Intimacy or Intrusion? The Privacy Dilemma For Relationship Marketing in Consumer Markets

The relationship marketing paradigm is gaining increasing credence in consumer markets. Marketers need to get close to their customers to establish exchange relationships, and this "intimacy" is achieved using database technology and direct marketing communications. However, in implementing relationship marketing in this way, the potential exists for the use of technology to result in invasions of individual consumer privacy. The literature on relationship marketing and privacy are reviewed, and the findings of six exploratory focus group discussions, conducted in the UK, are presented. The study suggests that what some consumers define as "intrusion" is similar to what has been called "intimacy" by marketers. Nine propositions are presented which reflect the implications of current approaches to relationship marketing in consumer markets. In particular, the integral elements of meaningful relationships are absent or inhibited as a result of consumer concerns over intrusions of their privacy. Thus, marketers need to adapt their attitudes, behaviours, and processes in order to accommodate the participation of the consumer in the relationship. The implications for marketers are identified, and directions are offered for future research.

Introduction

Gummesson (1994) suggests that relationships have been at the centre of business activity and marketing since time immemorial. Despite this, the managerial approach to marketing which emerged in the 1950s did not emphasise relational aspects. During the 1970s, however, a number of researchers, working within very different marketing disciplines, research traditions, and geographical backgrounds began to rediscover what has been called the "relational paradigm" (Wilson and Moller 1991). In particular, the most significant contributions have come from industrial marketing in terms of network/interaction theory (Hakansson 1982; Ford 1990; Moller and Wilson 1996) and quality and relationship issues from services marketing (Berry 1983; Gummesson 1987; Gronroos 1989). These researchers argued, that given the special characteristics of both industrial and services markets, the mix management paradigm was inappropriate. On this basis, Gronroos (1991, 1995) proposed a marketing strategy continuum which suggests that a relational perspective is appropriate for some markets (services/industrial), and that the traditional mix management perspective continues to be most useful for consumer markets. Despite this, there have been suggestions that it is possible to transfer the
concept to consumer markets given developments in direct and database marketing technology (Sheth and Pravatiyar 1995).

The potential of relationship marketing within consumer markets is certainly very attractive. Modern consumer markets provide many challenges. Core product and service offerings are rendered similar if not identical to those of competitors by technology (Barnes 1995), there has been a massive upheaval in the social landscape (Shard and Chalasani 1992), and increasing market fragmentation (McKenna 1988). Relationship marketing sees long-term relationships with customers as a stabilising element that supports the mastering of these challenges (Juttner and Wehrli 1994).

Given the diverse origins of the relational paradigm, there has yet to emerge a generally accepted definition. As Buttle (1996, p.13) suggests relationship marketing is “a term which has yet to acquire uncontested status and meaning”. The problem with many existing definitions is that they are context or paradigm specific (cf. Berry 1983; Webster 1992; Dwyer et al. 1987), focus only on process (cf. Jackson 1985) or on philosophy (cf. Gummesson 1994). We propose a working definition which identifies both the purpose and process of relationship marketing.

Relationship marketing involves the identification, specification, initiation, maintenance and (where appropriate) dissolution of long-term relationships with key customers and other parties, through mutual exchange, fulfillment of promises and adherence to relationship norms in order to satisfy the objectives and enhance the experience of the parties concerned.

This definition builds on earlier definitions (cf. Gronroos 1994) and explicitly includes a longer time perspective, a reflection of the process involved, and a recognition of the need to dissolve relationships which are no longer of mutual benefit. The most important aspect of this working definition is the explicit inclusion of “adherence to relationship norms”, which, in our opinion differentiates relationship marketing from “sophisticated” transactional marketing.

The implementation of relationship marketing in consumer markets relies upon the use of database marketing (Goldberg 1988; Copulsky and Wolf 1990; Petriishon and Wang 1993), and integrated marketing communications (Copulsky and Wolf 1990). The database has provided the means to identify and track individual customers and their buying behaviour, calculate “lifetime” value, and generate individualised marketing communications. Although academics and practitioners both acknowledge that relationship marketing requires dialogue with consumers as opposed to one-way communication, the extent to which dialogue occurs in practice is somewhat limited. Marketers may not be overly concerned with inviting customers to establish mutual relationships, as suggested by the following advice to business:

Relationship marketing ... requires a two-way flow of information. This does not mean that the customer has to give you this information willingly, or even knowingly” (Schultz 1993, p.28).

The prevalence of this approach has exacerbated a number of consumer concerns especially with regard to privacy. Indeed:
unwary relationship marketers may face a consumer backlash if more people adopt Rothfeder's view that legal data gathering represents an unreasonable intrusion upon a citizen's civil rights" (Edelman and Silverstein 1993, p.25).

It is our contention that such concerns reduce the applicability of relationship marketing within consumer markets. This paper aims to identify privacy issues which impact on the process of relationship building, report the findings of an exploratory qualitative study conducted in the U.K., delineate the managerial implications of such issues, and provide a foundation upon which future research could be based.

The Study

Exploratory research was carried out in order to assess consumers' attitudes toward direct and database marketing practices in the U.K. Exploratory research was appropriate for two reasons. First any definition of privacy is contingent upon cultural considerations (Petrison and Wang 1995, Milne et al. 1996; Patterson et al. 1996a). Given that much of the empirical research derives from the U.S., we sought to identify the extent to which these issues also concern British consumers. Second, privacy has proved a difficult construct to operationalise, and thus, we wished to enhance our understanding of consumer concerns and attitudes. Because the privacy issue is not yet well understood, there was clearly a need to utilise research tools that are likely to yield more emic data (Stewart and Shamdasani 1990).

Group discussions are "a particularly appropriate procedure to use when the goal is to explain how people regard an experience, idea or event" (Kruegar 1994, p.8). Furthermore, group discussions (like depth interviews) provide data that are closer to the emic side of the continuum (Stewart and Shamdasani 1990), as they allow individuals to respond in their own words, using their own categorisations and perceived associations. Group discussions were chosen over individual depth interviews, because they provide a secure setting to express ideas (Basch 1987), and because group dynamics stimulate discussion (Mendes de Almeida 1980). More fundamentally, however, the group environment is more natural, because participants both influence, and are influenced by others "just as they are in real life" (Kruegar, 1994, p.19).

Six phenomenological group discussions (Calder 1977) were carried out in the U.K. (see Table 1). Group participants were selected via street intercept interviews, where they were screened on the basis of having been exposed to a predetermined level of direct marketing communications in the preceding three weeks. Additional screening criteria included demographic characteristics such as age, social grade, and gender, which Patterson et al. (1996a) suggest influence consumers' experiences of, and therefore attitudes toward direct marketing. Each group consisted of eight participants who were offered a small cash incentive of £12 to participate. Within the groups homogeneity was maintained in terms of demographic characteristics, in order to promote a positive and open atmosphere conducive to information sharing (Basch 1987; Stewart and Shamdasani 1990). There was one moderator and one observer per group although these roles were alternated between the members of the
research team. The use of a flexible guide promoted the maintenance of a good rapport with respondents, facilitated interaction between group members, and provided the opportunity to improvise (Basch 1987).

Tape-based analysis (Kruegar 1994) was used, where an abridged transcript was prepared, based upon comments directly relating to the research question, and the moderators' and observers' written summaries. Commensurate with phenomenological groups, emphasis was placed on extensive verbatim quotes from respondents (Calder 1977), as our objective was to communicate respondents' perspectives in their own words.

There was a positive, but unexpected result of the inductive analysis of the group discussions. That is, in addition to enhancing our understanding of the privacy issue within the context of direct and database marketing, the discussions also provided rich insights into the impact of privacy concerns within the broader domain of relationship marketing. Given that this study is both exploratory and qualitative, we present a series of research propositions developed inductively and conceptually from this analysis, and a review of the literature on both privacy and relationship marketing. Thus, the majority of propositions are supported by data from the discussions, with direct quotations chosen as being illustrative of the “typical” or “usual” comments received. One of the propositions (P2) is not supported by direct quotations, and this is reflective of our conceptual input. This has been necessary, given that the original intent of the group discussions was not to explore the privacy dimension within a relational context and perspective. Nevertheless, we hope that the insights developed can usefully serve as a platform for future work in this area.

Privacy Concerns and Relationship Building

In order to understand the extent to which relationship marketing is applicable in consumer markets, it is important to understand what is meant by the term “relationship”. Reference to diverse literature including industrial, services, and social psychology suggest that relationships are characterised by trust (Anderson and Narus 1990; Crosby et al. 1990; Groonroos 1990; Barnes 1994; Morgan and Hunt 1994), commitment (Dwyer et al. 1987; Moorman et al. 1992; Rusbult and Buunk 1993; Morgan and Hunt 1994), mutual benefit (Czepiel 1990; Heide and John 1992), adaptation (Wilson 1995), respect (Gupta 1983), and regard for privacy (Argyle and Henderson 1985). If relationship marketing is to be successfully applied within

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<th>Table 1. Composition of group discussions</th>
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<tr>
<td><strong>Group 1</strong></td>
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<tr>
<td>Windsor</td>
</tr>
<tr>
<td>Female</td>
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<tr>
<td>C2D</td>
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<td>Age: 20-27</td>
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<tr>
<td><strong>Group 2</strong></td>
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<tr>
<td>Windsor</td>
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<td>Male</td>
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consumer markets, then, it is argued, that such "relationships" should incorporate these integral elements.

Direct and database marketing are seen as integral to the implementation of relationship marketing in consumer markets (Copulsky and Wolf 1990; Pettison and Wang 1993; Gronroos 1996). However, the very technology which is seen to facilitate relationship development, may also be contributing to difficulties in transferring the "relationship paradigm" to consumer markets. In particular, the volume of direct marketing communications and marketers' acquisition, manipulation, and sale of information are exacerbating consumer "privacy" concerns (Patterson et al. 1996). Privacy concerns embody a number of distinct issues, tempered by the consumer's sense of control (Cespedes and Smith 1993; Deighton et al. 1994; Gardiner Jones 1991; Goodwin 1991; Lenk 1982; Nowak and Phelps 1995; Westin 1967) in the exchange process, and which include information privacy (Westin 1967; Gandy 1993; Deighton et al. 1994; Cespedes and Smith 1993); physical privacy (Cespedes and Smith 1993; Bloom et al. 1994; Waldrop 1994; Pettison and Wang 1995) and accuracy (Cespedes and Smith 1993; Gandy 1993; Bloom et al. 1994). We contend that these issues reduce the utility of direct and database marketing in building, maintaining, and enhancing consumer relationships. Likely outcomes include a reduction of trust, dilution of commitment and respect, and unwillingness to participate in a relationship. The suggested link between privacy concerns and the associated difficulties in building consumer relationships is identified in Figure 1. The centre of the diagram includes the integral elements of relationships, while the outer circles of the diagram represent consumers' privacy concerns which are affected by the more pervasive "control" issue. We suggest that abuses in these areas effectively create a barrier to the development of meaningful relationships with consumers.

Essentially, we suggest that as privacy concerns grow, it will become increasingly difficult to foster the integral elements of a relationship. Thus, the reliance upon direct and database technology to facilitate relationship development, is currently exacerbating privacy concerns and this must be resolved if the potential for relationship marketing in consumer markets is to be realised. The propositions presented below serve to both stimulate, and focus debate upon this important issue.

![Figure 1. Privacy and relational elements.](image)
The increasing evidence of companies wishing to build relationships with consumers, through the development of a database and individualised communications, is contributing to growing concern among consumers that the level of control they possess in the exchange process is diminishing. This is likely to have a negative impact on the utility of direct and database marketing in building consumer relationships in the long term.

Consumers’ perceived loss of control in the exchange process has been identified as a key factor in patterning other concerns (Westin 1976; Lenk 1982; Gardiner Jones 1991; Goodwin 1991; Cespedes and Smith 1993; Deighton et al. 1994; Nowak and Phelps 1995). When consumers provide personal information, they do not always understand the full implications of this provision. Nor do consumers have any input into how their personal information is utilised and managed. This manifests itself in what is generally termed “invasions of privacy” (Deighton et al. 1994). In particular, the widespread availability of consumer data on the open market is a fundamental concern:

“We are all on a database somewhere, whether we like it or not. The information is built up over a number of years and comes from various sources. It doesn’t really matter what you do. The only thing you can do is not answer any questions.” (WM)

Using role theory, Solomon et al. (1985) argue that consumers and service providers adhere closely to a “well defined script” when they interact. Traditionally, marketers sought information which they required in order to process a specific transaction, and consumers willingly provided that information as part of their pre-defined script. However, as marketers have moved toward relationship building their thirst for new (and often sensitive) information has increased, and as a result many consumers are now experiencing role dissonance. In dealing with the notion of control participants made specific reference to the sacrifices they were obliged to make in order to facilitate exchanges:

“We give a terrific amount of information out without thinking about it. Like with insurance. The information we give them is very personal really. But to get any kind of insurance now you’ve got to give it to them.” (BF)

Participants believed that they, and not marketers, should take the initiative in commercial exchanges. There was a general feeling within the groups that marketers were patronising consumers in that their approaches presumed that consumers were incapable of making exchange decisions:

1(WF) = Windsor Female (WM) = Windsor Male (BF) = Bristol Female (BM) = Bristol Male (CF) = Cardiff Female (CM) = Cardiff Male See Table 1 for further explanation.
"Most of us are adult enough to know if we want a loan or something" (CM)

P2 In consumer markets, relationships are not necessarily perceived by consumers to be developed for the mutual benefit of both parties. As the existence of mutual benefit is one of the determinants of relationship longevity, these relationships are unlikely to achieve the degree of longevity observed in industrial markets.

It has also been suggested that marketing relationships are based on the expectation of mutuality of interest (Czepiel 1990; Heide and John 1992), with both parties expecting comparable benefits from the relationship (Peterson 1995). The benefits to the firm of developing relationships have been well documented (Reichheld and Sasser 1990). In contrast, less evidence exists as to the benefits received by the individual customer. There is a suggestion that consumers benefit in terms of tangible rewards such as discounts and club membership (Christy et al. 1996), and the reduction and potential elimination of transaction costs (Buttle 1996), while others point to the more intangible risk-reducing and social benefits of relationship participation (Berry 1995; Bagozzi 1995; Sheth and Pravatiyar 1995). Group participants tended to focus upon tangible rewards. However, there was a growing disillusionment with the "rewards" being offered in return for relationship participation. Such benefits must be weighted against customers' concerns. These concerns make the existence of comparable benefits unlikely, thereby challenging relationship longevity.

P3 For relationship building to be successful in consumer markets the consumer must first be aware that a relationship is being initiated, and should actively co-operate in its development.

Dwyer et al. (1987) propose that relationships develop by moving through five distinct phases, the first of which is "awareness". However, in consumer markets the decision to initiate a relationship is often one sided, and based on the creation of a customer database without consumers' explicit knowledge or consent (Hogg et al. 1993). This is achieved by using scanners, warranty cards, and a variety of external data sources (Schultz 1993). The information is then manipulated to build a profile of the consumer. Getting close to the customer in this way has been described as "customer intimacy" (Treacy and Wiersema 1993). This approach has been criticised on the basis that relationship building is seen to entail little more than the collection of pertinent information on customers and, on this basis, marketing at them (Barnes 1994). Furthermore, because data are acquired without consumers' explicit knowledge or consent, data acquisition, as it currently stands, does not constitute a phase of relationship development:

"They seem to known more about you than you can imagine. You're talking to a complete stranger but they seem to know all about you, like long lost buddies. And I'd like to know how." (CF)
P4 Trust is an important element in marketing relationships and, in consumer markets, is closely related to the concept of privacy.

Based on the work of Anderson and Narus (1990, p.45) we define trust as the consumer’s belief that a firm will perform actions that will result in positive outcomes for him, and will not take unexpected actions that will result in negative outcomes. Trust has been viewed as a determinant of relationship quality (Anderson and Narus 1990), and establishes the level of communication within a relationship (Mohr and Nevin 1990). Therefore, marketers must be seen as trustworthy in order to initiate a meaningful relationship with a consumer. Because many marketers acquire consumer data through covert means, the result is a reduction of trust towards firms in general; the deficiencies of one relationship marketer transfer to relationship marketers in general:

“We went ex-directory and haven’t given out our new number. Only to friends, but not to any firms. No banks, no building societies. For fear of it being passed along the line again.”

“There’s no guarantee of confidentiality. In the old days you could trust people. Not these days.” (BF)

There are also parallels to be drawn here between relationship marketing and marketing research in that the poor practice of some researchers may condition consumers against participating in any research studies.

Argyle and Henderson (1985) identify respect for privacy as the most critical element in relationships. Respect for privacy is particularly important in that research has demonstrated the importance of confidentiality to developing and maintaining trust (Zeithaml et al. 1990). Thus, a company which does not exhibit regard for an individual’s privacy may undermine the consumer’s perceptions of their trustworthiness, and thus, negatively affect the relationship development process.

Participants in the group discussions indicated that there is a strong link between the concept of trust and privacy. With regard to providing personal details, those who were reluctant to provide information believed that:

“There is a fear and it’s on two or three levels. For every company that you give it to, ten others are going to contact you. But it can even be the number of people whose hands it passes through. The company may be very trustworthy but individual members of staff might not be.” (WM)

P5 The sale and sharing of data between firms may result in consumer unwillingness to provide personal information.

Westin (1967) conceptualises information privacy as the ability of individuals to determine the nature and extent of information about them being communicated to
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others. Despite the argument that marketers have little interest in highly person-
alised information (Cespedes and Smith 1993), the amount of personal data held by
companies is a worry for consumers. In particular, they are increasingly troubled by
the fact that profiling "may produce sensitive information from that which was not
sensitive in its original form" (Gandy 1993, p.139). Consumers are increasingly
concerned about the sharing and sale of data between companies. Furthermore,
British consumers have historically valued their individual privacy (Patterson et al.
1996a; Petrison and Wang 1995) and are therefore more protective of their personal
details than may be the case in the U.S. Because it is both an unpleasant an
unexpected outcome for many consumers, such practices may lead to a reduction in
trust towards the company, which has not exhibited the "discretion" one would
expect in a meaningful relationship (Barnes 1995):

"If you give your name once it goes around. The best
thing to do is never give your name." (CM)

"They do sell lists, don't they? Now, whether there's a
company that sells these lists and is a business in itself I
don't know. But the lists get around." (BF)

One of the factors which impacts upon the level of consumer concern is the
organisation involved in information collection (Cespedes and Smith 1993).
Consumers are likely to be less anxious about potential abuses or negative
consequences resultant from information supply if they trust the organisation
(Gandy 1993). This suggests that firms who are seen as being trustworthy are likely
to be more successful at initiating consumer relationships:

"I wouldn't give details to anyone who didn't have a
good reputation."

"I wouldn't want just anybody getting my phone
number, even though it's in the book and anybody can
get it." (WF)

P6 Meaningful two-way communication is a necessary
prerequisite to develop relationships in consumer
markets.

Communication is viewed as "a necessary antecedent of trust" (Anderson and
Narus 1990, p.45). Meaningful long-term communication must involve a two-way
flow of information if consumers are to actively co-operate in the relationship
building process. Marketers are clearly keen to communicate with prospects and
customers in order to build relationships. However, there seems to be a lack of
understanding about what constitutes "meaningful communication". Despite
numerous references to the ability to initiate and maintain dialogue with consumers,
there is a misconception that the purchase of a product or service is evidence of
dialogue. For example, Blattberg and Deighton (1991, p.18) suggest that electronic
point of sale systems such as Catalina are a medium for two-way conversation: "the
consumer speaks through purchases, and the manufacturer employs artificial
intelligence to reply." Clearly, this misses the fundamental point of meaningful two-way communication.

Physical or interaction privacy relates to the physical intrusion of marketing communications into the daily lives of consumers (Cespedes and Smith 1993; Petrison and Wang 1995). Peterson (1995) suggests the number of relationships consumers can have is only constrained by the size of their mailbox. In this sense, some consumers are "targets" of relationship building efforts from numerous companies. These consumers may well view these efforts as invasions of their physical privacy. "Being an unwanted target can produce psychological and economic harm" (Bloom et al. 1994, p.294). The intrusion of direct marketing communications, particularly that which is unsolicited, into consumers lives was seen as a growing concern by participants:

"It's nice to be kept in touch, but it all depends on their approach, how they go about it." (CF)

"Handing over personal details just means more rubbish coming through the letterbox." (WM)

P7 There should be evidence of commitment from both parties if relationship development is to be successful.

Dwyer et al. (1987, p.19) define commitment as an "implicit or explicit pledge of relational continuity between exchange partners". One of the difficulties here is that commitment is closely related to the concept of loyalty (Liljander and Strandvik 1993) and, as such might be considered to be the desired outcome of relationship building in consumer markets. However, if the consumer is unaware that a relationship is being developed, and has not explicitly co-operated in the process, then there is no evidence of commitment on his or her part.

The issue of commitment on the part of the marketer is also in question in view of the way relationship building is currently implemented. If the firm is committed to the relationship then it should not act opportunistically, as "opportunism erodes the prospect of future commitment and the establishment of a longer-term exchange" (Gundlach et al. 1995, p.78). As such, the marketer should forgo short-run profit for the sake of maintaining the relationship in the long run. This becomes important, particularly in terms of how marketers acquire, use, and directly profit from the acquisition of personal data on individual consumers:

"They sell your details." (BM)

P8 Maintaining data accuracy would provide some evidence of the marketer's commitment to relationship building.

Given that consumers have no control over how information is used, inaccurate data may be sold on, and there is a belief that much of the irrelevant communications they receive result from such practices. As database marketers
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handle greater volumes of information from diverse sources the likelihood of errors being made may rise. Furthermore, group participants did not believe that firms were eager to correct mistakes, update their files, or remove their names from their lists.

The provision of inaccurate data by consumers, in an effort to reduce physical privacy abuses, suggests a lack of commitment on their part to relationship participation. Despite this, group participants strongly believe that the onus is upon marketers to ensure the information they hold is correct, and so their treatment of consumers cannot be prejudiced by inaccuracies. Thus, data inaccuracies also signal the marketer's lack of commitment to the relationship, and consequently lead to a reduction of trust by consumers:

"It doesn't exactly inspire confidence, does it?" (CM)

In general, participants expected data inaccuracies on unsolicited marketing communications, and this did not particularly bother them. In contrast, they were more troubled with the issue of inaccurate data when a firm with which they already conducted business was involved:

"If your name is wrong. And that's the most obvious and up-front thing you want to be right. What else could be wrong?" (CM)

P9 Successful Relationship Building requires the effective use of information.

Participants were critical about the way information is currently used. Most believed that if companies used the data they already have more effectively, it would reduce the quantity of irrelevant communications they received:

"I go overdrawn at the end of every month and have trouble making the repayments but my bank are constantly sending me loan offers. They should know that I can't afford to take out another loan. They of all people should know because they have all my details and I often deal with them person to person." (BM)

Thus, participants seem to expect that marketers use the information they already have in a sensible and intelligent way. Firms who do not use information to enhance relationships do not signal commitment to the consumer. The effective utilisation of consumer data is also intrinsic to the development of a meaningful dialogue in consumer relationships.

Managerial Dilemmas

Relationship marketing in consumer markets is a relatively recent phenomenon in terms of companies explicit desires to "get closer to their customers". The extent to which a paradigm shift has occurred (Gronroos 1994) is as yet uncertain, and implementation is proving difficult. While consumer marketers have been quick to
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adopt the terminology of relationship marketing, their grasp on their underlying concepts is far less impressive. Gummesson (1994, p.9) suggests that there are “indications that the basic values of the manipulative marketing mix theory have not changed”. Indeed, rather than abandoning manipulation, modern marketers, by virtue of the techniques they use, may be adding more worrying dimensions to manipulation.

Every interaction between parties will have an impact on the development of a relationship in which they are involved (Bitner 1995). Thus, both the acquisition of information by organisations, and their willingness to accept communication from consumers, will have an important influence on their ability to develop and enhance relationships with customers. The content of communications activities needs to evolve throughout the lifetime of the relationship. During the relationship definition phase, the focus should be on establishing relationship requirements and rules (Size 1993) and developing trust (Wilson 1995). “The marketing communicator’s task is clearly one of understanding every aspect of his organisation’s output, value and goal system and of orchestrating its trustworthiness” (Thomas 1976, p.19). This requires full disclosure by the organisation of its purpose and intentions in terms of relationship building. Equally, it requires that mistakes are acknowledged as soon as they are discovered, and customer specific information is treated as confidential (Size 1993). In light of the findings presented here, trust becomes increasingly important as it has been demonstrated that source credibility will affect attitudes. The more trustworthy an organisation is seen to be, the more likely that consumers will have positive attitudes towards the ideas they put forward (Hovland et al. 1953; Giffin 1967; Moorman et al. 1992). This may be especially true when consumers are negatively disposed towards these ideas in the first place (Sternthal et al. 1978).

Customer satisfaction relates to consumers’ “cognitive and affective evaluation based on their personal experience across all service episodes within the relationship” (Storbacka et al. 1994, p.25). Thus, every contact with the customer will impact upon the level of satisfaction they enjoy. Fundamental to initiating relationship-building is the identification and signalling of the opportunities for mutual benefit to consumers. While there are suggestions that such benefits can be both tangible and intangible, further research is clearly required. While consumers may enter into a relationship in order to explore its potential, they will only remain involved if they are getting a substantial and sustainable return on their investment (Size 1993). Marketers must therefore provide benefits to relationship consumers that go beyond those enjoyed by non-relationship consumers.

Consumers must be aware that a relationship is being initiated if they are to be willing participants in a meaningful relationship. Thus, the covert acquisition of information does not constitute a phase of relationship development, but may actually undermine the relationship-building process. Assuming consumer passivity aggravates control concerns and thus militates against relationship formation. Consequently, there needs to be greater attention paid to mutual support, joint problem-solving, and the decision-making rights of consumers. “The marketing task is to explore with potential clients mutually ‘profitable’ solutions to a problem, and a felt and displayed acceptance of the client’s right to decision” (Thomas 1976, p.19).

The managerial dilemma continues to be one of balancing long-term relationship needs against short-term gains (Ebejer and Morden 1988; Lagace et al. 1991).
Information privacy issues currently pose a major threat to the success of relationship marketing in consumer markets. In order to ensure relationship longevity, marketers will have to exhibit commitment. Maintaining confidentiality of consumer information they hold is one aspect of this. Westin (1992) envisages a rise in what he calls “consensual databases” where consumers consent to information surrender in return for some type of reward such as coupons, samples or money. If the information collected is treated confidentially and used solely in the development of a relationship, then consumer fears may be allayed (Fletcher and Peters 1996).

**Behaviour Adaptation Process**

The real expression of a paradigm shift toward relationship marketing will involve the acceptance by the firm of the need for adaptation. Adaptation occurs when one party in a relationship alters its processes to accommodate the other party (Hakansson 1982). Although marketers may use the terminology of relationship marketing, many have not altered their processes to accommodate the new paradigm. In particular, rather than viewing the database as simply an enabling technology, far too many firms have focused their energies on database building rather than relationship building. Hallen et al. (1991) suggest that adaptation behaviour will vary over the life of the relationship. Initially it will be a means to develop trust, while in later stages it will solidify the relationship. In practical terms adaptation requires a greater organisational understanding of the privacy thresholds of consumers. This should be reflected in their methods of acquisition and use of consumer information. Marketers must use the information they already have more effectively, and develop appropriate processes to initiate and maintain meaningful dialogue with consumers. Relationship marketers should therefore be insisting on the development of “customer-friendly” databases as opposed to “user-friendly databases” if they are to demonstrate respect for customers. Thus, the implementation of relationship marketing in consumer markets requires that marketers adapt their attitudes, their behaviour, and their processes to accommodate the participation of the customer, in the relationship.

**Directions for Further Research**

Given our limited knowledge of what consumers understand by exchange relationships (Barnes 1994) further qualitative research in this field is desirable. Such research should address issues such as the factors which lead consumers to acknowledge the existence of a relationship, the reasons they enter relationships, and the role of the consumer in developing and enhancing these relationships. Given that all consumers may not wish to enter long-term exchange relationships, it may be that “markets may be segmentable against some sort of ‘relationship proneness’ variable” (Buttle 1996, p.7). Research which identifies this variable would certainly constitute a significant contribution to this literature. Furthermore, Bennett (1996) argues that phenomenological approaches to research are more appropriate than
conventional behaviourist approaches given the inherent complexity of such relationships. In terms of furthering our understanding of the link(s) between privacy and relationship development, research which addresses information provision by consumers would be particularly beneficial. Such research is important because it recognises that consumers are not "passive" parties within exchanges but are sophisticated, intelligent, and knowledgeable beings in their own right. Tamilia (1992) also suggests that the techniques utilised by direct marketers which are likely to infringe upon consumer privacy should be considered from a macromarketing perspective.

While marketers would benefit from a greater understanding of the consumer, and his or her role in relationship development, there are a number of specific research issues which focus on the firm. These include the means by which firms might signal a level of trust conducive to relationship building and, more fundamentally, how practising marketers might be encouraged to embrace the full extent of the paradigm shift implicit in relationship marketing. Given the complexity of relationships in consumer markets, research which simultaneously focuses upon the marketer and the consumer in a specific exchange relationship is likely to generate rich data. Case study research could usefully be employed to investigate the concepts of "intimacy" and "intrusion" within specific, cultural contexts. Case studies will further accommodate both the marketers' and the consumers' participation and understanding of relationship marketing.

Conclusions

There is a clear recognition that in large consumer markets, companies will need to develop and maintain sophisticated databases, and to communicate with customers on an individual basis if relationship building is to be possible. The extent to which it is possible to build relationships with consumers is as yet unknown (Barnes 1995). Despite this, relationship marketing does have a strong appeal for consumer marketers, and many have attempted to implement relationship building through utilisation of a database and direct marketing communications. However, this study suggests that, as a result of the way in which relationship marketing is being implemented, the integral elements of relationships do not necessarily exist in consumer markets. Indeed, we propose that the current approach to relationship building in consumer markets is fundamentally flawed, and furthermore has a negative impact on the development of integral elements such as trust and commitment.

Marketers need to embrace the full extent of the paradigm shift implicit in relationship marketing. They can show their commitment to the relationship by maintaining accuracy, engaging in dialogue, and respecting individual privacy. Consumers must also show commitment if the relationship is to be successful, and the willing provision of accurate information for relationship building is one aspect of this. Finally, companies must ensure that their behaviour will continue to instil consumer trust. Without these elements, exploitation and manipulation exist, not a meaningful relationship.
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References


Intimacy or intrusion?


