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## **ANALYZING BUSINESS RELATIONSHIPS AND DISTINGUISHING DIFFERENT INTERACTION LEVELS**

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# **ANALYZING BUSINESS RELATIONSHIPS AND DISTINGUISHING DIFFERENT INTERACTION LEVELS**

## *Abstract*

Over the years there have been a large number of attempts to understand relationships in industrial markets. However, even if relationships are built up on the basis of series of interactions, these studies have not offered systematic categorization of different types of relationship interactions. The present article proposes a refined conceptualization for identifying different types of relationship interaction units labeled interaction levels, ranging from a single exchange to a relationship portfolio. Compared to the current use of two interaction levels in relationship studies, the proposed conceptualization allows a more elaborate analysis of single relationships and better comparisons of different relationships.

*Key words:* business relationship, interaction levels, relationship dynamics, process, outcome

## INTRODUCTION

Rather than constantly search for new counterparts, several studies [cf. Anderson, Håkansson and Johanson 1994; Dabholkar, Johnston and Cathey 1994; Wilkinson and Young 1995; Wilson and Jantrania 1995] have found that industrial firms prefer to deal with known counterparts. This recognition has led to a growing interest in relationships in marketing literature, which has resulted in increasing attention being paid to the relational aspects of business in contrast to the previous emphasis on short-term aspects. A number of researchers [cf. Dwyer, Schurr and Oh 1987; Grönroos 1994; Gummesson 1994] have argued that a paradigm shift is taking place among researchers and practitioners.

Due to the growing interest in the last two decades a large number of studies have contributed to our understanding of inter-firm relationships in business markets. Since the 70s the interaction/network approach of the IMP (Industrial, alternatively International, Marketing and Purchasing) group has produced a vast number of studies which have focused on relationships rather than on individual firms or products [e.g. Håkansson 1982; Ford 1990; Axelsson and Easton 1992; Håkansson and Snehota 1993; Möller and Wilson 1995]. Different conceptual models have been developed and empirical studies have been conducted to provide an understanding of the nature of relationships and their antecedents and consequences. These studies have illuminated relationship-related concepts such as inter-dependence, closeness, trust, mutuality, commitment, adaptations, and investment. The IMP group has not only captured and described relationships by offering theoretical models but has also examined relationships in various empirical settings. The focus of these empirical studies has

often been on fairly long-term relationships dominated by manufacturing and technological developments. Different methodological designs such as case studies and surveys have been used, and both qualitative and quantitative data have been collected and analyzed.

Even though the definitions of a relationship in these studies may differ slightly, they tend to share the assumption that a business relationship is based on *repeated* interactions between two counterparts. However, both conceptual and empirical studies seem to highlight one particular issue: the general difficulty of studying dynamic phenomena. Relationships are dynamic because they evolve and change over time, and sometimes they may cover a very long time span, even many decades.

What thus makes the study of business relationships a challenging research area is the multifaceted character of the relationships: the temporal dimension and the complex structure of relationships. Time is an inherent feature of a relationship and consequently time is a significant aspect when conceptualizing and empirically studying relationships. In addition, the study of relationships is further complicated by complex interactions that cover a wide range of functions and activities in the firms. It has been repeatedly noted that current models and analytical tools seem inadequate for capturing dynamic and complex phenomena [Liljegren 1988; Pettigrew 1992; Van de Ven 1992; Halinen 1994].

The aim of this article is to present an analytical conceptualization for identifying interaction levels which take into account the interconnectedness and dynamics of

interactions in business relationships. The contents of interaction levels are described in terms of processes and outcomes, each of which reflects two inherently different interaction types in a relationship. This conceptualization is used to illustrate the dynamics of relationship quality in business relationships. It allows for more detailed descriptions of interactions and thus of business relationships than the current commonly used division into short-term episodes and long-term relationships. It should therefore be of use to both researchers and managers who are interested in understanding the nature of relationships. Several suggestions are outlined for the application of the conceptualization in conceptual and empirical studies.

#### DESCRIBING THE CONTENTS OF A RELATIONSHIP

The traditional approach to studying business activities has focused on the types of product, whereby attention is directed to activities performed inside the firm. From a relationship perspective, in contrast, the focus is turned to two connected counterparts that interact and perform interdependent activities. The contents of relationships are thus seen to consist of interactions, activities, and activity links, but as Håkansson and Snehota [1993:53] observe: ‘The activity dimension is not easy to treat analytically.’ They [Håkansson and Snehota 1993:52] further note that the analysis of activities in a relationship is difficult because there is no given unit of activity that is analytically meaningful. The delimitation of activity sequences is considered to be not only difficult but also arbitrary, in particular when the relationship is complex. In a business relationship study this becomes especially complicated because activities are connected to those of other firms, and it may be difficult to distinguish between internal and external activities.

Compared to the activity conceptualization described above, the service management approach offers a different perspective on the notion of relationships. Traditionally, in this approach the emphasis has been on in-depth understanding of service encounters between a service firm and its customers. In the endeavor to study encounters, many different methods and tools, both quantitative and qualitative, have been constructed to provide detailed information on how end-consumers perceive the seller and the offer. Lately, however, attention has begun to shift from studying individual encounters towards understanding repeated encounters between two counterparts, i.e. toward studying relationships. However, so far only a limited number of mainly theoretical models of the nature of service relationships have been developed [Storbacka 1994; Liljander and Strandvik 1995].

Even if the interaction/network approach and the service management approach study relationships in different contexts and from different perspectives, they share the view that relationships evolve and develop as a sequence of interactions that take place between two counterparts. The interaction/network approach regards relationships as the result and the means for firms to work with other firms and to operate in a network setting. Service management, in comparison, is focused on studying individual encounters and seeing relationships through each counterpart's experience of individual encounters.

The present article uses and combines both approaches and structures interactions on the basis of their interconnectedness. It proposes a model for identifying and configuring

meaningful categories of interactions in business relationships on different hierarchical levels. The interconnectedness of interactions makes it purposeful to group them into natural entities on different hierarchical levels. A stream of interactions forms a natural entity when it is perceived and assessed as a unit by the counterparts in the relationship. Although this type of categorization has not previously been applied to business relationships, it is similar to the configuration of encounters in the service management literature [Storbacka 1994; Liljander and Strandvik 1995; Stauss and Weinlich 1995; Strandvik and Storbacka 1996]. This type of classification of interactions in relationships provides an analytically meaningful framework for revealing what is inside and immediately outside a business relationship. The proposed conceptualization is based on a broad review of interaction/network and service management literature as well as on an extensive empirical case study [Holmlund 1997]. Despite being originally developed for studying quality issues, the conceptualization should be applicable to a great variety of studies of relationships in networks.

#### Levels of relationship interactions

In the interaction/network approach, the interaction processes, i.e. the relationship between a buying and a selling firm, comprise both short-term and long-term aspects [Håkansson 1982:14-20, 289; Möller and Wilson 1995:26-27]. The interaction model [Håkansson 1982:24] identifies four groups of variables that describe and influence the interaction between selling and buying firms: the participants in the process, the elements and processes of interaction, the environment, and the atmosphere. Short-term aspects of a relationship are labeled episodes, referring to single exchanges of goods or services, of technical, economic or organizational information, of financial issues, or of



social contacts. The episodes constitute both actions and outcomes of actions performed by the firms or their representatives, e.g. a technical discussion, a delivery, or a phone call. Longer-term processes in a relationship embrace adaptation of exchange elements or processes as well as the institutionalization of roles and responsibilities. These processes may result in a modified product or information routine, or alternatively a decision, rule, or procedure to control the exchanges and to evaluate results.

In interaction/network studies the traditional use of two aggregation levels of interaction, i.e. short-term episodes and long-term processes, provides only a limited analytical depth when applied to describing the contents of relationships on different aggregation levels within a particular relationship or to capturing different structures in different types of relationships. In order to offer deeper analytical descriptions of business relationships, an extended number of aggregation levels of interaction needs to be constructed. This article proposes a novel categorization of aggregation levels of interaction, which is illustrated in Figure 1. In this categorization, interactions are categorized into five types of relationship interactions that are on five different aggregation levels, namely *action*, *episode*, *sequence*, *relationship*, and *partner base*.

**“insert figure 1 about here”**

The levels are hierarchical and range from a single individual exchange that takes place within a relationship to the portfolio of relationships of one particular firm. These interaction levels represent different level of analysis of relationship interactions. In the figure the focal interaction level is the relationship, denoted Relationship A, which has

been opened up with two sequences. These are labeled Sequences A 1 and A 2 to show that they are part of Relationship A. Episodes and actions on a lower level of analysis have corresponding numbers based on how they are elements in higher-level interaction units. For instance, Action A 2.4.1 means that the particular exchange is part of the fourth episode in the second sequence in Relationship A.

The lowest level, and thus the most detailed type of interaction, comprises *action*, which consists of individual initiatives by the firms, such as a phone call or a plant visit. Actions may concern any kind of exchange element, and thus relate to products, information, money or social contacts. Individual actions are connected to other actions and may be analyzed accordingly. Interrelated actions can therefore be grouped into interactions on a higher aggregation level, which corresponds to episodes as defined in the interaction model.

*Episodes* are defined as several interconnected actions and represent a minor natural entity on the next hierarchical level within the relationship. As illustrated in the figure, different hierarchical levels refer to the different unit size of interaction, which implies that the span of a higher-level unit is more extensive covering a longer time period than a unit on a lower level. An episode, which, for instance, could be a negotiation process or a shipment process, consists of a number of actions, i.e. lower-level interactions, which are the individual meetings and initiatives as elements of the specific business process. A negotiation may comprise a series of visits to the counterpart's facilities, informal meetings and discussions, and an occasion when the contract is signed, etc. A delivery, again, may include such actions as the placing of a telephone order,

assembling and packaging the products, transporting the products, unpacking the products, making a complaint and responding to it, sending and paying an invoice. Distinguishing these by having different units of analysis is needed as people evaluate individual meetings, i.e. actions, but also the entire negotiation round without specifying the individual meetings and visits that were part of it.

Interrelated episodes can in turn be correspondingly grouped into a *sequence*, which forms a still larger and more extensive entity on a higher interaction level. This level corresponds to the concept of assignment in Halinen's [1994] study of advertising and may be defined in terms of a time period, a product, a campaign or a project or a combination of these, which determine the boundaries for analysis. This implies that the analysis of the sequence may contain all kinds of interactions pertaining to a particular project that was carried out. Sequences may naturally be overlapping in the sense that a firm may have several simultaneous projects with one particular counterpart.

In the literature these entities of interactions as modules of a relationship have not been recognized, despite their importance from both a theoretical and an empirical point of view. The completion of a sequence constitutes a vulnerable period of time in a relationship, during which the parties make crucial evaluations. The evaluation may cause a potential termination of the relationship, since a sequence represents a time-framed commitment which is defined by the particular sequence. This definition of commitment is different from the common description of commitment, which refers to an indefinite period of time. Wilson and Mummalaneni [1986:51] have highlighted the fact that the assessment of outcomes is crucial, since it helps the firms to make decisions

regarding the upgrading or downgrading of their relationships. This outcome assessment followed by a vital decision seems to be logical when a sequence of interactions has been completed.

A *relationship* which constitutes the following interaction level refers to the level of analysis encompassing the entire relationship, i.e. one particular relationship between two particular counterparts. This level thus comprises all sequences, which in turn comprise all episodes, which in turn consist of all actions within a relationship. The nature of the overall relationship simultaneously affects the evaluations of the actions, episodes and sequences taking place within the relationship. Individual relationships with counterparts may have a substantial impact on the firm and its position in the network, since they constitute the arena as well as form the restrictions for the firm's business operations.

All the relationships of a particular firm at a particular point of time together constitute the *partner base* of that particular firm [cf. The term organization set, which refers to all organizations with which the focal firm has direct links, Aldrich and Whetten 1981:386]. The buyer relationships in the partner base correspond to the established concept of customer base in relationship marketing [Storbacka 1994; Strandvik and Storbacka 1996]. Another equivalent concept is customer portfolio, which originates in the interaction approach [Håkansson 1982:331, 386]. This interaction level is a natural and meaningful level of analysis following from broadening the interaction units from individual exchanges beyond the relationship to the immediate relationship context.

### Processes and outcomes in a relationship

The different interaction levels in business relationships can be further developed and refined into a process as well as an outcome aspect. Usually processes, and business processes in particular, are directed towards a purpose. The outcome aspect reflects the result of the process, and the process typically takes place before the outcome is realized. The relationship-interaction levels are linked to each other in the way that the process of a particular interaction unit consists of processes and their subsequent outcomes on lower levels. Compared to real-life business interactions, this categorization is obviously a presentational device made for analytical purposes. It is therefore apparent that one process may not always have merely one outcome but several outcomes or no clear outcome at all. In addition, real-life interactions do not follow one another as neatly as they do in the interaction-level figure nor do they always take place with a clear beginning and clear end. Interactions may be parallel to each other and take place simultaneously, and interactions can be sequentially inter-dependent so that they follow on each other and require a certain order of enactment [cf. discussion on transformation activity structure by Dubois 1994]. Since a relationship tends to be complex, describing its contents meaningfully cannot be done without simplifying reality focusing on certain aspects leaving others in the background. What makes this particular distinction significant is that it highlights obvious yet natural units of inherently different relationship interaction types which are processes and outcomes. Contrary to the common way of considering relationship processes, i.e., as continuous interactive processes, processes are in this conceptualization linked to and distinguished from outcomes and anchored on different aggregation levels.

In other words, despite the fact that the conceptualization simplifies reality, similar to all models on complex phenomena, its strength lies in elucidating fundamental and supplementary elements that can be used when analyzing relationships. The possibility of combining different levels of analysis by focusing on either process or outcome on each level results in a vast number of different ways of structuring one particular relationship. Each of the interaction levels can be used as the starting point for analysis. For instance, the focus could be on either processes or outcomes of micro-level interactions in daily contacts between the companies. A dual categorization of interactions into process and outcome aspects implies that every action can be seen as a micro-process which results in a micro-outcome: a visit results in the transfer of product specifications to the manufacturer's designer. The individual visit process in turn can be described by for example complexity and duration. This means that all individual contacts and initiatives such as visits and sales calls, short and simple ones as well as long complex ones, represent the smallest unit of interaction and would be assigned to the action type of interactions. Although not included in the concurrent interaction conceptualization intended for business researchers, it could be mentioned that for communication researchers it could be fruitful to go even further and analyze the micro-processes constituting a single visit or phone call and analyze them step-by-step from planning and setting up the meeting to the persons' leaving the meeting.

The counterparts can assess both the process aspect and the outcome of that particular visit. Moving one interaction level up, the process of an episode can be seen as a series of related actions: the episode's process comprises a number of micro-processes and micro-outcomes. The outcome of an episode is therefore on a higher hierarchical level,

and covers a longer time span than the outcomes of the embedded actions. In other words, several actions and their outcomes have to be realized in order for the outcome of an episode to become realized. For example, one episode may result in a set of contract terms, which has required several meetings and negotiations between several firm representatives, a vast number of visits, and many prototypes. Focus could also be on processes or outcomes of business interactions of a different episode kind yet on the same interaction level such as, for instance, the process of developing new products *or* the results of these endeavors. In comparison to the micro-level descriptions of each individual visit and negotiation (i.e. action), an episode analysis involves a time-wise more extensive interaction unit because it covers inter-linked visits and negotiations forming the episode.

Taking the line of reasoning further up the hierarchical interaction-level categorization so that processes and outcomes on a particular interaction level form the interaction process on the next level means that the processes and outcomes of a set of interconnected episodes constitute a sequence. The sequence can therefore be assessed correspondingly, i.e. either by focusing on the embedded process or on the outcome of the particular sequence.

The processes together with their outcomes in all the sequences represent the process aspect of the next interaction level, namely of the relationship, which, hence, comprises all processes and outcomes of the interactions between two particular parties. The outcome on the relationship level mirrors the two counterparts' overall view of the relationship and its future. Although seldom explicitly stated in the text, this is the level

of analysis most frequently found in relationship studies. This concerns for instance studies on trust in relationships, where relationship-internal antecedents and consequences of trust have been extensively researched. Thus, in line with the process/outcome distinction the focus is on, from a process perspective, long-term processes of how trust has developed within a specific relationship or alternately on, from an outcome perspective, how trust in a relationship is evaluated at a particular point in time.

When analyzing relationship interactions on the fifth and highest level, i.e. the partner-base level, the focus would similarly be on a set of relationships. The main methodological choice producing supplementary insights would yet again be between a process and an outcome perspective. This means that the focus could thus either be on the development or the status of the partner base. The relationships as a group in this case constitute the unit of analysis when scrutinizing relationship interactions. This interaction level is different from the previous levels in that it does not structure the contents of a single relationship. Instead the partner-base level analysis is similar to a business performance analysis since it may concern in what ways the company has changed and improved activities and processes over time with its partners and what these processes are able to generate.

#### Dynamics in business relationships

In service management studies, the notion of incidents traditionally refers to an episode when the customer interacts with the seller's contact persons, systems, or physical equipment. In contrast to routine incidents that pass by un-noticed, critical incidents are



labeled critical because they deviate from the normal and catch attention [Edvardsson 1992; Olsen 1992]. For example, a negative critical incident may result in the termination of a relationship and a positive critical incident may result in a stronger and deeper relationship. A critical incident may consist of individual actions but also of higher-level interactions.

In the interaction/network literature it is similarly noted that different interactions are interconnected [Håkansson 1982]. It has therefore been emphasized that by examining either only single episodes or only the overall character of a relationship an incomplete and partial picture is obtained. Thus, the literature points out that single episodes may change the relationship radically, and that even single failures may disrupt the whole relationship.

Even if it has been observed in both the service management and interaction/network literature that different interactions affect evaluations to a different extent, in conceptual and empirical studies on dynamics in relationships, all interactions tend to be assigned equal importance. The interaction-level conceptualization can capture the inherent dynamics of relationships since it allows different incident types to be distinguished. Relationship dynamics may be understood by studying differences in relationship quality which can be good, neutral and poor. Figure 2 below shows different quality evaluations (good, neutral and poor quality) on different interaction levels. Those interaction units considered as good or poor, i.e. critical incidents, are those that more likely than the neutral will have an affect on the relationship. The figure additionally shows how evaluations on different interaction levels impact each other.

**“insert figure 2 about here”**

The figure shows several issues pertaining to relationship dynamics. One issue concerns how lower-level evaluations are absorbed into higher hierarchical levels and simultaneously how the evaluations are reflected on subsequent interactions. Another issue concerns differing evaluations of interactions in a relationship. Figure 2 shows how the assessment of a particular episode is affected by not only how the individual actions of the episode are evaluated but also how the sequence, relationship and partner base are viewed. Arrows illustrate the sources of influence on the evaluation of an episode, in the figure depicted as the last episode of an on-going relationship. The quality assessments are not static in a relationship perspective, but may be under constant re-evaluation where evaluations of interactions on a particular level are not only affected by lower-level but also by higher-level interactions. The history and the future represent the context of the episode which affect how it is evaluated. Thus the sequence, relationship, and partner base represent on the one hand the history and on the other hand the anticipated future of the episode. Previous actions and episode evaluations have been absorbed into these higher-level evaluations. As for degree of influence, interactions that become critical incidents may be assumed to be greater than that of interactions that do not require extra attention.

Evaluations on both lower and higher interaction levels thus influence evaluations of interactions on a particular level, and this results in the dynamic nature of relationship quality. The illustration of different interaction level may be further refined to show

evaluations of processes and outcomes. This may be significant, because the evaluation of an outcome may differ from how the related process is perceived, and it may be a useful distinction for understanding how interaction levels influence each other.

Distinguishing between evaluations on different levels reveals differing evaluations within one particular relationship. This is illustrated in Figure 2 with an illustration of interactions that have been assessed as good, neutral, and poor. The figure for instance shows that even if the overall relationship is perceived as good, evaluations of sequences, episodes and actions within it are neutral and poor. In addition, even if quality on the relationship level would be poor, the relationship may have consisted of interactions that were considered good and neutral. The notion of critical and routine incidents are here be useful to reveal and understand differing evaluations in a relationship. Combined with the interaction-level conceptualization, the incident types based on quality evaluations can expose different driving forces of relationship dynamics.

#### IMPLICATIONS AND USE OF THE NEW CONCEPTUALIZATION

The present article argues that the current use of two interaction levels for describing business relationships, i.e. interactions between two firms, has insufficient analytical depth. In business-relationship studies one significant difficulty concerns the setting of boundaries for studying interactions, which is commonly done arbitrarily. This article has suggested that relationship interactions are grouped on the basis of their interconnectedness.

An implication of shifting interaction levels is a movement along organizational levels with regard to two issues: relationship insights and activity patterns. Traditionally in business relationship studies, CEOs and top management are used both in case studies and surveys as informants. This is reflected in the type of obtained information which is fairly general albeit relationship-specific information without too detailed insights into the whole range of different short-term interactive processes and outcomes making up the basis of the relationship. Lower-level relationship-significant individuals in the company, who could provide this information since they are involved in the daily contacts with other companies' representatives, are often left aside. What this means is that the obtained relationship information tends to represent the views of people who are significant for the relationship because they have the authority to make decisions concerning it. Still, despite being responsible for strategic issues, these individuals may, except for occasional strategically-oriented business meetings, have very limited first-hand information on what really is going on in the relationship on a daily basis and on how different activities are carried out.

Lower organizational-level individuals in contrast may know a great deal about these issues, although not about all activities or the relationship's future. Individuals who are involved in daily contacts thus tend to be able to provide deeper insights on a more narrow range of interactions. What this means is that middle managers may have mainly function-specific insights, which roughly correspond to episode-level information, while workers on the operational level would have primarily task-specific information, i.e. action-type specific information. Concerning relationship-specific issues, there may consequently be a trade-off between breadth and depth of insights, the scope on insights

becoming wider but more shallow and fragmented higher up in the organization. Obviously highly contingent on, for instance, relationship complexity, company size and structure along with communication flow inside and between the companies, there is thus an ambiguous parallel between hierarchical interaction levels and hierarchical organizational levels.

Another implication concerns how interaction levels are related to activity patterns in the relationship. Activities and activity links correspond to interactions and the interaction-level conceptualization therefore functions as a device for structuring activities. In fact, the justification for the interaction-level conceptualization stems from the fact that the counterparts in the relationship group activities into natural entities. It is fair to assume that, for the sake of business congeniality, this is done in relationships in fairly congruent and supplementing ways. Yet, it is not uncommon that different ways of interpreting the activities exist given that it is not a matter of how activities in fact are inter-linked but of how this is interpreted. This means that departmental boundaries and hierarchical levels in the companies play a secondary role delimiting the interaction units unless they are perceived to do so. The perceptions represent how the individuals view their reality and, therefore, affect decisions and shape subsequent activities.

Besides business activities, the relationship processes under scrutiny in many studies are of a 'purer' perceptual kind concerning typical perceptual concepts such as relationship trust and commitment. The interaction-level conceptualization is applicable to studying these as well. How the perceptions in reality are discovered is contingent on methodology, with access to informants and obtaining in-depth insights as two

significant issues. In other words, in contrast to what Håkansson and Snehota agree [1993:52] there *are* units of activities in a relationship that are analytically meaningful. Whether the interactions are company-internal or external and on what organizational level they are performed will have secondary roles, since the focus is on interactions significant to the relationship and how these are perceived. Setting the delimitations for activity patterns may be difficult, which is natural because of the complex nature of relationship, but it need not be arbitrary.

#### Using the conceptualization in business relationship studies

The new interaction-level conceptualization can be used for many issues in relationship research and next a number of these are highlighted. *Firstly, the conceptualization can be used as a refined tool for studying established relationship concepts.* Concepts such as, for instance, value, satisfaction, trust, bonds, and commitment in a relationship setting may be unfolded in novel ways, distinguishing and effectively describing the nature of the concepts as well as their antecedents and consequences. These concepts may not only be conceptualized but also empirically unfolded by focusing on different interaction levels in turn. For example, what are the most significant and most insignificant value-creating processes in a relationship, and what are the aspects differentiating these processes? Also equally interesting, through what processes does value decrease in a relationship? What differing kinds of value result from different processes taking place in the relationship? From a relationship perspective, what are the similarities and differences between value created in processes compared to that originating in results? These kinds of insights, offering a long-term and a process/outcome perspective on the relationship, would significantly increase our understanding of value which currently is studied from product, service or social-

interaction perspectives. As opposed to these as well as in line with the regularly called-for demand among researchers of dynamic phenomena in a relationship setting, the interaction-level conceptualization offers a tool for analysis able to capture not only parts of or the whole relationship but also its immediately surrounding relationships.

*Secondly, the conceptualization is useful for discovering and understanding new relationship concepts as well as for setting boundaries for analytical purposes.* This refers to exploratory types of studies expanding current knowledge, where the aim is to discover new aspects of relationships. The proposed conceptualization raises a number of new research issues which emerge when applying it to such a complex and multi-faceted research setting as business relationships which in addition shows great variation between different types of offerings at the core of the relationship. The conceptualization cannot only be used to reveal aspects of individual relationships but also used to characterize and compare different relationship types according to vital process types. Focusing on different natural units within a specific relationship sets aside the traditional product at the same time as it reveals processes. Thus, the interaction level concept can be used to distinguish these relationship processes and their interconnections. The level at which these are identified are several depending on whether the focus is on, for example, processes and outcomes during the entire 30-year old relationship from its beginning or concerns a specific period, such as the last 3 years of the relationship referring to a time period inherently different from the previous years of the relationship. In addition, focusing on interactions related to certain aspects of the relationship such as financial issues, value creating, or social aspects can produce a more detailed analysis. What makes this approach different from traditional current

approaches is that it reveals valid and meaningful interaction patterns between the companies. Instead of being product- and seller-oriented, these sets of interactions are connected to functions and processes regarded vital in the relationship. This may be useful and potentially innovation-inspiring because the first issue refers to discovering what these processes may be in a relationship. Another issue following from this is to what extent the companies having the relationships view the processes in the same way. Despite the fact that it can be regarded as a significant issue from a managerial point of view, there are quite few dyadic business studies matching the views of both parties and exploring antecedents and the consequences of this. This concerns both conceptual and empirical studies.

*Thirdly, the conceptualization is not only useful for relationship constructing purposes but also for empirical purposes.* One challenging task when studying business relationships is the structuring and organizing of extensive data, both before and after the data collection and generation. This concerns both quantitative and qualitative studies. For quantitative studies, the proposed conceptualization may be useful because it unfolds the contents of an entire specific relationship, i.e. relationship processes of different scope. It thereby offers opportunities for setting boundaries and determining relationship-oriented and process-oriented questions to be included. The interaction-level conceptualization can be used to determine their level of detail. This context can then be used to discuss what aspects of the relationship have been included and excluded, respectively. In addition to this, analyzing and categorizing the results in line with different interaction categories with a different time scope may be fruitful. In qualitative studies, and especially when vast amounts of qualitative data are generated,



the interaction-level conceptualization may be used to set boundaries for relationship aspects to be covered and also to create categories and sub-categories when interpreting the data. These categories can either be pre-determined or emerge during the empirical data generation. This allows a dense and comprehensive analysis of the entire relationship or its selected parts. The analysis produces understanding of the different processes and outcomes of the relationship, and different levels of detail in the analysis can be used in line with the proposed interaction-level conceptualization.

In sum, in contrast to the current two this article proposed the use of five levels for analyzing business relationships: actions, episodes, sequences, relationships, and partner base. These interaction types are hierarchical levels that range from a single individual exchange to the entire relationship portfolio of a firm. The different interaction levels were further developed and refined to comprise both a process and an outcome aspect. The dynamics of relationships were illustrated by using the proposed conceptualizations before outlining several implications for business relationship researchers.

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Figure 1: Five different aggregation levels of relationship interactions

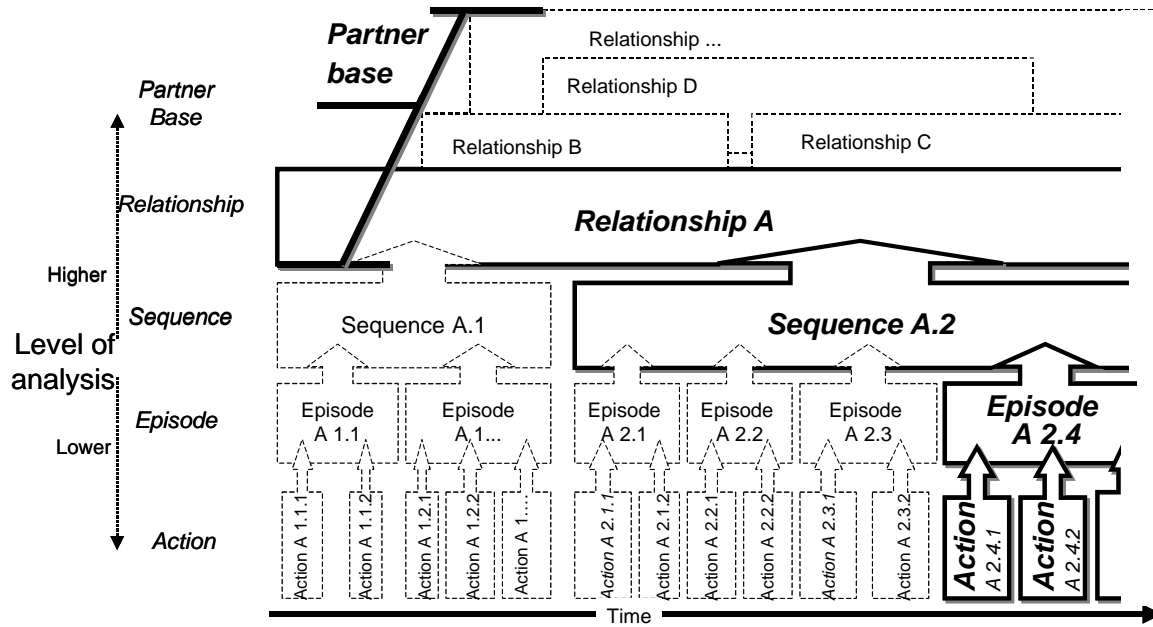


Figure 2: An example of influence on quality of one episode by quality on other interaction levels

