Relationship Marketing in the FMCG
– The Forgotten Consumer

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Foreword

It has been a long and bumpy road to get to the finish line. In this case, however, the bumps opened up the door for some of the most exciting research that I have conducted during my four years at the Business and Economics Programme atLinköping University.

I started out this journey together with my dear friend Tobias Tufvesson, whom I wish to acknowledge for his enthusiasm and unparalleled patience. However, after certain events both of us simply realized that our ways of working was too different, which led to the decision of writing two separate, yet commensurable papers.

I furthermore wish to extend my sincerest thanks to my mentor, Lars Witell, who supported and gave me thorough directions throughout the four long months that it took to accomplish this paper. Without Lars, this thesis would probably have been about 200 pages long and incorporate more than 10 different subjects.

Conclusively, I would like to thank all of those that have been part of the journey by participating, supporting, reviewing and giving feedback – this thesis would not have existed without you. In one way or another, you have directly affected the outcome of this thesis, and therefore I truly hope, and believe, that this thesis will contribute to the development of Relationship Marketing, and in extension, marketing as a whole.
### Abstract

**Title**  
Relationship Marketing In The FMCG – The Forgotten Consumer

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**Purpose**  
This study aims to examine the role of Relationship Marketing for producers in the FMCG, and to discuss the implications of Relationship Marketing in regards to the producers remoteness to the end consumer, and by doing so develop the understanding of how producers can improve their relationships with the end consumer.

**Method**  
Exploratory study; 5 open-ended case-study interviews

**Summary**  
Many producers in the FMCG experience immense pressure from strong retailers and hard discounters. One solution proposed by academics is through engaging in Relationship Marketing with the end consumer to create a strong pull-effect and loyalty to the brand. In order to understand how producers make use of Relationship Marketing, 5 case studies with Swedish FMCG-producers has been conducted. It has been found that producers merely make any use of Relationship Marketing towards consumers, albeit focus a lot of resources on Relationship Marketing towards the immediate customers. The author examines the feasibility of Relationship Marketing in the FMCG, and concludes that the producers overlook many of the outlined benefits of Relationship Marketing.
Glossary

- **Consumer / Customer**
  - "A consumer is a person who uses or consumes the product. A customer is an individual or business entity that buys the product, meaning that they acquire it (legally and, probably but not necessarily, physically) and pay for it" (Webster, 2000, p. 20). The distinction between business-to-business and business-to-consumer is important in this context because in B2B-theory ‘customer’ refers to another business entity, whereas B2C-theory often refers to ‘customer’ as the end consumer. This thesis defines the customer as a business (retailer or restaurant), and consumer as the end consumer (a person). However, this rule of thumb can be disregarded depending on if the theory is purely B2C or B2B.

- **Fast-moving consumer goods (FMCG)**
  - FMCG refers to the daily items consumers purchase and consume: “FMCG markets are defined as relatively inexpensive, frequently purchased and rapidly consumed items on which buyers exert only minimal purchasing effort” (Dibb et al., 2006, p. 298 through Leahy, 2011).

- **Private Label (PL)**
  - Abbreviated “PL”, which refers to goods (products) that are produced (or branded) by the retailers. These products often contain a higher margin for the retailer, which is why retailers introduce these in the shelves to compete with National brands (Ailawadi, 2001).

- **National Brands (NB)**
  - National brands (NB) refers to the goods that are produced and branded by producers, and are purchased and resold by retailers. Commonly associated with a higher degree of hedonic benefits than PL (Ailawadi, 2001).

- **Value creation**
  - The definition of value in this thesis is simply “[…] The comparative appreciation of reciprocal skills or services that are exchanged to obtain utility; value means ‘value in use’”. The value process should therefore not be seen as solely the transaction between the producer and the customer/consumer of a tangible good, but as a broadened service exchange (Vargo and Lusch 2004, p. 7).
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1 Introduction

Marketing as a discipline, taught in universities in a scholarly way, has existed for only 100 years, and despite marginal changes of its broader meaning, the basic idea has remained the same even if new concepts such as Relationship Marketing, Service Marketing, and Customer Relationship Management (CRM) introduce us to new terminology. Similarly to what Mark Twain has been credited with observing, history may not repeat itself, but it often rhymes (Weitz & Wensley, 2002, p. 39).

1.1 Background

Times are changing and consumers today demand products with higher quality and lower prices, and loyalty to National brands is diminishing at a high rate. The reason behind this is found primarily in increased competition, new shopping behaviours and a new transparency around quality and functionality, which corresponds with the wants and the needs of the consumers (Kracklauer et al, 2004, p. 110). A study consisting of 777 marketing executives revealed four major challenges which seem to be the most prevalent today, namely the efficient use of data and consumer insights, the power of social media for brands and consumer relationships, the omnipresence of new digital metrics as well as the assessment of the activities and the increasing competence gap in analytical capabilities (Leeflang et al, 2014). Alongside with these challenges we are witnessing an upsurge of new experience economies, an escalated urbanization as well as an increased rate of single households, which accordingly affect the consumers’ behaviour in various ways (Kracklauer et al, 2004, p 110; ICA Annual Report, 2013; EY Nordic Food Survey 2014). Correspondingly, these changes also describe the situation well for many of the producers in the FMCG, who consistently try to win the attention of today’s fast-moving consumers:

“The declining effectiveness of mass advertising is only the most visible sign of distress. Marketers also face a general proliferation of media and distribution channels, declining trust in advertising, multitasking by consumers, and digital technologies that give users more control over their media time. These trends are simultaneously fragmenting both audiences and the channels needed to reach them. The danger for marketers is that change will render the time-honored way of getting messages to consumers through TV commercials less effective at best and a waste of time and money at worst” (McKinsey, 2005)

Relationship Marketing, proposed as the solution to the aforementioned problems, aims to maintain loyal consumers instead of attracting new ones due to the decline in mass marketing efficiency. By building, maintaining and developing long-term relationships with the consumers many companies aims to add value to the consumers

"[…] Even if Ericsson delivers systems to telecom operating companies it should understand how telephone subscribers think and feel. The question is what type of relationship they should establish with their customer’s customer […]” (Gummesson, 2008, p. 97)

This thesis is about Relationship Marketing in the FMCG, and even if Gummesson (2008) refers to Ericsson, the world’s largest producer of telecommunications, the importance of knowing and interacting with the end consumer is still important no matter which market one refers to. As Gummesson (2008) states, even though the producer delivers their products to telecom operating companies, it should understand what the end consumer wants in order to adapt its offering. The producer in the FMCG delivers products to their immediate customers (the retailers or the restaurants) who then sell to the consumers. This indirect channel structure reduces the possibility of a ‘moment of truth’, or in other words a service encounter\(^1\). Therefore, many authors argue that there is a need to not only compete with the goods, but instead with an entire service offering (Grönroos, 2008; Vargo & Lusch, 2004).

Based on the goods-logic of the industrial age, when mass production and distribution became highly efficient, companies started to abandon the relational aspect of business (Grönroos, 2008, p. 38). However, due to decreasing effectiveness of mass marketing, many companies today try to keep existing consumers through relational efforts (Grönroos, 2008, p. 39). Similarly, industrial marketing communication are commonly referred to as relational, or ‘one-to-one’, whereas consumer markets still communicate with the mass market, and instead function as ‘one-to-many’, but with the integration of highly complex CRM-systems and electronic media into consumer communication, things are changing (Hougaard & Bjerre, 2002, p. 33).

A big difference between now and a decade ago is how information technology enables producers as well as retailers to store and use a significantly vast amount of data about their customers, as well as their consumers (Ryals & Payne, 2001; Payne & Frow, 2005; Deloitte trend report, 2015). This enables producers to use different marketing measures to create long-term, reciprocal relationships with the end consumers through, for instance, sharper segmentation, digital communication with consumers through one-to-one marketing and novel market offerings (Peppers & Rogers, 1993; Payne & Frow, 2005; Vargo & Lusch, 2004).

\(^1\) The moment of truth is described by Söderlund (2009) as the moment when the consumer meet the firm’s representative in a service encounter, often in store, at the point of purchase. (Söderlund, 2009)
Furthermore, long-term relationships with the consumers have shown to be more profitable than to repeatedly attract new ones (Glazer, 1999 & Kahn, 1998 through Kracklauer et al 2004, p. 110). Despite this fact many companies still invest more into acquiring new consumers (Kracklauer, 2004, p. 155). Companies such as Unilever, Nestlé and Procter & Gamble invest tens of billions of SEK (Swedish Krona) every year on marketing and advertising (Nielsen, 2011). Niraj, Gupta and Narasimhan (2001) argue that an individual analysis of the consumers is essential to distinguish the profitable consumers from the non-profitable, and to target those who can generate higher profitability (Reinartz & Kumar, 2003). Some writers also argue that an understanding of the individual consumer can enable producers to target individual needs, which in many ways also is beneficial to the field of Relationship Marketing (Wikström, 1996; Piller, 2001, through Kracklauer et al, 2004, p.118). Therefore, a large proportion of producers invest in market research to get to know their target audience and their needs and behaviour patterns. The purpose of market research is to provide a differentiated analysis of the consumer structure and consumer behaviour, with the goal of creating and maintaining a clear marketing segmentation and positioning of the brand. Furthermore, market research may allow companies to understand individual purchasing decisions, and to get a relatively differentiated view on consumer behaviour (Kracklauer 2004, P.41). It may be difficult to maintain an effective category management without detailed knowledge of the end consumers (Kracklauer, 2004, p. 219).

On the other hand, Schönberger & Cukier (2013) question whether companies need to know why consumers do what they do in terms of attitude tracking, instead of simply focusing on trying to understand what they do by analyzing behavioural data. Traditional marketing research has always tried to understand why the consumer acts like it does, whereas Schönberger & Cukier (2013) argue that companies only need to make sense of the consumer behaviour. For instance, the U.S. retailer Wal-Mart found that flashlights, unsurprisingly, sold more during storms and hurricanes by analyzing behavioural data. What they found surprising was that Pop-Tarts unicausally increased in popularity during this period as well. They then decided to make some point of sale-changes in-store, and decided to move the Pop-Tarts location closer to the flashlights. By doing so, Wal-Mart successfully increased the Pop-Tarts sales by 700% compared to their normal sales rate during the same period of time under normal circumstances (Schönberger & Cukier, 2013). This illustrates how the retailer’s integration of innovation and understanding of the consumers’ behaviour can lead to increased sales without sacrificing long-term profit or damaging the relationship with the consumer.

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2 *Category management* was coined by Procter & Gamble as a disciplined approach of maintaining a product category as a strategic business unit. (Wikipedia, 2015-04-20)

3 *Pop-Tarts* is a brand of rectangular, pre-baked toaster pastries made by the Kellogg Company. Pop-Tarts have a sugary filling sealed inside two layers of rectangular, thin pastry crust (Wikipedia, 2015-04-20)
Unfortunately for the producers they cannot do what Schönberger & Cukier (2013) proposes. Thus, the biggest threat for producers are not other producers, but according to Dunne & Narasimhan (1999), the retailers' increasing share of Private Labels (PL) and hard discounters, such as LIDL and Aldi. As these become more and more powerful, greater pressure is created for producers to compete with strong brands and “best-value” for the consumer. The producers are forced to respond with reduced prices, cost savings, decreased R&D-investment, increased sales campaigns and complementary budget products into their product mix. Ailawadi et. al (2001) argue that this competition often leads to forced price reductions, which implies that the producers sacrifice the long-term consumer relationship for short-term results.

1.2 Literature Review

In order to develop a thorough understanding of the subject and to build a foundation on the selected topic, a range of literature on Relationship Marketing and its origins has been carried out throughout a number of different databases, such as LiU Library, Scopus, Google Scholar and Diva-portal. In order to give the readers an overview, and to enable the readers to take a different perspective than the most common marketing logic, the literature review begins with a brief historical review and continues with the development of Relationship- and service marketing. The chapter transcends into a discussion on the on-going changes, as well as our contemporary understandings of Relationship- and Service Marketing.

Marketing as a trade originated from the seventh century BCE, in Asia Minor (now modern Turkey), and quickly spread across the Greek cities along the Mediterranean. It emphasized individual gain and competition, and was seen as a conflicting force in the society built on altruism and cooperation. However, as marketing quickly spread across the world, it gained attention from philosophers, church writers, and consequently scholars. Marketing evolved quickly, and was later adopted by the early economists (Weitz & Wensley, 2002, p. 41-44). Marketing as a demand stimulation tool gained broad support in the practice of modern marketing in the late nineteenth and early twentieth centuries in Britain, the U.S., and Germany. Due to the rapid increase of mass production, intense competition and excess manufacturing capacity, firms began to differentiate their products. However, marketing at this point was still synonymous with selling (Weitz & Wensley, 2002, p. 68).

The early modern marketing efforts were highly influenced by economic thinking and efficiency in the first half of the twentieth century, whereas the second half was dominated by consumer behaviour and unconventional ideas from the behavioural sciences. Relationship marketing derives from traditional Marketing Management articles from the late 1950s, which became popular after the release of books such as Alderson’s Marketing Behavior and Executive Action (1957), Howard’s Marketing
Management (1957) and McCarthy’s Basic Marketing: A Managerial Approach (1960) (Weitz & Wensley, 2002, p. 57). The traditional ideas of marketing, which include the marketing mix, market segmentation and marketing myopia, became popularized by scholars such as Borden (1964), Keith (1960) and Levitt (1960) (Weitz & Wensley, 2002, p. 57). Soon, marketing was considered something more than simply selling; it was considered a management philosophy, and selling was only one of the several marketing functions (Weitz & Wensley, 2002, p. 67). Although modern marketing still was in its early stages, it was shifting from being selling-oriented into a philosophy with product- and marketer-centricity (Weitz & Wensley, 2002, p. 68).

Drucker (1954:39) argued that marketing should be ‘the whole business seen [...] from the customers point of view’, which was a forgotten philosophy, and reappeared in the literature only 20 years ago (Weitz & Wensley, 2002, p. 71). Later, in the 1970s, Philip Kotler (1972) argued that the concept of marketing should include all exchanges of value between social actors of all kinds, including processes for negotiation, determining value and managing transactions, only to name a few. 17 years later, he took it as far as to state that ‘the mass market is dead’, which insinuated that there is a need to know the individual consumer (Kotler, 1989, p.47 through Kracklauer, 2004, p. 110).

The commonly accepted definition of Relationship Marketing can be traced back to Leonard Berry (1983) who published the article “Relationship marketing” in the Journal of Marketing in 1983. Berry (1983), who brought the concept of Relationship Marketing to life, argued that the seller should not simply focus on penetrating markets, but to also build strong relationships with the consumer. Since then the definition has been developed by several Relationship Marketing advocates such as Gummesson (2008), who in his book “Relationship Marketing: From 4P to 30R” outlined 30 different types of relationships. Prior to that, Moorman and Rust (1999) proved that linking consumers to new product development and service delivery has a positive impact on firm performance, and with similar arguments as Grönroos (2008), Vargo and Lusch (2004) who in their article on “Service innovation: A Service-Dominant Logic” transcended the divides between tangibility and intangibility and producer and consumer through proposing that service innovation should be an process occurring in an actor-to-actor network. The Service-Dominant logic defined by Vargo and Lusch (2004) emphasizes innovation as a collaborative process in an actor-to-actor network, and defines an exchange of service as the process when the actors uses its skills for the benefit of another actor (Vargo & Lusch, 2004). Additionally, they propose a framework that highlights the importance of a service ecosystem, which organizes the logic for the service exchange, as well as a service platform that enhance the efficiency and serve as a venue for innovation. They furthermore argue that it requires value co-creation between the service offer(er) and the service beneficiary (customer/consumer) in order to support the underlying roles and processes (Vargo & Lusch, 2004, p. 155).
Marketing has changed from emphasis on revenue to profit, from price to consumer value, from products to consumer needs and preferences, from traditional bureaucratic, functional structures to networked organizations, from function to process and from ‘make and sell’ to ‘sense and respond.’ (Weitz & Wensley, 2002, p. 80). Relationship Marketing so far has mainly been applied to business-to-business and service companies, with articles such as Vargo and Lusch’s Evolving to a new dominant logic for marketing (2004) as well as Grönroos’s Adopting a new service logic for marketing (2004) describing the implications for goods manufacturers to shift into a ‘service logic’. Additionally, Payne and Frow (2004) published an article on The role of multichannel integration in customer retention management (2004), which discussed different perspectives of analytical tools, such as CRM, which plays an essential role in the concept of Relationship Marketing.

The recently published article by Homburg et al (2014) has gained special attention in this thesis due to its relevance in terms of building a relationship with the customer’s customer. This area of study is according to Gummesson (2008, p. 96) and Homburg et al (2014) sparsely explored. The framework by Homburg et al. (2014) of the so called ‘triad relationship’ between producers, retailers and consumers define how producers can make use of different channel characteristics that has shown to increase firm performance.

There are many dimensions to take into account when discussing the relationships to the consumer. One such dimension is the brand relationship, which is best described by David Aaker (1991; 2009; 2012), who has dominated this thesis’ definition, description and discussion of brands by publishing the books Brand Equity (1991), Managing Brand Equity (2009), and Building Strong Brands (2012), as well as the article Consumer Evaluations of Brand Extensions (1990). Furthermore, Payne, Storbacka and Frow (2008) published Co-creating brands: diagnosing and designing the relationship experience (2008), which integrates the brand discussion with the relationship approach by Grönroos (1997), and Gummesson (1997).

Relationship Marketing has evolved from the initial theories by Berry (1983), with a focus on the relational organization, into a network approach with authors such as Gummesson (1994), Grönroos (1996) and Wikström (1996) who is suggesting a broader approach to the relationship concept, as well as Vargo and Lusch (2004) who suggests an integration of the consumer into the value chain (Madhavaran et al, 2013). In only the last couple of years several interesting and relevant articles that integrate marketing management and relationship marketing as well as question the relationship between producers and consumers have been published, and hopefully in the near future only more are to come.
1.3 Problem formulation

In 1994, the Swedish retailer ICA introduced a new range of Private-Label Brands (PL). Throughout the years, their PL ratio has increased significantly and as of today, 21 years later, their shelves consist of over 21.4% PL (ICA Annual Report, 2013). This has resulted in a reversed value chain with a power shift from the producers to the retailer, where ICA has taken advantage and control over negotiations and sales. Through several initiatives such as ICA Banken (banking service), ICA Student (loyalty membership) and their PL, the ICA Group aims to build long-term relationships with their consumers, which is considered a high priority strategy (ICA Annual Report, 2013). Market research in the Swedish FMCG shows that another competing retailer, Coop, average 18% private label products in its range. Other retailers such as Axfood and LIDL possess 24.7% respectively 69.2% of PL in their average shelves (Dagligvarukartan, 2014). As of 2013, ICA controlled over 50% of the market share, meanwhile Coop had 20.9%, Axfood 15.9% and the rest less than 10% each (Dagligvarukartan, 2014).

With increased production and distribution of PL, retailers in the FMCG-industry have put pressure on the producers and their National Brands (NB) (Dagligvarukartan, 2014). In general, retailers have a higher margin on their PL than on purchased NB. The higher margin does not only make PL more lucrative for the retailer, but it also creates an opportunity for a new, more profitable, product mix without creating a loss in market share. When NB loses its competitive advantage in terms of hedonic benefits from the branding, the retailers' private labels put immense pressure on the producers. Therefore, branding and Relationship Marketing becomes increasingly important for producers to make use of in order to maintain its position as number one consumer choice (Webster, 2000).

The producer can use Relationship Marketing to build strong loyalty to their brand and to ensure that consumers prefer their brand to other brands. However, producers in the FMCG-industry lack the possibility of two-way communication with the end consumer when they do not control, or attend, the point of sale (Gummesson, 2008, p. 97). In the current situation retailers receive the majority of the consumer information, whereas the producer will have to find other ways of attaining this information. As a result of their physical and strategic absence at the point of sale, the producer needs to acquire external market research or buy data from the retailer to get the required information about the consumers.
1.4 Purpose & Issues

This study aims to examine the role of Relationship Marketing for producers in the FMCG, and to discuss the implications of Relationship Marketing in regards to the producers remoteness to the end consumer, and by doing so develop the understanding of how producers can improve their relationships with the end consumer. Based on the purpose, the following questions were defined to answer the purpose of the study:

- *How do producers make use of Relationship Marketing towards their customers and consumers?*
- *What are the implications and limitations of Relationship Marketing in the FMCG?*
1.5 Disposition

Chapter 1 - Introduction
The thesis begins with an introduction to the concept of Relationship Marketing and the challenges that producers face in regards to capabilities of knowing their end consumer without attending the point of sale. After the introduction, a thorough review of the literature is done in order to secure total understanding of the subject. Following the literature review, the problem formulation, the purpose, and the issues are presented.

Chapter 2 – Theoretical framework
Chapter 2 introduces the reader to previous theory that enables the reader to approach the issue with a theoretical understanding. Several perspectives are taken into account, such as the consumers’ perspective, the producers’ perspective, the channel perspective, and the brand-perspective, to highlight that Relationship Marketing varies depending on which perspective one takes.

Chapter 3 - Methodology
Chapter 3 illuminates the reader of the methodology and the rationale behind why the research took the path it did. Thereafter, the data and data collection are discussed, which allows the reader to not only validate the study, but also understand the analysis and furthermore give clarity to the results.

Chapter 4 - Findings
In Chapter 4, the findings from the case interviews are presented and thematically divided into the different areas of interest that has been identified in order to enable the analysis to be as structured and relevant as possible.

Chapter 5 – Analysis
Chapter 5 contains the analysis of the findings, and is broken down to several sub-chapters; Service Logic, Relationship Marketing, Branding, CRM and the limitations of Relationship Marketing.

Chapter 6 – Conclusion & Discussion
In Chapter 6 the conclusions of the research is presented, followed by a discussion, as well as the limitations of the results and recommendations for future studies.
2 Theoretical framework:

In the following chapter existing theory is presented to clarify the meaning of Relationship Marketing and the different approaches the producer can adopt in the triad relationship. The channel relationships between producers, retailers and consumers are described, and the contingent characteristics of Relationship Marketing towards the customer and consumer are presented. Conclusively, the chapter includes a detailed explanation of channel communications, and takes a value chain-approach in order to integrate the end consumer in the triad relationship.

2.1 What is Relationship Marketing?

Relationship Marketing is the discipline within marketing that aims to maintain and continuously improve the relationship with the customer and consumer (Wilson et al 2012). Furthermore, the relationship is considered something more than a transaction; it is the possibility of a prolonged and intense loyalty to the brand (Gummesson, 2008, p. 40).

The fundamental premise of Relationship Marketing is to create loyalty among consumers, possibly resulting in a higher preference with a given brand, rather than switching to another, even if they are experiencing potentially higher value from competitors (Wilson et al. 2012). Relationship Marketing does also aim to create a "two-way dialogue" with the consumers to understand what the consumer wants (Gummesson, 2008, p 40). Morgan and Hunt (1994) define Relationship marketing as: 

"[...] all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges [...]". Gummesson (2008) further develops the definition of relationship marketing as 

"[...] marketing based on relationships, networks and interactions, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society. It is directed to long-term win-win relationships with individual customers, and value is jointly created between the parties involved. It transcends the boundaries between specialist functions and disciplines” (Gummesson, 1999, p. 24).

Relationship Marketing can, according to Wilson et al. (2012), be illustrated through the "bucket theory". The theory illustrates marketing, a one-way communication consisting of advertising and promotions, as a hypothetical bucket filled with consumers as a result of the traditional marketing efforts. The problem is that the bucket often suffers either small or large "holes", which allows consumers to

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4 Not necessarily physically or one-to-one between company and consumer, but rather to be present to the consumer in a relevant way
disappear in varying frequency. When the business is working correctly, and consumer expectations are met, the holes are small and very few consumers will disappear. If the activity on the other hand does not meet the expectations that consumers have, the holes tend to be large, resulting in a more rapid and extensive consumer churn. According to Wilson et al. (2012) Relationship Marketing aims to mend these holes by understanding what is missing in the offer while traditional marketing ignores the holes and aims to continuously attract new consumers, and in other words "fill the bucket", when discharged through the holes. The main reason why Relationship Marketing is considered necessary in a business is due to the profitability of keeping existing consumers (Gruen, 1995). Several studies show that consumers are estimated to be five to eight times more profitable to maintain than to attract (Kracklauer et al, 2004). Furthermore, some studies shows that merely 20% of the most loyal consumers in some cases account for 225% of the profits, which indicates that the company with the largest share of consumers isn’t synonymous with the highest profitability (Storbacka, 1994). Thus, Relationship Marketing isn’t about increasing the consumer share; it’s about increasing marketing efficiency (Sheth 1994 through Gruen, 1995, p. 459).

Many authors (Grönroos, 2008; Gummesson, 2008; Wikström, 1996; Wilson et al. 2012; Keller, 1993) however, state that companies pursue Relationship Marketing to create long-term commitment, but ignore the fact that some relationships simply aren’t worthwhile (Hogan, Lemon, Rust, 2002). Jobber and Fahy (2009) illustrates the difference between service encounters with potential and those without through a cab ride in an unknown city – it is highly unlikely that there will ever be a repeat purchase from that consumer. However, in FMCG-markets, repeat purchases are not seen as unlikely (Jobber & Fahy, 2009, p. 180).

Grönroos (2008, p. 43, 419) believes that there are three tactical elements companies need to consider when they create a relationship strategy; the pursuit of direct contact with consumers and other business partners, the development of a database that contains the necessary information about consumers and other stakeholders, and the development of a service system that puts the consumer first. In order for this to work, Grönroos (2008) states, it is also required that the organization or company enables this strategic change through a service logic, which is summarized below:

- Redefinition of the business as a service company (i.e. that it competes with a total service offering instead of only the product)
- Redefinition of the organization to a process perspective from that of a functional perspective (i.e. to lead the process that aims to create value for the consumer instead of just distributing)
- The establishment of partnerships and networks to manage the entire service process (i.e. close contacts with the entire value chain)
Grönroos (2008, p. 441) furthermore formulates five obstacles that can prevent the service logic initiative from being successful. He argues that these five barriers stem from an outdated organizational philosophy. The first obstacle is the organizational, which includes an old-fashioned corporate structure that does not allow change. The second obstacle is the regulatory system which consists of old infrastructures within the producers’ internal policies, rules, operating systems and outdated technology. Thirdly, he identifies the management-related obstacle, which is based on conservative management which does not allow the implementation of new, possibly groundbreaking, ideas. Fourthly, the strategy-related obstacle which, according to Grönroos (2008) could occur when there is uncertainty in handling new situations. This could for instance mean that the company has not done a thorough analysis of the situation and does not understand what the target audience wants or the purpose of new projects. Finally Grönroos (2008) reconnects to the management-obstacle and believes that the fifth and final hurdle is the decision-making; if the organization does not have the strength or courage to implement new visions and plans, company management will always be an obstacle to a change process. If these criteria are not fulfilled, the change initiative into a service logic will not be successful, which is a prerequisite to implement Relationship Marketing (Grönroos, 2008, p. 441).

Naturally, relationships tend to differ depending on what type of market the producer operates in. Wikström (1996) states that relationships are more common in service- and business-to-business markets, due to the late entry in the value-creation process in consumer goods-markets, where the consumers receive finished products – allowing them to either accept them or reject them (Wikström, 1996, p. 361). From this perspective, the consumer is seen as a passive party in the creation-process - however, as several authors point out (Gummeson, 2008; Grönroos, 2008) this seems to not be the most efficient approach. Instead, Wikström (1996) radically suggests that consumers should be part of the entire value-process, including both design and production, stretching all the way to marketing, sales and consumption (Wikström, 1996, p. 364). This implies that the current practices of producers in the FMCG should change to that of a service-company, which seems to be easier said than done.

2.1.1 Understanding the Consumers Perspective

The consumer is very different today than when Relationship Marketing first saw the light of day. However, our understanding of consumers has improved by far since then, but it seems as though the field of marketing does not yet have all the answers. Marketers today have a lot more tools and possibilities to reach the consumers, but still fall short when considering how much companies invest on attracting new consumers.
In an attempt to update the conventional marketing mix, Kotler (2000) further developed the concept of Relationship Marketing by contributing with an opposite spectrum of the 4P-model\(^5\), namely the consumer-oriented marketing mix. The marketing mix from the consumers’ perspective includes Cost to consumer, Convenience, Consumers needs and Communication (Hougaard & Bjerre, 2002). They represent the same marketing mix as the 4P, but instead take the consumer’s perspective when determining the marketing strategy. The 4C-model simply inaugurates the importance of understanding and taking the consumers perspective. Moreover, Kotler (2000) claims that the consumer marketing mix should accordingly be determined through the consumer decision-making process, which can be summarized through the five steps below:

1. Identification of problems
2. Information gathering
3. Alternative evaluation
4. Purchase decision
5. Post-purchase Assessment

In the decision-making process it is important to ascertain the consumers needs, and thoroughly elaborate how the consumer will use the product and in what context. However, the basis for relationship development and loyalty establishment lie in the Post-purchase assessment-stage. The consumer then compares the products perceived utility with his or her previously set expectations (Hougaard & Bjerre, 2002). He/she will then either be "disappointed", "satisfied" or "very satisfied" depending on whether the perceived experience was below, met, or exceeded the set expectations. A satisfied or very satisfied consumer is much more likely to return for further purchases of the product, thereby increasing the potential for a relationship and loyalty (Hougaard & Bjerre, 2002). Getting to know the consumer behaviour can create a deeper understanding of how consumers should be treated in an attempt to generate lasting and profitable relationships. To understand the consumer in depth and get a better idea of its set expectations producers use market research, which allows a kind of "outside-in"-thinking that enables an analysis of the consumer's expectations (Wilson et al. 2012).

Furthermore, taking into account that all consumers are unique, and their behaviour is not always consistent, several studies show that NB distinguish themselves from PL, in terms of providing a function for different consumer needs (Ailawadi et al, 2001). Ailawadi et al (2001) identify four consumer psychographics, which has distinguishing features in preference of ‘store brands’ versus ‘national brands’. The four segments consist of the deal-focused consumer, the store brand-focused consumer, the deal- and store-brand users, as well as the non-users of either store- or national brands. Ailawadi et al (2001) concludes that manufacturers and retailers do

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\(^5\) Price, Place, Product, Promotion
not need to fight over the same consumers due to their different characteristics – store-brand consumers are linked to economic benefit and cost, whereas national-brand consumers mainly are driven by hedonic benefits, such as exploration, entertainment and self-expression, and hedonic costs, which refers to the hassle of switching, searching and thinking (Ailawadi et al, 2001, p. 73).

Conclusively, Palmer (1996) identified a three-level approach on relationship meanings, and how companies can create relationships with the consumer. At the first, tactical level, Relationship Marketing is seen as a sales promotion tool, with loyalty schemes as a method to maintain the loyalty of the consumer. The second level adopts a long-term relational approach on a strategic level, where the company and other stakeholders create ‘detention’ rather than ‘retention’ with the aid of legal, economic, technological, and geographical and other barriers of exit. Finally, level 3 consist of a deep philosophical relation where the marketing shifts its focus from the product and the product life cycle into the consumer relationship and the lifecycle of the consumer, integrating the consumer into an inter-functional coordination of the value process (Hougaard & Bjerre, 2002, p. 48). Thus, involvement, engagement and relevancy to the consumer are important variables to take into account when building the Relationship Marketing-strategy.

2.2 The Parasocial Relationship to the Brand

An important aspect of customer and consumer relationships is the relationship to the brand – or in other words, the Parasocial relationship (Gummesson (2008). The most common definition of a brand is the one made by the American Marketing Association, who says that a brand is 'A name, term, sign, symbol, or combination of them that is designed to identify the goods or services of one seller or group of sellers and to differentiate them from those of a competitor’. AMA also add that a brand, in order to be called a brand, needs to have created a certain amount of awareness, reputation and prominence in the marketplace (Weitz & Wensley, 2002, p. 152).

“Competitors can copy the innovation, but not the brand” (Aaker, 2014, p. 22).

Thus, David Aaker (2014) takes a similar approach, but adds that strategy and personality are important to the brand context, and defines a brand as “[...] an intangible asset with strategic value that is built on the marketing efforts of an organization. It should provide a point of differentiation and aspire to have a personality, which can add interest and energy, as well as communicate attributes’ (Aaker, 2014).

Ever since branding first was coined a quarter century ago, branding has become increasingly complex and important for companies in order to differentiate themselves
(Aaker, 2014). Today branding is multidimensional and may add value in terms of social, self-expressive and functional benefits. As markets and strategies change, so should the brand (David Aaker (2014). David Aaker (2014) claims that an implication for companies is that the competition in dynamic categories are shifting from “my brand is better than your brand” into subcategories, enabling consumers to find the image that they like the most. Aaker (2014) states that consumers will seek out, discuss, and engage themselves in what they are interested in, not the offering, brand or firm. Furthermore, several benefits in terms of product-, price-, communication-, and channel-related effects have been outlined from building a strong brand. Studies show that a strong brand name has proven to be positively associated with consumer confidence, attitude towards the brand, purchase intentions, consumer product evaluation, and perceptions of quality and purchase rates (Weitz & Wensley, 2002, p. 152). Studies also demonstrate that brand leaders can command larger price differences and are more immune to price increases (Weitz & Wensley, 2002, p. 152). Montgomery (1975) argues that products that are from companies with strong brands are more likely to become accepted in a channel and gain shelf space in supermarkets (Weitz & Wensley, 2002, p. 153). Several communication-related benefits have been credited branding in terms of ‘halo effects’ (positive bias of evaluation), effectiveness of humour in advertising, likelihood of being the focus of attention, higher levels of commitment from consumers, and a better ability to weather product-harm crisis (Weitz & Wensley, 2002, p. 153). Moreover, studies show that companies that use branding have increased efficiency in psychology-based key performance indicators such as awareness, perceived quality, associations and loyalty (Aaker, 1991; Weitz & Wensley, 2002, p. 152).

Another approach is the consumer-based brand equity-perspective by Keller (2001) who defines brand equity as the differential effect that brand knowledge has on the consumer response; implying that depending on whether the consumer was or was not aware of the product prior to the stimuli it should have different effects (Weitz & Wensley, 2002, p. 153). Gummesson (2008) however, states that the relationship between consumers and brands, or the relationship to the image of the service provider are still not quite clear, and less prominent in the literature (Gummesson, 2008, p. 130-131). The ‘images’ take the form of company names, brands, trademarks, logotypes and well-known business leaders. Companies use brands to symbolize an improved value proposition (Gummesson, 2008, p. 131). Brands can additionally create entry barriers in terms of its uniqueness, reducing the likelihood of competition to win over existing consumers (Aaker, 2014). In the later years, intangible assets such as brand equity is mentioned as the capital the brand represents; in terms of how well known a company is, how satisfied the consumer are and how loyal its consumers are, and the connotation it sparks off (Gummesson, 2008, p. 131). Gummesson (2008) refer to Rapp and Collins (1995, pp. 197-298), who point towards a new type of brand, namely relationship brands:
“[..] with the ability to identify prospects and consumer by name and address, learn more about them, and interact with them in an on-going relationship, a new form of branding is evolving: ‘relationship branding’. You no longer simply brand or promote what you sell. You brand and promote the relationship as well. [..]” (Gummesson, 2008, p. 133).

Furthermore, Duncan and Moriarty (1998, p. 1) state that Relationship Marketing and communication are the primary ingredients in managing brand relationships, with brand equity as the goal and core category (Gummesson, 2008, p. 134). Yet another perspective of branding and marketing is the distinction between the brand and the company. The company’s image is particularly important when it plays a prominent role in the branding strategy adopted (Weitz & Wensley, 2002, p. 160).

“A corporate brand may evoke associations wholly different from an individual brand, which is only identified with a certain product, or limited set of products” (Brown, 1998).

Brown and Dacin (1997) claim that consumers may associate the brand with the company’s abilities and its corporate social responsibility efforts (Weitz & Wensley, 2002, p. 160). Keller and Aaker (1992, 1998) argue that corporate credibility, defined as ‘the extent to which consumers believe that a company is willing and able to deliver products and services that satisfy consumer needs and wants’, can be divided into three dimensions: Corporate expertise, corporate trustworthiness, and corporate likability. These dimensions can differentially affect the perceptions of a brand extension or marketing activities linked to new innovation and product releases (Weitz & Wensley, 2002, p. 161). Corporate expertise can be defined as their ability to competently make and sell their products or conduct their services. The corporate trustworthiness is connected to its motivation to be honest, dependable and sensitive to consumer needs, and finally, the corporate likability is the extent to which the company is seen as likeable, prestigious and interesting (Weitz & Wensley, 2002, p. 161). Similarly, Gruen (1995) proposes that trust and satisfaction in the relationships will have a positive impact on commitment, as well as allocated purchase share, in the business to consumer-relationship (Gruen, 1995). Morgan & Hunt (1994) propose that commitment and trust are the underlying forces of relationships, but is according to Gruen (1995) somewhat limited to industrial markets.

As proclaimed in the introduction, retailers seem to have apprehended a comfortable seat in negotiations due to economies of scale, as well as their increase in PL (Webster, 2000). With an increased pressure on the producers, retailers now have the upper hand in the channel. Brands, meanwhile, may have a major role to play in the relationships between producers and retailers, as well as consumers. Webster (2000) argues that the low cost-focus has been over exaggerated, and points towards other means than reduced prices in the consumer value equation. Some brands, which carry
high lifestyle expressive value and a high performance risk, including higher prices, actually provide higher utility for the consumer (Webster, 2000).

“The traditional focus on the relationship of brands with consumers, and the assumed tug-of-war between low price and brand loyalty, may be an overly simplistic view of the nature of the relationships among brands, consumers, and retailers. [...] Low price and brand loyalty may not be contradictory motivations, as studies of sales promotion effectiveness often demonstrate” (Webster, 2000, p. 18)

Long before branding was introduced, consumers developed loyalty to retailers because they offered credit as well as the necessary assortment of goods at a convenient location (Chandler, 1977:227 through Webster, 2000, p. 18). Later, when manufacturers shifted their focus from satisfying the retailer, to nurturing the consumer, they began to develop trust and credibility through advertising (Webster, 2000). The traditional push-techniques were replaced by pull-techniques, and the producers branding efforts were considered the main tool by producers to create relationships with the consumers (Webster, 2000).6 As the producers’ brands became even stronger, the producers gained ‘trade leverage’ in negotiations. Retailers therefore started to introduce their own private-labels, which indubitably created even more tension in the producer-retailer relationship (Webster, 2000). However, as the producers became accustomed to the tug-of-war, proprietary research showed that strong producer brands could lead to higher sales of store brands, as well as building store traffic, and as a consequence, ‘category management’ was introduced to deal with this complex relationship (Webster, 2000). Webster (2000) continues:

“Historically, it can be argued, manufacturers’ profit margins on branded products have been unfairly high at the expense of very low retailer margins and very high consumer prices. As they have grown larger and more efficient, retailers have used their power to demand lower prices and better margins in the form of discounts and promotional pricing.” (Webster, 2000, p. 21).

The solution, Webster (2000) argues, lies in Relationship Marketing-strategies, which aim to create long-term commitment between the channel members.

“In a world of increasingly powerful retailers, it is clear that consumer product manufacturers must develop marketing strategies appropriate to those of the business-to-business marketer. They must focus on enhancing the profitability of their customer—the retailer, as opposed to thinking of products more narrowly in terms of the value they offer to end users” (Webster, 2000, p. 20)

6 Push strategies depend on personal selling at each stage of the value delivery process and marketing channel (i.e., manufacturers who sell to retailers who sell to consumers), whereas pull strategies, aims to create demand among end users, to “pull” the product through the channel by demanding it from the retailer who demands it from the manufacturer.” (Webster, 2000, p. 22)
Webster (2000) argues that producers need to not only think about the customer, but also the consumer, with the aim to increase the profitability. However, just as branding has been outlined as the trigger of competition between producers and retailers, significant benefits have been outlined for both the manufacturer as well as the retailer (Webster, 2000). To understand the benefits and costs of the different channel members, an overview of the value of manufacturers’ brands to channel members is illustrated below:

Table 1: Value of Producer Branding to Channel Members (Webster, 2000, p. 19)

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Producer</th>
<th>Retailer</th>
<th>Consumer</th>
</tr>
</thead>
</table>
|          | • Higher sales volume and lower production costs  
          | • Easier new product introduction  
          | • Relationship of trust with consumer  
          | • More control over resellers  
          | • Pre-established demand  
          | • Image enhancement for retailer with consumer  
          | • Producer’s commitment to promote the product  
          | • Relationship of trust and commitment with consumer  
          | • Possibly higher margin on strongest brands  
          | • Lower selling costs  
          | • Implicit quality guarantee  
          | • Lower perceived risk  
          | • Possibly lower retail prices associated with higher sales volume  
          | • Prestige associated with brand image  

<table>
<thead>
<tr>
<th>Costs</th>
<th>Producer</th>
<th>Retailer</th>
<th>Consumer</th>
</tr>
</thead>
</table>
| • Higher costs of advertising  
| • Higher sales promotion costs associated with interbrand competition  
| • Less control over relationship with consumer  
| • Difficulty of allocating limited shelf space among multiple brands  
| • Possibly lower margins than on store brands  
| • Higher retail prices associated with advertising costs and promotion costs  

As can be seen from Table 2, several benefits, as well as costs, have been associated with producer branding. A strong brand for the producer could result in higher sales volumes, easier product introductions, increased trust with the consumer and more control over the resellers, but also higher costs in advertising and promotion costs. For the retailer, a strong producer brand can lead to positive outcomes in terms of pre-established demand, an image enhancement, a relationship of trust and commitment with the consumer as well as higher margins and lower selling costs. However, it may also result in less control over the relationship with the consumer, difficulty in shelf space allocation between brands and lower margins on the producer’s brands than on
their own store brands. Moreover, the consumer gets an implicit quality assurance, lower perceived risk of buying a strong brand, prestige, and possibly a lower price on the high volume goods. Webster (2000) furthermore recognizes the importance of reciprocal value delivery from the manufacturer and retailer to the consumer through the brand and claims that the relationship benefits is connected to the relationship quality and strength of the other actors in the triad relationship:

“The brand has value for both consumer and retailer, the manufacturer needs the support and loyalty of both, the consumer depends on both the manufacturer and the retailer, and the retailer needs both the consumer and the manufacturer’s brand. In this three-way relationship, the quality of that relationship for any single player depends on the quality and strength of the relationship between the other two” (Webster, 2000, p. 20).

A major strategic challenge, Webster (2000) states, is to strengthen the relationship between the manufacturer and the reseller by using the brand as the focus of the relationship, as it’s presence is required by all actors in the triad relationship.

“We must understand better the reseller’s definition of brands as strategic resources and develop models of channel relationships that incorporate brands as key elements, emphasizing cooperation and strategic collaboration rather than conflict. For managers, there is a clear need to better coordinate strategic and tactical brand management and field sales and channel management. Brand teams should include experienced managers from the field and brand managers should be assigned to positions with the field sales organization. Brand managers and field sales managers together must develop sales materials tied explicitly to brand positioning and the consumer value proposition. Fundamentally, the value of the brand to the reseller must be related directly to the value of the brand to the consumer, not just price and promotion. Billions of dollars in cash and billions more in terms of brand equity and the long-term value of the firm hang in the balance.” (Webster, 2000, p. 22)

However, in order for the producer and consumer to establish a strong relationship, Grönroos (2008, p.24, 271) argues that the consumer must also be an active co-creator of value. Grönroos (2008) distinguishes two different characteristics of consumers, which the producer needs to understand before adopting relationship marketing; namely transaction-oriented consumers, and relationship-oriented consumers, which can be divided into a sub-group of active or passive consumers. Transaction-oriented consumers are characterized by the pursuit of the maximum rational value and do not want further contact with the company between purchases. The active relational consumers are also seeking maximum value, but instead pursue contact between the purchases to allow for further value creation. In the same way, the passive relationship consumer welcomes contact possibilities, but do not actively contact the seller and rarely make use of the opportunities for interaction offered by the company (Grönroos, 2008, p. 51).
2.2.1 Limitations in Brand Relationships

A study from the consumers’ perspective within the FMCG-market revealed that consumers do not always have positive attitudes towards the producers’ Relationship Marketing attempts. On the contrary, consumers indicated much dislike and frustration towards the Relationship Marketing efforts. The respondents felt like as that there was an absence of personal content, as well as a communication gap and difficulties in generating genuine interaction (Leahy, 2011, p. 657). For instance, one respondent answered: “As a marketing strategy I think its overkill because everyone is doing it. They are all the same now” (Leahy, 2011, p. 658). In addition, another respondent answered: ”There’s really a problem of getting too much stuff ... I think there’s too much coming in the post and by email, it’s just clutter really, and if a customer is getting stuff that they don’t really want it’s bullying, it’s not a relationship” (Leahy, 2011, p. 658).

Drawing from these insights, Leahy (2011) concludes that “In an attempt to achieve a segment of one, however, it can be argued from the focus group findings that marketers have reverted to mass marketing, where all consumers are treated the same, albeit using a personalized approach” (Leahy, 2011, p. 661). Leahy (2011) adds that respondents feel like “the company is benefiting more than the consumer benefits” (Leahy, 2011, p. 664), implying that there is a need for a greater benefit for the consumer to engage in a relationship with the company. Leahy (2011) finds that there is a difference in how consumers react between ‘true personal contact’, and ‘quasi-personalized impression of contact’. Companies, Leahy (2011) concludes, show no affective component towards their consumers, which is regarded as essential in any relationships. Due to the many failed attempts of creating relationships, consumers today are cynical and skeptical towards the companies’ motives, which highlight the importance of adding value to the consumer. Instead of trying to try to build relationships, companies should focus on the reasons why consumers purchase their brands, and furthermore strengthen the brand values that are attractive to the consumers (Leahy, 2011).

A study throughout different markets and categories on the roots of brand growth identified several common myths, which need to be highlighted before engaging in Relationship Marketing. After studying a wide range of brands in different markets, Romaniuk (2015) found that it is more common for brands to grow through increased penetration than through increased loyalty – with almost a double. The same study also came to a similar conclusion, but on declining brands, and found that brands that decline often have a bigger decrease in penetration than in loyalty. Thus, brands grow and decline, largely by penetration and less by loyalty (Romaniuk, 2015). However, she points out that there are exceptions to the rule, by for instance premium goods and big brands, where penetration rates could reach its ceiling in penetration growth and thus not being able to grow any more through attracting new users. Although loyalty,
Romaniuk (2015) adds, can be more important in some markets, it is largely dependent on the restricted distribution to a certain area. Loyalty can be analysed through several different key performance indicators; purchase frequency, purchase volume, attitude data, and many more. Romaniuk (2015) found that small brands have (many) fewer users who are (slightly) less loyal. Thus, the small brands are penalised twice. This has been proven throughout the world, from Breakfast cereal category in the USA, to Soy sauce in China, and Toothpaste in Brazil all the way to Anti depressants in the UK. They follow the same pattern. They also found a linear positive correlation between the size of the company market share and the loyalty, as well as the penetration rate, of the consumer (Romaniuk, 2015).

Additionally, when looking at 12-month figures from various brands, markets and categories, Romaniuk (2015) found that the top 20% of a brand’s customer base in the FMCG accounts for around 50-60% of the sales, and not 80% as the Pareto law would suggest (Romaniuk, 2015). Furthermore, only around 50% of this year’s brand top 20% heavy buyers will remain heavy buyers next year – the rest will either fall out of that cohort, or stop buying from the producer entirely. The same analysis has been done for blood donors to ensure the generalizability; where around 50% of the heavy donors stay until the next year, so even if you can find and target the heavy buyers, expect around 50% attrition.

Furthermore, the myth of 100% brand loyalists has been around for a while – and the Ehrenberg-Bass institute punches a hole in the myth through extensive data analysis from shoppers around the world. The main implications are that the 100% loyalists are (1) few; and (2) mainly light category buyers. The conclusion they draw from these findings is that the extremely loyal consumers are not worth the effort for producers. Heavy category buyers, on the other hand, might be – however, as the volume and purchase frequency increases, so does the number of brands, which reduces the loyalty of the buyer. The more we buy, the more brands we buy (Romaniuk, 2015).

Drawing from all these insights, the Ehrenberg-Bass Institute has generated two strategic areas where companies should direct their focus if they aim to grow the brand: 1) It needs to have mental availability, which is to be easily thought of, and 2) It needs to have physical availability, which refers to the easiness of finding the product and buying it. The proposed solution then, is to reach as many as possible, as cost effectively as possible, continuously, and to not leave large gaps where people are not exposed to advertising. However, the main outtakes from the studies conducted by the Ehrenberg-Bass Institute should not be regarded as a conflicting argument against Relationship Marketing, but rather as an insight that tells us that Relationship Marketing, similar to most things, has limitations.
2.3 Relationship Management and Consumer Response

In recent years, competition has intensified, and Customer Relationship Management (CRM) tools have become increasingly important for producers to stay close to competition (Kracklauer et al, 2004, p. 159). CRM-tools enable producers to gather data about its customers and consumers, allowing the producer to use the data to develop their marketing efforts. By understanding the different segments of the market and analysing the data, producers can focus on the most profitable customers and consumers. By understanding the consumers’ wants and needs, and by attracting the most profitable consumers, companies can increase their performance (Kracklauer et al, 2004, p. 174). As Leahy (2011) puts it: “The nature of a CRM system is that it is capable of enabling marketers to implement effective customer retention strategies by monitoring, rewarding and reminding them about goods and services” (Leahy, 2011, p. 653).

According to Kracklauer et al. (2004) an efficient CRM-system contains four strategical steps. These are: Identification, Attraction, Retention and Development. Together they form the "Consumer Insight"-process, which is considered key to further development of the service and the goal of attracting and developing a long-term relationship with consumers. The four steps defined by Kracklauer et al. (2004) is described below:

1 **Identification** - Define the target audience and get access to important data, which could reveal important insights. Segments should be selected and rigorously analysed; including the characteristics of the profitable consumers.

2 **Attraction** - Attraction of relevant target audience through communication. The producer should compare its own efforts (marketing mix and product mix) against the competitors, which allows for the creation of competitive advantages (i.e. pricing strategies, differentiation), promotions, offers and benchmarking.

3 **Retention** - In order to maintain consumer loyalty and satisfaction of the target audience, methods for creating long-term relationships with profitable consumer segments should be used. Compare expectations and perceptions, experiences, for instance through one-to-one marketing, loyalty programs, personalization, conflict management, and so on.

4 **Development** - Increase the transaction intensity and transaction value through increasing the individual profitability per consumer and its lifetime value; this could, for instance, be done through cross-selling, product bundling, and up selling.

Kracklauer et al. (2004) distinguishes between the internal perspective and the consumer perspective in the producer's category management and believes that too little focus is given the consumers’ perspective. The producer should, according Kracklauer et al. (2004), analyse the target group and select retailers based on strategy and optimal market penetration (Kracklauer et al, 2004, p. 124). Kracklauer (2004) also believes that it is necessary to understand the customer's customer when it comes to consumer goods and retail, highlighting the distinction between direct customer and the end consumers.
A difficulty for the producers, however, is that they do not own nor participate at the point of sale, and is therefore dependent on the retailer to get hold of this data or gather the data through external market research (Kracklauer et al, 2004, p 41). Cooperation between retailers and producers would then seem optimal, but at the same time carry a risk, which is the opportunistic aspect and lack of tactical support (Leahy, 2011; Kracklauer et al. 2004, p 113). There is a risk of information leakage to competing firms when sharing sensitive information (Kracklauer et al, 2004, p. 125). Thus, the producer’s ability to discover new opportunities and understand their consumers without the retailer becomes a key issue if there is high risk of opportunism (Kracklauer et al, 2004, p. 124).

Large retailers have great power over manufacturers when they act as intermediaries between manufacturers and consumers, due to their closeness to the consumer and access to individual transaction data. Producers are at risk of not understanding enough about their consumers' needs and behaviours and how these change over time in order to act in accordance with any changes. To counter an increasingly diverse distribution of power producers can focus on building a personal relationship with the end consumer through brand advertising and offers in store. Representatives from the producer can visit the retailer to inform, deliver content, offer tastings and fill the shelves even if the store largely is controlled by the retailer (Kracklauer, 2004). Therefore, Kracklauer et al. (2004) propose that retailers and producers should collaborate through Point-of-sale activities in order to generate synergies and create competitive advantages (Kracklauer et al, 2004).

"A coordination of point-of-sale activities – the point of contact with the consumer – can achieve synergies that result in distinct advantages for the consumer (in terms of satisfying their needs) as well as improving results for retailers and manufacturers." (Kracklauer, 2004, CCRM, p. 159)

The knowledge that retailers have about their consumers is according to Kracklauer, Warm and Well (2004) absent, while other studies argue that retailers today have a comfortable position of power in negotiations, due to its closeness to the consumers (Kracklauer et al, 2004, p.12; Homburg et al, 2014, p. 68; Gummesson, 2008 p. 97). No matter if the value chain contains one intermediary or more, a network is required, in which the producer and retailer interact and create competitive advantages in both production and marketing (Homburg, Wilczek & Hahn, 2014, p. 70). In addition, Powell (1998) states that partnerships themselves can create ‘entry barriers’ to other actors in the market, where strong networks can constitute a competitive advantage (Kracklauer et al, 2004, p. 125). Therefore, Grönroos (2008) suggests that companies should aim to integrate the customer lifetime cycle (CLT) with the producer lifetime cycle (PLC), to fully reap the benefits of the closeness to the consumer. From the first need awareness of the consumer, to the final step, that is Word of Mouth, Grönroos (2008) suggests that the producer should be present (Grönroos, 2008, p. 414). The table below illustrates the customer lifetime cycle integrated with the producer’s lifecycle:
Grönroos’ (2008) integration of the consumer lifecycle and the producer’s lifecycle

<table>
<thead>
<tr>
<th>Customer lifetime cycle (CLT)</th>
<th>Producer lifetime cycle (PLT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of needs</td>
<td>Market research</td>
</tr>
<tr>
<td>Awareness of solution</td>
<td>Sales, advertising</td>
</tr>
<tr>
<td>Analysis of usability</td>
<td>R&amp;D, product development</td>
</tr>
<tr>
<td>Purchase / order</td>
<td>Sales, advertising, order treatment</td>
</tr>
<tr>
<td>Stock-keeping / installation</td>
<td>Logistics, delivery, installation</td>
</tr>
<tr>
<td>Payment or cost control</td>
<td>Invoice</td>
</tr>
<tr>
<td>Usage</td>
<td>Reparation / maintenance</td>
</tr>
<tr>
<td>Information needs</td>
<td>Customer service / Internet</td>
</tr>
<tr>
<td>Problem / voice</td>
<td>Service recovery</td>
</tr>
<tr>
<td>Upgrade / modernization</td>
<td>Technical maintenance</td>
</tr>
<tr>
<td>Word of mouth / recommendation</td>
<td>Marketing, advertising, PR</td>
</tr>
</tbody>
</table>

The table illustrates how the producer can take action in the different steps of the CLT/PLT. However, the integration between producers and customers is considered to break the traditional value creation process, and Wikström (1996) argues that value creation in many cases should be processed iteratively and not in an all-encompassing process (Wikström, 1996; Ramirez, 1999). In the same context, *Efficient Consumer Response* (abbreviated ECR) is a strategy that aims to understand the so-called triad relationship that exists between producers, retailers and end consumers with the goal of creating a positive outcome for all parties. Producers, for instance, conduct market research, through focus groups that regularly discuss new flavours, fragrances and products, where ECR aims to create collaboration between producer and retailer to understand which products should be emphasized, and how these can be adapted in order to increase sales and reduce costs (Kracklauer et al, 2004, p. 219; Gummesson, 2008).

Consumers become loyal when their wishes and needs are fulfilled, however, if producers fail to comply with these demands, consumers become disloyal (Kracklauer et al, 2004, p. 156). It is thus highly essential to listen to, and understand the consumers in order not to risk losing their loyalty. However, as Kracklauer et al (2004) point out, there is a limited potential to individualize offers in the FMCG-industry, as products often are standardized (Kracklauer et al 2004, p 158). When used correctly, ECR could lead to improvements in *category management*, where the product categories are linked to the specific consumer needs and behaviours (Kracklauer et al, 2004, p. 26). One such category mentioned by Gummesson (2008) is the *breakfast* category and what consumers eat during this particular meal. The consequence of implementing Relationship Marketing in the *category management* will be that the producers and retailers shift their focus from product to consumer and from lean production to lean consumption, which opens a broader understanding of how these actors adapt their offering to the consumer (Gummesson, 2008, p. 72).
2.4 Producer-Retailer Communications & Relationship

The importance of relationships with the end consumer has been thoroughly defined in the previous sections, however, the communication between the actors is equitably as important to consider. Communications to the customer, which in this case is the retailer, function as a process in which persuasive information is transmitted, enabling the recipient to decide whether to participate or not, and to encourage commitment and loyalty (Mohr & Nevin, 1990). Mohr and Nevin (1990) illuminates the implications of communications through a contingent model which describe how extant channel conditions correlate with the communication strategy, and how these conditions result in qualitative and quantitative improvements. Their model shows that factors such as frequency, direction, modality and content are included in the communications strategy, whereas structure, climate and power equivalently affect the extant channel conditions (Mohr & Nevin, 1990, p. 39).

- **Frequency** is defined as the amount of communication between organizational members, and should ensure adequate coordination in relation to coordination necessary to conduct activities adequately.

- **Direction** refers to in which directional flow the information is delivered. A distinction is made between upstream (manufacturer) and downstream (retailer) information flows, and emphasizes the power relations between the actors. The authors also identify two separate possibilities, namely *Unidirectionality*, which is defined as upward or downward information directionality, and *Bidirectionality*, which is defined as upward and downward directionality.

- **Modality** refers to the medium where the information is communicated. The richness of information is clearly emphasized. Mohr and Nevin (1990) refer to a four-way classification of modality, in which commercial/noncommercial and personal/impersonal are distinguished. Commercial communication could for instance be seen as advertisement or sales calls, whereas non-commercial on the other hand could be seen as consultancy reports. *Personal versus impersonal* can be distinguished through one-on-one communication, in contrary to mass communication. Furthermore, modality can be seen as formal or informal, where formal modes is seen as regularized and structured and informal as spontaneous and non-regularized.

- **Content** refers to the message that is transmitted, which according to Frazier and Summers (1984) can be distinguished into *direct* and *indirect* influence strategies. The direct influence strategies aim to change behaviours of the target by implying or requesting specific action, whereas indirect influence specifically targets the attitudes and beliefs of the recipient.
Mohr and Nevin (1990) elaborate further on channel relationships and how structure, climate and power within the channel will affect the frequency, direction, modality and content. The structure, Mohr and Nevin (1990) claims, can be characterized as either relational or discrete. A relational channel structure includes joint planning and has often a long-term orientation, whereas discrete channel structures occurs on an ad hoc-basis and is more often short-term, and the interdependence is low (Macneil, 1981 through Mohr & Nevin, 1990, p. 40). Mohr and Nevin (1990) claim that relational channel structures enable higher frequency of communication, more bidirectional flows, more informal modes, and more indirect content. However, they add that truly discrete exchanges, or truly relational structures are highly unlikely to occur in a channel setting, and is more often than not, a mix of both elements (Mohr & Nevin, 1990). Several studies show that merely providing useful information within the channel can encourage the actors to engage in programs, thus creating a relational channel structure which enables relational exchanges (Macneil, 1981 through Mohr & Nevin, 1990, p. 41).


The second condition is the “climate”, which is defined as the feeling of the channel members in regards to the level of trust and mutual supportiveness in the interorganizational relationship and will accordingly affect the level of information shared within the channel (Anderson, Lodish, and Weitz 1987 through Mohr & Nevin, 1990). The authors conclude that in mutually supportive and trusting climates, communication has a higher frequency, more bidirectional flows, more informal modes and more indirect content. The third condition is called “power”, and could either be symmetrical or asymmetrical. Generally, Mohr and Nevin (1990) concludes, that when the power setting is symmetrical, the channel contains more bidirectional information flows, as well as more indirect and informal communication. When power is considered unequal, or unbalanced, the frequency of communication tends to be low, and the information is primarily unidirectional (Mohr & Nevin, 1990, p. 44). In the context of collaboration in communication, relational structures, supportive climates and symmetrical power enhance the outcome levels, whereas in a market structure (discrete), unsupportive climates and asymmetrical power constellations collaboration is likely not to enhance the outcome (Mohr & Nevin, 1990, p. 47).

Conclusively, Hougaard and Bjerre (2002) propose three distinguishing characteristics. The first characteristic, which is called ‘pure market contact’, are seen as ‘exchange-centric’, where the retailer has no interest in further interaction with the specific supplier. The second classification is the “integration-centric”-relationship, where joint R&D and information flows go both ways between the producer and the retailer, and friction is actively removed through a cooperative structure. These perspectives are seen as two opposite ends of a spectrum and a combination of the
elements are called ‘interactive-centric’ relationships. The perspectives can be seen as layers of processes, where different exchanges, such as product-against-finance, information, social and institutional, differ depending on what perspective is taken (Hougaard & Bjerre, 2002, p. 34).

2.5 Marketing in The Triad Relationship

Much research has been conducted in the B2C-environment, as well as relationship-studies in various B2B-environments, however, Homburg et al (2014) concludes that very little research has been conducted surrounding the relationship to the customer’s customer, which refers to the B2B2C-value chain (Homburg et al, 2014). Furthermore, consumer marketing, which includes push-pull techniques and branding, has been widely explored, but in regards to the communication and marketing with the customers’ consumer, there is, according to several authors, a need for a more research (Homburg et al, 2014; Webster, 2000). Therefore, Homburg et al (2014) developed a framework that describe the Relationship Marketing approaches between the producer and the customer’s customer in a B2B2C-context, however, the author argues that the developed framework similarly can be applied to a direct B2C-context.

Homburg et al. (2014) state that there are three different approaches for a producer to market themselves to the final consumer when an intermediary account for the transaction to the end consumer. These three approaches are Direct Customer Downstream Support, Cooperative Indirect Customer Marketing and Independent Customer Marketing. The approaches are described below:

- **Customer Downstream support** refers to the ‘intelligence generation’, and the action when the producer independently collects knowledge of the end consumer and then shares it with the intermediary in developmental purposes (Homburg et al. 2014). The approach is based primarily on information and data collection to help the intermediary optimize their approach to the final consumer of the producer's products.

- **Cooperative Indirect Customer Marketing** extends to the end consumer in cooperation with the intermediary and refers to, for instance, ingredient branding. This is to create an invigorating synergy between both the intermediary and the producer and to boost the product's attractiveness. A strong retail brand combined with a strong product brand could reinforce the consumers wish to purchase (Densai & Keller, 2002 through Homburg et. al. 2014). An example of this method could be that the retailer starts a campaign to highlight the producer's brand and product in order to increase their own sales.
- **Independent Customer Marketing** aims to create direct contact with the end consumer without cooperation from the retailer, and normally refers to the advertising efforts by the producer. By creating a demand amongst consumers, the producer could create a pull-effect. The approach also generates stronger relationships between the end consumer and the producer, thereby increasing the producer's bargaining power in relation to the intermediary (Homburg et al. 2014).

![Diagram of Triad Relationship Marketing Scenarios]

**Figure 1: Interpretation of the Triad Relationship Marketing Scenarios by Homburg et. al (2014)**

The approach that is considered appropriate depends on the balance of power between the actors in the value chain, as well as the offered product value. According to Homburg et al. (2014) there are three different scenarios for the power relationship between the actors:

1) The producer and the end consumer are inferior to the retailer
2) The producer and the retailer has equivalent power, but both inferior to the end consumer
3) The retailer is inferior to the end consumer and to the independent producer

In the first scenario Homburg et. al. (2014) state that the producer should make use of *Direct Customer Downstream Support*. In this scenario the retailer holds the highest position of power against the producer, thus, becomes independent of both the producer and the final consumer as they usually are characterized as market leaders and large-scale buyers, enabling bargaining power (Homburg et al, 2014).
Scenario two, when the distribution of power between the intermediary and the producer is equivalent, and the consumer is superior, the producer and the retailer should make use of *Cooperative Indirect Customer Marketing*. This is because the even power distribution between the actors can achieve a greater impact together than individually through synergies (Homburg et al, 2014). Finally, in the scenario where the intermediary is inferior to the final consumer the producer should apply *Independent Customer Marketing*, in order to ensure demand for the producer's products (Homburg et al, 2014). Furthermore Homburg et al (2014) argue that when the producer provides high *product value* to the intermediary but low value to the end consumer *Direct Customer Downstream support* is suitable, while on the other hand when high product value is offered to both the intermediary and end consumer the producer should establish *Coorporative Indirect Customer Marketing*. When the producer offers low product value to the intermediary and high product value to the end consumer producer should apply *Independent Customer Marketing* (Homburg et al, 2014).

The framework by Homburg et al (2014) illustrate how the different marketing actions can be implemented in different situations depending on the balance of power and product value in the triad relationship. However, in the context of relationship marketing, the author argues that the framework has limitations, by simply suggesting that the consumer is interested in the offering by the producer and the retailer.
3 Method

The method chapter begins with a discussion on why the author chose Relationship Marketing as a thesis subject, which is then followed by a theoretical underpinning to the complexity of research methodology as well as a comparison between qualitative and quantitative methodologies, and the difference between inductive and deductive approaches. The initial research design is then introduced as well as the contingent nature of the data, its implications, and non-randomness is discussed. Finally, the different design approaches are defined and critically discussed in regards to its implications.

3.1 Choice of area

After an extensive review of Relationship Marketing literature and the like, the author Evert Gummesson was contacted and counselled for advice and inspiration. A combination of insights from the conversation, and a deepened review of literature resulted in the decision of writing about Relationship Marketing. The next step in the process was to gain some practical insights, which was done through a pilot interview. The author then contacted a company on the front edge of marketing research, where a discussion with the Marketing Manager followed. The result of the discussion was a practical understanding of what kind of work they do for companies in the FMCG-industry, and what kind of relationships seem to be the most prevalent in the industry. Several insights also revealed the significant gap between prior academic research and how companies work with the relationship to the end consumer. The Marketing Manager stated that the Consumer Insight-function has changed over the last years, from being focused on external marketing research and low focus on in-housed consumer insights, to a need for quick insights to brand managers, in real time, to make quick decisions and implementations. He furthermore touched upon the issue of the remoteness of the producer:

"Different actors have different amounts of information on their end consumers, resulting in different ways of knowing the consumer” (Interview with Marketing Manager, 29-01-2015)

Following this statement, The Marketing Manager highlighted some implications of relationships with the end consumer. He said that ‘companies will need to understand how to reduce the gap between product development and brand building with an increased focus on consumer insights and two-way communication’. He furthermore mentioned the increasingly complex research companies do, including emotional response analysis and new data collection methods such as eye tracking, which enables an improved recall/evaluation analysis of brands.
The two discussions, with The Marketing Manager and the author Evert Gummesson, in combination with a thorough review of previous research, as well as discussions with friends and other people involved, resulted in the choice of issue formulation, methodology and research design. The rationale behind the discussions was to gain as much knowledge on the subject as possible, as well as practical knowledge before starting the study. In regards to the necessity for prior knowledge, or prior instrumentation, the authors Miles and Huberman (1984) add that there are two options in which authors of qualitative research can decide whether or not ‘prior instrumentation’ is needed. The first alternative is to have ‘no prior instrumentation’, which according to Miles and Huberman (1984) is suitable if the fieldwork must be open to unsuspected phenomena, which may be concealed by prior instrumentation (Miles & Huberman, 1984, p. 42). As opposed to no prior instrumentation, ‘considerable prior instrumentation’ allows for comparability and focused research (Silverman, 2010, p. 122).

### 3.2 Research approaches and methodologies

A pluralization of the research field has opened up possibilities, as well as challenges, for new ways of studying and theorizing the complexity of organizational life (Cunliffe, 2011). Unfortunately for some, this has also meant that the terrain has become multifarious and contested, opening up for questioning whether their research is "good" or not (Cunliffe, 2011). According to Cunliffe (2011) a wide range of metatheoretical assumptions and paradigms has been presented throughout the years. However, in a “layman” sense, and in regards to the understanding of this thesis, complex methodological discussions are not considered relevant. Easton (2002) however adds some valuable insights into the debate:

“Debates in the philosophy of social science may not seem very relevant to most marketing academics. However, whenever a piece of research is carried out, researchers make assumptions about how the world is (ontology) and how we can come to know it (epistemology).” (Easton, 2002, p. 108).

Easton (2002) claim that marketing research is predominantly practiced through a realist paradigm approach, but argues that a critical realist approach may be equally suitable (Easton, 2002, 2010). Cunliffe (2011) takes the study of an organization as an example when describing how different approaches enable different research of a phenomenon. Two different approaches are distinguished: The ontological approach, which aims to understand the social reality, and the epistemological approach, which is the nature and purpose of knowledge. Furthermore, depending on what the research aims to understand, one could either take an objectivist approach, or a subjectivist approach (Cunliffe, 2011). Cunliffe (2011) elaborates further on how these approaches can be used in interviews and qualitative research:
Within an objectivist ontology and positivist epistemology, structured interviews are used to discover ‘facts’; data are often coded, categorized, and analyzed statistically. Within a subjectivist ontology and interpretivist epistemology, semistructured and unstructured interviews are used to explore different meanings, perceptions, and interpretations of organizational members. (Cunliffe, 2011, p. 659)

Cunliffe (2011) states that an objectivist would be interested in the behaviour, physical structures, and symbols in order to identify values, norms and rituals, with the aim to determine how they, for instance, have an impact on the organizational performance, whereas a subjectivist would take a completely different approach in how to do their research (Cunliffe, 2011, p. 649). A subjectivist would rather be interested in the cultural meanings, such as language and interactions within the organization. These metatheoretical assumptions are important to understand because of their practical consequences in terms of how we collect, theorize, analyse, and invariably, understand “data” (Cunliffe, 2011). Several authors, however, argue that the two concepts are entwined, as “subjects” today refer to conscious individuals and “objects” as materialities and agentic entities (Cunliffe, 2011, p. 653). The objectivist approach is considered to completely ignore the relationship between our interactions and reality, and tends to take a macro perspective on a structural and strategic level, whereas the subjectivist approach rather takes a micro perspective in order to understand the “social reality” of complex issues (Cunliffe, 2011). Conclusively, this study has taken a critical realist approach, which according to Silverman (2010) includes both elements of positivism (facts), and elements of emotionalism (feelings) (Silverman, 2010, p. 225).

3.2.1 Qualitative or Quantitative research

According to Bryman and Bell (2011) a qualitative study is more focused on words and on creating a deeper understanding while quantitative methods instead tend to use numbers and analyse small differences regarding a phenomenon. Qualitative research is suitable if the author wants to find out how a phenomenon works (Silverman, 2010, p. 118). This study is based on a qualitative approach due to the intention of contributing with a deeper understanding of the actions and ideas on how producers build relationships to their end consumers when an intermediary manages the customer interaction. The main purpose of doing qualitative research is usually to generate theory, while quantitative often takes a deductive approach in order to validate already existing theory (Bryman & Bell, 2011). Silverman (2010) illustrates the difference between quantitative and qualitative research through the four most common research methods:
Table 3: Methodologies by Silverman (2010, p. 123)

<table>
<thead>
<tr>
<th>Method</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observation</td>
<td>Preliminary work, e.g. prior to framing questionnaire</td>
<td>Fundamental to understanding another culture</td>
</tr>
<tr>
<td>Textual analysis</td>
<td>Content analysis, i.e. counting in terms of researchers’ categories ‘survey research’: mainly fixed-choice questions to random samples</td>
<td>Understanding participants’ categories</td>
</tr>
<tr>
<td>Interviews</td>
<td>‘Survey research’: mainly fixed-choice questions to random samples</td>
<td>‘Open-ended’ questions to small samples</td>
</tr>
<tr>
<td>Transcripts</td>
<td>Under infrequently to check the accuracy of interview records</td>
<td>Used to understand how participants organize their talk and body movements</td>
</tr>
</tbody>
</table>

Qualitative research intends to embody an ever-changing social reality based on the individual perspective (Silverman, 2010, p. 123). The results of the thesis will be based on how the respondents describe their actions and the strategies in the environment they are in, something that is best done through a qualitative study (Bryman & Bell, 2011).

Furthermore, the validity of the data should be taken into account, which is considered to be the main criteria for qualitative research (Bryman & Bell, 2011). Hammersley (1990:57) state that validity is synonymous with ‘truth’, and should accurately represent the social phenomena to which it refers (Silverman, 2010, p. 275). Validity is considered to be the causal link between the empirical data, theory and conclusion (Bryman & Bell, 2011). Other implications, such as the reliability of the data are important to understand, especially in a study without quantitative measurability; something that Bryman and Bell (2011) state has little relevance in qualitative research. The reliability refers to the consistency of the data, no matter the observer or occasion (Hammersley, 1992:67 through Silverman, 2010, p. 275). Furthermore, reliability means that the results are repeatable, whereas replicability means, in an external sense, that further studies should be possible with the same selection in order to ensure, for instance, the study's results (Bryman & Bell, 2011). Seale (1999) states that ‘no act of observation can be free from the underlying assumptions that guide it’, implying that reliability never can be completely reliable (Silverman, 2010, p. 287). Popper (1959) suggests that authors should seek to employ ‘critical rationalism’ in order to speak about ‘objective’ knowledge, which seeks to disconfirm evidence. Thus, only if we cannot refute the existence of certain relationships are we in a
position to speak about ‘objective’ knowledge, Popper (1959:42) concludes (Silverman, 2010, p. 279). Furthermore, Silverman states that qualitative researchers always should strive to compare its own data with others’, and to test its provisional hypothesis against other cases (Silverman, 2010, p. 279).

### 3.2.2 Inductive versus deductive approach

The study intends to create an understanding of the actual phenomenon and has its foundation in existing theoretical frameworks. The study has used the theoretical framework described by Homburg et al. (2014) to classify businesses through the previously described approaches and to subsequently investigate how companies use relationship marketing with the end consumer, which implies that it has a deductive approach; however, in light of the gap between prior knowledge and how producers work with relationship marketing, it also aims to understand, inductively, how they work. Thus, the study has some deductive elements in regards to prior research; however, as the empirical results intend to further develop the theoretical framework, it also contains inductive elements. Therefore, the study contains both inductive and deductive elements. Studies using deductive approaches often entail inductive elements as the analysed result often contain already existing theory (Bryman & Bell, 2011).

### 3.3 Research design

#### 3.3.1 Understanding the research design

The research design of this thesis is exploratory case study interviews, in order to build a deep understanding of the recipients’ experiences. Spiggle (1994) states that researchers that use in-depth interviews are interested in understanding and interpreting the meanings and experiences of their informants, and rely on understanding the informants’ point of view to portray broader cultural meaning, which has led to high-quality, innovative work in variously conducted studies (Spiggle, 1994, p. 492). Other authors, such as Alvesson (2003), states that “qualitative interviews […] are relatively loosely structured and open to what the interviewee feels is relevant and important to talk about, given the interest of the research project”, which largely builds on the experiences, knowledge and ideas of the interviewee (Alvesson, 2003, p. 13). However, Alvesson (2003) also add that it is essential not to simplify the process by ignoring the fact that the interviewee does not always respond in the ‘service of science’ (Alvesson, 2003, p. 14). Thus, the interview
situation calls for a theoretical understanding or, at the least, a reflexive approach, in order not to ‘rest on a shaky ground’ (Alvesson, 2003, p. 14).

Alvesson (2003) states that the two dominant metaphors for interviews are either as an “(1) instrument, which is to be used as effectively as possible in the hands of a more or less capable researcher, or (2) a human encounter, encouraging the interviewee to reveal his or her authentic experiences” (Alvesson, 2003, p. 18). Although Alvesson (2003) argues that these insights are valuable, he mentions several other implications in regards to the complex social encounter between the interviewer and the interviewee, which the interviewer must solve.

Alvesson (2003) points towards the ‘social problem’ which includes the interpersonal relation and the complex interaction in a non-routine situation, the cognitive problem, which is the need of finding out what it is really all about, the identity problem, of adopting a contextually relevant self-position, the issue of maintaining self-esteem, which naturally occurs in any situation involving examination and calling for performance, as well as maintaining the interviewee’s interest and active participation, the complex phenomena through language, and the autonomy/determinism-problem of macrodiscourse operating behind and on the interview subject (Alvesson, 2003, p. 18). Alvesson (2003) additionally states that implications such as age, power, professional background and personal appearances can affect the outcome of the interview (Alvesson, 2003, p. 19). In light of these implications, different approaches of the interview situation can be appropriate to discuss.

Alvesson (2003) argues that the respondents’ answers may ‘produce only superficial and cautious responses’ (Alvesson, 2003, p. 16). This may seem rational in terms of the sensitive data that the study requires. Alvesson (2003) continues that many interviewers are aware of this implication, which is why many researchers adopt a social understanding of the interview situation, which for instance includes time for the respondent to reflect upon what has been said before, and continual sharing of interpretations (Alvesson, 2003, p. 16). In contrast, Alvesson (2003) state that the romantic approach refer to a more “genuine” human interaction, which includes building trust and commitment between the interviewer and interviewee, with the goal to accomplish an exploration of the ‘inner world’, including meanings, ideas and feelings, as well as an experienced social reality of the interviewee (Alvesson, 2003, p. 16). This approach also includes “giving and taking”, and allows the interviewer to engage in a “real” conversation (Alvesson, 2003, p. 16). The romantic approach may, according to Alvesson (2003) enable the interviewee to produce knowledge with depth and authenticity, but hardly guarantees “truthful” interview statements (Alvesson, 2003, p. 16). A third, localist approach, suggested by Alvesson (2003), inherits the social context of the interview. It is a critical approach that is challenging the assumption that the interview situation is simply instrumental, and instead sees the interview situation as a “naturally occurring situation” (Alvesson, 2003, p. 17).
However, due to massive critique of the positivistic, neopositivistic and romantic approaches, Alvesson (2003) suggests a new, reflexive pragmatic approach. A reflexive pragmatic approach, in the words of Alvesson (2003), has two main purposes: To avoid naivety in the belief that data simply reveal reality, and to increase the creativity following of the potential richness of complex empirical material (Alvesson, 2003, p. 14). The reflexive pragmatic approach is based on multiple interpretations, and builds upon the assumption that time, space, and patience is limited and aims to challenge and reconsider assumptions of what data are all about (Alvesson, 2003, p. 25). The reflexive pragmatic approach is metaphorically based, and sees the interviewee as an integrated source of meaning, combining a highly ambiguous process with knowledge-expressing elements such as social, political, psychological, and discursive processes (Alvesson, 2003, p. 27).

Conclusively, Alvesson (2003) identifies four layers of meaning in the interview situation, namely the social scene, which involves the interviewer, the physical setting and the general framing of the situation, the individual subject, constituted in terms of identity, impression regulation and sense making, and lastly, the ‘double-edged nature of language’, which is the language of the speaker and the evoked effects of the listener (Alvesson, 2003, p. 31). Simply speaking, Alvesson (2003) calls for a questioning of the concept of interviews as a researcher-controlled tool, and instead defines the interview as ‘a human encounter for co-production of knowledge’ (Alvesson, 2003, p. 31).

3.3.2 Exploratory case studies

Yin (2003) states that exploratory studies, with questions such as ‘how?’ and ‘why?’ are likely to favor the use of case studies, whereas case studies also include interviewing (Yin, 2003). Interviewing is both targeted as well as insightful; possibly providing perceived causal inferences (Yin, 2003). However, if conducted poorly, it can also be inaccurate, biased, and reflexive.\(^7\) (Yin, 2003)

“[…] Case study interviews require you to operate on two levels at the same time: satisfying the needs of your line of inquiry while simultaneously putting forth "friendly" and "non-threatening" questions in your open-ended interviews. As a result, most commonly, case study interviews are of an open-ended nature, in which you can ask key respondents about the facts of a matter as well as their opinions about events. In some situations, you may even ask the respondent to propose his or her own insights into certain occurrences and may use such propositions as the basis for further inquiry. The respondent also can suggest other persons for you to interview, as well as other sources of evidence […].” (Yin (2003, p. 90)

\(^7\) Reflexivity: Interviewee gives the information that the interviewer wants to hear (Yin, 2003, p. 86)
Yin (2003) continues that the respondent in some cases can be considered as an “informant” rather than a respondent, who can provide insights and access, as well as suggest sources of corroboratory or contrary evidence. In contrast to the open-ended interview, Yin (2003) suggests an alternative:

“[…] a second type of interview is a focused interview, in which a respondent is interviewed for a short period of time - an hour, for example. In such cases, the interviews may still remain open-ended and assume a conversational manner, but you are more likely to be following a certain set of questions derived from the case study protocol [...] For example, a major purpose of such an interview might simply be to corroborate certain facts that you already think have been established (but not to ask about other topics of a broader, open-ended nature)” (Yin, 2003, p. 90).

In regards to the focused interview, Yin (2003) claims that “specific questions must be carefully worded, so that you appear genuinely naive about the topic and allow the respondent to provide a fresh commentary about it; in contrast, if you ask leading questions, the corroboratory purpose of the interview will not have been served” (Yin, 2003, p. 90).

Yin (2003) conclusively argues that if the respondent is ‘echoing the same thought’, further probing is needed, and the interviewer should deliberately check with the interviewee to hold different perspectives.

3.3.3 Case studies as a research design

The research design consisted of 5 exploratory, open-ended and semi-structured interviews with managers representing, or that in some way are responsible for the marketing or branding of each purposely-selected company. The case study interviews were conducted in a semi-structured format to allow for any possible questions from the authors, as well as a certain degree of flexibility in the execution (Bryman & Bell, 2011). Semi-structured interviews allow respondents to answer freely on the asked questions, in the manner they consider most appropriate, and even set their own follow-up questions as answers. This enabled the authors to include omitted aspects that are of significance for the study to be recognized and included. Silverman (2010) state that most interview studies seek to find out how a particular group of people perceive things. Bowen (2008) describes in detail why this kind of sampling is suitable:

“Qualitative research such as this, which stressed in-depth investigation in a small number of communities, typically uses purposive sampling [...] because the emphasis was on quality rather than quantity [...] not to maximize numbers but rather to
become ‘saturated’ with information on the topic.” (Padgett, 1998: 52, 1990: 169, through Bowen, 2008, p. 142). Easton (2010) uses the same logic, and state that the only justification of increasing the number of cases in a study is to ‘find the same result’, implicitly claiming that more cases simply verify the achieved conclusion (Easton, 2010, p. 118). Easton (2010) adds that ‘truth is what is useful to people researching in a field, what helps the research project, what can be accepted and defended, what is open to criticism and renewal.’ (Easton, 2010, p. 119).

The sample that has been chosen consists of employees that work within the field that this thesis is studying. This study intends to understand if, and if so, how marketers in the FMCG-industry work with Relationship Marketing, which is why the sample size is big enough to tell us about the phenomenon. Flyvbjerg (2004) illustrates the sample size of a single case study as a black swan, and claims it is well suitting for identifying characteristics of ‘only one’, due to its in-depth approach (2004:424 through Silverman, 2010, p. 209). Qualitative approaches with only one or few case studies are crucial in attempting to refute initial hypotheses (Silverman, 2010, p. 209). However, a more sizeable study could be conducted to identify differences in regards to company size, culture and so on, but in regards to access limitations and the purpose of the study, the author argues that the sample size of 5 fills its purpose. Alvesson (2003) claims that a normal tactic is to emphasize the quantity of the empirical material, and concludes that it may give a misleading impression of robustness (Alvesson, 2003, p. 28). Furthermore, Alvesson (2003) states that ‘sometimes interesting research questions and strong theoretical ideas does not fit well with what we are able to study empirically’, and opens up the question whether empirical data should abdicate its privileged position (Alvesson, 2003, p. 28-29).

The respondents’ experiences describe the external reality, and the accuracy of the author’s interpretation was ensured through recording, something that should be done through qualitative studies (Bryman & Bell, 2011; Silverman, 2010, p. 225). This is to enable a deepened analysis of the respondents' answers and to ensure that any loss of information does not occur because of the lack of notes or memory of the authors. The recording also creates the opportunity for the author to use direct quotations in empirical data that can provide a clearer explanation of respondents’ responses (Bryman & Bell, 2011). Yin (2003) argues that it is a delicate issue, and discusses different perspectives on whether the researcher should record the interview or not:

“[…] Using recording devices is in part a matter of personal preference. Audiotapes certainly provide a more accurate rendition of any interview than any other method. However, a recording device should not be used when (a) an interviewee refuses permission or appears uncomfortable in its presence, (b) there is no specific plan for transcribing or systematically listening to the contents of the electronic record, (c) it

8 “[…] Saturation is reached when the researcher gathers data to the point of diminishing returns, when nothing new is being added […]” (Bowen, 2008, p. 140)
is a process that takes enormous time and energy, (d) the investigator is clumsy enough with mechanical devices that the recording creates distractions during the interview itself, or (e) the investigator thinks that the recording device is a substitute for "listening" closely throughout the course of an interview [...]" (Yin, 2003, p. 92).

The data has been recorded and systematically transcribed and reviewed as it has been gathered, as recommended by Silverman (2010, p. 221) and Yin (2003, p. 92). Detailed transcripts can according to Silverman (2010) help the author to focus on the ‘actual details’, as well as alleviate the analysis of the data (Silverman, 2010, p. 240-1). Spradley (1979) recommends the author to take short notes at the time, and expand the notes as soon as possible after each field session, to keep a journal to record problems and ideas that arose during each stage, and to keep a provisional running record of analysis and interpretation (Silverman, 2010, p. 231). Therefore, detailed field notes were also written down in order to make a ‘deeper and more general sense of what is happening’, as Spradley (1979) stated (Silverman, 2010, p. 231). A research protocol of written questions were prepared prior to the semi-structured interview (As can be found in 8.1 Research Protocol), however, Silverman (2010, p. 194) argues that departures from the guideline is not seen as a problem as they can open up for more, and still relevant data (Silverman, 2010, p. 194). In terms of alternative research design, the author found that surveys could have been suitable, if it weren’t for the open-endedness of semi-structured interviews, which was considered crucial in the gathering of the data, since the gap between prior knowledge and current practices was and is still considered significant.

### 3.4 Sample selection and quality

In order to achieve as good a basis as possible for the study and to achieve well-balanced representativeness, the respondents that have been contacted should have fulfilled a number of criteria in order to qualify for the study; 1) the respondent must have a marketing role at a company in the FMCG industry, 2) the company cannot own its own sales channel to the end consumer and is therefore not present at the moment of purchase, 3) the company sells its products under its own brand and not as private label products to the retailer. This is according to Silverman (2010) called purposive sampling (Silverman, 2010, p. 270). The reason why these criteria were chosen is that the marketing strategies towards the end consumer will be analysed based on their own brands. PL is considered in this study to distinguish themselves too much from NB, in that they are sold under the retailer’s own brand and thus flows through a proprietary channel to the end consumer. This means that they do not meet the subject criteria for inclusion in the study, as conditions differ too much.

All the respondents were contacted via e-mail where they received a request to participate in the study. The contact also intended to inform the recipients of the
study's purpose and the reason why marketing managers are of interest to the study. It was thoroughly made clear that 'the answers will be confidential' and analysed on an aggregated, not individual, level. If requested, the author sent out a preliminary questionnaire, including the main topics and questions, which allowed the respondents to gather information in order to be as prepared as possible. Several interested producers declined at this stage due to the sensitive nature of the data.

Initially the author found that it was difficult to access valuable contacts. Two distinguishing research settings has been identified, namely 'closed' or 'private' settings where access is controlled by gatekeepers, and 'open' or 'public' settings, where access is freely available (Gobo, 2008: 118-33; Hornsby-Smith, 1993: 53; Walsh, 1998: 224-5; Silverman, 2010: 202-3). The FMCG is considered a ‘closed’ setting, where relevant data was difficult to find. Over 50 companies were contacted through e-mail, as well as telephone, depending on what information could be found on respective companies’ websites. The majority of companies declined due to lack of time to participate in the study, but also because of the set of policies that would contradict the companies’ regulations of sensitive information. The loss was not considered to be of critical nature of the study's results due to that the only common denominator for loss of business was lack of time or company policies. Thus, the selection of participating companies in the study is considered representative of the selected area, and the companies, which declined to participate was replaced with equivalently suiting companies. Therefore, the study's validity cannot have been affected by the loss. The companies that the author intended to interview vary in both size and category. This is a conscious choice to avoid the risk of being too specific to company size or product category. It has therefore been an active choice to contact companies of varying size and product category for the analysis of the general characteristics of companies in the FMCG sector.

### 3.4.1 Data collection

 Initially a pilot interview with a Business unit manager within marketing was conducted, which not only gave the author a sufficient basis of knowledge to start the research from, but also improved the author's capability as an interviewer, thus opening up for a better result in the analysed data. Silverman (2010) adds that pilot interviews are advantageous in terms of practicing and finding out whether substantial data can be extracted from the participants (Silverman, 2010, p. 199). In addition to the pilot interview, several key informants (knowledgeable individuals with relevant information) provided supplementary data.

When the sample was considered sufficient, the author booked meetings with the respondents. Due to lack of time from the respondents, half of the interviews were done via telephone or online communication tools, such as Skype or Lync, which will
be further elaborated under ‘limitations of the study’. The interviews were recorded, and field notes were taken in order to secure the quality of the research, as previously mentioned. The interviews were finally systematically transcribed and analyzed. The data was then divided into the three themes of the research, namely ‘The Channel Relationships in the FMCG’, ‘Relationships with the Consumer’, and ‘The Communications’.

The interviewer used a thorough interview guide, but realized that the ideas, themes and concepts varied between the respondents, and found that the guide was useful only in the beginning of the interviews, or if the interview slowed down. An open coding system was used, which in hindsight could have been more efficient through a coding system with themes, due to the amount of time it took to structure the data. However, as the interviewer allowed for open-ended answers, very rich and diverse information opened up for a deeper analysis than expected. Carson et al (2001) explains it accurately:

“Essentially an open coding process was employed where codes were identified from the data collected. This open coding approach is particularly insightful in achieving deep meaning and understanding of issues, whilst also requiring the making of careful considered judgments about what is really significant in the data” (Carson et al. 2001)

### 3.4.2 Limitations of the study

Three out of the five interviews were conducted through telephone or online communication software such as Skype and Lync. This reduced the possibility of a human encounter, as well as compromising the understanding of the layers of meaning, as defined by Alvesson (2003). However, the author argues that it was better to do the interviews through online softwares or telephone than not at all. Sufficient data was gathered to understand how the producers work with Relationship Marketing, which was the study’s purpose, and the author could conclude that information saturation was reached.

However, in regards to the complex social encounter, as described by Alvesson (2003), the author could identify several of the limitations in the data after conduction of the interviews. What mainly seemed to affect the interviews was the difficulty of maintaining self-esteem, as several of the producers were sceptical towards the nonconform research questions. Additionally, as the terminology ‘Relationship Marketing’ did not seem to be widely known as a concept in the FMCG, the interviewer had to explain its meaning in order to generate relevant answers. Therefore, due to the insecurity of several of the respondents, many of the initial answers were only ‘superficial and cautious’, as Alvesson (2003) pointed out amongst the many possible limitations.
Due to the required anonymity of the respondents, the reliability and replicability could be questioned. However, as this might allow the respondents to answer more freely without restraints, the anonymity was considered essential in order to conduct the research. Moreover, as concluded by Bryman and Bell (2011), the reliability is not considered essential in qualitative research. The author argues that the gathered data could be conducted with a different sample, and similar information could be then identified. The anonymity, however, reduced the possibility of the analysis of distinguishing characteristics between the companies marketing practices and differences between the companies. Therefore, this study has used both primary and secondary sources. The primary sources that have been used consist of the five case study-interviews, two workshops and several lectures, and the secondary sources consist of widely accepted literature, academic journals, as well as reports. Conclusively, the research has been conducted without communication with the retailers, and can thus limit the study by only revealing the producers perspective. However, in regards to the research questions of this study, the producers have provided the relevant aspects.

3.4.3 Ethical considerations

The respondents have been guaranteed total anonymity in this study, due to the fact that the marketing strategies in many companies are regarded as strictly sensitive information, and due to this fact, the respondents have been allowed to read through and comment the thesis to secure that no data can be traced back to the respondents’ company or that no data is considered contradictory to the companies’ policies. Furthermore, the guidelines of the Science council (2002) have been taken into account and briefly summarized below:

1) The information requirement states that the author/researcher need to inform the respondents about their role in the study, as well as the optional nature of participation, and that they are allowed to discontinue at any time.

2) The consent requirement state that the respondent should give their consent, and be aware that they have the right to discontinue at any time without any consequences.

3) The confidentiality requirement state that the respondents should be given anonymity, to the extent of which no unauthorized people can take part of the information, or trace the information back to the respondents.

4) The usage requirement state that all information which has been gathered for the purpose of the thesis can be used only in the research, and not, for instance, commercial purposes.

The respondents were informed of these requirements and it is on the basis of these requirements that the respondents have participated.
4. Findings

Numerous topics emerged from the data. The findings indicate that Relationship Marketing to the consumer is lacking, albeit relationships to the customers are considered being the fundamental premise of doing business, and thus highly prioritized. Other topics such as the increasing pressure from PL as well as the producers’ absence at the point of sale are seen as contemporary challenges for the producers. The findings reveal an emerging, on-going, strategic difficulty between the producers’ NB and the retailers PL. Essentially the respondents found the issue of relationships with both customers and consumers to be one of the most challenging priorities of today, and thus, a couple of main topics were identified:

- The findings show that the respondents regularly make use of the characteristics by Homburg et al (2014); customer downstream support, collaborative marketing as well as individual marketing, albeit in different contexts and to various extents
- The producers did not feel as if they were engaging in Relationship Marketing, yet they build strong relationships with their immediate customers
- The producers found it difficult to create a dialogue with the consumers, as they are not in direct contact. The most common solution was to be omnipresent and relevant through digital channels and point of sale-activities

The battle over the consumers between the producers and the retailers has been thoroughly examined and the findings are presented thematically below. Many scholars propose a solution in terms of long-term relationships with the customer as well as the consumer in order to secure loyalty and future earnings. Despite this, the findings show that the producers in the FMCG in fact seem to not engage in relationships with the consumers. In the following sections, each topic from the theoretical framework is defined and discussed in relation to what the respondents commented on each issue.

4.1 The channel relationships in the FMCG

The results from the interviews show that all the producers have made a clear distinction between B2B- and B2C-Relationships. Essentially the producers focus on building strong relationships with the retailers and other immediate customers such as restaurants and sourcing partners. A lot of focus also lies in the development of a strong brand, which enhance the producers’ power in negotiations with the retailers. Regular meetings and sometimes even personal relationships are established with the retailers. One producer stated that they have a strong collaboration with the retailer:
- “There are a lot of relationships in B2B. We have regular customer meetings. We get input from them all the time. Although there are less collaboration than before, we still discuss needs and other things.” (Company 2)

Another respondent, namely Company 4, stated that the meetings with the retailers aims to enhance the shopping experience for the consumer, with the end purpose of driving sales. However, in terms of collaboration, Company 4 distinguishes between negotiations and campaigns:

- “The negotiation model with the retailers is very complex. We negotiate prices five times a year. I wouldn’t call it collaboration. Maybe price press or cartel. We negotiate five times, and come with offers, and then we analyse the world market prices, the currencies and a model will indicate if we should increase or decrease the prices. The producer that comes with the best proposal gets the most campaigns. This is not very relational in my opinion.” (Company 4)

Thus, it is important to distinguish between pure negotiations and consumer-facing marketing. Company 4 confirms that the price focus is still strong in regards to who gets the most campaigns with the retailer, which indubitably affects how exposed the producer will be to the consumer either in-store or through other media. The same producer also stated that the increased leverage from retailers has reduced their flexibility, but still argues that negotiation windows are necessary due to volatile market prices. Another producer added that it doesn’t matter who the customer is, or how big it is in size, what matters is the quality of the relationship between the producer and the retailer:

- “No matter the size of the retailer, it’s still important to make good relations. When there are three or four big actors on the market, each one becomes equally important. That’s why it’s important we also can sell to HoReCa9, as well as export our products.” (Company 1)

Thus, it seems like the perception of relationships varies a lot, and the amount of retailers on the market, as well as the strength of the retailers in the market play an important role in how the relationships between the producers and retailers are perceived. If the producer has few customers then each customer is considered more important, but if the producer has many customers, each individual customer isn’t as important to build a relationship with. One producer contribute with another perspective to the discussion, namely on the power within the channel:

- “The retailers are very important. They control the entire channel. They own the meeting with the consumer and they have the shelves. You need to comply or it doesn’t work. We wouldn’t work. We have our production and it cannot

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9 Common abbreviation for Hotels, Restaurants and Cafés
simply be turned off. There are other mechanisms for us, so we need to have good relations with the retailer, and they need to have a good relationship with us, because they can’t do it without us either. [...] If you are big, you have to be nice, especially if you are big actors on a small market.” (Company 2)

The understanding that the producers function in different ways than the retailer is important to take into account, with their sourcing partners who simply cannot ‘turn of the production’. Thus, a mutual understanding between the producer and the retailer is important in order to maintain a well-functioning relationship. Controversially, the relations between the producer and the retailer seem limited, and not very beneficial to the producer, as explained by Company 1 below:

- “There’s not a lot of support from that direction, from retailer to producer, the majority of the information goes from producer to retailer. When a campaign is released, for instance, the producer is probably going to run on deficit, while the retailer earns a lot more money. If the campaign is successful, then obviously the volumes are going to increase, and then it’s profitable for the producer. The retailer get’s a lot of money from the producers just to be in their commercials, so there isn’t really a need to push money from the retailer to the producer. [...] In terms of information flow [to the consumer], we often talk about direct marketing. The retailer has the best knowledge on the consumer, and we often take part of that information, but no matter what kind of marketing, it is difficult to consider it being brand building. Because if we make a TV-commercial with the retailers, it’s not many seconds you will see other brands than the retailers.” (Company 1)

Company 1 discussed one of the fundamental issues of this thesis – namely the communications between the retailer and the producer. As proclaimed in the very beginning, in order to establish a Relationship Marketing-strategy, the producer need to understand the consumer, which seem to be difficult when there is a retailer standing in the way of this information. Company 1 claims that they receive certain amount of information about the consumers, but still claim that it is difficult to consider it being brand building. However, another respondent states nearly the opposite in terms of collaborative CRM, innovation, category drivers and attraction of consumers:

- “We work a lot with our customers’ CRM-tools. There it is a lot of customer specific solutions or offers. That’s how we work. We see that we can work together with our customers, and they are really good at it. [...] We have our price meetings, but also broader category meetings, where we discuss how to drive the category and to make it more attractive to the consumers that our customers’ customers feel that the store is more attractive, in order to sell more and make more money. We have a lot of meetings about that, and we try
to avoid the price focus, but in our category there is a big price focus in the negotiations.” (Company 4)

Company 4 continues, and state that they get to do a lot of collaborative campaigns as long as they make sure their customers make money out if it. However, they also collaborate in CSV\textsuperscript{10}-projects:

- “At the moment we have a big initiative where we combine all our brands to create a big shopper experience in-store. We rebuild the store, so it’s more than a campaign. It’s a massive initiative to drive sales in the category, so I feel like they listen when we come with good ideas. They’re also very interested in CSV, but apart from that it’s a special situation with three dominating customers. It’s a limiting factor. [...] Everyone is trying to build relationships, but it’s hard in the FMCG. We do it mainly through category projects, for instance to drive sales.” (Company 4)

As Company 1 and Company 4 described the situation, it seems as though the producer and the retailer collaborate in different ways. If Company 4 shares a good idea on how to drive sales with the retailer, collaboration is described as something more than simply selling, it is described as a ‘shopper experience’, which indubitably targets the consumer. However, when Company 1 discusses collaboration it is perceived as a sales promotion-tool, which only focuses on selling. Another respondent supports the argument by Company 4, by showing that relationships between producer and retailer can be built through initiatives from both the producer and the retailer, in terms of presentations, meetings, and pecuniary transactions:

- “For instance, the retailers holds presentations for the producers about their new loyalty programmes, which shows that they have a mutual interest in maintaining good relationships. However, it also means that we pay money, but also gain some benefits.” (Company 3)

Thus, as long as the retailer has something to win, it seems like collaboration is possible. In regards to relationship implications, another producer states that it’s the product value that is the main driver of power in relationships between the producer and the retailer:

- “If you have a lot of satisfied consumers, and the product is important to have in the shelves, then you automatically gain power over the retailers, and it needs to be in the shelves. [...] No matter the size of the company. [...] If the consumers want your product it is a lot more difficult for the retailers to throw you out. But then again, it’s no guarantee. In conclusion, if the product isn’t

\textsuperscript{10} Creating Shared Value: Focus on creating profitability as well as societal benefits (Porter, 2011)
Company 1 concludes that the product itself can create a somewhat safe haven for the producers in the tug-of-war between producers and retailers. One respondent got thrown out from the shelves, and in order to gain leverage in negotiations and discussions, the producer stated that they use fact-based argumentation to convince the retailers to put them back on the shelves again:

- “We were out of the shelves during 2012, and then we showed the retailer that they had lost sales due to this [...] and then we came back to the shelves again.” (Company 3)

Despite that the retailer has the power to take out the NB from the shelves, Company 3 had a strong enough demand from the consumers to prove that the retailer would lose money if they didn’t take them back in again.

Another important variable in the contemporary relationships between the retailer and the producer is the increase of PL, which seems to have created a strategic crossway in how producers sell and market their products. The consensus amongst producers seems to be that it is an important decision to make, whether they should produce PL or not. One producer explain how they decide between producing exclusively NB, or both NB and PL:

- “If the retailers asks if you want to help them sell PL, then you will have to make a decision – Do you want to partake in that process? Well, then you can fight over those volumes as well, but if you say that you only want to produce your own brand, then it’s a strategic decision, and important to do the best from that standpoint. For us, I think it’s possible to combine, but it’s important to be aware that you will have to face those products in the market as competition. [...] But, if we don’t produce it and make something out of it, then someone else will do it and make profit on it. We feel like it’s better to do it and have full control over what you face on the market. [...] We produce PL too, but not on all of our products.” (Company 1)

Company 1 discuss the strategic implications of producing PL for the retailers, and concludes that they produce PL to gain access to larger quantities. From a consumer point of view, Company 1 claim that it might inflict ‘cannibalism’ on their NB, since the consumer won’t purchase one NB and additionally one PL:

- “It’s not like it’s another consumer that buys the PL, it’s the same. [...] And most likely, it’s not like that consumer will eat the same product again only with another brand. It’s the same. No doubt about that” (Company 1).
Another producer mentions the same strategic crossway as Company 1, but add that it has become a problem due to the high quality of the PL:

- “We get requests to produce PL, and in some cases I feel as if we don’t do it, someone else will. [...] The problem is that they get as good products as ours, and that I see as a problem.” (Company 3)

The consequence of the increase of quality in PL has inflicted on the relationships between the producers and the retailers in many ways, not only in discussions, but awareness of opportunism in the channel as well.

- “We cannot discuss things like we used to in a very early stage, and at the same time they require information very early, so there is a risk for information leakage and for someone smaller and quicker to take the idea and implement it quicker.” (Company 2)

Additionally, another respondent verifies this, and adds that there are additional aspects to consider in the relationship between the producer and its retailers, namely the retailers’ innovation capability:

- “They have become increasingly innovative, and they can release new products a lot quicker than we can, whereas we only have three windows per year to inform the retailer that we are introducing something new” (Company 3)

However, there seems to be a “gentleman’s agreement” between the producer and the retailer, and in terms of opportunism, Company 3 points out that the retailer wouldn’t copy and paste their innovation, and conclude that they in fact have quite strong trust for the retailer, as long as they are smart in terms of what they say and what they show. In contrast, Company 2 states that it now seems like the retailers are looking for collaboration, despite the hard price pressures:

- “I think the retailers are starting to feel like they need our help, but because they have pushed down our prices, it's really hard to find money for development. It’s difficult, because the PL has taken over our basic products, and if we lose them, we won’t have any money to develop niche products that doesn’t sell in big volumes.” (Company 2)

To cope with this problem, another producer states that they have a lot of personal contact with their other customers, such as the restaurants, with personal selling, visits every week, combined with direct marketing and campaigns online to the consumers.
However, they emphasize that the quality of the products, and the brand, are managed in the same way – long-term and quality oriented:

- **“It’s very much the same thing, to satisfy, test and give the best quality possible to the demanded price”** (Company 1).

The channel relationships seem more important than ever due to the many benefits outlined by authors such as Grönroos (2008), Gummesson (2008) and Homburg et al, (2014), as well as the increased tension between producers and retailers in terms of the competition of shelf space, in order to remain number one consumer choice. However, many implications seem to include consumer demand, as well as the product value, and size and amount of actors in the channel, as well as how well relationships has been established, and how the actors value the relationship:

- **“For us it’s not only business. For us it’s about environment, society and the consumers. For the retailers its only business. But the consumer should remember that it’s the retailers that push down our margins.”** (Company 2)

The same producer argue that the retailers need to understand and respect the co-existence of producers and retailers, and propose that a collaboration through categories would be beneficial not only to the producer, but to the retailers alike:

- **“I believe in collaboration through categories, and category development. To look at needs and segments together within a category. How big share of branded or private label should it be? Maybe ‘here’ it should be branded, and ‘there’ it should be private label. It’s about covering the needs from a consumers’ perspective and make the products available for different needs segments.”** (Company 2)

Company 2 argue that collaboration through categories between the producer and the retailer could result in new understandings of what different consumer segments want, as well as create an efficient shelf allocation between PL and NB, resulting in a enhanced consumer experience in-store. However, as the tug of war between retailers and producers continue, and the limited shelf space create tension on the relationships, much point towards a required change of attitude from both the retailers and the producers in order to establish reciprocal relationships, trust, and most importantly, value to the consumer.
4.2 Relationships with the Consumer:

In this thesis a distinction has been made between the relationships between customers and the relationships with consumers, in order to highlight the importance of not only maintaining strong relationships with the customer, but also to establish a strong relationship with the consumer. Therefore, the importance of understanding the consumer attitudes and behaviour has been mentioned many times in the theoretical framework, and has been confirmed in the findings. For instance, one producer states that they change and release new products when the consumer wants something different.

- “When our research show that our consumers want something other that we offer, we change and release new products. [...] When releasing new products, it’s about finding the right consumer behaviour [...] By listening to our consumers, we have changed our products.” (Company 3)

A few big questions however remain in terms of how producers understand and build knowledge about their consumers, their wants and needs in real time, as well as how they use the understandings to build relationships with the consumer:

- “In the best of worlds we create relationship with the consumers through social media, where we could get a steady flow of information and they can partake in the product development, almost like brand ambassadors. I believe that is the future” (Company 3)

Although social media has been praised by practitioners and scholars alike, one respondent state that their social media presence only created a battle between consumers with different preferences, and thus decided to shut it down:

- “It became a forum for people to argue over the products. Some liked our products, and others disliked it.” (Company 1)

The other respondents stated that they have well-functioning, useful social media-strategies, in order to understand how consumers think and feel about their brands. Moreover, in terms of the limitations for the producers, their limited presence at the point of sale is essential to investigate before engaging in Relationship Marketing. One producer states that the packaging is very important, and that they conduct a lot of research in understanding what the consumer wants:

- “I would like it if we could play on equal terms. Let the consumer decide what product they want to buy. Today, it isn’t at all like that. We cannot decide where to put up our material in-store; it’s their [the retailers] decision. For us, it’s about the packaging, to send out the message that we know what the consumer wants. We work a lot with packaging, and conduct a lot of research
into understanding what size, colours and claims that is attractive.”  
(Company 2)

Another respondent claim they build the relationships digitally, and add that they offer tastings in-store. However, the respondent conclude that the retailer in a sense limits them from engaging in a two-way communication with the consumers due to the fact that they don’t own the store:

- “We don’t have any two-way communication with our consumers at the point of sale, it’s more like demonstrations. Our communications is based on building the relationships digitally, and then offer tasting in-store. That’s where you can do that, other than that we don’t have a lot of two-way communication in the FMCG. It’s not that common, except for when you have your own store. That opens up for other possibilities, which we don’t have in the FMCG. In that regard, the retailer limits us.”  
(Company 4)

There is a consensus amongst the respondents that it is important to understand the consumer. However, the findings show that each company has different ways of getting to know the consumer. One producer states that they understand their consumer through product testing, both internally in the company and external, with the consumers. ‘There is no need to complicate things’, they said, and add that you [as a producer] can simply ‘visit the closest school, borrow the kids for a while, and see if they eat the meal or throw it out’ (Company 1). If they leave anything or throw it away, then the solution is to ‘get back to the desk and rethink things’. Others stated that they do thorough behavioural analysis with external researchers as well as sensory testing. In terms of getting to know the consumer, one producer says that they get feedback through telephone, the web and social media, and that they continuously track the effects of their communication:

- “We are tracking attitudes and top of mind, brand consideration... that’s tracked all the time. We are starting to feel like there has been a change. Attitudes are good because they often precede behaviour, and we can track some things such as ‘how many has seen this’, but is it good enough?”  
(Company 2)

Several producers agree on this point and follow the same line of thought. They seem to struggle when it comes to understanding what to do with the consumer data. The difficulty is thus not to attain the data, but to turn it into useful insights. Another company seem less structured in their way of getting to know the consumer, by relying on ‘gut-feel’ as well as conducting brand analysis only once a year:

- “The goals we have today is based on volume and sales, and we’re extremely volume oriented. Of course there are things like effects from recommendations and the like, but our main goals are based on sales and repeat purchases, and
that's how we measure success. A repeat purchase means we have a satisfied consumer. In terms of brand measurement, we have no continuous tracking, but we do it once a year, or every other year, to get the broad picture of where we are. [...] We make decisions on gut-feel. It doesn’t matter if the brand preference is 65 or 67” (Company 1)

Another producer stated that they have interviews, online diaries, communities and focus groups. This is mainly done through external research companies. Doing it within the company would not be credible, according to Company 2. However, they do conduct their own market research, but only for marketing purposes, through surveys, with friends, and other consumer contacts. Several respondents confirm that it is difficult to make sense of all the data.

- “We are trying to take our analysis one step further. We’re trying to find correlations and be proactive, but we very seldom find good solutions. [...] It’s not possible to measure. We measure visits on our website, but it’s more about connecting all the insights.” (Company 2)

Collaboration between the producer and the retailer with the goal of understanding the consumer does exist, and in terms of adding value to the consumer through improved product quality, the collaboration seem to function well.

- “If we see that there is a need on the market, we conduct initial research very early, such as concept testing and sensory testing, and then we contact the retailer and ask if it is interesting – if it is, then we discuss, and they can give input, both on short- and long term. [...] We proposed different packaging, and they proposed different tastes. However, I feel that we could have started the collaboration earlier and done the process differently” (Company 3).

In terms of adding value to the consumer, the different companies had different answers. Some of the producers had more elaborate goals, whereas others seemed to track the sales in order to get a picture of how the consumer perceives their brand.

- “Sometimes you have an overconfidence in changes in brand preference through very small changes in trackings. I am more of a common sense person.” (Company 1)

This is mainly due to the short consumer purchase decision-process in the FMCG industry. The respondent stated that if he worked in another in another industry, it would look very different.

- “If I were at, lets say, a travel agency, it would be different. Then I would probably be very thorough in analysing the attitudes for my brand, because then you are further away from the purchase before you decide. [...] In other
markets, for instance if I were to buy a car, I would have to feel for the brand and think about it for a long while. But before I make a decision on a product in the FMCG and decided that I’m hungry, it’s a shorter purchase decision... The consumer thinks ‘Hmm.. I’ll take this one’ - It’s tightly interlinked with sales because of the incredibly short purchase decision process.” (Company 1)

Due to the short consumer decision-process in the FMCG, Company 1 focuses less on consumer preference and attitude tracking because they believe that the result is often highly correlated with the sales. Company 1 continues:

- “Why do you build a brand? Well, to create long-term relationships. How do you build a brand? Its not really any difficulties – it's about delivering the right product at the right place, which targets the right needs, and if the consumer is satisfied, then you automatically build a good brand. [...] A big part of how we create the relationships [...] is through high quality products” (Company 1).

The same producer stated that it’s simply about delivering high quality products, from farm to fork, as well as make sure that you are a trustworthy and committed partner. Another respondent revealed that they identify the needs through consumer needs segmentation, as well as test their products throughout the process of creating them:

- “We test if it is something that would cover that need, as well as the communication. Would you like this? Would you like if we launched this?” (Company 2)

Another producer stated that the concept of Relationship Marketing does not fit into their category. Therefore, they do not use CRM nor actively gather information on their consumers through CRM. However, they believe that communication through a combination of digital and physical channels is important in order to build relationships with the consumer:

- “In our category it is more traditional. We focus a lot on digital and events, that's how we create relationships, but CRM is not relevant to us. We use CRM on some of our categories in our portfolio, through e-commerce for instance. Many companies has gone through the shift from TV to digital and events – I believe in that combination to create relationships through digital, but also to create meetings with the consumer in real life. It's about combining the two channels. (Company 4)

The consensus amongst the respondents seems to be that CRM equals Relationship Marketing, but forget that CRM itself does not build the relationships. Company 4 continues with a comparison of their product category with another category, namely
baby foods, and state that the companies that work within that category are ‘really good with CRM-tools’. The reason behind this, Company 4 states, is due to the limited amount of time the producer has to attract the consumer:

- “We had address registers. The purpose was to capture the consumers fast, as there are only 120,000 children born in Sweden each year – and the parents only remain active consumers for six months. Then, you have to create a relationship early. They chose a brand and stayed there for six months because the parents often felt that if they change brand the child might become sick or feel bad. It’s important to get in contact and create a relationship early in that category. [...] Everything that has to do with small children is really time delicate, so you have a limited time where you need to reach and convince the parents that this is the brand. They are really good at CRM, and have databases which links to social media. So basically, it’s very different depending on which category you’re working with. Our category has a lot of engagement, but also a high price focus. Unfortunately for me, the best investment is a price campaign – this gives us the largest volume increase and penetration.” (Company 4)

In terms of consumer behaviour, several producers describe the development of consumer perception of PL as increasingly diverse. In order to differentiate their NB against the PL, they have generated understanding of the different consumer segments, not only for their own products, but also as a category as a whole:

- ”There will always be price hunters. But trends are showing that people are willing to pay more for quality and sustainability. We prioritize good quality. The problem for retailers occurs when they take away alternatives, PL isn’t as attractive anymore, because the consumer wants to feel like they are getting a good deal when they buy PL. If the consumer cannot chose, they feel locked, and they don’t like that” (Company 2)

One producer implies that before PL became a pure substitute for NB, things were easier. They could contact the retailer and inform them on how their category would drive sales. Nowadays the retailers conduct their own market research, leading to a strategic difficulty when negotiating with the retailers, and a completely different way of conducting business:

- “We have sales data, and we can get information from their loyalty programmes. Before we often created joint projects and shared the costs, but nowadays it’s expected that the producers pay. Some give us raw data, but it’s difficult to know what to do with it.” (Company 2)

It seems as though the producers are trying to understand how to get a high return on their marketing efforts, but don’t understand how to convince the consumers about the
NB superior product quality. The producers all share the same point of view on the complexity of analysing the return on their marketing efforts, and state that the entry of digital presence has tightened the knowledge race.

- "You need to create an extremely strong brand desire to be able to beat PL. And in my opinion, that is best done through a superior product. You also need information about your consumers to create a long-term relationship, which is quite problematic for us, since we don’t get individual sales data, and cannot create an individual relationship with the consumer." (Company 5)

Company 5 reveal that the knowledge about the consumers seems aggregated, implying that the only individual transaction-data that the producer can attain is through the conventional retailer-channel. Another producer state that PL has not affected them, and is not relevant in their category due to the knowledge and premium preference of their consumers. However, it has affected their relationship to the retailer, since the retailers prioritize their own brands over the producers’ brands.

- “It’s not that I am naïve and ignore the fact that PL is increasing, but we don’t see that in our category. Their products are simply not good enough. The Swedish consumers feel smart when they buy premium products at a good price, whereas other consumers feel smart when they buy PL at a low price. [...] If we see an increase we will have to invest more into the brand, and not compromise on the quality. The important thing is that we keep a higher quality of our products than our competitors. But keep in mind that with high quality, high prices need to follow. It’s important not to reduce the quality when there are high demands to deliver good results and profitability. You have a unique position against the consumers, and will have to keep building the brand experience to maintain your unique position." (Company 4)

Conclusively, maintaining high quality of the products, and investments in branding and communication through relevant channels are regarded as the main tools for the producers to build relationships with the consumers.
4.3 The Communications

The relationships between the producers and retailers have been thoroughly discussed throughout the previous chapters, but the communications with the consumer has still not been discussed. It seems as though many of the producers are still stuck in the mass marketing philosophy, but actively try to understand the benefit of being omnipresent, as well as getting to know with the individual consumer:

- “There is a lot of traditional marketing through TV, radio, digital. We complement the traditional mix with print, digital and sampling. It’s about being where the consumer is, and in a relevant way. Not just push, but to get closer, and that is becoming more and more difficult when everyone has a smartphone, tablet, and everything at the same time. The consumer wants to be entertained when it suits them, and that’s not easy when you need the market mix to be pleasant to the consumer.” (Company 2)

Company 2 describe the difficulties of having a relevant, but efficient Integrated Marketing Communications-strategy, by combining push and pull-strategies. Several of the respondents point out that the digital presence is highly prioritized:

- “In digital we try to create engagement, specifically on our social platforms. We have a dialogue with our consumers, but it’s only there, not anywhere else. Other than that we have a consumer forum, and perhaps we could build a database for targeted marketing, but it’s nothing we are pursuing now or in the near future. Right now, it’s digital and through social media.” (Company 4)

In addition to the digital presence, many producers have their sales personnel, which aims to create personal relationships with the consumer through personally visiting the stores.

- “We have our sales staff, and we try to be as close to the consumer as possible, to be present in store, when the consumer already is in the mind-set of making a choice. We have started to understand that the consumer needs to make an active choice. Earlier, the consumer hasn’t really needed to think. Even in our category the consumer needs to make an active choice, even if they don’t think they do.” (Company 2)

By being present in the store, the producer reduces the gap between the producer and the consumer. However, as stated previously, the retailer still owns the shelves. Therefore, the producers show interest in digital marketing and good PR, despite the difficulty of following up the effects:
“It’s a thin line between how long you dare to wait to see the reward and when you actually see the return on market investment. [...] We recently created a PR-strategy, and even if we cannot see results, I believe in it. [...] I would rather have good PR than buzz, because the buzz dies where PR has the potential to change behaviour, and that is really difficult due to the amount of information that the consumer meet all the time.” (Company 3)

A major challenge for the producers is to understand what purpose different marketing platforms and channels have for the consumer. Another producer claims that they do close follow-ups through a brand platform and closely monitored brand parameters:

- “We follow up on our brand through brand health tracking, which we do four times a year. We follow 15 parameters that have been carefully chosen, including brand experience, sustainability and so on. We ask a panel of their awareness all the way down to loyalty in the brand funnel. On top of that we do a lot of market research, bigger ones, every other year. These are more attitude-based, or analysis of brand drivers. But we do brand health tracking more frequently, as well as analyse Nielsen-data and GFK. We track a lot of penetration, loyalty, and frequency.” (Company 4)

Another producer mentions several examples on how they try to be present and relevant to the consumer, but express concern in how to understand the ROMI\(^{11}\) of their digital channels:

- “We have our website which is very popular. On top of that we have apps, and we try to connect them to what we say on TV. We are testing new ways of reaching out, we really are. We use social media. [...] We are present in a natural way, but we can’t do any follow-ups. On TV we can measure the reach and so on, but other channels are really lacking. More and more money are invested in Youtube and movies. We are trying to create some form of ‘presence marketing’, but follow-ups in these channels will be really important in the future.” (Company 2)

Therefore, some of the respondents still turn to mass marketing to attain a certain level of ‘guaranteed’ attention from the consumers.

- “To create an impact you still need mass marketing, that’s why the biggest companies has it, as well as building relationships to generate attention.” (Company 3)

\(^{11}\) Return on Marketing Investment
However, not all producers can allocate resources for the traditional mass marketing, and instead use the resources efficiently through sampling and efficient penetration, as well as try to be present on one of their brands.

- “We don’t have a lot of resources for traditional marketing. We try to do sampling as well as demonstrations in-store, because when the consumers try our products, they like it. For us, it’s about penetrating the market. [...] We are digitally present on one of our brands, but the other one aren’t fuelled with as much energy and engagement.” (Company 3)

Naturally, due to the respondents varying sizes and categories, they had some distinguishing features. Several respondents answered that they get the attention of the consumer through ‘traditional media, out of home, on TV, and at the point of sale’, but few claimed to understand how to make use of the digital resources, which is considered as a necessity in the future. Another producer takes the huge investment of CRM, as well as other projects with higher priority, into account:

- “In our category it’s not the same need for relationships. Yes, it is possible, but for us there are other, more highly prioritized projects. Also, it’s a huge investment, which need to be mentioned. Additionally, our customers are really sharp on the CRM, so I feel like it’s better to team with the retailers when we do targeted advertisement.” (Company 4)

Building on the same line of thought, Company 5 verifies this statement, but also questions the relevance of Relationship Marketing strategies in the FMCG, due to the low engagement:

- “We are in the store, we have tastings, and that can be seen as relational. We have promotions in-store, but that is absolutely push, not relationship building, only sales. Everything with promotion and lower prices are simply selling, so it is difficult for me to see what we can do. Maybe something more interactive through social media, but then again, everybody does that - the most dedicated consumers go in and interact, and then you can have some kind of interaction. We could through our recipe website give out new recipes and ideas, but how engaged are you really in the FMCG?” (Company 5)

Additionally, Company 5 states that digital platforms have reduced the distance between the producer and the consumer, and taken the lead as their main one-to-one communication tool. However, the producer also questions how loyal consumers can become:

- “We use different channels for different purposes. We cannot simply buy every media there is, we cannot only use above the line-strategies, but under the line
too. You need to own your own digital channel, which can be the companies one-to-one with the consumer, and get the consumers to participate in some kind of forum or digital platform, and then invite your selected audience through this. We have a really popular product, so of course we can create relationships, but the question is really how loyal they can become or have capacity to become? There are no evidence that shows that you become 100% loyal [as a consumer] just because you have a recipe website.” (Company 5)

Company 5 highlights several implications towards building a Relationship Marketing-strategy, and questions whether the approach can increase loyalty, as well as question its profitability due to the low value per consumer:

- "Every store is worth a lot, which is why you spend a lot of money to build a relationship, but the question for us is if it is profitable to spend that much money if every individual consumer buys our product once a year. It’s about creating marketing efficiency, so I can’t spend a lot of money on a relationship with a consumer who is worth very little. In this market it is not about big money – there are a small share that buys a lot, and if we can build a relationship with them through digital or some kind of register, great. But we can’t even set our own sell-out\textsuperscript{12} prices [to the consumer], so the problem is also the economical transaction – we give the retailer a discount because they buy 70,000 products, but how can we then give an additional discount to the consumer? It doesn’t work.” (Company 5)

In summary, the respondents express concerns in terms of the remoteness to the consumer, but argue that the digital revolution has taken them at least one step closer to befriend and to create a relationship with the consumers. It seems as though the competition between producers and retailers is a hot-topic debate, and that hard discounters and retailers has affected the entire business, as well as put high pressure on the marketing efficiency. Could Relationship Marketing alleviate the increasing threat from the retailers or is it simply another fad that will pass through unnoticed?

\textsuperscript{12} Above the line simply refers to the mass marketing and conventional media such as TV and Internet, which targets a wider spread of audience. Under the line is commonly referred to as one-to-one in form of promotions, brochures, product demos and samplings, often in-store. However, many practitioners have moved over to an Integrated Communications approach, or through the line approach, which focuses on optimizing the returns on the marketing budget (Jobber & Fahy, 2009)

\textsuperscript{13} Sell-out refers to the consumer purchase price, whereas sell-in refers to the purchase price to the retailer (Company 5)
5. Analysis:

5.1 Towards A Service-Goods Logic

Little, if any, evidence point towards that the strict definition of Producer-Consumer Relationship Marketing exists in the FMCG. However, out of the 5 case studies they all work similarly, but in various degrees, with Relationship Marketing towards the immediate customer. Therefore, there seem to be a gap between how the literature describes the concept of Relationship Marketing and how the respondents perceive and practice it. Indeed, some of the companies agree that they work with Relationship Marketing, but to claim that their marketing is based on ‘joint value creation’ and ‘long-term win-win relationships’, as described by Gummesson (1999; 2008), would be slightly misleading if we refer to the consumers, but highly accurate when referring to the immediate customers.

The findings show that most of the time and effort from the producers go into developing good products that target the needs of the consumers, however, according to Vargo and Lusch (2004) and Grönroos (2008) it is not enough to compete in a highly competitive marketplace with a goods-logic. Thus, even if FMCG-companies, in one way or another, conform to the trends and requirements of the consumers, the findings do not imply that there have been any noticeable attempts of maintaining and developing any consumer relationships. Grönroos (2008) formulates five obstacles that may hinder the producer from shifting from a goods-logic into a service-logic, which is a prerequisite of building relationships. The findings show that the strategy-related obstacle is the most prevalent in the FMCG, due to the uncertainties of what and where to be present, since the producers cannot own the consumer meeting in the stores. Several respondents furthermore expressed concerns about the lacking digital presence, and how to exploit the advantages, but claim to be focusing more and more resources on digital, as well as strategic omnipresence, which refers to a presence on all relevant channels. Additionally, the organizational obstacle seems to be an additional hurdle to overcome, in terms of moving the organization from a goods-logic to an omnipresent organization with a service-logic, which includes competing with a complete service-offering instead of exclusively the product, a restructuring of the organization from that of a functional distributor to an organization that aim to add value for the consumer through all processes, as well as the establishment of partnerships and networks throughout the value chain. The findings do not provide any evidence that the respondents has taken action to move from a goods-logic to a service-logic. As can be seen in the findings, almost every respondent claim to have strong relationships with the immediate customer, but not the consumer. The findings show that the modern marketing philosophies, as described in the literature review, including service marketing with a strong focus on consumer value, consumer relationships and consumer co-creation, does in fact not apply to the FMCG.
Wikström (1996) explains that the lack of co-creation in the FMCG is caused mainly by the late entry by the consumer in the value-creation process. The consumer is thus seen as the passive party, which again contradicts one of the pillars of Relationship Marketing. One respondent stated that: “[the brand preference] is tightly interlinked with sales, because of the incredibly short purchase decision process” (Company 1). The findings are coherent with the implications that Wikström (1996) expressed. Meanwhile, the findings open up for questioning whether the consumer should, or need to enter in such a late stage of the value creation process. When referring to the retailers or the restaurants, the producers invest a lot of time and effort into building long-term, reciprocal relationships. Several initiatives have been identified for value co-creation for the customer, such as collaborative campaigns, new loyalty programmes, joint advertising, shared CRM (although limited and probably, but not necessarily, unidirectional), broad category meetings to increase the attractiveness of the brands to the consumer and so on. They all fall under the same marketing philosophy, namely Relationship Marketing. However, the relationships that are being built are not between the producer and the consumer, but the producer and the customer. Thus, there seems to be a remarkable opportunity for producers to differentiate their brand in a Fast-Moving Consumer Goods-market where everyone seems to be moving slowly forward.

The findings furthermore indicate that producers are fully aware of the broad concept of the producer- and customer lifetime cycles suggested by Grönroos (2008), but seem to lack a thorough integration of the two. For instance, one respondent stated that their digital presence only became of forum for consumers that dislike their product. Instead of understanding why the consumers disliked it, they shut down their ‘Facebook page’. Therefore, the company has completely ignored the service recovery-stage, and has accepted the transaction as sufficient, which contradicts the requirements of service marketing. If the consumers felt like discussing the product over an open forum, the producer should then have implemented a service recovery-strategy to facilitate, and make use of the discussion, and not simply push the off-switch with the purpose of silencing the dissatisfied consumers. Other respondents state that it is difficult to know how to create a two-way dialogue in the FMCG due to the remoteness of the consumer, but also add that it is something that they are working with. As can be read in Appendix 1, Årstiderna (online ordering of a food bag delivered directly to the consumer) is an example of how new and innovative channel ideas in the FMCG can open up possibilities of getting to know the consumer. As David Aaker blatantly puts it, competitors can copy the innovation, but not the brand (Aaker, 2014, p.22). Therefore, strong producers with high-preference NB, sit in a very comfortable position to move away from the traditional logistics-oriented way of thinking about marketing.
5.2 The Brand as a Relationship

Another way of building a relationship with the consumer, or at least a Parasocial relationship as Gummesson (2008) defines it is through the brand. Brands provide a point of differentiation and should aspire to have a personality, and can furthermore generate several benefits in terms of product-, price-, communication-, and channel-related effects, as well as higher sales, easier product introductions, improved relationships with consumers, and more control over resellers. Aaker (2014) state that consumers will seek out, discuss and engage themselves in what they are interested in, not the offering, brand or firm. The findings show that several of the respondents build their brands in order to create long-term Parasocial relationships to increase the loyalty amongst the consumers. Moreover, the producers argue that the relationships are built mainly through high quality products, but also through their Integrated Marketing Communications. The producers keep track of the brand preference through discontinuous brand tracking and detailed market research once, or twice a year, depending on market stability, or other external factors that could have an affect on the brand preference.

Aaker (2014) claims that branding today is multidimensional and adds value in terms of social, self-expressive and functional benefits and furthermore concludes that brands today are shifting from a “my brand is better than your brand”-philosophy to well-segmented, individually alluring brands that appeal to different sub-segments. Ailawadi (2001) illustrates this by mapping out four different consumer psychographics that highlight several differences between the between so called deal-focused (store-brand) consumers, who are driven by the best price and economic benefits, and the national brand-consumers, who are affected by out of store-promotions and driven by hedonic benefits. Ailawadi (2001) concludes that the producer and the retailer, therefore, do not need to fight over the same consumers. However, in light of the findings from this study, one producer state that there will always be ‘price hunters’, but still consider the different consumers to be equally important, instead of focusing on targeting their unique consumer segments, as recommended by Ailawadi (2001). Furthermore, another producer adds that if the consumer buys, for instance, a PL for a ‘better’ price, the same consumer won’t buy the producer’s brand on top of the initial purchase – which results in one less product sold. Thus, the producer today needs to compete on both economic, as well as hedonic benefits, in order to attract both the deal-focused consumers as well as the brand-focused consumers. However, in terms of distinguishing features between the previously mentioned benefits, the respondents argue that PL are increasing its quality by each day, which has resulted in that the once very distinct differences between PL and NB has been blurred out. Thus, the discussion today is rather a store-brand versus national-brand than a high quality-brand versus a low- or intermediate quality-brand discussion, which seems to have been the commonly shared attribute amongst PL. Therefore, the issue for many producers is that if the PL overtake large volumes of the ‘standard products’, the producer does not have any resources left for the
development of ‘innovative niche products’, which targets the sub segments of, for instance, the individual.

These insights, together with the branding theories by Aaker (2014) and the consumer psychographics by Ailawadi (2001), are important to understand when deciding how and if to build a Relationship Marketing strategy, due to the fact that some consumers do not wish to continue a relationship with the company after the transaction. However, Relationship Marketing is not only about attracting the consumers, it’s also about establishing, maintaining and developing successful relational exchanges, which is why, as mentioned previously, relational initiatives should aim to increase the long-term loyalty of consumers, under the premise that it is more efficient than constantly attracting new ones through traditional marketing.

5.3 The Triad Relationship

Homburg et al (2014) proposes, through their conceptual framework, how producers can employ different strategies dependant on the power within the channel, with product value as one of the main drivers. In the first scenario, when the retailer is more powerful than the producer as well as the consumer, Homburg et al (2014) suggests that the producer should make use of direct customer downstream support, which refers to ‘intelligence generation’ from the consumer to the producer in order to make their offering more attractive and thus enable higher sales for the retailer. It has been found that the producers conduct a vast amount of different market research in order to understand the consumer, and to adapt their offering to satisfy the consumers’ needs, perceptions, motivations and value drivers. The findings show that the producers conduct market research to ensure that they develop products and brands that meet these criteria, and to ensure that their products always have higher quality than other, competing brands. Furthermore, several difficulties has been mentioned by the respondents, including the high cost of continuously conducting real-time market research, as well as the lack of knowledge on how to use the right information for the right purposes. Additionally, the respondents claim that the retailer today has the best information about the consumer, which reduces the importance of direct customer downstream support, as the information provided by the producers may be tautological. On the other hand, as mentioned earlier, there seems to be a ‘knowledge race’ between the actors in the market, which opens up for broad possibilities for the producers to create a competitive advantage in terms of understanding the consumer, and thus enabling a tailored solution, which target the individual needs of the consumers.

The second characteristic, which is also possible to make use of in the FMCG, is called cooperative indirect customer marketing, which aims to create a synergy between the producer and the retailer to deliver superior value, and by doing so, gain
power over the consumer. This strategy should be applied when the producer and the retailer have equivalent power, albeit inferior to the consumer. Webster (2000) expresses why the concept is well suited for the FMCG:

“In this three-way relationship, the quality of that relationship for any single player depends on the quality and strength of the relationship between the other two.”
(Webster, 2000, p. 20)

Some of the respondents argued that they want to collaborate, but cannot, due to the competitive market situation and the rise of strong retailers and hard discounters, which has led to limitations in terms of trust, commitment, as well as reduced turnover for the producers and damaged possibilities of the aforementioned ‘innovative niche projects’. Several respondents express concerns for the future, and question what the market will look like if the retailers keep pushing the profit margins. However, on the contrary, several producers said that they do collaborate with the retailer to increase the value proposition to the consumer, in order to enhance the shopper experience, which unquestionably fall under the definition of cooperative indirect customer marketing. Several producers will find that there is much work to be done around the collaboration between the producer and the retailer, not least in terms of information sharing, collaborative campaigns and collaboratively negotiated portfolio strategies to deliver the best value for the consumer.

The third scenario, which has been defined independent customer marketing, refers to the mass marketing and communication between the producer and the consumers, in terms of advertising, promotion and other activities directly focused to the consumer. The findings show that producers find it difficult to find money to fund these activities, but often aim to create a strong demand for the brand through sampling, events, traditional marketing and digital communication. They also find it difficult to ‘be seen and heard’ in the distorted advertising and media landscape, since the consumers today can actively choose between a vast amount of messages and platforms that they direct their limited attention to. However, in order to be able to produce relevant messages to the consumer, the producers need to have a vast amount of information about the consumers.

The findings reveal that it may be difficult to evaluate the effectiveness of the marketing efforts, and in particular to understand the post-purchase assessment, due to the remoteness of the producer to the consumer. For instance, one of the respondents mentioned that the retailers control the entire channel, due to the fact that they control the shelves as well as the meeting with the consumer, but still need to establish good relationships with the producers due to the high demand of their products. The distance between the producer and the consumer seem to have distorted the prioritization of building reciprocal relationships with the consumer, as the producer doesn’t naturally have direct contact with the consumers.
5.4 Reconsidering the Collaborative CRM

Kracklauer et al (2004) suggests that in order to create relationships with the consumer, you as a producer need a database where the consumers can be individually segmented – preferably in a collaborative CRM together with your customer. In order to do so, the actors within the channel must have a high level of trust and commitment in the relationships according to Gruen (1995), Mohr and Nevin (1990) and many more. The findings show that there is not a sufficient level of trust in the B2B-relationships in order to be fully transparent, and several respondents point toward the opportunistic aspects of complete collaboration in terms of risk of information leakage to competitors. Furthermore, several of the producers explicitly state that the development of a CRM-system is too expensive, which implies that even if consumers is acclaimed to be 5-8 times more profitable to keep than to attract, the incremental benefit is not considered high enough. An explanation could be that the estimation itself does not quantify the absolute value of the consumers, and therefore perhaps each individual consumer in the FMCG is not valued high enough to allow the producer to invest in complex CRM-systems. Studies from the Ehrenberg-Bass Institute show that brand growth derives twice as much from market penetration as loyalty, which explains why for some brands, the focus is more efficiently directed at mass communication and penetration of markets than the pursuit of developing current consumers. However, this does not explain why Producer-Consumer Relationship Marketing is obsolete in the FMCG.

Mohr and Nevin (1990) elaborates how communication within the channel can have positive impact on firm performance. More precisely, they discuss the differences between bidirectional- and unidirectional information flows, and states that bidirectional information flows positively affects the relationship as well as firm performance (Mohr & Nevin, 1990). The findings, however, points toward a unidirectional information flow, where the producer seem to deliver value adding information to the retailer to gain shelf space, or to simply not get ‘thrown out’ of the shelves. Naturally, one reason behind this is the unequal balance of power. This of course varies, depending on what negotiation power each respective producer has inherited. Mohr and Nevin (1990) also mention the communication frequency, the modality and the content, which is shared within the channel. The findings show that, as mentioned previously, the producer cannot share everything with the retailer due to the opportunistic aspect of sharing information to competition, and vice versa. However, it seems as though the producers perceive the current communication within the channel as open. For instance, the retailers share sales data and make (aggregated) information from their loyalty programmes available, and the producers invite the retailers to discuss new initiatives, and the retailers give their input and feedback, for both short-term and long-term. Thus, a Collaborative CRM between the actors in the channel might seem unrealistic and expensive. Therefore, Palmer (1996) suggests that relationships instead can be practiced through three levels - tactical, strategical or philosophical. It has been found that the respondents only see the
customer relationships as something tactical, and more in terms of a sales promotion tool than something strategically embedded in the marketing. The findings suggest that producers do not fully believe it to be the most efficient marketing tool in the FMCG, and therefore deprioritize such initiatives. Additionally, the respondents argue that consumers have a low involvement in the FMCG due to the short decision-process.

5.5 The Limited Nature of Relationship Marketing in the FMCG

Interestingly enough, Leahy (2011) found that consumers often have a negative attitude toward Relationship Marketing attempts because it lacks personal content, and in the cases where companies try to be personal, often communicate the impression that a pre-established relationship between the company and the consumer exists. In light of the findings, where the respondents argued that they in fact do communicate to the ‘individual consumer’, it is through either collaborative campaigns together with the retailer or direct marketing, and is in fact not considered being brand building but as a sales promotion. This open up for discussion whether the company should, in fact, distinguish between brand building and sales promotions, as many of the respondents claim that brand building is done through high quality products and best-practice marketing. The findings reveal that there is an opportunity for the producers to become even more relational, personal, and individually focused, but meanwhile face the challenges of doing so with much more difficulty than the retailer due to the impersonal nature of traditional marketing (whereas the retailer has more possibilities to build a physical relationship through the store, and with the consumer data that follows). Following the same line of thought, Grönroos (2008) distinguishes between transaction-oriented consumers, who pursue maximum rational value, and relationship-oriented consumer, who is more open to further contact with the company. The relationship oriented consumers can be divided into either active consumers, who actively seek to add further value through relational contact with the company, and passive consumers, who do not actively contact the seller and rarely make use of the opportunities for interaction offered by the company. Therefore, it can be concluded that there are several obstacles to overcome before engaging in Relationship Marketing. Grönroos (2008) eloquently elaborates three elements that producers need to have before engaging in Relationship Marketing, which is the pursuit of direct contact with consumers, the development of a consumer database as well as a service system that puts the consumer first. The findings show that no producer make use of these three tactical elements, which could explain why Relationship Marketing is lacking in the FMCG.

However, it is naïve to believe that the entire FMCG consist of a single category, and that no producers make use of either CRM or Relationship Marketing. One of the respondents stated that he/she worked at another company in the FMCG previously,
and that they used CRM in order to capture the target audience quickly due to the limited amount of time they can be seen as consumers. Indeed, this does not apply to all producers, which is why Relationship Marketing needs to be evaluated not only from the business itself, but also the usability of Relationship Marketing within the category.

Conclusively, the question remains how companies can establish, maintain, and develop long-term relationships with consumers through Relationship Marketing. Several of the respondents claim that authentic, relevant and talkable marketing is the future for their respective companies, and express a strong will to establish long-term relationships with the consumers, but without any strategies or plans to build any CRM-tools.

5.6 A Conceptual Framework of Relationship Marketing

Relationship Marketing proposes a consistent approach on how to engage in the value-creation process of the actors in the triad relationship. However, in terms of aligning the theory with the findings the author argues that a simplified framework needs to be created that integrates the framework by Homburg et al. (2014) with the branding- and channel relationship theories. The framework below make use the main characteristics by Homburg et al (2014) and implicitly integrates the understandings generated from the discussion, by reversing the order in the framework and thus conceptually inherits a Consumer-Based Relationship Marketing-approach:

![Figure 2: Reinterpretation of the framework by Homburg et al. (2014)](p. 68)

Figure 2 (p. 68) show that the producer can either make use of Direct customer downstream support, Cooperative indirect customer marketing or Independent customer marketing, as defined by Homburg et al (2014). However, this reinterpreted framework highlights the consumer as the most important stakeholder in the channel- and marketing mix, as suggested by Vargo and Lusch (2004), Grönroos (2008) and Gummesson (2008). The model disregards the retailer as an obstacle or barrier, with
the purpose of alleviating the conceptual use of the Consumer-Based Relationship Marketing-framework, and instead suggests that a long-term relationship between the consumer and the producer should be considered the main purpose of the framework. Concepts such as branding and CRM are encouraged to be applied into the model, but can be seen as too narrow and specific to be implemented into the definition of the conceptual framework. The Consumer-Based Relationship Marketing-framework will be used to examine the feasibility and implications of Relationship Marketing in the FMCG. However, some of the limitations of the framework must be highlighted in order to fully understand its use. Therefore, the author has outlined the main barriers of Relationship Marketing, which needs to be understood and dealt with, before making any use of the framework:

- **Strategical determination** – The producer must understand the benefits of Relationship Marketing and decide upon whether Relationship Marketing is strategically beneficial in the category or not, in regards to marketing resource allocation and feasibility.

- **Metrics on ROMI** – Relationship Marketing offers low additional revenue and growth in terms of market penetration, but instead aims to increase the marketing efficiency towards its current consumers. The most frequently mentioned issue is what metrics to use to assess the impact of Relationship Marketing and the return on marketing investment.

- **Interdependency** – Relationship Marketing aims to maintain and develop relationships with existing consumers and customers, and is therefore not only dependent on a well-executed Relationship Marketing-strategy, but also rely on the intentions of the other actors in the relationship. Mutual interest between the actors towards the development of the relationship is required.

- **Authenticity and Relevancy** – Consumers perceive existing Relationship Marketing-attempts as impersonal and inauthentic. It is therefore essential to ensure that a certain amount of authenticity and relevancy is embedded in the Relationship Marketing.

Conclusively, Relationship Marketing is not about direct marketing. The most common misinterpretation of Relationship Marketing is that the company need to completely eradicate all use of mass marketing through the use of a complex CRM-system in order to reach each individual consumer. This is incorrect. Relationship Marketing is about being relevant, omnipresent and convenient to the consumer (see example in Appendix 8.2.2). It is not about sales promotions and constant push marketing, but about the understanding of what the consumer wants, and the establishment of an organizational thinking, to allow relationships to flourish.
6. Conclusion & Discussion

Essentially, relationships are about people. If a company does not provide any authentic and relevant arguments why the consumers should engage in a relationship, there is a risk of forcing the consumers into a *Quasi-relationship* without any benefits, as concluded by Leahy (2011). As a company you should strive to build relationships, but the important part of the relationships are the people and the reciprocal nature of value exchanges. People have relationships with people, not brands or companies, retailers or producers. Thus, when discussing Relationship Marketing, many of the respondents seem critical to the concept, and find it nearly impossible to understand how one can establish a relationship with an individual consumer. On the surface, this can be considered to be a rational response, however, many of the respondents misinterpret the concept of Relationship Marketing. Relationship Marketing aims to establish, maintain and develop long-term relationships with consumers, but does not specify nor limit the producer to any specific channel or marketing strategy. On the contrary, it opens up for questioning whether the current marketing practices and the customary channel structures are the most efficient for the company. Relationship Marketing does not guarantee growth or increased revenue of any kind, but acknowledges the importance of consumer loyalty and brand love. The ultimate goal of Relationship Marketing for producers is to understand what the consumer wants and to enable a complete service offering instead of a plain good. Relationship Marketing should be assessed through its long-term benefits, and not as a marketing tool to increase short-term sales.

The respondents agreed that it is essential to maintain good relations with their immediate customers in order to survive in a competitive environment, but they all seem to forget about the consumer, and instead give their undivided attention to sales and volumes. Thus, there seem to be some philosophical, as well as strategical, barriers to overcome in order to engage in a successful Relationship Marketing-strategy in the FMCG. Mainly, the distance between the producer and the consumer need to be reduced, and several examples, such as the immersion of powerful digital channels and the requirement of being omnipresent highlights the possibilities and opportunities of getting closer to the consumer. Following this line of thought, the producer should look beyond the horizon and establish long-term relationships with the consumer in order to gain leverage in the channel. When the main barriers have been reduced, such as the remoteness to the consumer and the consumers reluctant attitude towards producer-consumer relationships, a large focus on individual, profitable relationships is therefore suggested in a competitive market such as the FMCG. However, it depends on which market or category the producer operates in – the findings show that it does not seem to fit very well into the FMCG at its current state. The reason behind this is because the producers believe that the benefits of building personalized relationships with individual consumers are not high enough. However, since marketing efficiency is diminishing at a high speed, something has to
be changed. The costs of establishing, developing and maintaining successful relationships are simply not ‘worth it’ according to the findings, unless it can be proven to be more efficient than traditional mass marketing. However, Relationship Marketing can be considered feasible within some categories where consumers are more likely to stay loyal to one specific brand, but even successful attempts may not always guarantee increased sales due to the fact that there is a certain level where consumers simply do not buy more, as described by Romaniuk (2015).

Therefore, the main argument that supports the use of Relationship Marketing is not the promise of increased penetration of markets, which indubitably leads to increased sales, but the increase of marketing efficiency in terms of creating long-term loyalty to existing consumers. Companies need to understand how and why consumers change, and accordingly, companies need to change together with the consumers to be able to understand the needs and the attitudes of the target audience. Relationship Marketing offers an opportunity to add value to the consumer by extending the offer of a simple Fast-Moving Consumer-Good into a Fast-Moving Consumer-Relationship.

Consumers today do not simply sit down and listen to what you as a company have to say – you have to earn the consumer’s attention by being authentic, relevant and talkable, through well-analysed and well-executed channel strategies. Thus, more time and energy should be spent on being omnipresent and relevant to the consumer. Producers will have to understand that the path to purchase is no longer linear, but unique to each consumer. Today it is the consumer that chooses to establish a relationship with the company. Therefore, there is a need to analyse the opportunities of Relationship Marketing with amiable granularity, to make sure that the consumer is allowed to establish, maintain and develop long-term relationships in a distorted marketing landscape.

**6.1 Contributions**

This study contributes with an understanding of the implications and opportunities of Relationship Marketing in the FMCG industry, and how it could enable producers to establish, maintain and develop the consumer loyalty without direct contact with the consumer. The findings contribute with further insights, which can reduce the gap between prior research and the contemporary marketing practices, as well as increase the understanding of the relationship between producers and the end consumers. Furthermore, this study illuminates the importance of Relationship Marketing for marketing- and brand managers, category managers, consumer insight-managers, and academics within marketing, as well as brand strategists and business leaders in general. The study should be set as the benchmark by the previously mentioned to
enable their marketing to move beyond the simple rules of thumb, to create better and more efficient marketing strategies.

6.2 Limitations of the Research

Marketing is becoming increasingly multifarious and multifaceted, and should therefore be analyzed within the methodological and theoretical limitations that the study attests to. It is therefore essential to highlight the many limitations of this study, and not only focus on its contributions. By taking a critical realist approach Relationship Marketing seem inapplicable and almost impossible to make use of in the FMCG. This insight opens up for in-depth questioning, such as ‘...if not in the FMCG, then where?’ as well as ‘how can you create personalized relationships with the mass market?’ - however, as anonymity of the respondents has been guaranteed, this study has not been able to provide any distinguishable characteristics between the respondents, which limits the study from attaining the in-depth examination which was the study’s purpose.

Additionally, the sample of the study should be taken into consideration and questioned, in terms of its representativeness, in order to ensure a truthful conclusion. As argued under 3.3.1, Alvesson (2003) found that interviews (which in this study has been defined as case studies due to their in-depth and co-productive approach) could be seen as either an instrument or as a human encounter. The purpose of the study was to examine the feasibility of Relationship Marketing in the FMCG, not to validate its existence, which is why a human encounter of co-production of knowledge, as depicted by Alvesson (2003), eloquently fulfills the intention of the study. Meanwhile, as three out of the five interviews were conducted without a human encounter, certain co-productive elements could be considered limited in terms of meeting the respondent in person, which can exacerbate the issues regarding trust and understanding. Regardless, the author finds that this has not affected the outcome of the findings due to the high quality information that was shared during those interviews.

Furthermore, Relationship Marketing as a concept, marketing philosophy, or strategy, does not accredit itself to be neopositivistic. Therefore, the results should be understood through a reflexive pragmatic lens, as suggested by Alvesson (2003), which allows us to understand that the data does not simply reveal reality. Thus, we can neglect the assumption that Relationship Marketing is an all-encompassing truth, and instead consider the study as hypothesis refuting from an ontological research approach. Therefore, the author argues that the conclusions cannot be considered invalid or unreliable.
6.3 Recommendations for future studies

Leahy (2011) concludes that the consumer side of research is still widely unexplored, and argues that the views of one party [producers] at best only provide a partial overall picture (Leahy, 2011, p. 654). Future studies should therefore take the consumer into account, in order to understand how the consumers perceive Relationship Marketing in the FMCG. The author proposes that future studies should examine which markets and segments are relevant for Relationship Marketing, as well as how brand attributes affect the willingness of engaging in a producer-consumer relationship, and accordingly, which consumer demographics- and psychographics are the most relevant for producer-consumer relationships. Additional studies are required in order to answer and understand the complexity of producer-consumer relationships, due to its multifarious and contested nature. Thus, there is still a need for additional studies that identifies what characteristics are most influential for the consumer to engage in producer-consumer relationships.
7 References:

7.1 Articles


• Cunliffe, Ann L. "Crafting qualitative research: Morgan and Smircich 30 years on." *Organizational Research Methods* (2010).


7.2 Literature


7.3 Websites and Reports


7.4 Lectures and Workshops


8 Attachments

8.1 Appendix 1: Research protocol

- Har ni några uttalade mål med er marknadsföring?
  - Har ni några nyckeltal för I syfte att uppfölja dem?
  - Hur prioriteras relationsskapandet I er marknadsföring?
- Skulle du kunna berätta om något initiativ ni har genomfört som skulle kunna falla under relationsmarknadsföring?
- Många återförsäljare har ökat sitt utbud av egnamärkesvaror. Hur har detta påverkat era marknadsstrategier?
  - Hur skulle ni klassificera dagligvaruhandels marknadsstabilitet?
  - Hur har detta påverkat maktbalansen vid t.ex. förhandlingar?
- Varierar maktbalansen I olika kanaler? Isåfall, hur och varför?
- Hur påverkas konkurrenssituationen? Vad är konsekvenserna för er?
- I triadrelationen mellan er, återförsäljaren och slutkonsumenten, med vilka olika metoder samlar ni information om era slutkonsumenter?
  - Återigen i triadrelationen, med vilka olika metoder bygger ni relationer med slutkonsumenter?
  - Återigen i triadrelationen, har relationsmarknadsföringen genererat någon distinkt konkurrenssfördel. Ökad lojalitet eller lönsamhet?
- Även slutkonsumenten har ju fått mer makt I värdekedjan på grund av det stora utbud som finns på marknaden, hur reflekteras detta I er marknadsföring och relationsskapande?
  - Hur skapar ni tvåvägskommunikation med slutkonsumenterna?
- Hur samlar ni information om era kunder?
  - Hur använder ni CRM-verktyg?
- Kan du berätta lite generellt om hur ni arbetar med er varumärkesutveckling?
  - Hur skulle du säga att ni arbetar med relationer med avseende till varumärket?
  - Hur skapar ni värde för kunden genom konsumentinsikter?
  - Hur lär ni er beslutsprocessen av individuella konsumenter?
8.2 Appendix 2: Relationship Marketing examples

8.2.1 Relationship Marketing - online shopping

In only the last few years relationships with consumers through digital platforms has become a popular topic. Very few producers fully embrace the possibilities of closing the physical gap between the producer and the consumer through digital presence. However, the online producer Årstiderna (Seasons) has emerged from the nothingness and taken a small, but important, chunk of the growth-pie in the FMCG. Årstiderna is a producer of vegetables and fruits who delivers ‘food bags’ directly to the consumer. Today less than 1% of the total FMCG turnover comes from online-shopping, but according to Svensk Distanshandel (2013), it is increasing heavily each year. In Sweden, the growth of online food shopping was 14%, compared to the rest of the physical store-purchases, which was 2,1% (Svensk Distanshandel, 2013). Despite its small share of the total turnover, online food bags contributes with an impressive growth and exemplifies how innovative online channels can contribute with additional sales.

8.2.2 Relationship Marketing - Content Marketing

Red Bull is one of the most successful brands in the world. With over 50 billion cans sold each year in over 167 countries, RedBull adopts a consistent Relationship Marketing-strategy in a very innovative and exciting way (RedBull, 2015). Through well-thought out marketing in many different and diverse channels they have successfully generated top of mind-awareness as the number one energy drink in the world. RedBull is not only talented at crafting the premium brand that they want their consumers to perceive, but indeed also very skilled on building relationships with their consumers.

“A brand must give something valuable to get something valuable in return.” (O’Brien, Mashable, 2012).

You can find Red Bull-employees at almost every university in world and at big events such as concerts, giving out free samples of their products. You will find Red Bull on the most common platforms, such as YouTube and Facebook, and you will with an equally high probability find them driving around in your city, giving out free samples (Mashable, 2012). RedBull has taken Relationship Marketing to another level through its extreme sports-content marketing, where they endorse the message of an ‘energetic lifestyle’, which indubitably brings us back to what the brand is really about.