

# Positioning and Upgrading IMP Theory as a Marketing Theory

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## **For the sake of argument:**

Many hold IMP theory as a well defined and organized business marketing theory. I have to disagree. In its current state it is not.

This argument is based on the following major observations:

\* IMP theory is still mainly an industrial marketing theory that requires to be re-formulated as a business marketing theory, at the same time as it must be distinguished from other business marketing theories in a better way.

\* IMP theory is mainly a product of the 1970's – mid 1990's and needs to be updated to the 21<sup>st</sup> century.

\*To become a business marketing theory for the future, IMP theory must also to be integrated with parallel on-going developments in marketing theory.

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## THE MAIN ARGUMENT

Many hold IMP theory as a well defined and organized business marketing theory. I have to disagree. In its current state it is not. It has expanded far beyond the marketing field, being hard to know what IMP theory stands for today, since it is used for many subjects, from various backgrounds and with different approaches. On one hand, it represents a complex and dynamic research area. On the other, it has become even more essential to distinguish IMP theory as a business marketing theory. There are many loose ends that need to be put together and integrated into a business marketing theory from the industrial marketing theory it was once developed to be.

The purpose of this paper is therefore to develop IMP theory as a business marketing theory. This argument is based on the following observations:

- IMP theory is still mainly an industrial marketing theory that needs to be re-defined as a business marketing theory, being able to distinguish from other business marketing theories in a better way.
- IMP theory is mainly a product of the period from 1970's to the mid1990's and therefore needs to be updated to the 21<sup>st</sup> century. It has become too regional in relation to the fast globalization of business markets. The foundation for this mainly West-European theory was laid by the IM-Group at Uppsala University, and was further developed in connection with IMP1. The network aspect was developed during the 1980's and 1990's as found in Johanson & Mattsson (1987a); Axelsson & Easton (1992); Håkanson & Snehota (1995); and Mattsson (1997). This development can also be seen from the three books including major articles compiled and edited by David Ford (1990, 1997, 2002) and the textbooks Ford et al (1998/2003) and Ford et al (2006), plus Johanson & Mattsson (2005). This theory is thus a product of the marketing practices found in the industrial markets at the end of last century, chiefly the West-European markets or EU-15 as they are defined today.
- To become a business marketing theory for the future, IMP theory also needs to be integrated with parallel developments in marketing theory, both with other theoretical developments in business marketing, and relationship marketing, inclusive of service marketing. In that way, it can both contribute more to theory development in marketing in general and be more developed by being more influenced by other marketing theories.

## ISSUES

Based on these observations, the main argument is developed further by specifying five major questions, which are discussed in the paper.

Two issues relate to the first observation:

*1. Which is the basic IMP theory?*

Before I can discuss how to upgrade and develop the IMP theory as a business marketing theory, I need to define it better. I also need to compare it to other theories within business marketing:

*2. Which are the other business marketing theories of relevance to the IMP theory?*

The development of IMP theory for the future is discussed by posing the following questions:

*3. How to learn by reducing the gap between European and American business marketing theories?*

*4. How to adapt IMP theory to the increasing convergence of marketing theories, mainly due to the globalization of marketing practices and the development of relationship marketing theories?*

*5. Which are the major implications of the answers to these questions to the development of business marketing theory?*

## DISCUSSION

Business marketing is used in this paper as a more recent concept for marketing between organizations, whereas industrial marketing and business-to-business marketing are viewed as sub constructs to this more general construct. Still, I find these concepts too general and will initially define and describe the different branches of business marketing theory in a more precise way. This will also make it possible to relate it to other marketing theories in a better way.

Based on Lichtenthal & Beik (1984) and mainly on Sheth & Gardner & Garrett (1988), I distinguish between 'schools of thought' or marketing schools. Such a school is characterized by having a distinct focus relevant to some marketing goals, and specifying who will benefit from the marketing. There should also be a certain perspective on why marketing is carried out by the stakeholders. Finally a significant number of scholars should have contributed to the thought process. "In other words, there must be a group consensus that the viewpoint espoused by the pioneer scholar is interesting and worth pursuing in marketing" (ibid. p. 19).

The schools are compared based on the metatheory criteria taken from their book. However, I will use them differently, since I compare theories instead of evaluating them. Another reason is that most of these criteria are based on a logical positivistic and post-positivistic perspective to science, which is too limited for the purpose of this paper. Judging from the evaluation of the twelve marketing schools, it is obvious that schools dominated by quantitative research based on this perspective score high on most criteria. I will mainly keep the criteria related to the organization and pragmatic aspects of a theory, since they can be used to classify theories irrespective of the philosophy of science behind, especially when the purpose is to compare and not rank. Two types of criteria concern the organization of theory, namely its structure and specification. The structure of a theory is about whether theoretical concepts are correctly defined, and if they are related to each other in a meaningful way. The second such criterion has to do with how specified the constructs are in relation to each other. In a highly specified theory, the concepts are delimited so it is possible to logically only derive certain hypotheses from the theory. E.g. this requires a separation between dependent and independent constructs such as causes and effects. The next group of criteria concerns semantics, i.e. the relation between theory and reality, or the empirical support of a theory. There are various such validity criteria depending upon what this relationship looks like. The first criterion is testability, which relates to whether concepts are operationalized in a way so that the theory can be tested. The second criterion is called empirical support and regards to what degree theories of the school have been validated, i.e. that there is empirical support for them. As discussed above, these semantics criteria will be used in another way, discussing validity in general terms rather than according to the specific validity criteria related to theory testing. E.g. empirical support does not only come about from testing a deduced theory but also from having developed theory through an inductive process. The criteria taken up above are endogenous to science, while the last group of criteria is pragmatic and concerns how relevant the theory is outside the academia, e.g. for users such as practitioners. One such criterion is richness and another is simplicity. This distinction is important and can be stressed more with the help of the separation made between positive and normative aspects of marketing, i.e. to separate between research on how marketing is done and on how it should be done. Based on this dichotomy and two others, Hunt (1983) develops the three dichotomies model of marketing: positive vs. normative dimensions; micro vs. macro marketing; and separating marketing oriented towards the profit sector from the nonprofit sector. As a result of combining these three types of dichotomies, there is a classification schema of marketing theory consisting of eight cells or four cells per dimension. E.g. four micro marketing cells: taking place in the profit or nonprofit sectors, and being positive or normative.

## **1. IMP Theory is a Business Marketing School, being defined as the Inter-Organizational Approach (IOA)**

The IOA is defined as a marketing school according to the criteria mentioned above. It has mainly been developed for industrial marketing and purchasing. According to Håkansson & Snehota (1995) a firm's role, development and performance in industrial product markets are explained by its ability to develop relationships. Volumes, market share, profits, and growth depend upon how the company handles its relationships. Also most costs and revenues stem from its business relationships. A major rationale for the inter-organizational approach is that the differences between the marketing of industrial products and consumer products are so large and decisive so as to motivate another theoretical approach, and mostly also another methodological stance.

## ***Evolution of the Marketing School***

The emergence of the inter-organizational approach is very well described in Johanson & Mattsson (2005). It was originally developed in Sweden by a few scholars in the 1970's in close contact between industrial marketing/purchasing research and business practice, where the main research methodology was case studies. Based on major differences between consumer and industrial product markets and finding out that the prevailing marketing mix approach to marketing of consumer goods were not practiced by the large successful Swedish international industrial companies led to the development of a new approach to industrial marketing (Johanson & Mattsson, 2005). This discovery of that existing marketing theory did not fit with practice led to a broad search for other theories, also outside the marketing field. It was originally developed by the industrial marketing group (IM-Group) at the Department of Business Administration, Uppsala University, and was later taken up by researchers in England, Germany, France, and Italy. These researchers soon came together in what was later to become the first joint European research programme on industrial marketing and purchasing (IMP1). The theoretical results of the industrial marketing research of this first period are best summarized in the interaction model found in Håkansson (ed.), 1982. The inter-organizational approach is strongly sociological in its orientation (see, e.g., Håkansson & Östberg, 1975; Håkansson, 1982; Johanson & Mattsson 1987a, 1987b). Originally it was applied to buyer-seller relationships between European firms (Hallén & Johanson, 1989), but was later extended to firms from Asia, North America and Australia (Håkansson & Snehota, 2000). Still, the inter-organizational approach to business marketing theory has not spread much beyond Western Europe, which is discussed below.

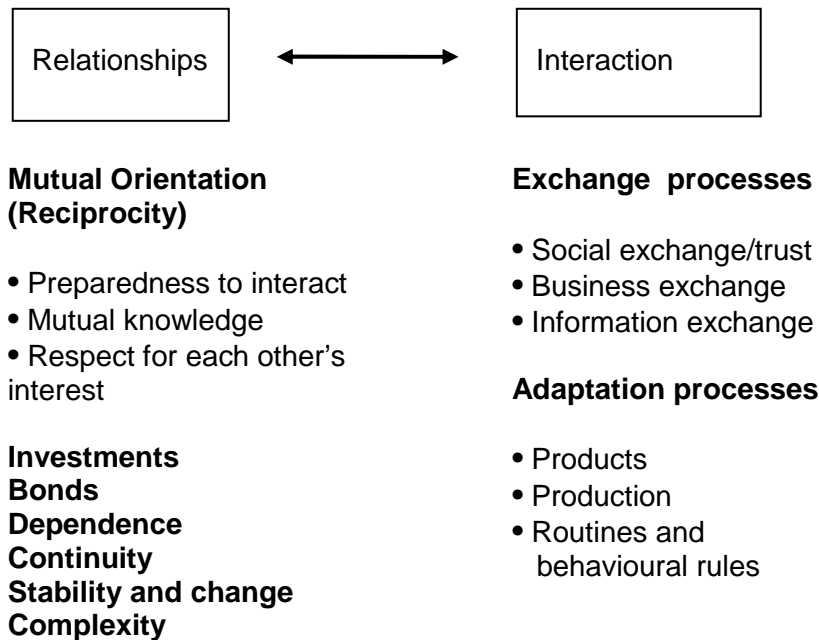
While most of the initial frameworks developed within the inter-organizational approach are structural, a process model for how relationships evolve was developed by Ford (1980). Buyer/seller relationships over time are separated into five stages, where the first stage takes up marketing activities before the relationship begins. The next three stages show how direct buyer-seller relationships are established, while the last one is about its end. This development can be described according to a number of relationship factors, e.g. how the experience, commitment and adaptations of the parties increase and how the distance and uncertainty between them are reduced.

## ***Main Concepts of the Business Marketing School***

The main concepts of the inter-organizational approach constituting its conceptual frame of reference are summarized in Figure 1. The structure and specification of the model originates from Johanson & Mattsson (1987b), to which is added key constructs taken from Snehota (1990), and Håkansson & Snehota (1995). This very loosely structured and non-specified model gives a picture of the key constructs of this marketing school, to which thinking of most of its scholars is centred. This theoretical structure on buyer/seller relationship concerns business marketing and purchasing behaviour. Both the various exchange processes through which relationships develop and the adaptation processes that take place between parties in the continuous evolution of relationships, e.g. through product modifications, changes in production, delivery routines and other behavioural rules, are included. The central idea is that the establishment of relationships creates bonds and dependencies between the parties involved, which make relationships continuous, and stable. The more intensive processes of exchange become, the stronger the reasons are for adapting to each other and not replacing the other party. A mutual orientation is created which results in a preparedness to interact in a dyad. Change takes place within the relationship than of relationships with other parties. A mutual knowledge of and respect for each other's interests is established, which leads to cooperation and solution of conflicts. Mutuality is thus a characteristic of business relationships. This reciprocity is largely shaped by social exchange processes that establishes trustful relations but also by business and information exchange. One reason behind the complexity of relationships is different types of exchange. Another is the many organizational units and large number of persons normally involved. Different forms of investment in relationships shape the future behaviour of the parties involved, since they affect the parties' access to resources. It is less expensive to trade with companies with which one has relationships than those with which one has none. A key premise behind interaction and relationships is that resources are heterogeneous.

*Figure 1. Relationships and interaction in industrial dyads and networks*

Source: Based on Johanson & Mattsson (1987b)



The 'thought world' represented by the concepts in Figure 1 concerns both dyadic relationships and networks of relationships. Networks focus on the systemic impact on the marketing and purchasing of firms. The firms' interactions are therefore strongly affected by the access to resources from different types of networks. For example, how a seller interacts with its buyers depends partly on how the two-party relationships involved are connected to other, indirect linkages within the network or networks to which the seller has access, for instance influencing how the seller relates to its suppliers. Competitiveness is likewise affected by relationships. This strategic thinking focusing on interaction and networks differs from the thinking found in major strategy theories developed by Ansoff (planning), Porter (positioning), Barney (RBV), Mintzberg (learning and configuration) and Whittington (strategy-as-practice) (Baraldi et al, 2007). More specific models are developed based on the basic constructs in Figure 1. For example, within a given network structure different macro positions, being specified to relate to the whole network, and different micro positions, being specified to relate to given dyads, can be distinguished (Johanson & Mattsson, 1987a).

The theoretical base represented in Figure 1 is constituted by various inter-organizational theories, which are used to describe the connections between them and to explain the relations found. The major theories are social exchange theory (Blau, 1964, 1987), and power-dependency theory (Emerson, 1962; Cook & Emerson, 1984; Pfeffer & Salancik, 1978). Objectives of individual organizations are reached by participating in various inter-organizational networks. This leads to dependency on other networks and subjects an organization to the manipulations and influence of other organizations outside its sphere of control. This dependency creates uncertainty, inter alia concerning the organization's capacity to acquire reliable and adequate resources to attain its goals, e.g. to keep up its competitive position. Management of this uncertainty without losing organizational autonomy is a chief concern for individual units within a network. Resources are a key factor of these inter-organizational networks. Due to its inter-organizational base, this business marketing school is closely related to the Organizational Dynamics marketing school, which is one of twelve marketing schools identified by Sheth & Gardner & Garrett (1988).

**The Network Aspect**

At the end of the 1970's, the need for a larger perspective on relationships was felt, since it was demonstrated time and time again that the dyads were influenced by indirect relationships, e.g. the buyer's customer relationships or the suppliers' supplier relationships. The systemic aspect of business markets started to be developed, where relationships are seen to evolve through interactions within industrial networks. Instead of the research being mainly focused on dyadic relationships, it was extended to sets of links within networks. This development can be explained from the specific market structures prevailing in Western Europe in those days. One major characteristic was that they were more imperfect or closed than in the U.S. market. Industrial organization theory, which became popular in the 1970s, was used to explain this difference. However, this theory was found to be insufficient, mainly because it is based on the analysis of one industry, while relationships took place between firms from different industries. Over time, the interaction aspect has come to be superseded by the network aspect. Based on the observation that marketing practice occurs through relationships in networks, it is concluded that the market structure consists of strong interdependencies between firms organized in networks. Inspired by transaction-cost theory, especially Williamson (1975, 1979), and Powell (1990), plus to some extent systems theory, the 'Markets-as-Networks' approach was developed as an intermediate market form between the neoclassical pure market and the hierarchy. Due to the strong social content of the network relationships, it is concluded that the market is primarily a social arena rather than an economic arena. According to Granovetter (1985), economic behaviour is embedded in social networks, and, as dyads, networks are also mostly characterized by high power dependencies

A division is made between networks as relationships, as structures, and as a process (Easton, 1992). In the first case, the focus is on the relationships of the network, e.g. what they look like, how they are established, or whether they are direct or indirect. Network structure concerns the number of links and the degree to which the organizations are linked to each other. Relationship processes are divided into sub-processes, where each process consists of a number of stages or phases. Network relationships also concern flows or processes, e.g. the sequence over time of particular activities or that the nodes are connected to each other over time in a specific way. The inter-organizational approach is limited to business relationships and rarely includes the non-market relationship aspect or ancillary connections as they are defined by Blankenburg & Johanson (1992), e.g. government and other stakeholders in the social environment. One exception is Jansson & Saqib & Sharma (1995) and Jansson (2001; 2006, 2007a).

The most well-known industrial network model is the activities-resources-actors (ARA) model founded by Håkansson & Johanson (1992). This is a well-structured general and basic model, which is adapted to specific research problems by specifying more how the constructs relate to each other. It is also used as a basis for developing more specific models. The model mainly focuses on dyadic relationships but also on network structure in the form of sets of links within networks. In the latter case, the relationship focus is mostly kept by looking at the network as a number of direct (the dyadic aspect) and indirect relationships (the network aspect) (e.g. Andersson & Håkansson & Johanson, 1994). Dyads are connected to three major types of networks: activity patterns of links, resource constellations of ties and webs of actor bonds (Håkansson & Snehota, 1995).

For network processes past conditions are essential for the understanding of present and future network relationships, and where a network structure at one point in time is a residue of diverse past processes. This is most obvious in emerging markets or transition economies, where change is more pronounced than stability. E.g. it becomes important to study various types of change in networks and at what levels they take place as well as different search and discovery processes for customers and suppliers (Johanson, 2001).

One major premise of the 'Markets-as-Networks' approach is that markets are characterized by heterogeneity and not homogeneity, which originates from monopolistic competition. Basically, it is assumed that industrial networks consisting of differing individual firms exist to match heterogeneous resources to heterogeneous demands. However, this premise is pulled out of its economic market context. This creates a contradiction between the economics based and social theory based arguments, which have not been resolved theoretically within this marketing school.

This contradiction influences the structure of the theories of the marketing school, e.g. how meaningfully the concepts of the theory are related to one another. According to the metatheory criteria mentioned above, the IOA is classified as a collection of partial or mini theories with a loosely structured conceptual frame of reference. The reason is that there are few comprehensive theories, and a large variation in the organization of the mini theories. Most of them are typologies or classifications, where relations among defined concepts have not been established. A few of

them are specified to the degree that hypotheses are derived (e.g. Anderson, Håkansson & Johanson, 1994; Hallén & Johanson & Seyed-Mohammed, 1991; 1993). These latter theories are also testable, which most other theories are not. This is another example of the contradictory or paradoxical nature of the research of IOA. Another is the divided methodology of a European tradition of case studies in combination with an American emphasis on hypothesis testing (Möller & Halinen, 2000). When interpreting the IOA according to the other semantics criterion in a more general way, it is found to have a strong empirical support. According to the pragmatics criteria, this school of marketing thought is rather rich, since the theories together cover a large number of problems and situations encountered by firms and policy makers. However, the theories are limited to the business marketing field. In addition, many mini theories are also simple by being easy to communicate to practitioners and relate to their everyday experience. This strong pragmatic orientation of the IOA together with its high empirical support are not surprising, considering the very strong marketing practice base of the research. However, this does not mean that the research is normative but positive. The normative aspects are chiefly reserved for the textbooks produced by IMP researchers, and consultancy work.

## **2. Other Business Marketing Theories of Relevance to the IOA are distinguished by being defined as the Micro-Marketing Approach (MMA)**

A similar description of this school of thought about the world of networks and interaction is found in Ford & Håkansson (2006). However, the description of the contrasting economic world of market and action is not equally clear. It is a caricature that does not do justice to today's complexity of market forms and the relation to marketing practice from a theoretical point of view. This aspect is now developed by distinguishing between two major types of American business marketing schools, which mainly are founded on a marketing thinking derived from economics. According to the micro-marketing approach, the differences between industrial and traditional consumer marketing are not so large as to motivate a separate research field in marketing with its own theories and methodology. Business and consumer marketing are closely related, and have a common scientific base in economics and behavioural sciences, mainly psychology. E.g. both types of marketing are dominated by the marketing management approach or the Managerial school (Sheth & Gardner & Garrett, 1988). Based on El-Ansary (1983), this approach to business marketing is defined as the micro-marketing approach (Jansson, 1994). Micro-marketing theory in its conventional form is therefore used both in connection with B2B marketing and B2C marketing. According to El-Ansary (1983), micro-marketing theory involves a theory of product-brand management, a theory of pricing, a theory of promotion, a theory of physical distribution management, a theory of marketing research, a theory of financial aspects of marketing, and a theory of marketing program productivity. Micro-marketing theory can be contrasted with macro-marketing theory, a theory of consumer behaviour, and with different theories concerning distribution channels. It emphasizes marketing management, which so much dominates research on marketing in North America. Two different branches are distinguished of the micro-marketing approach: the marketing-mix view and the B2B marketing view. Since the latter view draws heavily on mainstream marketing theory, it is also placed within the MMA.

### ***The Marketing-Mix View as a Marketing School***

The micro-marketing view is the mainstream approach in marketing research. It is defined as the Managerial school by Sheth & Gardner & Garrett (1988). The major theoretical bases are micro-economic theory and economic psychology theory (Mattsson, 1997). This marketing-mix approach dominated in the industrial marketing field up to the end of the 1980's, in particular in the U.S.A. It is clearly seen in various textbooks on industrial marketing management from these days, which strongly reflect research and practice in the industrial field. Industrial marketing textbooks of this genre tended to identify major differences between consumer products and industrial products. However, one can contend that such differences are basically no greater than the differences in marketing strategy and marketing mix encountered when marketers of consumer products operate in different environments and have to change their strategies accordingly. Traditional micro-marketing models thus take no basically differing approach to industrial than to consumer marketing. Organizational buying behaviour is seen as a separate school, since it is based on that marketing activities are carried out on behalf of another stakeholder, viz. the buyer. This fits with El

Ansary's separation between micro marketing theory and theory on consumer behaviour at the same time as it makes it even clearer that the marketing-mix view belongs to the Managerial school. Thus, if the evaluation of the Managerial school is supposed to be valid also for the marketing-mix view, it scores high on all the six criteria mentioned earlier (Sheth & Gardner & Garrett, 1988, p. 107).

### ***The Business-to-Business Marketing View as a Marketing School***

One implication of the customers being fewer and larger in industrial markets is the importance of the buyer/seller relationship. Some American researchers emphasized the importance of this relationship early, e.g., Webster (1979) and Jackson (1985). This approach started to develop from the beginning of the 1990's, when also the first major journal in the field was launched, viz. the *Journal of Business-to-Business Marketing*. It can be classified as a new marketing school in the highly specialized American research on marketing. Since it focuses on relationships it includes both the perspectives of the seller and buyer, thereby building both on the Managerial and the Buyer Behaviour schools as well as including both service marketing and industrial marketing. However, even if the focus has changed from the marketing mix to the buyer-seller relationship, no specific business marketing theory has been developed. Rather, it combines theories from the 'old' schools mentioned above in a new way. It is more a shift of approach, looking at marketing from another angle. The traditional focus of the micro marketing approach on the customer originating from the new marketing approach as well as the marketing mix is still kept. It has only been refocused and altered to fit with the new relationship orientation, which is still largely valid today. As stressed already by Jackson (1985), industrial marketing is to be explicitly focused on the buyer-seller relationship. This involves the need of a special marketing mix, since customers are committed to few main vendors rather than being able to easily shift purchases from one supplier to another. This marketing literature is largely practice oriented, not being based on any special business marketing theory. Since it draws heavily on mainstream marketing theory and that its main focus is still on the seller, it is placed within the micro-marketing approach, being clearly separated from the inter-organizational approach. This is seen in today's textbooks on business-to-business marketing or business marketing, which very little refer to or are based on the inter-organizational approach. The exception to this rule is Anderson & Narus (2004), which textbook on business marketing management broadly summarizes the state of knowledge within the business marketing field today in combination with essential theories from the inter-organizational approach. Due to this strong resemblance to the marketing-mix view from a theoretical point of view, the classification of this school according to the metatheory criteria is similar to the classification above of the marketing-mix view.

### **3. Reduce the Gap between European and American Business Marketing Theory by learning more from Each Other**

Most research on business marketing acknowledges that there are basic differences between the marketing of industrial and consumer products, the main reason often being to motivate business marketing as a separate field in marketing. Based on these differences, the business marketing theories are divided into two major groups: the inter-organizational approach the micro marketing approach. The latter builds on the traditional American approach to marketing theory, while the former is a newer European branch of marketing theory.

As found above, the inter-organizational approach differs much more from this traditional scientific base to marketing, and is mainly based on sociology. This is motivated by the fact that differences between business marketing and consumer marketing are so large and decisive that another theoretical foundation is required, viz. organization theory rather than marketing theory. In addition, there is also many times a major difference in the research methodology used, where qualitative methods are used alone or together with quantitative methods

These differences between the IOA and the MMA are also manifested in how little these approaches influence each other. The findings of the IOA to business marketing have been spread very little outside the research area, and have had no major influence on business marketing theory in the U.S.A., at least if the Ten year index of articles published 1993-2003 in the *Journal of Business-to-Business Marketing* (2005) is used as an indicator. Of the large number of articles published during these 10 years, only 12 articles have an inter-organizational approach, of which 6

were written by American researchers. On the other hand, the micro marketing and business-to-business marketing views have not had any major impact on the IOA either. E.g. Ford (2002) has besides the sections including research articles also a separate section on 'Marketing in Business Networks', containing nine articles. Only two of these are classified as typical business-to-business marketing articles belonging within the micro-marketing approach.

So all the interaction taken place between researchers in these two fields through conferences and other types of exchange have not resulted in any major approaches to each other and few joint developments of a business marketing theoretical field. This separation between research on business marketing in Europe and the U.S.A. largely remains. It is hard to overcome the barriers discussed above of mainly differences in theoretical base and research methodology. This low impact on U.S. marketing research, and vice versa makes it hard to integrate the various business marketing theories or the different approaches and views into one coherent basic business marketing theory.

However, there are other forces at play that might facilitate more of common theory development. E.g. the integration of European markets has led to less imperfect and more open European markets compared to the 1970s, when the IOA was developed. The European common market and North-American market are converging, making them more and more similar. One effect is less importance for the embeddedness of relationships and, hence, for the social aspect of markets or of viewing them less as social networks and more as market-based networks oriented towards efficiency. The sociology basis of the theory is reduced in favour of the economics basis. This might bring back economics issues into the markets-as-networks approach, thereby coming closer to the micro-marketing approach to business marketing.

This does not mean that they will be fully integrated. Still, even if there is some conversion observed and probably more to come, the two approaches are too different to be able to integrate into one common approach to business marketing.

#### **4. Adapt the IOA to the increasing Convergence of Marketing Theories**

The IOA builds on a broad view to relationships, which makes it fundamentally different from most marketing schools (Sheth and Gardner and Garrett, 1988), relationship marketing (Sheth and Parvatiyar, 2000), inclusive of relationship marketing of services (e.g. Grönroos, 2000) as well as the business-to-business marketing view, in which traditional marketing concepts and tools are applied.

Recent developments in relationship marketing result in that consumer marketing goes through a similar development as was discussed above for the MMA. The evolvement from the marketing-mix view to the business-to-business marketing view is similar as the development from transaction marketing (or marketing-mix) to relationship marketing (Parvatiyar and Sheth, 2000). This is a large change of perspective in mainstream marketing theory, which might also affect developments in business marketing theory. Inter alia, it creates an opportunity to integrate business marketing theoretically more with consumer marketing and service marketing theory.

Research on relationship marketing can be divided into a narrow stream of research mainly focusing on customer relationships and a broad stream of research taking up a wider set of relationships (Mattsson, 1997). The former focuses on customer relationships, and is chiefly an extension of the Managerial school. The latter is a broad stream of research that focuses on a wider set of relationships and thereby marketing issues, also including the B2B marketing approach. A similar conclusion is reached by Möller & Salinen (2000) in comparing database and direct marketing together with services marketing on one side with channel relationships and the IOA, on the other. According to them, the difference consists of consumer relationships of low relational complexity compared to inter-organizational relationships with high relational complexity. Still, another similar distinction is discussed by El Ansary (1997) as the difference between relationship marketing and "marketing relationships". It describes a certain approach to marketing focusing on cooperative relationships between the firm and its different marketing actors. Marketing relationships is more technical in kind and relates to the actual marketing taken place through relationships. Scholars involved in relationship marketing to consumers (Sheth & Parvatiyar, 2000) as well as in marketing of services often belong to the narrow view of relationship marketing (e.g. Grönroos, 1995, 2000). The basis of marketing is the customer irrespective of how many factors outside and inside markets that are considered, i.e. how broad the marketing system is. Change in customer behaviour is a main factor behind the shift from transaction marketing to relationship

marketing (Sheth & Parvatiyar, 1995). This change is very well summarized by El-Ansary (2004) as a change from transactional selling to relationship marketing. His version of relationship marketing fits well with the emerging service-centered dominant marketing logic developed in Vargo & Lusch (2004). The foundational premises of Vargo and Lusch (2004) are valid for both these streams.

Both the inter-organizational approach and the micro-marketing approach can be seen as a kind of relationship marketing, if it is defined according to Morgan & Hunt (1994, p. 22): "relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationships". The business-to-business marketing view, in particular, fits within the narrow stream of relationship marketing research, and matches both El-Ansary (2004) and Vargo & Lusch's foundational premises. E.g. this approach is customer focused and based on an integration of industrial marketing and service marketing in the same way as consumer marketing is integrated with service marketing. This is a major conclusion from Parvatiyar and Sheth (2000), who see relationship marketing as a new school in marketing or Vargo & Lusch (2004), who develop a new dominant logic for marketing. These developments are seen to be based on the twelve marketing schools. The main similarities between relationship marketing and the inter-organizational approach is summarized as that the relationship is of value, that values are created through relationships and that the time dimension of the individual relationships are important (Mattsson, 1997).

However, the strong focus on the customer in relationship marketing of the narrow stream of research is too limited a focus for the inter-organizational approach. It builds on a broad view to relationships, which makes it fundamentally different from most approaches to marketing. The IOA relates more to the broad stream of research on relationship marketing, e.g. the "multiple markets" perspective that includes relationship marketing in a number of markets, i.e. besides customer and intermediary markets also supplier and alliance markets, referral markets and influence markets, internal markets and recruitment markets (Peck et al, 1997, Payne, 2000). A similar approach is also taken by Gummesson (1995), who identifies and analyses 30 different types of business relationships. Judging from Sheth & Parvatiyar (2000), El-Ansary (2004), and Vargo & Lusch (2004) relationship marketing mainly belongs to the narrow stream of research, since it builds on more traditional marketing thinking as represented by the Managerial school and the (consumer) behaviour school. The inter-organizational approach, however, is related a little to the Systems school but mostly to the Organizational Dynamics school, which deal with relationships between organizations. It is founded more on inter-organizational theory focusing on the marketing issues between organizations and not on organizations and individuals as in the mainstream marketing theories dealing with marketing of products and services to consumers.

Thus, the basic difference between the IOA and relationship marketing identified by Mattsson (1997) and Möller & Halinen (2000) is one main difficulty behind the integration of the theories. The IOA is characterised by relationships being embedded in a social structure, mainly a specific market structure in the form of networks. Relationship marketing, on the other hand, does not normally consider this macro dimension, but is a 'taken-for granted' marketing to actors in traditional markets, mainly related to the interests of the selling firm. Thus, relationship marketing is mainly a broadening of the MMA to the major marketing theories identified by El-Ansary (1983), but which has not yet integrated with macro-marketing theory. Relationship marketing is therefore not yet to be considered as a major shift in marketing theory.

Still, some essential trends in the global markets might lead to more convergence through the changing of marketing practice into increasing similarities and reducing differences, or that certain new practices increase in importance and leading to development of marketing theory. The globalization of marketing might lead to the latter situation, especially involving big emerging country markets such as China, India and Russia, resulting in that macro and social issues becoming critical in relationship marketing.

## **5. 1 Implication A: Develop the Business Marketing Theory by revitalizing the Linkage between Marketing Activity and the Market**

A major conclusion from above is that the major difference between the narrow and broad views to relationships, on one hand, and the IOA, on the other, lies in that the former represents a market perspective and the latter a network/systemic perspective, which is also the main conclusion by Möller & Halinen (2000). Another major conclusion from the discussion above is that the major trends discovered will influence the MMA and the IOA in opposite ways. The integration of European markets increases the importance of economic aspects of marketing, which dominate in the MMA. The rapidly growing importance of emerging markets or markets in transition, on the other hand, makes social aspects more essential, on which the IOA is founded. This would mean that the approaches can learn from each other, depending upon for which markets the approaches are supposed to be valid. Basically, this will be a question about developing business marketing together with the broad stream of relationship marketing by relating theories on business marketing activities in a better way to the markets, where they take place. According to the IOA, business marketing is determined by social but also by economic influences. This makes the market as an arena for interaction and relationships unclear.

There is a resurgent and growing interest in the linkage between marketing and the market, in particular represented by the practice-based approach to markets and marketing (Araujo, 2007; Araujo et al 2008; Kjellberg & Helgesson, 2006, 2007). The connection between marketing practice and markets is dealt with in general terms, including both consumer markets and business markets. These works and other works (e.g. Ellis & Lowe & Purchase, 2006) seem to represent a new development of the mainly sociology base of IMP theory with culture theory and institutional theory as well as to base it more on a constructivist research methodology, e.g. developing the subjective interpretation of interaction and networks (e.g. Ford & Håkansson, 2005; 2006; Gadde & Araujo, 2006). This seems to push the IOA firmer into the fold of sociology and anthropology/ethnography than towards economics.

The new-born interest in markets as a context to marketing comes after a long period of scant interest in the issue compared to the large focus on it in the 1970's and 1980's, when the foundation of the IMP field was laid. As discussed above, even if economics is part of the picture, the market as a social arena has come to be the dominant view within the IMP field, usually being expressed as the industrial network approach. This creates an unsolved contradiction between the social and economic grounds of the marketing school.

The solution to this dilemma lies in developing the relation between these theoretical foundations by applying a socio-economic perspective to business marketing. To start with, it is necessary to elaborate more on the major market forms behind marketing with the aim to clarify the theoretical origin of the marketing activities. However, the market as a socio-economic arena has not been much developed. There are two major reasons for this condition. Firstly, most research is about describing and explaining business marketing itself, i.e. the behaviour rather than the forum where it takes place: the market. When markets are included, the focus is more on certain factors in the market than on the market as an entity. Markets are more or less taken for granted. Secondly, the few attempts to develop the proximate environment of business marketing have got stuck in the middle between economic theory and social theory. One avenue out of this quagmire is to develop the market as an institution (Jansson, 2007a; 2008).

## **5.2 Implication B: The Premises of the Service-Centred Marketing Logic is a suitable Fundament for integrating Business Marketing Theory with General Developments in Marketing Theory**

A main conclusion from the discussion so far is that the IOA and the B2B marketing view are part of the major change in marketing from transaction to relationship marketing, resulting in that marketing theories are converging. This will make it easier to integrate them more. A promising base for such endeavours is the emerging service-centred dominant marketing logic, in particular its eight foundational premises (Vargo and Lusch, 2004):

- Indirect exchange masks the fundamental unit of exchange (increased specialization of work means that fewer people have direct customer contacts, whereas direct interaction is more and more replaced by indirect exchange.) Still, money, goods,

- organizations, and vertical marketing systems are only the exchange vehicles for services
- Goods are distribution mechanisms for service provision (they are platforms for meeting higher-order needs).
  - All economies are services economies (the common denominator of the economy is the increased refinement and exchange of knowledge and skills or operant resources).
  - The customer is always a coproducer (in using a product, the customer is continuing the marketing, consumption, and value-creation and delivery processes).
  - The enterprise can only make value propositions (a product, e.g., is embedded with knowledge that has value potential for the intended consumer).
  - A service-centered view is customer oriented and relational (interactivity, integration, customization, and coproduction are the hallmarks of a service-centered view and its inherent focus on the customer and the relationship).
  - The application of specialized skills and knowledge is the fundamental unit of exchange (the focus is on the “value in use” and not on the “exchange value”).
  - Knowledge is the fundamental source of competitive advantage (operant resources, especially the use of knowledge and mental competences are at the heart of competitive advantage and performance).

The two last foundational premises build on the integration of the resource-based view into marketing strategy, mainly inspired by Day (1994), and Hunt & Morgan (1995). This inbuilt integration of marketing and strategy theory opens up possibilities to more relate the business to business marketing view and the inter-organizational approach to each other as well as to developments in marketing theory in general, perhaps making it possible to develop a more general relationship marketing theory. One promising avenue takes form, when these approaches are related to the broad stream of research on relationship marketing, e.g. service management research on value constellations (Normann & Ramirez, 1993; Normann, 2001). Here, the main reason to establish and maintain relationships is to service the needs of various business partners or stakeholders, e.g. customers, suppliers, government units, and various non-governmental organizations. Wealth is obtained through the application and exchange of specialized knowledge and skills, and where the business partners are active participants in relational exchanges and co-production. This is a value constellation established for the temporary task of marketing a product/service package involving a certain combination of competences, e.g. a group of actors representing different units that work together to create value for the customer. It implies that interdependent marketing activities link actors and their competences together. The main problem with using these premises as a fundament to integrate the IOA with other perspectives on marketing theory according to these premises is that they imply an economics perspective, while the relationships of the IOA take place on a social arena based on sociology. E.g. the RBV of the service-centred marketing logic is more based on economics, while the view on resources is more based on the power/dependence perspective of social exchange theory. One way to solve this dilemma would be to broaden the value/wealth construct and specify it for other stakeholders of the firm than customers, for example as is Jansson (2007a). By developing different marketing logics for different stakeholders, the economics and sociology bases are included and systematically related to each other in a common theoretical framework.

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