

Global Diffusion of Relationship Marketing

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This paper comments Ralf Wagner`s empirical research results on the validity of a paradigm shift from transactional to relational marketing in the transition economy of Russia (European Journal of Marketing 2005, 39, 1/2) by the application of sociology of knowledge, systems theory, world society theory, and economic sociology. The paper`s initial section summarises the empirical results and economic reasons for the dominance of traditional transactional marketing in Russia. In the larger remaining sociological section, relational marketing is reduced to knowledge. Social structures and restrictions of global knowledge diffusion are shown. Overall, the paper argues that an inter-regional transfer of relational marketing from Western mature markets to Russia will depend on global interrelation by formal organisation, epistemic community, network, and event within the four relevant function systems: science, education, mass media, and economy which primarily determine the knowledge capacities of the Russian firm.

Contemporary marketing in Russia: Low engagement and conventional measures

In this first part, the paper introduces the research design, main findings, and economic reasons of contemporary marketing practices in Russia. The empirical study on the implementation process of relationship marketing in Russia was conducted by Ralf Wagner in spring 2003. As a method, Wagner used a standardised quantitative survey instrument of the CMP-Project (Contemporary Marketing Practices, University of Auckland, NZ). Thus, the research on marketing is based upon a conceptualisation of Nicole Coviello et al. (1997, 2000), dividing relational marketing, as a complement of transactional marketing, into three different constructs: Database, Interaction, and Network Marketing. To conclude Wagner`s findings, the paradigm of relationship

marketing postulated by Western marketing science since the 1980s, reveals limitations as for the Russian transitional market. Compared to CMP research on marketing practices in Canada (Brodie et al., 2001) and Argentina (Pels/Brodie, 2003), the domestic Russian firm shows a smaller spectrum of marketing techniques and lower marketing engagement. Unlike the domestic Russian firm, Russian firms with experience on foreign developed markets and international firms involved on the Russian market practise marketing manifold and more intensively.

Wagner attributes the weakness of the domestic Russian firm`s marketing to three main reasons: 1.) no economic necessity for marketing measures, 2.) no recognition of the necessity of marketing measures, and 3.) failure in the realisation of marketing measures. The first point refers to the development status of the Russian market, demand greater than supply and low spending power. The latter two points relate to external restrictions, such as political laws and infrastructure, and internal restrictions of the Russian firm. More precisely, organisational problems comprise four dimensions: 1.) cognition and mental attitude (primary emphasis of the Russian firm`s management of financial data and facts as sales growth, quick sale orientation, hardly any customer orientation), 2.) structure of positions and duties (no or low specialisation and autonomy of the function unit marketing in the Russian firm), 3.) employees (insufficient training or no qualified marketing staff in the Russian firm, marketing is often done together with a lot of other things by the CEO), and 4.) financing (limited budget for marketing activities in the Russian firm).

A macro-sociological approach: The global diffusion of relationship marketing

The paper's second and main part draws upon sociology of knowledge and macro-sociology. Sociology of knowledge enables to conceptualise relational marketing solely as new knowledge within the knowledge culture of the economy. Macro-sociology specifies societal structures that provide innovation and transfer of knowledge. The subsequent paragraphs outline most fundamentally in how far Russian marketing will progress due to implementation of the dual societal macro-structure which consists of functional differentiation and global interrelation.

In systems theory, socialism is not regarded as functional differentiation implemented at the national or, to put it differently, macro-level. Functional differentiation means that society as the largest all-embracing social system, subdivides into multiple function systems, for instance, economy, science, education, art, and sports. Further, functional differentiation requires that each function system works at a single societal problem exclusively and autonomously allowing for a distinct system specific binary code. For example, in the economic system that works at the basic societal problem of scarcity, all communication is oriented at the binary code of profitable/not profitable (in science true/not true, in the legal system legal/not legal a.s.o.). Differing from democracy that approves functional division and autonomy, in a socialist regime the political function system dominates all other function systems. By rules and ideologies politics represses politically non-congruent internal inventions and external global interrelations. As a consequence of low motivation, means, and options to self-organise and centre to raise profitability, marketing is unlikely to advance in an economically planned system.

On the condition of functional differentiation, functional communication, such as purchase in the economy, publication in science, or victory within the system of sports, just as functional semantics, for instance, the paradigm of building relationships in marketing, will interrelate with other elements of the same specialisation all over the world. Functionally aligned communication cannot coherently interpret spatial difference (distance) as a difference in functional terms, cannot accept national and other territorial boundaries and will create worldwide interrelations to include all similar functional elements whether operative, structural, and semantic, into *one* global function system. Although the parallel and mutual sustained formation process of functional differentiation and global interrelation depended on maturation on the mental level as well as structural and technological achievements, communication concerned with a basic societal problem, such as to medicate in the health system, to inform in the system of mass media, and to educate in the educational system, is driven by nature to steadily further specialise and interrelate in order to raise productivity for society (and itself, at the micro- and meso-level).

Hence, global interrelation as a second societal macro-structure is initiated and mastered by functional differentiation. Apart from functional differentiation on the macro-structural level, global interrelation requires varied midsize social structures which actively arrange things at the meso- and micro-level: formal organisation, epistemic community, social network, and social event (for these carriers of communication in world society, see almost all of Rudolf Stichweh's papers on world society, in particular Stichweh, 2003). On the basis of a coherence between levels of social structure and between social structure and semantics, the semantics of relational marketing is carried

into the region of Russia within the four following function systems which predominantly control semantics in society: 1.) science as a general producer of semantics, 2.) education as a rather exclusive mediator of semantics, 3.) mass media as a more inclusive mediator of semantics, and 4.) in this paper economy as a specified producer of its own semantics.

Global interrelation of Russian science, education, mass media, and economy advances the knowledge capacities of the Russian firm by more profound scientific marketing expertise received from academics and consultants of international associations or subsidiaries, higher qualified marketing staff and management possibly recruited from foreign schools and universities, and more extensive and significant technical data and news about the field of marketing obtained from globally interconnected information channels. Performance enhancement by global interrelation in the economy is twofold: The Russian firm observes and then imitates or modifies the more modern marketing practices of transnational competitors on the domestic and global market. Moreover, the Russian firm is engaged on foreign developed markets and locally adapts to the more modern marketing approaches practised in its new environment.

Besides formal organisation, such as a research organisation in science, a school in education, a publishing house in the mass media, and a firm in the economy, global knowledge diffusion within function systems relies on two other types of meso-structures: epistemic community and network. Different from organisation which consists of continuous, stable, vertical-hierarchical, formalised, fully co-ordinated, and rather rigid structures, the latter two distinct social systems are marked by

comparatively temporary, instable, horizontal-egalitarian, informal, ad hoc, and flexible structures. To differentiate between network and epistemic community, network is a more general phenomenon to classify as multidimensional interpersonal, intra-, and inter-organisational collaboration and pooling of resources. The sub-form of epistemic community identifies higher specialised and mostly intangible interpersonal exchange relations among experts.

Because network and epistemic community establish relations of observation and communication across and beyond the official and authorised assignments and employment relations of formal organisation, three different, collateral and transversal layers of social structures realise knowledge diffusion in contemporary world society. Lastly, how to view and handle things might be transferred at the global level by events which bring together professionals and interested practitioners on the basis of interaction and co-presence. To sum up so far, based on technology and social structure the new knowledge concept of relationship marketing is carried to Russia by formal organisation, epistemic community, network, and event of the four relevant function systems: science, education, mass media, and economy.

Diversification of relational practices: Markets as local and social constructs

Whereas the first part of this paper presented Wagner`s findings on contemporary marketing practices in Russia and the second part described several social structures of global knowledge diffusion improving the Russian firm`s marketing, the third and last part is concerned with the restrictions to a global transmission and foreign local

implementation of new ideas and instruments in marketing. Following neo-institutionalism and the argumentation of this paper until now, one could assume that the global spread and inter-regional circulation of knowledge would cause homogeneity in world society, such as in marketing any future firm applies the same communication techniques to consumers. Consequently, it should be noted that globalisation is not a development towards simple homogeneity in terms of *one* best practice implemented at the global level (defined as best practice by whom?).

Considering initial and up to now basal systems theoretical assumptions, to fit into any local socio-cultural context, to be able to connect anywhere, to be valid and accepted, communication must be at least specialised (e.g. purchase in the economy, publication in science), generalised, and symbolised (e.g. money in the economy, grades in education). Above uniformity for compatibility and integration, still applying systems theory, social systems need and create variety. Similarly, globalisation relies on and raises both: homogeneity and heterogeneity. The global process and effect of homogeneity is usually referred to as pluralisation, heterogeneity as hybridisation.

Pluralisation means a quantitative increase of knowledge concepts available at the local level, hybridisation a qualitative increase at the local and global level. In pluralisation, the globalised knowledge concept remains virtually unchanged. In hybridisation, the globalised knowledge concept acquires g-locally modified hybrid features.

To apply to global marketing, regional, national, and local economic, political-legal, cultural, and infrastructural differences necessitate a verification and often modification, or rather hybridisation, of marketing strategy and measures for an adjustment to each

market environment. Therefore relational marketing, for instance, direct mail (direct and personalised postal offerings, samples, and consumer information), IT marketing (24 hour public information on the firm`s website), and mobile marketing (location and customer specific information services and entertainment by mobile phone) adopt a different shape and social meaning on markets of world society. As marketing peculiarities arise from market particularities, Wagner points to the following market circumstances that might explain a minor significance of marketing in general and dominance of traditional transactional marketing in Russia: unsuccessful economic-political history, poverty, high crime rate, reserved mentality, and fundamental mistrust.

To neglect relational practices under the Russian market circumstances seems reasonable on psycho- and socio-economic grounds: 1.) hierarchy of needs, 2.) norms and values, and 3.) expectations. Accounting for a priority of physical over social and mental needs (Abraham H. Maslow), relational marketing, as to individualised benefit, value added services, and club-membership, depends upon the Russian market to attain prosperity, maturity, and saturation. Since relational exchanges constitute a one-sided investment relying upon long-term equal profitability, relational marketing, as to customer retention and network, relies as well on norms and values of partnership, mutual activity, and generalised reciprocity that are not taken for granted in contemporary Russia. Overall, the implementation of customer relationship management is contingent on expectations of economic effectiveness, social appropriateness, and generalised expectancy having to be established in Russia: markets as social constructs (Harrison White).

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