
Competitive advantage, knowledge and relationship marketing: where, what and how?

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Abstract

An organization's ability to enjoy long-term competitive advantage is closely related to its capacity for knowledge creation, dissemination and use. From a practical point-of-view the value of this statement could be increased if suggestions could be made to managers as to what kind of knowledge to seek for their organization, where and how to look for it. This article provides tentative answers to these questions from a relationship marketing perspective. In doing so the scope, processes and technologies of relationship marketing are discussed and their knowledge content and potential outlined. Finally, a conceptual framework for knowledge generation and dialogue in relationship marketing is proposed and directions for further research, alongside their practical implications for contemporary firms, delineated.

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Introduction

The capacity to create and maintain competitive advantage over rival firms is one of the more appealing areas of organizational research. Years of extensive research have created a pluralistic forum of inquiry where researchers have been encouraged to look beyond singular views by employing multiple theoretical perspectives. It may be argued that these perspectives are a direct result of an eclectic appreciation of capabilities that are uniquely developed within the different internal constituencies of the firm, as well as perceptions of the environment and the organization of the industry and the market place.

In recent years the need to integrate these different perspectives has become apparent. In the strategic management field the resource-based view of the firm (RBV) and the knowledge organization (KO) are two integrative perspectives that have gained considerable currency. These perspectives have advanced the discussion on competitive advantage by acknowledging the proactive nature of the firms' strategies. Strategists and their firms do not simply react to the environment but they enact it through their strategic decision making which is firmly based on knowledge superior to their rivals. In addition the two perspectives are interrelated since in recent years knowledge has emerged as the most significant organizational resource (Grant, 1996; Nonaka, 1994; Spender, 1996). Furthermore, it is acknowledged that knowledge immutability is fundamental in the analysis of competitive advantage (Spender, 1996).

However, recently, Rindova and Fombrun (1999, p. 706) moved one step further suggesting that the construction of competitive advantage is contingent on both the micro-efforts of the firm, the macro conditions of the environment and the nature of the firm-constituent interactions. They postulated that competitive advantage is built on relationships and that "relationships with constituents ... are not just exchanges but sustained social interactions in which past impressions affect future behaviors".

From a marketing management's point of view the latter is very gratifying. Indeed during the last decade researchers in the marketing field have questioned transaction-costs and exchange based arguments in favor of relationships.

In the present article we espouse the view that "knowledge" is critical for the development of

competitive advantage. We argue that relationships help create unique, difficult to imitate knowledge for firms and seek to understand:

- how advances in relationship marketing enhance our understanding of the knowledge required for competitive success; and
- how advances in relationship marketing actually assist the processes of knowledge construction, embodiment, dissemination and use, which are at the heart of the knowledge management field.

Based on this discussion we draw a number of research directions.

On knowledge and knowledge management

Knowledge has been the subject of intensive research in almost every area of organizational inquiry. For example, in the general management literature knowledge appears among the key objectives of the organizational learning efforts of the firm (Sinkula, 1994; Sinkula *et al.*, 1997). In the strategic alliances and joint ventures field, researchers have examined processes of knowledge transfer and postulated that knowledge represents a key objective of such organizational schemata (Inkpen and Dinur, 1998; Inkpen and Li, 1999; Kotabe and Swan, 1995). In the strategic decision making literature the knowledge generative mechanisms of teams and decision making units also have been addressed (Eisenhardt and Brown, 1998; Eisenhardt and Zbaracki, 1992). In marketing, knowledge constitutes the basic tenet of the marketing concept as this is expressed by means of market orientation, which denotes the case of a firm that methodically collects and disseminates information about its customers and competitors, and takes decisions that are firmly based on this information (Hurley and Hult, 1998; Jaworski and Kohli, 1993; Kohli and Jaworski, 1990). Finally, research on knowledge figures prominently in the new product development literature (Atuahene-Gima, 1996; Li and Calantone, 1998; Madhavan and Grover, 1998). It is interesting to note here that the positive contribution of knowledge to new product success is heavily quoted as the unquestionable relationship between knowledge and performance of the firm (Webster, 1988).

However, despite this considerable body of research, the different perspectives utilized by researchers have created a fragmented theoretical picture. While a detailed encounter of what we know about knowledge in organization is beyond

the scope of this paper, it is useful to outline briefly some key theoretical developments.

To begin with organizational researchers have debated on knowledge forms and sought to distinguish between scientific and commercial knowledge. Scientific knowledge denotes knowledge as “truth” and represents the output of scientific methods (i.e. experimentation and facts) which cannot be disputed (Morgan, 1986). According to (Demarest, 1997, p. 375) “commercial knowledge is not truth, but effective performance: not “what is right” but “what works” or even “what works better” where better is defined in competitive and financial terms”. He suggests that “commercial knowledge is very close to what the French call *bricolage*: the provisional construction of a messy set of rules, tools and guidelines that produce according to the expertise and sensitivity of the craftsman, not the empirical accuracy of the rules, tools and guidelines” (Demarest, 1997, p. 375). This view is significant in the sense that it allows for reconciliation of different and competing views on knowledge. Indeed, the expertise of the “bricoleur” (manager) denotes the cognitive aspects of knowledge; sensitivity introduces the creative and strategic abilities of the manager who can make strategic investments, projections and plots (Rindova and Fombrun, 1999); the provisional and the messy accord with the social construction view of knowledge (Burrell and Morgan, 1979; Daft and Weick, 1984); and finally, the whole idea of the *bricolage* suggests that knowledge can in fact be managed purposefully, which is a basic tenet of organizational research on knowledge (Grant, 1996; Nonaka, 1994).

The aim of managing knowledge purposefully has provided the impetus to a number of researchers to deconstruct the idea of knowledge and determine its various dimensions. Despite valid criticism, such deconstruction allows researchers to concentrate and devote research efforts on specific areas of the knowledge construct, which is a necessary step towards theory building. Of course, it should be noted that integration of these various efforts is needed for a robust theory of knowledge and knowledge management within the firm. By all accounts this is, as yet, an elusive target, as researchers still have to agree on the various dimensions of knowledge and the processes (which are amenable to managerial activity) that can give rise to its creation, dissemination and use.

Based on the deconstruction principle, various taxonomies of knowledge have appeared in the organizational literature. For example, Nonaka (1994) suggested a continuum from tacit to explicit knowledge; Collins (1993) classified

organizational knowledge as embrained, embodied, encultured, embedded and encoded, and similar classifications have been produced in the field of organizational memory (Day and Nedungadi, 1994; Deshpande *et al.*, 1993; Sinkula, 1994). In an attempt to integrate the literature on knowledge and organizational learning, Blackler (1995) developed a typology of organizations and knowledge types based on whether the emphasis placed by the organization is on contributions of key individuals or collective endeavor, and whether the focus of the organization is on familiar problems or novel problem. As such, he produced four different types namely, expert-dependent organization which capitalize on the embodied competencies of key members; knowledge-routinized organizations which capitalize on technologies, rules and procedures; symbolic-analyst-dependent organizations which capitalize on the embrained skills of key member; and communication intensive organizations which place their emphasis on the encultured knowledge and collective understanding. Blackler (1995) continues suggesting that despite the usefulness of his typology, knowledge remains problematic. Capitalizing on activity theory he draws a distinction between knowledge and knowing and conceptualizes knowing as a phenomenon within organizations which is mediated, situated, provisional, pragmatic and contested.

In our opinion, a key problem of research on organizational knowledge lies in the fact that knowledge has been conceptualized in very abstract terms whereas firms need a more pragmatic view. Such a view needs to address questions such as where to look for knowledge, what to look for and how to look for it. We believe that answers to these questions are necessary for managers to be persuaded to invest financial and human resources for creating and managing knowledge.

The knowledge discourse in relationship marketing

Our discussion is guided by the assertion that different theories of competitive advantage direct to different knowledge pools or domains. For example, organizational economics suggest that competitive advantage is attributed, among other things, to competitive structures in the industry, barriers to entry and technological trajectories. As such it directs attention to knowledge about industry structures, how to erect barriers to entry, how to safeguard patents, how to utilize technological trajectories, how to appreciate and

use first mover advantages. By the same token the resource based view (RBV) of the firm makes the case that success is the output of a unique bundle of resources and the economic rents associated with these resources. As such it directs attention, among other things, to knowledge about research and development, internal capabilities and competencies as well as superiority of plant and equipment.

Similarly, the structure-conduct-performance paradigm in strategic management directs to knowledge on how to align the structure and strategy of the firm; the market orientation philosophy of the firms outlines knowledge about customers and competitors; the stakeholder theory of the firm points to the various responsibilities of the firm and requires knowledge about different constituencies and finally Porter's value chain approach requires knowledge for aligning the primary and support activities of the firm.

Furthermore, if each of these theories would be perceived as modes of managerial conduct, their actualization requires specific processes, which, to a large extent, are unique to each mode. This is the actionable content, which enhances the usefulness of the theory by transcending it from the conceptual echelon to the operational level. For example, the market orientation philosophy is firmly based on market research, which enables the firm to understand the extant and latent needs of their customers.

Finally, the actionable content of the above theories is practiced through the use of specific technologies i.e. tools and techniques such as SWOT analysis, PEST, ECR, SERVQUAL, the Balanced Scorecard, input-output analysis, structural analyses of the industry and matrices for segmentation and strategic positioning.

Based on the above, we suggest that to draw a picture of knowledge and knowledge management in relationship marketing we need to address knowledge in relation to the scope, processes and technologies of relationship marketing. These three aspects of relationship marketing summarize well the research effort in the field and provide good grounds for establishing its uniqueness as compared to other theories in the general management and marketing literature. In addition, they can provide answers to the question of where, what and how to look for knowledge.

Scope of relationship marketing

The scope of RM is at the core of its philosophy and outlines the way researchers view the relationships that firms develop with external and internal constituencies. The scope of RM has been addressed by a number of authors including, among others, (Christopher *et al.*, 1991; Doyle,

1995; Kotler, 1992; Morgan and Hunt, 1994; Webster, 1992). According to Christopher *et al.* (1991), this scope includes six markets namely, internal, customer, referral, supplier, influencer and employee recruitment markets. A recent revision of the above six market models has placed alliance markets together with supplier markets. However, customer markets remain at the core of relationship marketing (see Figure 1). The key tenet of this model is that “marketing’s new remit will revolve around maximizing customer value through the boundary spanning roles of customer advocate, internal integrator, strategic director and, within network organizations, partnership broker” (Peck *et al.*, 1999). The latter role of RM is further qualified by Gummesson’s (1987) dictum that “everyone in the firm is a part-time marketer”.

It is interesting to note here that similar to RM the much older stakeholder theory of the firm addresses issues of relationships between the firm and investors, employees, customers, suppliers and the relevant community. However, the stakeholder theory of the firm approaches the external and internal constituencies of the firm as points of the firm’s responsibility. It accepts that various groups hold a stake in the firm’s operations actively or passively by means of operating in the same economic or environmental space. In contrast, the six-market stakeholder model in RM conveys a different and unique message. This is, RM views stakeholders as potential active partners who are capable of contributing, if reciprocal value is offered, to the effectiveness of the firm’s market purpose i.e. the competitive satisfaction of customers through the development and provision of superior customer value. As such, in RM

stakeholders are actively implicated in the firm’s overall marketing effort. Furthermore, in RM stakeholders are not perceived as totally separate groups, but their interrelationships are acknowledged and the multiple natures of their roles appreciated; for example shareholders are also customers, resource holders, referrals and potential influencers, as well as part of the employee recruitment market.

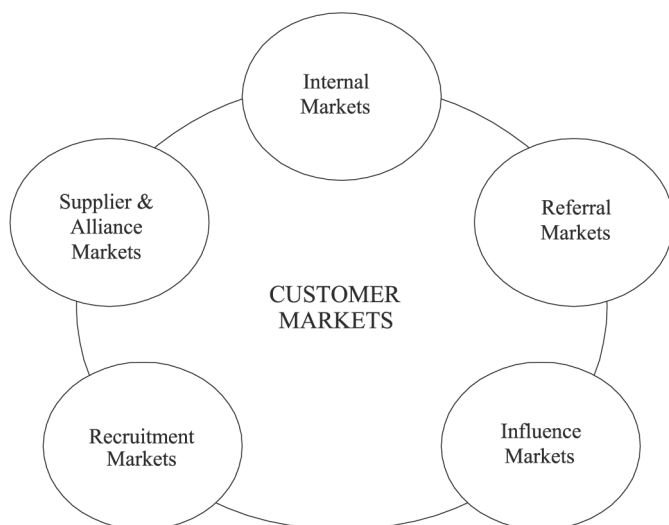
Building on Gummesson’s part-time marketer concept, RM conveys the unique message that customer value and satisfaction can not be delivered by one function alone and it is not only the responsibility of those with a direct customer contact. For example, production workers rarely have a direct contact with a customer, yet interruptions in the production schedule can have detrimental effects to customer satisfaction.

Based on the discussion above, the scope of RM enhances the notion that the market effectiveness of the firm is directly affected by its internal and external constituencies and their interrelationships. As such, in terms of knowledge, the scope of RM directs us to the loci of relevant information, thus answering the question “where to look for information and knowledge”. Furthermore, it provides answer to the question on “how to look”, by outlining the significance of the inter-relational character of the firm’s constituencies and therefore knowledge or information residing in each of these interrelationships.

Processes of relationship marketing

As it was noted above, processes represent the actionable content of theories. We suggest that if theories denote perceived realities, managerial processes provide the means for constructing desired realities. Within RM it has been noted that the various conceptual definitions of the field lack an actionable content (Blois, 1996). Although the latter is valid criticism, careful examination of developments in RM suggests that at least three RM processes, namely the relationship life cycle and loyalty ladder, the relationship management chain, and the value chain of the customer, provide useful suggestions for action. These processes are based on the fundamental notion of customer value. Indeed customer value is a cornerstone concept in the relationship marketing suggesting that unless value is created and delivered to customers, the firm has no legitimate reason to exist nor can it accomplish its corporate objectives (see, for example, Alderson, 1957; Anderson, 1982; Drucker, 1973; Woodruff, 1997). In terms of our discussion the answer to question “what knowledge?” lies in knowledge about what constitutes value for the customer and how this

Figure 1 The six markets model



Source: Christopher *et al.* (1991), revised in Peck *et al.* (1999)

value can be mutually agreed with the firm and its customers, produced and eventually delivered in the long term. Further insights about “what knowledge” is required can be gained by a detailed examination of the above processes.

The relationship life cycle and the loyalty ladder

Similar to the product life cycle (PLC), the relationship life cycle (RLC) suggests that relationships develop over time and different stages in the cycle present unique requirements and opportunities for those involved in the relationship. They are illustrated in the following Figure 2.

In terms of knowledge the RLC suggests that specific knowledge requirements are presented to the firm at each stage of the cycle. As such at the introduction stage those involved in the relationship seek a mutual understanding of one another's capabilities and concerns as well as strategic, behavioral, cultural and purpose fit. This stage provides the ground on which the decision to get into a relational arrangement is justified. A direct result of this stage is a “calculus based trust” i.e. a subjectively rational trust based on formal evaluation (Lewicki and Bunker, 1995).

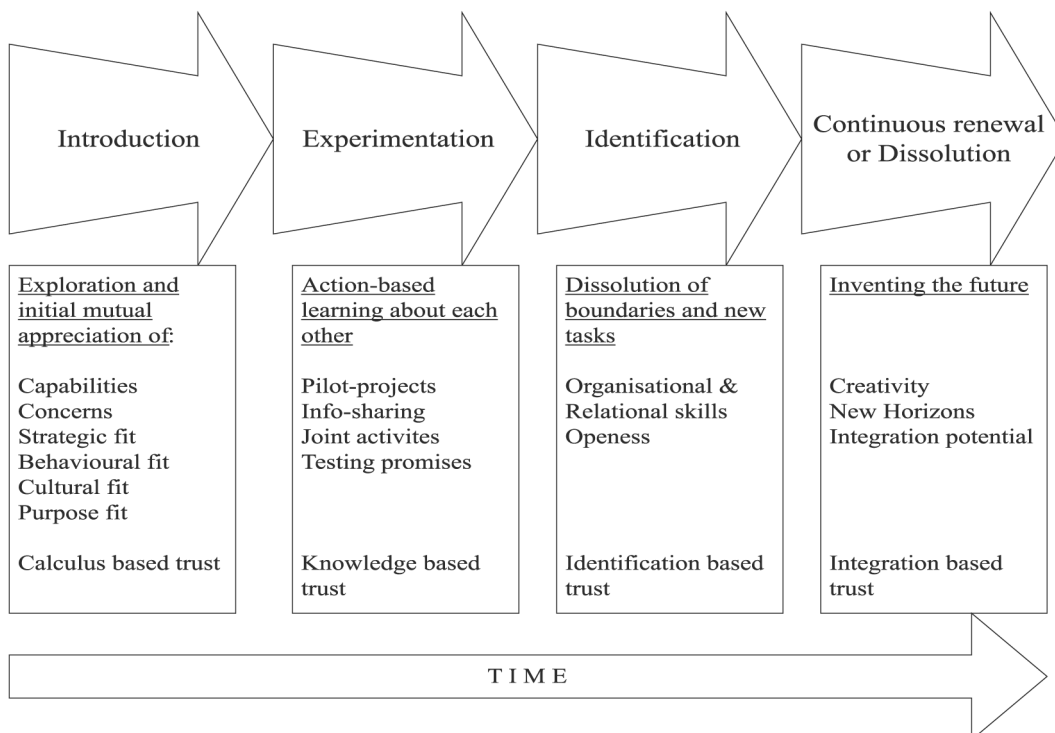
At the experimentation stage, the first joint tasks are undertaken by those involved in the relationship. Usually, they are firmly agreed tasks and serve the purpose of testing the effectiveness and efficiency of the relationship as well as

enhancing the appreciation of one another's capabilities. “Knowledge based trust” is the result of this stage since those participating in the relationship had a chance of working together on specific tasks and a first hand evaluation of one another's behavior and performance (Lewicki and Bunker, 1995).

At the identification stage, closer and ambitious collaboration is undertaken. The boundaries between/among the organizations are dissolved and projects with greater conceptual risk are undertaken. Organizational and relational skills are required at this stage in order to maintain strategic and purpose consistency in thick and intense communications and interactions. The direct result of this stage is “identification based trust” which is characterized by mutual sharing of values (Lewicki and Bunker, 1995).

Finally, the stage of dissolution or continuous renewal presents some unique requirements for relationship managers. First, if dissolution is a direct result of the task's accomplishment, integrity is required and fair distribution of the resulting benefits. If on the other hand dissolution is the output of conflict, special skills are required to maintain the identity of the parties involved and alleviate negative images in the market place. However, similar to product lives, relationships do not necessarily reach the stage of dissolution. They can be renewed continually as the collaborative efforts of the partners identify new tasks to be

Figure 2 The relationship life cycle



performed. Furthermore, appreciation of the uniqueness and value of their relationship based capabilities drive firms to enhance further their relational mode of operations.

The discussion thus far has delineated a number of requirements or skills to be attained by those involved in a relationship. Clearly, these requirements translate to knowledge needs, which directly answer the question of “what relationship-critical knowledge” needs to be developed.

The relationship management chain

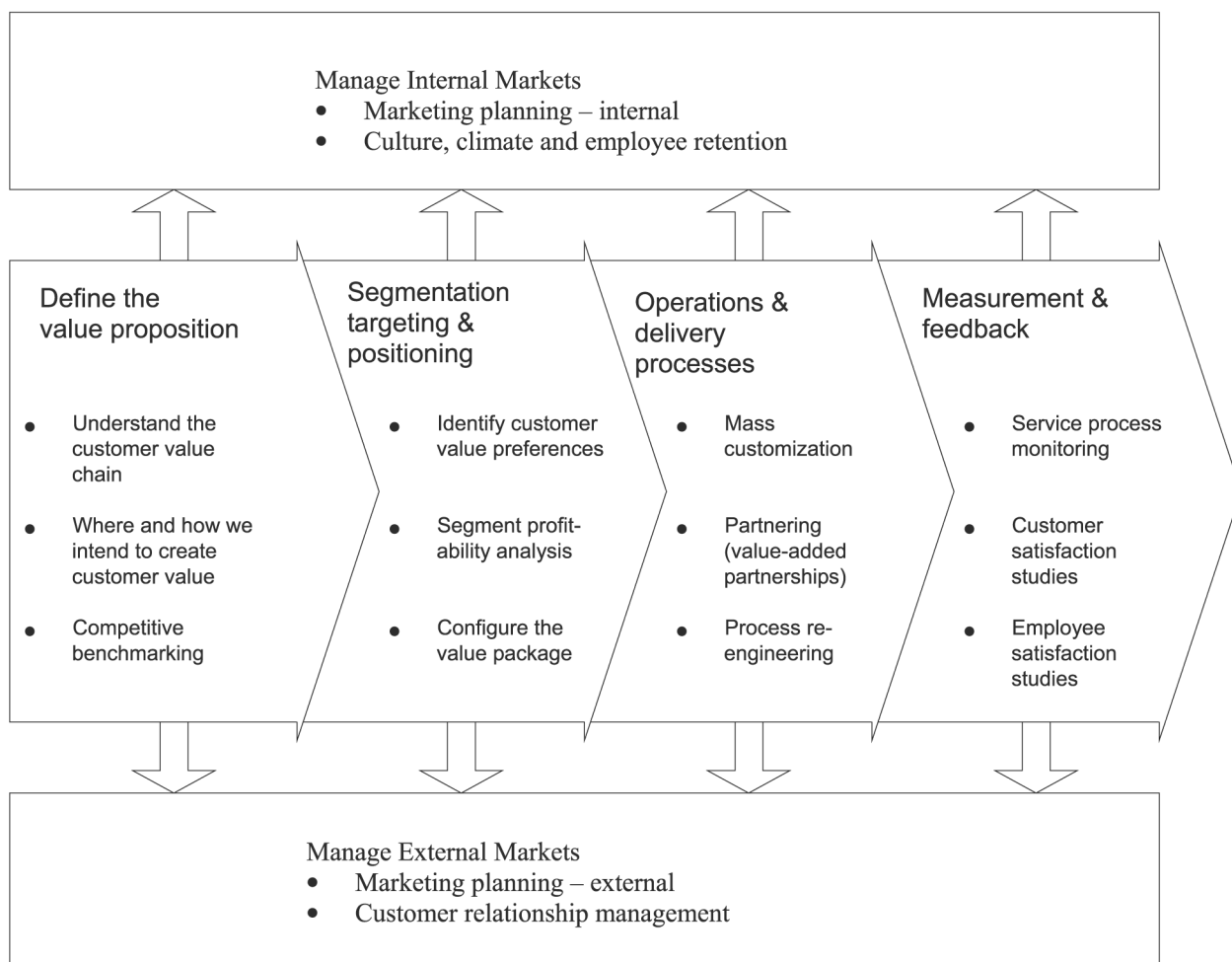
Payne *et al.* (1995, p. 7) provide a planning template called a relationship management chain (see Figure 3) to operationalize the six market model of RM. The focus of this template is customer value. It delineates the various managerial processes that need undertaken by the firm to define the value proposition, identify appropriate customer value segments, design value delivery systems and evaluate its value performance. Each of these processes advances

further our understanding of “what” kind of knowledge is required for successful relationship marketing. Nevertheless, it must be acknowledged that little research exists on “how” firms perform each of these processes.

The value chain of the customer

A unique aspect of RM lies in the fact that it acknowledges the significant role of the customer in the value creation process. This has appeared in the literature as value co-production, or *prosumer* (Rindova and Fombrun, 1999; Wikstrom, 1996). In a recent article attention was drawn to the fact that “that the current invitation to customers for joint value creation is limited to the characteristics of the product/service and constitutes a myopic view of the customer’s productive means and capabilities. Customers are invited to join the value chain of the firm productively, but the means offered to them are supplier specific” (Tzokas and Saren, 1997, p. 111). They provided an alternative conceptualization of the unique ways customers

Figure 3 The relationship management chain



Source: Payne *et al.* (1995)

can contribute to the creation of value through the value chain of the customer (see Figure 4).

According to the value chain of the customer, primary activities include the activities performed by the customer during the total consumption process. These extend from the awareness, search and evaluation activities of the product to its operational/functional use and its symbolic consumption. Support activities include activities used by customers to support their primary conduct in the market place. They condition customers' activities in the market place by providing the inputs for performing the act of consumption. Support activities are distinguished into customers' relationships and technology, which includes activities related to human technologies such as culture and those related to material technologies such as products. Culture is the technology that supports the symbolic appropriation of the product by the customer and material technologies contribute the context in which the customer perceives the use of the product.

The value chain of the customer and the idea of co-production move the discussion knowledge into the experiential space of the customer. Technologies, relationships and the total consumption process provide additional answers to "what" kind of knowledge is required in RM.

Overall, the three processes discussed above delineate the whole spectrum of the kind of knowledge required. This ranges from issues related to the relationship stakeholders of the firm (i.e. six market model), the organizational processes of the firm that can identify and deliver the value required by customers (i.e. the relationship management chain) and unique processes through which customers contribute to the co-creation of value (i.e. value chain of the customer).

Technologies of relationship marketing

As stated earlier, technologies represent the tools and techniques that allow managers to perform the actionable content of the theory. Over the years, a

number of such technologies have been suggested in relationship marketing. However, most of them have been presented as tools for customer retention without an explicit appreciation of the knowledge aspects they require from their users and the value of the information and knowledge they can provide for decision makers. Such technologies range from loyalty schemes (Gilbert, 1996; Macintosh and Lockshin, 1997; Sharp and Sharp, 1997) to data mining and information technologies (Peterson and Wang, 1993), relationship portfolio analysis (Bensaou, 1999), the lifetime value of the customer (Reichheld, 1993), the strategic, behavioral and economic dimensions of relationship value (Wilson and Jantrania, 1994) and relationship marketing software (Hammond, 1999). Currently, these technologies are in the forefront of research in relationship marketing although researchers from other disciplines such as information technology, accounting and finance have made considerable contributions to our understanding of "how" these technologies should be utilized. From a relationship marketing perspective these technologies allow the firm to gain access to the behavior of individual customers and in turn approach them with customized messages. In addition, tools such the lifetime of the customers enhances relationship marketing's financial accountability since the cost of serving individual accounts can be identified and contrasted to the business volume expected from these accounts.

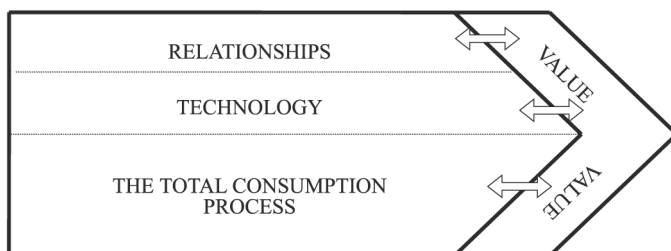
Furthermore, tools such as relationship marketing software contribute to the embodiment of tacit knowledge, which is created by means of the direct contact between the firm and its customers.

A framework for knowledge generation and dialogue in RM

The discussion above has highlighted how the scope, processes and technologies of relationship marketing create a required knowledge pool. This provides clear directions for managers about where to look for knowledge, what to look for and how. In addition to the above we suggest that the scope, processes and technologies of RM facilitate the process of knowledge construction, embodiment, dissemination and use. Our discussion here is structured around a conceptual framework, which is presented in the following Figure 5.

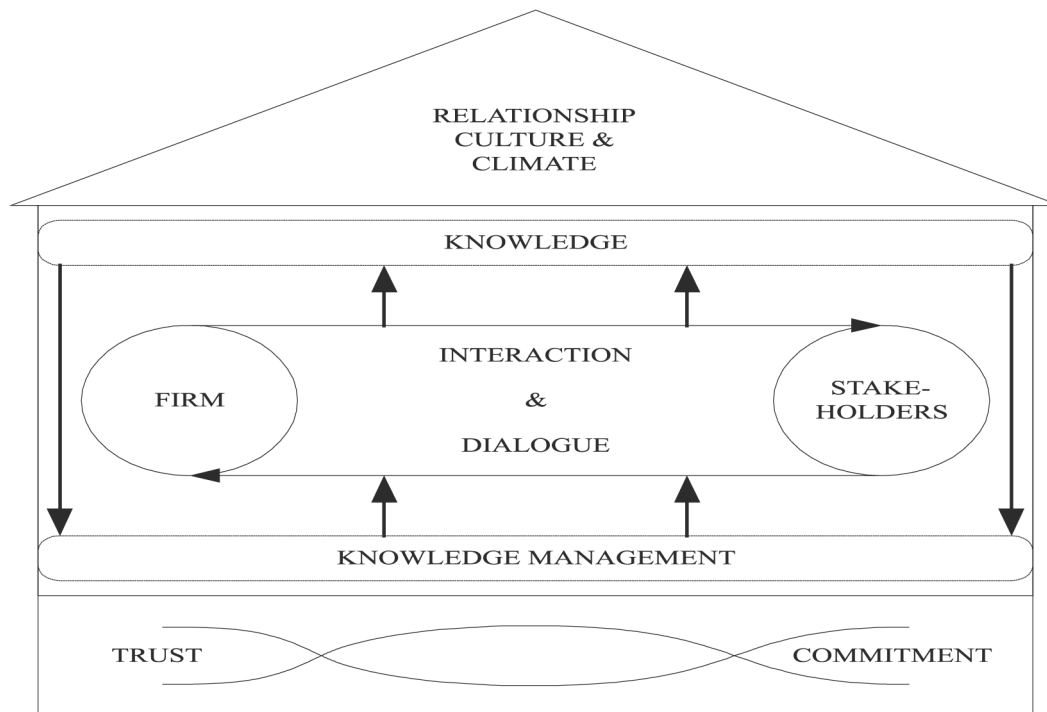
This framework resembles a house for knowledge in RM. The foundations of this framework are the concepts of trust and commitment, which in turn are fundamental concepts of RM (Morgan and Hunt, 1994). Trust

Figure 4 The value chain of the customers



Source: Tzokas and Saren (1997)

Figure 5 The house of knowledge in relationship marketing



among members of a team, be it cross-functional or inter-organizational is critical because the withholding of information owing to a lack of trust can be especially harmful to the processes of knowledge articulation, internalization and reflection. Furthermore, relationship marketing is extremely well suited for cases of high risk where the unforeseen future is continuously defined and redefined by the combined efforts of those engaged in the relationship (Saren and Tzokas, 1998). In such high-risk cases (e.g. development of products new to the world) trust and commitment become imperatives for knowledge creation, dissemination and utilization. More specifically, trust drives joint effort since it reinforces the belief that the parties are competent to handle complex and as-yet-undetermined challenges that might appear (Madhavan and Grover, 1998). By the same token, commitment ensures clarity and commonality of objectives. Both joint effort and common goals are key ingredients in the arduous process of knowledge development.

At the centre of this framework lie the processes of interaction and dialogue in RM. According to Madhavan and Grover, (1998, p. 6) "rich personal interaction directly affects the efficiency and effectiveness with which embedded knowledge is converted to embodied knowledge". They postulated that interactive conversations enable participants to formulate messages that are tightly linked to the immediate knowledge and

perspectives of the individual participants, because it affords the participants moment-to-moment information on one another's understandings. Interaction and dialogue create unique inter-experiences (Laing *et al.*, 1966) with unique knowledge content. It is the uniqueness of this knowledge that can provide new bases for competitive advantage.

In terms of dialogue Hazen (1994, p. 398) suggests that "to name one's experience in dialogue and to be heard and responded to by the other is to reflect on that experience and, doing so, actively change the context in which it occurs". She approaches dialogue as a "method of inquiry and a process of change" Hazen (1994, p. 396) and postulates that dialogue occurs "when people speak with and listen to one another in mutuality, reciprocity and co-inquiry, thus changing their shared reality" Hazen (1994, p. 398). Dialogue allows participants in a relationship to reach a shared mental model, which assists not only the embodiment of shared knowledge but also its actual utilization. Schein (1993, p. 40) views dialogue as offering "a way of building a basis for mutual understanding and trust by uncovering the basic cognitive processes that underlie individual and group assumptions". Dialogue brings a continuous interrogation of cognitive processes and subjective organizational experiences, thus allowing for dissent and creative abrasion (Leonard-Barton, 1995), which are necessary for

maintaining long term creativity and appreciation of opportunities out of serendipity.

Interaction and dialogue takes place among the firm and its relationship stakeholders, thus assisting further the bricolage of knowledge elements residing in different knowledge pools. In our framework the knowledge produced by means of interaction and dialogue feeds back to the participants thus giving rise to a new cycle of knowledge creation, dissemination and use.

Finally, this framework suggests that the effective and efficient practice of knowledge creation, dissemination and use require a relationship climate and culture. This brings into the picture the organizational arrangements required both within the firm and the relationship as such. While a number of authors have suggested flat, organic structures and close communication links among participants in a relationship, little is known about what strategies and policies are required to bring about such changes in the organizational climate and culture. According to Lorenzoni and Lipparini (1999) past work on networks and strategic alliances has approached networks as given contexts rather than as a structure, which can be deliberately designed. The same authors have presented evidence from longitudinal research, which postulates that the organizational ability to develop and nurture interfirm relationships, can become an organizational capability and lead to clear competitive advantages.

Directions for further research and practical implications

In the above discussion we presented a number of ideas, which integrate conceptually the discourse about competitive advantage, knowledge and relationship marketing. Owing to the vast amount of research in all three areas we utilized an eclectic mode of discussion based on an analytical tool (i.e. the scope, processes and technologies or RM). This discussion and the ensuing conceptual framework suggest that the integration of competitive advantage, knowledge and relationship marketing is a fruitful area for empirical research. The following selective directions for research are provided with the aim of enhancing forthcoming research in this field. To do so, we use again the scope, processes and technologies of RM. We classify the research directions according to their strategic or operational character and put forward suggestions that would allow firms to apply our ideas.

The scope of RM and knowledge

(1) *Strategic research directions:*

- We need to know more about the strategic management of different knowledge pools residing in different stakeholders of the firm's relationships. This can proceed through the development of portfolios of relationship knowledge pools.
- We need to know more about the potential contribution of each stakeholder based knowledge pool to the strategic investments, plots and projections undertaken by the firm. This can proceed through the development of multidimensional maps linking knowledge requirements and knowledge pools, thus creating a knowledge space in which the strategic issues of the firm and its stakeholders can be positioned and their distances assessed. As such knowledge space and associated distances can be used as navigational instruments for knowledge utilization.

(2) *Operational research directions:*

- We need to know more about how to summon the different stakeholders and the firm in an interaction mode that is characterized by genuine dialogue. This raises a number of issues about the mode of communication links to be employed, forums for discussion and incentives to be provided for doing so.
- We need to know more about directions of knowledge, that is, to and from stakeholders, and also, what are the most appropriate tools for embodiment of such knowledge.

Processes of RM and knowledge

(1) *Strategic research directions:*

- We need to know more about knowledge strategies for relationships at different stages of the relationship life cycle. Indeed, relationships at different stages present unique requirements for skills and opportunities for new knowledge creation. As such, a knowledge strategy for one stage may not be the most appropriate for another. Research in this direction can progress if process issues (e.g. degree of openness, formalization of channels and so) related to knowledge creation and use are investigated at different stages of the relationship. Appreciation of the different requirements at different stages of the relationship would allow firms to plan and focus better their relationship building efforts.

- We need to know more about how the value creation capabilities of customers can be integrated in the strategic thinking of the firm. From a practical point of view, appreciation of the customers' value creation capabilities opens up new opportunities for competitive advantage.

(2) *Operational research directions:*

- We need to know more about what processes are required in order to move up in the loyalty ladder different segments of customers as well as other stakeholders. This is process knowledge and requires longitudinal studies. The implication for firms is that such knowledge would allow them to develop loyalty building campaigns, which are well focused to the needs of their customers who are at different stages of the loyalty ladder.
- We need to know more about the value determination process and its specific characteristics. Relationship marketing points to a democratic, participative process and its effectiveness and efficiency should be assessed under different contextual variables.

Technologies of RM and knowledge

(1) *Strategic research directions:*

- We need to know more about the dialogue potential of the different technologies of relationship marketing. RM predicates the importance of interaction, but some of its technologies create distances among the firm and its customers. Research towards reconciling this paradox is needed. From a practical point of view, such knowledge would allow firms to employ the right portfolio of technologies. In our view such a portfolio would be characterized by a balanced use of technologies that enhance efficiency of operations, and technologies that: allow customers to "voice" their concerns; enable the firm to learn from the voice of the customer; and provide the opportunity to the customers to appreciate the direct value of their dialogue with the firm.

(2) *Operational research directions:*

- We need to know more about how value dialogues can be embodied in specific technologies of relationship marketing. This can progress through attention to developments in the field of organizational memory but should also allow for

identification and recollection of how this memory, story or ritual was created in the first place.

- We need to know more about the processes required for these technologies to gain support from all parties concerned. As these technologies shift knowledge domains from a tacit to an explicit level, they can create power conflicts and resistance to their use.

Finally, we would recommend research on the relationship climate and culture conducive to knowledge creation, dissemination and use within relationship schemata. Insights from organizational development and organizational change can provide the first steps for pursuing this research direction. From a practical point of view firms should acknowledge that the trip to dialogue building and knowledge creation through relationships with customers resembles an Odyssey, which requires good preparation but also a climate and culture that allows continuous learning throughout the trip.

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