

2009-12-02

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Recommended Citation

Rose Leahy (2009) Differences in Exchange Situations in Fast Moving Consumer Goods' Markets, *Journal of Euromarketing*, 18:4, 203-218, DOI: 10.1080/10496480903364119

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Differences in Exchange Situations in Fast Moving Consumer Goods' Markets

Title: Differences in Exchange Situations in Fast Moving Consumer Goods' Markets

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Abstract: This paper explores the perceptions and the behaviour of consumers in Fast Moving Consumer Goods' (FMCG) markets, with the objective of determining the nature of exchange in these markets. Adopting a qualitative approach to the research, ten focus groups were conducted among Irish consumers in FMCG markets. Emerging from the research are four dominant exchange situations that exist in FMCG markets. These exchange situations are classified as *inconsistent transaction exchanges*, *distant committed exchanges*, *opportunistic interactive exchanges* and *reciprocal interactive exchanges*. The dominant conclusion of this paper is that marketing strategies appropriate to these exchange situations need to be developed, where the focus of the strategies is on developing and nurturing bonds as they develop between consumers and brands, and encouraging consumers to engage in interactive behaviour with companies where it emerges that it is appropriate to do so. It is concluded that the mass adoption of relationship marketing strategies should decrease, and that marketing strategies suited to the nature of exchange as it exists with consumers should be developed and appropriately targeted.

Key Words: Exchange Situations, Consumer Behaviour, FMCG, Relationship Marketing

Introduction

This paper explores differences in exchange situations as perceived by the consumer in mass consumer goods markets, focusing in particular on the fast moving consumer goods (FMCG) sector. Thinking in the literature regarding the nature of marketing is changing; the conventional 4P marketing model or managerial school of marketing appears for many to be losing relevance in today's marketplace. Where marketing was once concerned with developing, selling and delivering products to meet customers' needs, it is now characterised by the quest to develop and maintain mutually satisfying long-term relationships with customers (Buttle, 1996; Gronroos, 1999; Sheth and Parvatiyar, 2000). Essentially, there is a move away from transaction marketing towards relationship marketing. Relationship marketing, however, whilst gaining recognition and acceptance among academics and practitioners as a concept with much potential, has yet to acquire uncontested meaning and application both across and within different industries and avenues of research (Barnes, 1995; Buttle 1996; Earp *et al.* 1999; Pressey and Tzokas, 2006; Harker and Egan, 2006). It is proposed that if more is known regarding the consumers' perceptions of relationships, thinking and debate in the area could be refined. It is within this context that the paper is positioned.

This paper explores the nature of exchange in FMCG markets from the consumers' perspective to determine whether or not relationships exist in these markets and whether the nature of exchange in this marketplace might be relationship based or whether it might be something other than relationship based. 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: 298) and therein exists a lack research on the nature of exchange. This paper presents information based on data collected in the Irish marketplace. Much thinking on relationship marketing tends to be global with little thought given to cross cultural differences. However, it is probable that consumers in different geographical regions have different expectations of their exchanges with suppliers, and view relationships from difference perspectives. In presenting the Irish perspective, the paper paves the way for cross cultural comparisons and the development of either global or more localised marketing strategies.

Background to the study

Since the early 1990s the discourse of consumer marketing has radically altered and now reflects an emphasis on relationships, loyalty and customer retention, where once the transactional marketing mix management approach dominated. In this new marketplace, consumers are less inclined to maintain loyalties; they are seeking value from organisations and demanding that organisations provide a good reason for customers to deal with them. Increasing concerns about declining brand loyalty and thus the effectiveness of branding, in a market place where products are becoming increasingly commoditised and brand differentiation is losing its focus, led the drive towards relationship marketing, which according to its advocates promises an important competitive advantage (Kandampully and Duddy, 1999). The result of this was a greater emphasis on developing relationships with customers (Rown and Barnes, 1998). An explosion of research in the area through the 1990s resulted in a widening of the scope of

relationship marketing beyond the development of relationships with consumers to include relationships with multiple parties. Christopher *et al.* (1991); Morgan and Hunt (1994) and Gummesson (1994) in particular were instrumental in widening the scope of relationship marketing. Conceptualising relationship marketing in this way, Morgan and Hunt (1994) propose that all forms of relationship exchange are accommodated and they theorise that, in the presence of commitment and trust these relationships will flourish. Broadening the scope even further, numerous articles have begun to extend relationship exchange as a paradigm beyond its traditional domain of high value industrial goods and service industries, to the relatively low value, high volume goods sold to private consumers (Palmer, 1996). The pervasiveness of this relationship approach has led Petrof (1997) to comment that it appears that relationship marketing has become the accepted orthodoxy in mass consumer markets.

However, because the relative resources, power bases and interests of both parties in a business–consumer situation vary considerably, some authors have questioned the suitability of a relationship approach in mass consumer markets (for example, Barnes, 2001; Dowling, 2002). In this context, it was argued that attempts to encourage relationship activity in mass consumer markets were inappropriate because of the size of these markets, the nature of competition, the anonymity of customers and the limited interaction between consumer and organisation. Accepting that exchanges in consumer markets are largely distant and impersonal and given the characteristics and limitations posed by consumer markets when adopting a relationship approach, it was proposed that technology rather than people could facilitate interactions between companies and

consumers and consequent relationship development (Dwyer *et al.* 1987; Coviello *et al.* 1997). This proposition and technological advances captured the attention of marketers and academics as an approach that promises to deliver a significant competitive advantage and enabled recent developments such as one-to-one marketing and mass customisation.

As technology has become more widely available and as companies have recognised the value of tracking and understanding the behaviour of their customers, the use of databases has become accepted as a means of knowing more about customers and their purchase behaviour. The database has provided the means by which customers buying behaviour could be identified and tracked and their lifetime value calculated. Furthermore, it became possible to generate personalised communications and to identify specific opportunities for up-selling and cross-selling. These developments are heavily dependent on Customer Relationship Management (CRM), which uses technology enhanced customer interaction to shape appropriate marketing offers, designed to nurture ongoing company interaction with individual customers (Dibb *et al.* 2006).

Not everyone however is convinced of the suitability of these technological developments and their applications to the nature of exchange in FMCG markets. As Middleton Hughes (1998) describe, the problem with packaged goods is that exit is so easy. If, for example you don't like Ivory, you can buy any one of a dozen brands. Life is too short to spend it corresponding with the makers of the hundreds of products consumers purchase every year. As such, Dowling (2002) proposes that for FMCG

brands it is unlikely that relationship–marketing and database strategies will result in any significant changes in consumer purchasing patterns. In support of this contention, Rao and Perry (2002) consider that FMCG firms should not be as concerned with relationship marketing as for example service companies. They believe that the level of involvement is not sufficient in FMCG purchase situations to warrant relationship development. In this context, Palmer *et al.* (2000) propose that loyalty programmes might be of little relevance to companies who face homogenous markets and/or have a product which cannot be adapted to meet the needs of very small segments of the market.

Earp *et al.* (1999) argue that firm’s efforts to build relationships through increased use of databases are in fact contributing to an increase in customer promiscuity. The evidence as they see it, would suggest that such marketing efforts are failing to create exclusive relationships with customers, but are instead encouraging them to collect loyalty cards from a number of suppliers and so maximize their value and discount potential. The result is polygamous or divided loyalty. Much database activity results in market system participants that are subjected to no more than an expensive technology of alienative contact – the system is capable of little more than data driven reciprocal manipulation (Varey, 2002). What appears to be happening is that companies are building databases, collecting pertinent customer information and then using this information to direct appropriately targeted messages to them; an example of what Hogg *et al.* (1993: 508) refer to as “*what we do to customers*”. Furthermore, prospective customers and newly recruited customers who appear on the one database are often treated no differently from

seasoned customers (Varey, 2002). Indeed, it could be argued that new customers are often treated better than seasoned customers.

Developing this debate further, Fournier *et al.* (1998) believe that a close look suggests that relationships between companies and consumers are troubled at best. When people talk about their lives as consumers, they do not have praise for their so-called corporate partners. Instead, they discuss finding those partners confusing, stressful, insensitive and manipulative, in a marketplace where they feel trapped and victimised. Caught up in the enthusiasm for information gathering capabilities and for the potential opportunities that long-term engagements with customers hold, is it possible that marketers have forgotten that relationships take two, asks Fournier *et al.* (1998). Is it possible that marketers have not looked close enough to see that the consumer is not necessarily a willing participant in the relationship mission? There is a balance between giving and getting in a good relationship. But when companies ask their customers for friendship, loyalty and respect, too often they do not give those customers, friendship, loyalty and respect in return. In this context, Fournier and Yao, (1997) propose that it is with brands and not suppliers that consumers form relationships. They propose that powerful emotional attachments (bonds) can form when brands connect with customers in deep and significant ways. Fournier (1998) proposes that bonds can range in intensity from superficial to liking, friendly affection, passionate love and addictive obsession, and where these bonds exist the brand contributes to the customers' life in significant ways. According to Uncles *et al.* (2003), marketers must understand why bonds exist and attempt to nurture them to enhance the strength of the consumers' attitudes towards a brand and thus strengthen the

loyalty that exists. This work builds on that of Dick and Basu (1994) who argued that loyalty to a brand is determined by both relative attitude and relative patronage (i.e. behaviour). Thus, Fournier (1998) maintains that relationship inspired studies should examine the ways in which the brand, acting as an enlivened partner in the relationship, contributes to the initiation, maintenance and destruction of brand–customer relationship bonds. This is in contrast to those who suggest that relationships can be built between the suppliers of brands and their consumers.

Evidently then, there exists a lack of consensus and a lack of agreement regarding the nature of exchange in FMCG markets. This has resulted in lack of agreement regarding what are appropriate strategies in FMCG markets and this consequently has resulted in little direction for the marketer. This lack of agreement results primarily from a lack of understanding of consumers and their behaviour in FMCG markets. Without a clear understanding of the consumer, marketing strategies will remain uninformed. Many authors have drawn attention to this, for example, Barnes (1994), Varey (2002), Rao and Perry (2002) and Pressey and Tzokas (2006), but the lack of research conducted among consumers continues. Therefore, to truly understand the nature of exchange in FMCG markets and to inform marketing strategies therein, an in-depth analysis of the consumer and the nature of exchange in FMCG markets from the consumers' perspective is required. It can be argued that a limited understanding of the consumer and the exchange situations that exist, characterise mass consumer markets. It is still unknown if and when the customer is willing to interact with companies, and what it is the customer wants from their interactions with companies where interactions do occur. Further research on the

importance of the brand from the consumers' perspective would add to debate in the area. More research is needed to present the consumers' viewpoint. Many have argued that until the consumer plays a larger role in research conducted in the area, conceptual problems with the development of marketing theories in FMCG markets will continue unresolved.

This paper presents information in helping to bridge that gap by exploring the central issue of the nature of exchange in FMCG markets and presenting information on how the consumer acts in the marketplace and their expectations therein. The overall objective of the study is to establish from the consumers' perspective the types of exchange situations that exist in FMCG markets and the nature of those exchange situations. The paper presents important and timely insight on the consumers' perspective on exchange in FMCG markets and presents a critical viewpoint on the realities of the FMCG marketplace.

Methodology

Qualitative research methods are seen as particularly appropriate for the marketing domain. The fundamental reason is the need to understand phenomena surrounding marketing. In seeking understanding, qualitative research methods based on the ethos of an interpretive philosophy serve marketing management decision making better than many other research methods (Carson *et al.* 2001). Interpretive qualitative research

methods are valuable for in-depth understanding of phenomena in the marketing domain and provide flexibility and suitability therein.

To enable in-depth exploration of the dominant issues, focus group interviews were chosen for the current research. The objective of the focus groups in this study was to explore the perceptions and the behaviour of consumers in FMCG markets, thus enabling the nature of exchange to be determined. Selection for focus groups is purposive rather than random or convenience selection. In purposive selection, participants are selected for their suitability and ability to provide insights that are relevant to the particular study even though they are not necessarily representative of the population as a whole (Carson *et al.* 2001). Indeed, Stewart and Shamadasani (1998) are of the view that it is generally inappropriate to generalise far beyond the members of focus groups, thus the sample need only be a good approximation of the population of interest. Respondents for this study therefore, were recruited on the basis of pre-specified criteria in the form of a recruitment questionnaire, (See Appendix 1). Initially the recruitment questionnaire was given to friends, family and work colleagues who in turn circulated the questionnaire to others. This is characteristic of snowballing where one subject gives the name of another subject who in turn provides the name of a third and so on (Vogt, 1999).

As can be seen from Appendix 1, respondents were selected on their relevance to the study and their ability to discuss the research issue in terms of having experience with purchasing in FMCG markets. The researcher followed the advice of Siedman (1991: 45) and continued focus group interviewing until she felt “*enough*” respondents had been

surveyed. This saturation and sufficiency point was reached having conducted ten focus groups, at which point no new information was deemed to be forthcoming and the interviewer was at a stage where she could almost predict the respondents' answers.

Appendix 2 presents the demographic and socio-economic profiles of the focus group participants to the study. Some of the focus groups for this research were demographically homogeneous groups, where similar sex and similar age groups were recruited. This is to promote a positive and open atmosphere conducive to information sharing (Calder, 1977). This allowed for the creation of positive group dynamics in order to facilitate the emergence of a shared perspective, seen as particularly pertinent given the desire to understand consumers' attitudes towards relationship marketing in FMCG markets. It was, however, also decided to use a number of groups where the participants were heterogeneous to allow for more debate on the topics of interest. This enabled differences of opinion with regard to the subject matter to be debated upon by different types of respondents, allowing the researcher to gain a deeper understanding of the consumers' perspective. As is evident from Appendix 2, females form the majority of respondents. While it could be argued that there is a gender bias, this reflects the sampling process which was purposive and based on responses to the recruitment questionnaire where the majority of females indicated that they always do the grocery shopping for the household. Many of the male respondents to the questionnaire indicated that they only sometimes or never do the grocery shopping, preferring to pick up one or two necessities, perhaps on the way home from work, but rarely do a large grocery shop for the household.

Focus groups can be held almost anywhere, however, the venue should be one in which participants feel comfortable and at ease (Carson *et al.* 2001). The focus groups for this study were generally run in the home of the researcher, but in a number of cases were run in the homes of some of the participants. The sessions lasted on average 1.5 hours. In all circumstances it was believed that this was sufficient time to allow for discussion on all areas of interest that arose. In a number of situations the session lasted 2 hours, as the groups were particularly open to debate and discussion

When conducting focus groups a balance must be found between having too much structure, which prevents the participants' own ideas surfacing and not enough structure, allowing some participants to dominate and some research issues or topics to be ignored. The focus group researcher is best considered, not as an interviewer but as a catalyst for discussion to stimulate participants to respond (Carson *et al.* 2001). A loosely structured approach to the discussions for this study was followed (see Interview Guide Appendix 3). Prior to the focus group sessions and resulting from the theoretical framework, a number of topics were identified as important for discussion, however the discussion was not limited to these, as respondents also identified other topics as being significant. Accordingly the moderator sought to adjust and direct the flow of conversation to allow for respondents' thoughts on all topics relevant to exchange in FMCG markets to be addressed. Respondents were, therefore, encouraged to speak on any matter in relation to the topic that they felt was important. The sessions ended with informants contributing final thoughts and remarks and the researcher provided a brief summary of what had been discussed to ensure that interpretation of the discussion was correct.

All the group discussions were taped and full transcripts produced as soon as possible after the sessions. Each transcript typically ran between 5 and 10 single-spaced typed pages. There are many approaches prescribed for the analysis and interpretation of qualitative data, approaches, which are often difficult to articulate and make explicit (Jones, 1985). Initial reading of the transcripts focused upon evaluation of the main issues that arose, while subsequent readings focused on making sense of and seeking out points that were relevant and interesting to the debate. Areas where there appeared to be either consensus or divergence of opinion also emerged allowing for comparisons and convergence of ideas and points to surface. Guba (1978) refers to this as convergence and divergence, and Babbie (1998) refers to it as similarities and dissimilarities.

When analysing the data the researcher allowed for ideas, themes and concepts to emerge, rather than using a prior coding system which involves finding the data to fit with the prior codes (Denzin and Lincoln, 1998). 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 judgements about what is really significant in the data (Carson *et al.* 2001). The topics identified in the interview guide along with re-readings of the extant literature informed the coding process. Reviewing of the transcripts, involved attaching labels to “*chunks*” of data to enable objective and systematic counting and recording procedures (Carson *et al.* 2001: 127). Chunking the data involves decontextualising it (Tesch, 1990), therefore, tapes were listened to and transcripts read to ensure that the informants’ views were presented fairly

and truthfully. The following sections present the dominant findings which inform the research issue and which bring the consumers' perspective on exchange in FMCG markets to the fore.

Discussion of Findings

Synthesis of the information generated from the focus group data has revealed four distinct exchange situations where consumers act differently in the marketplace.

These exchange situations are classified as:

- Inconsistent Transaction Exchanges
- Distant Committed Exchanges
- Opportunistic Interactive Exchanges
- Reciprocal Interactive Exchanges

Understanding the nature of these exchange situations is essential to the development of appropriate marketing strategies.

Inconsistent transaction exchanges are typical of much of what happens in FMCG markets. Inconsistent transaction exchanges typically occur in purchase situations where consumers show very little or no loyalty, and who therefore shop around to avail of offers, without attachment to any particular brand. In the current research, it was found that where money is scarce, the purchase decision is made on the basis of the best price

available. As a result, the behaviour shown by consumers is inconsistent, thus switching between brands is common in response to price and promotional offers.

I am a firm believer in that they all do exactly the same thing and so price makes up my mind for me.

Male, 32, B

You know things like washing powder and that, I think they are all the same and I just buy whichever one is the cheapest. So if I am going to get one for half price with this particular voucher I'll get that this week, next week it will be whatever one is the cheapest.

Male, 28, B

Furthermore, many respondents indicated that they like choice and enjoy the shopping experience where they repeatedly try out new or different products. In these circumstances, consumers have little or no desire to engage in consistent behaviour.

No, I would always be watching around for what else is on offer so no, I wouldn't be committed for the long-term.

Female, 36, C1

I have trust in brands but not commitment. Commitment wouldn't be a word that I'd use. Yes, I buy a brand this week and probably next week but that doesn't mean that I'm committed to it; not commitment to the extent that I'd say I'll buy this brand into the future.

Female, 60, C2

This finding builds on the literature which suggests that for some consumers, transaction-based criteria are more important than relationship criteria (for example, Crosby *et al.* 1990; Moriarty *et al.* 1996; Szmigin and Bourne, 1998). As evidenced from the current

study, for these consumers the product offering and the best value are the most important considerations when making the purchase decision. The current research suggests that the opportunity does exist to encourage loyalty among these consumers, where their choice criteria are consistently satisfied. If successful in encouraging loyalty, these consumers might ideally move from engaging in *inconsistent transactions* to *distant committed exchanges*.

Distant committed exchanges occur where consumers show loyalty to a certain brand, a loyalty that can be present for either cognitive (rational) or emotional reasons.

I think the only way a company can create loyalty is to give value, to give a quality product at a reasonable price.

Female, 45, C1

I go with my likes more than anything else, as opposed to it being a particular brand as such. I go with what I like the best.

Female, 30, C1

I buy some brands because my Mum bought them and I grew up with them. I suppose a lot of it is nostalgic, where something reminds you of the past and the emotions surrounding that.

Female, 36, C1

I think tradition is one of the most important reasons for loyalty. I suppose it is familiarity and what you've grown up with.

Male, 32, B

In these situations however, consumers have no desire to engage in any interactive exchange behaviour with the company (for example, engage in reward programmes, loyalty programmes or interactive mailing).

I try products; if they suit I continue to buy those products. I don't need the company to contact me, I don't want the company to contact me, if the products suit I continue to buy them if they don't I won't.

Female, 45, C1

Consumers in these circumstances indicated that bonds develop where consumers hold positive attitudes towards a brand, and that over time the nature and strength of these bonds can deepen.

You can build a bond with a brand, you trust brands and I agree with the notion of a customer-brand bond because you have an image of what the brand is and that is important to you, and that is the reason you continue to buy the brand.

Female, 28, C1

Bonds such as satisfaction, contentment, trust and fulfilment were found to be important reasons for distant committed behaviour in FMCG markets.

I have used Flahavans oatmeal for years and I would be devastated if it was taken off the shelves for some reason. To me it signifies health and a good life, and I feel I need it in my life.

Female, 60, C2

I always buy Persil because I trust it and I think that it plays a big role in keeping my clothes perfect and, as such, my clothes are an extension of myself so for me the Persil brand is very important.

Female, 28, C1

I will drink no tea other than Barry's. Years ago when I lived abroad, both in the Isle of Man and in London I had Barry's sent over in the post to me, or when someone was coming to visit they would bring it. I never bought any other tea when I was living away.

Female, 36, C1

Where *distant committed exchanges* occur consumers are brand loyal and show commitment to brands through the consistent repurchase of those brands. Notwithstanding this loyalty however, these consumers have no desire to interact with the company and no evidence of an interactive relationship exists. In this regard, the nature of exchange is seen as being distant or at arm's length, where the consumer prefers to keep any interaction between them and the company to a minimum if it exists at all.

Sure how do they know you.....It's impossible to engender a personal touch in FMCG markets. Telling me I am a valued customer means nothing when it comes down to it. It's a waste of paper and if there are thousands of customers they shouldn't bother trying to communicate with customers, because they have nothing specific to the individual's needs to say and we don't want to hear from them. We will buy the products that we like, end of story.

Female, 38, C2

Analysis of this behaviour has traditionally been found in the literature where researchers have encouraged the use of advertising and brand management (for example, Aaker, 1996; De Chernatony and McDonald, 1998) to strengthen consumers' attitudes towards a brand. This research is important in directing attentions back to the necessity to develop loyalty among consumers, using traditional brand management approaches. Recent years have seen mass attempts at loyalty creation through the adoption of relationship marketing strategies. This research indicates that strategies focused on the development

of bonds which lead to loyalty should take precedence over strategies designed to encourage interactive behaviour, where consumers show no desire to engage in such behaviour. Given the loyalty that these consumers show, they are of great importance to the marketer and thus, appropriate strategies should be adopted to cultivate this loyalty.

Opportunistic interactive exchange describes situations where consumers who, similar to consumers in *inconsistent transaction exchange* situations have little or no loyalty, but in this situation will engage in interactive exchange behaviour with the company in order to attain some advantage. They are, typically, consumers who seek what they can gain from their interactions with companies and will often repeat purchase or engage in a reward programme or loyalty scheme to obtain some benefit. They do not wish to give anything in return for this behaviour by way of their time, effort or details and are primarily reward driven. Essentially, two types of consumers opportunistically engage with the company, those who are reward driven and those who are financially loyal.

Reward Driven consumers are those who interact with the company in order to obtain a benefit or reward for such interaction.

The only reason I would fill something out is for a chance to win something, and that is as long as I don't have to do too much work, if they just ask a small number of questions I will fill it out.

Male, 34, C2

This study proposes that if consistently provided with value these consumers are more likely to continue to interact with the marketer. In such instances, strong loyalties might

begin to develop as the beginnings of some bonding in the form of trust and commitment might arise.

Financially Loyal consumers are similar to reward driven consumers. They, however, interact with the company solely to receive financial rewards. In these circumstances, consumers can become loyal to the financial reward as opposed to the brand, which can result in more polygamous rather than monogamous consumers.

I would be financially loyal if you know what I mean.

Male, 32, B

I think it's to the coupon that people are becoming loyal and not to the brand.

Female, 40, B

Similar to reward driven, however, if these consumers consider that they are benefiting financially from interacting with the company, over and above the benefit from brand switching, they may continue to interact with that company which might result in brand loyalties if the brand continually satisfies their needs.

Reciprocal interactive exchange occurs where consumers who are brand loyal, express interest in interacting with the company. These consumers are willing to engage in interactive exchange behaviour with the company, to provide information, and to give of their time and effort to improve the nature of the interactions that exists between them and the company. The reason for this desire to interact is the loyalty that they have to the brand.

I was very loyal for years to Golden Olive, and they sent me vouchers and I collected tokens for a tree, which they sent me and is now thriving! I think it probably improved my loyalty to the brand because I liked the product and then I liked it even more the fact that I benefited from it.

Female, 60, C2

I'd be very happy if Ariel communicated with me, even if they just wrote to me and didn't send me vouchers or anything I'd be delighted. I mean I wouldn't mind being praised for using Ariel all my life.

Female, 44, C1

These consumers are similar to consumers in *distant committed exchange* situations, except that they have an interest in interacting with the company. In such circumstances positive interactions may strengthen the consumer commitment and create velvet handcuffs to bond the customer to the brand (Uncles *et al.* 2003). These customers expect to see evidence of the value of their interaction from the company and are willing to provide information to enhance that value.

For companies to encourage consumers to interact they must work to build trust and improve their position from the consumer's perspective. There must be a clear benefit to the consumer from interacting with the company, and the consumer must see that interaction of relevance to him/her. Consumers who interact with the company believe that they are in some way different to the mass market and thus, have a specific reason for interacting with the company. As such, any strategy designed to encourage interactions of this nature must create high value for the consumer, thus detailed knowledge of that consumer is essential. Such knowledge cannot be attained without the consumers' willingness to disclose information and to engage with the marketer.

Figure 1 illustrates this typology of exchange situations in FMCG market

Figure 1: Exchange Situations in FMCG Markets

Loyalty		
No	Yes	
Opportunistic Interactive Exchange	Reciprocal Interactive Exchange	Yes
Inconsistent Transaction Exchange	Distant Committed Exchange	No
		Interactive Exchange

These four typologies of exchange situations in the market are essential in providing direction for the development of appropriate marketing strategies. These typologies indicate many difficulties with the popular *mass* adoption of relationship marketing strategies in FMCG markets given the emergence of four distinct exchange behaviours in the market. Importantly however, it emerges from the research that loyalty can and does exist in these markets and it also emerges that in certain circumstances consumers do have an interest in interacting with marketers and thus require marketing strategies tailored to those interests.

The typologies of exchange situations identified indicate that strategies focused on the development of bonds between consumers and brands and/or the encouragement of consumer interaction with the company where appropriate, are fundamental to the development of a loyal set of customers. Where consumers have no interest in interacting with the marketer (*inconsistent transaction* and *distant committed exchange* situations), strategies predicted on nurturing the bonds that lead to loyalty take precedence. Additional strategies are required in this pursuit where consumers do have an interest in interacting with the marketer (*opportunistic interactive exchange* and *reciprocal interactive exchange* situations). The empirical evidence suggests that if the consumer perceives that they are benefiting in some way as a result of positive interactive exchanges with the marketer, they might respond with consistent purchase of a brand. Thus, in the encouragement of such consistent purchase behaviour, appropriate strategies are required. In these endeavours, satisfaction of customers' needs must take centrality. Strategies designed to encourage loyalty must be based on an understanding of the nature of the exchange situation and on the customers' needs.

These findings build on seminal work both in the areas of brand loyalty and relationship marketing (for example, Dick and Basu, 1994, Fournier, 1998, Gronroos, 1996; Dwyer et al 1987). It is evident from the findings that loyalty can exist for various reasons and it is also evident that consumers have different motives for engaging with marketers in different situations. Efforts to encourage consumers to interact with marketers should be adopted where appropriate indicating the opportunity for more collaboration in the areas of brand loyalty and relationship marketing. While it can be concluded from the research

that loyalty can exist independent of the need to interact and vice versa, both can also co-exist. Thus, where Fournier (1998) suggests the building of relationships between brands and consumers, this research indicates that consumer-company interactive exchanges might in certain situations assist in that endeavour. Further research should explore the existence or otherwise of relationships in such situations.

Conclusion

Much debate exists in the literature on the application and adoption of relationship marketing in mass consumer markets. This research is important in contributing to that debate by exploring the nature of exchange in FMCG markets and in so doing highlights the inappropriateness of the *mass* adoption of relationship marketing strategies in these markets. The research concludes that there is a necessity to replace many relationship strategies with alternative strategies more suited to the true nature of exchange in FMCG markets. It can be argued that the relationship dominant approach to marketing in these markets has been short-sighted and ill-conceived given the identification of exchange situations where relationships do not exist. It is proposed that the use of relationship rhetoric which dominates both literature and practice should decrease, followed by a refocusing of attentions on the true nature of exchange in FMCG markets given that the nature of many such exchange situations is not relationship based.

The identification of four dominant exchange situations in FMCG markets: *inconsistent transaction exchanges, distant committed exchanges, opportunistic interactive exchanges*

and *reciprocal interactive exchanges*, leads to the conclusion that marketing strategies appropriate to these exchange situations need to be developed. Where consumers have little or no interest in interacting with marketers but where evidence of loyalty and consumer bonding exists, marketers' attentions must focus on understanding the reasons why loyalty develops and the bonds that underlie and strengthen the loyalty that exists. In the development of those strategies, this research has identified that consumers who *are* willing to interact with the marketer merit attention in that context and offer opportunity for the effective utilisation of database and CRM technology. Where their needs are better satisfied by such interaction, the bonds that consumers have with the brand might be nurtured and they might become more loyal as a result. In this regard, marketing strategies designed to encourage and maintain interactions are essential in the pursuit of loyalty. Importantly it emerges from the research however, that such interactive behaviour should be customer driven rather than company driven, where the consumer indicates to the marketer their interest in interactive behaviour. This is an important finding, as it indicates that the marketer should afford the consumer the opportunity to express interest in interactive behaviour and should subsequently lead to the more efficient use of interactive technology and to a reduction in polygamous behaviour which has been encouraged by the mass adoption of technology enabled interactions. The focus of any such strategies should be the nurturing of bonds that exist between the consumer and the brand, where the consumers' needs are satisfied through effective interactions. The research has also found that there may be customers who are not loyal to a brand or have no bonds with a brand, but who for opportunistic reasons choose to engage in interactive exchanges with the marketer. In this context marketing

strategies designed to encourage interactive exchanges with these consumers might over time result in the development of brand-customer bonds. The encouragement of positive attitudes and positive behaviour therefore become central to the goal of these marketing strategies.

The focus of this research was the nature of exchange in FMCG markets and it identified certain situations where concepts associated with relationship marketing, such as database marketing might successfully be utilised, while expressing that the mass adoption of such strategies should decrease. The research findings indicate however that the wider debate on whether “relationships” actually exist in FMCG markets remains and as a result of these research findings merits further research. Do relationships as they exist in industrial and service markets exist in mass consumer markets? Do relationships as defined in the literature and/or by consumers and companies exist in mass consumer markets? Do cross cultural differences exist regarding relationship definition and understanding? This research was conducted among consumers in Ireland, and a further research agenda should focus on differences and similarities among cross cultural consumers on the nature of exchange in FMCG markets. While this research was important in providing direction for marketers on the utilisation of relationship marketing strategies in FMCG markets, further research is encouraged on the complementarity and substitutability of strategies designed to build relationships and/or designed to encourage interactive behaviour. This research agenda remains open and the marketing academy would benefit from debate on these issues.

Taken together, the research findings provide new and significant insight on the consumers' perspective to marketing in FMCG markets. The research provides an important viewpoint on the realities of the FMCG marketplace and the nature of exchange from the consumers' perspective. That consumer perspective indicates that the development of *bonds* and *interactive exchanges* are fundamental to satisfying customers' needs in FMCG markets, and consequently are essential in the quest for loyalty. These research findings are important in aligning theory with practice and they provide direction for marketers in the development of marketing strategies that are both conceptually and empirically thorough.

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Appendix 1: Recruitment Questionnaire

¹Name and Gender: _____

²Age: _____

³Marital Status: Single
 Married/Cohabiting
 Divorced/Separated
 Widowed

Number of Children living at home:

Age and Sex of children living at home:

⁴Do you do the grocery shopping for your household?

 Always
 Sometimes
 Never

¹ A spread of male and female respondents was sought for the research.

² A wide spread of respondents ranging from 20 years of age upwards were sought to participate in the focus groups.

³ Respondents from a variety of household types were sought for the research.

⁴ Respondents who do the grocery shopping on a frequent basis were sought for the research

Appendix 2: Demographic and Socio-Economic Profiles of Focus Group Participants

Focus Group 1: Male/Female, 25-30

Female, 25, C1
Male, 30, C1
Female, 26, C1
Female, 28, C1
Female, 29, C1
Female, 28, C1

Focus Group 2: Female, 50-65

Female, 60, C2
Female, 55, C2
Female, 52, C2
Female, 60, C2
Female, 58, C2
Female, 65, C2
Female, 50, C2

Focus Group 3: Male/Female, 25-35

Male, 28, B
Female, 30, C1
Female, 26, B
Male, 31, C1
Male, 33, B
Female, 30, C1
Female, 32, C1

Focus Group 4: Female, 25-65

Female, 65, C2
Female, 40, B
Female, 60, C2
Female, 30, C1
Female, 36, C1
Female, 28, C1
Female, 35, C2

Focus Group 5: Male/Female, 30-40

Female, 30, B
Male, 34, C2
Male, 32, B
Male, 36, C1
Female, 37, C1

Focus Group 6: Female, 50-65

Female, 65, C2
Female, 55, C2
Female, 65, C2
Female, 60, C2
Female, 62, C2
Female, 50, C1

Focus Group 7: Female, 35-45

Female, 40, B
Female, 42, C1
Female, 44, C1
Female, 38, C2
Female, 35, C1
Female, 40, C1

Focus Group 8: Male/Female, 25-35

Female, 30, C1
Female, 34, C1
Female, 28, C1
Male, 34, C2
Male, 32, B
Female, 29, C1

Focus Group 9: Female, 25-35

Female, 32, C1
Female, 30, C1
Female, 34, C1
Female, 28, C1
Female, 35, B

Focus Group 10: Male/Female, 25-45

Female, 32, C1
Female, 26, C1
Male, 27, C1
Female, 45, C1
Female, 40, C1
Female, 36, C1
Female, 30, C1

Appendix 3: Sample Focus Group Interview Guide:

Can you tell me about the kind of dealings or connections that you have with companies if any?

Do companies interact with you and if so how?

What do you think the reasons for these interactions are?

Can we have a discussion on what you think about this?

Do you interact with companies and if so why and how?

Can you tell me something about the impact these dealings have?

Can we have a discussion on any situations where you have had positive or negative dealings and interactions with companies?

Do you enjoy any interactions or dealings that you have with companies?

Can you tell me about any loyalty programmes etc. that you participate in?

What is the nature of these programmes?

How do you generally react to companies that try to communicate with you?

Are there situations where you develop a level of closeness, attachment or trust or commitment with a brand?

Are there brands that you buy more than others?

What kinds of things would encourage you to buy one brand over and above other brands?