Reciprocity as a fundamental building block of relationship marketing

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Abstract
The primary purpose of this paper is to (1) highlight the need to understand in greater detail what a marketing relationship actually is and (2) provide an introductory examination of the role of reciprocity in the development of relationships. Reciprocity, the fitting and proportional exchange of good for good, is proposed as being a fundamental process in relational exchange. This construct is briefly reviewed, along with the critical exchange issues of power and equity. We propose that reciprocity is an essential consideration in determining the impact of key antecedents on relationship marketing outcomes.

Introduction
Relationship marketing, first proposed by Jackson (1985) and Dwyer, Schurr and Oh (1987), has grown quickly in importance and has been heralded as a new paradigm in marketing (Gummerson 1987; Gronroos 1994). It now has a considerable and growing literature base.

An established finding of the relationship marketing (herein referred to as RM) literature is the need to foster trust and commitment to build and maintain ongoing relations (Anderson and Narus 1984, 1990; Dwyer, Schurr and Oh 1987; Geyskens, Steenkamp and Kumar 1999; Moorman, Deshpande and Zaltman 1993; Morgan and Hunt 1994). It is the antecedents to and consequences of trust and commitment that characterise much of the RM research to date.

A number of studies have identified antecedents to trust and commitment A review of the Journal of Marketing and Journal of Marketing Research over the last ten years highlights general findings. For trust, these include transaction specific investments/relationship investments/willingness to customise (Doney and Canon 1997; Ganesan 1994, Smith and Barclay 1997), clear communication, and forbearance from opportunism (Morgan and Hunt 1994, Smith and Barclay 1997), expertise/competence (Doney and Canon 1997; Moorman, Deshpande and Zaltman 1993; Smith and Barclay 1997) and lack of a formal structure (Geyskens, Steenkamp and Kumar 1999; Moorman, Deshpande and Zaltman 1993). For commitment, variables include trust (Garbarino and Johnson 1999; Geyskens, Steenkamp and Kumar 1999; Grayson and Ambler 1999; Moorman, Deshpande, and Zaltman 1992; Morgan and Hunt 1994) and quality of interaction (Grayson and Ambler 1999; Moorman, Deshpande, and Zaltman 1992; Morgan and Hunt 1994). These include the use of power (Anderson and Weitz 1990; Doney and Canon 1997; Moorman, Deshpande, and Zaltman 1993), likeability/congeniality of individuals (Doney and Canon 1997; Moorman, Deshpande, and Zaltman 1993), and the integrity/reputation/perceived trustworthiness of parties (Ganesan 1994; Moorman, Deshpande, and Zaltman 1993; Smith and Barclay 1997).

All of the variables identified above are generalisable to relationships across industries since none are defined as industry specific. It is of interest therefore, that there is some variation in their importance as antecedents. The likelihood of this has been previously discussed in the RM literature. Relationship antecedents do vary over time (Dwyer Schurr and Oh 1987). Furthermore a persevering relationship may or may not have content stability depending on the environment and willingness of the participants to make changes (Scanzoni 1979). Trust, for example, with its many and at times conflicting antecedents, has been interpreted as always relevant to some action or purpose, as well as some context (Brenkert 1997).

The implications of the previous discussion are that management may find themselves in a position where what was working in the past to foster a relationship may not be working in the present. There appear to be two reasons why this may occur. The first has been recognised and discussed in the literature and refers to the potential for the importance of key antecedents to change as the goals in the relationship evolve (Dwyer Schurr and Oh 1987; Scanzoni 1979). The second, however, represents an omission in the literature and it is the focus of this research. It is that the processing between parties of key inputs has changed to the point where one or both
parties do not perceive value in the exchange. In this situation the antecedents may remain just as important, what weakens the relationship is a perception of inequity in the exchanges relating to them.

It is the contention of this research that insight to this may be gained by examining the processes which provide interpretive outcomes with regard to the importance of antecedents for relationship participants. To do this requires a greater understanding of what a marketing relationship is than we currently have. As early as 1975 Bagozzi asked the question, “What are the forces and conditions creating and resolving marketing exchange relationships?” (p.37). It appears that we have made little progress towards this entering into the new millennium. Bagozzi (1995, p275) restated his view siting our neglect of efforts to conceptualise what a relationship is as a glaring omission in the emerging relationship marketing literature. Others are now joining the call for research in this area (Barnes 1997; Day and Montgomery 1999; Price and Arnould 1999).

Marketing invites voluntary exchange (Day and Montgomery 1999). To this end reciprocity is at the core of its relationships (Bagozzi 1995; Day and Montgomery 1999). Indeed, reciprocity in exchange is fundamental to much of the literature on relationships across disciplines (see Becker 1956; Blau 1964; Homans 1958; Emerson 1976; Gouldner 1960; Thibaut and Kelley 1959). Becker (1956) went as far as to label people Homo reciprocus. Reciprocity holds that people owe one another duties because of their prior actions (Gouldner 1960, p.171). To this extent parties will engage in exchange relationships by providing something of value to a relevant other with the expectation of receiving something of value in return. Relationships are maintained so long as the benefits received outweigh the costs incurred. In fact a fundamental outcome of the act of reciprocity is stable and sustainable exchange (Becker 1986).

The purpose of this research is to analyse the role of reciprocity in the RM process. Specifically can we, by understanding the process of reciprocity, gain a better understanding of the impact of key antecedents to RM? Whilst it may not capture all processes fundamental to relationships, it is an important start and its study is consistent with Bagozzi’s (1995) call for an examination of issues leading towards a broader conceptualisation of RM (p.275).

Very little has been written about reciprocity in marketing. This discussion, therefore, takes an initial focus on the psychology and sociology literature. The aim is to analyse reciprocity’s role in stabilising and sustaining relationships, and thus building a general case for its importance to relationship marketing.

Reciprocity and Social Stability

It was Aristotle who first suggested that people were more willing to receive than to give benefits. This would appear to make relationships, or indeed any form of exchange, difficult to initiate and maintain. However, it is only through acts of reciprocity that a person can satisfy their needs (Gouldner (1960). This is based on the premise that if you want help from others you must first help them. However, there is more to reciprocity than a simple tit for tat exchange. Of particular importance is the issue of equivalence to which we now turn.

Equivalence

The act of reciprocity stipulates that returns should be fitting and proportional (Becker 1986). Fittingness refers to returns being interpretable within the existing background conditions, for example, a business transaction. This enables the parties to make a realistic assessment of the fairness of the exchange and it also helps to maintain that exchange. A completely inappropriate exchange in a business setting might be where one company modifies its product packaging for another and in return the other buys them a lifelong subscription to Vogue magazine. These activities may incur equal costs but certainly do not hold equal value given the background context.

“Reciprocal exchanges are meant to sustain a particular practice, when returns are irrelevant to that particular purpose they are not fitting no matter how valuable they may appear to be,” (Becker, 1986, p.106).

Furthermore a good must be (1) returned to the party that provided the initial benefit and, (2) within a time period that a party would reasonably consider a return to be made (Becker 1986; Cook and Parcel 1977). It is not necessary for returns to be equivalent in kind. What is important is that the goods returned contribute to the welfare of the recipient. Where the party’s perceptions differ as to what is a genuine good for return the benefactor should receive the good they desire providing it is not contrary to the provider’s moral or legal standards (Becker 1986).
Becker’s (1986) second claim was that returns should be proportional. Reciprocity is meant to produce balanced exchanges. The notion of balance has two dimensions, (1) the cost to a party of making a gift and (2) the benefits they derive from their receipts. Where possible it is ideal that both of these dimensions are equal among parties, however, there are times when that is not possible. For example, the donation of blood, which is then used to save someone’s life. The benefits conferred here are just about impossible to repay at the same costs to the receiver that the provider incurred in giving. The rule here should again be guided by reciprocity’s guiding principle of sustainable exchange (Becker 1986). Given that the receiving party would find it almost impossible to return a benefit of equal value, they should instead provide a return of commensurate sacrifice or cost. In this case the time, psychic and physical costs of also giving blood would be adequate. This is obviously a second best option. It is feasible that this will weaken or even terminate a relationship. For example, a wealthy organisation exchanging with a struggling organisation may end the relationship, whilst fully aware of the struggling companies equal sacrifice in returning exchanges, because the lack of expected benefits does not warrant its continuation. Here the basis for interpretation of a proportional return is one of equity. Equity theory plays an important part in interpreting the outcome of reciprocal acts in most business situations (Deutsch 1958). This is further illustrated in the discussion to follow.

Reciprocity and Marketing

The marketing channel literature provides the earliest and most detailed analysis of reciprocity in marketing to date. These studies confirm the existence of reciprocity in channel relationships though they have tended to focus on the nature of reciprocal action in channel relationships rather than the implications it has for outcomes (Frazier 1983; Frazier and Summers 1986). For example, Frazier and Summers (1986) found that manufacturers use of coercive and non coercive strategies related positively to dealer’s use of coercive and non coercive strategies respectively.

Subsequent studies tend to support assertions that it is the processing of key antecedents within the context of reciprocity that leads to relationship outcomes. Price and Arnould (1999), examining friendships in a service context (hairdressers), found that reciprocal self-disclosure was an important part of commercial friendships which in turn contributed to relationship strength. (Grande and Vavra 1999) found that it contributed to a stable health care environment concluding that reciprocity distinguished non-donors from donors to adult’s hospitals. Specifically they found that those who were more motivated to give did so because they had benefited from the charity’s services in the past or because they anticipated possible need in the future.

Further to the issue of public health, Rothschild (1999) highlighted the explicit and timely reciprocal exchange that marketing could provide as fundamental to initiating and maintaining the exchange necessary to solve many social problems. Stating that social problems were a function of self interested behaviour, he concluded that where self-interest was not already strong and consistent with societal goals, education alone was not enough because it could not provide a timely and valued payback. The reciprocity engendered through marketing comes to the fore here, however, because of its ability to offer additional and valued rewards in a timely manner, thus accommodating the self-interest motive.

The evidence suggests that key antecedents are clearly important to maintaining marketing relationships. However, these must be processed on a reciprocal basis for relationship outcomes to be achieved. Thus proposition one:

P1. The act of reciprocity in the context of important antecedents will lead to key relationship outcomes.

Reciprocity need not always occur for exchange to be maintained. For example, there are situations where exchange may not be fitting and proportional yet the relationship is continued. The rationale for this has its grounding in social exchange theory and the related theories of power/dependence and equity (Cook and Parcel 1977; Emerson 1962; Homans 1958; Thibaut and Kelley 1959). Where one party is highly dependent on another there is a greater chance of that party accepting inequitable exchange (Emerson 1962). The relationship will continue for as long as the dependent party values the other resources and has no superior alternative source for those resources (Emerson 1976; Thibaut and Kelley 1959). Frazier, Gill and Kale (1989), examining buyer/seller relations in the tungsten carbide tool industry in India, found that the use of coercive strategies was not reciprocated in the “sellers markets” where buyers were willing to accept such strategies in the interest of maintaining sales and profit, for which they were highly dependent on the manufacturers. This does, however, have implications for the stability of the relationship. Stability refers to the trust and commitment between parties. The use of power in a relationship is disruptive because it increases the costs of reciprocation to the weaker party from an economic and/or social perspective. As parties strive for equitable exchange, power use
reflects one party making another do something against their will. The result is tension akin to Festinger’s (1957) cognitive dissonance leading to a potential undermining of both trust and commitment.

**P2.** Where dependence between parties is balanced, reciprocity will be fundamental to a stable relationship.

**P3.** Where dependence between parties is imbalanced, reciprocity is less important for continued exchange, however, it remains as important for the stability of the relationship.

**Conclusion**

Though there has been a lot of research conducted on the input and output components of RM, not enough focus had been put onto the processes which effect how these inputs manifest themselves as outputs. This can only be achieved by understanding what a relationship is. Reciprocity is a fundamental building block of relationships and to this end it is important to understand reciprocity in the context of RM. Empirical research is needed to test its effects on key antecedents of RM and their resultant outcomes, such as trust and commitment. Furthermore this must be conducted within the framework of the important exchange issues of power and equity.

**References**


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