

Shaping the development trajectories of exchange relationships

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Researchers from University of Melbourne, ESSEC Business School, and University of Wisconsin—Madison published a new paper in the *Journal of Marketing* that provides fresh insights into some of the

underlying processes by which exchange relationships evolve over time and how their development trajectories can be purposely shaped. The central premise is that a relationship starts with a particular constellation of positive (forbearance) and negative (information asymmetry) conditions. It then subsequently evolves along certain generic paths or processes (decay, passive learning) towards a set of evolved conditions (indifference, familiarity).

In general, the research suggests that appropriate governance solutions will depend on: (1) a given [relationship](#)'s specific condition; and (2) the relative levels of forbearance, decay, and learning that are contributing to it. As Chmielewski-Raimondo explains, "Consider a relationship in which learning has taken place, but which nonetheless has decayed due to a lack of maintenance efforts and encroaching disillusionment. While partners have become more familiar with one another, the relationship has been taken for granted. Managers in such a situation must make efforts to arrest decay, such as recalibrating incentive structures.

In contrast, if a complete turnaround in mutual forbearance is required, customized incentives that demand in-depth interaction and coordination while also demonstrating commitment to the partner may be called for." Alternatively, firms might find that a key relationship, while having been maintained through mutual forbearance, has yielded little new knowledge about the partner, ultimately leading to a persistently high degree of information asymmetry. Such a situation requires promoting learning that is capable of, at a minimum, closing the prevailing information gap to increase partner familiarity. This might be achieved through increasing opportunities for interaction, such as more frequent sales calls.

The researchers say that relationships over time can exhibit different degrees of familiarity and indifference. "Consider the specific pathway

toward unfamiliar indifference—relationships in which low levels of passive learning and high levels of forbearance decay have occurred. Such relationships are the most likely candidates for termination. Depending, however, on the actual extent of decay and information asymmetry, such relationships may be saved and maintained in a transactional state or even rejuvenated," says Shamsollahi. The necessary recovery efforts are likely to be considerable, however, particularly for relationships on the cusp of termination. Bell adds that "A firm's approach should leverage more elaborate customized information sharing programs such as socialization as well as customized incentive mechanisms like pledges.

Such solutions are likely to be costly, so the firm should weigh the relevant investments against the likely returns from salvaging the relationship." "By contrast, relationships in which there has been a great deal of learning and partner forbearance has been maintained will tend to possess not only stocks of patience, but also a high level of mutual understanding. In terms of relationship management efforts, there is little need for immediate, reparative action," explains Heide. Here, firms have the luxury of employing less costly standard information and incentive programs as means of maintaining forbearance and promoting learning. These relationships are substantially less costly to 'move up' and may, in fact, tolerate some degree of periodic neglect.

More information: Danielle A. Chmielewski-Raimondo et al, EXPRESS: When the Honeymoon is Over: A Theory of Relationship Liabilities and Evolutionary Processes, *Journal of Marketing* (2021). [DOI: 10.1177/00222429211062247](https://doi.org/10.1177/00222429211062247)

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