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**SWP 2/97 TOWARDS A FRAMEWORK OF RELATIONSHIP
MARKETING: AN INITIAL CASE STUDY**

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ABSTRACT

The reshaping of organisations towards flatter, more responsive network forms and the rise of relationship marketing are related, not as cause and effect, but as part of the same phenomena. They are responses to environmental turbulence and the pursuit of a common goal - the creation of competitive advantage in a changing world. Whether organisational changes are overtly marketing driven or not, marketing's role within these new functionally disaggregated organisations is being transformed. There is now a growing consensus among marketing scholars that marketing's new remit extends well beyond the dyadic relationship between an organisation and its customers, though as yet there is little consensus beyond this point. There are however calls from academics and practitioners alike, for effective new frameworks which conceptualise the scope, properties and remit of relationship marketing at the organisational level.

While some writers have endeavored to provide such frameworks, drawing from anecdotal evidence and plausible theory borrowed from related fields, as yet these frameworks appear to be empirically untested.

The aim of this paper is to present a case study of Laura Ashley Holdings Plc, undertaken to assess of an existing, but empirically untested conceptual framework for relationship marketing. The case study represents the first or 'initial' case study, within a wider retroductive research strategy, undertaken in the Realist research tradition, using a multiple embedded case study research design. It was undertaken as part of an on-going doctoral research project, the aim of which is to develop an

empirically robust and theoretically grounded framework of relationship marketing at the organisational level. This paper describes in some detail the processes and methods used for data collection, analysis and verification stages of the case study. These are presented together with a summary of the findings and preliminary suggestions for the development of a new conceptual framework of relationship marketing.

INTRODUCTION: LAURA ASHLEY, COMPANY PROFILE AND HISTORY

Laura Ashley Holdings Plc is a manufacturer and retailer of fashion and furnishing products, with a turnover of approximately £300m (1993/4). The company is principally a design and retail concern, marketing clothes and a wide range of furnishings and other 'lifestyle' products, to customers in 28 countries across 5 continents. Its products are sold directly through 550 Laura Ashley stores (most, though not all, are owned by the company). A range of Laura Ashley products are also available by mail order in some regional markets.

The company was founded in 1953, when Mrs. Laura Ashley and her husband, Bernard, began producing printed silk scarves on the kitchen table of their London home. In 1960 the Ashley's moved back to Laura's native Wales where, over the next 30 years, the cottage industry was developed into one of the world's few truly global retailers.

All seemed to be going well for the company until September 1985 when, on the eve of the company's flotation, Mrs. Ashley was involved in a domestic accident. She died of her injuries. Following Mrs. Ashley's death the company was perceived to have lost its way. During the late 1980s, it rapidly diversified its product range, over-borrowed, and over-expanded its retail empire. Its financial situation worsened until, in February 1990, year-end losses of £4.7m on a turnover of £296m and debts of £89m were announced. Shortly after the announcement the company's bankers were called in, following a breach of a loan covenant.

In August 1990, a personal plea from Executive Chairman, Bernard Ashley, secured \$45m in emergency finance for Laura Ashley from its Japanese partners, the Aeon Group, alleviating the immediate debt problems. The company's then Chief Executive, John James, resigned shortly afterwards. Under the close supervision of its creditors, Laura Ashley began the search for a new Chief Executive. Meanwhile, a review of the business was conducted by management consultants Coopers and Lybrand. The review showed that operationally much needed to be done. However, market research (conducted for the first time in the company's history), had revealed that Laura Ashley had an exceptionally loyal customer base and that the Laura Ashley brand had retained its strength. The consultants concluded that a marketing-led renaissance was possible for Laura Ashley.

Eleven months after the resignation of the previous incumbent, Laura Ashley Plc announced that it was about to appoint Dr. Jim Maxmin to the post of Chief Executive.

Details of Maxmin's proposed turnaround strategy for Laura Ashley were widely reported in the national press. His vision for the future of the company was summed up by the following quote:

"I want Laura Ashley to be one of the UK's top international brands; a place where people want to work. And I want it to be successful because of high quality products and good culture, not financial engineering"

[*Sunday Telegraph*, 21st July 1991]

These factors, in addition to the company's highly publicised decision to enter into a 'Global Alliance' with one of its service suppliers, indicated that the company would be a suitable candidate for this investigation.

DATA COLLECTION METHODS

The principle of 'triangulation' has been observed throughout the successive phases of data collection for this case, to improve the richness of the data and the credibility, dependability and integrity of the research. Steps were taken to create a triangulation of method, source and, where possible, researcher. Consequently, a combination of data collection methods has been employed, as is usual for theory-building case study research [Eisenhardt 1989]. These data collection methods were interview, archival analysis, direct and participant observation.

Interviews

Interviews were undertaken with members of middle and senior management from Laura Ashley, service delivery (shop) staff, and representatives of an external party with whom the focal firm is cooperating. The decision to seek informants occupying several different hierarchical positions and roles from within Laura Ashley, and in this instance Federal Express, aimed to create a triangulation of primary data source, thus improving the credibility and integrity of the research.

Archival Analysis

The examination of the organisations' own archival material, - internal documentation, videos etc. - together with press reports and other relevant material from the public

domain (collected over an extended time period), was also intended to strengthen the triangulation of source, using multiple sources of secondary data.

Participant and Direct Observation

Participant and direct observation in the form of several informal visits and ‘mystery shopping’ trips to appropriate retail sites were undertaken (in accordance with the Realist research tradition) to witness or experience an end customer relationship with the company. These informal visits to other Laura Ashley retail sites in the UK and Europe have provided valuable insights into the company’s retail approach and activities, yielding a wealth of in-store and mail order promotional material.

THE PROCESS OF DATA COLLECTION AND ANALYSIS

Data collection and analysis for this case took place over a four year period, beginning in October 1992. The analytical activities were interwoven with the data collection process in the cyclical interactive way recommended by Miles and Huberman [1994], with the researcher moving backwards and forwards between data collection and the three streams of analysis in the following way (see Figures 1 and 2).

Phase 1. Case History and the Global Alliance

The researcher had originally gained access to members of Laura Ashley’s logistics management team, while involved in the production of a separate case study (for teaching purposes) on the management and development of Laura Ashley’s supply chain. This followed the announcement that Laura Ashley was to enter a ‘Global Alliance’ with one of its logistics service suppliers, Federal Express.

The formation of the alliance had been recorded in the quality newspapers and logistics press, so data collection began with a brief search for press releases relating to the alliance, using the Reuter Textline/FT Profile on-line news and business data base. A handful of these press releases were reviewed before undertaking a series of informal interviews with three members of the Laura Ashley/Fed Ex logistics management team, at Laura Ashley's offices and distribution centre on 2nd October 1992 (14.00hrs-1700hrs), in Newtown, Powys, Mid Wales.

These interviews were informal and semi-structured, dealing first with the details of the 'Global Alliance', leading inductively to the background and rationale for the relationship initiatives and activities, the choice of alliance partner, the realised or anticipated benefits and disadvantages involved and day-to-day relationship management issues. These were then followed with a tour of the site by one of the informants which provided an opportunity for a more open and informal discussion. This discussion provided some of the most useful insights of the visit, as well as leads to further data sources, in the form of references to specific items of internal documentation. These documents were later requested and supplied by one of the informants.

A second researcher was present during these interviews (Professor Martin Christopher) so details of the interviews were recorded in the form of field notes. The procedure followed the two person team approach described by Bourgeois and Eisenhardt [1988], where one researcher handles the interview questions, while the other records notes and observations. The author took the role of observer and note

taker through these interviews. The following day the field notes were reconstituted from their condensed note form as they were typed up. Summaries of the meetings were forwarded to Prof. Christopher for comment, amended and then sent to the relevant informants for their approval. Informants were asked to confirm or otherwise comment on the accuracy of the descriptive data and interpretations. This followed the informant feedback procedure described by Miles and Huberman [1994, pp.275-277].

Although these interviews were originally undertaken for another piece of research, it is believed that the choice of informants and content of the discussions would not have differed significantly. It was therefore felt to be both unnecessary and undesirable at this stage to reinterview the people involved. The informants were notified of the new research interest, and one of them continued to provide further information on request throughout the data collection and analysis phases of this research.

To flesh out the context for the Federal Express/ Laura Ashley relationship, Laura Ashley Annual reports and stockmarket flotation documents, relevant in-house video material and a number of earlier case studies on the company (undertaken for teaching purposes by other business schools and relating to various aspects of the company's activities) were obtained. This material was further supplemented by wider search of the Reuter Textline/FT Profile database.

The field notes and the documentation from secondary sources were studied, read and reread, then annotated with marginal codes and reflexive remarks [see Miles and Huberman, pp.66-69]. The videos were reviewed and notes of the content were made.

These were similarly annotated. Miles and Huberman suggest that it may help the researcher to prepare a preliminary list of codes in advance of the fieldwork. In this instance no such list was prepared, instead the codes which related to specific relationships, themes and events - e.g. Retail Development, UK; Retail development - Nth America; Flotation; Sourcing Strategy; Manufacturing Expansion; EPOS Systems etc. - emerged directly from the data through marginal annotations, in a manner similar to that favoured by Glaser and Strauss [1967] and Eisenhardt [1989].

Next, the coded information was extracted and organised by topic and into chronological order to provide a sequential picture of events. Yin [1989] recommends putting the information into different arrays, or into chronological order as tactics that might be employed by the researcher to bring order to mass of raw data. This allows it to be reduced to manageable proportions as a prelude to future analysis.

Data relating to issues of supply chain management for the period from the company's formation in 1953 to the Spring of 1992 was then written up into a broadly chronological narrative form. Thus providing a stage of 'within-case analysis' for the broader case study [Eisenhardt 1989]. The resulting 18 page document, complete with data displays of tabulated information showing such things as the growth and geographic distribution of the company's retail operations, company turnover by region, sales per square foot and stock levels as a percentage of sales, provided a case history of the management and development of Laura Ashley's supply chain up to the announcement of the 'Global Alliance' in April 1992 [Peck 1994].

Any attempt at data reduction is fraught with the danger of introducing further researcher biases, both in relation to the selection of data retained and in terms of the interpretation of causal relationships. Further member checks were conducted to check on the viability of these interpretations. Draft copies of this contextual case history were returned with notes relating to the 'Alliance' itself to the informants for their comments and approval in January 1993. Permission was also sought (and granted) for the case study to be released in this form for teaching purposes.

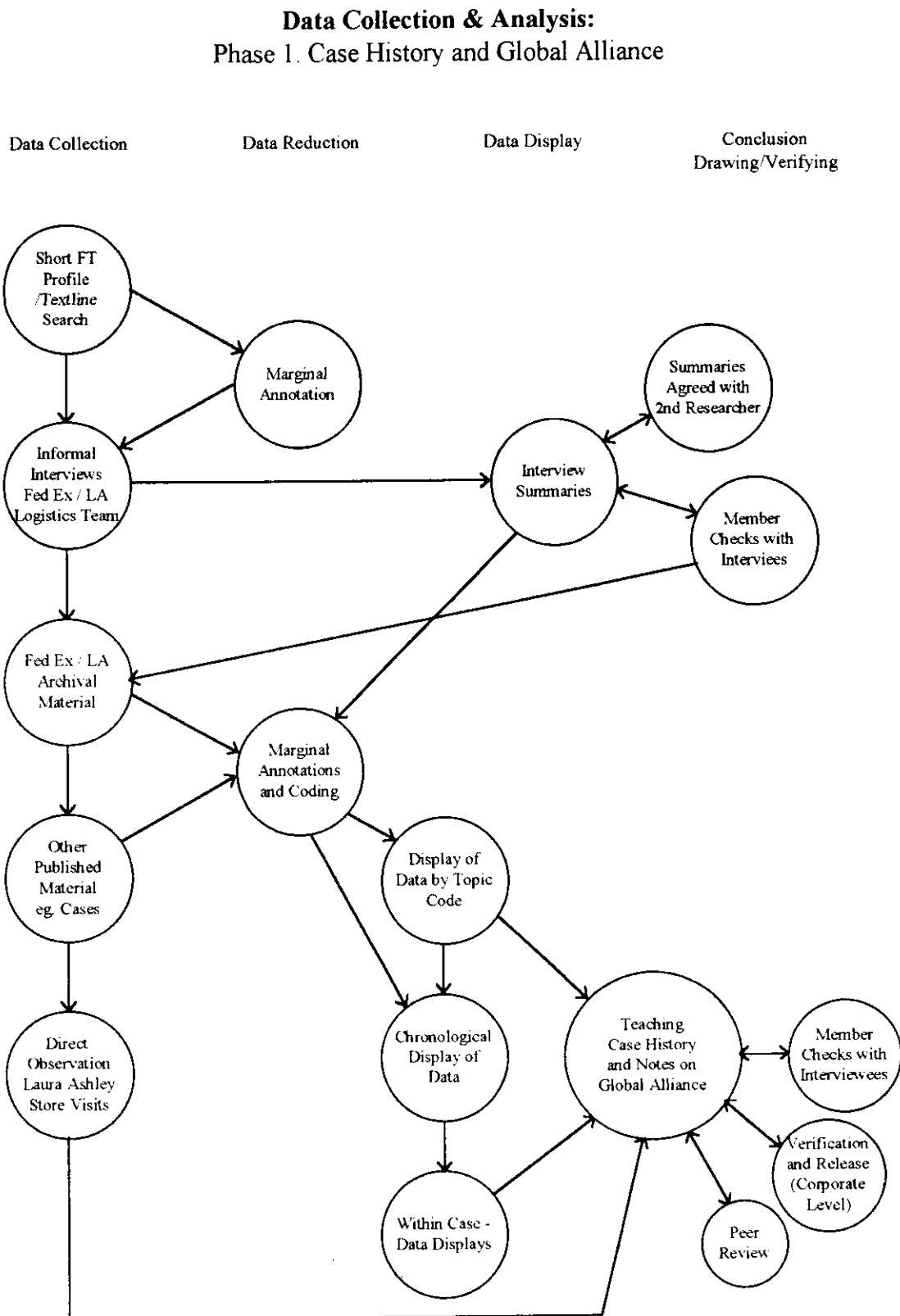
The practice of producing teaching case studies is a well established approach to data reduction which was used, as a prelude to theoretical work, by Quinn [1980] in his study of strategic decision making in six major corporations. Similarly, Mintzberg and McHugh [1985] coupled narrative description with the extensive use of longitudinal graphs tracking revenues, staffing and other salient issues in their extensive study of the National Film Board of Canada. One clear benefit of taking such an approach is that the case and notes on analysis are invariably subjected to peer review.

Phase 2. - The Relationship Marketing Strategy

The supply chain case history satisfied the objectives of the earlier research and allowed the researcher to develop an in-depth understanding of the then current circumstances and business strategy of Laura Ashley. This, together with indications from further media searches, convinced the researcher that Laura Ashley would be a suitable subject for an in-depth relationship marketing case study.

A meeting with Laura Ashley's Chief Executive, Dr. Jim Maxmin, was subsequently arranged, to review the supply chain teaching case and to explore the possibility of a

Figure 1.



broader case study. The meeting took place at the company's Design Centre in London on the morning of Wednesday 2nd February 1994, (10.00-11.30hrs).

Maxmin welcomed Cranfield's interest in Laura Ashley, and enthusiastically agreed to the proposal that Laura Ashley should become the subject of further research.

The meeting with Jim Maxmin was extremely helpful in that it provided a first-hand overview of the company's business strategy. In addition to the outsourcing deals with Federal Express and computer equipment and services company ICL, Maxmin explained the rationale for opening a string of special 'sale' outlets in remote retail locations around Britain. A number of other initiatives within the firm were also discussed in relation to their impact on marketplace performance - not least how better management and analysis of point of sale data had prompted the introduction of new human resource management policies. These policies had in turn led to demonstrable improvements in sales.

Open access to Laura Ashley was offered - including full access to archival evidence, which it was claimed, confirmed a link between newly introduced human resource practices and higher levels of repeat purchases of home furnishings. Maxmin nominated two other executive directors - Human Resource Director, Denise Lincoln (member the company's Board of Directors), and Futures Director, David Oliver - as key informants. His personal commitment to the research was underlined with his (prophetic) parting comment, "If you have any problem getting hold of these people, you just let me know".

The interview was recorded through field notes, again due to the presence of a second researcher, and processed in the same way as the earlier interviews. Additional video material was requested and received as a result of this meeting. Further media searches were conducted to see how much of the data collected during the Maxmin interview could be corroborated by 'independent' secondary sources.

Meanwhile, interviews were arranged with David Oliver, and Denise Lincoln, (the latter on several occasions between February and April 1994). These were cancelled on each occasion at short notice by the interviewees. The cancellations foreshadowed the resignation of Dr. Jim Maxmin (announced on 12th April 1994), and the subsequent resignations of the prospective interviewees and other members of Laura Ashley's top management team. Sadly, this meant that the quantitative data relating to the human resource changes and repeat purchases were never supplied.

The resignation of Dr. Maxmin and the other proposed key informants limited the scope for further primary data collection through the higher echelons of the organisation, but not at the customer interface, or indeed from secondary sources.

Primary data collection continued through direct observation, through informal visits to Laura Ashley stores in the South East of England and continental Europe (Germany and Switzerland). Point of sale information relating to several important marketing initiatives - such as the customer loyalty scheme, mail order, the introduction of a range of colour coordinated carpets and promotions on made-to-measure curtaining - were collected, reviewed and added to the case study data base.

Maxmin is perhaps well described as a ‘reflective practitioner’ who (though confessing that he was not familiar with the Cranfield Six Markets model or any other prescribed holistic approach to relationship marketing), was nevertheless clearly *au fait* with some of the recent core relationship marketing literature. Empirical work by management consultants Bain & Co. (linking customer retention and profitability) and the work of academics Schlesinger and Heskett (relating to how customer retention and profitability might be improved in service sector organisations) were cited unprompted, during the course of the one and a half hour meeting. [See Reichheld and Sasser 1990; Schlesinger and Heskett 1991a, 1991b]. As an informant Maxmin was very cooperative, very impressive and very *believable*.

Anthropologists have long warned field workers against over-reliance on exactly this kind of elite informant, so heading the advice of Wallendorf and Belk [1989] it was considered prudent to seek supplementary contextual observations and participatory evidence.

A ‘mystery shopping trip’ to one of the special Laura Ashley ‘sale’ outlets, located at the Hornsea Freeport Retail Village, was subsequently arranged to check out customer service levels. The visit provided an opportunity to investigate a sale outlet, to see how it differed from the High Street stores, as well as a chance for participant observation. The mystery shopping trip could have been conducted at any of the other Laura Ashley stores visited by the researcher, but Hornsea was selected for this exercise for two reasons:

1. It was felt that evidence of customer service training and investment in human resources would be most likely to be visible at important 'flag ship' locations. Hornsea, by contrast seemed to be exactly the place to look for evidence which disconfirmed Maxmin's claims.
2. The researcher was able to accompany someone who really did intend to buy some products from the Laura Ashley Home furnishings range (the class of product singled out by Maxmin as being the point where the service improvement measures were particularly vital).

In the event, the mystery shopping trip and the informal interview with Lesley Smith, Manageress of Home Furnishings at the Hornsea store provided some of the strongest corroborating evidence of this study. Details of the visit are presented in Appendix A as a separate vignette [see Erikson 1986; Miles and Huberman 1994, pp82-83, for a discussion of the use of vignettes in case studies].

Another concern which related to Maxmin's 'larger than life' personality and the fact that he was such a polished communicator, was the possible threat this posed to the neutrality of the secondary source data and other archival material. Maxmin was in a position to influence much of this data, especially that which was in the public domain.

However, Maxmin's replacement by the company's Executive Chairman, Hugh Blakeway Webb, following a board room 'coup' by Bernard Ashley and his fellow Non-executive Directors, meant that conditions were then right for revisionism and the

emergence of disconfirmatory data through secondary sources. Maxmin's executive management team was quickly replaced with a new team of executive directors who appeared to share few of their predecessors' views on how the company should be managed.

The researcher continued to monitor press releases from the company and other media commentary for a further six months, before moving ahead with the next stage of data reduction and analysis. In the event little disconfirmatory data did emerge in that time. Most of the press coverage simply contrasted the approach of the new regime with the previous one, reporting on cost cutting measures which were to reverse many of the changes Maxmin had introduced. The discrepancies which did arise related to the speed and effectiveness of Maxmin and his team in righting an operational (distribution) problem in the United States.

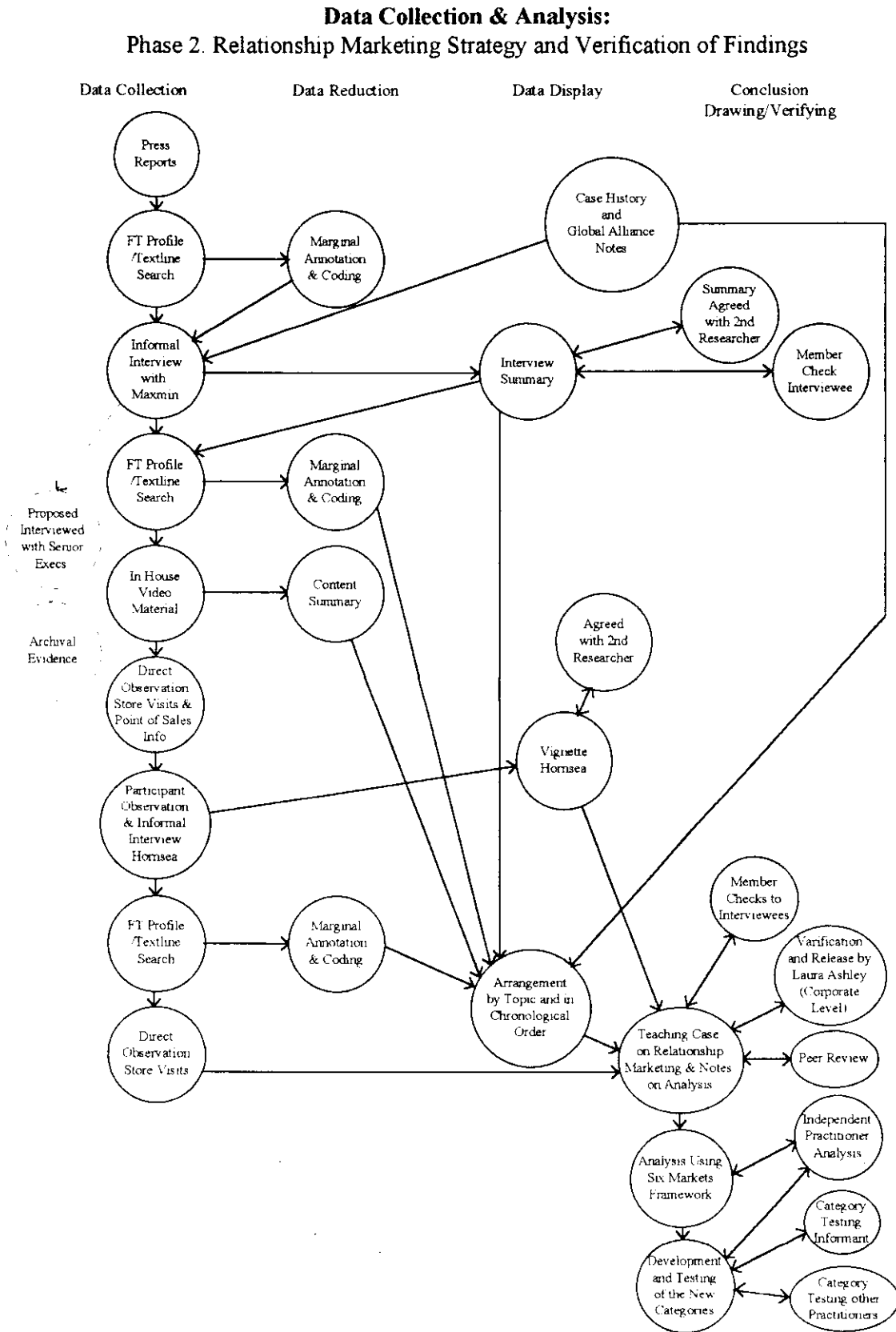
The evidence of direct observation - further visits to Laura Ashley High Street stores at sale times over the following two years - revealed that most of the 'sale' merchandise was previously priced and labeled for the US, rather than UK market. This was taken as one indication that the company was indeed still experiencing supply chain problems in relation to the US market. Nevertheless, the whos, whys, whats and hows of the relationship marketing strategy were not contended.

The next stage of data reduction and analysis began in September 1994. The primary and secondary data was prepared in the same manner as the original supply chain data, using marginal coding, chronological listing and rearrangement by subject. Again,

Miles and Humberman's suggestion to use a preliminary list of codes was rejected. It can be argued that this approach increases the likelihood of the data being forced prematurely into a conceptual framework. This time the codes related to specific relationships, initiatives, or topics/issues, which emerged from the data. A second teaching case study was prepared which included a selection of material drawn from the first case (with reference to the earlier field notes and some other source materials), together with a selection of material from the more recent data collection phases. The 27 page case study included within-case analysis data displays in the form of graphs and tables, with profiles of the members of Laura Ashley's Board of Directors [Peck 1995]. A set of teaching notes with further comment and analysis was also prepared.

To verify the interpretations contained within this new interim case and its notes, copies of the documents were forwarded to Dr. Maxmin, (via his wife at the Harvard Business School) and Richard Jackson at Federal Express, for their comments and approval. Because permission was also sought to release the material into the public domain (for teaching purposes), Laura Ashley Plc were asked to formally approve and release the case in this form. Permission was granted by Laura Ashley's Marketing and Public Affairs Director, Karen Levi, who had been in post throughout the duration of Maxmin's tenure as Chief Executive. She noted that the case and accompanying notes were "interesting and on the whole I thought very well balanced". A second former executive (name withheld as the informant's request) has also reviewed these documents (10th September 1996), and confirmed that they were "a fair and accurate portrayal of events". The descriptive details and interpretations presented in this

Figure 2.



interim teaching case appear, so far, to have met the 'dependability' requirement as defined by Lincoln and Guba [1985] and Wallendorf and Belk [1989]. Consequently, this teaching case became the basis for further analysis.

CASE ANALYSIS - THE APPLICATION OF THE RESEARCH QUESTION

The case analysis proceeded through the application of the research question with reference to an initial framework for analysis.

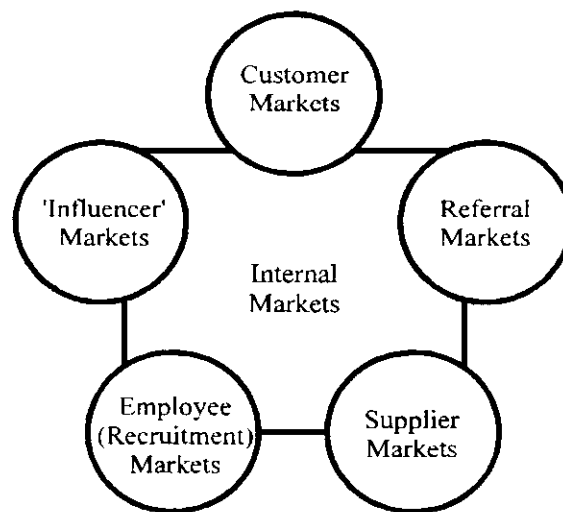
The Initial Framework

The issue of how the Realist researcher might develop an initial hypothetical framework has been raised and discussed at some length in the marketing literature [Peter 1992; Zinkhan and Hirschheim 1992; Hunt 1992]. In this instance a tentative framework based on Christopher, Payne and Ballantyne's 'Six Markets' framework (Figure 3) was used as a non-too rigid guide for data collection and early analysis. Christopher Payne and Ballantyne themselves offer only anecdotal evidence to support the inclusion of each of the 'markets' or domains, with little attempt made to present a theoretical underpinning for the constructs. Nevertheless, literature does exist which provides a theoretical and empirical basis for their inclusion [see Peck 1996], though no evidence, anecdotal or otherwise, was supplied by the original authors to support the model in a holistic way.

The Six Markets was chosen as the starting point for this research because it was believed that, at the time, it was the only published conceptual framework for relationship marketing at the organisational level. Furthermore, while other

frameworks have subsequently been produced (these will be discussed briefly at a later stage in this paper), the constructs supplied by the Six Markets Model continue to be used by researchers as a basis for relationship marketing research [see for example, Palmer and Hodgson 1996; Tuominen 1996].

Figure 3. The Six Markets Model



Source : Christopher, Payne & Ballantyne 1991

The Research Question:

What initiatives or activities is the company undertaking involving market parties, within the organisation or beyond, to improve their marketplace effectiveness?

- a) Who are the market parties involved?
- b) Why are these parties involved?
- c) What are the natures of these relationships?
- d) How are relationships with these parties being managed?

First, the market parties involved in the initiative or activities were identified. It should be noted that the research did not seek to identify every initiative or activity being undertaken by the company, or every party with whom the company directly or indirectly had some form of relationship. This would have been an onerous task and the purpose of this research was not to undertake a comprehensive relationship audit. Relationships come and go, so such an exercise could only at best produce a 'snapshot in time', and would fail to capture the evolution and dynamics of relationship marketing. Instead, this research accepts that it is unlikely that all relationships are of equal importance, relationships with some parties would inevitably have a greater impact on the marketplace effectiveness than others. It was assumed that the most significant parties would be identified during the course of the data collection. A longitudinal perspective on these relationships has been achieved through extensive archival analysis and prolonged observation of Laura Ashley.

Testing the Initial Framework

An attempt was made to categorise these relationships using the conceptual categories put forward by Christopher, Payne and Ballantyne [1991], in their Six Markets framework for relationship marketing. This was done through consideration of the remaining elements of the research question:

- Why are these parties involved?
- What are the natures of these relationships?
- How are relationships with these parties being managed?

The researcher then attempted to map the relationships within the Six Markets framework (see Figure 4). The process and results of this attempt at categorisation, with extracts of case data, are described below.

RESULTS FROM CASE ANALYSIS USING THE SIX MARKET FRAMEWORK

The Customer Market

“You have to find out what your customers want, give it to them, and just love ‘em to death”

[Jim Maxmin, *Financial Times*, 31st July 1991].

According to Christopher, Payne and Ballantyne, the parties which would fall into this domain are end buyers or consumers and distributors. In the Laura Ashley case these included firstly, the shoppers who purchased Laura Ashley products and services; and second, the franchisees, who operated a small number of Laura Ashley stores in countries where Laura Ashley had chosen not to develop its own retail outlets (e.g. Iceland). Relationships with the latter were established during the 1980s and appear to have continued in the same manner throughout the duration of this study.

However, there were a number of initiatives and activities, implemented by Laura Ashley which directly related to its consumer base. These followed from the market research undertaken in 1990-91.

The results of research had indicated that the clothes offer was judged by customers to be “*no longer relevant to their lifestyles*”¹. Following the death of Mrs. Ashley, long-standing design principles had been abandoned and radical changes had occurred in the way that the products were designed and selected. The sacrifice of design considerations in favour of accounting-driven production concerns was now deemed to have been a mistake. Laura Ashley was not, and would never be, a competitively priced mass-market brand. Maxmin’s view was that “*This company is only going to appeal to between 3 and 5 per cent of the world’s population and we have got to serve them*”². A cohesive programme to improve customers’ perceptions of quality and the overall positioning of the brand was gradually implemented. Its aim was to refocus the Laura Ashley offer and strengthen its appeal to the existing customer base. Top fashion designer Eric Bremner was recruited to preside over a revival of the company’s original design principles. Shortly afterwards, a tie up with students from the Royal College of Art was arranged to breath new life into the clothes collections.

A major advertising campaign followed to promote the revamped collections, easing the way for an improvement in price positioning. Meanwhile, long neglected stores were refurbished and updated. Separate ‘sale’ outlets were also opened well away from main shopping centres so that excess, old, or defective stock could be sold off without lowering the tone of the High Street stores.

Finally, as a direct incentive to customers, a loyalty programme was launched through the Laura Ashley store card. The scheme offered loyal shoppers a range of benefits including discount vouchers for customers who spent £250 or more per year on full-

¹ *The Guardian*, 25th April 1991, p.15.

² *Financial Times*, 3rd April 1993, p.12.

price Laura Ashley products, or on its newly introduced interior design services. This emphasis on customer retention was reflected in the company's mission statement.

"Our mission is to establish an enduring relationship with those who share a love of the special lifestyle that is Laura Ashley. We will act so as to protect the integrity of that relationship and to ensure its long term prosperity"

[Laura Ashley Annual Report 1992].

The Supplier Market

The company's relationships with Federal Express, ICL, IBM, Siemens Nixdorf, its bankers and many external suppliers of manufactured goods, can all be categorised as relationships which fall within the 'supplier market'.

Following the company's near collapse in 1990, the upgrading of Laura Ashley's logistics and management information systems had been identified as urgent priorities. These systems had been developed (mostly internally) in an ad hoc way as the company had grown.

Laura Ashley had its own in-house logistics department, operating five major warehouses around the globe, using a total of ten largely unconnected management information systems. The group used no less than eight principal linehaul carriers and a host of other transport suppliers to serve its international retail network. Separate stockholdings existed for each of the geographically defined retail divisions, sometimes within the same facility. The result was that when a store in Dusseldorf experienced a stock-out of an expensive bedspread, it was told that the item was unavailable, even though over 500 of them (belonging to the UK division) were in the same warehouse.

There were problems too with order processing systems. A specially designed electronic point of sale system had been installed in the UK shops in 1984. Similar systems were installed in the US and continental Europe the following year. The EPOS systems notified the Group's head office at Carno that an item had been sold, this triggered an automatic replenishment order. Optimum stock levels for each store were calculated each season back at Carno, but if shortages of any item occurred, the system automatically gave priority to full replenishment at the larger stores. Large London shops would be replenished on a daily basis, whether the stock was selling quickly or not, but a small regional store which sold its entire allocation of an item within a day, might be left for weeks with a total stockout.

Overall, stock availability was around 80%, and in the UK alone, the company was spending a small fortune handing out £25 vouchers to placate frustrated customers whose orders refused to arrive. In North America distribution problems had been even more acute. Shipments of garments and furnishing fabrics were supposed to arrive weekly by air, but late processing at the Welsh factories meant that shipments often missed the weekly flight. Rather than putting the goods on the next available flight, freight forwarders held the consignment over to the following week so that loads could be consolidated. Service to the West Coast 'Ocean Stores' was particularly poor, with 10 -15 day replenishment cycles gradually lengthening to 39 days from factory to shop. As their performance deteriorated, the Ocean Stores sank lower and lower in priority of delivery, eventually receiving shipments of garments by sea. Exasperated sales assistants did what they could to remedy the situation, attempting to fill customers' orders by chasing goods from other parts of the country.

Laura Ashley's logistics and management information systems were clearly in need of an urgent overhaul, but the company had neither the skills or the time to develop them internally, so Maxmin had looked to cooperative suppliers for help.

On March 19th 1992, Laura Ashley and Federal Express Business Logistics jointly announced that they had formed a "Global Alliance". Together they would restructure the flow of goods and information within the Laura Ashley supply chain. The Alliance, agreed in principle during a telephone call from Maxmin to a long-standing business contact, Tom Oliver (Senior Vice President of Federal Express), took five months to finalise. Under the terms of the agreement, Laura Ashley turned over its entire logistics operation to its new partner. The spirit of the alliance meant that this was to be an open-book agreement, with both parties sharing financial and strategic planning information. The partnership was intended to be for an indefinite period, but with an agreed minimum duration of 10 years. The deal was worth an estimated £150m to Federal Express, which agreed to supply the logistics and stock management systems that Laura Ashley so desperately needed, upgrading its capabilities almost immediately and reducing its operating costs in the longer term. Using Federal Express's own global air network, products could be delivered quickly and efficiently, thus enabling Laura Ashley to reduce its crippling high stock levels, while significantly improving the quality of its customer service.

The same spirit of partnership and long-term co-operation was evident when Laura Ashley signed a multi-million pound deal with ICL, the Anglo-Japanese computer manufacturing and services company. ICL was to develop the software and provide the hardware to progressively upgrade Laura Ashley's management information systems. Unlike the

company's existing suppliers, IBM and Siemens Nixdorf, ICL was ready and able to guarantee a long-term commitment to Laura Ashley's service needs, including the provision of an on-site team to oversee the project. Early benefits from this upgrade in information systems improved Laura Ashley's data base marketing capabilities, facilitating the introduction of Laura Ashley's customer loyalty scheme (see Customer market section) and the identification of customer purchase patterns (see Recruitment Market section).

In fact, Laura Ashley's attitude to key service suppliers appeared to have changed dramatically under Maxmin's management team. Nowhere was this more needed than in the company's dealings with the banking community. Back in 1990, while Laura Ashley had teetered on the verge of collapse, two rival syndicates representing 11 of its bankers had each abdicated responsibility for providing the extra money needed to keep the company afloat. In the words of one banker involved at the time: *"It was a case of banks almost bringing down a company by squabbling among themselves"*³. Eventually the Bank of England stepped in to save the company, brokering an emergency refinancing agreement which reconciled the competing interests of a total of 25 banks. The negotiations took months to complete. Fortunately, the cash injection from the Aeon Group (August 1990), stabilised Laura Ashley's financial position until a longer-term refinancing agreement could be arranged.

The difficulties had arisen because, during 1987 and 1988, Laura Ashley, like a number of other large companies at the time, had raised large sums from 'uncommitted' banking syndicates. These syndicates offered short term finance facilities at extraordinarily low cost, but with no obligation to support the client in times of need. This was another mistake that

³ *Financial Times*, 1st August 1990.

Laura Ashley's executive team were determined should not be repeated, so efforts were made to rekindle stable relationships with members of the banking community.

With Maxmin's recovery package laid out before them, and respected new Finance Director, Andrew Higginson in place, the City began to look more favorably upon Laura Ashley. In January 1992, the emergency finance agreement was replaced, with a much more favourable facility drawn up with the company's "*seven core relationship banks*"⁴.

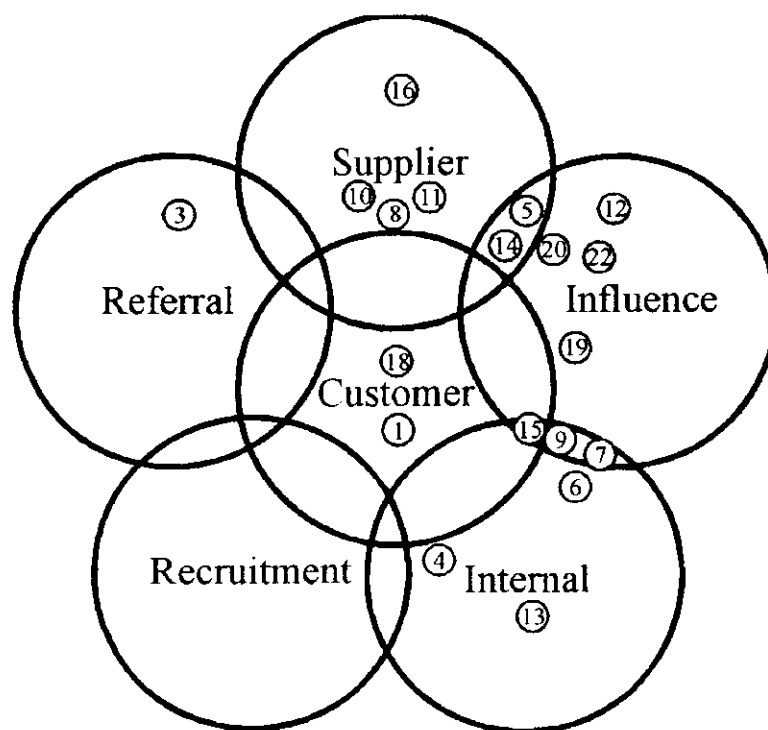
It is interesting to note that moves to form closer relationships with the suppliers of manufactured goods were much less noticeable, though a desire to reduce the number of suppliers of some categories of goods was expressed by Maxmin. Laura Ashley had only relatively recently decided to increase external sourcing of manufactured goods, following an acrimonious dispute between Bernard Ashley and the previous management team. Ashley had eventually been forced to acquiesce, resulting in the closure of many of the company's own factories. The downside of this was that securing additional supplies to meet unforeseen demand became more difficult. Laura Ashley's orders were not sufficiently high volume, high value, or frequent enough, to command flexibility or priority customer status. The sourcing of seasonal gift items and secondary home furnishings was particularly complicated. Lampstands, for example, were sourced with several small orders to each of 79 separate suppliers, another 80 supplied seasonal gifts.

⁴ Reuter Textline, *Regulatory News Service*, 27th January 1992.

The Referral Market

Christopher, Payne and Ballantyne [1991] highlight two main ways in which new business referrals can be obtained, these are: encouraging third parties or intermediaries with influence to refer new business and word-of-mouth referrals from existing satisfied customers.

Figure 4.



- | | |
|--------------------------|-----------------------------|
| 1. Retail Shopper | 12. City Analysts |
| 2. Royal College of Art* | 13. Back Office |
| 3. Firth Carpets | 14. Bankers |
| 4. Shop Assistants | 15. Small Shareholders |
| 5. Kleinwort Benson | 16. External Manufacturers |
| 6. LA Exec Directors | 17. The Aeon Group* |
| 7. LA Non-exec Directors | 18. Franchisees |
| 8. Fed Ex Bus. Logistics | 19. Fashion Press |
| 9. Bernard Ashley | 20. Institutional Investors |
| 10. ICL | 21. Sainsburys Homebase* |
| 11. IBM | 22. Financial Press |

* Unable to place within the categories provided

In 1993, a licensing agreement between Laura Ashley and Firth Carpets - a reputable carpet manufacturer - led to the creation of a branded range of carpets, colour coordinated to complement Laura Ashley's range of home furnishings. A cross-referral scheme was set up to

encourage the carpet stockists to refer their customers on to Laura Ashley shops. Meanwhile leaflets in Laura Ashley stores informed customers of the availability of the carpets and provided a list of approved stockists. The system worked particularly well in North America, where customers preferred to purchase home furnishings from a number of specialist retailers and were unfamiliar with the British one-stop shopping approach to decorating.

The agreement with Firth carpets allowed Laura Ashley to broaden its product range and maximise the potential of the brand, without further complicating its supply chain.

It appears that the company also sought to benefit from word-of-mouth referrals from existing satisfied customers, though no programmes appear to have been introduced specifically to encourage them. Nevertheless Maxmin, explicitly stated his desire to build much stronger relationships between Laura Ashley and its customers through what he described as “*a word-of-mouth repeat-purchase kind of marketing*”⁵.

Recruitment Markets

The recruitment category encompasses relationships with those parties who are, or represent, potential employees with the aptitudes, skills or experience needed to create and sustain an organisation’s core competencies. Laura Ashley identified one such group and made the necessary changes to its human resource policies to attract and retain these valuable employees.

As improvements to Laura Ashley’s information systems came on-line, some clear but surprising patterns began to emerge from aggregated customer purchase data. It transpired

⁵ *Marketing*, 13th May 1993.

that some items were actually 'trigger' purchases. An example of this was curtains, particularly made-to-measure curtains. Analysis of the purchase data showed that if a customer bought a pair of made-to-measure curtains, then as likely as not they would return to buy other home furnishings to match. A £300 purchase could easily become the first in a series of transactions with a combined value of several thousands of pounds.

A study of customers' curtain buying decisions was commissioned, the idea being to trigger more of these valuable sequences. The study revealed that the reason why many sales opportunities were lost related to the fact that customers often came in to buy their curtains on a busy Saturday. If the customer was attended to by a mature and apparently knowledgeable salesperson then they usually placed an order. If however, they were attended to by a young 'Saturday girl', they were likely to leave without making a purchase. The problem was one of confidence. Ordering made-to-measure curtains involved some fairly complicated calculations, meaning that there was a wide margin for error. Customers would only place an order with someone who they believed was competent enough to check their own calculations and order the curtains correctly. The curtains research demonstrated that it was vital for the company to have well trained employees ready to serve its customers and highlighted the dangers of over-reliance on casual staff.

Under the supervision of newly appointed Global Human Resource Director, Denise Lincoln, substantial changes were made to the way Laura Ashley recruited, managed and trained its front line staff. Firstly, it deliberately set out to recruit older store managers, with care taken to match the age and experience profile of the assistants to appropriate product categories. All received extensive, on-going product and sales

training, with reward systems designed to recognise experience and expertise. The new human resource policies improved morale dramatically and the comprehensive training ensured that employees understood how their efforts eventually impacted upon the long term success of the business. Employee turnover reduced and, back at the company's headquarters, corresponding improvements in repeat purchase rates were identified, completing the virtuous circle.

Internal Markets

"I had never seen a business where so many people are able to tell you what is wrong but are not empowered to do anything about it"

[Jim Maxmin, *The Times*, 4th October 1991]

There were several internal initiatives, involving various employees groups, introduced between 1991 and 1994, which aimed to improve the operational and marketplace effectiveness of Laura Ashley.

In the weeks between the announcement of Maxmin's appointment and his formally moving into post, the soon-to-be Chief Executive visited around 100 Laura Ashley stores to get some first-hand accounts of life at the customer interface. On arrival at Laura Ashley Maxmin announced the introduction of the 'Profit Improvement Programme' in Laura Ashley's worst performing stores. Responsibility for local advertising, promotional events, stock replenishment, in-store entertainment and refurbishment were all handed over to the shop staff, who were allowed to keep a percentage of any increase in profits. A shop near London's Marble Arch turned in a 62% increase in profits, while a Liverpool store achieved an

astonishing 139% improvement. The initiative was followed up by incentive schemes for all shop staff.

Maxmin's initiatives and management style, while undoubtedly popular with staff in the lower echelons of the business, were less popular in other quarters. Within two weeks of moving into post, Maxmin had informed all of the company's senior executives (including full-time board members) that they would be spending one day in every two months working in a shop, serving customers, working tills, unloading deliveries and sweeping the floors. This was not popular with many of the executives, so was eventually discontinued. There were also tales of the famous 'Bullshit' rubber stamp which Maxmin enthusiastically applied to management memos or other 'deserving documents'. The Bullshit stamp was superseded by one bearing the unfortunate initials 'SFA', referring in this instance to Maxmin's 'Simplify, Focus, Act' programme.

Under the Simplify, Focus, Act programme Laura Ashley's operating structures were simplified, with the removal of over 80 head office management posts, along with two layers of field management in the UK and one layer in the US. Meanwhile the US head office at Mahwah, New Jersey was relocated to a smaller site in the same State (see Influence Market section for the consequences of the move).

To improve the international coordination and integration of the business, systems, distribution, finance, buying, design and product development, were to be centralised and run as single global activities. Managers responsible for each of these activities came together to form a high level, cross functional management team - the Global Operations Executive. To

aid communication throughout the group, all duplicate and obsolete computer systems were to be written off. Common systems were to be introduced across the whole business, with the help of ICL (refer to Supplier Market section).

Meanwhile a new 'Futures Function', headed by former Bain & Co. consultant David Oliver, was established with responsibility for basic research, business analysis, and strategic planning. This group was later responsible for the purchase data analysis which resulted in the identification of trigger purchases and the subsequent changes to recruiting policies (refer to the Recruitment Market section).

The Group Marketing function was disbanded. Its responsibilities were reapportioned between the new "Group Collection Development" (GCD) team and a Central Marketing Services group. GCD were given responsibility for the whole process of the development of the Laura Ashley product offering. In particular it was responsible for the reduction of lead times and ensuring that the Laura Ashley brand was consistently positioned throughout the world. Communications and public relations were handled separately by the Central Marketing Services group.

Influence Market

The influence market category should contain those parties who act formally or informally as gatekeepers to a company's marketplace. According to Christopher, Payne and Ballantyne, these can be governments and their agencies, press and other media, professional bodies, members of the investment community or pressure groups. In the case of Laura Ashley, the fashion and financial press, Bernard Ashley, the

company's banker, its stockbrokers, City analysts, small shareholders and institutional investors were all considered to be influence groups.

In June 1992, nine months into Maxmin's tenure, expectations of Laura Ashley's imminent return to profitability were fueled when Finance Director, Andrew Higginson addressed a conference for institutional investors in New York. Laura Ashley, he informed them, was likely to turn in net profits of £7-8m for the year on flat revenues. The optimistic projection served only to intensify the shock when on January 15th 1993, just two weeks before the end of its trading year, Laura Ashley issued a profits warning to an unsuspecting City. Something had gone badly wrong with the US operations. Analysts, acting on information from Kleinwort Benson (Laura Ashley's stockbroker), slashed profit forecasts for the year from £6m to £2m, and waited for the company to release its final figures.

In the meantime, investment in the brand continued with a £2m image advertising campaign. The campaign, aimed at reviving Laura Ashley's long neglected relations with the fashion press, celebrated the company's 40th birthday.

When the year end results were finally announced on April 15th 1993, they were as predicted in the January statement. Laura Ashley was back in profit for the first time in four years - but only just - with group profits of £1.8m before tax. Massive operating losses of £6.9m from the US had effectively wiped out the profits generated from improved trading in the rest of the world. For the third year in succession the company paid its shareholders only a nominal dividend of 1 pence per share. Details of the US catastrophe started to surface a few days before the announcement.

The US distribution system had apparently collapsed following the relocation of its headquarters from Mawah to Boston, New Jersey (refer to the Internal Market section). Staffing levels had been reduced from 350 to 80, although less than a handful actually made the move. The remaining staff did not know how to operate the stock allocation systems, consequently all US stores were supplied with identical product allocations. A tiny store on the outskirts of Houston, Texas, received the same number of woolen sweaters and ball gowns as the flag ship store on New York's Madison Avenue. Back in Wales bewildered managers, anxious to reduce the company's stock levels, watched US sales plummet while stock levels soared. In desperation they cut off all stock supplies to the US for 60 days. Meanwhile, equally desperate store managers drove around America swapping car loads of stock with other Laura Ashley stores. In June 1992, when the problems were most acute, there were over 110,000 stock swaps between the US stores, an average of 550 per shop.

The self-inflicted wound damaged Maxmin's credibility in the City and with the financial press, but following assurances that the US situation was under control, seemed prepared to defer judgment.

On Maxmin's appointment, Bernard Ashley had relinquished his executive duties, becoming the company's Non-executive Chairman. Nevertheless, as the company's largest shareholder he had continued to cast a long shadow over their proceedings. Within the industry Ashley had "a reputation as a difficult boss who acts on his own whim and yet is unwilling to change"⁶. A month after the announcement of the US distribution problems, Bernard Ashley,

⁶ *Marketing*, 11th April 1991, p.10.

who had not attended a board meeting for over a year, resigned his post as the company's Non-executive Chairman. Taking the title of Honorary Life President, Ashley retained a place on the board as a Non-executive Director. Over the next few months his share in the company was gradually reduced from 59% to 36%.

Deputy Chairman and Non-executive Director, Hugh Blakeway Webb, acquired some of Ashley's shares and moved up to become Laura Ashley's Non-executive Chairman. Blakeway Webb, a barrister and former partner of accountants, Deloitte Haskins & Sells, joined the company as its deputy chairman in 1990, but had been associated with the business for many years as tax advisor to the Ashley family.

It was, therefore, Blakeway Webb who announced Laura Ashley's half year results in September 1993. Sales were up by 23%, but pretax profits to July 31st were a mere £1.3m, 30% down on the previous year. The US operations remained a bleeding sore, resulting in half year operating losses of £3.3m. Nevertheless Maxmin continued with the planned investment, meaning that profits for the full year were unlikely to be significantly higher than the year before. The news sent the share price tumbling, finishing the day 22p lower than its opening price of 87p, but only one institutional investor sold.

On April 12th 1994, Blakeway Webb announced that Maxmin had "resigned". The City was stunned. There had apparently been a fundamental disagreement between the Chief Executive and the company's long serving Non-executive Directors over future levels of investment in the brand and human resources. Two days later Maxmin made his farewell presentation, when

he announced a 67% jump in pretax profits for the year 1993/4, from 1.8m to £3m on a 13% rise in sales.

Blakeway Webb, now elevated to the all-powerful position of Executive Chairman informed The City that a new Chief Executive for Laura Ashley would not be sought until a thorough cost review had been completed early in 1995. He would then have a better idea of the sort of person he wished to appoint. The rest of the company's Executive Directors resigned shortly afterwards.

Maxmin's appointment (though ostensibly with Ashley's blessing), appeared to have demanded too many changes of the man who had founded the business with his wife and run it for almost 40 years. It would also appear that Maxmin had failed to convince The City and the company's other Non-executive Directors of the long-term merits of his relationship marketing-led strategy.

Corporate governance concerns have since been raised in the press relating to the role and behaviour of Bernard Ashley in Maxmin's 'overthrow' and the curtailment of the relationship marketing programme. There has been similar criticism of the apparent failure of The City regulators to prevent subsequent manipulations of the company's executive management team through behind-the-scenes (and allegedly illegal) share deals. These behind-the-scenes arrangements were considered by some observers to have been detrimental to the interests of other investors, including many of the company's employees who were also small shareholders.

FINDINGS OF THE CASE ANALYSIS USING THE SIX MARKETS

FRAMEWORK.

The preceding analysis identifies the who, what, where and how elements of the research question, by identifying the parties involved in relationship marketing at Laura Ashley, the reasons for their involvement, the nature of the relationships, and aspects of the management of these relationships.

The conceptual categories provided by Christopher, Payne and Ballantyne provided a useful means of retaining focus during the data collection stage, on at least one occasion preventing an important area of interest from being passed over by an informant. Nevertheless, analysis shows that these categories did not adequately conceptualise relationship marketing at Laura Ashley

Many of the initiatives and activities described in the case study involved relationships with parties or individuals which could easily be classified and mapped within the categories offered by the initial Six Markets framework. However there were others which did not sit well under any of the suggested categories. These were Laura Ashley's association with the Royal College of Art and its relationships with Japanese partners the Aeon Group and with supermarket and DIY chain operators, Sainsbury's. The latter two, like its relationships with smaller franchisees, had been established during the 1980s to gain access to new local or regional markets.

Laura Ashley's relationship with the Aeon Group has developed over time, but began with a joint-venture agreement which allowed Laura Ashley's Japanese partners to

in Japan. The agreement allowed Laura Ashley to establish a retail presence in the Japanese market, using their partner's local expertise and prime site locations. The Aeon Group have since become the largest shareholders in Laura Ashley, (after Sir Bernard Ashley) with a 15% equity stake, which is why the Group retains a Non-executive seat on Laura Ashley's Board of Directors. It was also the Aeon Group which came to the rescue of Laura Ashley with a \$45m cash injection in August 1990.

Laura Ashley also operates shops-within-shops in Sainsbury's Homebase chain of DIY stores. The in-store arrangement gave Laura Ashley a presence in out-of-town shopping developments in the UK. In return, the Homebase stores benefit from the presence of the Laura Ashley stores and the association with the up-market Laura Ashley brand.

The problem in categorising these relationships appears to relate to the fact that Christopher, Payne and Ballantyne's conceptual categories do not make adequate provision for some of the more sophisticated forms of strategic alliance - i.e. those that go beyond the realms of 'supplier' or 'customer' relationships. If the prophecies relating to the network or virtual corporations are widely realised, then these relationships will certainly demand greater consideration than they have so far been afforded by the model [Miles and Snow 1986; Johnson and Lawrence 1988; Achrol 1991; Webster 1992].

Furthermore, although there was evidence that Laura Ashley was implementing new recruitment policies, only time separates these relationships with future employees and

relationships in the 'internal market'. Doubts were also raised over the appropriateness of the 'referral market' category. The root problem here is because Christopher, Payne and Ballantyne have chosen to classify the category according to benefits to the firm in cultivating these market relationships, rather than along the lines of the nature or basis for the relationships. In the case of Laura Ashley, there were cross-referral benefits from its relationship with Firth Carpet, but these benefits arose almost as a by-product of a licensing agreement. They were not the primary objective of the relationship. To categorise Firth Carpets as a party within the referral market ignores the nature and primary basis of the relationship.

The case also shows that there were other parties which fulfilled more than one role, and consequently straddled more than one category. These included the company's bankers, and stockbrokers who clearly acted as service suppliers and influencers. In addition to this some of the employees were also small shareholders and customers. To represent the multifaceted nature of some of these relationships further work on the structure of framework will be required. It does however suggest that the categories should be viewed as overlapping and interactive, rather than as discrete entities.

Finally, it was felt that the level of conceptualisation was appropriate for this stage of the research as individual relationship parties and forms of relationships were not prescribed (these are time and situation specific). However, the categories suggested were not felt to have adequately conceptualised relationship marketing at Laura

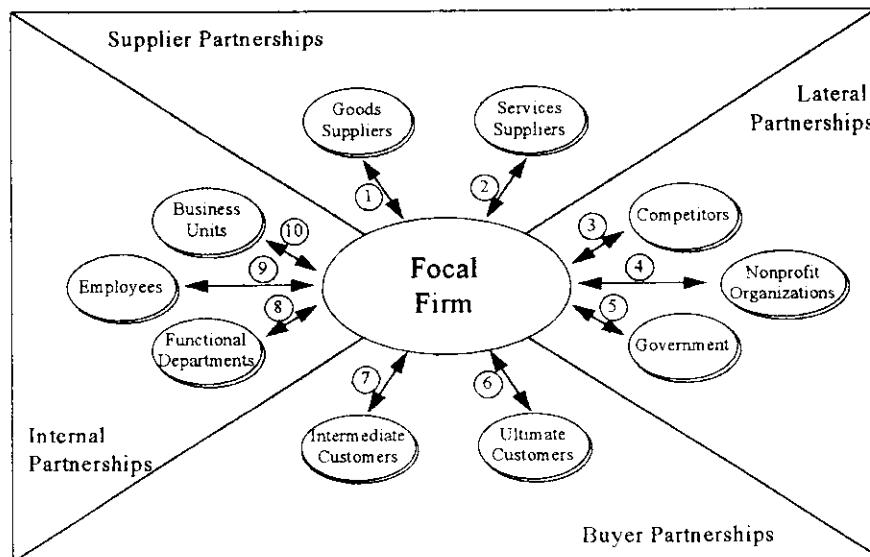
Ashley. Consequently, it was decided that different categories should be used for the next stage of the research.

ESTABLISHING NEW CATEGORIES - A RETURN TO THE LITERATURE

Recent attempts to conceptualise the broader vision of relationship marketing have provided the starting point for the construction of this next hypothetical model or framework to be used in this research [Hunt and Morgan 1994; Morgan and Hunt 1994; Gummesson 1996].

Figure 5.

The Relational Exchanges in Relationship Marketing

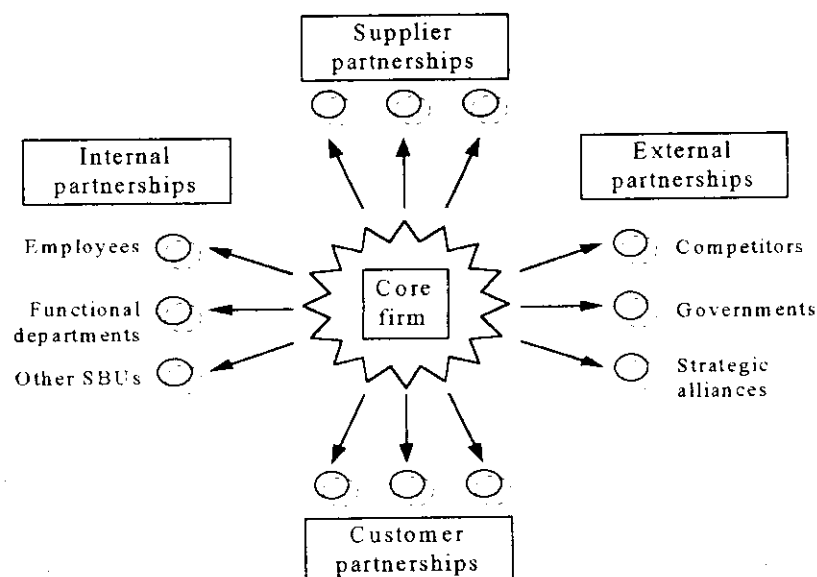


Source: Morgan and Hunt 1994.

Hunt and Morgan (Figure 5.) present relationship marketing - in ten discrete forms - as involving interactive relationships, for various purposes, between the focal firm and an array of other parties. The parties are goods and service suppliers; the firm's own business units, employees and functional departments; immediate and ultimate customers; and competitors, governments and non-profit organisations. The writers proceed to categorise these into four broad partnership types: supplier, internal, buyer, and lateral [Hunt and Morgan 1994; Morgan and Hunt 1994].

Doyle [1995] also deconstructs relationship marketing by identifying a series of dyadic relationships, between the firm's central core and a number of 'network partners'. He follows Morgan and Hunt's general taxonomy, but adds strategic alliance partners to the lateral, or 'external', category (see Figure 6).

Figure 6. The Core Firm and Its Partnerships



Source: Doyle 1995.

More recently, Gummesson [1996], in his discussion of the properties and scope of relationship marketing, proffers thirty relationships. These he classifies as either 'market relationships' or 'non-market relationships', the latter indirectly influence the efficiency of the former. These are then subdivided in the following way: Within the 'market relationships' category are 'classic' market relationships - "the supplier customer dyad, the triad of supplier-customer, competitor, and the physical distribution network"; and 'special' market relationships, those which focus on aspects of the classic relationships "such as the customer as a member of a loyalty programme or the interaction in a service encounter". He also identifies two categories of 'non-market relationships'. These are 'mega' relationships - social relationships, or relationships with particular political or lobbying groups - and 'nano' market relationships, relationships within the focal firm - such as internal customer relationships or relationships between internal markets.

Gummesson's classification broadly identifies the parties involved, but also attempts to use certain properties of the relationships to distinguish between them. Some being identified by the form of the relationship e.g. strategic alliances; others are singled out by virtue of the issue or 'content', e.g. 'green' environmental relationships; others still are identified by the means or 'conduit' through which the relationship is conducted, e.g. electronic relationships.

An examination of these competing versions was undertaken, but none of them appeared to be particularly appropriate, given the evidence from Laura Ashley.

There are certain similarities between these new frameworks (particularly the ones put forward by Morgan and Hunt and by Doyle) and the ones postulated by Christopher, Payne and Ballantyne, and by Kotler [1992], in terms of both content and general structure, but they differ in terms of detail and approach. In an attempt to overcome the discrepancies of approach, the descriptions and analysis supporting each of the rival frameworks were themselves analysed.

Closer examination revealed that the descriptions and analysis appeared to concentrate on the identification and classification of relationships with either specific parties or compound groups, providing usually very specific means-ends justifications for their inclusion. These parties or groups were then categorised (usually) according to the nature and/or basis of the parties' relationships with the focal firm (though it should be said that most of the frameworks appeared to display some internal inconsistencies). In the majority of instances, these categories provided the superstructure for the frameworks.

The common denominators between the superstructural categories appeared to be as follows: All versions identified supply chain relationships - upstream and downstream, acknowledging these as 'suppliers' and 'customers or buyers'. All versions also included two or more broad non-supply chain categories. In each instance, one of these categories referred to employee or internal relationships within the focal firm, but consensus diverges beyond this point.

Morgan and Hunt, and Doyle use the terms 'lateral' and 'external', respectively, for their fourth and final category. Both offer 'competitors' and 'government', together with either 'non-profit organisations' or 'strategic alliances', as subcategories; qualifying their inclusion with a number of specific examples of co-operative alliances between the focal firm and one of these subcategory parties. In each instance resource sharing appears to be the basis for the relationships cited, a point which is explicitly acknowledged by Morgan and Hunt.

Christopher, Payne and Ballantyne, also identify 'government' as a sub-category, within one of their external non-supply chain categories, but they place it alongside regulators, members of the financial community, media and pressure groups as a subcategory of their 'influence market'. In this instance, the basis for their inclusion is their influential roles as market 'gatekeepers' or facilitators. Kotler lists all of these parties, together with the alliances, as being among the six 'critical players' in the firms macroenvironment. Gummesson acknowledges the existence of marketing relationships with external parties on both the grounds of market influence and collaborative alliances.

A final area of discord among these frameworks relates to the treatment of the 'customer/buyer' category. Most (with the exception of Christopher, Payne and Ballantyne) either afford the ultimate or end customers separate treatment or subdivide the customer/buyer to distinguish between them. Christopher, Payne and Ballantyne also discuss the subdivision their customer category, but introduce a time dimension by differentiating between new customers or prospects and existing customers.

Distributors or intermediaries are also present within their framework, but are subsumed along with some of their existing customers within their 'referral market', or as with recruitment agents, the 'recruitment market' category.

In the light of these observations and the evidence presented in the Laura Ashley case, the old referral and recruitment categories were dropped, and to provide a more balanced and complete conceptual framework for relationship new alliance and distributor/intermediary categories have been adopted (see Figure 7).

The conceptual categories used in the next stage of the research will therefore be:

- Supplier
- Consumer
- Distributor/Intermediary
- Internal
- Alliance
- Influence

The new set of categories all reflect the nature and basis of the relationships, rather than constituent subcategories (e.g. government), or benefits of the relationship (e.g. referral). Evidence to support inclusion of all of these categories was found in (some) of the other frameworks, and in the evidence from Laura Ashley.

APPLYING THE NEW CATEGORIES TO LAURA ASHLEY

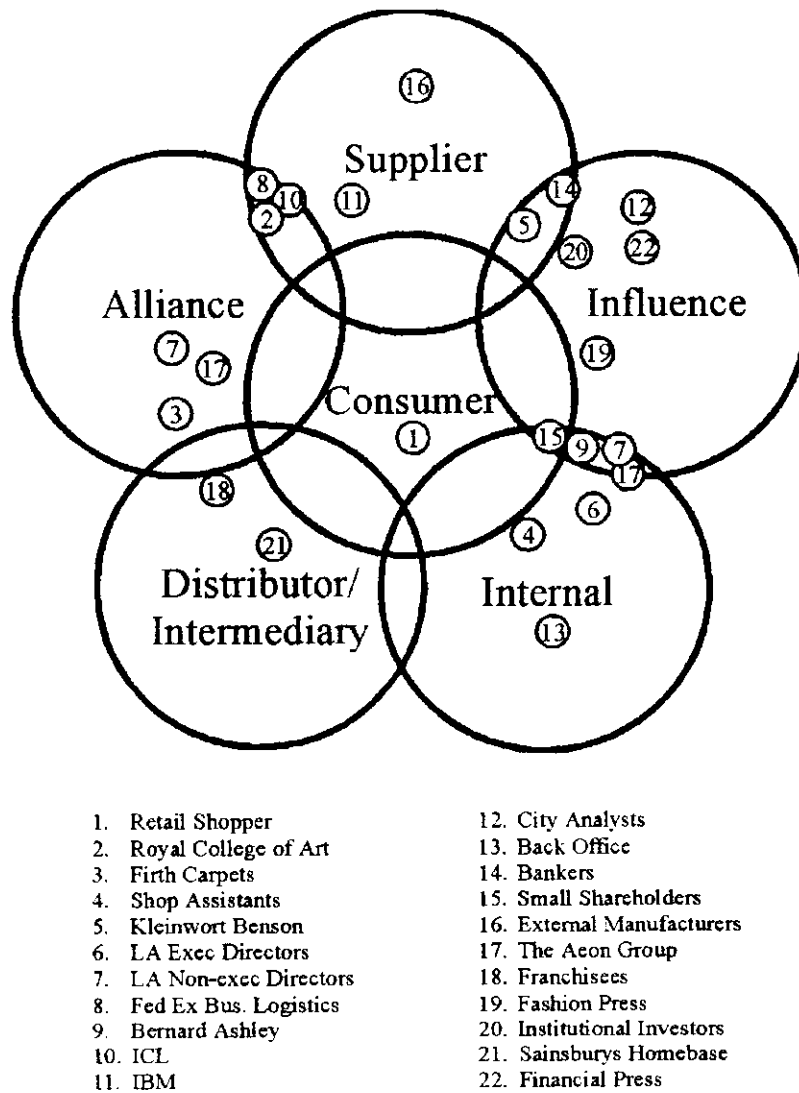
An attempt to categorise the parties involved in the Laura Ashley case was made using the new categories. The relationships with the parties previously categorised as

internal or influence remained unchanged by the introduction of the new categories, as did the majority of those previously categorised as 'suppliers'. However, the introduction of an 'alliance' category resulted in the recategorisation of the relationships with Federal Express and ICL. It also enabled The Aeon Group, Sainsbury's and the RCA to be included. The relationship between Laura Ashley and Firth Carpets was also reclassified according to the nature of its relationship, as an alliance.

The separation of the customer category into separate 'intermediary/distributor' and 'consumer' categories permitted a clear distinction to be made between end users and intermediaries or distributors. Laura Ashley's franchisees are now classified as intermediaries/distributors, leaving its end customers - the shoppers - as the sole occupants of the 'consumer' category (see Figure 7).

It is acknowledged that the substitution of two new market categories for two old ones still leaves a 'Six Markets' framework. This is little more than coincidence. The transferability of these categories and how they fit within the framework will need further clarification (through other case studies). Further empirical research may again replace, collapse or extend these market categories. It does however seem likely that the categories are non-exclusive because of the multidimensional nature of some of the relationships within them. Indirect support for the notion of overlapping and interactive categories is certainly present within the literature. Millman [1993] mentions the Stakeholder Model from strategic management and corporate governance literature, as worth borrowing to provide a partial understanding of relationship

Figure 7.



marketing. Indeed, the similarities of scope between relationship marketing and the stakeholder model were also acknowledged by Berry [1995] when he wrote of “using the strongest possible strategies for customer bonding, marketing to employees and other stakeholders, and building trust as a marketing tool”.

The Stakeholder Model itself was developed in the 1960s in response to rising influence of non-shareholder groups on corporate life and policies, but following the work of Dill [1975] it found new favour as a model for managing in turbulent times [Freeman and Reed 1983]. While the Stakeholder and Six Markets frameworks differ in emphasis and purpose, the stakeholder literature can provide useful insights into the dynamics of relationship marketing. For example, Freeman and Reed [1983] note that some employees may also be shareholders, customers and influencers, to make the point that some parties or individuals will have multiple stakes or interests in an organisation. Webster [1992] draws a similar conclusion, this time using the example of the partner that is also simultaneously customer, competitor and vendor. In short, these are multidimensional relationships, and this has implications for their management, in that the management of one dimension can influence several other dimensions of the relationship. Expressed in terms of a relationship marketing framework, this supports the notion that overlaps in the framework categories are indeed likely, as the Laura Ashley case study has indicated.

VERIFYING THE FINDINGS

Miles and Huberman caution researchers that there is a long research tradition that highlights the fallibility of information processing by individuals [Meehl 1954, 1965; Goldberg 1970, Dawes 1971]. There is quite a body of research evidence which demonstrates that human judgments are consistently less accurate than statistical/actuarial ones. The problem appears to stem from a tendency to rely too heavily on preexisting beliefs and bias ridden judgment.

Therefore, to counteract possible challenges to the credibility and confirmability of the conclusions, others have been asked to verify the categorisation of Laura Ashley's relationship parties. Academic 'expert' judges were avoided because research has shown that they can be even worse than untrained ones, because they are likely to be more confident in their *erroneous* judgments. These experts are less likely than laymen to modify their initial judgments in the light of more accurate information [Taft 1955; Oskamp 1965]. Consequently, practitioners, rather than academic experts were used to verify the finding. This decision also acknowledges and addresses the concerns stated by Gummesson [1996] when he urged researchers to include the knowledge provided by the 'reflective practitioner'.

Verification of Findings - Stage 1.

The volume of primary data and documentation arising from the preparation of this case study ruled out the possibility of conducting a full 'confirmability audit' [Wallendorf and Belk 1989]. However, the assistance of 'friendly skeptic' was enlisted to verify the categorisation process [see Miles and Huberman, 1994]. Simon Robbins, Strategic Marketing and Market Research Manager for Messer Griesheim GmbH (Germany's leading manufacturer of industrial gasses), agreed to undertake this role. See Appendix B for full details of the verification exercise and results.

Far from contradicting the researchers findings, the exercise confirmed the researcher's views relating to the problems associated with the categories in the original framework, and the appropriateness of the new categories. The researcher's classification of the relationships using the new categories was also supported by

Mr. Robbins.

Verification of Findings - Stage 2.

Having secured an independent validation of the results, that justified the researcher's decision to adopt new categories and supported the choice the of new categories, further validates were found to test the confirmability of the classification of the relationships with the market parties. Again, informed practitioners were sought. This time the practitioners were simply asked to attempt to classify the relationships under the new categories, using blank copies of the second classification sheet and the one-line definitions which has been supplied to Mr. Robbins. The first of these validators was a long-standing informant, Richard Jackson, (Federal Express). An abridged copy of the 2nd teaching case was given to Mr. Jackson as he was already intimately familiar with the company and had been involved in member checks at several points during the course of the research. The other validator was Mr. Colin Astbury, the newly appointed Director of Logistics at Laura Ashley. Mr. Astbury had been in post for less than a month when he completed the validation exercise so did not have extensive first-hand knowledge of the relationship marketing programme at Laura Ashley. However, he was familiar with both of the Laura Ashley teaching cases produced during the course of the research. He had received copies of the cases as briefing documents (supplied by the company) on arrival at Laura Ashley. This was taken as further support for the dependability of the interpretations contained within these documents.

Again the validator's findings broadly supported those of the researcher.

Arrangements are being made for several additional validators to undertake this

exercise, some with first hand experience of Laura Ashley, and others who are simply interested reflective practitioners.

Continuing Observation

The researcher has continued to monitor events at Laura Ashley through the media, further shop visits, and additional opportunistic conversations with former Laura Ashley employees, in the hope that further insights would emerge. These have further corroborated the interpretations of the original case study, and confirmed the researcher's views on why the relationship marketing strategy had, if not failed, been prematurely curtailed.

In October 1996, the researcher reestablished personal contacts within Laura Ashley's top management team, who are now working under the direction of another Chief Executive, Ms Ann Iverson.

SOME REFLECTIONS ON THE RESEARCH METHODS

Data Collection

With hindsight it would have been preferable to have tape recorded the interviews, because of the greater richness of data that could have been obtained by this method [Yin 1989]. For a variety of reasons this was felt to be inappropriate at the time the interviews were planned, but would have provided more direct quotations for display, possibly helping to strengthen further the perceived dependability of the research. Better planning and more formal negotiation of access at an earlier stage could have helped, but the decision to use Laura Ashley for this study was in fact an example of the 'controlled opportunism' described by Eisenhardt [1989].

Tape recording would therefore have been desirable, but the researcher does not believe that this has had a material impact on overall quality of the findings or altered the conclusions of the case study. Nevertheless, more formal negotiation of access has been used for the two further case studies, and interviews have been tape-recorded during data collection for the second case.

Data Reduction and Display

The method used to reduce the data, particularly the reduction of data into teaching cases, as produced by Mintzberg and McHugh [1985] containing within-case data displays of the kind described by Eisenhardt [1989], worked well and facilitated conclusion drawing and verification.

Attempts were made to construct within-case data displays of analysis using matrices and textual tables as recommended by Miles and Huberman [1989, pp.90-171].

However, the scope of the case meant that these became so extensive and complicated that they did little to aid analysis or improve the clarity of the case. They simply disjointed the data. Therefore the use of extended text data displays did seem to be the best form of data display for this case study.

Please note that a full and annotated bibliography is being prepared to accompany this case study, to provide the tangible trails of evidence to tie the original data together through to the case study conclusions. It will also facilitate the development of a data summary chart as prescribed by Corbett and Wilson [1991] and Miles and Huberman [1994]. This will indicate how the triangulation of source was achieved.

Conclusions Drawing and Verification

The use of member checks throughout data collection and analysis was useful in that it improved rapport with informants, as well as enhancing the credibility and integrity of the data.

What was perhaps most surprising about the case is how little dissonance there was between sources, despite searches for disconfirmatory data. The degree to which events and interpretation do appear to be dependable, even through two further changes of management regime at Laura Ashley, is encouraging. Aspects of the relationships did change in the course of events, but importantly the interpretation of events during the original data collection phases (1992-1994), has been remarkably robust, so have the findings in relation to the proposed framework.

Further Research

The findings of this initial case study are to be considered further against another more detailed and extensive examination of the relevant literature, following the series of steps prescribed by Yin. [pp.114-115] for the cross-case analytical strategy of ‘explanation-building’ and the overall retroductive approach of this study:

- Making an initial theoretical statement or proposition, or in this instance taking a descriptive framework.
- Comparing the findings of an initial case against the framework.
- Revising the framework.
- Comparing other details of the case against the revision.
- Again revising the framework.
- Comparing the revision to the facts of a second, third or more cases.

Meanwhile data collection has commenced for two further case studies. Ideally, the entire process should be repeated as many times as is needed, until the framework is robust and the boundaries of its transferability are clearly defined. However, limitations of time and resources mean that this study does not intend to pursue refinement of the framework beyond a third case study.

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APPENDIX A.

PARTICIPANT OBSERVATION: THE MYSTERY SHOPPING TRIP

Location: Laura Ashley
Hornsea Freeport Retail Village
Hornsea
East Yorkshire

Date: 3rd May 1994

Time: 10:30hrs-11:30hrs (approximate)

Research Objectives of the Mystery Shopping Trip

The mystery shopping trip was undertaken to follow up on some of the information obtained during an interview with Dr. Jim Maxmin on 2nd February 1994. During the interview Maxmin had described how the company had revised its recruitment and human resource policies after a study of customers' current buying behaviour. The study had revealed that the purchase (and repurchase) of home furnishing products was influenced greatly by the presence of well-trained and credible sales assistants. He proceeded to describe a range of initiatives that the company had implemented with a view towards improving employee satisfaction and retention, in a bid to improve customer satisfaction and loyalty. The initiatives, he claimed, had already produced improvements in all or the above, with a corresponding improvement in profits. The premature curtailment of data collection activities involving members of Laura Ashley top management team had meant that these claims could not be corroborated (or otherwise) by his top management colleagues. It was however possible to investigate the credibility of the claims through in-store participant observation. The Hornsea store had been chosen as the venue for reasons which were partially opportunistic, but also because it was felt that a 'sale' outlet was more likely to provide disconfirmatory evidence, than a normal High Street store.

The Visit

The purpose of the visit was to accompany Mrs Caroline Lawson (the researcher's sister) on a visit to a Laura Ashley 'sale' outlet to buy 4 rolls of wallpaper for her spare bedroom. Caroline had no personal or professional interest in the research, but she is a devotee of Laura Ashley wallpaper. She was not aware of or interested in the research agenda.

Hornsea is a small sleepy seaside town on the Yorkshire coast. It was also our home town. In Hornsea, the Laura Ashley shop occupied one of several small, newly constructed, two-story retail units on the Hornsea 'Freeport' retail site. From the outside it looked like any other Laura Ashley shop. The distinctive 'Paris Green' shop front made it instantly recognisable. Inside display racks of summer clothes stood on

polished wooded floors. Home furnishings were always upstairs in Laura Ashley shops, so we made straight for the stairs.

Upstairs Caroline found her wallpaper and was examining a selection of wallpaper boarders. Seeing her trying to match the colours, a sales assistant ventured forward to offer advice, brandishing an open copy of the Laura Ashley Home Furnishings catalogue. With the help of the catalogue she explained which of the boarders was designed to go with the wallpaper she had chosen. The other was the 'wrong white'. She was courteous and helpful and seemed to know the products well.

The acid test would be how well she handled an enquiry about curtains. Caroline was already eyeing the rolls of furnishing fabrics, so I urged her to ask if there was curtain fabric in stock to match the 'Summer Palace' wallpaper she'd bought for another bedroom. Though the wallpaper itself was currently not in stock, the assistant confidently pulled out two rolls of damask fabric. Both, she explained, were designed to complement wallpaper in question. We had the dimensions of the bedroom windows noted down in the back of Caroline's diary, but had not worked out how much fabric would be needed. "Don't worry" said the assistant, "I can do that for you". She went on to explain to Caroline exactly how much fabric (and other materials) would be needed for the style of curtains she had in mind.

We enquired as to whether the fabric would be suitable for reupholstering an armchair. The assistant assured us that it would, but that it should be fireproofed. She explained the five possible ways that the fabrics could be fire-proofed.

Caroline decided to buy the curtaining as well as the wallpaper.

"Have you been doing this work long?" I enquired of the sales assistant, remarking on how knowledgeable she seemed. As she measured and cut the fabric, she explained. "I've worked with furnishing fabrics for years, but I've only been with Laura Ashley since this shop opened last year". She was a local woman and she remembered us from school. Caroline remembered her name, Leslie Smith (a summary of local news and career histories ensued).

Lesley volunteered the following information. It transpired that she'd had a succession of jobs in soft furnishings (mainly in London), but had never stayed in any of them for more than a couple of years because she got bored. She felt that Laura Ashley was different. She liked the company and had never worked anywhere where, despite her experience, she had received such extensive training. She found the variety of work she did in the store was interesting, the pay was quite good and the company had recently introduced a job sharing scheme. This was particularly important to Lesley, who at 33, was due to marry later that year and was hoping to start a family not too long afterwards. After the wedding she planned to move to another Laura Ashley store in the Manchester area, close to where her fiancé was now working. She explained that it wasn't always possible to move between shops, but the company did try to arrange transfers for existing employees. "After all they've spent enough time and money training me...its in their interests to keep experienced staff, we can give the customers better service and that means they're likely to come back and buy from us again".

Caroline - with her 4 rolls of wallpaper and £200 worth of curtaining - impressed with the service she had received and enthusiastically agreed to Lesley's suggestion that she should sign up for the Laura Ashley customer loyalty programme. Lesley gave Caroline the form, and suggested that she should "go and have a cup of coffee and fill it in - collect this (the wall paper and curtaining) when you come back". We agreed and went to a nearby café. Caroline filled out her loyalty scheme application form, while I made some notes.

We returned to the shop about 20 minutes later to hand in the form and collect the purchases. As the finer points of the loyalty programme were being explained, Lesley asked whether either of us had visited the shop before. We said no, but I explained that I'd tried to look round a few weeks ago, but the shop was closed for refurbishment (a bit odd as the shop had been open for less than a year). "So you didn't see what it was like before?" she confirmed. "Ugh! it was really dark and horrible. We had no proper lights up here. See these lights (pointing at the ceiling), Jim Maxmin got me these lights, he was our Chief Executive and he came here - to Hornsea!"

At this point I explained that I had actually met Jim Maxmin "through my work".

Lesley went on to recount how Maximin had just wandered into the shop one morning. After introducing himself, he chatted to customers and sales assistants for a while, before asking the staff "What could I do that would help you to serve our customers better...what would you change if you could?". She explained that once they'd all recovered from the shock, the sales staff immediately identified three things, all related to design of the store or its fixtures and fittings. Firstly, they informed Maximin that there was no stock room, but they badly needed one. Whenever a delivery came in, staff would have to work late into the evening sorting and pricing stock before cramming it onto overcrowded rails and shelves. Secondly, while the exterior of the shop resembled any other Laura Ashley store anywhere in the world, the interior was still as the developers had designed it. Instead of the usual polished flooring found in the 'full price' Laura Ashley stores, the Hornsea unit had had the cheap commercial carpeting which was difficult to clean. Thirdly, the lighting on the second floor - where the furnishing fabrics and wallpapers were for sale - was felt to be inadequate. On a light spring morning there appeared to be no problem with the combination of skylights and standard electric lighting. But one of Lesley's colleagues had explained to Maximin that on winter afternoons were a very different story. In fact the room became so dark that customers found it impossible to distinguish between the darker shades of fabrics. Staff had resorted to providing hand torches for customer use. Maximin had apparently listened patiently to their complaints. A few days latter, the staff at the Hornsea shop were informed that the store would be closing for several days the following week for the recommended alterations and refurbishment.

Maxmin's resignation had been announced only two weeks before our visit to the Hornsea store. The staff openly lamented his departure.

The research interest was then fully explained to Lesley, and permission was requested to use the information she'd given me. She was happy about the use of the material,

but requested that it not be divulged to the company “for a few months”, to give her time to finalise her plans to move. She had not yet informed the store manager that she was planned to marry. Until they’d found a home in Manchester, she wouldn’t know which store she wanted to move to, only then did she intend to hand in her notice.

Caroline and I retired for another coffee. I made more notes and she gloated over her ‘bargains’.

Verifying the Account

Lesley epitomised the type of employee that Maxmin had described as essential to the sale of key furnishing products. Her product knowledge was excellent, so were her selling skills. Most surprising, however was her unprompted explanation of the benefits of employee retention, and its impact on customer satisfaction and retention.

Unfortunately it has not been possible to follow up on Lesley Smith. She had left the store when, several weeks later, I attempted to contact her to verify this account. Her former colleagues were not allowed to divulge personal information about other employees, so it was not possible to obtain a forwarding address. The information in this vignette was however checked and confirmed by Caroline Lawson.

APPENDIX B.

VERIFICATION OF RESULTS - STAGE 1..

Verified by: Mr. Simon Robbins
Strategic Marketing/Market Research Manager
Messer Griesheim GmbH
Industriegase
Fütingsweg 34
D-47805 Krefeld
Germany

Date: October 1996

To verify the categorisation of the market relationships in the Laura Ashley case study, a 'friendly skeptic', Mr. Simon Robbins, was asked to repeat the categorisation process. Mr Robbins was not informed in advance of the results arrived at by the researcher, or shown any other material relating to this study.

Mr. Robbins is an informed practitioner with a keen professional interest in relationship marketing, so was already familiar with the work of Christopher Payne and Ballantyne (1991). He had no professional interest in Laura Ashley, and had not seen the teaching case study before the exercise commenced.

A copy of the Laura Ashley teaching case was faxed to Mr. Robbins (24th October 1996) together with two categorisation forms. The first showing the original six categories and listing (uncategorised) the parties involved in the Laura Ashley case. The second offered the proposed new categories and again listed (uncategorised) the parties involved in the Laura Ashley case. A sheet providing one or two line lay definitions of each of the new categories was also provided.

A covering letter instructed Mr. Robbins to:

1. Refamiliarise himself with the definitions of the original categories by rereading the relevant section in Christopher, Payne and Ballantyne (1991).
2. Read the Laura Ashley teaching case.
3. Using the information in the case, classify the relationship between Laura Ashley and each of the parties listed with a tick under the appropriate category.

Mr. Robbins was cautioned that the relationships with some parties may appear to fall into only one category, some may fall under several or none at all. He

was also asked to make rough notes which justified why he had classified the relationships in way he did. He was then instructed to wait for one day (minimum) before proceeding to the second stage, which was:

1. Read the definitions of the new categories.
2. Attempt to classify the same relationships under the new categories.

When the exercise was completed Mr. Robbins telephoned the researcher to discuss his findings. This conversation was recorded using the researcher's answer phone record facility (with prior consent from Mr. Robbins). The conversation was transcribed and added to the case data base. Copies of the completed categorisation sheets were faxed to the researcher the following day (see attached).

The results of this exercise supported the researcher's original findings, both in relation to the need to revise the categories put forward by the original framework and the suitability of the new categories. Mr Robbins classification of the relationships under the categories matched the researcher's almost exactly.

Comments relating to classification process using the original categories:

"We'll start with sheet 1, the Christopher, Payne and Ballantyne sections, and I mean, I got confused between er...referral and influence, particularly with the em...the financial side of things, such as shareholders and banks and companies like Kleinwert Benson. I think its a little bit confusing in the way that they define referral and influence. I mean for example referral can mean a retail shopper referring that to another shopper or a friend or somebody like that, but you can also have referral where you get a company like Kleinwert Benson referring the shares to institutional shareholders for example. A bit confusing that ... I was getting very confused between influence and referral to be honest ... its a bit difficult to distinguish between referral and influence"

"Em these two definitions of recruitment and internal em, again I think ...well I think there's just too much concentration on the internal workings of the company to be honest ... em ... I don't think you need two sections there"

"Fed Ex logistics are a supplier. Although to be honest, supplier doesn't really describe what they are actually doing."

"ICL, put under supplier ... er IBM, I put under supplier, em ... but within brackets and with a question mark because they are not really a supplier in the same sense as ICL, or Fed Ex are"

"The Aeon Group, I had problems with the Aeon Group"

"The franchisees, em ... This is where Christopher, Payne and Ballantyne falls down really, because I put them under internal, but that's not strictly true."

They are part of Laura Ashley of course, but you can't describe them in the same breath as the employees for example."

Comments relating to the classification process using the new categories:

"It was a lot easier than doing it with sheet 1."

"Fed Ex goes under alliance, and that's where this alliance comes into its own really. They are more than suppliers ... er, ICL under alliance. It fits in will this alliance section with the outsourcing. I mean you could even say its alliance stroke outsourcing, but here its clear. IBM is now differentiated from ICL and Fed Ex, they [IBM] are just under supplier. They are not offering anything else apart from products"

"Bankers em ... got three crosses for them. Main one is under influence and then I got in brackets, one under internal and one under alliance... because they are basically the ones putting money up for Laura Ashley."

" External manufacturers, are under supplier. The Aeon Group, its easier to categorise them just under alliance...franchisees are under distributors/intermediaries, that's right as well because they ...they are in a sense em ... partly customers for er ...Laura Ashley ... and its important to recognise that....Homebase are er ... Iput them under alliance"

In response to the question "were there any relationships that you couldn't comfortably find a home for under the new categories?"

"No it was easier. It was a lot easier than doing it with the er..sheet 1".

SHEET 1

LAURA ASHLEY - EXPERT VALIDATION

Cranfield Six Markets version - please see Christopher, Payne and Ballantyne 1991 for definitions of the Six Markets.

	Customer	Supplier	Referral	Recruitment	Internal	Influence
Retail Shoppe.....	X		(X)			
Royal College of Art Fifth Courts.....		X	(X)			
Shop assistants.....				X	X	
Kleinwort Benson.....			X			
LA Exec directors.....					X	X
LA Non-Exec dirs.....					X	X
Fed Express Logistics.....		X				
Bernard Ashley.....						X
ICL.....		X				
IBM.....		(X)?				
City assistants.....			X			
Back office emps.....					X	
Bankers.....			X			
Small shareholders.....	X					
External manufacturers.....		X				
The Asda Group.....			X		X	
Franchises.....					X	
Fashion press.....			X			
Institutional investors.....			X			
Sainsbury's Homebase.....			(X)?			
Financial press.....						X

LAURA ASHLEY - EXPERT VALIDATION

Category Definitions

Internal

Parties or individuals who are employed by, or are involved in the management of the core firm.

Consumer

Customers who are consumers or end users of the company's products or services.

Distributors/Intermediaries

Parties or individuals who are customers of the core firm, but not the end users or consumers of the products or services.

Suppliers

Those who supply goods or services to the core firm.

Alliance

Parties with whom the core firm has agreed to pool resources or outsource capabilities for the mutual gain. Sometimes involving equity holdings.

Influence

Parties who usually do not directly add value to a product or service, but can influence the likelihood of purchase, or even prevent the offer reaching the market.

SHEET 3**LAURA ASHLEY - EXPERT VALIDATION**

	Internal	Consumer	Distributor/ Intermediary	Supplier	Alliance	Influence
Retail		X				
Customer						
Royal College of Art				X		
Firth & Partners						X
Shop assistants		X				
Kleinwort Benson						X
LA Ex: directors		X				
LA Non-exec dirs		X				
Fed Express Logistics					X	
Bernard Ashley		X				
ICL					X	
IBM				X		
City analysts						X
Back office comp.		X				
Banks		(X)			(X)	X
Small shareholders						X
External manufacturers				X		
The Asda Group					X	
Franchises			X			
Fashion press						X
Institutional investors		X				X
Sainsbury's Homebase					(X)?	
Financial press						X