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# Reflection on Contemporary Issues in Relationship Marketing: Evidence from a Longitudinal Case Study in the Building Materials Industry

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**Aidan O'Driscoll<sup>1</sup>** **Reflection on Contemporary Issues in Relationship Marketing: Evidence from a Longitudinal Case Study in the Building Materials Industry**

*This article examines a number of issues in relationship marketing through the perspective of the competence-based view of the firm. It draws on data from a 53-year case history of a firm in the Irish building materials industry. Relationship marketing emerges from this data as a significant market-related competence helping the firm to enjoy a preeminent position in the marketplace over five decades.*

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*Discussion focuses on the dynamic nature of relationship marketing in the company – how the intent, thrust and characteristics of relationship marketing evolved over 53 years and five eras of the firm's history. In this context, customer loyalty is observed to have an enduring and at times idiosyncratic character. Further, relationship marketing is found to be enmeshed in other competences and capabilities of the firm, and to have an important tacit dimension. Finally, aspects of best practice in the firm are considered in the light of contemporary conceptualisation about relationships and marketing.*

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**Keywords:** relationship marketing; relationship dynamics; marketing-related competence; longitudinal research; building materials industry

**Competence Theory and Marketing**

Competence theory has much to offer the marketing discipline in affirming the role of marketing as a resource, in understanding the tacit, embedded nature of best marketing practice, in highlighting the role of organisation and process in delivering effective marketing, and in comprehending anew aspects strategic analysis and positioning theory. Yet, marketing scholars have been slow in their embrace of competence theory and its tenets. This

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article seeks to help redress this shortcoming. It examines a number of issues in marketing, and particularly in relationship marketing, through the perspective of the competence-based view of the firm.

Competence theory is a developing body of knowledge about resources, assets, capabilities, and competences in the firm, and their role in creating a sustainable competitive advantage. Embracing the resource-based and competence-based views of the firm, competence theory has contributed significantly to strategic management since the mid-1980s and generated a substantial literature. However, as a body of knowledge it is subject to much criticism. In particular, it is accused of imprecise, and even tautological, definition of key concepts, and of offering little empirical support for its ideas. An early critic, Williamson (1999, p. 1093) highlights 'two related concerns: obscure and often tautological definitions of key terms; and failures of operationalisation'. McKelvey (2000) echoes this concern and laments that competence theory has not yet met the minimum requirements of 'good science' in the positivist epistemological sense. Priem (2001) continues to find tautology, the absence of measurement and operationalisation, and no predictive dimension to the concepts.

Empirical research to date has mainly embraced a case study-based approach reflecting the need to discover and develop theory. However, much of this case study work lacks depth, and is illustrative rather than explanatory in nature. Such cases take a limited time horizon that does not enable the dynamics of a competence to be understood. There is acknowledged need for theory building using discovery-led longitudinal methodology (Day and Wensley 2002; Sanchez and Heene 2000).

In sum, competence theory still needs considerable theory development. To use Fisk et al.'s (1993) terminology, it is still at the 'crawling out' stage, and has much to achieve before it can become 'fully erect'. Discovery-led research in the longitudinal mode, acknowledging the dynamic nature of competence, can add valuable insight and help to build theory. Such research provides the necessary and more rigorous theory for construct development, modelling and testing, leading ultimately to a robust theory of competence with a strong predictive dimension.

A further, and important, shortcoming is that competence theory has largely ignored marketing knowledge and its disciplinary insight. This lacuna is acknowledged by some theorists (e.g. Barney et al. 2001; Hooley et al. 2001; Sanchez and Heene 1997) anxious that competence theory may become overly focused on internal issues of the firm at the expense of a market-focused external perspective. Equally, it must be pointed out that marketing scholars have been hesitant in their embrace of competence theory, with a limited number of exceptions (e.g. Day 1994; Golfetto and Mazursky 2004; Srivastava et al. 2001; Vorhies 1998). Yet, it is arguable that

competence theory has much to offer the marketing discipline in asserting the role of marketing as a resource and an asset rather than merely as an expenditure. It can help to divine the tacit, embedded nature of marketing best practice, for example, in understanding and managing relationships. Further, competence theory stresses the role of organisation and process in delivering effective marketing, and can help to comprehend anew aspects strategic analysis and competitive positioning.

Interestingly, a number of marketing scholars hypothesise conceptually rich and potentially valuable models of competence (Hooley et al. 2005 2001; Srivastava et al. 2001). However, they recognise the limitations and difficulties of operationalising and testing these frameworks, and call for greater insight and understanding into the basic nature and dynamics of competence in the firm. It must be concluded that there is need for deeper understanding of the role of assets, capabilities, and competences in the firm, and 'to map the space of resources in more detail' (Wernerfelt 1995, p. 172).

### **Research Study**

In response to these shortcomings, the researcher undertook a major study of the nature and dynamics of marketing-related competence in the context of a firm in the Irish building materials industry. Acknowledging the 'expansive and elastic' nature of competence theory (Williamson 1999), this research examines five crucial issues that underpin the nature and dynamics of competence. Stated in summary form, these five issues address competence identification (how can we identify a competence?); the link to strategy (can we map the relationship between competence and strategy?); potential redundancy (is there danger of a valuable competence mutating into a so-called competence trap?); sustainability (how do we protect it from competitive imitation?); and the sharing of competence across and beyond the firm (how 'sticky' is a competence?). These issues were chosen to provide a reasonably comprehensive and balanced engagement with the topic. They were also amenable to research using a longitudinal case study-based mode in an interpretivist tradition where insight and understanding would emerge through hermeneutic interpretation (Alvesson and Sköldbberg 2000).

The research site was Roadstone, the largest supplier of stone-based building products to Ireland's building and construction industry. The company has enjoyed a preeminent position in the marketplace over most of its lifetime. (Roadstone is a subsidiary of Cement Roadstone Holdings (CRH) plc, the fourth largest supplier of building materials in the world.) The study sought to achieve a significant historical dimension, examining the dynamics of competence and marketing-related competence over time and at periods of major strategic realignment. In this, the researcher takes the view that

history offers 'a hermeneutic bridge' between the present and the future (Gummesson 2000).

The case study examined the nature and dynamics of marketing-related competence in the company over 53 years from 1949 to 2001, and drew on documentary, interview, observation and experiential evidence. In the first instance, an extensive body of documents that dealt with the history, development, stewardship and general fortunes of the company was studied. This included internal reports and studies, consultants' reports, books, academic articles, websites, financial brokers' assessments and other public domain comment. A series of indepth interviews with senior managers of the company, carried out between autumn 2000 and spring 2001, provided much contextual richness. Their backgrounds and work experience in the firm varied from sales and marketing, through production, engineering, quality control, accounting and finance to general management. The 10 respondents, a number of whom were retired, had spent most of their working life with the firm. They had an average of 31.5 years with the firm or a total of 315 years of full-time employment between them. Further, observational research was carried out in October 2000 studying the interplay between Roadstone personnel and an important customer constituency (described below in the section on the tacit nature of relationship marketing). A final evidential source was that the researcher had worked with the company for 8 years from 1973 to 1980. He joined as a marketing analyst and in the subsequent years undertook roles in market research, economic analysis, corporate planning and marketing management.

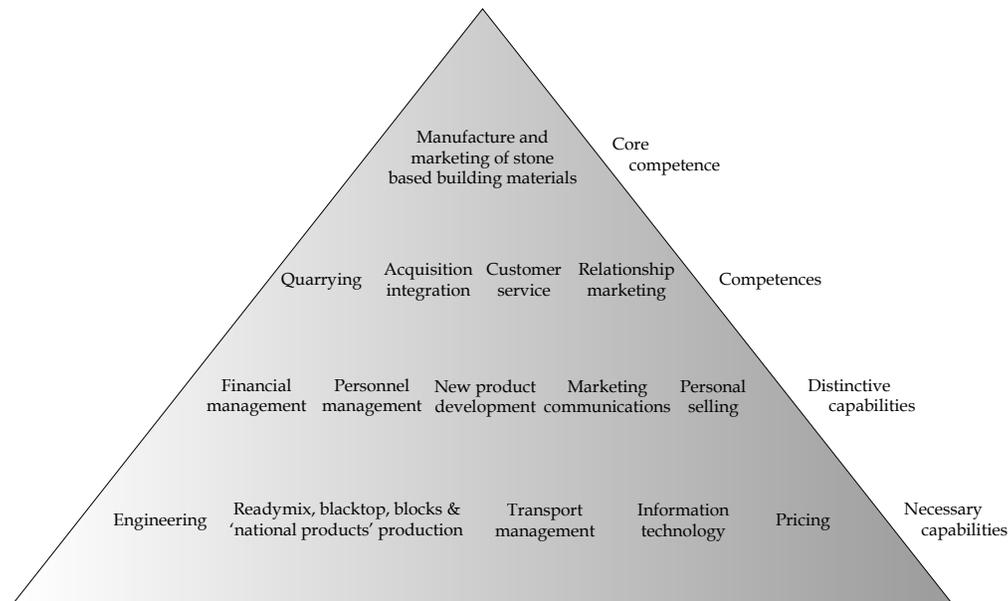
In order to counter criticisms of weak definition and tautology often levelled at resource-based and competence theorising (Priem 2001; Williamson 1999), the research adopted a clearly defined typology of competence that was introduced in the mid-1990s by Sanchez et al. (1996). This typology has been used consistently since then in a significant stream of conceptualisation about competence theory in the field of strategic management and organisation theory, but relevantly, not in that of marketing to date. Appendix 1 elaborates in depth on the definitions about competence theory used in this study.

### **Unbundling and Identifying Competence**

As competence theorists consider competence to have a systemic and holistic dimension (Sanchez et al. 1996), an understanding of marketing-related competence cannot be undertaken without addressing competence in general in the firm. The data collection and findings in this study sought to do this. In order to address the first research issue - competence identification - a series of diagnostic frameworks were used. These enabled a number of capabilities

and competences, including marketing-related ones, to be unbundled in Roadstone. Further, a 'hierarchy' of competence emerges in the case data, from necessary capability, through distinctive capability, competence, to 'core' competence (see Figure 1). The figure is shaded from left to right to highlight marketing-related competence towards the right side. Relationship marketing is identified as one of four competences in the firm and one of two marketing-related ones.

Documentary, interview, observation and experiential evidence all confirm that Roadstone has a competence in relationship marketing. Relationship marketing meets the three conditions of intention, goal attainment, and organisation (see Appendix 1). The company set out to be first rate in building relations with customers and suppliers, put in place the required structures to do this, and achieved the benefits. It may be argued that relationship marketing and customer service are so closely linked that they should be treated together as a single capability or competence, e.g. customer service supports relationship marketing, therefore relationship marketing is the relevant competence. This study treats them separately for two reasons. First, there is a separate body of academic literature in both subfields of marketing. Second, the respondents themselves, while appreciating the interconnection, spoke of customer service and relationship marketing in quite different contexts, so streaming the data.



Note: The figure is shaded increasingly from left to right to highlight marketing-related competence towards the right side.

**Figure 1 Competence in Roadstone**

## The Dynamic Nature of Relationship Marketing

Roadstone evolved through five 'eras' in its 53-year life. During each era, its strategy-structure-shared values constellation was realigned significantly. The data enabled the second research issue – the reciprocal, indeed symbiotic, link between competence and strategy – to be analysed through each era, shedding useful light on the dynamics of competence, and in particular, marketing-related competence, including relationship marketing (see Table 1).

Table 1 charts the evolving nature, thrust and characteristics of relationship marketing over these 53 years. In era 1, relationship marketing developed in a natural and enthusiastic fashion, driven primarily by the co-founder's innate sense of marketing. A now retired managing director, who worked during the first three eras of the company, commented: 'Tom Roche was our marketing manager as well as being our entrepreneur... with him the customer was always king, and he'd get furious if a customer complained. So it was very important that the customer got good value for money and good service, quality material.' (Tom Roche, the co-founder of Roadstone with his brother Donal, emerges from the research as an entrepreneurial, charismatic, and visionary leader, recollected by his peers and a subsequent generation with admiration, awe and affection.) In era 2, as the company took on a more professionalised shape in its structures and management, relationship marketing became more structured and widely targeted. The retired MD above continued: 'Well, during my time in the fifties, sixties and seventies, I think in the main we got on well with our customers because we always respected them. We always looked after them in every way, we entertained them as often as was prudent... That was always very important but that was only, if you like, the gloss on it. The main thing was that you delivered on time and you delivered the quality on time.'

During era 3, the company faced serious challenges both internally and externally. For a period in the late 1970s, its competence in relationship marketing floundered to a large extent. A view emerged that relationship building was being overly concentrated on larger established customers at the expense of smaller and growing ones. 'It was amazing the number of times you'd find yourself calling back to the good customer... "Yeah, that's right, saw him 16 times last month, but Joe Bloggs down there, didn't get to him at all" (senior sales manager).' Further, a significant amount of the spending on customer relations was ineffectual and unjustified, particularly in regard to golf sponsorship/outings.

**Table 1 Evolution of Relationship Marketing in Roadstone**

	Era 1	Era 2	Era 3	Era 4	Era 5
	1949-1965 Rapid Entrepreneurial Growth	1966-1973 Professional- isation of Management	1974-1981 Transition to Industry Maturity	1982-1993 'Challenging Years'	1994-2001 'Riding the Celtic Tiger'
<b>Strategy</b>	Entrepreneurial growth	Professional managed growth	Consolidation	Downsizing	Measured continuity
<b>Marketing (in general)</b>	Intuitive Co-Founder's marketing vision	Formal Conventional departments	Conventional Streamlining	Diffusion into line activity Regional/local level	Processual Organic
<b>Relationship Marketing</b>	Natural Enthusiastic	Structured Broadly targeted	Ineffectual Misdirected Reassessment	Focused Balanced investment	Focused Balanced investment

In era 4, a clear focus and balanced investment was reestablished in relationship marketing and continues to the present. This continual striving for balance in managing relationships surfaces significantly in the data. This balance, and the mature realisation of the limitations involved, are illustrated in these comments from a sales manager and a sales director, with 45 years of service between them. 'We're conscious of that overkill factor... it's a feeling that you get yourself, we're very respectful towards the customer... the guys we've employed over the years are just particularly good at it [managing relationships].' 'You can't say "I have him 100%, he's my customer", because everybody will share out their business in some way and you must expect that. The relationship building that we engage in, my target there and I keep saying it to the lads "If we can be sure that every bit of work that Sisk [a large contractor] gets, we will get a call on it, that's a good start". It may even be a good finish and that is paramount to the whole idea of building relationships.'

Like relationship marketing, a commitment to customer service is deeply engrained in Roadstone's psyche from its earliest years. It also has evolved and reshaped itself as a competence over the years, from an intuitive approach deriving from the co-founder's enthusiasm, through a realisation in era 4 that the company is in a 'service business', to a sophisticated concept of 'partnership in building' articulated by senior management in era 5 - ideas that resonate with service-centred dominant logic of Vargo and Lusch (2004). Customer service also gets measured. In the mid-1990s a sophisticated customer service assessment programme was introduced. This involves bi-

monthly contact with a dozen customers, selected at random, to assess and rate their satisfaction with Roadstone service across an extensive range of dimensions related to service satisfaction.

Market intelligence gathering and dissemination have always been carried out in a skilful manner in Roadstone. Interestingly, marketing and market sensing mutated over time from being directed formally from a marketing department to becoming more dispersed and embedded in the organisation (see Table 1). For example, the so-called 'regional analysis' was a key document assembled by the marketing department in eras 2 and 3. It enabled company market share in various products and markets to be measured accurately. In the early 1980s it was discontinued. Such information was then collected in other less codified and more frequent ways; intelligence gathering became more dispersed and devolved throughout the company, involving many personnel in sales and customer support. The case data confirms a real-time, action-oriented approach to gathering information on building jobs, customers, market trends and market share. It is manifest that detailed, accurate, and quantified data underpins the firm's competence in relationship marketing and customer service.

#### *Avoiding the Competence Trap*

The company's ability to reshape and built its competence in relationship marketing over time in the face of changing competitive dynamics, buyer requirements and technology is impressive. This ability helps to shed light on the third research issue in this study, the phenomenon of competence redundancy. In the parlance of competence theory, Roadstone appreciated the need to build, as well as leverage, its competence in order to avoid the so-called competence trap (Leonard-Barton 1992). There is always danger that the firm becomes preoccupied exclusively with competence leveraging. Having shaped a competence in the first instance, it wants a return on its investment; it needs to 'sweat' its competence. Leveraging in this way may blindfold the firm to the need to build and reshape competence in response to important changes in market and industry conditions, in technology and in customers' needs and expectations. The preoccupation with competence leveraging, though understandable, can mean that the competence becomes less relevant, less competitively superior, even potentially redundant. It mutates into a competence trap. Indeed, there is evidence from the data that Roadstone's competence in relationship marketing helped to renew and build its other capabilities and competences over time. First rate relationship marketing has a strong outward focus, beyond the boundaries of the firm, and helps to scan the environment for significant change and so avoid the myopia that leads to potential competence redundancy.

Customer Loyalty, Customer Knowledge and Relationship Marketing

The history of relationship marketing in Roadstone testifies to a significant longevity in customers' loyalty to the firm. Many customers can be categorised as loyal customers over a number of decades. Indeed, a number have been loyal customers over its 50-plus years of trading. Such a history gives rise to idiosyncratic features. One such feature emerged during the interview research with senior managers and sales personnel. It was evident that many customers whom these interviewees would characterise as loyal do not always, in fact, purchase from Roadstone, choosing instead to 'support' the competition and 'remind' Roadstone of its preeminent position in the marketplace. But Roadstone personnel were confident that such customers would return over time. This somewhat phlegmatic attitude is typified in this comment. 'Whereas if the Roadstone fellow doesn't get a sale, he knows he'll be back next week and he won't be whingeing... he'll be back to try for the next job, and if you need him he'll be there.' This phenomenon of an apparently qualified or discriminatory loyalty on the part of a sizeable number of customers intrigues the researcher, and sets him to wonder if the classic relationship ladder (Christopher et al. 1991; 2002) requires another rung – perhaps classified as 'a discriminatory advocate'.

### **The Enmeshment of Competence**

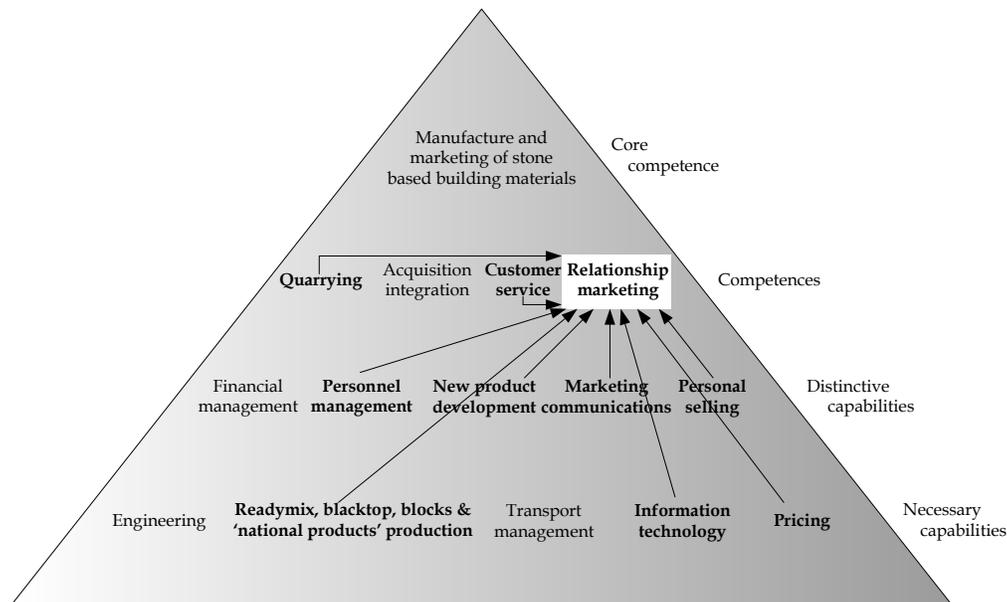
The evidence in this research indicates that a competence, core or not, is deeply enmeshed in a number of capabilities, both distinctive and necessary, and in other competences. A competence is a highly interdependent phenomenon, connected to and supported by a range of other capabilities and competences. Further, if one of these supporting capabilities or competences fails to perform, the competence itself is at risk. Relationship marketing in Roadstone provides evidence of this contention.

Figure 2 maps this interrelationship of relationship marketing with other capabilities and competences. Relationship marketing is dependent manifestly on customer service, personal selling, pricing, and information technology. However, the analysis of marketing communications and new product development indicates also their contribution to relationship marketing. Many aspects of marketing communications, from technical literature to brand building to societal marketing, assisted in building and maintaining relationships and in the concomitant marketing benefit.

The case for new product development being coherently linked to relationship marketing may appear more tenuous. Yet the company has a long established reputation for product introduction that has solved underlying customer need, and changed practice in the industry, from the launch of readymix concrete in the 1960s, to the development of modular pre-manufactured walling panels in the 2000s. Such new product

development assists in bonding relationships and winning repeat business over an extended period. Further, personnel management plays a significant role in nurturing the competence in marketing relationship. Finally, first rate relationship marketing cannot be achieved without the product quality reliant on a competence in quarrying and a capability in readymix, blacktop, blocks, and so-called national products production (i.e. masonry blocks, bricks, roof tiles and paviers).

The case data in Roadstone suggests that a competence - whether relationship marketing or other - is not a phenomenon that occurs on its own in a department or function or discipline of the organisation. It is given life by its interrelationship to a range of other capabilities and competences. Further, without this complex interrelationship, it would not exist. This enmeshment of a competence in a portfolio of other capabilities and competences is a valuable finding to emerge from this research. It has been hinted at, but not really been given substance, by other competence researchers (Sanchez and Heene 2000; Srivastava et al. 2001). Further, such enmeshment has important implications for the sustainability and sharing (transfer) of competence.



Note: The figure is shaded increasingly from left to right to highlight marketing-related competence towards the right side.

**Figure 2 Interrelationship of Relationship Marketing with Other Capabilities and Competences in Roadstone**

***Protecting Relationship Marketing from Imitation***

A competence must be sustainable in order to be a competence. Sustainability is the fourth research issue in this study. So-called isolating mechanisms prevent imitation by competitors and ensure durability of competence. Isolating mechanisms (Rumelt 1984) are to a firm what an entry barrier is to an industry; just as an entry barrier impedes new entrants from coming into an industry and competing away profits from incumbent firms, isolating mechanisms prevent other firms from competing away the extra profit that a firm earns as a result of the competitive advantage deriving from its capabilities and competence. These factors embrace economic and marketing theory as well as strategic management theory (Besanko et al. 2000). Table 2 identifies, and indicated the strength of, these barriers to imitation as relevant to relationship marketing in Roadstone.

**Table 2 Isolating Barriers of Relationship Marketing in Roadstone**

<b>Barriers to imitation</b>	
<i>Tangible</i>	
Market size and scale economies	●
<i>Intangible</i>	
Causal ambiguity	●
Dependence on historical circumstances	○
Social complexity	●
<b>Early-mover advantages</b>	
Reputation and buyer uncertainty	●
Buyer switching costs	○

Note: ● denotes a stronger barrier to imitation or early-mover advantage than ○.

Relationship marketing requires significant investment and time. The size and scale of Roadstone, its reputation and buyers' anxiety about switching all make replication of this competence difficult. Relationship marketing is also a craft, embedded in people, their personality, behaviour, shared experience, memory and expectations. Causal ambiguity, social complexity and historical circumstances are all barriers to imitation.

Two worthwhile observations can be made from Table 2. First, relationship marketing is isolated by not one, but a number of mechanisms. These factors reinforce one another to create a formidable defence. Competence protected by a 'system' of isolating mechanisms is far more sustainable and difficult to imitate than that defended by one barrier alone. As Porter (1996, p. 74) points out, the probability that competitors can surmount any single obstacle is often less than one. The probabilities then quickly compound to make matching or duplicating the entire competence highly unlikely ( $.9 \times .9 = .81$ ;  $.9 \times .9 \times .9 = .73$ ;  $.9 \times .9 \times .9 \times .9 = .66$ , and so on). Second, intangible, tacit barriers - those engrafted in the people, in the organisation, its processes, and shared values - play a significant role in protecting relationship marketing in Roadstone. It is important to address this consideration in more detail.

### **The Tacit Nature of Relationship Marketing**

The implicit and engrafted nature of competence, especially market-related competence, comes to the fore in this research. It is manifest that intangible barriers play a significant role in protecting and hence sustaining competence. Competence is embedded in the people, organisational routines, history, idiosyncratic culture and social norms of the company. The social complexity and causal ambiguity that envelop many of the firm's capabilities and competences make imitation beyond the firm very difficult.

The company's strength in relationship marketing lies, in large part, in its ability to manage relationships with integrity and to get the balance in associated investment just right. It reveals a social complexity evident in this comment by a senior technical sales manager. 'I think the people that are involved in it are sensitive to it, and I mean we've never written it down or anything like that, but it's kind of an empathy talent that the people in Roadstone have. We just read it right.' Causal ambiguity is captured in this comment by a sales director. 'There's a way of managing it, it's not pure science or anything like that, but you've got to do it so that you won't offend people.'

This tacit difficult-to-codify dimension of relationship marketing is illustrated by three further quotes from senior sales personnel. 'You want a guy to be friendly or a good customer of yours, not for one year, not for two

years, not for one job not for two jobs, but for a long long time. Let's say for example that somebody grabs a full cross section of his customers and takes them all out to Lisbon. Next year, what does he do for the encore? You have to be careful to structure it right, get the right balance of people.' 'Trust is there to some extent... I mean the builder is there to get the cheapest price he can, the Roadstone rep is there to get the best price, so I mean the trust is that they know what they're at... They are out to get each other but it's a good relationship.' 'We asked an outside agency to carry out a survey on our behalf recently on this. They came back to say that the feeling of our customers was that we do it well, are not too heavy, we're not overpowering. The things we do are very strong relationship builders.'

The comments of a now retired sales director of 35-years' service with the firm, who worked during each of its five eras, are prescient in the context of balance in managing customer relationships. 'Never assume and always respect your customers and make no inhibitions about letting him know that he's a customer... you can't be pally with everybody, you can't do that and it's not professional.' 'The customer doesn't mind you being close to him but he doesn't want you too close, he wants to be able to do business, he wants to be able to ring up, to get information and to communicate with you... it's nice if you're able to do it on a friendly basis and you've had a game of golf with him or you've had a meal with him. There's a point at which you don't go over. There's a cut-off point and if you tend to overdo I think you can kill it.'

Observation research also confirmed this tacit aspect of relationship marketing. As architects form an important constituency of Roadstone's customers, the researcher attended an annual conference of the Royal Institute of the Architects of Ireland (RIAI) in Verona, Italy, in October 2000. Roadstone has been the chief commercial host of this event for many years. Two considerations are evident from this observation research. First, Roadstone is held in very high esteem by the architects present at the conference. The firm is seen as expert in important aspects of building technology, in stone-based building product technology, and in product development. Further, the architects view it as a good firm to do business with, in terms of product quality and service reliability. Second, Roadstone personnel are extraordinarily adept at technical, commercial and social dialogue with delegates. It is clear to the researcher that the respect and affection with which the Roadstone personnel were held by most present went far beyond any consideration that Roadstone was the chief sponsor of the event. Indeed, the researcher's notes are replete with expressions like 'All firms can't get as close to their customers as this' and 'This is relationship marketing in action.'

### *Conceptualising Tacitness*

Three related considerations about relationship marketing in Roadstone suggest an important conclusion about marketing-related competence. (i) Relationship marketing is enmeshed in a portfolio of other capabilities and competences. (ii) Relationship marketing is protected from competitor replication, not only by such enmeshment, but also by a number of tangible and intangible barriers, each reinforcing one another to create a formidable system of defence. (iii) The intangible, tacit barriers play a particularly important role in protecting relationship marketing. The reality that emerges is that a competence, such as relationship marketing, once truly established in an organisation, is well protected from competitive imitation. It is isolated on many fronts that make replication by a competitor very difficult. It is also, not surprisingly, likely to take a significant period of time to build.

This finding about sustainability over time leads to an important conclusion about building competence, especially marketing-related competence. If competence is so difficult to imitate beyond the firm, it may be best for firms to cultivate and build their own competence rather than seek to import or replicate the competences of others – despite the time and investment that this may take. This conclusion echoes that of Teece et al. (1997, p. 528): ‘Because of imperfect factor markets, or more precisely the non-tradability of “soft” assets like values, culture, and organisational experience, distinctive competences and capabilities generally cannot be acquired; they must be built. This sometimes takes years – possibly decades.’ This consideration likely has implication for other firms, particularly those in business to business markets.

Such thinking about the engrafted, tacit nature of relationship marketing is starting to be explored by marketing scholars. In particular, the work of the IMP Group addresses this topic. With its paradigm based on relationships, networks and interaction, the group stresses the embedded nature of relationships and of much marketing practice (e.g. Ford et al. 2003; Sandberg 2003 ). There is however acknowledged need for more understanding in this area (Håkansson 2004). Indeed, defining texts by Christopher et al. (2002), Grönroos (2000), and Gummesson (2002), important founding conceptualists of relationship marketing, pay scant attention to the notion of embeddedness. Arguably, a more comprehensive understanding of this tacit dimension will require an embrace of concepts of knowledge management and strategic learning (Hartmann et al. 2004; O'Driscoll et al. 2000).

Thus, the study under discussion makes a useful contribution to empirical explanation and conceptualisation about the tacit dimension of relationship marketing and, indeed, of marketing in general. While its insights are mainly at the level of the firm rather than the dyad or network, they none the less offer valuable and longitudinally-focused comprehension to the concept of

tacitness. Marketing-related competence in Roadstone has a strong implicit dimension, and was built up and learnt over a significant period of time in a painstaking, often trial-and-error, manner. The findings indicate that Roadstone's two marketing-related competences and three marketing-related distinctive capabilities have significant tacit dimensions. Their achievement lies as much in the minds and abilities of its personnel as it does in products and documents. They contain much implicit, fuzzy knowledge.

Two conclusions must be reiterated. First, marketing-related competence may not be readily imported into the firm; it may have to be built within the firm and this may take time. Second, once a marketing competence is built, its tacit component makes imitation by competitors difficult. These conclusions provide insight to the marketer seeking to build and protect assets and capabilities, not only in relationship marketing, but also in domains like brand equity, sale force management, customer networks, distribution channels, new product development, and cooperative, network and societal endeavour.<sup>2</sup>

### **The Practice of Contemporary Relationship Marketing**

What is referred to as relationship marketing in many firms falls short of Grönroos' definition (see Appendix 1). On the one hand, it may be directed to a small exclusive group of customers, a private banking-type approach that is highly customised, and involves little bonding with the significant number in the middle of the customer (value) pyramid. On the other, there is the data-driven, highly measured approach of direct marketing masquerading as relationship marketing. In Roadstone, relationship building engages with a wide range of customers. Further, those that might be neglected by the rep are 'picked' up in a thorough and real-time market intelligence system. Existing or previous customers are approached with a customary enthusiasm while, equally, potential new customers are actively sought out. The evidence of this research indicates that genuine and effective relationship marketing needs the soft, intuitive, personal approach to be supported synergistically by the hard, 'math', data-driven mode.

Relationship marketing has been very influential in the domain of

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<sup>2</sup> A possible downside to the tacit nature of competence in a firm is that this very competence may be difficult to share or diffuse *within* a single large organisation (Reed and DeFillippi 1990; Szulanski 1996). This issue of the so-called stickiness of competence is the fifth research issue in this study. A detailed discussion is beyond the remit of this article. Suffice to say that, contrary to much scholarly thinking about the problems of transferring or diffusing of competence across an organisation, competence is seen to be shared throughout Roadstone with few obstacles or 'stickiness'.

marketing over the past 15 years. For many it is the *deus ex machina* of marketing that explains much that was poorly understood formerly. Others are less excitable, contending that the concept contains much that is self-evident and merely brings the notion of trust under the scrutiny of marketing theorists. Brown (1999, p. 4) makes a prescient point: 'Likewise, the illusion of primacy, in which the present appears to precede the past, is nowhere better illustrated than in the recent much-lauded relationship marketing paradigm shift. According to Sheth and Parvatiyar's [1993] historical overview, relationship marketing was actually the primary form of marketing prior to the transactional lapse that transpired sometime in the 1960s and 1970s.' Thomas (2000), somewhat ruefully, finds evidence that many supposedly contemporary ideas about relationship marketing are codified in Machiavelli's *Il Principe* and lauds their author as 'a relationship marketing guru' (p. 67).

It is evident that relationship marketing was carried out in Roadstone before the concept was articulated in marketing thought. Indeed, it was 'done' in era 1 before Borden (1964) published his ideas about the marketing mix. Two observations suggest themselves. First, the adjectival description 'contemporary' is often used loosely, and unhelpfully, to characterise marketing theory. Contemporary marketing theory means, or should mean, a current and robust theory of marketing that reflects and codifies existing and emergent best practice in the marketplace. A close synchrony of healthy theory and effective practice exists. Arguably, this is the most appropriate use of the term contemporary marketing theory, and it underscores the need for a well-phased harmony between theory and practice. However, the term contemporary marketing theory is not always employed in this apt way. In certain circumstances, contemporary is used in an imprecise and inappropriate way. Such lack of precision is unhelpful to developing theory and practice.

Second, when theorists identify a ground-breaking theory in marketing, a deeper historical analysis of its evolution will likely be fruitful. Our study examined in depth the nature and evolution of relationship marketing in a firm over 53 years. There is significant benefit in examining relationship marketing in such a longitudinal context. A marketing relationship, by definition, constitutes a history of episodes of meeting, negotiation and exchange, not to mention, falling-out and reconciliation. While aspects of relationship marketing can be understood in survey-type research or a snapshot in time, it is arguable that a richness of comprehension results from a longer-term examination of the phenomenon. As Teece et al. (1997, p. 522) point out, "'history matters"... Thus a firm's previous investments and its repertoire of routines (its "history") constrain its future behaviour.'

## Conclusion

This article examines a number of contemporary issues in relationship marketing through the perspective of the competence-based view of the firm. It does so in the context of an in-depth longitudinal study of an Irish firm, Roadstone, the largest supplier of stone-based building products to the country's building and construction industry.. Relationship marketing is identified in this study as a significant market-related competence helping the firm to enjoy a preeminent position in the marketplace over five decades. The dynamic nature of relationship marketing in the company is charted – how the intent, thrust and characteristics of relationship marketing evolved over 53 years and five eras of the firm's history. This evolution responded to changing competitive forces, buyer needs and expectations, and shifts in technology, and enabled the firm's competence in relationship marketing to be renewed and overcome possible redundancy. Relationship marketing in the case firm has resulted in a notable longevity in customer loyalty, and one displaying an idiosyncratic characteristic in the notion of an at times discriminatory loyalty.

The enmeshment of relationship marketing in a portfolio of other capabilities and competences emerges as an important finding in the study. Further, relationship marketing is protected from competitor replication, not only by such enmeshment, but also by a number of tangible and intangible barriers, each reinforcing one another to create a formidable system of defence. The intangible, implicit barriers, such as social complexity and causal ambiguity, play a particularly important role in protecting relationship marketing as a competence. They also highlight the tacit nature of relationship marketing. The reality that emerges is that a competence, such as relationship marketing, once truly established in an organisation, is well protected from competitive imitation. In addition, if competence is so difficult to imitate beyond the firm, it may be best for firms to cultivate and build their own competence rather than seek to import or replicate the competences of others – despite the significant time and investment that this may take.

What we now call relationship marketing was carried out in Roadstone before the concept was articulated in marketing thought. The evidence from the case study suggests that Roadstone sought to implement relationship marketing since its founding in 1949. Apart from a period of shortcoming during era 3, this execution was largely effective. In terms of everyday practice, the data indicates that genuine and effective relationship marketing needs the soft, intuitive, personal approach to be supported synergistically by the hard, 'math', data-driven mode. Finally, in the context of such a longitudinal study of relationship marketing, the article urges a certain

caution in ascribing the adjectival description 'contemporary' to marketing theory.

The research reported here was carried out through the lens of competence theory, a developing body of knowledge about resources, assets, capabilities, and competences in the firm, and their role in creating a sustainable competitive advantage. It is argued that competence theory has much to offer the marketing discipline. However, marketing scholars have to date been slow to engage with competence theory, notwithstanding a limited number of exceptions (e.g. Day 1994; Golfetto and Mazursky 2004; Hooley et al. 2005 2001; Srivastava et al. 2001; Vorhies 1998). Yet, competence-based thinking asserts the role of marketing as a resource and an asset rather than merely as an expenditure. It can help to divine the tacit, embedded nature of marketing best practice, for example, in understanding and managing relationships. Competence theory stresses the role of organisation and process in delivering effective marketing, and can help to comprehend anew aspects strategic analysis and competitive positioning. Further, it can provide insight to the marketer seeking to build and protect assets and capabilities, not only in relationship marketing, but also in domains like brand equity, sale force management, customer networks, distribution channels, new product development, and cooperative, network and societal endeavour.

Finally, this research involved an in-depth longitudinal study extending over 53 years. Understanding many marketing phenomena involves an examination of their dynamics and evolution over time. This is true of the shape and length of the product life cycle, for example. It is also true of the role and nature of relationships in marketing. Yet, much research in these domains has a short-term focus that sheds little light on behaviour over time. Reflecting on the future of marketing theory, Day and Wensley (2002) highlight the importance of this dimension of time for research effort. They argue that 'the evolution of a market space... is shaped by the interactions of buyers and sellers over time and can clearly be seen as an evolutionary or, more correctly, co-evolutionary process (p. 100).' Discovery-led research in the longitudinal mode, acknowledging the dynamic nature of marketing phenomena, can add valuable insight and help to build theory.

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## Appendix 1

### Definitions of Competence Used in This Research

A competence is an ability to sustain the coordinated deployment of assets and capabilities in ways that help a firm achieve its goals; to be recognised as a competence, a firm activity must meet the three conditions of organisation (implicit in the notion of coordination), intention (implicit in the notion of deployment), and the potential for goal attainment (Sanchez et al. 1996, p. 8). 1,2,3

A marketing-related competence is an ability to sustain the coordinated deployment of marketing-related assets and capabilities in ways that help a firm achieve its goals; to be recognised as a marketing-related competence, a firm activity must meet the three conditions of organisation (implicit in the notion of coordination), intention (implicit in the notion of deployment), and the potential for goal attainment. 4

A capability is a repeatable pattern of actions in the use of an asset to create, produce and/or offer products to a market (Sanchez et al. 1996, p. 8).

A necessary capability is one that enables 'the company to participate in the competitive game' (Murray and O'Driscoll 1996, p. 760) and at which the firm is as good as its competitors. (It becomes a necessary but not sufficient condition.)

A distinctive capability is one 'that supports a market position that is valuable and difficult to match' (Day 1994, p. 39) and at which the firm is superior to its competitors. 5

Notes:

1. The typology follows that of Sanchez et al. (1996 and subsequent publications). These authors use the phrase 'competence theory' to encompass ideas and concepts

about the resource-based view of the firm, the competence-based view of the firm, competence-based competition and competence-based management. Competence theory is used similarly in this research to refer to this body of knowledge about resources, assets, capabilities, and competences.

2. The word 'competence' is used in this research in two related contexts. First, it is used to refer to a particular competence as defined above, e.g. 'the firm has a competence in international FMCG branding'. Second, it is used to refer to competence in a generic or conceptual sense, e.g. 'the study of competence has increased significantly over the last decade'.

3. A 'core' competence emerges in this research as a broad, overarching competence. Mindful of many scholars' unease at seeking to distinguish a core from a non-core competence (Sanchez and Heene 2000), discussion focuses on the notion of competence, of a competence or competences, and their evident systemic nature.

4. The phrase 'marketing-related' embraces not only conventionally defined marketing practice but also a relevant, broader understanding of markets and competitive dynamics. Thus, this study uses the phrase 'marketing-related' rather than 'marketing' in adjectival description of asset, capability and competence, as is relevant in the research and findings.

5. This definition of necessary and distinctive capability was proposed in this research and emerged as a valuable differentiator in the analysis of case data.

6. The definition of relationship marketing used in this research is 'the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises' (Grönroos 1997, p. 407).

### **About the Author**

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