

## **Contemporary Marketing in Iran Verification of Relationship Marketing Validity in Large Manufacturing Firms**

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### ***Abstract***

This paper is cross paradigm paper: it is the first that combines the two separate broad based perspectives on paradigms into comprehensive model for researcher. Marketing researchers argued the four Ps of the marketing mix became an indisputable paradigm in academic research, the validity of which was taken for granted (Grönroos, 1994). The 21st century, but, is bringing dramatic changes in the marketing environment that is leading to a rethinking of the marketing discipline. For example, as markets are becoming mature and customers become scarce resources, the notion of relationship marketing (RM) has increasingly become important (Day, 2000; Dwyer; Gummesson, 1999; Gronroos, 1991; Morgan and Hunt 1994; Webster, 1992). But Conditions in developing economies are qualitatively unlike those found in mature markets. This study tested the validity of the RM for a developing country like Iran. This Research conceptual framework is a consistent and comprehensive theoretical framework emerging from an inductive integration of previous literature, theories, and other pertinent information. The research seeks to test a number of theoretical propositions and to refine and supplement them as the output and as the basis for further work. The findings of the research show that we are not able to firmly state that RM for large firms of Iran enjoys higher validity.

**Key words:** Paradigm shift, Transaction marketing, Relationship marketing, Database marketing, Interaction marketing, Network marketing. Pluralistic marketing

**Introduction**

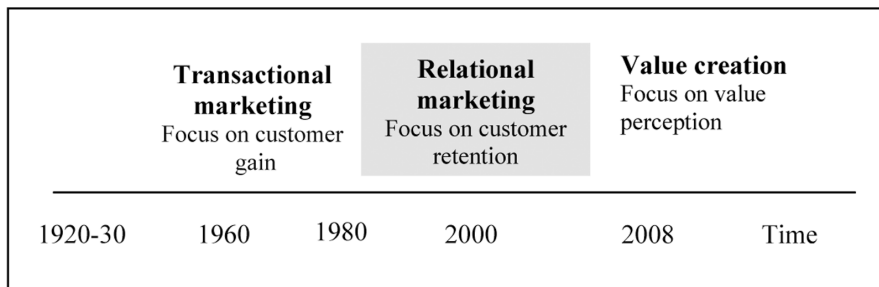
Marketing is generally considered to be fundamental to the development and performance of firms (Narver and Slater 1990; Day 1992; Jaworski and Kohli 1993). But marketing has changed significantly since it first emerged as a distinct business and management phenomenon between the First and Second World Wars.

Some of the most important changes described by Brodie (2000):

- The increasing emphasis on services and service aspects of products
- The focus on financial accountability, loyalty, and value management
- The transformation of organizations
- The shifts in power and control within marketing systems and
- The increased role of information technology-based interactivity.

Based on such changes, it is claimed that the traditional methods of marketing are not working as well as they used to (Rapp and Collins, 1990). It is argued that as we enter the new millennium, that marketing context is changing dramatically with regard to physical distance, time, markets and competition (Sheth and Sisodia, 1999).

Researchers from the Industrial Marketing and Purchasing (IMP) group and the service school of marketing initially launched the debate on whether the traditional “marketing mix” model, that is the transaction exchange paradigm, is out of date, incomplete, insufficient and/or limited. It is suggested that an interaction or relationship paradigm provides a better description of ongoing exchanges (Gummesson, 2004). They believe the Four Ps and the whole marketing mix management paradigm are, theoretically, based on a loose foundation (Grönroos, 1994). In this connection, Figure 1 shows, rise and fall of the transaction marketing (TM) in Western regions.



*Figure 1: Life cycle of marketing*

Despite a considerable number of contributions addressing various aspects of RM the theoretical as well as the empirical foundation of the new paradigm have been criticized (Aijo, 1996). In addition to the insufficient demarcation of the relationship concept (Brodie et al., 1997),

the lack of investigations concerning times and environmental conditions for the validity of competing marketing paradigms has been pointed out (Sheth and Sisodia, 1999). Besides, some organizations may not be able to practice a comprehensive RM approach by the very nature of the business. Apart from the above general problems, there are also other problems that can be identified in developing countries like Iran. During last decades, despite the importance of marketing in the modern business world, the need for marketing investigations in the developing countries (DCs) ignored by researchers. Today, but, the world economy and international business are shifting much of their attention to Asia and other non-Western regions and businesses are adopting more and more international activities, Because of it, scholars need to develop new paradigms by testing their models in Asian and other non-western business environments (Carman and Dominguez, 2001). Marketing rethinking, however, has largely focused on marketing in the more affluent western economies and far less attention has been given to the nature of marketing in transition economies such as I.R. Iran. Conditions in developing economies are qualitatively unlike those found in mature markets. It seems in spite of application relationships and connections in business communications of DCs like Iran, MO did not fully understand. A meta-analysis of extant MO research (Ellis, 2004) revealed that the strongest findings linking MO with performance have generally been found in mature economies such as the US (Jaworski and Kohli, 1993; Slater and Narver, 1994), Germany (Homburg and Pflesser, 2000), and the Netherlands (Langerak, 2001). Accordingly, from historical point of view, relationships and connections have played greater societal roles in DCs; validity of the relationship marketing paradigm for transition economies is questionable (Batra, 1999).

### ***Iran at glance***

Based on last report of Heritage organization (2007) I.R. Iran's economy is unfree in many ways. Business freedom, trade freedom, investment freedom, financial freedom, property rights, and freedom from corruption are all weak. Business licensing and closing are regulated heavily by an intrusive and highly inefficient bureaucracy. High tariff rates and non-tariff barriers impede trade and foreign investment alike. According to 2007 assessment, Iran's economy is 43.1 percent free, which makes it the world's 150th freest economy. Its overall score is 0.2 percentage point lower than last year. Iran is ranked 16th out of 17 countries in the Middle East/North Africa region, and its overall score is extremely low-almost one-third below the regional average ([www.heritage.org](http://www.heritage.org)).

Contemporary marketing in Iran is in paradoxical situation. In order to fill this gap an investigation needs to be carried out. For this purpose, manufacturing firms have been selected as appropriate because the marketing concept originated from within manufacturing firms (Liu, 1995). In addition, business

orientation in manufacturing firms is more clearly reflected in the process of their product/business development and thus it is easier to measure than in non-manufacturing firms (Liu, 1995). The researcher himself is an Iranian and more familiar with the Iran culture than with other cultures and that will greatly enable the researcher to have a clearer understanding of the data.

### ***Research purpose***

This research builds on the work of Gronroos (1991), Webster (1992), Berry (1995), Elis (2004), Covellio (1997, 2000) and Sin (2002, 2004). It is developed from a synthesis of the broader literature about MO, relationship marketing orientation (RMO) and pluralistic framework of contemporary marketing practice research (CMP) group. CMP research framework integrates both the transactional and relational views of marketing.

In fact, this study tries to examine the relative emphasis of MO versus RMO and also transactional marketing practice (TMP) versus relational marketing practice (RMP) by assessing different aspects of marketing. Finally, the research main purpose is including providing insight about the extent to which transactional and the relational marketing concepts are being applied in Iran and verify the validity of the relationship marketing paradigm to large manufacturing firms in Iran.

Therefore, a main objective of this research is:

- To verify the validity of the relationship marketing paradigm in large manufacturing firms in Iran.

In an effort to verify this paradigm validity, four sub objectives are formulated:

- To integrate both the MO and RMO literature and marketing practice scale, in an effort to develop framework that can be useful for developing countries.
- To explore the specifics of orientation and practice of contemporary marketing within large manufacturing firms of Iran and to provide a comparison of relative importance of transactional and relational marketing.
- To understand relationships between orientations, practices and marketing outcomes in large manufacturing firms of Iran.
- To derive implications for the design and implementation of marketing strategies in large manufacturing firms of Iran.

### ***Research questions***

A fundamental research question is to investigate:

- Is RM valid for contemporary condition of large manufacturing firms of Iran?

In an effort to this verification, four research questions are formulated:

- Research question 1: Does RMO have greater emphasis than MO within large firms manufacturing of Iran?
- Research question 2: Does RMP have greater emphasis than TMP within large firms manufacturing of Iran?
- Research question 3: Does RMO have a significant association with RMP in large manufacturing firms of Iran?
- Research question 4: Does MO have a significant association with TMP in large manufacturing firms of Iran?
- Research question 4: Do large manufacturing firms of Iran which involved in RM have a higher level of marketing outcomes than firms involved in TM?

*Table 1: Subordinate questions and Information need*

Main question	Is RM valid for contemporary condition of large manufacturing firms of Iran?				
Subordinate questions	Do large manufacturing firms of Iran have greater emphasis on RMO than MO?	Do large manufacturing firms of Iran have greater emphasis on RMP than TMP?	Does RMO have a significant association with RMP in large manufacturing firms of Iran?	Does MO have a significant association with TMP in large manufacturing firms of Iran?	Do large manufacturing firms of Iran which involved in RM have a higher level of marketing outcomes than firms involved in TM?
Information need	What type of orientations exists? Which type of orientation is dominant?	What types of practices exist? Which type of practice is dominant?	Relationship between orientation and practice of RM	Relationship between orientation and practice of TM	Relationships between marketing outcomes ,orientations and practices
Theoretical frame	Market orientation Relationship marketing orientation	Marketing practice	Relationship marketing	Transaction marketing	Marketing outcome Strategy – performance

This Research conceptual framework is a consistent and comprehensive theoretical framework emerging from an inductive integration of previous literature, theories, and other pertinent information. The research seeks to test a number of theoretical propositions and to refine and supplement them as the output and as the basis for further work. A schematic diagram of the conceptual framework of this research is shown in below.

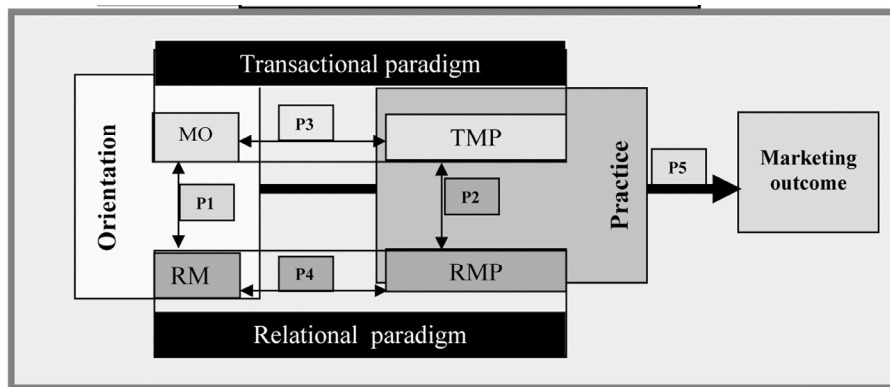


Figure 1- Research conceptual framework

### Research hypotheses

In light of the literature review and the proposed linkage between variables in the conceptual framework, the hypotheses are as follows:

- H1: Large manufacturing firms of Iran have a greater emphasis on RMO than MO.
- H2: Large manufacturing firms of Iran have a greater emphasis on RMP than TMP.
- H3: Higher degree of MO is associated with higher degree of TMP in large manufacturing firms of Iran.
- H4: Higher degree of RMO is associated with higher degree of RMP in large manufacturing firms of Iran.
- H5: Large manufacturing firms of Iran which involved in relational paradigm have higher levels of marketing outcomes than firms which involved in Transactional paradigm.

### Measurement instrument

The measurement and scaling of each construct included in the questionnaire is illustrated in below table.

Table2: Measurement and scaling constructs

Construct	Indicators	Measurement	Source
MO	Customer orientation Competition orientation Interfunctional coordination	Five-point scale Five-point scale Five-point scale	Slater and Narver
RMO	Trust Shared value Reciprocity Communication Bonding Empathy	Five-point scale Five-point scale Five-point scale Five-point scale Five-point scale	L.M. Sin et al.
TMP / RMP	Exchange dimensions Managerial dimensions	Five-point scale Five-point scale	Coviello and Milley
Mktg outcome	Sales growth, Customer retention Market share	Five-point scale Five-point scale Five-point scale	Pels, J. and Brodie, Palmer and Pels

### **Market orientation**

Most previous studies utilized measures based on both Kohli and Jaworski's (1990) or Narver and Slater's (1990) conceptualization. Thus, the choice between them is key to all researchers. Mavondo and Farrel (2000) investigated the "generalizability" of these two popular scales via a sophisticated co-variance structure. They concluded that Narver and Slater's (1990) conceptualization is more robust and invariant among different populations, and that it is understood and responded to consistently and equivalently across populations. In fact, researchers recommend that Narver and Slater's approach is more suited for cross-country and cross-industry studies. Narver and Slater's conceptualization, therefore, is adopted for this research. Specifically, the market orientation scale contains 14 items relating to three behavior components, namely: customer orientation (6 items), competitor orientation (4 items), and interfunctional co-ordination (4 items). Data obtained from CMO (Chief marketing officer) of large manufacturing firms using a standardized questionnaire of Narver and Slater. Responses to each of these 14 item is recorded using a 5-point scale, with 1 indicating a respondent's firms does not consider a particular item, and 5 indicating it is considered a very great extent.

### **Relationship marketing orientation**

In this research, RMO is under investigation as a one-dimensional construct that consists of six behavioral components-bonding, empathy, reciprocity, shared value, communication, and trust. To measure RMO, the researcher used a five point scoring format (1 = "Never" and 5 = "Always")



for the six dimensions of bonding (4 items), communication (3 items), shared value (4 items), empathy (4 items), reciprocity (3 items), and trust (4 items).

### ***Marketing practice***

Brady (2000) claimed marketing has suffered from lack of a clear understanding of what constitutes marketing practice itself and in relation to the theoretical principles. The Researcher employs the Contemporary Marketing Practices (CMP) framework because of its concern with the validation, enforcement and habitual use of routines by which the organization relates to its direct and indirect clients (Coviello, 1997). Data obtained from CMO (Chief marketing officer) of large manufacturing firms using a standardized questionnaire from the “Contemporary Marketing Practices” (CMP) Project.

### ***Marketing outcome***

Researchers believe that firm performance is too coarse a measure and is composed of too many variables to give a meaningful indication of the influence on performance of marketing orientation and practice. Ples and Palmer (2002) argued that “we therefore introduced the marketing outcomes construct in order to more directly relate marketing practice with results”. The CMP group members in developing their instrument have used a number of subjective measures (Coviello et al, 2002). In fact, the researcher believes obtaining objective data from documentary sources, such as trade and other publications was not a viable alternative for the Iran purpose because of their accuracy. In this connection, Pearce et al. (1987) showed that subjective evaluations provide a reliable means of measuring performance. Thus, this study considered subjective data in measuring marketing outcome rather than objective data. Finally, to measure marketing outcomes, researcher asked each respondent to evaluate his or her firm’s (1) current marketing outcomes in the local market, marketing outcomes (2) relative to its major competitors, and finally (3) relative to the managers expectation with respect to the following three items: (1) sales growth, (2) customer retention and (3) market share.

### ***Conduct a pretest and evaluate the results***

The questionnaire was assessed by 5 managers across different industry sectors. Only one item was eliminated from the original scale of MO (after-sales service) as they were deemed to be irrelevant to all the business practices of Iranian large firms.

Table 3: Selection of firms to Pretest the Questionnaire

Contact	Date	Education	Position	Employee	Industry
1.	19/07/2007	Bachelor	Sales Manager	2200	Manufacture of non-metallic mineral products
2.	21/07/2007	Master	Marketing Manager	900	Manufacture of rubber and plastic products
3.	1/08/2007	Diploma	Sales Manager	300	Home equipment
4.	12/08/2007	Master	Marketing	205	Electricity equipment
5.	16/08/2007	Master	Marketing Manager	270	office, and computing machinery

Nevertheless, based on their opinions some minor changes were made.

#### ***Sampling the target population of survey***

The population for this research comprised the large manufacturing firms in Iran. Large manufacturing firms were selected whose primary objective is to serve the local market. Iranian information center of industries and mine ([www.miw.go.ir](http://www.miw.go.ir), [www.sta.mim.gov.ir](http://www.sta.mim.gov.ir)) list of active large manufacturing firms (138<sup>v</sup>) was used to construct a sampling framework. Thus, in order to qualify for participation in this research, firms have to have: 100 or more employees based on definition of Central Bank of Iran for large firms. In order to enhance the generalizability of findings, simple random sampling is applied.

#### ***Method of analysis***

Using simple random sampling, with the help of a SPSS 1000 firms was randomly selected from the database. Statistical test used in this research is presented in below table. In order to increase the response rate each firm was contacted by phone to solicit their cooperation in Participating in the research. According to the telephone contact, a number of firms had deleted .Thus, upon completion of the phone calls the firms was reduced to 314.

Table 4 : Statistical test used

Research questions	variables	Statistic Test Used
Does RMO have greater emphasis than MO within large firms manufacturing of Iran?	Marketing Orientation	Cluster analysis With Ward Method for Clustering Chi-square test for Frequency equality
Does RMP have greater emphasis than TMP within large firms manufacturing of Iran?	Marketing Practice	Cluster analysis With Ward Method for Clustering Chi-square test for Frequency equality
Does RMO have a significant association with RMP in large manufacturing firms of Iran?	MO and TMP	Pearson Correlation
Does MO have a significant association with TMP in large manufacturing firms of Iran?	RMO and RMP	Pearson Correlation
Do large manufacturing firms of Iran which involved in RM have a higher level of marketing outcomes than firms involved in TM?	Marketing outcome Cluster Number	Cluster analysis With Ward Method for Clustering One-Way ANOVA and Post Hoc Tests

A total of 234 questionnaires were returned, of which 171 were complete and usable resulting in a net response rate of 17.1%. Because the marketing outcomes were measured on subjective method, then the advisor offered to recheck the entire questionnaires with the official documents (like financial reports) of the large manufacturing firms, and if any significant deviations are observed the questionnaire is omitted from the process. With those basis 49 questionnaires gone away. Total result was clearly above 169 questionnaires. The respondents of this research are marketing managers and or person who are directly involved with and responsible for marketing (and or sales).

***Instrument reliability and coefficient Alpha***

Assessment of the reliability using Cronbach alpha indicates that the value of alpha in this research ranges from .59.3 to .89.4. Although coefficient alpha for one scale (Shared vision) was very slightly below the cut off value of .60, it can be said that the data collected in this study were reliable. The reliability of the scale items using Cranach’s coefficient alpha are shown in below Table.

Table 5: Coefficient Alpha

Scale items	Number of items	Alpha
<b>Marketing orientation</b>		
MO	3	73
Customer orientation	5	66.2
Completion orientation	4	61.6
Interfunctional coordination	4	68.8
RMO	6	89.4
Shared vision	4	59.3
Bonding	4	69.7
Communication	3	67
Empathy	4	74.1
Reciprocity	3	61.8
Trust	4	65.5
<b>Marketing Practice</b>		
TM	9	60.7
DM	9	76
EM	9	81.1
IM	9	81.5
NM	9	81.2
<b>Marketing outcome</b>		
Real outcome	3	66.9
Relative to competitors	3	81.2
Relative to expectation	3	82.4

The researcher did not refine this scale because the coefficient alpha value was very close to the cut of value of .60. Apart from the shared vision scale, all the scales in this research produced acceptable coefficient alpha values and thus, the data reliability issue in this research was satisfactory.

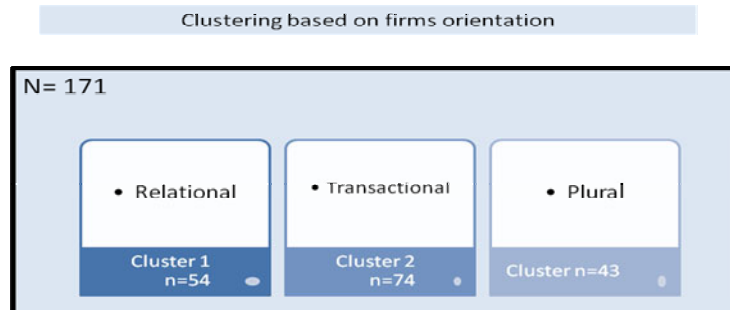
### **Cluster analysis results**

#### *1- based on orientation:*

In this research hierarchical cluster analysis (Ward method and Dendrogram) are used for clustering. It is regular to use hierarchical methods when researcher is not informed about the numbers of clusters. In the first step, using Ward method and Dendrogram diagram the approximate numbers of clusters are indicated and after that with the same ward method the firms are clustered and the number of firms in each cluster are indicated.

Among 171 firms in this research, conducted by ward-method analysis and based on practice type, three clusters were proved from point 10 out of 25 points.

The accuracy of this clustering is computed as 91.2.



- Cluster 1: Relational

As showed in below figure, 54 out of 171 manufacturing firms account for relational clustering. The average establishment age of such firms is 12 years. 20% of the firms in this cluster are engaged in consumer markets and 62% are active in business markets.

Two out of 54 firms in this cluster have marketing department. 35 firms are private and 11 firms are run non-privately and 8 others have not specified type of ownership. Six firms, equal to 11%, out of total number of the firms are based on MO and 48 firms, equal to 88.9%, are based on RMO. All firms have high and medium scores and no company exists in this cluster that get low score. The average marketing outcomes of the great manufacturing firms included in this cluster is 3.31 out of 5. Since there is a meaningful difference between frequency and the score for RMO Comparing to MO, this cluster is named Relational Clustering.

- Cluster 2: Transactional

74 out of 171 manufacturing firms account for transactional clustering. 29% of the

firms in this cluster are engaged in consumer markets and 61% are active in business markets

Less than 14% of these firms have 500 personnel and the remaining have personnel from 100 to 500 individuals. 10 out of 74 firms in this cluster have marketing department and 53 firms lack such department. 36 firms, equal to 48.6%, are private and 31% are run non-privately. 20% of the firms have not also specified their ownership. 70% out of total number of firms in this cluster are based on MO and approximately 30% are based on RMO. The average establishment age of such firms is 14 years. The average marketing outcomes of the great manufacturing firms included in this cluster 3.26 out of 5. Since there is meaningful

difference between frequency and the score for MO comparing to RMO, this cluster is named Transactional Clustering.

- Cluster 3: Plural

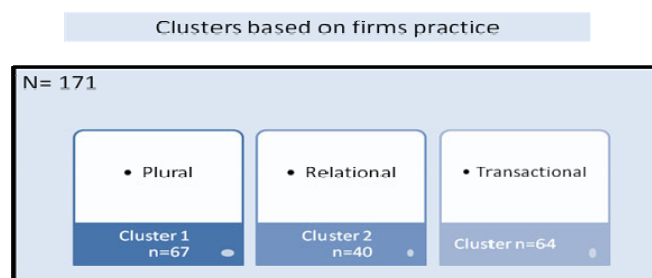
This cluster contains 43 firms. 11 firms, equal to 30% of the firms in this cluster are engaged

in consumer markets and 18 firms, equal to 49% are active in business markets. 8 firms have more than 500 personnel and the remaining have personnel from 100 to 500 individuals. 37% of the firms in this cluster have marketing department and 49% lack such department.

As a matter of fact, this cluster has the greatest number of firms that enjoy marketing department. 35% of the firms are private and 28% are run non-privately. 35% out of total number of firms in this cluster are based on MO and 63% are based on RMO. The average establishment age of such firms is 15 years that demonstrates higher score comparing to other clusters. The average marketing outcomes of MO in this cluster is 3.67 for RMO is 3.88. This shows the seriousness of activities in this cluster. The marketing outcome for this cluster is 3.5 out of 5. Although no meaningful difference was obtained among clusters on account of marketing outcome, this cluster has the highest score and is named Plural Clustering.

2- *Based on marketing practice:*

According to Dendrogram diagram, and based on practice type, three clusters were proved. The accuracy of this clustering is computed as 94.7.



- Cluster 1: Plural

35% out of 67 firms exist in this cluster, are engaged in consumer markets and 40% are active in business markets. 15% of the firms have more than 500 personnel and the remaining firms

have personnel from 100 to 500 individuals. 50% out of total number of the firms are run privately and 33% are run non-privately. 50% of the firms, say 14 firms, in this cluster have marketing department and 70%, equal; to 47 firms, lack such department. 38 firms (57%) are run based on TMP and 26 firms (36%) are run based on RMP. In this cluster, the medium score for TMP is 3.63 and for RMP is 3.53. As you see, both TMP and RMP have been applied simultaneously in this cluster. This cluster has the greatest number of firms that enjoy marketing department comparing to other two clusters. The mean marketing outcome for this cluster is 3.37 out of 5. This cluster is called plural since both practices are executed more seriously. Among all marketing practices, IM is executed by 81%.

- *Cluster 2: Relational*

40 out of 171 firms exist in this cluster and only 10% are engaged in consumer markets.

70% out of total number of the firms are run privately. Only 17.5% of the firms in this cluster have marketing department and 70% lack such department. RMP score in all these firms is bigger than TMP score. In other words, 100% of the firms are based on RMP. In this cluster, the medium score for RMP is 3.8 and for TMP is 2.92. The mean marketing outcome for this cluster is 3.79 out of which is the highest score comparing to other two clusters. Although no meaningful difference was obtained among clusters on account of marketing outcome, because RMP has greater scores, frequently and scoring speaking, this cluster is called Relational Clustering on account of practice type. Among all marketing practices, IM is executed by 82%.

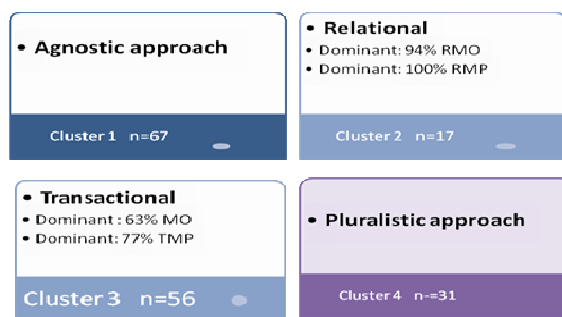
- *Cluster 3: Transactional*

64 out of 171 firms exist in this cluster. 17% are engaged in consumer markets and 50% are active in business markets.

Approx. 17% of the firms have more than 500 personnel. 53% out of total number of the firms are run privately. 11% of the firms in this cluster have marketing department and 69% lack such department. 85% of the firms in this cluster act as per TMP and 11% have chosen RMP. TMP score in this cluster is 3.37 and for RMP is 2.77. The average marketing outcome has also computed as 3.25. Although no meaningful difference was obtained among clusters on account of marketing outcome, the lowest marketing outcome belongs to this cluster. Since the cluster frequently acts as per TMP, it is called transactional.

### 3- *Based on marketing outcome*

Four clusters were identified at point 10 out of 25 point's distance among clusters. The accuracy of this clustering is computed as 91.8.



- *Cluster 1: Agnostic*

67 out of 171 firms exist in this cluster. 15% are engaged in consumer markets and 60% are

active in business markets. 13% of the firms have more than 500 personnel and the remaining firms have personnel from 100 to 500 individuals. 54% out of total number of the firms are run privately. Only 9% of the firms in this cluster have marketing department. 40% of the firms in this cluster have MO and 60% have RMO. MO score in this cluster is 2.85 and for RMO is 2.92.

The average establishment age of the firms in this cluster is 12 years. On account of marketing practice, 59% have chosen TMP and 37% chosen RMP. The score for TMP is 3.21 and for RMP is 3. The average marketing outcome has also computed as 3.23. Since this cluster has no high scores for orientation and practice, this cluster is called agnostic.

- *Cluster 2: Relational*

17 out of 171 firms exist in this cluster. Only 2 firms are engaged in consumer markets and only

3 firms have more than 500 personnel and the remaining have personnel from 100 to 500 individuals. 77% out of total number of the firms are run privately. Only one company in this cluster has marketing Department. Just one company in this cluster has MO and 16 others have RMO. MO score in this cluster is 2.69 and for RMO is 3.71. Marketing practice speaking, all firms accord as per RMP. RMP score in this cluster is 3.92. 82% of the firms act as per IM in marketing practice and 18% have also act as per NM.



The average establishment age of the firms in this cluster is 13 years. The average marketing outcome has also computed as 3.56. Since there is meaningful difference statistically between clusters on account of marketing outcome, this cluster ranks second on account of marketing outcome.

- *Cluster 3: Transactional*

This cluster has 56 firms. 28% are engaged in consumer markets and 41% are active in business markets. 18% of the firms in this cluster have more than 500 personnel. 52% out of total number of the firms are run privately. 14% of the firms in this cluster have marketing department. 63% of the firms in this cluster have MO and 37% have RMO. MO score in this cluster in this cluster is 3.43 and for RMO is 3.22 marketing practice speaking, 77% of the firms act as per TMP and 20% behave according to RMP. RMP score has been computed as 3.2.

The average marketing outcome has also computed as 3.23. Since in both orientation and practice frequency and score, MO and TMP scores are higher, the cluster is called transactional. Among 11 firms act as per DM and 8 firms act as per IM.

#### ***Cluster 4: Plural***

This cluster has 31 firms. 36% are engaged in consumer markets. Only 4 firms in this cluster have more than 500 personnel and the rest have personnel ranging from 100 to 500 individuals. 58% out of total number of the firms are run privately. 42% of the firms in this cluster have marketing department. This cluster has the highest score for the firms with marketing department. 32% of the firms have MO and 65% have RMO. MO score in this cluster is 3.71 (High) and for RMO is 3.93 (High). 29% of the firms act as per TMP and 64% behave according to RMP. TMP score has been computed as 3.57 (High) and for RMP as 3.73 (High).

In other words, this cluster is the only cluster that has high score for orientation and practice. The average marketing outcome has also computed as 3.64 (High) which is more than all other clusters. The average establishment age of the firms in this cluster is 15 years. In firms with RMP dominant (20 firms), only 2 firms act as per DM and 18 firms (90%) act as per IM.

#### ***Hypotheses testing***

This research examines the way marketing is being applied in Iran as developing country. The objective is to provide understanding about the extent the transactional and the relational marketing concepts are being applied in

order to develop implications for the development and implementation of marketing strategy. The research key results can be summarized as follows:

*Table 6: Assessment of the research hypothesis*

Hypothesis	Statistic Test Used	$\alpha$	Sig	Result
۱	Chi-square test for Frequency equality	0.05	Sig = 0.00 $\chi^2 = 87.579$	Due to sig < $\alpha$ Accepted H <sub>1</sub>
۲	Chi-square test for Frequency equality	0.05	Sig = 0.00 $\chi^2 = 71.61$	Due to sig < $\alpha$ Accepted H <sub>1</sub> But Expected results are not found.
۳	Pearson Correlation	0.05	Sig = 0.00 r = 0.429	Due to sig < $\alpha$ Accepted H <sub>1</sub>
۴	Pearson Correlation	0.05	Sig = 0.00 r = 0.619	Due to sig < $\alpha$ Accepted H <sub>1</sub>
۵	One-Way ANOVA and Post Hoc Tests	0.05	Sig = 0.001 F = 6.182	Due to sig < $\alpha$ Accepted H <sub>1</sub> But Expected results are not found.

- Confirmation of first hypothesis means pay more attention to trust, shared vision etc. rather than customer-orientation and competition orientation. Although no significant difference was found between orientation type and marketing outcome in the clusters, the quantity of marketing outcome in the first and third clusters, that have more orientation toward RMO, is higher. It could be implied that in addition to dominant RMO orientation, it enjoys higher score in marketing outcome. This hypothesis has been validated both in 171 firms and firms with such orientation score.
- Disconfirmation of the second hypothesis of research shows lack of confirmation of the hypothesis that dominant practice type of the firms in this research is RMP. However, verification of the fact that firms with high scores validates the hypothesis that among 103, firms with high scores, RMP is more powerful. In other words, the second hypothesis has been verified in a smaller scale but it cannot be said firmly that dominant practice of the great firms of the research is RMP.
- Support of the third and fourth hypothesis, both in general (171 firms) and in the field of firms with higher scores in orientation and practice, demonstrates that orientation type and marketing practice type are associated (in orientation R=49%) (In practice R=64%). It

shows that marketing thought in large manufacturing firms is integrated in choosing orientation and practice of their marketing. It also shows, For example, that firms with MO act positively and significantly as per TMP.

- Cluster analysis shows four separate clusters in this part. The first cluster has low scores both on account of MO and RMO. TMP, RMP as well as marketing outcome are also low. The second cluster is completely relational, the third cluster is transactional and the fourth cluster has plural approach. Crosstab comparisons show that the fourth cluster has the highest marketing outcome score. In spite of the fact that this cluster is RM oriented, since MO and TMP scores are in highest level, the fifth hypothesis could not be proved. In other words, for validation of the fifth hypothesis, second cluster must have had the highest marketing outcome. This shows that Plural cluster, which works both in transactional paradigm and relational paradigm, works better than other clusters.

#### ***Verification of RM paradigm validity***

If we consider RMO and RMP as symbols of RM paradigm and also consider MO and TMP as symbols of TM paradigm, then,

- The findings of the research show that we are not able to firmly state that RM for large firms of Iran enjoys higher validity. Although RMO is dominant form of orientation and IM is dominant form of Practice, the results show that marketing outcome of the firms in cluster with only RM is lower comparing to pluralistic clusters. Therefore, since RM is dominant form in pluralistic clusters, it can be said that large manufacturing firms that coexist in both paradigms, have better condition with more orientation toward RM. As a result, successful firms apply TM techniques and tools significantly at the same time when taking advantage of RM factors. In Practice, RM could be decreased to IM because 82% out of total subject firms of the research apply IM and no firm acts as per EM. It means that DM, EM, NM, are not implemented in large manufacturing firms of Iran.

#### ***Academic contribution***

- As mentioned earlier in chapter one, the status quo of theory development is dominated by specific market conditions in North America. A key question still to be answered by marketing scholars concerns the transferability of the findings to DCs. Questions arise as to whether these theories are having the validity in different types of businesses and in different cultural settings (Ples, 2003).To fill

this research gap, this study provided a generic framework that can be applied to any settings in developed or DCs. This research is based on a developing country setting where no significant research has been done before and cultural and economic differences from developed countries are notable. As Kohli and Jaworski (1993) stated "it will be interesting to see if the positive effects of market orientation on performance generalize to non-US economies. This will be particularly interesting in developing economies", it is believed that this research recognizes the current condition of marketing paradigms in Iran as a developing country, and provides a basis for entering to and following g the domain, and as a standpoint for future research.

- The value of this research conceptual model is in integrating previous attempts to provide a more comprehensive picture of marketing in a developing country like Iran. This research, do not seek to provide proof of the relationship between variables nor to demonstrate causality. Rather it seeks to build and develop understanding of the mechanisms at work and to provide further insights as the basis for further work. Transaction and relational approaches to marketing have been proposed as alternative forms in developed countries but this research finding has challenged that view and suggested that they not only coexist but operate to reinforce one another. Firms operating in a highly relational society, such as Iran, but also exhibiting transactional behavior, imply that the two approaches are compatible. In DCs, the necessary of theory building under the light of paradigm coexist thought seems essential. Hence it absolutely provided an appropriate start point for pluralistic marketing conceptualization in the DCs. This approach eliminates the weaknesses of the existing approaches that investigate these important elements separately. The Conceptual framework of this research tried to understand the relationship between orientations, practices, and outcomes of marketing in related with RM paradigm and TM paradigm simultaneously.
- Based on the research findings, among four clusters namely Relational, Transactional, Plural, and Agnostics, the Plural cluster obtained higher marketing outcomes. Then, on the basis of plural thought, theory building in marketing must be considered truly essential. Indeed, in a developing country like Iran, in which no balanced growth could be observed among the industries and markets from one side, and the lack of competition from the other

side, development of a plural theory in marketing is really needed. Indeed this research is an endeavor toward this way.

### ***Managerial conclusions and implications***

- Even though an evaluation of a paradigm's validity is a merely theoretical aim, this research provides some insights for manufacturers regarding their marketing activities. Firstly, it is important that Managers should recognize that firms compete using transactional marketing, relational marketing, or a plural approach. This suggests that managers need an appreciation of the potential role of each aspect of marketing. For examples, RMO should be considered a necessary and essential business process as well as MO. It is important that the corporate culture and reward system are conducive to behavior that facilitates RMO and MO simultaneously in large manufacturing in Iran.
- Research finding showed the clusters either in orientation clustering, or in final clustering, which constructed in the plural format, obtained the highest scores in marketing outcomes. Then, it is believed that the marketing managers must move from binary thinking to the plural thinking in orientation selection. Besides, because the premier cluster in final clustering proved its pluralistic approach in action, it is advised to the marketing managers of large manufacturing firms, to employ two alternative paradigms in practice simultaneously.
- As the results showed, the premier cluster contains the most number of the firms having marketing department. Then it is believed that the other large manufacturing firms must try to foster marketing department position among their firms. Although the second hypothesis of the research rejected, the findings show that more than 80% of the manufacturing firms using RM, are using IM in turn. The fast result is this that it is possible to reduce RM practice of large manufacturing firms in to the IM, just because they do not use other types of RM like e-M, DM, and NM in practice. Top management and also marketing manager must know that the extreme use of IM will lead to the situations in which the whole relationships are embedded to the individual relationship. And this could be a hazardous for marketing outcomes of the large manufacturing firms in Iran, so heavily must be concerned.

- The findings show that the NM, DM, and EM usages in large manufacturing firms are very low. The researcher believes that this could be considered as a unique opportunity for those marketing managers are innovative. With the deployment of those rare used marketing practices, they can build differentiated positions for their firms in markets.
- Due to the essential use of pluralistic approach in orientation and practice of marketing in large manufacturing firms, it is advised marketing managers to deploy tools, techniques, and procedures from both TM and RM paradigms. Top managers of large manufacturing firms must hire and retain human resources based on their mental capacities and practical abilities possessed from pluralistic rather than binary thought.
- Besides, because marketing is a cross functional process, marketing managers must clarify the meanings, essentials, and implications of pluralistic approach for other departments to facilitate marketing process in whole firm.

#### ***Limitations and directions for future research***

Although this research has provided notable insights into the understanding of the marketing in Iranian large manufacturing firms, there are several limitations related with this research.

- The conceptual framework of this study was tested by investigating the orientation and practice of the large manufacturing firms in Iran that considered serving the local market as their primary objective. The reason for selecting large firms was because it was thought that the marketing issues might be more clearly reflected in large firms of Iran than in small firms. Future researches in Iran could include a sample incorporating all sizes including firms and provide the comparison between these firms.
- As there has not been significant investigating on marketing theories in Iran, research in this country can offer insight to both scholars and practitioners. Iranian managers and their firm's culture are different from DCs. In future research, researchers should examine the affect of these differences on marketing theories. It is therefore suggested that cross-cultural studies should be carried out in the future in different DCs for comparison purposes.

- The main goal of this research was to verify the marketing of the local large manufacturing firms and thus international firms were excluded. Future studies in Iran should include multinational firms in order to provide comparative analysis between local firms and multinational firms.
- In this research the respondents were key informants from each firm including managers of marketing. These key informants were used because of their specific information about the required data for this research. Future research in Iran may conduct from different positions within the firm together with these key informants.
- Subjective or perceived data were used in this research for measuring the marketing outcomes. Although the researcher tried to recheck respondents answer with official documents where possible but further studies in Iran should examine this relationship based on objective measures.
- Cross sectional data were used in this research .Consequently, the time sequence of the relationships between strategy making, implementation and marketing outcomes cannot be determined unambiguously. The implementation of time series and testing of the orientation and practice with marketing outcomes in longitudinal manner would provide more insight into probable relationships.
- In this research respondents were asked to focus their answers on activities related to their primary customers, future research should be focus on rest of firm's customer.
- There is also a possible location bias, as all the firms covered in the study are either in Tehran or in other six seven macro city of Iran. As a result, future research should be focus on rest of city of Iran.
- Finally, although this research shows that firms emphasize a transactional, relational, or pluralistic approach to orientation and practice of marketing, it does not identify why such approaches are considered and implemented. Investigation of issues related to why questions could also provide better understanding of firms emphasize of different types of marketing paradigm.

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## بازاریابی معاصر در ایران: بررسی روایی بازاریابی رابطه‌مند (مراوده‌مند) در شرکت‌های بزرگ تولیدی

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### چکیده

پژوهش حاضر پژوهشی بین پارادایمی است. این پژوهش با لحاظ هر دو پارادایم اصلی بازاریابی - در هر دو بعد گرایش و عمل - در یک چارچوب مفهومی، می‌کوشد به بررسی وضعیت امروزی بازاریابی در شرکت‌های بزرگ تولیدی ایرانی بپردازد. گرچه پژوهش‌های متعددی از اثر مثبت اتخاذ گرایش و عمل بازاریابی مراوده‌مند بر خروجی‌های کسب و کار خبر داده‌اند، اما نتایج این پژوهش به شکل محکم و معناداری به چنین نتیجه‌ای دست نیافته است. اگر گرایش و عمل بازاریابی را در یک دسته‌بندی کلی به دو پارادایم معاملاتی و مراوداتی تفکیک کنیم، نتایج پژوهش با استفاده از تکنیک‌های کلاسترینگ نشان می‌دهد که گرایش و عمل پلورالستیک می‌تواند نتایج بهتری را برای کسب و کارها به ارمغان آورد. این بدان معناست که شرکت‌های بزرگ تولیدی ایرانی می‌توانند از طریق تقویت کارآمدی خود در هر دو حوزه پارادایمی به خروجی‌های عملکردی بهتری نسبت به رقبا و گذشته شرکت دست یابند.

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نویسنده مسؤول یا طرف مکاتبه: دکتر هاشم نیکومرام

## واژگان کلیدی

پارادایم، شیفت پارادایمی، بازاریابی معامله‌مند، بازاریابی مراوده‌مند، بازاریابی داده‌مند، بازاریابی فردمند، بازاریابی شبکه‌مند