Smaller Businesses, Marketing Relationships and Shared Values

Sue Vaux Halliday  
University of Gloucestershire

Richard Christy  
University of Portsmouth

Abstract: Shared values (SVs) have been identified as important elements of successful marketing relationships (Morgan and Hunt 1994). An important connection between the two concepts is to do with the fostering of trust between the two parties. Trust involves risk reduction in the context of perceived vulnerability, moral obligation and personal liking, which quite neatly. Yet this link, although clear, is currently under-researched. SVs seem to be especially important to the relationship-building strategies of smaller businesses, partly because these businesses lack the marketing resources of larger organisations, but also because values are more evident and more credible at a personal, rather than corporate level. The aim of the paper is to understand SVs in this context and to analyse their potential as a foundation for competitive advantage in smaller business transactions: these shared values may, for example, help customers and organisation members to “make sense of” their world (Brown 1998; Marshall 1994; Weick 1995).

INTRODUCTION

A great deal has been written about the importance of relationships to business. The salience of relationships as a source of sustainable competitive advantage is well established within marketing (Bharadwaj et al. 1993; Han et al. 1993; Webster, 1992). Much writing on the topic is highly pragmatic and has debated the value of a lifetime set of purchases from a consumer. Other reflections have considered relationships to alter the paradigm for marketing, to embed it in business within society and one author has proposed ‘Total Relationship Marketing’ with 30 Rs (Gummeson 1994). He concludes that relationship marketing sees marketing activities as part of a larger context, inside as well as outside the company, which shall be beneficial to all parties in the long run, preferably also in the short run. Relationship marketing is a process, a chain of activities. It stresses flows and context. It represents a holistic attitude to marketing


Doyle (2000) restates the focus on relationships, which support shareholder rather than stakeholder value: “Marketing is the management process that seeks to maximise returns to shareholders by developing relationships with valued customer and creating a competitive advantage”. And all agree that relationships are two-way channels of communication. Despite this unanimity, much marketing research has been silent on the consumer benefits from entering relationships. Researchers and practitioners have been more outspoken on the
value of such a relationship to the producing firm, due to higher awareness. The idea of customer commitment has often been assumed, rather than proved to be relevant in the marketing literature, a contention which is confirmed by Aldlaigan and Buttle (1999) when they note that the customer benefits of commitment are significantly under-researched (c.f. Gwinner et al. 1998). Despite this imbalance, the use of the metaphor, perhaps from interpersonal relations such as marriage, raises interesting issues for the practice of marketing.

One is that it has to make broader connections. Webster writes that as "the focus shifts from products and firms as units of analysis to people, organisations, and the social processes that bind actors together in ongoing relationships" there is a need to develop a base of empirical research that broadens our understanding of the forces leading to the development of long-term customer relationships, strategic partnerships with vendors ... [for] the broadened view of the marketing function calls for work that spans the disciplines of political economy, organisational psychology, legal analysis, political science (government) and cultural anthropology (1992, p.13).

Relationship marketing can be seen as sociology (for example in comparing buyer-seller relationships with family and peer group relationships), psychology (analysing the needs that individuals seek to satisfy in a relationship), economics (assessing the marginal value of customers) and even law (understanding the regulatory constraints on relationship development and maintenance) (Palmer, 1994). A practical definition of what a relationship consists of comes from Barnes (1994) who suggested that a relationship could only be said to exist when customers choose to use the language of interpersonal relationships - my doctor.

Marketing also needs to extend its area of interest from the large firm to the entrepreneurial SME sector for insight on the role of shared values. This study is designed to research the role of shared values in SMEs and the extent to which SVs might contribute to competitive advantage by differentiating and by attracting and retaining customers. A number of texts discussing values do so from the perspective of local culture and the spread of values in a local culture to a wider audience (of consumers) by a process very similar to the suggestions for the role of shared values in business relationships. Ray (1998) writes of rural communities regenerating themselves by creating a locally specific territory that has a set of cultural resources that it exploits. This production side of the equation he calls ‘the territory’ (p.4), but of interest to this paper, there is the balancing side; there is a consumer of this cultural product or even experience (Roberts and Micken 1996) to be considered. The purpose of this paper is to discuss further the role of shared values in the life of the consumer of such products and experiences.

**Literature Review**

Morgan and Hunt (1994) noted that relationships are made up of ‘soft’ areas such as trust and shared values. Trust involves risk reduction in the context of perceived vulnerability, moral obligation and personal liking, which quite neatly, but not yet substantially, links back to shared values. It has been debated as a concept, or theme, in all the management disciplines, as well as in fields beyond business. There are reductionist definitions available. Relationship marketing has been tempted to adopt a somewhat impoverished perspective on trust, by relying on the economics literature, defining it as “the extent that a customer
perceives risk in situations resulting from a relationship with a marketing entity and/or must rely on the marketing entity to achieve the desired outcome of any given situation” (Cowles 1996 p. 276). But there are also suggestions of richness, of complexity, of social embeddness in a network of relations and interpersonal moral obligations. One such rich definition is provided by Hosmer, a moral philosopher, but also echoed in an eminently practical “how to” book on selling (Gordon 2000):

Trust is the reliance by one person, group or firm upon a voluntarily accepted duty on the part of another person, group or firm to recognize and protect the rights and interests of all others engaged in a joint endeavour or economic exchange.

(1995 p.392)

Yet the salient point to make is that trust is a theme, not a construct with a clear definition, or even one complex definition.

In practical terms, where there is trust in a relationship, in the light of vulnerability, lack of complete knowledge and in the expectation of moral obligations being part of the whole relationship, then it is easy to see that shared values will play a vital part of a relationship. Despite this, rather less detail has been researched into the exact nature of values. Many authors slip between values and value and marketing texts are noticeably more at ease in discussing value. Research that has been carried out into shared values has been cross-cultural (Kidder 1995) and the work of transposing this into smaller business transactions is waiting to be done. Nevertheless, sufficient work has been done to suggest that once shared values are considered as a research topic in their own right, then issues to do with culture surface.

Another contested area, culture has been defined as (Schein 1984)

the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems

(p.3)

The dynamic model of Hatch (1993) was drawn for organisational culture, but has been applied to interorganisational relations (Halliday and Cawley 2000) and clearly has a contribution to make to the issue of shared values in relationships. (see exhibit 1 below).

Exhibit 1: The Cultural Dynamics Model
In discussing values, then the interior life of the consumer comes centre-stage. And this paper takes the somewhat postmodern perspective that the meaning of consumption is being constructed in the head of the consumer. Espoused values are just the more surface expression of the thought-life, which is complex and interrelated, as the Hatch model demonstrates. The dynamics of the setting make researching this topic somewhat challenging. Yet this very interiority of shared values is what gives it potency as a source of custom for the entrepreneurial SME.

This culturally constituted world “is the world of everyday experiences in which the phenomenal world presents itself to the individual’s senses fully shaped and constituted by the beliefs and assumptions of his/her culture” (McCracken 1986 p.72). Yet this meaning is never fixed – rather it is fluid. McCracken discusses the somewhat impersonal process of flux of location of meaning (see exhibit 2); via both designed advertising and more spontaneous fashion trends meaning is transferred to goods. The owners then, via the rituals listed below transfer intangible meanings to themselves in their own identity creation and legitimisation in the act of consumption. In this study we apply this process to the more personal world of the SME. Can persons also, in a designed manner, and perhaps more spontaneously, like fashion, be instruments of meaning transfer?

Exhibit 2: Movement of Meaning
This paper discusses using this as a source of competitive advantage. McCracken sees goods as “both the creations and the creators of the culturally constituted world” (p.74). This paper is rooted in McCracken's concerns, which have indeed been the focus for a body of work since he lamented that lack of attention given to this topic. So, goods are a means for sharing values, as well as value. But from where does this meaning originate? As can be seen from exhibit 1, this is a circular argument. But the application of this idea made in this paper is drawn from a study into the role of ‘territory’ in selling goods from one locale. This is Bessière’s diagram of the interplay between tradition and modernity (1998; see Figure 3 below) within the culture economy (c.f. Ray 1998), into which so many owner-managed businesses fit.

Bessière’s particular application is to the heritage ‘industry’, but her question is applicable more widely and links to the heart of this paper: “With what criteria and values will the social group or actors create and re-create heritage?” (p.27). She even raises the question of the “‘relational essence’ of heritage” (p.28). We have here a useful figure to frame our thinking about relationships and shared values in entrepreneurial SMEs based themselves on espoused values. Although we wish to discuss inter-personal values, shared by known of or at least, knowable, persons (c.f. discussion points with which we conclude), rather than consider a somewhat one-sided "relationship" between a material object, such as "heritage" and those who value it.
To return again to exhibit 1, in any discussion of the cultural economy and of values that can be appealed can link back to the active verbs in that figure, which in this context can be interpreted as creating self-meaning such as identity. McCracken laments that in 1986 “the use of goods in the construction of the self and world should have suffered such prolonged and profound neglect” (p.80). Consumer studies have researched this topic since, but it is still somewhat neglected in the relationship marketing literature. It has tended to become inseparably linked to brands (Fournier 1998; Holt 2002; Muniz and O’Guinn 2001). The dynamism in the cultural transfer of meaning which can be harnessed by the entrepreneurial SME based itself on values, is modeled in exhibits 1-3, and the shared values elucidated can give the consumer the basis for the trusting relationship over time with the SME which will give the advantage initially gained through differentiation the desired sustainability. We wish to emphasise the personal and interpersonal elements of shared values - c.f. discussion pointers at the end of the paper.

Relevant Research Approach

The research approach will be that consumers have multiple identities and conflicting priorities and will explore the space available to encourage personal expression of values supportive of sustainability. Individuals in organisations and consumers share identities and sense-making as they work and play and purchase and the research will track these processes in organisations and individuals. Therefore this paper deliberately incorporates what has been described as post-modernity in marketing (Brown, 1995). Therefore the approach in this study is that consumers may be involved in hedonistic self-indulgence, a means to construct and portray individual identity and life-style, an instrument of constructing social relationships of belonging, love, status, etc. and as a form of ritual replacing religion (Gabriel and Lang, 1995). From the previous discussion into the creation of meaning, customers, owner managers and entrepreneurs “make sense” of their world (Brown, 1998; Marshall, 1994; Weick, 1995), it can be seen that a relevant research approach to this topic allies discourse analysis to a symbolic-interpretivist view of the organisation. Indeed, organisation has been defined as patterns of symbolic discourse (Meek, 1988). Facts are not clearly distinct from perception and interpretation is necessitated (Sayer, 1992) to understand what meaning the
researched attach to their behaviour (Silverman, 1993).

The search for meaning requires an interpretive approach.

Believing with Max Weber, that man is an animal suspended in webs of significance that he himself has spun, I take culture to be those webs, and the analysis of it to be therefore not an experimental science in search of law, but an interpretive one in search of meaning

(Geertz 1973 p.5).

Since organisation has been defined as patterns of symbolic discourse (Meek, 1988) and this research will record and interpret stories told (Boje, 1995; Boyce, 1995; Frances1995). To deal with this perspectival slant to the truth, discourse analysis is proposed as useful, although it is surprisingly underused in cultural marketing studies. It is drawn from the view that "powerful explanation can be given if the researcher looks at the organisation of discourse in relation to function and context" (Potter and Wetherell, 1987 p.54). The “answer” is not being uncovered by data collection and analysis, as Coffey and Atkinson acknowledge:

We do not believe that the relationship between accounts and the realities they describe could ever be that transparent. On the contrary, we have to recognize that accounts necessarily shape those realities. This is the principle known as the reflexivity of accounts.

(1996 p.103)

This reflexive approach to qualitative marketing research has already been proposed in a theoretical paper on marketing research (Halliday, 1999).

The aim will be to get a discussion and ask groups of consumers for stories of change in their lives, in the lives of friends and family. For the research process is cognitive and social simultaneously and individuals and their interrelationships are indistinguishable (Berger and Luckmann, 1967; Hatch, 1993). The data will be searched for light it can shine in the language of the respondents, upon those conceptualisations drawn from the present fund of scholarship as represented by the literature.

Discussion: Shared Values and Marketing Relationships for SMEs

This section of the paper considers the way in which shared values between buyer and seller may affect the process of starting, building and sustaining a marketing relationship between a SME and a customer. By “marketing relationship”, we refer to a commercial relationship characterised by a strong probability that further transactions between buyer and seller will occur in future. The framework we propose is intended to be evaluated as being general, in the sense that it will apply to some degree to B2B as well as to B2C relationships; to any point on the continuum between mainly-product and mainly-service offerings; to high- as well as low-involvement purchase situations; and to SME:end-user relationships that are conducted through an intermediary, such as an independently-owned distribution channel. The effect of such an intermediary may be to constrain the extent of communications that can take place between the two parties, but we suggest that some information about possible shared values can be effectively transmitted. In the Waitrose chain of supermarkets, for example, the retailer deliberately identifies the individual producer of some of its fruit and vegetable products.
It may be useful to explore the general means through which one party in a marketing relationship (or prospective relationship) comes to perceive that values may be shared by the two parties. We suggest that there are two main approaches: firstly, by the identification by one party of attributes in the other that are trust-promoting. Obvious examples include those of kinship and membership of the same organisations, in which dishonourable behaviour might be seen as courting the risk of disapproval or exclusion. There may, however, be other, perhaps less powerful signs of likely empathy, such as marketing or other statements made by the other party, or affiliation to organisations that champion the values in question. Smaller food producers, for example, may seek and then display formal certification of their organic production methods, or group together in trade associations that may provide an extra guarantee of special quality. At a larger scale, corporate producers may seek to communicate shared values through affinity marketing.

Alternatively, one may come to perceive that values are shared between oneself and a possible commercial partner about whom one knows very little by observing the behaviour of the other party in transactions up to that date. The judgement that the other party seems to behave in a trust-respecting way and can therefore be expected to acknowledge the influence of Axelrod’s (1990) “shadow of the future” (i.e. the potential loss of future benefits as a result of defecting, rather than co-operating) may be enough to persuade us to extend our trust for the first time. In the case of SMEs, the identification of a single trusted individual by the customer is likely to reinforce and speed up this process (by comparison, for example, with the more anonymous service provided by a call centre to incoming enquiries).

How might shared values affect the marketing relationships in question? Where perceived risks are low, then a feeling that values are shared may on its own be enough to affect the development of a longer-term commercial relationship because we may wish the other to succeed. We may therefore be prepared to forgo some possible benefits from other relationships (e.g. in terms of lower prices) in order to lend our support to the commercial partner whose aims we support. Some of the success of the Body Shop chain during its growth phase might have been explained in this way, for example. In terms of SMEs, much of the rapid growth of farmers’ markets may be due to customers’ satisfaction with the distinctive quality of the products on sale. However, some customers may also approve of the general opportunity to build a closer link with actual producers, which may provide an additional reason for supporting these markets.

Where risks are higher, such that one or both parties will suffer significant penalties from placing trust unwisely, then shared values may influence decisions in a different way. Our general suggestion is that a perception on the part of one or both parties to the relationship that both parties have the same values will make the following consequences more likely. Firstly, perceiving that values are shared between oneself and another gives the impression that we will more reliably be able to anticipate the mental state of the other in given circumstances (i.e. by considering our own reaction to those same circumstances and being able to empathise with some confidence). This may involve a sense of confidence that we can imagine the other’s view of the benefits and risks of a given situation, together with the evaluation that the other would place on those outcomes. For this reason, we may (rightly or wrongly) feel better able to predict the likely actions of the other, which in turn will help us decide how to act ourselves. Secondly, in the case of a developing commercial relationship, the speed of development of such a relationship will depend in part on the extent to which each party feels able to place trust in the other (for example, in respect of future actions promised by the other). If trust is successfully bestowed (i.e. such that promised actions do,
in fact take place), then the process will be self-reinforcing. In such cases, where there are expected benefits of extending trust further, then that deepening of trust is more likely to be attempted. However, akin to Type 1 and Type 2 errors in statistics, errors of judgement may be made in either direction: bestowing trust unwisely, or failing to bestow trust in cases where it would have been honoured and thereby forgoing the benefits of successfully trusting. The perception of shared values, therefore, may play a role in the development and maintenance of trust by providing a firmer basis for deciding to bestow (or reaffirm) trust.

Considering the different stages of a marketing relationship, how might the perception of shared values by one or both parties influence behaviour and thus the development of the relationship? For the sake of simplicity in this illustration, we adopt a linear and sequential model, without arguing that all marketing relationships must follow this trajectory. The stages of development in this model are as follows (see Exhibit 4):

1. **Becoming aware** of the other party as a potential member of an intended marketing relationship
2. Collecting and evaluating information to *assess and confirm the suitability* of this potential partner
3. **Initiating** the marketing relationship, by agreeing to one or more transactions, and evaluating the outcomes of these transactions
4. **Broadening and deepening** the relationship, as a result of satisfaction with early encounters
5. **Maintaining** the relationship over an extended period of time
6. **Terminating** the relationship, when for some reason the expected costs exceed the expected benefits

We now discuss these stages in turn, considering the possible influence that shared values may have.

**Exhibit 4: Shared Values and Relationships**

![Diagram of Shared Values and Relationships]

**Becoming Aware**

The apparent existence of shared values between two potential partners may increase the
likelihood of them becoming aware of each other (or one of the other) in several ways. For example, the shared values may cause them to be co-located in the first place, either geographically (for example, at a farmers’ market), or in the same media space (such as a specialist magazine), thus increasing the likelihood that they will encounter each other. Also, shared values may be evident in the way in which each potential partner identifies themselves and in the initial information that they provide about themselves. Shared values may also be evident in the reputation that one or both partners bring with them into the potential transaction space (see above). This may be a generally-known reputation or one that is conferred by word of mouth (itself a route that may well be associated with shared values).

Assess and Confirm Suitability

Once initial approaches have been made, both parties have the opportunity to find out more about each other. Shared values may become evident in the nature of the enquiries and in the responses given. Other information of a non-commercial nature may also be volunteered or become evident, reinforcing the impression. At the same time, a growing perception of shared values may cause the effective relative devaluing of the claims of other potential partners, if they are unable to create the same intuitive confidence.

Initiating the Marketing Relationship

The perception by one party of shared values will be likely to increase the confidence with which that party will initiate the relationship, but it may well also help in the evaluation of the first few interactions. Following Morgan and Hunt’s (1994) model, any initial difficulties may be resolved by positive negotiations and tolerance.

Broadening and Deepening

In ways that have been widely discussed (see, for example, Doyle (2000)), the relationship, once successfully initiated may grow broader and deeper, bringing benefits to both parties that may extend beyond the aggregate value of the repeated initial transactions. Shared values may help both parties to perceive possible extensions to the relationship, to propose those extensions and to accept such proposals. Actual co-operation is likely to be easier and more successful between two partners who have the kind of respect for each other that may come with shared values. Communications between the two parties are made easier and clearer by shared values and it also seems likely that a sense of shared values will make the Morgan and Hunt (1994) response of acquiescence more likely, should difficulties crop up. Again, from a SME point of view, the necessarily personal nature of the developing relationship is very likely to reinforce this process. Customers may learn to trust a corporate brand, but the potential for trust building (or its reverse, of course) is much greater when the richness and depth of communication between two people is the main form of interaction. This seems likely to be even more so for mainly-service offerings than mainly-product offerings, because of the inseparability between production and consumption of many services.

Maintaining

The extent of the relationship may not carry on expanding for ever and – unlike the ‘dead shark’ of Woody Allen’s relationship in the film ‘Annie Hall’ – it may continue at a broadly
constant level for some time. The perception of shared values, by now underpinned by extensive practical experience of transacting with each other, will help the two parties to continue to benefit from each other.

**Terminating**

All marketing relationships are likely to reach the end of their natural lives at some point, when one or both parties feel that the likely benefits of remaining in the relationship are exceeded by the likely costs. Expectations will tend to rise over time. For expectations and perceptions blend into performance evaluation which then create the next set of expectations (Parasuraman, Zeithaml and Berry, 1985, 1988; Cronin and Taylor, 1992, 1994; Boulding, Kalra, Staelin and Zeithaml, 1993; Szmigin, 1993). Shared values may help to postpone such a termination by reducing the risk of wrongly terminating the relationship prematurely, in that information about the relationship and forecasts of future actions by either party are likely to be sympathetically, rather than cynically evaluated.

**CONCLUSION AND AREAS FOR FURTHER RESEARCH**

A later primary data collection design is proposed, which would investigate empirically the question: How might shared values (SVs) assist the development of a (small)B2C relationship? It is anticipated that marketing channels, often controlled by larger organisations, will play a part in the communication of potential SVs between producers and consumers. The research will consider the possible interplay between the perceived values of the smaller and larger organisations in the mind of the consumer: on the one hand, the larger business can add a great deal of communicative power to the message, but on the other, the values of the intermediary may be seen by some as negating the values of the producer.

At this stage in the project, we are also conscious of the need to specify more precisely the nature of the shared values whose effects we outline here. At a general level, for example, a customer who chooses a distinctive pair of Nike trainers may share the values that have been created by the supplier around the Nike brand image (e.g. of athletic competition and success). We suggest, however, that this type of shared value, while it may originally have related to a personal appeal by one of the founders, or may currently be associated with one of the athletes sponsored by the firm, is not the same as the shared values that may permeate the relationship of a SME with some of its customers. This distinction, while perhaps intuitively obvious, is more difficult to specify satisfactorily. It is not wholly to do with the size of the seller, for example: some organisations have successfully retained empathy with their customers long after outgrowing the SME category. It is also not due to the fact that the values associated with a large global brand are impersonal, rather than based in a customer’s perception of the values of the person who is selling. For example, the attraction for some of the various Virgin businesses seems to be based in part on a personal appeal by the founder, but one that has for some time been in part professionally ‘packaged’ and presented. Neither can it be said that shared values between SMEs and their customers are necessarily concrete (e.g. based upon the observed behaviour of an actual individual), rather than abstract: smaller suppliers may make effective use of collective badges such as Fairtrade to communicate their values. Furthermore, the values shared by a SME and its customers need not be connected to entrepreneurialism (as evidenced by specialist food producers whose businesses may date back several generation), or necessarily in tradition, as opposed to modernity.
This seems to indicate that the shared values whose influence we have explored in this paper may be diverse in content: as diverse, in fact, as the individuals who are perceived by customers to share them. The distinctiveness of the values shared between a SME and some of its customers lies not in the nature of the values, but in the nature of the relationship within which they are shared. Very tentatively, we suggest that the distinguishing quality is that of the possibility of a personal relationship between seller and buyer. Where a personal relationship with the vendor either exists or is in principle conceivable, then shared values can potentially play an important role in forming and maintaining a marketing relationship. Where such a relationship is not conceivable, then shared values may still play a part in a marketing relationship between buyer and seller, but in a different and less personal way. This distinction suggests one question of particular interest: that of the factors that affect source credibility in the communication of shared values for SMEs.

**REFERENCE**


Halliday, Sue Vaux (1999). 'I don't know much about art, but I know what I like': Resonance, relevance and illumination as assessment criteria for marketing research and scholarship. Marketing Intelligence and Planning, Special Millennial Issue, 17(7), 354-362.


