its vitality or parties are separating before fully exploring the promise of their continued association (Hirshman 1970). We emphasize here the purported functional benefits of conflict (cf. Assael 1969; Rosenberg 1974), which include (1) more frequent and effective communications between the parties and the establishment of outlets to express grievances, (2) a critical review of past actions, (3) a more equitable distribution of system resources, (4) a more balanced power distribution in the relationship, and (5) standardization of modes of conflict resolution.

These are hardly pioneering ideas, yet the current state of affairs does not appear to yield this full spectrum of benefits. A national survey has shown that the majority of dissatisfied consumers who enlist the help of government agencies have made unsuccessful attempts to obtain redress from the seller (Harris and Associates 1977). In part, buyer redress attempts with the seller fail because buyers and sellers have incongruent norms of redress (Dwyer and Dornoff 1981). Relationship marketing demands the establishment of mutually accepted redress norms.

Further, Weick (1979) has suggested that the customer service department in some organizations has evolved into being primarily a buffer to insulate management from bad news from customers. In contrast, the possibilities for preserving and deepening the relationship by wholesome redress procedures and outcomes ought to fuel significant conflict management activity. Tracking the “back-end” profitability of customers for whom they have quickly resolved complaints versus that of customers who have not complained, Omaha Steaks—a purveyor of choice meats through the mail—finds the former are more profitable (Kesler 1985). Thus, customer access to stan-
standardized procedures that reflect informed consideration of customer redress norms deserves highest priority.

**Exit Barriers**

Relational marketing requires an exchange structure that makes termination of the association unattractive. Consistent delivery of economic and psychosocial benefits in each transaction is critical but, as further motivation for the parties to resolve conflict to maintain their relationship, it may be helpful to create structural disincentives for relational dissolution.

Exit barriers seem less common in consumer markets than in industrial and organizational markets. Still, the prevalence of exit barriers in consumer relations and their strategic utility compel recognition. Consider the following examples.

- Frequent flier programs effectively maintain relational bonds when “bonus miles” are awarded in proportion to the flier’s number of alternative carriers to each destination.
- Delayed rebates support ongoing exchange, such as accumulated proof of purchase seals used as currency in a manufacturer’s gift catalogue.
- Rental deposits are essentially performance bonds.
- A consumer durable goods “investment” ties the customer to frequent repurchase of specific consumable supplies.

We believe there are many additional opportunities for implementing and tuning these practices. In particular, status rewards or social recognition for relational longevity offer promise. Like the Gallon Donor in blood marketing or the President’s Council in fund raising, there could be value in recognizing 5-, 10-, and 25-year subscribers to *Time* or three-time Buick buyers. In comparison, dissolution is encouraged by record clubs that reward termination (not loyalty) with attractive (re)enrollment offers.

**Conclusion**

Prompted by Arndt’s (1979) and Macneil’s (1980) contrasts of discrete and relational exchange, our principal goal is to develop a framework for developing buyer-seller relationships. We emphasize three important caveats. First, though all transactions have some relational properties, it makes sense to consider many exchanges as “practically discrete.” Second, there are bilateral sets of costs and benefits to relational exchange; a durable association is not necessarily desirable. Third, because the model’s eclectic conceptual and empirical origins are not proximal to marketing, it is highly propositional.

The marital metaphor seems parsimonious and generative. For example, it directs research attention to the inherently dyadic process of power and bargaining, flags trust as a pivotal specific expectancy, and underscores our ignorance about disengagement. Practically, the model affirms and suggests several avenues for relational marketing conduct. We are hard pressed to identify anything more central to marketing.

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