

The Emerald Research Register for this journal is available at
www.emeraldinsight.com/researchregister



The current issue and full text archive of this journal is available at
www.emeraldinsight.com/0309-0566.htm

A stakeholder approach to relationship marketing strategy

The development and use of the “six markets” model

Adrian Payne

Cranfield School of Management, Cranfield University, Cranfield, UK

David Ballantyne

University of Otago School of Business, Otago, New Zealand, and

Martin Christopher

Cranfield School of Management, Cranfield University, Cranfield, UK

Relationship
marketing
strategy

855

Received September 2004

Revised November 2004

Abstract

Purpose – The purpose of this paper is to examine the development, extension and use of the “six markets” model and to outline a framework for analysing stakeholder relationships and planning stakeholder strategy.

Design/methodology/approach – The “six markets” stakeholder model is examined. Refinement of the model and improved understanding as a result of field-based research is described. A stakeholder relationship planning framework is proposed.

Findings – The paper examines the use of the “six markets” model in a wide range of organisational contexts utilizing a range of research approaches. A stakeholder relationship planning model is developed consisting of four inter-related elements, i.e. stakeholder value propositions, value delivery design, stakeholder relationship marketing plans, and measurement and feedback.

Research limitations/implications – The article suggests a number of areas for future research, including the development of planning approaches for different classes of stakeholders and more detailed testing of the stakeholder model and planning framework in specific market sectors.

Practical implications – The research suggests that managers find that the development and implementation of relationship plans for the key stakeholder markets generates valuable new knowledge and insights into stakeholder conditions, constraints and opportunities.

Originality/value – This article contributes to knowledge in the relationship marketing and stakeholder theory areas through the development, refinement and use of a planning model that addresses the complexity of stakeholder relationships and networks. The stakeholder planning approach that is developed represents a means by which managers can achieve greater transparency of stakeholders’ interests and improved rigour in planning relationships with stakeholders.

Keywords Marketing strategy, Relationship marketing, Stakeholder analysis, Business planning

Paper type Research paper

Introduction

The idea that business organisations have a range of stakeholders other than shareholders is obvious. Yet stakeholder theory has not guided mainstream marketing practice to any great extent (Polonsky, 1995). To use the theory/practice distinction provided by Argyris and Schon (1978), it is a theory *espoused* rather more than a theory practiced *in action*.



European Journal of Marketing

Vol. 39 No. 7/8, 2005

pp. 855-871

© Emerald Group Publishing Limited

0309-0566

DOI 10.1108/03090560510601806

Research by Freeman and Reed (1983) traced the origins of the stakeholder concept to the Stanford Research Institute. They suggest a SRI internal document of 1963 is the earliest example of the term's usage. This document included customers, shareowners, employees, suppliers, lenders and society in its list of stakeholders. The stakeholder concept has attracted considerable interest in the strategic management literature, especially since the publication of an influential text (Freeman, 1984) that contained a deceptively simple but broad definition of stakeholders (p. 46), namely: "... all of those groups and individuals that can affect, or are affected by, the accomplishment of organizational purpose". An important dialogue on stakeholder theory has emerged over the past decade, especially in articles and contributions to the *Academy of Management Review*, starting with a critique from Donaldson and Preston (1995) that argued that three associated strands of theory might converge within a justifiable stakeholder theory, namely descriptive accuracy, instrumental power and normative validity.

Stakeholder theory is clearly an important issue in strategy (e.g. Carroll, 1989; Donaldson and Preston, 1995; Harrison and St John, 1996; Useem, 1996; Campbell, 1997; Harrison and Freeman, 1999). However, within the strategy field there is not a great deal of agreement on the scope of stakeholder theory (Harrison and Freeman, 1999). In particular, there is still a debate regarding which constituent groups an organisation should consider as stakeholders. For example, Argenti (1997) suggested an infinite number of potential groups while Freeman (1984) has argued that there is excessive breadth in identification of stakeholders.

Recently Polonsky *et al.* (2003) concluded that there are "no universally accepted definitions of stakeholder theory or even what constitutes a stakeholder" (p. 351). However, they see two rival perspectives: one where stakeholder intent means "improving corporate performance", and another where it means "maximising social welfare and minimising the level of harm produced within the exchange process" (p. 351). While these aims may never be entirely reconciled in practice (Gioia, 1999), the dominant assumption that the pursuit of "profit" is for the shareholders effectively denies legitimacy to other claims to the meaning of profit as a "shared benefit", or as a "shared good" (Smithee and Lee, 2004).

Relationship-based approaches to marketing offer a reformist stakeholder agenda with an emphasis on stakeholder collaboration beyond the immediacy of market transactions. According to different authors, this involves creating exchanges of mutually beneficial value (Christopher *et al.*, 2002), interactions within networks of relationships (Gummesson, 1999), or mutual commitment and trust that may or may not be achievable (Morgan and Hunt, 1994). Relating is connecting, and at its simplest level, a relationship is a state of being connected. A critical question arises: "With whom are you connected, and why?". These questions require judgments about particular relationships – and strategic value choices.

This article explores the development, extension and use of the "six markets" stakeholder model (Christopher *et al.*, 1991) and proposes a framework for analysing stakeholder relationships and planning stakeholder strategy. The article is structured as follows. First, we review the role of stakeholders in relationship marketing. Second, we discuss the development and refinement of the six markets model, and describe how the model has been operationalised and refined as a result of testing and experience in use with managers. Next, we discuss the development of a stakeholder

relationship planning model that enables strategies to be developed for each stakeholder group. Finally, we discuss the managerial and research issues associated with stakeholder theory in marketing and review some future research opportunities.

Our objective is to explain how a conceptual stakeholder model has practical application in marketing management and in this way make a contribution towards eliminating the current gap between stakeholder theories and marketing practice.

Relationship marketing and the role of stakeholders

Marketing interest in relationship based strategic approaches has increased strongly over the last decade in line with expanding global markets, the ongoing deregulation of many industries and the application of new information and communication technologies. Notwithstanding, practitioners and academics alike can overlook the fact that business and industrial relationships are of many kinds (Wilkinson and Young, 1994), and that an understanding of the value generating processes is required (Anderson and Narus, 1999; Donaldson and O'Toole, 2002; Grönroos, 1997; Payne and Holt, 1999; Ravald and Grönroos, 1996; Tzokas and Saren, 1999; Wilson and Jantrania, 1994).

Understanding the role of long-term relationships with both customer *and* other stakeholder groups has been largely neglected in the mainstream marketing literature but is acknowledged in the relationship marketing literature (e.g. Grönroos, 1994; Gummesson, 1995; Hennig-Thurau and Hansen, 2000; Håkansson, 1982; Möller, 1992, 1994; Parvatiyar and Sheth, 1997; Sheth and Parvatiyar, 1995). Kotler (1992) has on occasion called for a broadening of marketing interests to take into account the relationships between an organisation and its publics. However, it is the relationship marketing literature in particular that has stressed the importance of stakeholder relationships (e.g. Christopher *et al.*, 1991; Morgan and Hunt, 1994; Doyle, 1995; Gummesson, 1995; Buttle, 1999).

Gummesson (2002b) has provided a comparison of four of the better known approaches to classifying multiple stakeholders, including Christopher *et al.* (1991), Kotler (1992), Morgan and Hunt (1994), and also Gummesson (1994). While the first three of these models are concerned with the relationships that an organisation has with its more traditional stakeholders, the approach of Gummesson (1994) goes beyond the focus of this article in that it includes criminal network relationships, para-social relationships and supranational mega-alliances. The Christopher *et al.* (1991) framework has six stakeholder market domains, each of which comprises a number of "sub-markets", while that of Kotler (1992) identifies ten specific constituents. Morgan and Hunt (1994) suggest ten relationship exchanges with four partnership groups. Other models include the SCOPE model (Buttle, 1999) and a framework by Doyle (1995).

The six markets stakeholder model

The "six markets" stakeholder model is arguably the most comprehensive of the three approaches concerned with relationships with traditional stakeholders outlined above, in that each of the six market domains may be sub-divided in a manner which can cover all major stakeholder groups (Payne and Holt, 2001). In the following sections of this article we describe the development and subsequent refinement of the model, the development of a planning framework to enable its implementation as a practical management tool, and outline how this model has been developed through field-based insights and testing with organisations.

Developing the model

The original model delineated six market domains that included:

- (1) "customer markets" (including existing and prospective customers as well as intermediaries);
- (2) "referral markets" (these include two main categories – existing customers who recommend their suppliers to others, and referral sources, or "multipliers", such as an accounting firm who may refer work to a law firm);
- (3) "influencer markets" (which included financial analysts, shareholders, the business press, the government, and consumer groups);
- (4) "employee markets" (concerned with attracting the right employees to the organisation);
- (5) "supplier markets" (these include traditional suppliers as well as organisations with which the firms has some form of strategic alliance); and
- (6) "internal markets" (the organisation including internal departments and staff) (Christopher *et al.*, 1991).

The conceptual model and the related planning framework described in this article are the result of recursive research and development over a number of years. Our initial conceptual work on the model was later supplemented with learning from field-based interactions with marketing managers and other executives in order to further refine it and to develop the conceptual planning framework reported here. This follows what Gummesson (2002a) terms "interactive research". This research approach emphasises that interaction and communication play a crucial part in research and that testing concepts, ideas and results through interaction with different target groups is an integral part of the theory development and indeed the whole research process (Gummesson, 2002a, pp. 344-6).

Managers' observations and suggestions were found to be invaluable in developing and refining the model, supporting Gioia and Pitre's (1990) proposals that multiple perspectives yield a more comprehensive view of organizational phenomena and where assumptions about the processes under enquiry can be modified by further consultation with informants.

Research objectives and approach

The objective of the research was to develop and refine the six markets model through testing its applicability in a wide range of organisational contexts. More specifically, we wished to develop a categorization scheme that enabled key constituent stakeholder groups within each market domain to be identified and classified and to develop a stakeholder planning framework. This was motivated, in part, by managers in these companies who expressed the need for both a classification scheme and a planning framework.

We have utilized a range of approaches over a number of years in our research to test and refine the six markets model and the planning framework and to gain field-based insights, including:

- Piloting and testing the six markets model with an initial group of 15 UK organisations. The organisations in this sample were drawn from a range of sectors including manufacturing (two), financial services including banking and

insurance (six), other services including retailing (six), professional services (two) and one not-for-profit industry association (the Royal Aeronautical Society). All were very large firms within their sector with the exception of the two professional services firms and the not-for-profit organization.

- Using the model in substantive case studies on UK organisations in the following sectors: retailing (two), manufacturing (two), a global airline and a major conservation charity.
- Using the framework as a planning tool in a two major international banks (one a large British commercial and retail bank, the other a large French investment bank), chosen as they had challenging and complex stakeholder issues across many countries. A total of eight workshops was used to analyse stakeholder markets in four countries for the first bank and six workshops in three countries for the second bank.
- Working on projects with over 80 further organisations to evolve and test the planning framework. This involved working with groups of mid-career managers in the UK and Australia. Given the predominantly service-based economies of the developed countries in which this research was undertaken, those organisations that were selected included a high proportion from the services sector. While the earlier research primarily included large organisations in their sectors, this work also included a selection of medium-sized and smaller organisations. Overall, 65 per cent of the organisations were from the services sector, 20 per cent from manufacturing and 15 per cent from the not-for-profit sector. A wide diversity of organisations was used, including financial services companies, retailing and other services, manufacturing companies, a mobile telephony company, a major hotel chain, an insurance broker, a consulting firm, an airport authority, a university, a conference centre, a holiday company, a foreign languages teaching institute and a hospice.

Our shared learning approach also draws on action research concepts suggested by Rapoport (1970) which aim at contributing to the practical concerns of people in a challenging situation – such as stakeholder management – and to the goals of research by collaboration within a mutually acceptable framework. The revised six markets model (Christopher *et al.*, 2002) is shown in Figure 1. The intent behind the model is to emphasise relationships between the organisation and all its stakeholder constituents in each of six “markets”. The key assumption is that organisations can only optimise relationships with customers if they understand and manage relationships with other relevant stakeholders.

This model addresses the concern raised by Dill (1975) that some groups or parties may be involved in multiple role relationships. Any one constituent group, firm or individual may be classified within one or more of these market domains. For example, customers may play a role within the customer market (where the interaction is between a firm and its customers) and in the referral market (where the interaction is between an existing customer and a prospective customer).

The six markets model provides a structure for managers in organisations to undertake a diagnostic review of the key market domains and stakeholders that may be important to them. As a result of this diagnosis, they will be able to identify a

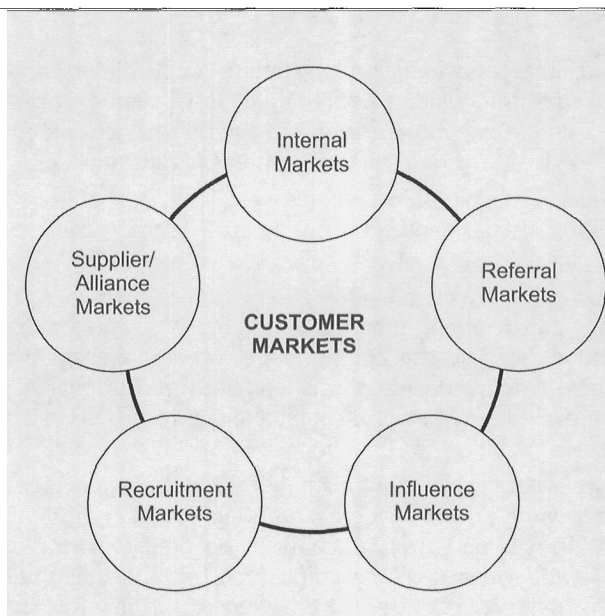


Figure 1.
The six markets model

number of key constituents within the market domains that are strategically critical, or where unexpected opportunities emerge.

Using and testing the model

These six key market domains represent groups that can have a significant impact on an organisation's marketplace effectiveness. Each "market" is made up of a number key groups, segments, or participants. To test the applicability of the model we followed four steps:

- (1) identify key participants, or segments, within each of the market domains;
- (2) review expectations and needs of key participants;
- (3) review current and proposed level of emphasis in each market; and
- (4) formulate an appropriate relationship strategy.

In this section we consider the first two steps. We worked with groups of managers to address these steps. Typically, the group comprised three to six mid-career managers from a range of functional backgrounds. The process started with the examination and analysis of each market domain to identify the key groups of participants or market segments within each of them. We explored the expectations and needs of each of the identified stakeholder groups through a combination of approaches, including interviews and questionnaires and a review of key issues with senior management. In applying the revised six markets model above we found *all* stakeholders we identified could be conveniently categorised into one of the six market domains.

Initially the identification of the constituent groups within each market domain, for a given organization, was approached on a case-by-case basis. However, as our experience in using the model grew, the need for a more specific categorisation became apparent. This was prompted, in part, by research such as Lovelock's (1995) work on classifying supplementary services. Developing and refining categorisation schemes

for stakeholders was important because, as Emshoff and Freeman (1979) have noted, functionally based organizations typically place too much resource emphasis on highly visible stakeholders such as their customers, and too little emphasis on other special interest groups whose management falls outside specific functional boundaries. Identification of all relevant stakeholder groups should enhance their visibility and lead to their greater prominence within the organization – thus the company is more likely address them as part of an integrated stakeholder strategy.

Through the work in the companies referred to above, a categorisation scheme was developed and refined over time that assisted the identification of typical groups within each market domain. In summary, this categorisation of market domains identified the following constituents:

- *Customer markets* are made up of buyers (e.g. a wholesaler), intermediaries and final consumers. Each intermediary or member of the supply chain can then be further sub-divided according to the most relevant segmentation approach.
- *Referral markets* comprise two main categories – customer and non-customer referral sources. The customer category includes advocacy referrals (or advocate-initiated customer referrals) and customer-base development (or company-initiated customer referrals). The wide range of non-customer referrals are divided into general referrals, reciprocal referrals, incentive-based referrals and staff referrals.
- *Supplier and alliance markets* – suppliers provide physical resources to the business and can be classified into strategic suppliers, key suppliers, approved suppliers and nominated suppliers. Alliance partners supply competencies and capabilities that are typically knowledge-based rather than product-based, and Sheth's (1994) classification of alliance, partnering transaction and co-operative relationships is especially useful here.
- *Influence markets* have the most diverse range of constituent groups, including financial and investor groups, unions, industry bodies, regulatory bodies, business press and media, user and evaluator groups, environmental groups, political and government agencies, and competitors.
- *Recruitment markets* comprise all potential employees together with the third parties that serve as access channels. They can be segmented by function, job role, geography and level of seniority. Channels include executive search companies, employment agencies, job centres, off-line and on-line advertising, and using an organisation's own staff to suggest potential applicants.
- *Internal markets* follow the segmentation used for potential employees in the recruitment market, i.e. by function, job role, geography and level of seniority. Special emphasis needs to be placed on behavioural characteristics for customer-facing employees.

From this testing of the six market categories, we concluded that they are a workable reference frame to consider a broader range of constituent stakeholders, whether individuals, groups, or others whose interests have relevance to the enterprise.

Further development of the model

Having identified relevant stakeholders, the third step outlined above involved a review of the current and proposed level of emphasis on each market domain. Not all stakeholder markets require the same degree of attention and emphasis, and Gummesson (1994) has argued that managers need to prioritise and establish the appropriate mix of relationships needed for the company's success.

To identify the present level of emphasis and the future desired emphasis on each of the market domains and their constituent parts, we developed a stakeholder network map (Payne, 1995). This was used to identify an organisation's present emphasis on each market, the desired emphasis at a future point in time, and the gap between these two positions. This network map configures each of the major market domains, including customer markets (which are sub-divided into existing and new customers), on a series of axes and enables a group of managers within a firm to make an assessment as to the current and desired levels of emphasis on each market domain by means of a jury of executive opinion – usually developed from inputs from one or more groups of senior managers within the organisation being examined. Although this work resulted in some initial variation of views amongst managers regarding present and desired emphasis, as a result of more detailed discussion the outcome was generally a strong degree of consensus amongst these managers.

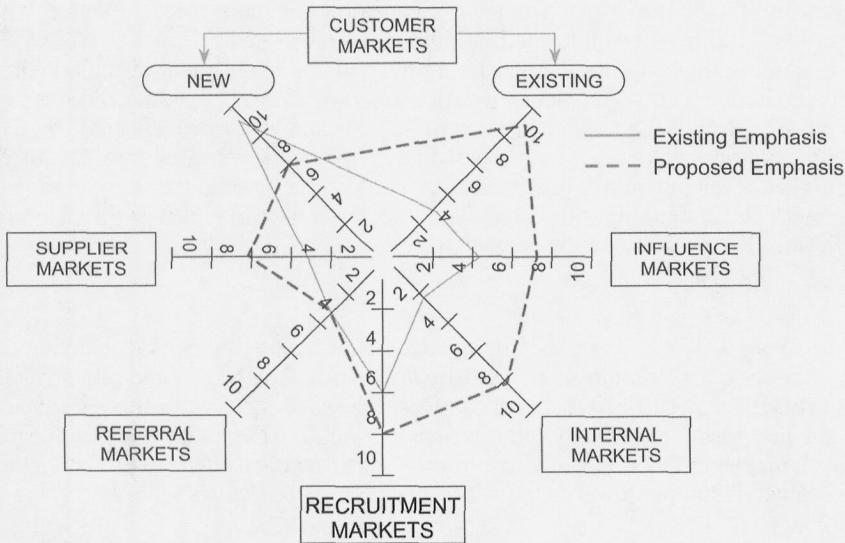
The stakeholder network map has seven axes – two for customers (existing and new) and one for each of the other five relationship markets discussed earlier. The scale of 1 (low) to 10 (high) reflects the degree of emphasis (costs and effects) placed on each relationship market. The division of customers into “new” and “existing” reflects the two critical tasks within the customer domain, those of customer attraction and customer retention.

Figure 2 shows a network map for the Royal Society for the Protection of Birds (RSPB), a major British conservation charity. It shows the current emphasis (at the time of analysis) and the proposed new emphasis. At this point in time the RSPB might have considered a number of issues, such as:

- placing greater attention on retaining existing members;
- a reinforcement of customer care and service quality issues with internal staff; and
- a stronger focus on influence markets (Payne, 2000).

The analysis shown in Figure 2 represents the first level of diagnostic review of the overall emphasis *at the market domain level*, in order to make an initial judgement as to the existing and desired relevant emphasis. A second level of analysis explores each market domain in much greater detail and enables analysis *at the sub-segment or group level* within the domains. For example, in the analysis of the referral market for a major international accounting firm we identified present and future desired emphasis on a number of groups within the referral market domain, including their clients, banks, joint venture candidates, their international practice and their audit practice.

We have used the stakeholder network mapping technique in our research with many organisations. Although simple in concept, it has proved a robust means of considering the network of stakeholder relationships that organisations need to address. The diagrammatic representation has been especially useful in helping executives visualise the importance of various stakeholders. Further, the time



Source: RSPB case study

Figure 2.
Stakeholder network map
for a major charity

dimension for the proposed relationship strategy, usually within a two- to three-year planning horizon, has been useful in determining the changes required in stakeholder emphasis. This addresses the concern of Dill (1975) regarding the need to take the time dimension into account.

A planning framework for stakeholder relationships

The final step for applying the model, as outlined above, involves formulating an appropriate relationship strategy for stakeholders. Integrating strategies for each of the six stakeholder market domains into a cohesive whole represents a challenge. A collaborative approach to planning is needed here, one that achieves alignment between internal and external stakeholders whether or not they are a formal part of the marketing function's responsibilities. The planning framework, shown in Figure 3, draws on elements of the relationship strategy framework of Christopher *et al.* (1991) and the relationship management chain of Christopher *et al.* (2002). The stakeholder relationship planning framework is a learning heuristic for developing cohesive

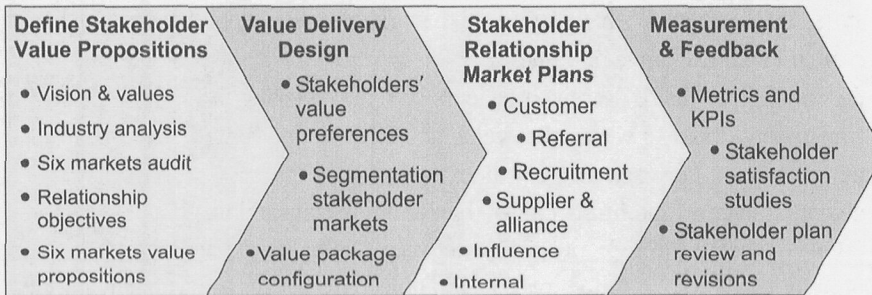


Figure 3.
Stakeholder relationships
planning framework

strategies and plans. It is a new framework based on our more recent research with organisations, and has been informed by field-based experience.

Underpinning the concept of the planning model is an assessment of the potential for value exchange with stakeholders. Relationships with key stakeholders and parties are enhanced through the implementation of value-based strategies, enacted through value propositions. Likewise, the opportunities for value creation are enhanced through the development of relationships. Thus value creation and relationship development become highly integrated. The four interrelated phases in the planning framework in Figure 3 are now summarised.

Define stakeholder value propositions

Vision and values. The process of defining stakeholder value propositions commences with a review or articulation of a company's vision and values. Vision and values should explicitly reflect the basic beliefs and aspirations of the organisation. Davidson (2002) has provided a recent and authoritative work on business vision and values. A company's vision and values provides a framework to enable its staff to work together in a co-ordinated manner towards the achievement of the objectives set with respect to stakeholders.

Industry analysis. The industry dynamics in which the firm operates are commonly analysed using a framework such as Porter's (1980) five forces model, so that all known forces and not so well understood contingencies are brought into consideration. A consideration of these "forces" can be augmented by a more contemporary analysis such as those proposed by Christensen (2001) and Slater and Olson (2002).

Six markets audit. An audit is required of the six relationship market domains to identify the nature of relationships with key stakeholders in each market. Developing a relationship is not an end in itself but a basis for creating and sustaining exchanges of value. It is worth noting that the reverse also applies, that is, exchanges of value can also develop relationships. In order to consider the capabilities/opportunities open to the firm, a SWOT (strengths, weaknesses, opportunities and threats analysis) can be applied to each market. Competitive and threatening stakeholder relationships (Polonsky *et al.*, 2002) should also be taken into account.

Relationship objectives. Ongoing relationship marketing objectives should be developed for each of the six market domains. These objectives should be related to the organisations vision and values and other higher-level objectives.

Six markets value propositions. Value propositions can be crafted with the intent of creating *mutual value* – a two-way value exchange that will enhance relationships and secure benefits in future years for both the firm and for key constituents (see also Ballantyne, 2003, p. 1254). We have found that a workable value proposition is one that is:

- crafted as an exchange of value;
- described in terms of perceived benefits or reduced costs;
- transparent about to whom that value should flow and how;
- perceived as a fair exchange of value;
- delivered over a time frame longer than a single transaction;
- often co-created through interaction between two or more parties; and
- broadly congruent with the relationship objectives set for a particular market.

Value delivery design

The means by which value is delivered to customers and other stakeholders is in itself a key element in establishing and sustaining relationships with them. Value delivery design involves the delivery of products or services to customers, and also the design of potential value exchanges with other key stakeholders. This step includes considering:

- *Stakeholders' value preferences.* Following on from the crafting of value propositions (the first section of planning framework), the task here is to confirm or renegotiate the key value propositions. This may involve an ongoing dialogue with key stakeholders or more generally, detailed research into the underlying value requirements, preferences and trade-offs within each stakeholder market.
- *Segmentation of stakeholder markets.* Stakeholders should be segmented using segmentation criteria relevant to that market. Stakeholders' value preferences provide a powerful means of segmenting markets. In-depth market research can be used to help reveal the salient dimensions of value, and techniques such as "trade-off analysis" can assist in identifying groups that share common value preferences.
- *Value package configuration.* This involves a more detailed identification of the nature and cohesiveness of the value exchanges across the various stakeholder markets. Issues such as the requirements of different segments, channel preferences, flexibility of response, information systems, the adequacy of two-way communication and so on need to be addressed. In planning to address potentially many stakeholders it is important to consider priorities based on the likely gains and resource availability within the organisation.

Stakeholder relationship market plans

This step involves determining the appropriate strategies for stakeholders in each market, including which ones require a detailed market plan. Market plans can be developed using well-established marketing planning processes. The marketing planning process for customers can be applied, with appropriate tailoring, to each of the other five markets and the sub groups within them.

All market domains do not necessarily need their own formal written market plan. However, plans for stakeholder groups can be developed if continuous links would seem to support the mission of the firm, give stability to the environment in which the firm operates, or enhance the potential for long-term profitability and security of the firm.

Measurement and feedback

Metrics and KPIs. Once stakeholder market plans have been developed, a set of relevant metrics and key performance indicators (KPIs) need to be developed in support of market objectives. For example, some of the potential metrics that could be used within particular market domains include:

- mutual transaction cost reduction;
- time to market and quality improvement (for the supplier and alliance market); and
- employee retention and employee motivation (for the internal market).

Stakeholder satisfaction studies. The quality and strength of stakeholder relationships are so important to the survival and profitability of any business that the processes delivering satisfaction and quality performance need to be regularly monitored. Customer relationship quality is dependent upon the processes that serve them. So too is stakeholder relationship quality determined by the stakeholder value delivery processes in place. Customer satisfaction, employee satisfaction, supplier satisfaction and shareholder satisfaction studies are routinely used by companies. These need to be supplemented, where appropriate, with tools that measure satisfaction within other markets or sub groups within them.

Stakeholder plan review and revision. This last step involves reviewing the feedback from previous steps, reviewing the changing priorities within the organization and undertaking appropriate revision of the stakeholder relationship market plans.

This stakeholder relationship planning framework has proved a robust tool in enabling organisations we have worked with to recognize and respond to stakeholders interests, and position themselves more favourably in stakeholder markets.

Implications for managers

Our experience in working with stakeholder models suggests that exchange relationships with many relevant stakeholders are inadequately recognised by and planned for by organisations. Attention may need to be given to a broad range of stakeholder interests because of their impact on an organisation's value creation process, and because of the systemic (or cumulative) effects of interdependencies which may not previously have been entirely understood.

A challenge for businesses is that they are often positioned in loose-knit multiple stakeholder networks but unaware of it because there is no stakeholder relationship review process in place. For the marketing strategist, the six markets model and the planning framework developed in this article bring to the surface, possibly for the first time, the complexity of the network of relationships in which the firm is embedded. The six markets model enables any organisation to review the key market domains that may be important to them. As a result of this diagnosis, they will identify key constituents within the market domains that are already particularly critical and find opportunities more readily as they emerge.

Managers have used the model and planning framework for analysing the key constituents within the market domains, identifying the relative importance of stakeholder groups, identifying problems and opportunities, and allocating resources to them. It has also proved helpful to managers in understanding their firm's embedded position within a network of stakeholder relations and in planning strategies that augment this positioning or work to modify it.

When using the "six markets" framework for strategy making, managers found that an interaction in one domain – say, the customer market – could impact on another, perhaps the supplier market or the internal market, with wider and unexpected environmental impacts. This represents the *learning* dimension of the model. Another important aspect of six markets planning is the *action* dimension, where it becomes possible to identify and work with key constituents in each of the six markets to produce exchanges of mutual value, or develop relationships from which new understandings might develop over time.

Managers also recognised that marketing's prescriptive use of frameworks, such as the "four Ps" of the marketing mix, represents a process of decision making which reduces the freedom of strategy making. The "four Ps" are essentially an organising principle for decisions concerning the allocation of *financial* resources. In practice, the range of resource decisions is limited by the scope of the marketing budget, which in turn is the province of the marketing function. This can encourage an over-emphasis on decisions about discrete marketing services, like advertising and research, and a lack of emphasis on cross-functional stakeholder collaboration.

Many managers using the model experienced a shift in ideas about how value is recognised, created and exchanged, and recognised how interactions within stakeholder networks may be constrained or locked into rigid positions. Here traditional thinking may act as a constraint and become boundary-reinforcing. By contrast, a stakeholder perspective can act as a conduit across those boundaries. Executives involved in applying the model typically responded first with curiosity, then some frustration, and finally enthusiasm. Unexpected and useful insights were almost always the outcome of their reframed thinking.

Use of the six markets model provides an enhanced perspective on how a firm relates to its stakeholder groups. Managers found that developing and implementing relationship plans for the various stakeholder markets generated new knowledge and insights into stakeholder conditions, opportunities and constraints. This new knowledge was developed through purposefully interacting with the customers and other stakeholders of the firm, as well as through formal market research.

Overall, our experience in using the model and the planning framework with managers is that it enables them to rethink and reframe the nature of opportunities available to them for creating, developing and sustaining exchanges of mutual value. As a consequence, exchange relationships across a broader range of stakeholders evolve to create enhanced value with a positive impact on the competitive position of the organisation.

Research issues and future research

The relationship marketing perspective argues that marketing should not just be involved with customer exchanges but rather with a broad range of stakeholder relationships (e.g. Savage *et al.*, 1991; Morgan and Hunt, 1994; Gummesson, 2002b). This article contributes to knowledge in the relationship marketing and stakeholder theory areas through the development, refinement and use of a planning model that address the complexity of stakeholder relationships and networks.

Donaldson and Preston (1995) have suggested that although managers may be aware that they need to pay attention to a broader view of stakeholder interests, there is no guarantee that they will do so. We have found that many organisations do not currently undertake a formal analysis of all their stakeholders' interests because they anticipate difficulties in mapping them. The six markets model responds to these issues by alerting managers to the existence and importance of different stakeholders, and providing them with a planning approach to map them.

The six markets stakeholder planning approach is a means by which managers may achieve a greater rigour, and greater transparency of stakeholders' interests as argued for by Ogden and Watson (1999). It also shifts the strategic emphasis from

corporate responsibility for multiple stakeholders towards *corporate responsiveness* to these groups (Peck, 2001).

Our work suggests a number of avenues for future research. First, opportunities exist for more detailed case study research. In classical economic theory, which resonates through much of mainstream marketing, the economic actors are connected to each other through monetary exchanges in the market. The role of commitment, trust and social bonds between stakeholders is often ignored. More detailed case studies exploring stakeholder-based marketing approaches are needed that investigate dimensions which include commitment, trust and social bonds.

Second, there are some further refinements that may be useful to extend the operationalisation of the model. For example, our research has largely been qualitative, involving discussions between managers to determine the relative strategic importance of different stakeholder groups and their impact on the success of the firm. Future research might explore the development of a set of quantified measures around each of the stakeholder markets.

Third, the development of marketing and strategic planning approaches for different classes of stakeholders is worthy of more detailed study. The strategic marketing planning approaches developed for customer markets by researchers such as McDonald (2002) can be a useful start in addressing other stakeholder markets. However, such models do not take into account competitive interactions between networks (Ballantyne *et al.*, 2003), or the relationship linkages between stakeholders (Payne and Holt, 2001).

Fourth, stakeholder value propositions represent a further area for potential research. The use of the term "value proposition" is increasing with respect to customer markets and is used in recruitment markets (Michaels *et al.*, 2001) and in internal markets (Ballantyne, 2003). The emphasis on value propositions can mean "this is what I can do for you". However, as we have argued, this represents only one side of a value exchange. Research into the use of value propositions as a two-way planning heuristic that can be applied to other stakeholder markets needs to be investigated further.

Finally, it may be valuable to test both the stakeholder model and the planning framework across organisations in specific market sectors. While the stakeholder model has been used with groups of managers from many different industry sectors, comparing results between organisations in the same industry sectors may suggest further enhancements suitable for use in specific industry settings.

References

- Anderson, J.C. and Narus, J.A. (1999), *Business Marketing Management: Understanding, Creating and Delivering Value*, Prentice-Hall, Upper Saddle River, NJ.
- Argenti, J. (1997), "Stakeholders: the case against", *Long Range Planning*, Vol. 30 No. 3, pp. 442-5.
- Argyris, C. and Schon, D.A. (1978), *Organizational Learning: A Theory of Action Perspective*, Addison-Wesley, Reading, MA.
- Ballantyne, D. (2003), "A relationship mediated theory of internal marketing", *European Journal of Marketing*, Vol. 37 No. 9, pp. 1242-60.
- Ballantyne, D., Christopher, M. and Payne, A. (2003), "Relationship marketing: looking back, looking forward", *Marketing Theory*, Vol. 3 No. 1, pp. 159-66.

- Buttle, F. (1999), "The SCOPE of customer relationship management", *Customer Relationship Management*, Vol. 1 No. 4, pp. 327-36.
- Campbell, A. (1997), "Stakeholders: the case in favour", *Long Range Planning*, Vol. 30 No. 3, pp. 446-9.
- Carroll, A.B. (1989), *Business and Society: Ethics and Stakeholder Management*, South-Western Publishing, Cincinnati, OH.
- Christensen, C.M. (2001), "The past and future of competitive advantage", *Sloan Management Review*, Winter, pp. 105-9.
- Christopher, M., Payne, A. and Ballantyne, D. (1991), *Relationship Marketing: Bringing Quality, Customer Service and Marketing Together*, Butterworth-Heinemann, Oxford.
- Christopher, M., Payne, A. and Ballantyne, D. (2002), *Relationship Marketing: Creating Stakeholder Value*, 2nd ed., Oxford.
- Davidson, H. (2002), *The Committed Enterprise*, Butterworth-Heinemann, Oxford.
- Dill, W.R. (1975), "Public participation in corporate planning: strategic management in a Kibitzer's world", *Long Range Planning*, pp. 57-63.
- Donaldson, B. and O'Toole, T. (2002), *Strategic Market Relationships: From Strategy to Implementation*, Wiley, Chichester.
- Donaldson, T. and Preston, L.E. (1995), "The stakeholder theory of the corporation: concepts, evidence and implications", *Academy of Management Review*, Vol. 20 No. 1, pp. 65-91.
- Doyle, P. (1995), "Marketing in the new millennium", *European Journal of Marketing*, Vol. 29 No. 3, pp. 23-41.
- Emshoff, J.R. and Freeman, R.E. (1979), "Who's butting into your business?", *The Wharton Magazine*, Fall, pp. 44-59.
- Freeman, R.E. (1984), *Strategic Management: A Stakeholder Approach*, Pitman, Boston, MA.
- Freeman, R.E. and Reed, D.L. (1983), "Stockholders and stakeholders: a new perspective on corporate governance", *California Management Review*, Vol. 25 No. 3, pp. 88-106.
- Gioia, D.A. (1999), "Practicability, paradigms, and problems in stakeholder theorizing", *Academy of Management Review*, Vol. 24 No. 2, pp. 228-32.
- Gioia, D.A. and Pitre, E. (1990), "Multiple perspectives on theory building", *Academy of Management Review*, Vol. 15 No. 4, pp. 584-602.
- Grönroos, C. (1994), "From marketing mix to relationship marketing: towards a paradigm shift in marketing", *Asia-Australia Marketing Journal*, Vol. 2 No. 1, pp. 9-29 (republished in *Management Decision*, Vol. 35 No. 4, 1997, pp. 322-39).
- Grönroos, C. (1997), "Value driven relational marketing: from products to resources and competencies", *Journal of Marketing Management*, Vol. 13 No. 5, pp. 407-20.
- Gummesson, E. (1994), "Making relationship marketing operational", *International Journal of Service Industry Management*, Vol. 5 No. 5, pp. 5-20.
- Gummesson, E. (1995), *Relationship Marketing: From 4Ps to 30Rs*, Liber-Hermöds, Malmö.
- Gummesson, E. (1999), "Total relationship marketing: experimenting with a synthesis of research frontiers", *Australasian Marketing Journal*, Vol. 7 No. 1, pp. 72-85.
- Gummesson, E. (2002a), "Practical value of adequate marketing management theory", *European Journal of Marketing*, Vol. 36 No. 3, pp. 325-49.
- Gummesson, E. (2002b), *Total Relationship Marketing*, 2nd ed., Butterworth-Heinemann, Oxford.
- Håkansson, H. (Ed.) (1982), *International Marketing and Purchasing of Industrial Goods: An Interaction Approach*, Wiley, Chichester.

- Harrison, J.S. and Freeman, R.E. (1999), "Stakeholders, social responsibility, and performance: empirical evidence and theoretical perspectives", *Academy of Management Journal*, Vol. 42 No. 5, pp. 479-85.
- Harrison, J.S. and St John, C.H. (1996), "Managing and partnering with external stakeholders", *Academy of Management Executive*, Vol. 10 No. 2, pp. 48-60.
- Hennig-Thurau, T. and Hansen, U. (2000), "Relationship marketing-some reflections on the state-of-the-art of the relational concept", in Hennig-Thurau, T. and Hansen, U. (Eds), *Relationship Marketing: Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention*, Springer-Verlag, Berlin, pp. 28-30.
- Kotler, P. (1992), "It's time for total marketing", *Business Week*, Advance Executive Brief, p. 2.
- Lovelock, C. (1995), "Competing on service: technology and teamwork in supplementary services", *Planning Review*, July/August, pp. 32-9.
- McDonald, M. (2002), *Marketing Plans: How to Prepare Them, How to Use Them*, 5th ed., Butterworth-Heinemann, Oxford.
- Michaels, E., Handfield-Jones, E. and Axelrod, B. (2001), *The War for Talent*, Harvard Business School Press, Boston, MA.
- Möller, K.E. (1992), "Research traditions in marketing: theoretical notes", *Economics and Marketing: Essays in Honour of Gosta Mickwitz*, Economy and Society Series, No. 48, Swedish School of Economics, Helsinki, pp. 197-218.
- Möller, K.E. (1994), "Interorganisational marketing exchange: metatheoretical analysis of current research approaches", in Laurent, G., Lilien, G. and Pras, B. (Eds), *Research Traditions in Marketing*, Kluwer, Boston, MA, pp. 348-82.
- Morgan, R.M. and Hunt, S.D. (1994), "The commitment-trust theory of relationship marketing", *Journal of Marketing*, Vol. 58, July, pp. 20-38.
- Ogden, S. and Watson, R. (1999), "Corporate performance and stakeholder management: balancing shareholder and customer interests in the UK privatized water industry", *Academy of Management Journal*, Vol. 42 No. 5, pp. 526-38.
- Parvatiyar, A. and Sheth, J.N. (1997), "Paradigm shift in interfirm marketing relationships", in Sheth, J.N. and Parvatiyar, A. (Eds), *Research in Marketing*, Vol. 13, JAI Press, Greenwich, CT, pp. 233-55.
- Payne, A.F.T. (1995), "Relationship marketing: a broadened view of marketing", in Payne, A. (Ed.), *Advances in Relationship Marketing*, Kogan Page, London, pp. 29-38.
- Payne, A.F.T. (2000), "Relationship marketing: managing multiple markets", in Marketing and Logistics Group, Cranfield School of Management (Ed.), *Marketing Management: A Relationship Marketing Perspective*, Palgrave Macmillan, Basingstoke, pp. 16-30.
- Payne, A.F.T. and Holt, S. (1999), "A review of the "value" literature and implications for relationship marketing", *Australasian Marketing Journal*, Vol. 7 No. 1, pp. 41-51.
- Payne, A.F.T. and Holt, S. (2001), "Diagnosing customer value creation in relationship marketing", *British Journal of Management*, Vol. 12 No. 2, pp. 159-82.
- Peck, H.L. (2001), "Towards a framework of relationship marketing: a case study approach", PhD thesis, School of Management, Cranfield University, Cranfield.
- Polonsky, M.J. (1995), "A stakeholder theory approach to designing environmental marketing strategy", *Journal of Business and Industrial Marketing*, Vol. 10 No. 3, pp. 29-46.
- Polonsky, M.J., Carlson, L. and Fry, M.-L. (2003), "The harm chain: a public policy development and stakeholder perspective", *Marketing Theory*, Vol. 3 No. 3, pp. 345-64.

- Polonsky, M.J., Schuppiesser, D.S.W. and Beldona, S. (2002), "A stakeholder perspective for analysing marketing relationships", *Journal of Market-Focused Management*, Vol. 5, pp. 109-26.
- Porter, M.E. (1980), *Competitive Strategy*, Free Press, New York, NY.
- Rapoport, R.N. (1970), "Three dilemmas of action research", *Human Relations*, Vol. 23 No. 6, pp. 499-513.
- Ravald, A. and Grönroos, C. (1996), "The value concept and relationship marketing", *European Journal of Marketing*, Vol. 30 No. 2, pp. 19-30.
- Savage, G.T., Nix, T.W., Whitehead, C.J. and Blair, J.D. (1991), "Strategies for assessing and managing organizational stakeholders", *Academy of Management Executive*, Vol. 5 No. 2, pp. 61-75.
- Sheth, J.N. (1994), "Towards a theory of relationship marketing", presentation to the Relationship Marketing Faculty Consortium, Center for Relationship Marketing, Emory University, Atlanta, GA.
- Sheth, J.N. and Parvatiyar, A. (1995), "The evolution of relationship marketing", *International Business Review*, Vol. 4 No. 4, pp. 397-418.
- Slater, S.F. and Olson, E.M. (2002), "A fresh look at industry and market analysis", *Business Horizons*, January/February, pp. 15-22.
- Smithee, A.B. and Lee, T. (2004), "Future directions in marketing knowledge", *Journal of Business and Industrial Marketing*, Vol. 19 No. 2, pp. 149-54.
- Tzokas, N. and Saren, M. (1999), "Value transformation in relationship marketing", *Australasian Journal of Marketing*, Vol. 7 No. 1, pp. 52-62.
- Useem, M. (1996), "Shareholders as a strategic asset", *California Management Review*, Vol. 39 No. 1, pp. 8-27.
- Wilkinson, I.F. and Young, L.C. (1994), "Business dancing: the nature and role of inter-firm relationships in business strategy", *Australasian Marketing Journal*, Vol. 2 No. 1, pp. 67-79 (reprinted in Ford, D., *Understanding Business Markets*, 2nd ed., Dryden, London, 1997).
- Wilson, D.T. and Jantrania, S. (1994), "Understanding the value of a relationship", *Australasian Marketing Journal*, Vol. 2 No. 1, pp. 55-66 (reprinted in Ford, D., *Understanding Business Markets*, 2nd ed., Dryden, London, 1997).