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Get off to a good start. International Relationship Marketing in emerging markets

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Abstract

The growing importance of emerging markets requires us to understand how to create and manage good relationships with all stakeholders in these specific contexts. Within the framework of International Relationship Marketing, this research aims to verify the importance of trust, commitment and cultural orientation in the early stages of relationships within emerging markets.

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1. Introduction

Since the economic crisis of 2008 in the West, many companies have started to focus more on foreign markets, increasing their investments in internationalisation processes, in particular, towards markets with the highest growth rates, such as the emerging countries (Sheth, 2011).

This research examines the internationalisation process of European SMEs in India, with the aim of understanding the main problems a company faces in its early stage of internationalisation and how to create a more competitive relationship strategy with stakeholders of a different cultural background.

Many previous studies have already demonstrated the importance of relational aspects in the internationalisation process, to increase an organisation's performance (Ballantyne, 2009; Johnson, Lewin and Speckman, 1999; Sheth and Parvatiyar, 2001).

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Within the frameworks of Relationship Marketing, trust, commitment and cultural orientation are some of the most relevant elements to create a strong relationship-based strategy with stakeholders because they can increase firms' competitiveness and performance. However, a few studies have highlighted that the risk of ignoring potential barriers will achieve only short-term or superficial changes, rather than the more fundamental change in organisational practices suggested by a paradigm shift (Piercy and Nigel, 1998).

Furthermore, in an International Relationship Marketing context, emerging markets characteristics may require a different nature and formality of relations, due to the fact that they are deeply affected by cultural aspects. At the same time, it is unclear whether the basic elements of an international relationship, with emerging market partners in the initial stage of relationship, are variables of strength on which to base the partnership or items to build together with experience.

2. Literature review

2.1. Relationship Marketing

Relationship Marketing can be defined as “all marketing activities directed towards establishing, developing and maintaining successful relational exchanges” (Morgan and Hunt, 1994). The strategic importance of relationships in economic interactions was discussed for the first time in 1980s thanks to some studies on Relationship Marketing that demonstrated the importance of a long-term relationship approach with the customer instead of a short-term transaction one (Berry, 1983; Levitt, 1983; Jackson, 1985). This new approach has an impact also on the long-term strategic marketing decisions of companies (Gummesson, 1987,1994).

Starting from this new paradigm of marketing, three main Schools were developed: the North-American School (whose main authors are: Levitt, 1983, a and b; Morgan and Hunt, 1994; Evans and Laskin, 1994; Berry, 1983; Sheth and Parvatiyar, 1995); the Anglo-Australian School (whose main authors are Christopher, Payne and Ballantyne, 2002); and the Nordic School (whose main authors are: Gummesson, Lethineu, Grönroos, 1997; Gummesson, 1987; Grönroos, 1991). All these Schools consider it fundamental to focus not only on the final customer, but also on the creation of long-term relationships with other stakeholders (such as suppliers, institutions, intermediate customers) to implement the company's value proposition and therefore its competitiveness in the market (Berry, 1995; Hunt, 1997; Christopher, Payne and Ballantyne, 2002).

Morgan and Hunt (1994), in particular, divided the main stakeholder partnerships into four groups: Supplier partnerships (goods suppliers and services suppliers), Buyer partnerships (intermediate customers and ultimate customers), Lateral partnerships (competitors, non profit organizations, Government) and Internal partnerships (business units, employees, functional departments). They also purpose the Commitment-Trust Theory, a model where trust and commitment are considered the key variables to influence, positively or negatively, the relationship between two partners. In particular, trust is defined as “when one party has confidence in an exchange partner's reliability and integrity”, while commitment is defined as “an exchange partner believing that an on-going relationship with another is so important as to warrant maximum efforts at maintaining it” (Morgan and Hunt, 1994, p. 23).

From a managerial point of view, companies have some difficulties in managing relationships with different stakeholders, focusing their efforts mainly in the dyadic buyer-seller relationship (Egan 2003 and 2006; Zineldin and Philipson, 2007; O'Toole and Donaldson, 2002). It is clear that to operate in a global market and to provide real exchange value in its different contexts, a wide marketing view such as the Relationship Marketing approach one, is fundamental (Ballantyne, 2009).

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