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ACTOR'S EXCHANGE PARADIGMS AND THEIR IMPACT ON THE CHOICE OF MARKETING MODELS

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ABSTRACT: The on going debate on whether the traditional marketing mix model is out dated, incomplete, insufficient and/or limited was initially launched by academics belonging to the IMP group and/or the service school of marketing . Most of these authors reach the conclusion that the 4 P's model is inadequate for the new millennium. The presented approaches set the emphasis on the world and in a way neglect the role that actors and their perceptions play in interpreting the environment.
This paper recommends that the firms start looking at which are the value propositions sought and offered by the different actors of the exchange process and how they evolve over time as the context changes. And only then look at the alternative marketing models. Thus this paper will deal with actors and their exchange paradigms, and it will take a dyadic perspective.
The paper recommends a shift of the center of analyses from the exchange relationships or transactions, to the exchange situations that result from the actors' exchange paradigm, and it aims at proposing a classification schemata based on the actors' exchange paradigm that serves as a road map for guiding the theoretical efforts of others. According to the actors' exchange paradigm, exchange situations can be of a transaction, relationship, or hybrid nature. Only when the exchange situation is known, can the marketing manager define the appropriate marketing model to be used in each case. The paper also seeks to show that exchange paradigms and consequently exchange situations are not markets specific. On the contrary, in most industrial, consumer or service markets both paradigms may and do co-exist.

Evolution of Marketing – Exchange Paradigms – Exchange Situations - Marketing Model – Value Proposition.

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Actor's Exchange Paradigms and their Impact on the Choice of Marketing Models

Introduction

The on going debate on whether the traditional marketing mix model is out dated, incomplete, insufficient and/or limited was initially launched, by academics belonging to either the IMP group (e.g.: Hakansson, 1982, Turnbull and Valla, 1986, Ford , 1990, Möller and Wilson, 1996) or the service school of marketing (e.g.: Grönroos and Gummesson, 1985, Grönroos, 1991, 1994, 1996, Berry, 1983, Berry and Parasuraman, 1991, Gummesson, 1994, Liljander and Strandvick, 1995).

Several causes have been identified, some are related to environmental changes, Grönroos (1994) states that "the globalization of business and the evolving recognition of the importance of customer retention and market economies...among other trends, reinforce the change in mainstream marketing."; Dionisio Cámara Ibáñez (1996), points out that "most markets have moved from demand markets to offer markets, where the client can choose where to buy"; Morgan and Hunt (1994) find that "the need for relationship marketing stems from the changing requirements for competitive success...in today's global marketplace", and others are associated to more theoretical considerations, Gummesson (1994), argues, that "the theory presented in textbooks is primarily based on empirical data from mass marketing of packaged consumer goods in the US."; Houston and Gassheimer (1987) maintain that "limiting its study to single isolated exchanges it fails to recognize the need to build long-term relationships with customers"

Most of these authors reach the conclusion that the 4 P's model is inadequate for the new millennium, that we need some kind of "post - marketing mix". Some, such as Gummesson (1995), recommend as a solution a "paradigmatic shift in marketing", from transaction marketing towards relationship marketing. In other words, to move the domain of marketing from exchange transactions to exchange relationships. Others suggest the building of a "marketing continuum"

(Grönroos, 1991, Glynn and Lehtinen, 1995) in which both types of exchanges co-exist, but where each type of exchange is restricted to a particular product/services category, to specific types of customers or to certain characteristics that are assumed to be intrinsically related to either of them (atomistic, frequency, etc.). Both approaches are correct, in so far that the marketing mix model is too limited to deal with all exchange situations. Nevertheless, this paper proposes that both the shift and the marketing continuum/spectrum propositions are the result of a unbalanced perspective of the problem.

As Hunt (1990) states, "all theory and research efforts have underlying philosophical foundations" and further on "much marketing research seems implicitly to assume a realistic perspective" which seeks "to improve *our perceptual* processes, separate illusion from reality, and thereby generate the most accurate possible description and understanding of the *world.*" (italics added).

Both previously quoted approaches set the emphasis on the world (in the former case: changes occurring in the marketplace structure, and in the latter: e.g. characteristics of the product/service) and neglect the role that the actors (buyers and sellers) and their perceptions play in interpreting the environment.

Törnebohm (1971, in Arndt, 1985), stresses that "the KPI[1] complex is filtered through what is called the researcher's orientation and world view ("perspective")". Actors in the exchange process are also influenced by their paradigms when analysing the environment. As a matter of fact, several studies show (Binks and Ennew, 1996, Garbarino and Johnson, 1996, Liljander and Strandvik, 1995, Pels, 1995, 1996) that in many markets, the process that actually takes place is one of coexistence of various exchange situations rather than the application of one or the other. This would emphasize the role of actors and their perception in the choice of exchange paradigm vis á vis the role of the context and/or product service and/or type of client served. This paper does not follow any school of relativism (which would lead to a nihilistic position), yet it points out that the previous solutions overstress the "concrete" side of the equation and that exchange

[1] (K) knowledge, (P) problems and (I) instruments.

processes are also affected by the conceptual frameworks (theories, paradigms, world views) of the exchange actors.

This paper proposes that firms today need to analyze what value perception is sought and offered by each actor of the exchange process and how it relates to the actor's choice of the exchange paradigm. The paper also recommends a shift of the center of analyses from the exchange relationships or transactions (Hunt, 1983), to the exchange situations that result from the actors' exchange paradigms. Thus it will take a dyadic perspective. It aims at proposing a classificational schemata[2] based on the actors' exchange paradigm that serves as a road map for guiding the theoretical efforts of others. Accordingly, exchange situations can be of a transaction, relationship, or hybrid nature. Only when the exchange situation is known, can the marketing manager define the appropriate marketing model that allows the selling firm to serve its client better.

The paper also seeks to show that exchange paradigms and consequently exchange situations are not market specific. On the contrary, in most industrial, consumer or service markets both paradigms may and do co-exist.

This paper first looks at the current exchange paradigms. Second, the aspects that influence the actor's choice of exchange paradigm are analyzed, specifically, the evolution of the interaction between context and the actor's interpreting model of the environment. Next, it concentrates on the theme of value perception and tries to understand how actors' different need structure and offer structure lead to the choice of different exchange paradigms. Finally, the four exchange situations are defined.

The Exchange Paradigms

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[2] A classification schemata is a type of nontheoretic system which sets conditions for the applicability of its categorical terms (Rudner, 1966) Classificational schemata attempt to take the universe of elements and divide them into homogenous groups on the basis of the categorical variables.

To deal with the concept of actor's exchange paradigms this paper must first clarify what is understood by the concept of exchange and term paradigm.

In 1975, Bagozzi affirms that, "there appears to be a growing consensus that exchange forms the core phenomenon for study in marketing", this basic statement is latter ratified by Hunt in 1983. The various exchange system, model or process normally identify the following constructs: the social actors, the relationship and the endogenous and exogenous variables affecting the behaviour of the actors(Bagozzi, 1974); the behaviour of buyers and sellers, the institutional framework, and the consequences on society of the behaviour of the actors and the institutional framework (Hunt, 1983); the parties involved, the elements and process of interaction, the environment and the atmosphere (Hakansson, 1982). In relation to this paper it is important to notice that all of them, include the actors and some kind of variable which studies the actors' perception system.

A clear univocal definition of the concept of paradigm still needs to be formulated. According to Kuhn (1970), a paradigm is "an entire constellation of beliefs, values and techniques shared by the members of a given community". Wright (1995), adds that "paradigms are theories, perspectives or frames of reference that determine how people perceive, interpret and understand the world". Arndt (1985) claims that, "paradigms deal with the proper domain of a science, the research questions it should ask, and the rules to follow the interpretations of the results. While paradigms are not theories, they form the foundation of theories but often remain implicit." Morgan (1980, in Arndt, 1985) views paradigms as "alternative realities or world views".

Most of the literature reviewed on the role of orientations, paradigms, world view, and philosophical foundations is centered on understanding and scrutinizing the researcher's perspective and how it impacts the theoretical work. This paper wishes to draw attention to the paradigms of the actors involved in the exchange process and shows their effect on the exchange situation. Consequently the reality is more complex. However, if we want to reach a more accurate description and understanding of the world (Hunt, 1990), the impact of the actors' paradigms on marketing theoretical work must be analyzed.

A common denominator of most definitions of paradigms is that different paradigms imply diverse points of view on a series of premises. At this point it is important to distinguish between the generic notion of paradigm and the more specific concept of exchange paradigm, which implies a different level of generality. There are currently two paradigms used to describe market exchange: the transactional exchange and the relational exchange. These two paradigms originate in different moments in history and, amongst other points, differ on the interpretation of the interacting parties, the construct of the concept of value and the definition of the product/service offered, the nature of interaction, and the marketing model of reference. In short, they are built on different assumptions concerning the exchange process. Thus, it is important to compare them and to understand their differences (Kotler, 1972, Hunt, 1976, Arndt, 1979, Levitt, 1981, Hakansson, 1982, Jackson, 1985, Thorelli, 1986, Dwyer, Schurr and Oh, 1987, Houston and Gassenheimer, 1987, Sheth, Gardner and Garrett, 1988, Berry and Parasuraman, 1991, Webster, 1992, Morgan and Hunt, 1994, Glynn and Lehtinen, 1995, Grönroos, 1995, Ramirez and Normann, 1996).

Transaction Exchange Paradigm :

- *actors,* clients and suppliers are perceived as independent actors. Clients are seen as belonging to segments or microsegments, where everyone in the same segment is basically equivalent. Sellers are seen as the active actor in the exchange process.
- *nature of the exchange, value* is understood as crystallised in the good/service dimension of the offer and the result of a value chain logic. The *product/service* offer is updated technologically and includes all the peripherals the industry considers "normal practice", for each served segment. *Differentiation* is based on one or more attributes (tangible or intangible) that the selling actor has identified as relevant for his target segment or microsegment and are the bases for *competitive advantage.*
- *exchange*, is assumed as independent discrete transactions with a short time scope, though repeat purchase is sought and valued..
- *action-reaction* is considered from a power-conflict approach.
- *structural attributes of the marketplace*: are seen as anonymous, transient and efficient.

- *marketing model:* the marketing mix.

Exchange Relationship Paradigm:

-*actors,* clients and suppliers are perceived as a dyadic unit. Both actors are seen as unique provides of particular benefits in the relationship and as active parties in the exchange process.

- *nature of the exchange, value* is interpreted as a subjective perception, relieving and/or enabling actors and as the result of the interaction of a network of actors (more or less peripheral to the central direct buyer-seller exchange process). There is no distinction between product and/or service, the concept is that of the *offer,* which not only includes everything "normal practice" of the industry requires, but adds information and social exchange considered relevant and important for the specific counterpart. In other words, *differentiation* is acted upon each client and the knowledge derived from long term relationships is the bases for *competitive advantage*

- *exchange,* is considered as one episode within an ongoing long-term relationship.

- *interaction* is interpreted from a mutual co-operation-adaptation-commitment-trust approach.

- *structural attributes of the marketplace,* markets are seen as networks of actors.

- *marketing model:* relationship marketing.

Often relationship marketing is defined by academics to include or encompass exchange transactions, but from the actor's point of view, they remain different types of exchanges.

Aspects that Influence the Actor's Exchange Paradigms

In order to understand how actors' exchange paradigms are defined, it is important to understand the context, the actors' interpreting model of the context, and the actors' definition of value.

Bagozzi (1974), states that in exchange systems, "the actors' behaviour are affected by endogenous and exogenous variables", later in 1975, he adds that "the important research question is which are the forces and conditions creating and resolving marketing exchange relationships?" This paper proposes to suggest a relationship between the impact that these endogenous and exogenous variables have on the actor's behaviour and the impact they may have on the actor's choice of exchange paradigm.

The context always affects the actors' behaviour (Normann and Ramirez, 1993), consequently the value perceptions, sought and offered, evolve with the changing environment. However, from the seller's point of view, the way the context is described is theory dependent (Möller and Wilson, 1995). In other words, the dialectic relationship between context and the interpretation of the context influences the actor's choice of exchange paradigm.

This section will start with a brief review of the last 20 years of marketing. The interaction between context variables and interpreting theories will be highlighted, in order to show their impact on the seller's exchange paradigm and the prevailing marketing models. Later, the current situation will be discussed to evidence how, in the new environment, a wider range of value perceptions coexist requiring models that take into consideration the various combinations of exchange paradigms.

The last 20 years: the emergence of transaction and relationship marketing.

Researchers' paradigms, and consequently the marketing theories and models, have always had a big impact on the marketing manager's choice of exchange paradigm. This quick historical review will stress how marketing literature was initially context focused and non dyadic in its approach.

The ***context*** of the late 1950s-1970s period is characterised by Grönroos (1994) as, "involving consumer packed goods in a North American environment with huge mass markets, a highly competitive distribution system and very commercial mass media" or as McKenna (1991) sums it up, "in a world of mass manufacturing, the counterpart was mass marketing". The ***model*** of market applied came from the classical microeconomics theory and especially from Chamberlain's (1933) theory of monopolistic competition, which assumes independence or autonomy of actors and transactions. The consequence was that ***transactions,*** between sellers and buyers, was the only ***exchange paradigm*** analysed by academics.

The American market place characteristics became assumptions embedded in the emerging ***marketing model***: the marketing mix and the 4 P's (Borden, 1964, Mc Carthy, 1960). As Waterschoot & Bulte (1992) state, "The marketing mix is a series of functions necessary for making the exchange happen ... used by the firm to achieve a certain level and type of *response* from its target market" (italics added). The marketer's goal was to try to develop an "optimal" marketing mix for computing the preferences of a chosen target segment of consumers. In other words, the consumer's needs in terms of product/service desired were studied, but no analysis of the buyer's exchange paradigm was conducted. Until the 1980s, the marketing mix and the 4 P's were the unchallenged basic model of marketing to the point of becoming a synonym for marketing.

During the late 1970s and 1880s, most of the articles questioning the marketing mix schema and the transaction exchange paradigm came from academics working in either the business or service sectors[3] (Hakansson, 1982, Normann, 1984, Grönroos and Gummesson, 1985, Berry, 1983, Jackson, 1985, Turnbull and Valla, 1986, Dwyer, Schurr and Oh, 1987). These authors' arguments, were based on: context variables, industry specificity, and the usage of a different theoretical framework.

With regards to the ***context*** variables and industry specificity of business markets, Hakansson (1982), stresses the limited number of interacting parties, the frequent need of specialised service and maintenance systems, the necessity of technological adaptation, and the fact that both parties were organisations. In the service industry, Normann (1984), emphasises the following specific problems of service businesses: the intangibility-inseparability-heterogeneity-perishability of the offer, the need of direct contact -interaction- with the client/consumer, and the fact that production and consumption generally coincide.

These distinctive characteristics lead academics to seek for other explanatory *theories* to interpret and manage the environment. They drew from total quality management (e.g.: Ishikawa, 1985) , system theory (e.g.: Boulding, 1956), human resource management (e.g.: Mintzberg, 1973) , social exchange theory (e.g.: Thibaut and Kelly, 1959), institutional economics (e.g.: Williamson, 1985) and from resource dependence theory (e.g.: Pfeffer and Salancik, 1978).

The outcome was a different description of the environment and what its key dimensions were. The resulting ***exchange paradigm*** was that of ***exchange relationships*** between buyers and sellers (and other external actors[4]). The ***marketing models*** that emerged were business to business marketing and service marketing (or relationship marketing). Both models took a dyadic approach, analysed multiple-interactive actors, studied the development and management of long term relationships, the importance of part-time marketers, the management of trust and commitment, and the definition of the exchange process included the interchange of information, goods/services, financial and social aspects. In other words, the stress was focused on understanding the relationship dimensions of the exchange, but very little was done in terms of analysing the buyer's exchange paradigm. However, it is extremely relevant that these schools of thought identified a new exchange paradigm.

This dichotomy lead to several articles based on an "contingency - relationship mode" argument, which stressed the concept that the selling firm should apply different marketing paradigms according to the market the latter was serving (e.g.: Hakanson, 1982, Berry, 1983, Glynn and Lehtinen, 1995, Gummesson, 1994, Möller and Wilson, 1995) . These ideas are in many ways summarised in Grönroos continuum (1991).They are based on either the analysis of the type of customer the selling firm is serving (individual consumers Vs. business or organisational customers) or the type of product sold (consumer goods Vs. industrial goods vs. services) or the characteristics that are assumed to be intrinsically related to either of them (atomistic, etc.). Normally these works suggest a clear classification of markets and marketing models. At one

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[4] The importance and management of external actors, to the core dyadic relationship, has been a central theme in the work of many authors in both the industrial and service literature (e.g.: Hakanson and Snehota, 1996, Ramirez and Normann, 1996), but it exceeds the scope of this paper.

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extreme, there is the end-user-consumer-goods market with the marketing mix model based on the discrete-transaction exchange paradigm, and, at the other end, there is the marketing channel, service and business to business market with the interaction-network-relationship marketing model based on the exchange relationship paradigm. The implicit conclusion was that exchange paradigms are the consequence of the type of product/service sold or the type of customer.

Neither of the former seem related to the buyer's understanding of the environment, they seem an updated version of the structure-strategy-performance approach (Thorelli, 1977). Until now, buyers were very much prisoners of the offers that originated from the sellers' exchange paradigm.

The 1990s: the age of complexity

It is only recently, that relationship marketing, and thus the exchange relationship paradigm, has become an alternative approach to consumer markets (Mc Kenna, 1991, Arora and Pels, 1992, Rapp and Collins, 1994, Webster, 1994, Sheth and Parvatiyar, 1995, Peterson, 1995, Liljander and Strandvik, 1995, Whiteley and Hessan, 1996, Shoemaker and Bowen, 1996, Moriarty, Gronstedt and Duncan, 1996, Cumby and Barnes, 1996, Pels, 1997), thus upsetting the former solutions. These new works bring up three big questions: The first query is: Why use relationship marketing in consumer markets?, the second is: What is happening in industrial and service markets? and the third is: What impact does it have on the status quo of the application of the marketing models?

The answer to the first two questions, lies partly, in the changes occurring in the ***context***. The most commonly quoted are (Christopher, 1994, Hunt and Morgan, 1994, Webster, 1994, Gummesson, 1995, Glynn and Lehtinen, 1995, Fynes, Ennis and Negri, 1995, Ramirez and Normann, 1996).:

- Products and services are bundled together and the core offer is becoming a commodity. In a more traditional vocabulary it could be said that some industries are moving from a core product sale to a service based offer, or from a product-centred view of value creation to a service-centred view of value creation. There is a clear shift of the clients towards intangible peripherals, historically part of the augmented or potential value proposition.

- Consumers or industrial clients are more "mature" or "experts" in buying (there is more buying and less selling).
- The globalization of markets, through the increased competition and deregulation in many industries and countries.
- The explosive growth of technology and its world-wide dissemination.
- The development of instantaneous world-wide communications and the drop of the cost of information technology (allowing firms to use databases in an cost effective manner).

In the new context, producers of ***consumer goods*** feel that competition is more intense in their own markets (and in their clients' markets). From a seller's perspective, the client becomes the scarce resource, or in other terms, the CSF[5] is the identification and management of the new freer expert clients and their value schemes[6]. Marketing managers understand and research confirms that *some* customers (both channel and end consumers) want more than simple transactions. These contextual changes also impact the ***service and industrial markets***. In these cases, the result is that buyers can choose more freely and as recent studies have shown *not all* of the clients value close interactive relationships.

But, the actors' ***interpreting models*** of the environment, also help explain both, the rising use of relationship marketing in consumer markets, and the emerging use of transaction marketing in service and industrial markets.

Binks and Ennew (1996) research on the relationship between UK banks and the small business customers, Garbarino and Johnson (1996) study on relational subscribers vs. transactional nonsubscribers of a repertory theatre company in US, the examples in the more conceptual article

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[5] CSF, critical success factor

[6] This helps explain why Total Quality, Logistics, Customer Service and Customer Satisfaction programs have become today's CSF in several industries. As Christopher (1994) states "these processes that cut accross traditional functional areas create customer value and thus provide a basis for competition."

of Liljander and Strandvik (1995) and the work of Pels (1995, 1996) in the earthmoving sector and the mobile communication industry, have revealed that, in almost all market, buyers seek both exchange transactions and exchange relationships. Clearly, buyers are using diverse interpreting models to read the environment.

But not only buyers are using multiple paradigms, also sellers are. Several authors have highlighted the impact of the actor's attitude with regards to the type of exchange paradigm. Cumby and Barnes write "managers with an appreciation for the concept of relationship...", and again Webster (1994) states "price as outcome of the negotiation process even in long term buyer-seller relationships...as essentially adversial...they were managed by the transaction-oriented rules of the competitive market." Normann and Ramirez (1993) when describing the value creating system consider the contextual modifications important and state that "these changes, act upon the actor's perception of the benefits derived from changing managerial paradigms." However, three years later Ramirez and Normann (1996) talk of the 'neo-industrial' business logic, that is, a new way of reading the context, its opportunities, its threads and its manners of interaction and exchange between actors.

The studies behind these quotes reinforce the concept that the choice of paradigm is not a mathematical function of the context. In other words, the interpretation of the environment is partly subjective. Jackson (1985) is probably amongst the first to state that "They *(the seller) want* very much to do what I call 'relationship marketing'-but their *customer think* more in terms of 'transaction marketing'."(italics added). She considers theses aspects so highly that she includes the "actions both the vendor and the customer take" in the list of aspects[7] that must be taken into consideration when placing customers on the relationship spectrum.

Before going into the third question (what impact does this have on the established interpretation of the application of the marketing models?) the paper will analyse the third element that influences the actors' exchange paradigm: the theme of value.

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[7] the other aspects she mentions are product category and customer's usage system.

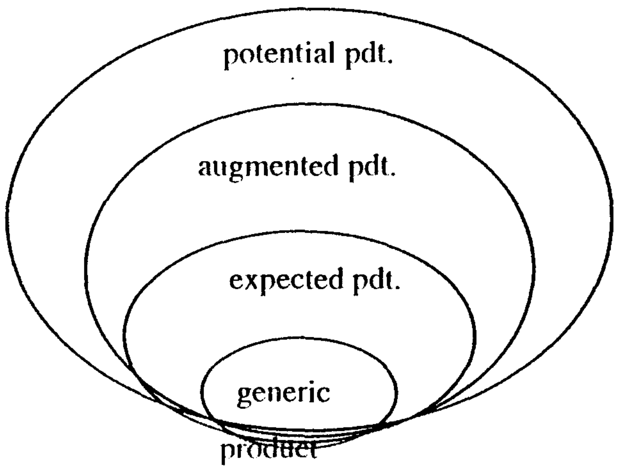
Perceptions of Value

To understand the exchange paradigms present in today's markets it is necessary to look deeper into the concept of value.

Value is in many senses one of today's' buzz words. Ramirez & Normann (1993) believe that value resides with the client . In their article, they state that the value of the company's offer is related to the degree that customers can use them. Levitt (1980), on the other hand, takes the perspective of the seller, he says, that it is through differentiation that value is added and he lists four product levels (see figure 1).

To try to unify these apparently contradictory opinions, this paper will use a dyadic perspective[8]. The concepts of *offer, need and value* will be discussed using a modified version of Levitt's model.

Figure 1:



[8] Which doesn't necessarily mean a relationship point of view . Möller and Wilson (1995), use the term value in strict association with the exchange relationship paradigm: "Value creation is the process by which the competitive abilities of the hybrid (*) and the partners are enhanced by being in the relationship. Value is created by the synergistic combination of the partners' strengths and allows each of them to gain from the relationship. Not all relationships are symmetrical, but each partner needs to see some gain beyond going it alone for the relationship to flourish". (*)Borys and Jemison (1989), "Hybrids are an organizational arrangement that uses resources and / or govemance structures from more than one existing organization".

Levitt makes his analyses from a ***sellers point of view***, he believes that the key to differentiation, and thus value, lies in the external circles. Let's update this concept and instead of using the term product employ the word offer (Brown and Fern, 1981). In this case, at the generic product level we would have an *objective offer* and value would be crystallised in the goods or the core service (Normann, 1984). As we move towards the external circles we have a more *subjective offer* based on various peripherals which may simultaneously enable or relieve the clients (Ramirez & Normann, 1993). These peripherals or subjective offers may require the participation or coparticipation of the client and/or other external actors, that is, networking. At the last circle, we would find a *unique offer proposition* specific for each client. Summing up from the seller's point of view the Levitt scheme helps us define an ***offer proposition***[9].

Sellers that view their propositions more as objective offers tend to relate to the transaction exchange paradigm, while suppliers that see their propositions as closer to unique offer proposition tend to identify with an exchange relationship paradigm.

Buyers search between various offer propositions because they lack something and thus require the help/intervention of another actor to solve the situation or to become more self-sufficient. Therefore it could be said that, ***from the buyers perspective***, the value of a company's offer proposition relates to the client perceived need (lack - want). In Normann & Ramirez's (1993) words "the company's offer is related to the degree that the customers can use them". Thus, Levitt's scheme may also be analysed from the buyer's point of view. Different clients, according to their own capabilities, competencies and views of the world, have diverse levels of need. It is as though if each circle would represent a specific combination of need, lack, wish, desire: a ***need structure.*** In fact, Ennew and Binks (1998) research shows that participative and non participative firms rate differently the importance of bank service attributes.

[9] Other authors have used similar terms. Payne, Christopher, Clarkand Peck (1994), use the expression *value proposition* with the same meaning as this paper uses the term *offer proposition*, but this paper differs with the latter author's use of the word value. Anderson and Narus (1998), use *marketing offering* in an analogous manner as this paper employs the term *offer proposition* and uses the term *value proposition* with a different meaning.

The client's request will go from the core offer-need to an ad hoc offer-need. In other words, the former clients follow an exchange transaction paradigm and the latter an exchange relationship paradigm.

Value perception is the degree of overlapping that occurs between need structure and offer proposition (see figure 2). The term *value perception,* relates to both actor's exchange paradigm. In other words, all actors have a given value perception, but not *all* actors, in a given context, will necessarily see value in either transactions (objective value) or relationships (subjective value).

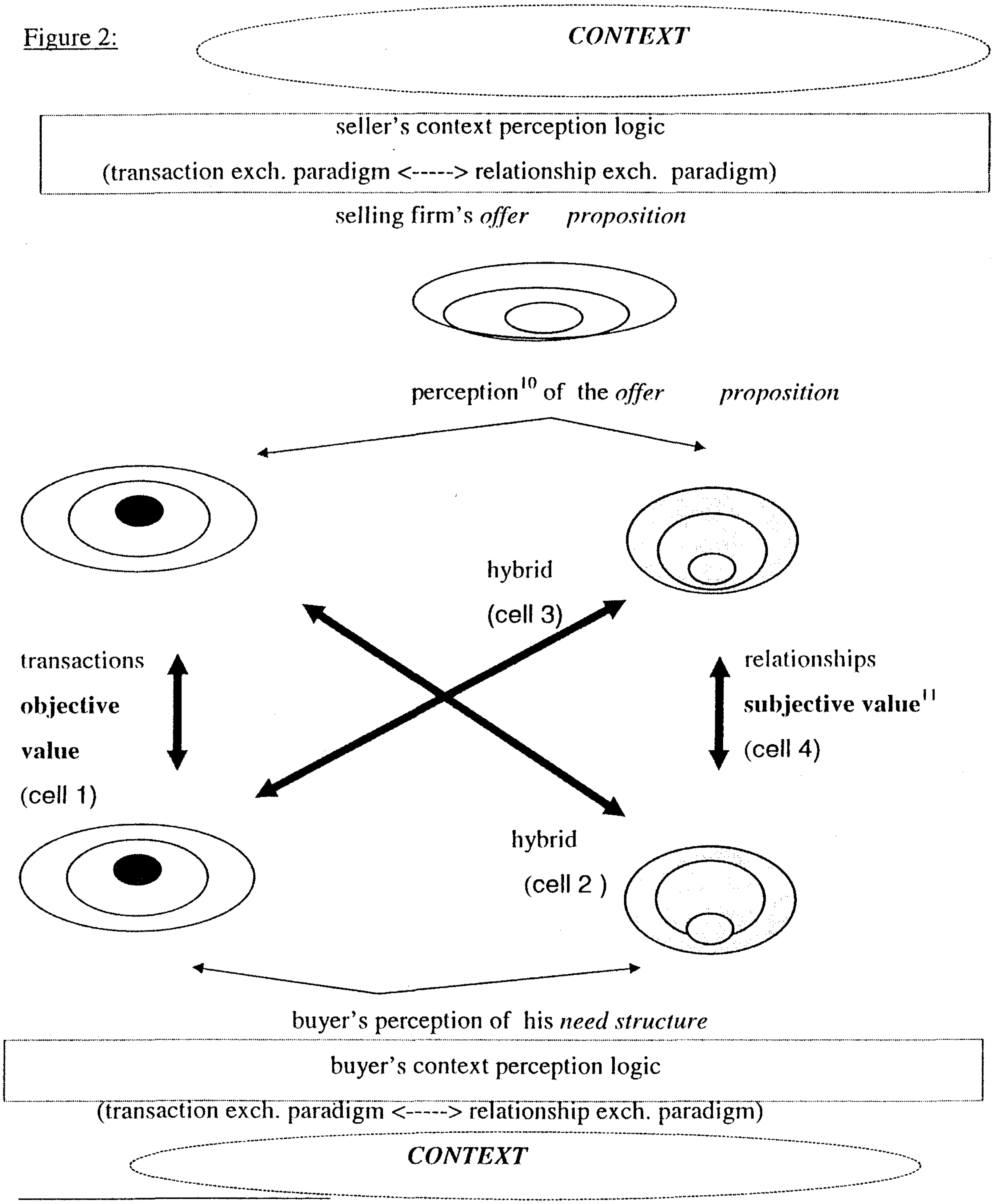
In the previous paragraphs it has been shown that most marketplaces have become more complex contexts. In this section the paper has tried to understand how the actors (given their specific need and offer structure) see different environments, thus various paradigms coexist. In the next section, the paper will show that each marketing model adapts better to a different combination of value perception.

Buyer-Seller Exchange Situation

The third question the paper seeks to answer is: What impact does this have on the established interpretation of the application of the marketing models?

Gummesson's (1995) approach is that there should be a shift in paradigms. The basic idea is that relationship marketing, being more ample in its approach, should engulf the more narrow marketing mix model and thus consider the exchange transaction as a special situation (or episode) within the exchange relationship. But, from a conceptual point of view (as described in the exchange paradigms section), the differences between the paradigms are linked to a different views of the world and, from an empirical point of view, research shows that both paradigms are valued. Therefore these differences must be taken into consideration.

Figure 2:



[9] the figure represents a certain distance between offer and offer's perception because customer satisfaction literature teaches us that there are several perception gaps.

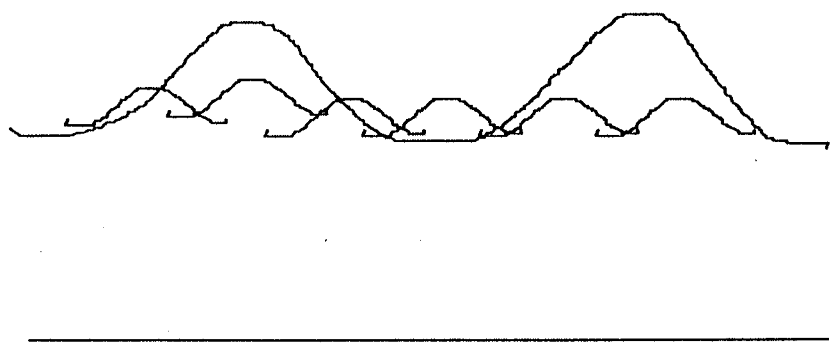
[11] In the case of buying actors that perceive relationships as beneficial (that is, actors that find themselves, in figure 4, in cells 2 or 4) one of the key elements that the buyer will analyze is the potential value creation of the relationship. In these cases we propose to use the Wilson and Jantrania (1994) three dimensional model in order to measure value created in the relationship. The authors suggest using a model based on a economic, a strategic and a behavioral dimension. The paper would like to add that probably each buyer will give each dimension a different relativa weight according to its own capabilities, the number of altematives they perceive in terms of offer propositions, the network they perceive, etc.

It is diversity that needs to be represented, otherwise, the underlying risk is to fall into a new paradigm myopia.

The described situation calls for new tools to interpret this complex context. The paper agrees with Brown and Fern's (1984) statement that "marketers have tended to focus on extreme examples to accentuate the differences between industrial goods, consumer goods and services". Though, inevitably, some contextual situations severely restrain the actors freedom of choice of exchange paradigm (Pels, 1997), this however, does not imply that the actors want (or don't want) to interact. Except for extreme situations, the author agrees with Anderson and Narus (1998) in that, "each marketplace, rather than occupying a single point on the Grönroos's continuous (1991) is better characterised as a range of relationships that are more collaborative, or more transactional, in nature relative to the marketplace's norm" (Figure 3).

The Anderson and Narus' range agrees with the idea that a deeper comprehension of the relationship between context and the actor's perception of the context is needed to understand the actor's exchange paradigm.

Figure 3: The Grönroos' Vs The Anderson and Narus' Proposition.



Grönroos

Anderson and Narus

consumer goods

consumer durables

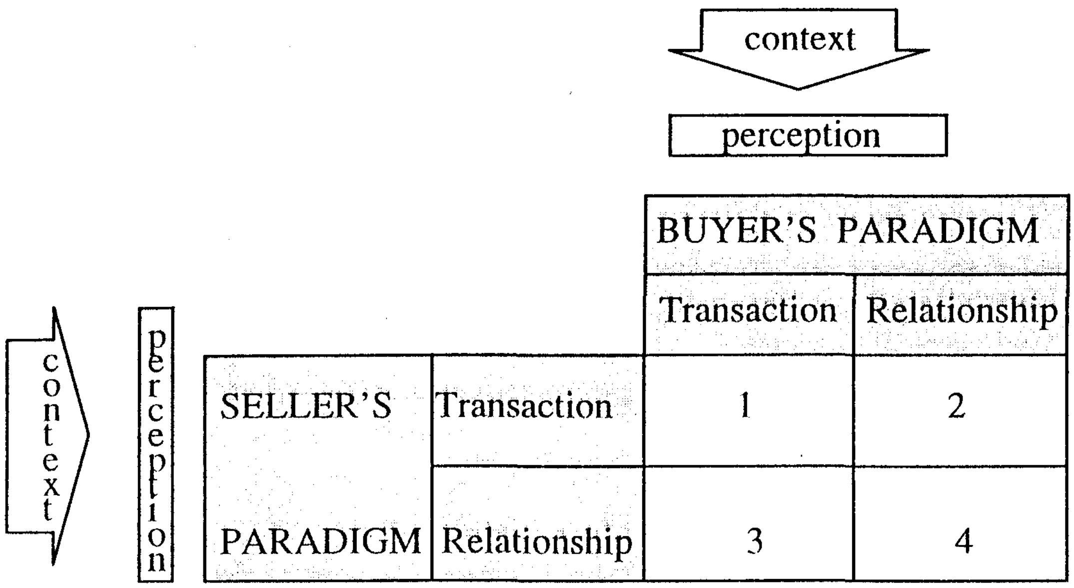
industrial goods

services

As a result, actors (buyers or sellers) may read the context they are operating in based on either the transaction or the relationship paradigms, regardless of the industry they operate in. As a consequence, a four exchange situation matrix can be described (see figure 4):

Cell 1: transaction exchange.
Cell 2: hybrid.
Cell 3: hybrid.
Cell 4: exchange relationship.

Figure 4: Buyer-Seller Exchange Situation Matrix



Thus the exchange situation can be of a transaction, relationship or hybrid nature. In other words, both elements, the context in which the actors operate in, and simultaneously, the actor's perception of the context, influence the actor's exchange paradigm. For example, cell 4 needs, either a very strong context (concentrated markets), or two actors which have the same reading of the context.

Once the marketing manager has identified which cell of the exchange situation matrix he/she faces, the most adequate marketing strategy can be defined:

Cell 1: the traditional marketing mix model with its updating in terms of microsegmentation, customer satisfaction, loyalty development, etc. It is important to remember that actors in this group may have loyal stable exchanges but these are always related to the exchange transaction paradigm.

Cell 2: hybrids are always sub-optimal situations, there is a mismatch that requires adjustment. In this case, the seller will probably loose the client or the buyer is a prisoner.

Cell 3: the seller must try to show the buyer the benefits (value) of working with a relationship approach.

Cell 4: the relationship marketing approach.

Conclusions

Kuhn (1970) argues that "when few scholars become increasingly aware that there are anomalies that somehow violate the rules of the game that govern the existing paradigm, one of two things may happen:

1. The anomalies are assimilated into the current paradigm; or
2. A new paradigm begins to emerge that offers a better explanation of the phenomena under investigation."

If one takes a look at the development of business to business marketing and service marketing (or relationship marketing), both have identifies anomalies in the traditional marketing paradigm that cannot be assimilated by "expanding" the 4P's model. Both schools of thought have identified *exchange relationships* as the phenomena under investigation. This paper suggests that the phenomena under investigation are *exchange situations*. It is in this sense that the paper disagrees with the idea of a paradigm shift.

In summary,, in the future, marketers will need to understand the actor's exchange paradigms in order to identify the adequate marketing model to be applied. From a marketing perspective, the problem is how to help managers pursue certain market responses (Waterschoot & Bulte, 1992) in all exchange situations. At this point it is clear that traditional marketing mix model, which is solely based on the transaction exchange paradigm, is lacking in its capacity to explain all exchange situations that are present in today's context, and potentially leads to a market myopia.

The paper also stresses that, in a complex context, any solution based on an overall-unique model undergoes the same risk.

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