“Consumer Relationship Marketing on the Internet: An Overview and Clarification of Concepts”

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Consumer Relationship Marketing on the Internet: An Overview and Clarification of Concepts

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Abstract

Relationship marketing (RM) has the potential to be a highly effective marketing technique. However, it has been problematic in retailing applications and caused confusions in interpreting research results. This paper analyzes problems of RM in the consumer market and reflects on the Internet's impacts on consumer RM. The problems in previous consumer RM research are traced to two roots: conceptual confusion and practical difficulties. To clarify the concept, it is proposed that RM can be classified to a broad sense or a narrow sense. It is stressed that RM strategy design has to comply with the relationship characteristics of targeted consumers. Alleviating practical difficulties in consumer RM, the Internet is presented as an effective facilitator for consumer RM success.

Key words: relationship marketing, Internet, e-tailing, consumer research.

1. Introduction

Relationship Marketing (RM) is a popular concept in current marketing research and practice. RM has the potential to increase customer retention by building long-term customer relationships. RM can increase marketing effectiveness and efficiency by reducing marketing costs, facilitating the targeting of high-profit customers, reducing price sensitivity, creating opportunities for up-selling and cross-selling, erecting exit barriers, and facilitating database development (O'Malley and Tynan, 2000). Since relationships can become an important source of competitive advantage, a marketing paradigm shift from transactional to relationship marketing has been proposed (Buttle, 1996).

RM was initially conceived as an approach in the business-to-business (B2B) environment. The adoption of the RM concept to consumer research is relatively new and has gone through stages from obscurity, discovery, acceptance, to popularity (O'Malley and Tynan, 2000). While RM is powerful in theory, it is troubled in practice (Fournier et al., 1998). After years of research on RM in the consumer market, it may seem awkward that the legitimacy of the topic is still under debate.

Three different views on RM feasibility in the consumer market can be found in the literature. One view does not limit the application of RM (for example, Rowe and Barnes, 1998; Berry, 1995), where some have tended to apply this concept blindly. On the contrary, others have questioned the practicability of RM in the consumer market from both academia and industry (for example, Cahill, 1998; Hibbard and Iacobucci, 1998). Reasons for this concern include: the anonymity of consumers; limited interaction; and the low potential value of individual consumers compared to the high costs of RM programs. It is suggested that RM in the consumer market is merely a scholarly concept with little limited real-life applicability. Hibbard and Iacobucci (1998) conducted a meta-theoretical analysis of over ten years of literature and concluded that there is no empirical evidence to suggest that B2C relationships exist. An alternate view between these extremes suggests that RM in the consumer market is only suitable for certain relationship-friendly products (Cahill, 1998) and is dependent on the willingness of consumers to participate (Christy et al., 1996; Sheth and Parvatiyar, 1995).

This paper discusses reasons behind this controversy and investigates possible solutions. As Figure 1 shows, problems are rooted in conceptual confusions and practical difficulties. To clarify the RM concept in the consumer market, a separation of the concept to a broad and narrow sense is proposed. The Internet is viewed as a facilitator of RM success in the consumer market.

This paper is organized as follows. Section II identifies and discusses conceptual and practical reasons of confusions of RM in the consumer market. Section III tackles concept confusion by proposing and analyzing RM in broad and narrow senses and discussing marketing implications. Section IV deliberates the impacts of the Web on consumer RM. Section IV concludes the paper and presents some areas for future research.

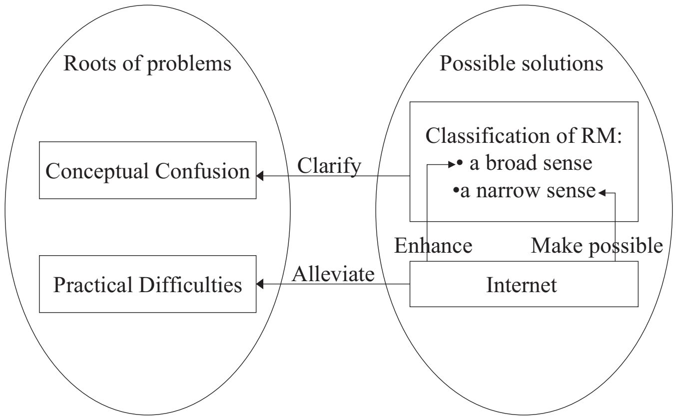

Fig. 1. Reasons and possible solutions of confusions of RM in the consumer market

2. Reasons for RM Confusion in the Consumer Market

Conceptually, there are discrepancies in the meaning of a “relationship” with a consumer (Claycomb and Martin, 2001). RM in consumer markets tends to inherit analysis of RM in the B2B market. Is a B2C "relationship" necessarily similar to B2B relationships? What, if any, differences are there in strategy and implementation of RM between B2C and B2B markets? Practically, the retail market, may not naturally supply a suitable climate for profitable long-term relationships. Without effective technology support, interacting with consumers and maintaining relationships could be difficult and costly for retailers. Conversely, the consumer market is a non-contractual market where consumers have increasing alternatives and may not even value long-term relationships. Most likely, consumers form certain relationships, such as brand loyalty, passively, unconciencely, and discretely in the traditional retail market.

2.1. The RM Concept

As a popular concept, surprisingly RM is not clearly defined. Some researchers have noticed this lack of a common conceptual ground for RM discussion (Harker, 1999; O'Malley and Tynan, 2000). Harker (1999) found 26 distinct definitions in his examination of the RM concept. The most cited and the "best" (Harker, 1999) is from Gronroos (1994): “RM is to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholder, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfillment of promise.” This definition covers the seven elements of RM, including birth, develop, maintain, temporal, interaction, output and emotional content, which Harker (1999) identifies as commonly agreed upon by researchers through their repeated mention in literature. However, this definition still does not clearly state the meaning of a “relationship” in RM.

Researchers agree that RM is a form of customer-centric marketing (Sheth et al., 2000). Customer-centric marketing emphasizes understanding and satisfying the needs, wants, and resources of individual consumers rather than those of mass markets or market segments. The customer is the starting point of the planning process in customer-centric marketing. In contrast, the product and market are the starting points in product-centric and market-centric approaches, such as transactional marketing.

In practice, many concepts relating to consumer relationships and loyalty, such as micromarketing (Winokur, 1994), database marketing (Davis, 1997), one-to-one marketing (Greco, 1995), loyalty marketing, wrap-around marketing (Kotler, 1992), customer partnering (Magrath and Hardy, 1994), and interactive marketing (Gronroos, 1995), are discussed under the umbrella of RM in various academic and industrial literature. While these concepts and marketing techniques contribute to consumer relationship building, they may differ from RM. Some researchers have noticed the terminology confusion and proposed that RM is conceptually distinct from these techniques which are tactical concepts, wheras RM focuses on long-term interaction leading to emotional or social bonds (O'Malley and Tynan, 2000).

Loyalty programs can help build certain consumer relationships. Barnes (1994) observes that tactics such as frequent-buyer schemes, which accumulate points, develop a barrier to exit. However, loyalty schemes differ from RM since learning is not a key objective (Christy et al., 1996), tangible rewards are emphasized (O'Malley and Tynan, 2000) and favorable attitudes are not accompanied (Dick and Basu, 1994). RM is concerned with relationship endurance while direct marketing is concerned with achieving immediate sales (Copulsky and Wold, 1990) and RM has a wider repertoire of techniques at its disposal than direct marketing (Stone et al., 1996). While RM requires high consumer involvement, direct marketing is a transactional customer-centric marketing approach where involvement may be low (Sheth et al., 2000). One-to-one marketing is product-centric, whereas RM is customer-centric (Sheth et al., 2000). RM is also differentiated from database marketing. RM is a "bottom up" approach while database marketing is "top down" (Shani and Chalasani, 1992). Database marketing is categorized as one of the three approaches of RM in addition to interaction marketing and network marketing (Coviello et al., 1997). Although database marketing helps marketers to develop and manage longer-term exchanges, by arguing that communication is asymmetrical, driven and managed by the marketers, and marketing is still to the consumers rather than with the consumers, Pels, Coviello and Brodie (2000), re-categorized database marketing as an approach for transactional exchange.

The confusion of these concepts is one of reasons researchers and practitioners have disagreed on the extent of RM applicability in the consumer market. As this concept confusion prevails, RM discussions can not be built on a common foundation. Where consumers are not actively involved in product categories, have insufficient knowledge about retailers, or lack continuous interactivity, techniques to enhance consumer relationships and retention such as interactive marketing, database marketing and loyalty programs can be implemented successfully.

2.2. Practical Difficulties of RM in the Consumer Market

Many elements, which are important in relationship building, may be lacking in a retail context. Pressey and Mathews (2000) addressed barriers to RM in consumer retailing and concluded that balanced power, high level of purchase involvement, service provider professionalism, and high levels of personal contact are pivotal to RM success. In addition to the operational strategies employed by marketers, the propensity to develop B2C relationships is also dependent on the "relationship friendliness" of the product-market and consumer relationship proneness (Christy et al., 1996; De Wulf et al., 2001; Sheth and Parvatiyar, 1995).

Table 1 summarizes four categories of conditions that are necessary for the success of RM. These conditions include pre-requisites from market, marketers, nature of offering and consumers for RM success. This summary is not meant to be complete, but provides a systematic view for the most important factors presented in the literature.

Important elements in the market environment include competition, communication distance, transparency and power distribution. Competition affects many market conditions, such as the number of actors, available choices, and product/service commoditization. Under high competition conditions, retailers may be more motivated to employ consumer relationship strategies to differentiate themselves from competitors, build barriers and reduce price sensitivity. The shorter the communication distance is, the easier it is to build consumer relationships (Pels, 1999). Transparency refers to how well the transaction parties are informed. It may consist of vendor transparency, customer transparency and process transparency, and contributes to relationship success (Egger and Helm, 2000).

Table 1

Conditions of the consumer market for RM

	Ideal Conditions	Traditional Consumer Market	The Web
Market	• High competition • High transparency • Short communication distance • Balanced power	• Low transparency • Long communication distance • Marketer-dominated power	• Increase transparency • Reduce communication distance • Increased consumer power
Marketer	• High value of individual consumer relationships • Interactive and low cost communication tools	• Medium to low value of consumer relationships • Mass broadcasting, costly interaction	• Increased value of individual consumer relationships • Interactive and low cost communication tools
Nature of offerings	• High service component • Specialization and customization nature of products • High customer product category involvement • Professionalism and complexity in decision making and purchase	• Varies across product categories • Trend of commoditization • Cost reduction through mass production and service reduction	• Enhanced service aspect • Personalization
Consumers	• Value relationship • Capable of managing relationships • Active, like to be involved	• Low relationship orientation • Passive role	• Increased relationship value through increased efficiency needs, risk perception, power, etc. • Master communication tools • Can be active

Retailers need to have the willingness and ability to establish and manage consumer relationships. Consumer relationships must bring value to retailers, which includes economic value and social value. In the traditional retail market, without an efficient communication medium, managing consumer relationships may be costly. To implement RM, retailers need to have efficient communication tools and effective marketing schemes to reach and interact with consumers.

The nature of the offering plays an important role in determining RM applicability. It has been argued (Christy et al., 1996; Sheth and Parvatiyar, 1995) that B2C relationships only exist in certain relationship-friendly product market. High consumer involvement exists in product categories characterized by inelastic demand (O'Malley and Tynan, 2000) and high service components (Gronroos, 1996). The possibility and need of customization and personalization help the formation of relationships. Professionalism (Pressey and Mathews, 2000) and complexity (Sheth and Parvatiyar, 1995) in decision making and purchasing contribute to relationship success.

Consumers' personal characteristics, attitudinal conditions, needs and constraints and market power affect their willingness and ability to be involved in relationships. Personal characteristics are largely determined by demographic attributes and the psycho-socio-cultural context. Under certain psycho-socio-cultural contexts, consumers remain in a relationship to resolve life themes (Fournier, 1998) and maintain cognitive consistency (Sheth and Parvatiyar, 1995). Attitudinal condition includes consumers’ perceptions and knowledge. Higher risk perception and sufficient knowledge about marketers (Webster, 1994) are essential for relationship involvement. Additionally, the tighter the time constraints are, the more consumers value relationships. Relationships help consumers to avoid complexity and achieve efficiency. Consumers also remain in relationships for convenience. Balanced power of exchange parties are necessary due to the co-operative nature of relationships (Pressey and Mathews, 2000). Traditional consumers are typically passive, and thus have imbalanced power in their exchange with retailers. An active role, including voluntary participation (Christy et al., 1996), high level of involvement, and high degree of interactivity (Geiger and Martin, 1999; Pels, 1999) is required for relationship building.

As shown in Table 1, the traditional consumer market does not facilitate an RM environment. Contemporary consumer marketing is featured by broadcasting and mass production. While "serving the customer" may be a prevailing slogan, service is often sacrificed under cost pressures. Consumers play a passive role and interactive communication is lacking and expensive. With the small purchase volume of individual consumers, it may be easier and quicker for a retailer to increase market share through advertising campaigns and discount sales than to increase "pocket share" through building long-term relationships. With reduced services, commoditized products, and increased product availability, consumers may not realize much value by committing to and collaborating with one marketer.

3. Conceptual Classification

The differences in concepts related to RM and different levels of relationships can be analyzed from many perspectives such as behavioral or attitudinal aspects (Pels, 1999), scope differences (Gronroos, 1996) and techniques employed. Certain conceptual differences originate from the widespread domain that makes up the consumer market. Studies (Cahill, 1998; Claycomb and Martin, 2001; De Wulf *et al.*, 2001; Odekerken-Schroder *et al*., 2000; Pels, 1999; Sheth and Parvatiyar, 1995, 2000; Too *et al.*, 2000; Yau *et al*., 2000) report on different aspects of relationships across various industries, contexts and environments. While multiple levels of relationships can be built with consumers through various direct marketing or loyalty programs, the term "relationship" as used in RM may have different meanings. To accurately compare the research and investigate RM in the consumer market, concept clarification is necessary. Based on previous discussion and practice of RM, it is proposed that RM can be viewed in a broad and narrow sense. Table 2 highlights some characteristic differences between these views along various relationship dimensions.

Table 2

Differences between RM in a broad sense and in a narrow sense

	RM in a broad sense	**RM in a narrow sense**
Nature	A marketing philosophy	A marketing tactic, customer focus
Feasibility	Any market, any business	Special product-consumer niches
Focus	Increasing customer satisfaction	Address needs of a relational customer segmentation
Benchmarking measure	Return purchase rate	Pocket percentage, relationship robustness
Antecedents of relationship	Satisfaction	Trust, customer active involvement
Implementation conditions	No	Existence of close interactive communication structure or tools
Role of participants	Retailer dominated marketing; passive role of customers	Active roles of both parties; partnership
Robustness of relationship	Vulnerable	Firm
Consumers' stake in relationships	Low	High investment, social or emotional bonds
Implementation environment	Traditional consumer market	B2B market; Online consumer markets
Competition advantages	Weak, easier to copy	Strong, hard to copy

In a broad sense, RM is a management philosophy (Bennett, 1996), which emphasizes customer satisfaction and endeavors to take any marketing approach to enhance retention. In this context, RM encompasses both adherence to the marketing concept and the belief in the superiority of long-term relationships with customers over one-off profit-driven transactions (Palmer, 1995). The focus of this philosophy is to advocate the importance of customer satisfaction to business success, and to increase the return purchase rate. Many techniques, whether they be transactional marketing or relationship marketing, customer-focused or product-focused, low price strategy or niche market strategy, can be used for RM in this sense. The relationship built tends to be shallow, similar to an early stage of brand loyalty where customers have awareness and preference, but have not established a social or emotional bond with the vendor. It is recommended that another name, such as "relationship management", be given to this type of RM in future research.

Much research on RM is based on broad concepts (Bennett, 1996; Berry, 1995; Palmer and Bejou, 1994; Rowe and Barnes, 1998). Rowe and Barnes (1998) identify what they consider to be four tangible manifestations of RM in consumer markets as locking in customers, customer retention, database marketing, and close personal relationships. The first three (Rowe and Barnes, 1998) lack mutuality and special status, such as attitude and emotion, and are unlikely to result in close long-term relationships, which are essential for RM's more narrow concepts. Berry (1995) proposed three levels of RM. The first level relies on pricing incentives to secure customer loyalty. The second level focuses on the social aspects of a relationship, which are exemplified by regularly communicating with consumers or referring to their names during encounters. The third level offers structural solutions to customer problems.

Any business can potentially incorporate the RM concept in its broad sense. For example, a discount store can build low-price confidence in customers. A supermarket can advocate the importance of customer service to its employees and market a "loyalty point" program for its shoppers. However, this type of relationship is very vulnerable. Customers can easily switch to competitors for reasons such as convenience, availability, or even lower prices.

In a narrow sense, RM is a marketing technique or tactic which develops relational consumers in suitable product/service markets. Markets are heterogeneous, buyers and sellers are both active, and interaction and relationships are important (Zeithaml et al., 1983). It includes tasks such as market analysis and identifying relational consumer. Indicators of RM include: a high level of trust; a high level of commitment; a long time horizon; open communication channels with information exchanged between both parties; having customers' best interests at heart; a commitment to quality for both parties; and an attempt to favorably lock-in or retain the customer (Pressey and Mathews, 2000). Some previous research discussions are based on RM in a narrow sense (for example, Anderson and Narus, 1991; Pressey and Mathew, 2000; Zeithaml et al., 1983). However, RM in this sense is often found in business-to-business market, and is very rare in a traditional retailing context.

3.1. Targeting various consumer groups with RM

Researchers recognize that there is a continuum of customer relationships (Dwyer et al., 1987) ranging from transactional to highly relational bonds, by discussing the different levels and length of the relationships (Wyner, 1999). In Table 3, we categorize three types of consumers, transactional consumers, repeated or loyal consumers and relational consumers, with different levels of B2C relationships.

Relationships may be examined from a process point of view or a strategic point of view. From the process point of view, the different levels of relationships can be viewed as component stages of the consumer relationship building process. Marketers need to attract transactional consumers, convert them to repeated or loyal consumers, and then develop them into relational consumers. However, it is also critical for marketers to realistically recognize the possibility for building a certain level of relationship by analyzing the product/market position and consumer characteristics. A "higher-level" relationship is not always feasible or even desirable. From the marketer's point of view, a RM endeavor can be very costly. Relational consumers may not represent profitable customers. From the consumer point of view, relationships may not always be desirable. Relationship building entails data collection. This data collection may be viewed by customers as an invasion of privacy. Marketers must realize that there may be a limited relationship level, which is feasible given the specific market and consumer group. Here, we focus our analysis on the strategic point of view and submit that different levels of relationship exist and different relationship building approaches are suitable for different markets.

Table 3

Consumers with different levels of B2C relationships

		Transactional Consumers	Repeat (loyal) Consumers	Relational Consumers
Consumer Characteristics	Market appearance	Shop around	Repeated purchase, open to other offers	Exclusive, repeated purchases, emotional bond
	Decision making domain	A full decision making process on all market alternatives (intelligence; design; choice)	Reduced choices and reduced decision making process (design; choice)	Minimum (choice), with the relationship marketer
	Attitude to competitor information	Welcome and actively search	A certain level of interest	Don't care
	Orientation to relationship	Low	Medium	High and collaborative
	Basis for future purchase	Satisfaction	Trust or favorable evaluation	Commitment
	Psychological attachment	Unattached, unbiased	Favorable	Emotional attachment
	Knowledge about Marketers	Low	Medium	High
	Involvement and initiatives	Low; passive targets	Low to medium; passive targets	High; active partners
	Relationship type	N/A	Transactional relationship	Non-contractual commitment
Marketing Implications	Marketing strategy	Mass marketing; transactional marketing	RM in a broad sense, including segmentation, loyalty program, mix of transactional and RM techniques	Relationship marketing in a narrow sense, co-creation marketing
	Orientation and organization	Product	Market	Customer
	Information collected and used	Transactional level, basic	Transactional level, detailed	Relational level; detailed
	Tactical focus	Price or other transactional incentives; tangible rewards	Tangible rewards	Intangible rewards (emotional/social bonds, information sharing, partnership)
Time frame		Short-term	Medium-term	Long-term

Consumer relationships fall along a spectrum from no relationship to high commitment and emotional bond. Transactional consumers shop around. They follow a full decision making process where they gather intelligence from which alternatives are generated and evaluated to choose the appropriate product. They welcome and actively search competitor information, and do not limit their searching scope. Repeat consumers, also referred to as loyal consumers by many practitioners, repeat their purchase from a particular retailer but are open to other offers. For convenience and cost savings, they undergo a reduced decision making process by trusting the retailer to fulfill their purchasing goal. A customer loyal to Wal-Mart due to his/her trust in Wal-Mart's ability to provide low prices may easily switch to other retailers when seasonal sales or discounts are offered. Relational consumers have established non-contractual commitment for a brand/retailer and usually show emotional or social bonds. The decision making process is minimized as most relational consumers simply make their purchasing choice without gathering intelligence to generate alternatives. They ignore competitor information by not even looking at their advertisements (Cahill, 1998).

Consumers differ in how they value long-term relationships. Firms need toput in practice marketing approaches (transactional or relational) according to their customers' orientations (Jackson, 1985). Transactional consumers have low relationship orientation and put higher emphasis on short-term benefits. Repeat or loyal consumers recognize the benefits, such as reduced transaction costs and loyalty program incentives, from familiarity with a particular marketer. They show a medium level of relationship orientation. Relational consumers highly value long-term relationships and collaborations. They are motivated to engage in B2C relationships in order to reduce both choice and risk (Sheth and Parvatiyar, 1995).

Consumers, depending on their relational orientation, will differ in the relative importance of their overall satisfaction or their trust and commitment towards marketers (Garbarino and Johnson, 1999). Research shows that for the low relational customer, overall satisfaction is the primary mediating construct between the component attitudes and future intentions. For the high relational customer, trust and commitment, rather than satisfaction, are the mediators between component attitudes and future intention (Garbarino and Johnson, 1999). Transactional consumers may return to a retailer when they are satisfied with previous experiences. Repeat consumers return for favorable evaluation and tangible rewards. A favorable evaluation may be based on the belief or trust that the retailer provides satisfactory offerings. Relational consumers return because of their commitment. Their relationships can make them overlook the little things that go wrong (Cahill, 1998).

Knowledge about partners is an important prerequisite for relationship development. In addition, continued business is built less on financial benefits than on psychological ones (Gwinner et al., 1998). Transactional consumers have a low level of knowledge about marketers whereas repeat consumers know more and have distinct preferences. Relational consumers have a high level of marketer knowledge that may develop into an emotional attachment.

Involvement includes not only activity involvement but also emotional involvement. Initiative refers to how actively consumers participate in the market. Both are important in relationship building. Transactional consumers do not show much involvement and are passive targets of marketing programs. Repeat consumers may be more involved in marketers' activities, but still remain rather passive targets. Relational consumers are not passive targets but active, highly-involved partners.

Overall, the relationships formed by repeat consumers are transactional in nature (Iacobucci and Ostrom, 1996). Relationships from relational consumers are characterized by non-contractual commitment. While relational consumers are also repeated purchasers, the repeat purchasing is also characterized by high and stable "share of wallet". In contrast, "share of wallet" of repeat consumers may be low or very vulnerable to competitors' offerings in the short term. While relational consumers focus on long-term advantages, short-term benefits are very attractive to repeat consumers.

For transactional consumers, mass marketing or transactional marketing strategies are most appropriate. Marketers usually do not collect much individual data other than those essential for completing transactions. For repeat consumers, suitable marketing strategies include segmentation, loyalty programs (Dowling and Uncles, 1997), and a mix of transactional and relationship marketing techniques (Pels, Coviello, and Brodie, 2000). Although marketers are interested in identifing consumers and their characteristics, data collection is still at the transaction level. Tangible and social rewards are both used to stimulate purchases. For relational consumers, RM is suitable since long-term relationships are desired. Consumers are willing to provide more personal information to maintain and benefit from the relationship. Marketers are likely to focus more on intangible consumer rewards, such as risk reduction and emotional/social bonds establishment.

The first question a marketer needs to tackle when designing a RM strategy is whether the relational customer group is available or possible to build. Unfortunately, relational customer groups are rare and difficult to build in the traditional consumer market due to the market environment, nature of offerings and limited communication tools. However, the Internet has been changing the consumer market dramatically, and is facilitating RM in a broad sense and making RM in a narrow sense feasible.

4. The Impacts of the Internet on the Consumer Market

Business history shows that the emergence and use of new technologies, especially communication technologies, enable the formation and implementation of successful marketing strategies. Many researchers have addressed the importance of IT in RM. Gronroos (1996) categorized technology as one of the four main types of resources for customer care. Zineldin (2002) even argued that without the effective use of technology, RM is not an effective strategy.

The Web, as an interactive channel, can be viewed as an excellent medium to implement RM in the consumer market. It is suggested that the Web can be viewed as a new marketing tool or a new marketplace (Wang et al., 2002). The Web is a communication tool for retailers and consumers. This convenient and powerful communication tool is important to keep a regular, ongoing and frequent exchange of information, which is a prerequisite for relationship building. The Web enables retailers to implement RM tactics at a reasonable cost. However, the Web's effects go beyond being a communication tool. It becomes part of the market environment and is changing market elements. The Web is bringing many changes to retailers, industry structure, nature of offerings, and consumers. These changes collectively provide a better retailing environment for RM implementation.

The Web can be viewed as a sustaining as well as a disruptive technology (Christensen, 1997) on its impact of consumer RM. Thus, as a sustaining technology, the Web enhances the implementation of RM in a broad sense in the consumer market by providing a better communication tool. As a disruptive technology, the Web makes RM in a narrow sense possible in the consumer market by creating conditions to form relational consumer groups.

4.1. Facilitating RM in a broad sense

The Web's facilitation of consumer relationship management mainly stems from its being a low cost communication/interactive tool. The Web is a unique tool for marketers to build and maintain relationships with their clients (Geiger and Martin, 1999). Theoretically, Web marketers have greater ability to identify, target, track and interact with consumers (Berthon, et al., 1996; Burke, 1996). They can also better collect and manage consumer information. Meanwhile, the Web is a cost efficient tool to interact with consumers and process information. It allows marketers to respond to various requests from consumers and create a feedback loop (Pels, 1999). Thus, the Web enhances marketers' abilities and techniques for RM. Retailers have been employing the Web as a relationship building tool to successfully enhance some aspects of customer relationships such as enhancing services (Walsh, 2000) and bonding brands with customer (Chiagouris, 2000; McWilliam, 2000).

The Web enables consumers to interact more with marketers. The interactivities enabled are primarily computer interactions where consumers direct the process. In most current practices, personal interactivity with sales staff is lacking in online experiences. The technology nature of the interaction enables service automation, which may decrease the density of individual interaction but increase the overall level of interaction received by general population. Individual interactions, such as in technical support, can be complemented through an integration of other media such as telephone. Due to the wide availability and ease of use of Web interaction, consumers may tend to interact more with marketers. The Web also provides a convenient way for consumers to interact with other consumers with similar interest through virtual communities.

The facilitation of the Web to RM in a broad sense focuses on increasing customer satisfaction in every steps of their shopping/decision making process. With the advantages of the Web, consumers can gain access to more marketing information, product offerings and make better decision. For example, a consumer who wishes to purchase a product, such as a camera, but has no knowledge about the subject benefits from the Web. In the traditional market, this consumer would typically visit a camera shop and rely solely on the salespersons' advice. With the Web, one can easily obtain a list of camera manufacturers, special features and price lists. Additionally, the consumer can obtain comments from other users to help evaluate the alternatives. Using the Web, the consumer can make an informed decision, and choose a camera that best suits his or her specific needs.

However, it is important to note that Web RM facilitation is available for every marketer. It can be easily copied. It does not provide radically new improvements. The core offerings of products or services are similar to those in the traditional market. Thus, the competitive advantage obtained from utilizing the Web for RM in a broad sense may not be sustainable.

4.2. Making RM in a narrow sense possible

A more radical impact of the Web on consumer RM is to make RM in a narrow sense possible in the consumer market. Many researchers have addressed radical changes occuring in the online consumer market (for example, Wang, et al., 2002). As Table 1 shows, the Web changes the four categories of pre-requisites, satisfies necessary conditions for relationship development, and changes the willingness and ability of retailers and consumers for relationship involvement respectively. The success of implementing RM in a narrow sense is dependent on the willingness and ability of retailers and consumers for relationship building and management.

Online retailers have more motivation and methods to build close consumer relationships. Not only does the Web advance marketers' abilities and techniques for RM, it amplifies many aspects of the relationship building process, thus strengthening the value of RM to e-tailers. Reichheld and Schefter (2000) argued that the general economic pattern in the customer life cycle, early losses followed by rising profits, is actually exaggerated on the Internet. They also pointed out that Web customers tend to reduce choices and consolidate purchases with one primary supplier. These facts may motivate e-tailers to implement RM.

The nature of offerings from online marketers is gradually changing. The Web expedites the integration of products and services in retail offerings. In fact, Kolesar and Galbraith (2000) argue that all etailing transactions exhibit more characteristics of service transactions, such as intangibility, inseparability of production and consumption, perishability, and heterogeneity in delivery quality (Zeithaml et al., 1983), than goods transactions.

The higher risks associated with online shopping compared to traditional shopping make long-term relationships more valuable. Due to the virtual nature of communication on the Web, physical contact with retailers and examination of products are more difficult. Online shopping may also put consumers at risk of losing money via online payment schemes, which induces financial risk (Bhatnagar et al., 2000). Consumers also sense the risk of losing privacy in the online environment. Due to the virtual nature of communication, more factors such as the reputation of retailers and delivery time, need to be considered in making decisions. More information is readily available to online shoppers compared to traditional shoppers, often resulting in a more complex shopping experience. Additionally, online shoppers also experience learning curves with marketers' Websites. Higher complexity and perceived risks leads to greater consumer propensity to reduce choices and engage in relational market behavior (Sheth and Parvatiyar, 1995).

Online consumers tend to have more opportunities for product/service involvement. For example, they can be involved in product design, testing, and feedback with more ease than in traditional markets. They can search for answers to their problems and share knowledge in virtual communities. An increase in both psychological and activity-based involvement from consumers is important for RM (Pressey and Mathews, 2000).

Online consumers may receive better individual treatment, including personalized interactions and customized offerings. Online marketers can track Web user's interactions and preferences to deliver personalized messages. For example, when a returning consumer visits a Website, the site can provide color and space layout according to individual preferences recorded. Second, the Web greatly facilitaties product or offering customization. This is a very important element for RM in a narrow sense. For example, individual customers at Dell.com can choose their own computer configurations. Apparel shoppers can order a special slogan sewed on the items purchased. Consumers can order specialized bicycles configured to individual needs. However, personalization may require large investments from both retailers and consumer sides, such as personal information and trust. The payoff of these investments is realized through long-term relationships.

Online shoppers have better capacity to manage long-term relationships than traditional shoppers. The Web increases consumer power evidenced by consumers' increased ability to understand themselves and the market, control the shopping medium and process, and change marketers and the environment to achieve their goal. Consumers now have control over the interaction medium through the Web. They have the choice on technology functions they like, they can pose messages, and they can also use various Web shopping services to manage their own data. They have more control over the shopping process. They play an active role in both searching for information and providing feedback. They master interactivity initiation and manage the interaction. They have better participation and product involvement. Additionally, there are various techniques or tools on the Web for negotiation. Web price comparison agents allow consumers to compare prices and match competitors' offerings. The Web provides a transparent environment (Sinha, 2000) where retailer and fellow consumer knowledge is available for negotiation support. Individual consumers can influence retailers by joining virtual communities and sharing their views with others.

The above Web capabilities make it possible to develop relational consumer groups and implement very targeted and customer-centric RM in a narrow sense. RM in a narrow sense is a strategy with high competitive advantages that are difficult to copy. Customers work with the marketer to solve problems in their relationships, thus the relationship built is very robust.

5. Conclusions and Future Research

This paper discusses the confusion of the concept of consumer RM, identifies problems in the research areas, and reflects on possible solutions. A new RM classification is proposed as RM in a broad sense and in a narrow sense. Consumer relational characteristics are very important to design suitable RM strategies. The Web can be used as a sustaining technology, which enhances consumer RM in a broad sense through its interactive/communication advantages. It can also make consumer RM in a narrow sense possible, through the more fundamental changes it invokes in the consumer market as a disruptive technology.

This paper serves as initial work to understanding consumer RM classification into broad and narrow senses, and the impact of the Web on consumer RM. Further work in this area may include:

1) Online consumer research: More research is needed to understand how the Web changes consumers. Empirical research is needed to investigate to what extent consumer changes occur online and the impacts of these changes on RM. Meanwhile, it is suggested that the net generation, who grew up with the developing Web, and future generations may possess different decision making processes and market behaviors (Chen, 2000). Such groups should be investigated to help guide future e-marketing efforts.

2) Analysis on E-tailers strategies in terms of RM in a broad and a narrow sense: Empirical studies are needed to examine e-tailers’ current practices and future trends. By examining the Web-based strategies of the Top 100 US retailers, Griffith and Krampf (1998) show that the majority of these retailers are utilizing their Web sites for advertising, public relations and customer service access. Data collected through mail surveys and a content analysis of Web sites revealed that the most frequent use of the Internet by Irish companies follows an ornamental or, at most, informational pattern, not a relational one (Geiger and Martin, 1999). With the rapidly evolving online industry, it is very likely that these results may be out of date and do not

accurately reflect current practice. More investigation is needed to identify current practice, tactics and future intentions. In particular, e-tailers' initiatives in implementing RM in a narrow sense require more research attention.

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