

# RELATIONSHIP-ORIENTATION AS SELF-DELUSION AND MONEY-ILLUSION

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## **Abstract**

Relationship-orientation is a modern concept, and many companies perceive themselves as relationship-oriented. This paper analyses, if there is action behind the words, and if relationship-oriented companies obtain better results than other companies. After discussing relationship-orientation vs. transaction orientation the paper analyses two groups of companies – a relationship-oriented group and a transaction oriented group. From this analysis it appears that the companies, having described themselves as relationship-oriented, are only so in relation to the customers. The supplier relationships do not differ significantly. Thus, the relationship-orientation is to some extent a self-delusion. As regards the results the analysis does not form a clear picture, even though the relationship-oriented companies manage better on some variables than the transaction-oriented companies. The results of the analysis are subsequently placed in a company strategic context.

## **1. Introduction**

The distance between companies' self-perception and realities is often significant (Håkansson 1986, Törnroos 1997). As for companies' environmental consciousness, this fact has e.g. been documented in Freytag and Jørgensen (1999). Companies considering themselves very environmentally conscious were certainly not perceived in the same way by their suppliers. The question is now, if they are quite as self-delusive in their relationship-orientation.

Do companies extensively describe themselves as relationship-oriented without being so?

Such an expectation may be based on the fact that concepts like relationships, relationship-orientation and relationship marketing are gradually used very often and have become synonymous with correct behaviour – and who does not want to be correct? Perhaps the companies talk much about relations, and consequently they may have convinced themselves that they are relationship-oriented. In their own consciousness, they are cultivating relations to suppliers, customers, and service companies.

However, if many companies do live in an illusion, meaning that they are not relationship-oriented at all, even if they think so, it will be hard work making them face realities. It means that they will probably have to change many of their processes in order to be relationship-oriented not only in name but also in fact – at any rate if being relationship-oriented is appropriate for the companies in question. There is consequently good reason for examining, if the companies' self-perception corresponds with the realities in this point (Leminen 1998).

However, some of the companies describing themselves as relationship-oriented may in fact be so. In addition, they may even be relationship-oriented from conviction, and not only because it is “correct”. They build relationships, because they think it is the best way for the company to act. By being relationship-oriented, the company improves its competitive power, and it obtains better results than similar companies that are not relationship-oriented. Nevertheless, this is perhaps also an illusion – a money-illusion. In the company's opinion, it earns more money than companies, not relationship-oriented – without actually doing so.

If it appears that relationship-oriented companies do not manage better than more transaction-oriented companies, this will, of course, have normative consequences and demand more in-depth analyses. The fact that all companies must be relationship-oriented if they want to manage well, which is today's prevailing doctrine, may need a modification. At any rate, it must be analysed, if other reasons than relationship-orientation cause that the companies in question do not differ from each other as to their results.

We have to perform a comprehensive empirical study to illustrate and analyse the phenomena relationship-orientation-illusion and result-illusion thoroughly (if they really exist and are not illusions themselves). Therefore, we have no illusions about completing the study in this paper, but we hope to achieve some results by means of an investigation already carried out.

The first phase of our study will analyse what is understood by the concepts transaction-oriented and relationship-oriented – both at the conceptual and the empirical level. Within the latest 10 to 20 years several classifications, operating with the division: transaction – relation, have emerged. The aim of this phase is to explain what such a division really implies.

The second phase will be a closer look at the companies' perception of the concepts. What do they understand by being relationship-oriented respectively transaction-oriented, and does their perception agree with literature's way of delimiting the concepts. If it turns out that the companies' self-perception conflicts with the current perception – they think they are relationship-oriented, but in a literary sense they are

not– the following question will emerge: is it an illusion or is it a deliberate action. A company may e.g. deliberately use a certain terminology because it believes in getting better results than it would if it did not use this terminology – an opportunistic behaviour directly in conflict with the intentions of the relationship concept. The explanation is probably that the company does not know that it is not relationship-oriented.

The third phase will be an analysis of the possible advantages of acting according to a relationship-oriented approach. Will this produce a high yield for the company? We will hardly be able to answer this last question properly in this paper, but each individual company should at any rate ask itself, if this will be the case. The relations with suppliers and customers ought to be so fruitful that the company may exist in future.

## **2. Transactions versus relations**

Customers have different needs and wants. Within both economic theory (Robinson 1939) and marketing theory (Kotler 1969, Levitt 1960) this is usually the basic point. On one hand, the customers' wants and needs are fertile soil for much theory, but on the other hand they are also a challenge. Therefore, it is often difficult for the customer himself to articulate his wants and needs. Different analysis techniques can help understand the actual wants and needs of the customer. But it is, not always easy – through different analysis techniques – to fully understand what the customer's exact wants and needs are (Lehmann 1983). A close dialogue and cooperation can be a means to solve the problem (Møller & Wilson 1995).

The problem of customers not knowing or fully realizing their own wants and needs, and of the potential salesman having difficulties in collecting the relevant data, is the common denominator for the problems that e.g. are connected with segmentation and portfolio models (Arnt 1974, Flodhammer 1975, Wind & Cardozo 1980, Bonoma & Shapiro 1984, Hedaa 1994, Turnbull & Zolkiewsky 1997). If the segmentation and portfolio models are seen in a more general perspective there are, however, distinct similarities in the structure of the models. In some models the customer is basically considered unique, and in order to be able to group the customers it is central to be able to identify similarities. The basis of other models is relatively similar and it is about breaking the total customer mass into adequate groups (Plank 1985).

The problem is that no one has succeeded in developing more generally valid models, but that there are different models with each their strengths and weaknesses, which may be one of the reasons for the relative little use of more advanced models (Abratt 1993).

One may ask whether a more fundamental uncovering of the market understanding behind business-to-business marketing theory has to be done, and to what extent this basic market understanding can actually be recovered in the companies' behaviour.

In the following a number of market understandings, underlying the industrial marketing theory, will be emphasized.

What characterizes the industrial market? This has been discussed for decades. Both Hägg & Johansson (1982) and Hammerkvist, Håkansson & Mattson (1982) discuss market homogeneity versus market heterogeneity. The last-mentioned recommend that the company choose to adapt its market supply and the way that the product service is transferred to the customer, more or less to the wants and needs of the customers, and to the company's possibilities and objectives.

According to Håkansson (1982) the industrial market is characterized by:

- Both buyer and seller being active as to the buying and selling situation
- The relationship between buyers and sellers being usually long-term
- The relationship between the parties developing and expectations forming in the course of time
- The fact that the relationship between the parties can become very narrow because of mutual dependence

In more respects the succeeding research has supported these theories. Thus, Blenkhorn & Banting (1988) have developed the buyer initiative concept, which shows that the buyer is often a very active part as to the development of new relations (see also Ottesen 1992, Kjeldsen 1998).

On the basis of a number of case studies, Ford (1982), Dwyer and others (1987) have developed models for the progress of buyer-seller relations. It has turned out that it is difficult to express an opinion on how the relations will develop in the course of time.

However, it has been proven that expectations are made, and companies, departments and persons appear to bond in the course of time. (Wilson & Mummalani 1986). But not every cooperative relation is unproblematic. Vague premises of a cooperative relation or of conditions within or without a relation can result in the two parties developing in each their direction leaving a surface of conflict (Gemünden 1985).

The parties' relationship can be more or less based on mutual dependence and be an obstacle to conflicts because such a dependence can be regarded as stifling or because the parties more or less openly can show opportunistic intentions. During the 90s, however, a substantial reduction in the supply base has taken place in several companies all over the world. Single sourcing seems to be the order today. Single sourcing involves both advantages and disadvantages. For example, the coordination costs are assumed to fall whereas administration costs are presumed to rise (Leenders & Blenkhorn 1988), but what good does it do that the coordination costs are low if the sole supplier is not technologically up-to-date with technological renewal being an essential competitive parameter?

Thus, a conclusion to the above seems clear: Håkansson's four points characterize the industrial market.

A question to be asked is whether this is always so and to what extent the companies actually react differently depending on their understanding of the market situation.

Several researchers have described the market situation (Jackson 1985, Christopher, Payne & Ballantyne 1991, Webster 1992, 1993, Juthner & Wehrli 1994, Snehota &

Håkansson 1995, Sheth & Sharma 1997). Various approaches explain the market. Thus, some researchers distinguish between:

- Different methods of cooperation

And

- Different understanding of markets

Webster (1992) regards the market as a place where different types of exchange actions are made, and in this connection he operates with two ends in the form of pure transactional exchange and pure collaborative exchange. Moving from the one end to the other of the multidimensional spectrum the market is divided into different types of relations: pure transaction, repeated transactions, long-term relationships, buyer-seller partnerships and strategic alliances. The relations' strengths and contents decide the placing in the spectrum.

Webster describes the difference in the placing in the spectrum by the objectives, intentions and understandings of the markets that are in evidence in the company.

A conspectus of how companies can regard their placing in the market can be found in Webster (1993):

**Figure 1: Relationship View: A Business Marketing Imperative**

<b>Transactional View</b>	<b>Relationship View</b>
Purpose of marketing is to make a sale Sale is result and the measure of success	Purpose of marketing is to create a customer Sale is beginning of relationship; profit is measure of success
Business is defined by its products and factories	Business is defined by its customer relationships
Price is determined by competitive market forces; price is an input	Price is determined by negotiation and joint decision making; price is an outcome
Communications are aimed at aggregates of customers	Communications are targeted and tailored to individuals
Marketer is valued for its products and prices	Marketer is valued for its present and future problem-solving capability
Objective: to make the next sale; find the next customer	Objective: to satisfy the customer you have by delivering superior value

**Source:** Presentation by **F. E. Webster, Jr.**, at Special Session on "Relationship Marketing" at the 1993 American Marketing Association Educators" Conference (August), Boston, Massachusetts. Reprinted in **Hutt, M. D., & Speh, T. W.** (1998). Business Marketing Management – a strategic view of industrial and organizational markets. London: The Dryden Press, p. 16.

The following differences are the significant ones that are between the two ends of the spectrum:

The objective of marketing efforts, measuring of success, the customer's influence on the product, prices and communication, evaluation of what makes a good supplier, and to what extent customer satisfaction and value or additional sale is the measuring point for the marketing effort.

Juttner & Wehrli (1994) lay down a similar market typology that in most cases agrees with Webster's. Juttner & Wehrli attach special importance to the continued aspect of collaboration, and mention service as an aspect of collaboration.

Jackson (1985) has developed "the account behaviour spectrum". This type of typology especially attaches importance to mutual investments and the resulting administration costs. She also points out that the contact between companies usually changes concurrently with the companies working closer together. Hedaa (1993) points out that it is not practical to understand marketing as a cost, but that marketing is an investment, especially when it comes to long-lasting relations. Håkansson & Snehota (1995) give some consideration to the thought that it is about using all advantages within a co-operation, especially the economical. Sheth & Sharma (1997) do also stress the importance and the extent of the collaboration for contents and form of communication and coordination.

When summing-up, the following seems to characterize the relationship view:

### **Figure 2 Relationship view – a type of market understanding**

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- The objective of marketing efforts – developing the customer and one self
  - Measure of success – both parties obtain value
  - Use of competitive parameter – to be adapted to the individual customer
  - The good seller – is able to create value and solve the customer's problems
  - The objective of marketing – to satisfy the individual customer
  - Relation contents and development – an investment
  - Customer understanding – a partner who represents bonds and possibilities
- 

A central message of the above description of the various market typologies is that in connection with a relationship view a high degree of individualization of the market performance towards the customer happens, but also that at the same time the customer expects such an individualization to take place.

A question to be put is whether the seller actually carries out individualization and whether this is reflected in the seller's behaviour towards the customer and in the company's initiatives. In other words, to what extent does the company see that it is about a multidimensional scale and if, where on the scale in question does the company place itself and what behavioural differences are at the bottom of it? Is it at all possible to find a behaviour that corresponds to the companies' self-concept as being relationship-oriented? (See also Ford, Håkansson & Johansson (1986)).

### **3. Do relationship-oriented companies really act relationship-oriented?**

#### **Relationship-oriented activities**

A company may consider itself – and thus place itself on a scale – to be more or less relationship-oriented. However, the question is how can one ascertain whether or not a company really acts relationship-oriented – meaning both with relation to customers and to suppliers. What actions can be considered to be indicators for relationship-oriented behaviour by which it is possible indirectly to ascertain if the company in question really is relationship-oriented and is not just claiming to be?

When looking at the customer relations you can ask about activities in connection with internal processes. To what are resources allocated, and how much trouble do you go through in order to improve your results? Here, you must distinguish between activities common for any company regarding improvement, and the activities especially relevant to relation build-up.

In this connection, therefore, it is not enough for a company to state that it is interested in its customers, including the potential ones, or that it collects information on the market and the customers. All market-oriented companies do. Therefore, looking at this does not assess whether a company's actions are relationship-oriented or not. A closer contact with the customers, exchange of information and adjustment to the customers and their wants is necessary.

A relevant activity could be customer satisfaction measuring. If a company makes great efforts to find out if its customers are satisfied this may indicate relationship-orientation. However, if the company e.g. only reacts when a customer complains, this on the other hand, shows that the company is very little relationship-oriented.

Another activity concerns the processing and spread of information from the customers. Here, we assume that relationship-oriented companies have systems to make sure that the collected customer information is sent on co-ordinately so that the relations are adequately cultivated and kept.

Another indicator of a company's actual relationship-orientation could be how it follows up on customer service. It indicates relationship-orientation if a company considers customer service to be of high priority and thus follows up on all deliveries, whereas companies that do only follow up on deliveries if the customer makes a complaint are considered more transaction-oriented.

Then one can turn to a company's supplier relations and in the same way try to identify activities that may be relevant when assessing whether or not a company acts relationship-oriented. Such activities could be exchange of information with suppliers, and it could be activities that involve demands on the suppliers e.g. in the form of adjustment of their systems. Finally, it could be about the company considering if the suppliers can do some of the work the company itself normally does – i.e. the question of outsourcing or not.

If a company uses e-commerce to a large extent, and for instance uses EDI when trading with its suppliers, this indicates that the company is relationship-oriented and

willing to enter into a close cooperation with the suppliers in question. If you deliberately and continuously examine the possibilities of outsourcing functions and processes to suppliers – already in connection with the development of new products – this also indicates relationship-orientation. The same applies if you involve the suppliers' logistic systems when developing your own, and at the same time make claims on their systems e.g. as to documentation. Finally, you must assume that if you have full knowledge of the suppliers' logistic systems, it indicates relationship-orientation.

### **Results from relationship-orientation**

One thing is activities and processes, but results from the use of resources are something else. Do the companies that consider themselves to be relationship-oriented have better results and thus more success than the more transaction-oriented companies? It is, of course, assumed that the relationship-oriented companies do better than the transaction-oriented ones.

The question is how to measure success. What variables are relevant for measurement? First, one could use a number of "soft" result variables such as staff satisfaction, customer satisfaction and effect on the society. Other variables could be number of urgent orders, number of product innovation and the efficiency of supply of raw materials. Further, you could measure a number of more "hard" result variables such as sales, profit, net capital, and some key figures such as return on net assets, return on net capital and equity ratio.

But which variables should you choose in order to understand if relationship-orientation is more successful than transaction-orientation. Here, the criteria must be that you look at the variables logically showing that a higher degree of relationship-orientation involves a better result than transaction-orientation. Staff satisfaction e.g. is not considered to be relevant. It is not likely that a bigger or smaller part of relationship-orientation will affect the absence due to illness, or the employee turnover. Another example is the effect on society. The fact that the degree of relationship-orientation should result in the company's environmental measures or number of industrial injuries is not very likely.

From this type of reasoning some "soft" variables concerning the customer relations, the production and the products can be chosen. However, it does not make any sense to consider the more "hard" business results as long as you only look at a period of one year. A company's economic situation and economic results as to a single accounting year cannot directly be related to whether you are more or less relationship-oriented. A number of historical and organizational events may have resulted in a specific economic basis. When measuring over a number of years you could, however, assume that relationship-oriented companies would obtain larger relative improvements than more transaction-oriented companies.

Relationship-oriented companies are assumed to experience more satisfied customers than the transaction-oriented. It may be in the form of more positive expressions and fewer negative. Relationship-oriented companies are also assumed to lose fewer customers than the transaction-oriented companies. Finally, cooperation with suppliers and customers is assumed to result in the relationship-oriented companies having better results as to observation of delivery time.

As to the results within product development and production planning relationship-oriented companies are - because of the close contact to customers and suppliers - assumed to get more feedback and more inspiration for product innovations and thus being more innovative than transaction-oriented companies. Further, one must assume that the better contact involves fewer urgent orders in the production and fewer failure supplies of raw material.

### **An empirical study**

A number of hypotheses on correlations between relationship-orientation and activities and results have been made above. These hypotheses are to be tested via an empirical study. In 1999 SDU-Sønderborg carried out a research project in relation to benchmarking of companies. The idea was that a number of industrial companies were to self-evaluate in a number of activities and results within a sequence of years. Then, the individual companies could compare themselves to others. By benchmarking against the best companies it will be possible to analyse one's own situation better and identify the possibilities for improvements. However, at the top of the evaluation form the companies were asked to position themselves as to how relationship-oriented they considered themselves to be, both as to customer and supplier relations.

The empirical material in question has now been analysed in order to show whether or not the companies that positioned themselves to be relationship-oriented actually behaved relationship-oriented compared to the companies that positioned themselves to be least relationship-oriented.

The material in question comprises of self-evaluations from 27 companies, evaluations made in the summer and autumn of 1999. The companies are small and medium-sized industrial companies from different trades, mainly from the southern part of Jutland. The trades were: the woodworking industry, the furniture industry, the engineering industry, electrical machinery and appliances, consulting firms, manufacturing of telematerial, clothing industry, the iron and steel industry. The size of the companies varied from 8 - 105 employees, and they had annual sales of DKK5 – DKK111 million. From these we analysed two groups with each 7 companies – the most and the least relationship-oriented, measured on a 7 point-scale. These two groups do not differ significantly from each other as regards trade belonging and size. I.e. the results must be seen in the light of the fact that the empirical material was not collected with a view to the objective of this paper. Please also note that we are dealing with small random samples which of course limits the possibilities of generalizing.

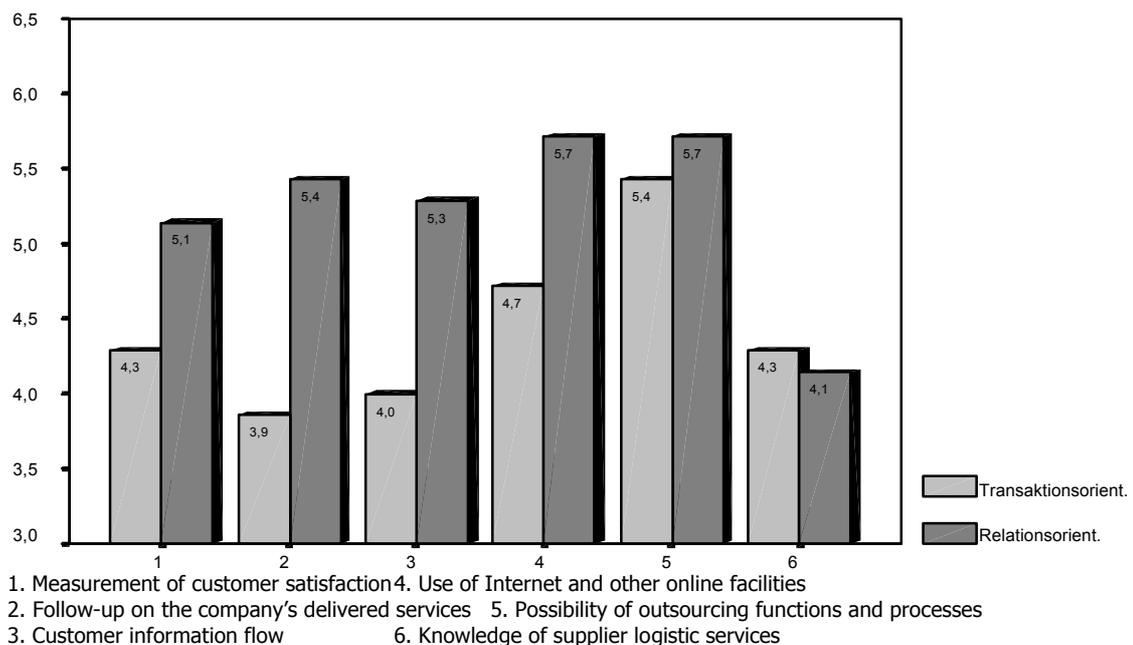
The analysed in- and output variables are shown in figure 3.

**Figure 3: Analysed variables**

Input variable	Output variable
Measurement of customer satisfaction	Direct customer satisfaction
Follow-up on the company's delivered services	Loss of customers in the past year Observance of the time of delivery
Customer information flow	Degree of changes in product introductions for the past 2 years
Use of Internet and other online facilities	Urgent orders in the production due to planning failure
Possibility of outsourcing functions and processes	Supply of raw materials leads to bottlenecks in the production
Knowledge of supplier logistic services	

If you look at the input activities, the results of the chosen questions are shown in figure 4:

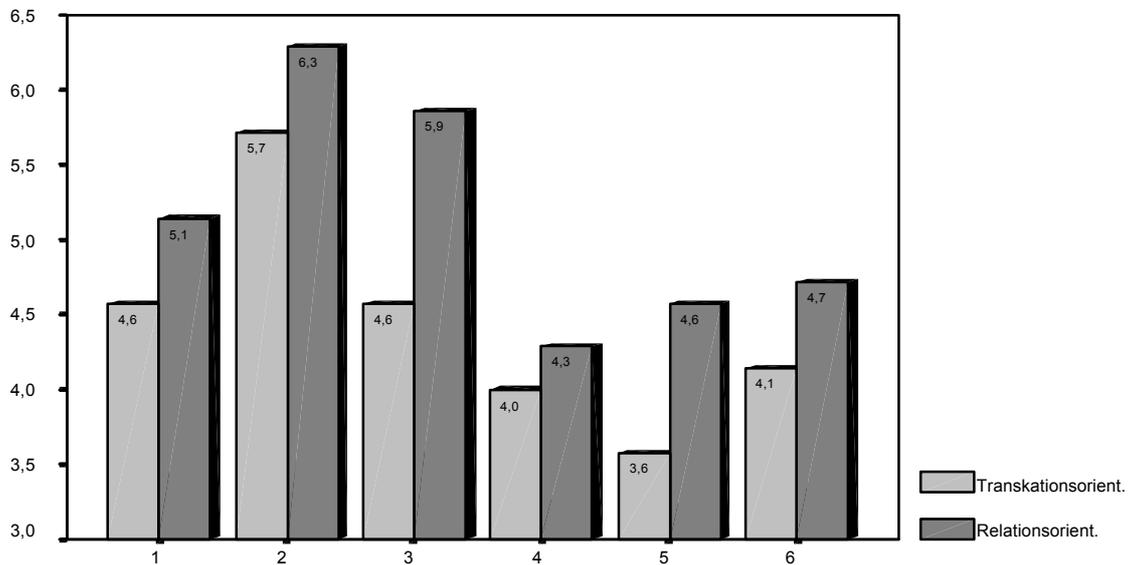
**Figure 4: Comparison of input variables for the two groups**



In order to test if the two groups of companies differ significantly a Wilcoxon-Mann-Whitney Rank Sum Test was made. This was chosen due to the few observations and the type of scale. The result was that for three of the chosen questions the differences were significant. For the three activities concerning customer relations the relationship-oriented companies actually were – according to themselves – more relationship-oriented than the other group of companies. Customer satisfaction is measured more, the follow-up on delivered services is better, and so is the customer information flow. There was, however, no significant difference concerning activity variables as to supplier relations. The Internet and EDI were not used more. Possibilities for outsourcing were not closer analysed and knowledge of supplier logistic services was not acquired better.

If you look at the companies' output the results of the two groups of companies are shown in figure 5:

**Figure 5: Comparison of output variables for the two groups**



- |                                       |  |
|---------------------------------------|--|
| 1. Direct customer satisfaction       | 4. Degree of changes in product introductions for the past 2 years |
| 2. Loss of customers in the past year | 5. Urgent orders in the production due to planning failure         |
| 3. Observance of the time of delivery | 6. Supply of raw materials leads to bottlenecks in the production  |

The test showed a significant difference also as to three of these variables. The relationship-oriented companies did not lose so many customers as the transactional-oriented companies, and they even observed their delivery times to a higher degree. There was, however, no significant difference in the direct customer satisfaction. There was a significant difference in how often the production has urgent orders whereas the results as to supply of raw materials and product introductions do not show any decisive difference.

#### 4. Choice of strategy

“The customer can rate us better or worse than somebody else. It’s not very scientific, but it’s disastrous if you score low” (Mather, 1993). It is therefore important to act properly to signals from customers. The above way of benchmarking starts from the company’s self-evaluation. There seems to be certain differences in how companies act depending on whether they feel that their basis is transaction-oriented or relationship-oriented. Thus, relationship-oriented companies state that they attach great importance to measure of customer satisfaction, follow-up on services delivered, and that the companies themselves have a better flow of customer information.

This raises the question of which market strategies to use depending on the background of the company. Throughout the ages more theories about how different types of strategies can be worked out have come about (Hägg & Johansson 1982, Campell 1985, Turnbull & Valla 1986, Ford 1998).

According to the above authors, the background for a relationship-oriented strategy can be the following:

- a. There is a confident relationship with the customer.
- b. The objective of the co-operation is that both parties are to benefit from it.
- c. Mutual adaptation and development are the means to satisfactory solutions.

You must adapt your approach to this situation. According to Matsson, Johansson & Håkansson (1982) the company strategy comprises both the product service to be exchanged between the parties and how to make this exchange. Here, the company can choose between different types of degrees of adaptation (see e.g. Turnbull & Valla 1986). At the same time it is important to pay attention to the fact that the individual buying situation cannot be seen as an isolated phenomenon, but that it is necessary to look at the individual buying situations end to end (Håkansson 1982, Campell 1985, Ford 1982). Thus, the company's use of parameters is not a question of determining these once and for all, but to use the parameters actively in the correlation. The product service is adapted to the customers' wants and needs. Prices are negotiated as a process in the negotiations of product service adaptation and product development, which is customer dedicated. Service is an integrated part of customer correlation where the service can be individualized and adapted to the customer's demands and expectations. The contact to the customers is also very much influenced by person-to-person communication when dealing with many contacts often involving many people.

When the use of a parameter is very influenced by what is considered to be a fit effort towards the individual customer it is important that there is a number of superior guidelines for how to act towards the individual customer. Strategies for how to act are essential. A way of controlling customer correlation is to use the knowledge and experience you and your customer have. Ford (1980) has made a phase model that in a compromised form distinguishes between new customers, partly known customer and well-known customers. A good way of understanding why the customer acts as he does is often the purchase strategy (Webster & Wind 1972, Campell 1985). "Knowledge of a customer's purchasing approach is very helpful when deciding which companies are the best prospects for future business" (p. 46). If you link this to the results of the empirical study, where customer satisfaction, follow-up on deliverance, and customer information flow were essential characteristics of relationship-oriented companies, the following matrix can be made.

**Figure 6: Implications for customers**

<b>New customers</b>	<b>Partly-known customer</b>	<b>Well-known customers</b>
Identify customer satisfaction triggers	Analyse the significance of the various customer satisfaction factors	Make sure that you are still up-to-date as to factors being decisive for the customer satisfaction
Analyse the customer's logistic systems	Adapt oneself to the customer's logistic system	E.g. develop new solutions as to the logistic system
Identify relevant actors in the buying centre	Work on obtaining a good and close knowledge of the buying centre members	Continually work on the relationship with the buying centre members as well as take precautions against the relationships monotony

The above matrix is to be seen as an example of how you can use the information found in connection with the benchmarking of the company. Thus, it is decisive that there is consistency in all the company's actions. The above is a way to use benchmarking in a marketing context and thus, conclude some implications for how behaviour could and should be, if the company sees itself as relationship-oriented.

## **5. Conclusions, implications and further research**

The objective of this paper is to show if companies that consider themselves as relationship-oriented also act that way. Self-delusion could be the question. The objective of this paper has also been to show if relationship-oriented companies get better results than more transactional-oriented companies. In order to fulfil these two objectives self-evaluations from 27 companies have been analysed where after the group with the highest stated relationship-orientation towards customers and suppliers has been compared to the group that stated the least relationship-orientation.

The result was that the relationship-oriented group actually turned out to be relationship-oriented regarding customer relations, but not as to supplier relations. This may seem as a surprise and indicates a certain degree of self-delusion. All the talk about extended supplier cooperation and outsourcing has not resulted in practical efforts despite the fact that the companies did consider themselves to be supplier oriented. An explanation for this could be that talking about relationship-orientation makes you think that you actually put it into practise. Another explanation could be that the respondents – exactly because the supplier cooperation is modern – feel that they should state themselves as supplier-oriented.

As to the customer-relations the results showed better harmony between self-concept and activities. The relationship-oriented companies have a different behaviour than the more transactional-oriented. This is not really a surprise. For the examined type of companies' – small and medium-sized industrial companies - customer relationship is the most important parameter for success and they are very aware of how to treat their customers.

So, the conclusion must be that when looking on both customers and suppliers the companies' relationship-orientation is a self-delusion to a certain extent.

As to results the picture was diversified. First, one would think that customer satisfaction with the relationship-oriented companies was better than with the other group of companies because of the bigger effort as to customer relations, but this seemed not to be the case. Not even despite the fact that delivery times were better observed. But on the other hand the companies did not lose so many customers, which of course can be considered as the most decisive result economically.

The more relationship-oriented companies had fewer urgent orders in the production than the other group, but that was the only significant difference as to production. Good planning – perhaps because of a better contact with the customer – is, of course, a must when it comes to good economic results, but since we did not test on economic data we cannot conclude on this. So, it has not been possible to show if relationship-orientation really implies money-illusion.

An implication of the above conclusions could be that there is a need to make companies aware of what relationship-orientation implies, so that they do not end up being disillusioned and thus take wrong actions. Another implication could be an awareness of the relations between activities and results - that the companies are aware of which results to expect from a higher degree of relationship-orientation and that they measure if these results are obtained.

At the end, in continuation of the benchmarking results we tried to show how to create a relation between what you say and what you actually do. Otherwise you end up disillusioning not only your surroundings but also yourself.

The study in question referred to a rather limited number of companies spread over different trades. Therefore, there is obviously a need for larger and more representative studies in order to assess the conclusions. Also, the study is based on the companies' self-evaluation. Here, there is a need for studies that directly measure the relations' strengths and relate these to the companies' self-concept.

The connection between relations, relation build-up, and company results is difficult to show. Usually, it is considered an asset to a company to build close relations to a number of its suppliers and therefore it is recommended. The question, however, is whether you know enough about the results of such activities. Research on possible connections between relation build-up and company results seems to be missing.

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