How can Relationship Marketing influence Micro-sized Family Businesses?

A case study of “Casa Canela”

Bachelor Thesis within Business Administration

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**Abstract**

**Background**
Micro-sized family businesses are facing great challenges in nowadays competitive markets. Marketing is one of the most essential fields if a company wants to succeed. Traditional marketing reveals more and more disadvantages, with competition that is constantly rising, technological marketing methods that are breaking down geographical burdens and consumer markets that are getting more demanding. One way to step away from the traditional marketing patterns and differentiate is the implementation and usage of relationship marketing. As a novel strategic method, the focus shifts from the product to building a loyal customer relationship foundation.

**Purpose**
Consequently, the purpose of this thesis is to investigate which factors influence an implementation of relationship marketing in micro-size family businesses. Using a case study, we will investigate how the potential theories can be successfully translated into reality when using relationship marketing in micro family firms. For reaching this goal, we will mainly identify several influences that impact a relationship marketing implementation in micro family businesses.

**Method**
The data used for our case study has been collected through email interviews. Using an abductive approach and a qualitative analysis, we are investigating and analysing specific factors and their influence on relationship marketing in micro family businesses, in particular Casa Canela. Although one case cannot act as a role model and offer generalisable suggestions on all micro sized family firms, it presents an interesting example of one case and we hope that the outcomes and results can offer a guideline and inspiration to other micro family businesses as well.

**Conclusion**
All in all, this thesis suggests that relationship marketing can benefit micro-sized family businesses. Moreover, factors like the owner-managers, the location, the financial situation and long-term goals influence the implementation of this strategy. With the help of our case firm Casa Canela and the analysed factors, we concluded that relationship marketing can provide a solid foundation for a successful business performance in the long-run.
Contents

1 Introduction ............................................................................................................. 1
  1.1 Background ........................................................................................................ 2
    1.1.1 Problem ...................................................................................................... 2
  1.2 Purpose ............................................................................................................... 3
  1.3 Research Questions ............................................................................................ 3
  1.4 Delimitations ...................................................................................................... 3

2 Methodology .......................................................................................................... 5

3 Theory ..................................................................................................................... 5
  3.1 Introduction ........................................................................................................ 5
  3.2 Disadvantages of traditional marketing strategies ............................................. 6
  3.3 Relationship Marketing ..................................................................................... 7
    3.3.1 History of relationship marketing .............................................................. 7
    3.3.2 Defining relationship marketing ................................................................ 7
    3.3.3 A changing mindset ................................................................................. 9
  3.4 Understanding Relationships ............................................................................ 11
    3.4.1 The Commitment-Trust Theory ................................................................. 11
    3.4.2 Levels of relationships ............................................................................. 12
    3.4.3 Relationship lifecycle ............................................................................. 12
  3.5 Family business .................................................................................................. 12
    3.5.1 Definition .................................................................................................. 13
    3.5.2 The generation change in family businesses ............................................ 13
    3.5.3 Customer loyalty .................................................................................... 14
    3.5.4 The sustainable family business model (SFB model) ................................ 15
  3.6 Micro-size enterprises ....................................................................................... 17
  3.7 What defines success? ....................................................................................... 17
  3.8 Theory summary ............................................................................................... 18

4 Method .................................................................................................................... 19
  4.1 Case study ......................................................................................................... 19
  4.2 Inductive, deductive and abductive reasoning .................................................. 20
  4.3 Data collection ................................................................................................... 20
    4.3.1 Primary and secondary data .................................................................... 20
    4.3.2 Email Interview ...................................................................................... 21
4.4 Method for analysis ................................................................. 22
4.5 Research quality and limitations......................................................... 23
  4.5.1 Validity and reliability................................................................. 23
  4.5.2 Ethics .................................................................................... 23
5 Empirical Findings ............................................................................. 24
  5.1 Background ............................................................................... 24
  5.2 The current marketing of Casa Canela................................................. 25
  5.3 Casa Canela’s main problems to be investigated and analysed .................. 26
6 Analysis ............................................................................................. 27
  6.1 To what extent is relationship marketing recommendable for micro-sized family
  businesses? .................................................................................... 28
    6.1.1 Moving from traditional marketing to relationship marketing................. 28
    6.1.2 Relationship marketing in micro-sized family businesses.......................... 28
  6.2 Which factors influence the implementation of relationship marketing in micro family
  businesses? .................................................................................... 31
    6.2.1 The owner-managers .................................................................. 31
    6.2.2 The long-term goals of having a business ........................................... 34
    6.2.3 The location of the enterprise ......................................................... 35
    6.2.4 The generation of the owners ......................................................... 36
    6.2.5 The financial possibilities .............................................................. 37
7 Conclusion ............................................................................................. 37
8 Discussion and Suggestions for further studies ........................................... 39
9 References ............................................................................................ 40
10 Appendices .......................................................................................... 49
  10.1 Recommendations for implementing relationship marketing developed by Lisa Gallay
  and Mihaela Iovu (2011) .................................................................... 49
  10.2 First Interview with Casa Canela ......................................................... 50
  10.3 Second interview with Casa Canela ..................................................... 52
  10.4 Third interview with Casa Canela ....................................................... 54
  10.5 Consumer Survey ........................................................................... 55
1 Introduction

Star Alliance is the world’s largest and first airline alliance. It was established in 1997 from the initiative of five airlines: Air Canada, Lufthansa, Scandinavian Airlines, Thai Airways International and United Airlines. According to the article presented by Silvester (2005), the alliance decided to use the relationship marketing of their competitors in their advantage. In this regard they offered a Gold status to business people, who were able to prove that they already had a Golden status on other competitive airlines. A Gold status is the highest position one can get while flying with an airline, this includes many benefits such as extra luggage weight, priority seat reservation or check-in. The result of Star Alliance’s strategy was successful as it brought 30,000 new prospect clients and more importantly took away the reason why those people were loyal to the other companies. This is an example of how relationship marketing can be used in a firm’s benefit by neutralizing competition.

As Star Alliance’s example suggests, being aware of the competitor’s strengths and being able to adapt in a changing environment is one of the biggest challenges companies face nowadays. Moreover, globalisation, adapting to new trends and cultures, national responsiveness are just a few buzzing words from the present world. Each company wants to achieve better performance, wants to gain more customers, more profits and more prestige. Investing in different departments is a strategic pattern that companies follow in order to reach these goals. The marketing department benefits thereby often from high investments, since it is the one being responsible for gaining and maintaining customers. It has long been known that this is one of the most essential sectors for establishing a long term successful business development.

In a competitive environment which has grown extremely during the past years, it is no longer possible to focus mainly and only on the traditional marketing foundation (Grönroos, 1994). Thereby we are pointing towards the marketing mix, or the four P’s, which are known to be Price, Promotion, Place and Product (Kotler, 1999). Throughout years of research and studying, scholars and researchers have come up with advanced marketing mixes and shifted marketing mixes. The mindsets of marketing managers’ change and alternative marketing strategies emerge (Grönroos, 1994).

In this thesis, we will devote particular importance to an alternative marketing research field, known as “Relationship Marketing”. O’Malley (2003) argues that this marketing concept can lead companies to a great long term success and constant growth, despite existing in a powerful competitive environment. Relationships have become an essential backbone to any competitive business and are therefore a key to market success (Hart, 2003). As many articles and books present, a new, dynamic paradigm for marketing management based on relationships is already emerging among companies and organisations (Sheth & Parvatiyar, 2000). This has caught our interest to investigate a certain market in Sweden and find out if relationship marketing already plays a role in current marketing planning and which factors influence the emergence of such.

The market we have chosen are micro-size companies, which are family owned and located in Sweden. The reasons for this choice are further explained the problem.
According to Kotler (2008) relationship marketing involves creating, maintaining and enhancing strong relationships with customers and other stakeholders. Furthermore, there are certain steps in establishing a relationship-marketing program which include: identifying the key customers meriting relationship management, assigning a skilled relationship manager to each key customer, developing a clear job description for relationship managers, having each relationship manager develop annual and long-range customer relationship plans, appointing an overall manager to supervise the relationship managers.

The use of relationship marketing brings benefits to the organisation such as higher overall revenues on investment than transactional oriented firms, increased purchase overtime, lower costs, free advertising through word of mouth. In addition an indirect benefit is employee retention (Wilson & Zeithaml, 2008). The purchase of cars, vacations or even electronics are closely connected to relationship marketing. Usually people buy the same things their friends have or what other people recommend. And in order to have a positive reputation the company must maintain their customers happy and satisfied. This can be noticed in the Japanese companies who work hard on the relationships they have with their customers such an example is Toyota. Their philosophy is that “once a Toyota customer always a Toyota customer”.

Although we focus on relationships and interpersonal experiences rather than short-term profitable ways of managing a business, our focus for a long term successful business performance lies primarily on the revenues that the company achieves yearly. But for achieving higher profits in the long-run, one needs patience because “the journey is the destination” (Eldon, 1997, p.20).

1.1 Background

1.1.1 Problem

92% of the businesses in Sweden are micro businesses (Statistics Sweden, 2008). This percentage represents a number of 657 946, according to the UCweb (2011) and in correlation to the measures of micro-sized businesses set by the European Commission (2003). Moreover, three quarters of all businesses in Sweden are family owned. They represent one fifth of the GDP and occupy one fourth of all Swedish employees (Bjuggren, Johansson & Sjögren, 2011). These numbers have caught our attention to conduct a deeper research on marketing practices in micro-family businesses.

According to Dibrell and Davis (2008), the research within marketing in family businesses is very narrow and limited (Blombäck, 2009) and we agree that marketing management in family businesses requires more studies in order for family businesses to succeed better in long term. As Blombäck (2009) further emphasises, there are studies available about marketing in family businesses as will be presented later on, however, not much research is done in the field of specific marketing strategies for family businesses in particular.

Timmons (1994) proves that over 20% of newly established micro and small businesses fail within one year and 66% within six years (Franco & Haase, 2009). These facts demonstrate our assumption, that micro businesses have difficulties surviving the first years. Franco and Haase (2009) also confirm our presumption, that these failures happen in consequence of missing management strategies. Given, that family businesses and micro-sized businesses are
both restrained in their available resources, financially and managerial, the applied strategies are likely to lack even more structure and knowledge based foundations. We are therefore interested in investigating the concept of relationship marketing, as it is said to make it possible to combine differentiation and cost-leadership on the competitive market (Morrow, 1992).

Especially in nowadays economy, micro-sized companies face the problem of competing in a rapid developing environment as well as surviving numerous financial and economical instabilities. While reflecting on the theoretical potential of relationship marketing in micro-family businesses, we will conduct a case study, investigating the implementation process of relationship marketing in reality.

The thesis will analyse how certain factors influence this process in family owned businesses, whether the location, the generation in charge or the human capital have a positive or negative effect, how the company perceives success and how a long-term stability can be established by adopting relationship marketing.

Finally, we will draw a conclusion if the potential benefits of relationship marketing in micro-family businesses, can be turned into reality and provide the firm with a strategy that leads to success in the long-term.

1.2 Purpose

The purpose of this thesis is to investigate which factors influence an implementation of relationship marketing in micro-size family businesses. Using a case study, we will investigate how the potential theories can be successfully translated into reality when using relationship marketing in micro family firms.

1.3 Research Questions

1. To what extent is relationship marketing recommendable for micro-sized family businesses?

2. Which factors influence the implementation of relationship marketing in micro family businesses?

1.4 Delimitations

Although we will present a detailed and thoroughly thought through thesis, there are some specific topics that need to be taken into consideration and mentioned in order not to confuse the reader, arouse misunderstandings or raise concern about the completeness of the thesis.

We are aware that one case study cannot act as an example for the whole field of micro family businesses. However, we believe that by investigating and analysing this one company very detailed, we will be able to conclude some useful guidelines for other firms to orientate themselves and compare their own marketing strategies and development.
Regarding our method, the email interview has many advantages but also some drawbacks which need to be considered. Apart from the advantages that are mentioned in the method section later on, a disadvantage is for example that possible emotions, feelings, attitudes and postures could not be observed. As both of us, as the authors of the thesis, do not speak Swedish perfectly, it would have been complicated to have an interview on the phone, as the interviewees were not as comfortable with English either. The third option, to visit the premises seemed to be too costly, both, financially and timely, since the store is located in Stockholm and we are living in Lund and Göteborg.

Furthermore, we are trusting in the information that we received from our case study firm. We believe in the information given from the owners of the firm and the claim that they are very interested in getting deeper insight in new and alternative marketing solutions. However, we cannot exclude, that some of their responses or opinions might be biased by other literature. Moreover, it is not 100% certain whether we have received all the information possible or just the information that the owner liked to share with us. However, considering the magnitude of the information and the instant replies that we have received, our concern about incorrectness of data is low.

Another important delimitation is that the company we have chosen to study in depth is at the first generation; therefore one could argue that it does not represent a good case for a family business research. However, as we move further to the theory section we provide the reader with two definitions of family business and we explain what we choose to use for our research.

Due to several changes in our method we chose not to concentrate on any particular industry, therefore this study cannot represent a particular industry, but rather any family business that is micro-seized. However to clarify for the reader the company we study is operating in the retail industry. Therefore, our case study could be useful for companies operating in this industry, but we believe that this should not prevent companies in other industries to use this research.

Another delimitation, which is important to point out, is the fact that we did not include any consumer observation. This means that the second party which is involved in a purchasing process and therefore also acts as an influence on the marketing strategy and its outcomes, namely the consumer/customer, is not studied in depth. For reasons of limiting our thesis to a particular research field, we have decided against including the consumer influence, as the study would turn out to be too perfunctory as a result of too much data to be analysed in a limited time period.

Consequently, our study is rather focusing on the internal processes and prerequisites of micro sized family firms, as we emphasise on internal factors, to study the implementation of relationship marketing. Due to the closely related subjects within family business and relationship marketing, it seemed to be more valuable and logic to concentrate on the internal functioning of the firm.
2 Methodology

According to Creswell (2003), there are four philosophical worldviews, namely: positivism, constructivism, advocacy/participatory, pragmatism.

The first one is characterised by determination, empirical measurement and is often called the “scientific method”. Therefore, it starts with theory and the collected data helps the researcher to support or deny the theory. Our aim is to identify factors that influence the implementation of relationship marketing in micro-sized companies, therefore get a deeper understanding of a process; this worldview is not suitable for us.

The second worldview, constructivism, is the most suitable for our thesis since the main purpose of this approach is to understand the views different people have of the world. Researchers using this approach conduct qualitative studies as open-ended questions are the most fitting approach. Therefore, we have chosen to have a qualitative research as it is more flexible, it focuses on words (Creswell, 2003) and its goals are to understand the situation more in-depth based on the researcher’s observations and analysis of the gathered data describing what actually happens in the organisations (Patton, 1990).

Constructivism is the opposite of the positivism as it usually leads to generating theories. There is little research done about micro-sized family businesses and relationship marketing (Blombäck, 2009), which is why we cannot state that our findings are the “absolute truth”, which positivism investigations are aiming for. Our research is not targeting to test any previous theories or findings since we will focus on identifying several factors that influence relationship marketing in micro-sized family businesses, resulting from three interviews with Casa Canela, our case company. Moreover, our own backgrounds are shaping our interpretation and we are relying on the participants’ view that is, the company we are studying.

The last two world views are: the advocacy (participatory) philosophy, which is related to a political view that is centred on social issue and pragmatism, which is problem centred and it usually, starts from consequences (Creswell, 2003). None of these last worldviews will be used for our research since they do not match our purpose.

3 Theory

3.1 Introduction

In this section we will present theories and literature findings about two main topics, which are relationship marketing and micro-sized family businesses. These theories will offer an overview of the potential possibilities that this alternative marketing strategy can bring to micro-sized family businesses. The theoretical review will focus on internal processes of businesses rather than on external influences on a relationship marketing strategy.
Traditional literature about marketing treats customer-supplier relationships as simply an additional dimension among the existing superior theoretical frameworks of reference. However, research from the last five years shows that relationships have become an essential backbone to any competitive business and therefore a key to market success (Hougaard & Bjerre, 2003).

Most often in the business world, the basic goal of a retailer is to sell as many products/services to as many people as possible, in order to achieve a convenient or better profit. For this to happen consumers need to know about these specific offerings and they need to get convinced that this is what they want to buy. After making the first decision to consume a product or service from a specific company, one way to reach higher profits is to get the customer convinced to come back and purchase more. Therefore, the buyer is influenced by the experience that he had at the first purchase and will then make a decision rather to come back for the next purchase or choose to go to another retailer.

As can be seen from this simple process demonstration, relationship marketing is taking general marketing back to its roots. Relationships have most often been the heart of marketing, although this might have been an informal way (Gummesson, 1994). Especially in research between 1970s and 1980s, limitations of the traditional marketing mix have come to be the focus of many researchers in the marketing field. Throughout the last decades, marketing management-leading theories have most often concentrated on a fast growing consumer goods industry. Most approaches try to explain and emphasise that how, when and where to position your product on the market, is optimal in order to make the consumer buy it. Within relationship marketing concepts, this is no longer the focus of attention.

### 3.2 Disadvantages of traditional marketing strategies

In the course of implementing an alternative marketing strategy, we can first and foremost ask, why the classical and conventional marketing is not efficient anymore in nowadays markets. There are many scholars who suggest answers for this question and we will point out a couple of important influences, which have established during the recent years and can neither be ignored, nor avoided.

One strong influence, which has developed rapidly during the past years, is technology. As classical marketing uses multitudinous possibilities of mass media, the competition is getting stronger in their presence to all target groups. With all the mass media tools, especially technologically, it has become very difficult to target a specific group of people (Parvatiyar, Sheth, 1999). Therefore it often appears to be a rather annoying tool to approach consumers, and the targeted groups get rather tired of all the different marketing approaches than actually to find it attractive (Chaffey, 2006). Moreover, according to O’Malley (2003) the traditional marketing is often quite costly and it has therefore a strong influence on the firm’s profits (Hart, 2003). Apart from that, the competition is also increasing more and more, since geographical boundaries are no longer a problem for marketing methods. Related to micro-sized businesses, Pett and Wolff (2011) have recently mentioned in their studies that micro firms use only few technological marketing methods then larger companies.
3.3 Relationship Marketing

3.3.1 History of relationship marketing

Marketing as a discipline has its roots in economics and according to Bartels (1962), it dates from the beginning of this century. However, marketing practices have been used since pre-history as Carratu (1987) states that first traces have already existed 7000 B.C. (Sheth & Parvatiyar, 2000).

Relationship marketing firstly appeared as a concept in the late 1970s. According to Sheth and Parvatiyar (1995), it is actually a replica of pre-industrial marketing practices. During those times most of the trade took place in markets where a relationship between farmers and end customers was developed. A relationship, that brought trust and confidence between the two parties. Therefore, even if the term itself is relatively new, historical studies prove the use of similar practices since the 1880s (Keep, Hollander & Dickinson 1998, Tadajewski 2009).

Academically speaking, the relationship marketing term has first been used in 1983 by Leonard Berry, a professor of Marketing at Texas A&M University as “attracting, maintaining and, in multi-service organisations, enhancing customer relationships” (Berry, 1983, p.25).

Because relationship marketing developed independently in different countries it can be examined from three perspectives depending on the school of thought, which are categorised as the Nordic School, the Industrial Marketing, the Purchasing Group (IMP Group) and the Anglo-Australian approach (Palmer, Lindgreen & Vanhamme, 2005). The Nordic school appeared in the late 1970s and focuses mainly on service marketing practices. Improving the quality of relationships helps to increase customer-loyalty and was therefore strongly associated with relationship marketing. The IMP Group focuses on business to business market concepts and examines the behaviour of companies and their interactions. The research is done through case studies and relationship is used as an analysis unit. Although the Nordic School and The IMP Group are the main perspectives adopted by scholars and researchers, Grönroos (1997) argues that there are two more schools of thought that should be considered - the Anglo-Australian, that focuses on quality customer service and marketing and the North American school of thought, that focuses on the dual customer-company relation.

Relationship marketing has received a lot of attention during the last years and has been one of the most studied marketing topics during the 1990s (Mowen & Minor, 1998). It represents an interest for scholars, such as Kotler (1991) or Gummesson (1997), as it is defined as a new paradigm in marketing literature. But also for companies it provides a concept for gaining competitive advantage (Day, 2000), as it helps to market additional products through a more perceptive customer friendly method (Priluck, 2003).

3.3.2 Defining relationship marketing

There are many definitions of relationship marketing, designed by different researchers. Driven by the same reason of dissatisfaction with traditional marketing strategies, we have chosen three different definitions which contain interesting details. From these we will present the important characteristics of relationship marketing and come up with a definition that combines all of them together.
According to Kotler (2008), relationship marketing involves creating, maintaining and enhancing strong relationships with customers and other stakeholders. He was the first one to define relationship marketing in 1988 and at that time he saw relationship marketing as a concept to “build up long-term, trusting, and "win-win” relationships with customers, distributors, dealers and suppliers” (Kotler, 1988).

From his definition the most important characteristic of relationship marketing is emphasised. It is the focus on building strong relationships with customers, which enhance trust, mutual benefits for the business and the customer as well as the concentration on long-term business development.

Hougaard and Bjerre (2003) define relationship marketing as “company behaviour with the purpose of establishing, maintaining and developing competitive and profitable customer relationship to the benefit of both parties” (Hougaard & Bjerre, 2003, p.40). Despite proving Kotler’s aspects of relationship marketing, Hougaard and Bjerre (2003) focus in addition on the competitive position of the business in the market. This implies, that they emphasise on the competitive behaviour of a business, by being differentiated in their marketing strategy. Moreover, they share Kotler’s focus on the “win-win” relationships, only they call it “the benefit of both parties”.

For understanding better what is meant by “the benefit of both parties”, the following paragraph will explain the advantages of using relationship marketing especially in micro family businesses. In general, it presents the idea of “optimising relationships, because it is the most profitable long-term strategy” (Hougaard & Bjerre, 2003, p.41).

We first highlight the general relational benefits for the firm. First of all, the customer turnover, or the loss of clients, decreases in a consequence of higher customer satisfaction and loyalty. Secondly, the opportunities increase for up-selling and cross-selling. Whereby up-selling implies the induction of the customer to buy more expensive products and cross-selling signifies the sale of additional products (Peppers, Rogers & Dorf, 1999). One reason for this process is that price sensitivity of the customer decreases because of higher trust and commitment. This results in higher spend per customer which provides higher profits. Lastly, an additional advantage is the strongly increasing word-of-mouth marketing, which requires neither money, nor time for the retailer (Hougaard & Bjerre, 2003).

In contrary, also the consumer gains several benefits of the relationship marketing usage. According to O’Malley (2003) these are firstly, tangible benefits (monetary and non-monetary). But also intangible benefits are not to forget, such as confidence, social connections and special treatment by the sales person, just to name a few (Hart, 2003).

Christian Grönroos (1994) adds two important ingredients to the definition of relationship marketing. According to him, relationship marketing is a paradigm shift in the marketing field, which “establishes, maintains, and enhances relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises” (Grönroos, 1990, p.138).

One of the added parameters is the mutual exchange and fulfilment of promises which highlights that the relationship is built on trust and commitment. These components are highly
important when building relationships and will be presented in detail later on in this thesis. The second aspect that Grönroos (1994) adds is that relationship marketing is a paradigm shift. This implies that it is built on a completely different foundation than traditional marketing and it requires a new mindset and a shift in marketing management thinking.

To finish of this section we suggest a definition that summarises all the important characteristics mentioned above that have to be considered when defining relationship marketing.

“Relationship marketing is a shift from the traditional marketing mindset to a new one, which is founded upon creating, maintaining and enhancing strong relationships with customers and which therefore ensures a long-term competitive business performance, benefiting the consumer, the business and all remaining parties involved.”

### 3.3.3 A changing mindset

As presented above, relationship marketing is built on a different marketing foundation, than the traditional ones, that have been emphasised for many years in most marketing practices.

One of the essential foundations of traditional marketing is the marketing mix composed of the 4P’s (Price, Place, Product, Promotion), which was first developed by Borden in 1953. However, as relationship marketing is no longer based on these foundations, Kotler (1999) has developed a new one by transforming the marketing mix from the 4P’s to 4C’s. In the following model the new marketing-mix components are presented on the right side.

| Price | → | Cost to customer |
| Place | → | Convenience |
| Product | → | Customer needs |
| Promotion | → | Communication |

Figure 3.1. From 4P’s to 4C’s, Kotler (1999), Strategic Relationship Marketing, S. Hougaard and M. Bjerre (2003)

Kotler’s (1999) transformation illustrates that the focus in the new marketing mix lies more on achieving customer satisfaction than on the characteristics of the firm itself. Liljander and Strandvik (1995) emphasised in their study that customer satisfaction is the most important tool for adopting relationship marketing, as it awakes customer intentions to repurchase in the same firm. This increases the customer loyalty and provides an underlying advantage for long-term differentiation and safety in a competitive environment (Grönroos, 1996).

This change of values and orientation on new parameters when practicing a marketing strategy supports our opinion and with Gummesson (2002) who emphasises that a successful implementation of relationship marketing requires a new mindset. Relationships need to be studied in detail and as Ravald and Grönroos (1996) highlighted, the value of relationships in firms is highly underestimated and not used efficiently. In our analysis we will discuss how
this new mindset can be developed and how relationship can become valuable and long-term oriented.

To give a better insight in the shift of the mindset regarding marketing foundations and objectives, the following paragraph will point out some problems with the traditional marketing as well as some new characteristics, which have been emphasised by different researchers.

Relationship marketing is different than transactional marketing, emphasising on acquiring new customers rather than retaining them (Hougaard and Bjerre, 2003). When through this focus on attracting new customers, the company fails to understand the changing needs of what existing customers expect and desire it will lead to a customer gap. This gap expresses what the customers need and what they actually receive (O’Malley, 2003). In a society where the customers have become more aware of their own needs and desires, a shift from transactional marketing to relationship marketing presents an alternative, which focuses on different values, such as satisfying the customer’s needs in the first place. Hence, it helps to combine differentiation with cost-leadership (Morrow, 1992).

According to Porter (1985), this combination of cost leadership and differentiation is impossible to achieve as he emphasises that it leads a company to the stagnation state, called “stuck in the middle”. Morrow (1992) however, has transformed this expression to “luck in the middle”, stating that focusing on cost efficiency is just as important as trying to differentiate. In other words, as Grönroos (1996) states, it becomes possible with relationship marketing to differentiate by providing extra value on the right customers and still keeping a competitive price level.

In relationship marketing customers are seen as partners and the companies are trying to establish a long-term commitment by both parties to maintain their relationship. It is a strategic orientation and it focuses on keeping and improving the current customers rather than attracting new ones (O’Malley, 2003). The goals in relationship marketing are to build and maintain a solid base of committed customers who are profitable for the organisation. According to Pepper et al. (1998), heterogeneity is the key concept as each customer is addressed as an individual, which is also reflected in the expression one-to-one marketing. This highlights O’Malley’s (2003) statement that relationships are complex and cannot be treated uniformly, but need to be studied by the managers of a business and adopted by a company as a business culture.

The company behaviour and resources influence therefore the purpose of establishing, maintaining and developing competitive and profitable customer relationships so that in the end, both parties benefit of the marketing concept.

In our analysis we will concentrate on discussing the company characteristics, behaviour and resources in micro-family businesses, as they are the strongest base for developing a suitable relationship marketing strategy. But first, in the following part of our thesis, some essential theories that are important for understanding relationships, will be presented and explained.
3.4 Understanding Relationships

For implementing relationship marketing, it is not only important to know the definitions, goals and practices within the field. It is also essential to go all the way to the roots and actually work on understanding relationships. The firm cannot simply "produce" or "purchase" a relationship. A relationship needs to be developed and does not have any pattern. It can vary from person to person and needs therefore special understanding and attention. As mentioned before, trust and commitment are two of the most important foundations for building relationships that last over a longer period of time. Therefore, in the following paragraph we will present the commitment-trust theory.

3.4.1 The Commitment-Trust Theory

Conventional marketing methods are often shaped by power over the consumer, manipulation and the ability of conditioning the consumer in a way that is not often ethically supportable but brings more customers to the firm. However, these customer relationships are likely to be short-termed and not based on any other commitment than the one based on incentives for tangible rewards, such as e.g. low-price offers (Morgan & Hunt, 1994).

Relationship marketing in contrast needs to have commitment and trust as a key foundation, in order to function in long-term and for better profitable outcomes than conventional marketing. One of these reasons is to preserve existing relationships by cooperating with the customer. Another reason is to resist attractive short-term alternatives in order to concentrate centrally on the expected long-term benefits of remaining existing partner. Thirdly, high-risk activities need to be regarded carefully, considering that the exchange partner might not act opportunistically. Therefore, commitment and trust both need to be present in order to be efficient, productive and effective (Morgan & Hunt, 1994).

Trust is the glue that holds a relationship together (Berry, 1995) in marketing: "the willingness to rely on an exchange partner in whom one has confidence" (Moorman & Deshpandé, 1993, p.82). It is central to all human interaction and the exchange partner may be an individual, an organisation or something more abstract like a brand or a quality symbol (Bowen & Shoemaker, 1998).

Commitment involves behavioural and attitudinal dimensions and in marketing, it is associated with notions of solidarity and cohesion (Dwyer, Schurr & Oh, 1987). First of all, it is believed that no relationship is able to exist without commitment as relationships usually dissolve when the level of commitment to the relationship is questioned. Furthermore, relationships are developed through interaction, cooperation and communication. The latter refers thereby to “the formal as well as informal sharing of information between the distributor and the manufacturer firms” (Anderson & Narus, 1984, p.44). Additionally, the degree of communication and cooperation signifies the level of commitment to the relationship.

As previously mentioned, the level of trust and commitment influences the relationship. If the level is too low, the relationship might dissolve, which leads to that the company might lose the customer. For framing certain stages of relationship levels, the following paragraph will give a helpful overview in order to put certain characteristics of a relationship level into a pattern, which can be used for analysing and investigating relationships.
3.4.2 Levels of relationships

O’Malley (2003) introduced a classification of relationship levels in order to give an overview of the relationship marketing extent that is applied in a company. These levels are useful for mapping the relationship of a firm with its customers in order to see which improvements can be done.

The "level one relationship" is first and foremost based on pricing incentives and other tangible rewards for the customer. Such tangible rewards represent the basic level of a relationship, e.g. discounts, gifts, frequent flyer miles etc. It can be seen as the weakest level at which a relationship exists.

The "level two relationship" relates to the social aspects of relationship marketing, which is the regular communication with customers, as e.g. recognising them and referring to them by name.

Finally, the "level three relationship" deals with offering structural solutions to customer problems. Those solutions are implemented into the service-delivery system, rather than depending on relationship-building personal skills. By that, relationships are already integrated to an organisation’s strategy and not only the desired outcome of that strategy.

3.4.3 Relationship lifecycle

Not only dividing relationships into different levels can help with understanding them and implementing relationship marketing, but also the relationship lifecycle can be a great tool for evaluating existing relationships, setting goals and planning in long-term.

For understanding the development of relationships, different researchers have worked on developing models about the lifecycle of relationships. These models help to frame some sequential stages that characterise the transition from transactional to relational exchange. Wilson came up with a combination of earlier models in 1995 which will be presented in the next paragraph.

Wilson (1995) distinguishes between the (1) search and selection of the partnering supplier. The (2) definition of purpose signifies the scope of the relationship and is done before setting the (3) interaction boundaries. The (4) value creation is supported by the earlier mentioned dimensions such as trust, commitment and loyalty. However, even power and influence play a great role in creating value for the customer and achieving mutual satisfaction and trust. Last but not least the maintenance of the relationship requires conscientious work and commitment for reaching (5) hybrid stability in long term.

Wilson (2003) does not mention any dissolution in the end, which seems to be very opportunistic, but if the interests are not met by any of the involved party, it might happen that the relationship terminates.

3.5 Family business

Besides relationship marketing, our second big focus in this research lies on micro-family businesses. This topic can theoretically be divided into two parts: (1) micro-sized firms and (2) family businesses. The reason why we chose to study both topics, is that our case study company is a micro-sized family business and we believe, that not only micro-sized busi-
nesses possess strong influential characteristics but also the fact that the company is family owned. Moreover, many micro-sized family businesses exist in Sweden and we are certain, that many firms of this nature can therefore benefit from our research.

3.5.1 Definition

According to Morck and Yeung (2002) families and businesses have existed together as an entity for many years, mainly because of the necessity of earning money and supporting a family, which is often the reason to start and grow a family business (Winter et al., 1998).

The participation of the family in the business is what differentiates the family-owned firms from the non-family firms. More than 90 definitions of family business were recognised by the European Commission Expert Panel on Family Business Final. However, there are two descriptions of family-owned companies that are the most common.

According to Chua et al (1999) family business is a business in which one or more family members are the owners and the intention is for the vision to be carried on to the next generations.

The second definition argues that family owned-businesses are the ones in which the owner intends to pass on the ownership to the next generation (Ward, 1987).

Throughout this thesis we will focus more on the first definition, as our owner-managers of our case firm are the first generation and there is no certainty if they will pass on the business to their children.

Both definitions suggest that the uniqueness of family businesses consist of the involvement of family members in the company, which is basically an interaction between two organisations, the family and the business (Davis, 1983). In addition, as Astrachan et al. (2002) pointed out, “a definition of family is often missing” and “this notable absence poses problems, particularly in an international context where families and cultures differ not only across geographical boundaries, but also over time” (p. 167). Family businesses exist in a wide variety of ownership structures and in sizes from micro to very large-scale operations based on the empirical examination of the nationally representative 1997/2000 NFBSs data. Our research is narrowed down to only micro-firm characteristics, which implies that the ownership structure has specific qualities which can be analysed.

During economic crises many new businesses fail to survive and the ones that survive are usually family businesses, not only because they are good businesses but because they have the family ingredient (Keough & Forbes, 1991). Moreover, family owned businesses are recognised as contributing to revenues, employment and GDP in capitalist countries (Morck et al., 2000; Shepherd & Zacharakis, 2000; Sharma et al., 1996).

3.5.2 The generation change in family businesses

Levinson (1971) suggests that at the start of the business the growth depends on the owner. Therefore, the relationships the owner-manager develops with customers, suppliers and employees are one of a kind as well as stronger at that stage (Churchill & Lewis, 1983). However, when the second generation comes into control the relationship changes, as the stake-
holders need to develop new connections with the new owner. Moreover, the new leader might have different visions and expectations from the business. Besides, sometimes the next generation chooses to focus on growth, rather than serving the new customers (Ibrahim & Ellis, 1994).

Decisions concerning marketing are said to be more centralised in the first generation than the followings (Dyer, 1988). Another reason why generation succession has an influence on relationship marketing is that usually the first generation focuses on internal orientation, whereas the later one focuses more on external environment (Cruz & Nordqvist, 2007). Research suggest that “a mere 30% of family businesses survive past the first generation” and that after the second generation is in control, many businesses fail to carry on the vision (Davis and Harveston, 1998, p. 32; Handler, 1990, 1992; Sonnenfeld, 1988, p. 238; Ward, 1997, p. xvi). There are certain factors that assure a successful business family stability, but since every family is different it is hard to generalise. However, most of the resources result from the interaction between the members. Therefore, each family has to develop practices based on their values and visions if they want to succeed (Ward & Carlock, 2001, p. xvi-xvii).

When comparing family issues and business issues, Ward (2004) concluded that the family-based issues are more critical, that they appear more often and that emotional problems can easily become a threat to the business. Many scholars agree that family businesses are not growing and that it is a difficult process since the markets are mature and the competition is constantly getting stronger and more aggressive. It is therefore, we see a need for a different marketing strategy than the traditional ones that all competitors use as well. By using an alternative marketing method, the family business can differentiate itself from the rest of the market.

### 3.5.3 Customer loyalty

Biberman and Stone (2001, 2000) argued that family-owned business can maintain superior customer relationships which would bring along customer loyalty or trustworthiness. Scholars suggested that family businesses develop close relationships with customers more easily and therefore a sustainable customer advantage is evident (Cooper, Upton & Seaman, 2005). Ward and Aronoff (1991) suggest that family business is well perceived by customers and that the service provided is a competitive advantage, a theory that is also supported by Orth’s and Green’s study in their article called “Consumer loyalty to family versus non-family business: The roles of store image, trust and satisfaction” (2009). Moreover, consumers evaluate family businesses as more trustworthy but less favourable in terms of price/value, which therefore results in high trust and satisfaction but not necessarily in customer loyalty. Talking to the family in charge, forming a bond and knowing the people personally, is another advantage according to Brokaw (1992). Upton (2001), Ward and King (1999) agree that family firms have an advantage because they are perceived to be more trustworthy. According to Lyman (1991), family businesses have unwritten and informal policies when it comes to customer services and moreover, they trust their employees to do what is best for the customers.

Scholars like Ward (1997) even suggest that family business can grow and become prosper if they exploit the family ownership advantage meaning that building strong relationships with customers can benefit the company. Customer service is important for family firms as David
and Tagiuri (1992) concluded after their research, that the top five goals of family businesses were connected with providing good service and offering good quality. Quick customer response and representing the family name on the business are the most important factors that contribute to the family business-customer relationship (Cooper, Upton & Seaman, 2005).

Usually family businesses are smaller in size and the management structure is less formal as Poza (1995) points out. Therefore, decision making can be done collectively as the levels of management are more informal or non-existent. If the respond is quick loyalty and trust can be built.

Using the family name as part of company presence is important because usually the people in charge want to maintain the respect for the family name, which is why they try to keep the business running as long as possible (Rubenstein, 1990).

According to Poza (1997) and Sharma (1997) there are usually many differences between how family members perceive the business, which can cause problems. It is very important that all members have the same idea of success and goals and priorities because otherwise conflicts can rise (Astrachan & McMillan, 2003). The matrix below (Performance of family firms) describes four types of business depending on the goals and results of the company. Family business is believed to desire achieving a financial goal as well as nonfinancial goals (Davis and Taguiri, 1989; Olson et al., 2003; Stafford et al., 1999).

![Performance of family firms](image)

Figure 3.2. Performance of family firms. Handbook of research of family business. Poutziouris, Smyrnios, Klein, International Family Enterprise Research Academy, 2006

### 3.5.4 The sustainable family business model (SFB model)

Astrachan (2003) argues that the sustainable family business model (SFB) “exemplifies what is at the heart of the family business field: the study of the reciprocal impact of family on business” (p.570). The family system is usually the emotional side and the business system is the rational side.
The SFB Model is a theoretical model that gives the family system and business system the same attention (see figure 3.3). It comes from the family system theory and it also observes the dynamics between the two systems which is very important for the sustainability of both (Stafford et al., 2003). The two systems are transforming resources and constraints via interpersonal and resources transaction into achievements, which can be both objective and subjective (Olson et al., 2003).

Environmental and structural chances are influencing both systems and the response is different for each system. Being a dynamic model, the changes are major premises and because of its flexibility the problems that occur can address each system independently or combined. The sustainability of the family is holistic. According to Stafford (2003) the model suggests that the sustainability of a family business is tied to business success but also family functionality. Moreover, an individual in either system may affect both systems (Heck & Trent, 1999). The diagram shows that the limits of the systems can be altered as can the desires, the goals of each system or the interaction between them. Moreover, according to Ward (1997) the challenge of coping with change is the one that defines a healthy, long and sustainable business. The model suggests the advantage of the family business that the two systems can exchange resources (such as economic, demographic, functional or psychological). This is not possible for other normal businesses (Winter, 1998). Using family resources such as saving and family labour is one way to survive an economic crisis, regarding financial matters (Olson, 2003).

![Figure 3.3. Handbook of research of family business, Poutziouris, Smyrnios, Klein, International Family Enterprise Research Academy, 2006.](image)
3.6 Micro-size enterprises

According to Pett and Wolff (2011) in their study about difference between micro, small and medium sized enterprises, which was presented for the International Council for Small Businesses, they point out that micro-sized firms are always "on the razor’s edge" between failure and success. According to Coetzer (2001) little research has been done on alternative marketing methods for micro-sized firms, and if there has, it often shows no significant results. However, considering the characteristics of relationship marketing as well as family business, it seems as if the advantages and disadvantages of micro-sized firms can be combined for achieving a greater business performance.

Due to the instability of micro-sized enterprises, financially and managerial, as Pett and Wolff (2011) emphasised, the owner-managers are usually no extensive risk-takers, innovators or proactive leaders. As micro firms are usually constrained in result of their limited resource availability, they cannot allow losing money on rescuing the firm when it is close to failure. Therefore, micro-sized firms are much more dependent on learning and adaptation and they use information quickly and wisely to assure continued survival (Pett and Wolff, 2011). Due to the resource constraints, financially and managerial, micro-firms are less concentrated on entrepreneurial orientation than small or medium-sized firms, as Pett and Wolff (2011) concluded in their study. Last but not least the two researchers result that micro managers are less concerned about profitability, since most of the profits are invested back into the firm for further growth.

In the Commission recommendation 2006, 2003/361/EC of 6 May 2003, “a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.” (p.4, L 124/39).

As there are many different definitions of micro, small and medium sized firms to find in the literature, we will focus on the classification of businesses in Sweden. According to the Statistics Sweden in 2008, 92% of all businesses in Sweden are micro-sized firms.

Micro-sized companies have a much centralised structure, since such a small number of employees have no capacity of dividing specific management tasks to specific people. The marketing is usually done by the owner, who is at the same time the manager and does also most of the administrative work within the business.

3.7 What defines success?

As we are aiming for foundations which support the implementation of relationship marketing successfully in the long-term, we will shortly present how success can be defined.

According to Jennings and Beaver (1997), success means to achieve the objectives that the owner-managers have set for their business, which does not often have to be money and the pursuit of financial fortune. Much more it can be summarised as a high degree of involvement in the business, high responsibility, independence and a qualitative style of life.
3.8 Theory summary

Family businesses and micro-sized businesses have very specific characteristics, which need to be taken into account when developing and implementing a marketing strategy. They have one essential common ground, which is the factor of resources. Financial resources as well as human resources are a constraint in both systems. Micro businesses have due to the low number of employees, a much centralised management structure, which implies, that often marketing is not a separate management union and gets therefore not the full attention needed. Family businesses are also resource limited, as their human capital contains of the family members as owner-managers. It is therefore likely that the knowledge of the family member is not as wide as if the managers would be chosen from an open market, according to their knowledge, experience and abilities.

Due to these limitations, an alternative marketing strategy can simplify some business processes within micro-sized family businesses.

Micro-sized businesses are categorised as a business which has less than 10 employees and no more than two million Euro annual turnover. Micro firms are always on the razor’s edge between failure and success. In consequence of their limited resources available, they are more dependent on continuous learning and adaptation. Mostly, micro firms are less concerned about profitability than larger companies, as most profits are put back into the business for constant improvements and developments. In Sweden, 92% of the existing businesses are micro-sized, which is why we believe that research is necessary and suggestive, as not much studies have been done in the field of marketing micro businesses.

Family businesses also have some characteristics that will be summarised in this paragraph. It is the interaction of two systems, the family and business. One or more family members are usually the owners of the business and often, the vision and long-term plan is to carry on the business to the following generation. The focus that is given to managing the business and carrying on the vision for the firm differs usually, depending on which generation the business is in. During the first generation, the owners are normally responsible for the firm’s growth and focus first and foremost on the internal practices while later generation often concentrate more on the external performance. In general, the personalities of the family members have a strong influence on the business and emotional problems can easily appear to be threats to the business. Therefore it is difficult to generalise suitable marketing methods on all family businesses.

Family businesses are perceived to be more trustworthy than other businesses, but the possibilities to differentiate from competitors are limited due to the constraint of resources. Especially in micro-sized businesses this is a common issue and we suggest therefore an alternative marketing strategy, called relationship marketing.

The heart of relationship marketing is to build a loyal customer relationship foundation in order to be independent from traditional marketing companies, who differentiate by changing prices and practicing mass marketing for instance. Commitment and trust are said to be the key for building strong and long-term valuable relationships with the customers. The “level three relationship” is the aim to reach with every customer and the relationship lifecycle helps to understand the long-term development of relationship marketing and it helps to respond in a suitable way to customers, in whichever stage they are in at the specific moment in time.
4 Method

In order to learn more about the factors that influence relationship marketing in micro-sized family firms, we chose a family business that operates in the retail sector and decided to study it in depth. The data from the company was collected with the help of three email interviews which were structured regarding the topics of interest and the questions asked. Initially, we wanted to explore both, the customer’s and the firm’s perspective on relationship marketing. However, due to low responses and lack of time, we decided against using a mixed method but concentrate on the case study and just add our survey findings in the appendix. Moreover, the survey we conducted is not as important as the case study, since most of the results have already been proved by scholars. In the next paragraphs we will present the case study in more detail and reveal how the gathered data shall be used.

4.1 Case study

As we wanted our research to be as qualitative as possible, conducting a case study was strongly supported.

According to Creswell (2009), a case study is a qualitative strategy and it describes the process during which the researcher focuses on a program or process and explores it in depth. If the research question is a how or a why and the problem needs to be understood more to its roots, conducting a case study is more suitable than any other research method (Lundahl & Skärvad, 1999). Our aim is to explore how and which factors are influencing the implementation of relationship marketing in a micro-sized family business. Therefore, we do not test former hypothesis or theories but we rather try to understand and create new hypotheses and finally theories (O’Leary, 2007; Prince & Felder, 2006). Stake (1995) describes different types of case studies, namely intrinsic, instrumental and collective. Yin (1994) also distinguished between three types of case studies namely exploratory, explanatory and descriptive. Our case study is instrumental as we have a research question and we are studying a particular case and it is also exploratory as our main investigation focuses on what factors influence the implementation of relationship marketing.

The literature does not recommend a certain number of case studies, which is why this decision is entirely up to the researchers. Lincoln and Guba (1985) suggest using a sample until the results start repeating. Patton (1990) on the other hand argues that there is no regulation about the sample size in qualitative research. In the beginning of the thesis we sent email-interviews to four companies that were both micro-sized and family businesses, meaning that we were aiming at having four cases. However, only one company, Casa Canela, replied to our email and agreed to work with us and provide information.

According to Yin (1994), conducting a single case study is acceptable, if the case is either unique, very important for testing theories or the case has something that has not been researched yet. The downside of using one single case is that generalisation is very hard to be achieved and besides the potential reader might not be interested in the company. We believe that Casa Canela as a micro-sized and family business has a unique product offering and given the circumstances explained above, our thesis is focusing on a single case study. More-
over, being a family business means that the family plays a very important role in the business and as each family has its own characteristics, Casa Canela is distinctive. Therefore, we decided to study it more in depth to get closer to the purpose of our research. Although qualitative studies are not characterised as being generalisable, there is a concept called analytical generalisation, which is different than the statistical one. According to Yin (1994), analytical generalisation can show patterns and expand theories. Although we need to consider the delimitations of only analysing one single case, we are convinced that our investigations and suggestions can be used for many other micro family enterprises which face the same problem of lacking an efficient marketing strategy.

An aspect that should be considered is that if there is more than one investigator, the study’s potential increases as different perspectives can offer an analysis from more angles (Eisenhardt, 1989). Moreover, since there are more opinions and views, the confidence in the results is higher. In conclusion, working on the thesis in a group of two is an advantage for the method we have chosen.

According to Eisenhardt (1989), one of the strengths of case studies is that they can end up in generating a theory, which can be novel and contribute to the understanding of certain phenomena. However, a weakness is that the theory that is generated might either be too narrow or too complex. Conducting this case study, we are going to identify a number of factors that influence relationship marketing in micro-sized family firms in Sweden.

4.2 Inductive, deductive and abductive reasoning

There are two main methods of reasoning when conducting a research, namely: inductive and deductive. The latter describes an approach that has a logical reasoning, which starts with a general picture and continues to be narrowed down to more specific matters. The inductive reasoning presents an approach that starts with a specific case and ends in generalisation or generation of theories.

However, using only induction or deduction might constrain the researcher from taking advantage of all reasoning’s benefits. Therefore, a combination between them is often necessary (Carson, Gilmore, Perry, Gronhaug, 2001). The abduction reasoning, which we are using in our thesis, is not a clear combination of the two main reasoning but an individual approach that uses some characteristics from both reasoning. According to Sköldberg (1991), the abduction approach is very suitable if the researcher is doing a case study in reality. We are analysing the collected data with the help of existing theories as well as the empirical findings and in the end we will identify a number of factors that are essential to consider when using relationship marketing in a family business (Alvesson et al., 2008).

4.3 Data collection

4.3.1 Primary and secondary data

Data collection is very important when researching, as it provides the researchers with the empirical material. There are two main sources for collecting data, primary and secondary.
Secondary data is described by Kotler et al. (2008) as the information that is already collected by someone else. If the secondary data is hard to find or it simply does not exist, the researcher turns to primary data. According to Thiétart and Wauchope (2001), primary and secondary data can each pose problems when analysing. Primary data can be hard to control as the data is gathered by the researchers themselves and objectivity might be hard to reach. As a result, the analysis can be subjective in the end. On the other hand, the secondary data analysis can also be difficult to use, if the information is incomplete, as going back to the source can be costly or even impossible. Most of the times, secondary and primary data are combined in order to gather more information.

In our research we have utilised both, secondary and primary data. The secondary data consists of existing literature and our primary data is represented by email-interviews. The secondary data consists mainly of relationship marketing books and marketing journals. We have used family business journals as well, in order to get more information about its evolution and discussions within the family-owned business field. In order to get more accurate data we have used the UCweb database as well as the website of Swedish Statistics.

4.3.2 Email Interview

As mentioned earlier, our qualitative data consisted of gathering information through three interviews conducted via email. According to Thiétart and Wauchope (2001), interviewing describes a tool that helps the researcher to collect data, which reflects the thoughts of the interviewees. There are two types of interviews, i.e. structured, non-structured and semi-structured (Ghauri & Gronhau, 2005). For our study we have chosen the structured type since the interviews were sent by email and the interviewees answered these exact questions. Therefore our interview design was standardised open-ended.

The aim of our interviews was to find out whether Casa Canella practices relationship marketing and furthermore, to identify which factors influence the implementation of this concept in case they do not utilise it yet. Although interviews are associated with face to face meetings with a person or group of persons in an era of technology this is changing as computer-mediated communication (CMC) is growing. According to Stewart and Mann (2000) there are two models of CMC namely: asynchronous, such as emails and synchronous, such as chatting rooms where users can exchange messages while being logged in on certain communication tools. The email interview therefore, is an asynchronous model as it allows the users to send and read the messages whenever they choose.

There are many advantages of email interviewing and the most relevant is the cost efficiency. Moreover, the location of both, interviewer and interviewee is not important as the virtual world is not space limited (Cohen, 1996). The cost-efficiency advantage was one of the strongest reasons we have chosen to conduct email interviews as Casa Canela is located in Stockholm and our hometowns are Lund, respectively Göteborg. We are aware that a face-to-face interview can offer more hidden details such as mimic, gestures and emotions, but the journey we would have had to take to Stockholm would have been too time and money-consuming. Moreover, another important advantage is that the interviewee is not time pressured and can think of the replies he or she wants to provide. Therefore, the time we could have spent travelling can actually be used by the interviewee (Gaiser, 2000). Another reason for choosing this specific interview type is the language barrier, since we do not speak Swedish at a high level and the owners of Casa Canela expressed their language preference as
Swedish. Therefore, it was easier for both sides to conduct the interview on a written base, which meant that no information would be missing in result of language deficiencies.

The first interview consisted of nine open-ended questions, which the owner of the company filled in as it was send via email. The second interview was more in-depth and consisted of fifteen questions. Because we needed more information about the business we decided to send a last email-interview, which was more focused on the family business. For all three interviews, the owners were very cooperative as we received their answers very quick and accurately.

4.4 Method for analysis

Data analysis means making sense of the data gathered, getting deeper understanding of it and interpreting it. According to Eisenhardt (1989), the most difficult part when building theories from case studies is analysing the gathered.

We chose Creswell’s (2003) approach, which is blending general steps with specific research strategy steps. This data analysis involves six steps and it starts with the organising and preparation of the data.

Firstly, we have gathered all interviews’ results into one document and we arranged the answers according to the relevance.

The second step implies reading the data and getting a deeper understanding. During this step we have read the interviews as we received them and written small summaries in order to see a connection between the replies.

The third step is the coding (Creswell, 2003), which implies that the information is divided into small segments that belong together. We have taken the answers and compound them into two major topics in relation to our research questions namely: relationship marketing in micro-sized family firms and factors that can influence this process. We will make sense of the results with the help of the theoretical framework we presented before.

The fourth step is describing the data gathered from the interviews and afterwards using the coding from step three to create themes or categories, which can help us to create headings for the empirical findings.

The fifth step involves narrating the results with the help of figures or tables or discussions. As we only have one case study our discussion will be focused on what the owners have replied.

The sixth step and final one is interpreting the result, which means that we will connect the gather data with the theories and considerably interpret and generate ideas about relationship marketing in micro-sized family businesses and which factors influence this alternative marketing strategy.
4.5 Research quality and limitations

4.5.1 Validity and reliability

Reliability and validity are derived from the classic test theory. However, the two concepts do not have the same meaning for qualitative research as quantitative research (Creswell, 2003, p.190). Qualitative reliability is concerned with the consistency of the researcher’s approach (Gibbs, 2007). In order to have reliable data, Yin (2003) suggests documenting as many procedures as possible. Conducting the interviews via email denotes that we have everything written down and all the information is from the source. However, as we did not meet with the interviewee, one can argue that mimic or body gestures were omitted, which can affect the reliability of the data.

Validity is defined by how meaningful and useful the results of the study are. In order to be valid a variable must be reliable. Qualitative validity describes the accuracy of the findings from all participants’ point of views (Creswell, 2003). Therefore, we will present the shortcomings of the method we have used.

Most information we gathered came from the owners of the company which can imply that some details were forgotten or left out on purpose. Qualitative data is biased and as the open-ended questions are analysed by the researcher it can raise the problem of objectivity. However, as we mentioned before a constructivism worldview is adopted throughout the thesis. Studying only one case is another weakness, but according to Patton (1990) the validity of qualitative data is related to how rich the gathered data is and how capable the researcher is to analyse the data and is less related with the number of cases selected. Therefore, when conducting the three interviews we tried to gather as much data as possible in order to have enough material for the analysis section.

4.5.2 Ethics

Research involves collecting data from people, about people (Punch, 2005), which inevitably brings certain ethical issues into discussion. Ethical principles focus on the rights, dignity, and confidentiality of the people involved in the study.

In order to make sure all ethical issues will be avoided we have explained to the owners of the company that their data will be confidential and any information they do not want us to make public we will treat accordingly. Therefore, the owners of the company know that their names are used in our thesis as well as all the information provided through the interviews. Moreover, before the first interview we have explained our purpose and the main theme of research in order to avoid a misunderstanding about our goals and research question.

Taking into consideration the reader's rights, we have attached all three interviews as answered by the company and therefore, no falsifying or deceiving data was presented.
5 Empirical Findings

In the following section we will present the results we have collected using the method defined in the previous part. The section is divided in three parts, which of the first one will contain background information and findings regarding our case. The second section will outline the current marketing strategy of Casa Canela. The last part will present the problems Casa Canela is confronting from a marketing strategy perspective. From these findings we will identify a number of factors that influence the implementation of relationship marketing, which will be outlined in the analysis.

5.1 Background

In this part we will present our case company and point out some historical facts, some information about our interviewees and the current situation of Casa Canela.

Casa Canela is a micro-sized family enterprise in the centre of Stockholm (Tegnergatan, Norrmalm). It is a limited company, which registered in October 2007 but opened eventually on 28 May 2008. The two founders (Anne and Miguel Barri Gonzalez) of the store are at the same time the only employees and part-owners of the company. The store can be categorised as a micro-size firm. The assortment consists of a wide range of art products from Mexico and Latin America. Ever since the opening, Casa Canela embodies its values of fair-trade and spreading the art variety of Latin America. The product range encompasses ceramics, masks, metal products, glass products, wooden art, traditional musical instruments, jewellery, textiles and cultural important arts of different regions from Latin America, much of which is important from this part of the world. Since Casa Canela has opened, the owner-managers have done some changes in the assortment. They either took out products completely, if they did not sell, or changed some features. Instead, Anne Barri Gonzalez says they focused on products that bring improvements and success. Therefore, Anne Barri Gonzalez says it requires continuous analysing of the assortment and adapting it better to the customers and the market. To improve the logistics is also a fact that Anne Barri Gonzalez points out, which craves for continuous improvement.

Miguel Barri Gonzalez is Mexican and his wife and business parter, Anne Barri Gonzalez is Swedish. Both have studied more than one program at university and both have lived and collected experience in Mexico. Anne Barri Gonzalez has a master program education in business which she received in Finland and a one year education in entrepreneurship which she took in 2007 at the Stockholm business school. Miguel Barri Gonzalez has a university degree from Mexico and he has worked around 20 years as a manager in a big luxury hotel in Mexico. Besides he has graduated from Stockholm’s university, where he studied teaching for Spanish and Economy. He uses this education now, by offering Spanish classes in the store after closing time.

However, both of the owners agree that they do not want to study again for a longer period of time, but they are more than willing to read books and learn more through alternative ways, other than schools and universities. Anne Barri Gonzalez said: “Livet är en ständig skola” – Life is a continuous school.
Being a family business the question of next generation comes into mind. The two owners have two sons, but as Anne Barri Gonzalez mentioned, they do not believe that any of their children will take over the business. However, their children are helping them with the business such as developing the website. Even if their sons are not interested in taking over the business Anne and Miguel Barri Gonzalez would like to see their business survive and even consider handing it over to other people who are interested in becoming the owners and carrying on the business vision and culture. Moreover, when we ask Anne Barri Gonzalez what she understands by having success, she replies that she feels like she already has success, especially because the store represents values and characteristics of the Latin-American culture and history.

The two owners are a married couple and it is therefore difficult to divide family life and working life. Yet, Anne Barri Gonzalez says they work very well and harmonically together, as they divide their responsibilities. Anne Barri Gonzalez takes care of the economical functioning and Miguel Barri Gonzalez deals with the purchasing process. Marketing is a field they both work with continuously and together. Therefore, in the following paragraph we give some insight in their current marketing strategies and processes.

### 5.2 The current marketing of Casa Canela

Both Anne Barri Gonzalez and Miguel Barri Gonzalez would like to improve their marketing strategy by using and learning unconventional methods.

Currently they are using marketing by presenting the store on radio channels and other social media. They also participate in various bazaars which work automatically as a marketing method as well. Additionally, they say that they put a lot of emphasis on personal marketing methods, by simply talking to people, distributing flyers to friends and family members and send out newsletters every month, containing campaigns and information about the current product assortment to loyal customers whose contact data is available to and saved by Casa Canela.

From their effort on marketing, they put a lot of work into updating and improving the online marketplaces, the homepage as well as the social network pages. They even mentioned that soon there will be a new version of their homepage. However, Anne Barri Gonzalez writes in capital letters, that the website and its design is not the only most important factor that makes them be seen and noticed by consumers. A small amount of money is spent as well on flyers and advertisement boards, but these costs are very low. When we ask about their campaigns and loyalty programs, they reply that they only sometimes offer such things, which is not very informative.

Most of the customers are according to Anne Barri Gonzalez 50 years or older ladies who like to shop textiles and jewellery. Yet, also some young people are a customer group, coming for the reason of shopping in a Fair Trade store or who are interested in Frida Kahlo and skeletons. The third group that Anne Barri Gonzalez mentions consists of people who have some connection to Latin America or especially to Mexico. Anne Barri Gonzalez tells us furthermore, that many of the customers become aware of the store coincidentally when go-
ing/coming to/from work, living in the area or have their dentist or lawyer in the same street. The rest of the customers come mainly from recommendations of friends or because they have searched for a specific store like this one on the internet.

This brings us to the point to mention that Casa Canela has a well-structured, colourful internet website, which presents the owners, the products and some pictures of the store. This website offers a lot of information which can be very attractive to many customers. Until now, Anne Barri Gonzalez said that most of the visitors on the website have found it by searching for some specific product. Casa Canela is also present on Facebook since 2009.

When they have customers in the store, Anne Barri Gonzalez and Miguel Barri Gonzalez always talk about their products and they try to establish a close contact with everyone who enters the boutique. They listen to the customers and treat them rather as friends, individually and special.

5.3 Casa Canela’s main problems to be investigated and analysed

Anne Barri Gonzalez has told us, that the store has still much too little profits from its performance nowadays. Moreover, she added that from a financial point of view they have not reached success, even if on an emotional level they consider themselves successful. The owners also mentioned that if they want to hand over the ownership of the shop to a third party they must have more revenues and be more successful from an economic point of view. Therefore, in the following paragraphs we are presenting three major problems that Anne and Miguel Barri Gonzalez mentioned about their current marketing strategy.

1. The marketing concept is not strategic enough to follow a certain structured process.
2. Relationships are an important factor when marketing the store and its assortment, but the realisation has no ”red threat”.
3. The location of the store is in reachable distance for anyone who shops in downtown Stockholm, however, finding the store and becoming aware of its existing is a problem.

The marketing concept is not strategic enough to follow a certain structured process.

When we ask the owner-managers about their marketing methods, they explain us several different methods they use, but they admit that they do not use any specific marketing strategy. The marketing methods mentioned compound for example the distribution of flyers, the presence on advertisement boards, the presence on online networking platforms and their own home page, the establishment of good relationships with the customers, the retail on open markets and the sending of newsletters. Casa Canela is trying to attract new customers and to resist the competition on the commercial main streets of Stockholm. However, there is no structured process, which the owners are following in particular.

Relationships are an important factor when marketing the store and its assortment, but the realisation has no ”red threat”.

The owner-managers say that they talk to every single customer who enters the store. They ask them about the reasons they came to the stores, the way they found the store and their personal interests. Anne and Miguel Barri Gonzalez also try to treat every customer like a friend, rather than a potential "money-giver". However, the relationship building has no red threat on how to keep the customer. When we asked about loyalty programs, Anne Barri Gonzalez told us that they offer "such things" from time to time. However, they do not have any fidelity cards or memberships that last over a longer period of time. Besides they have no clear definitions on how to treat a customer, as a friend for example.

*The location of the store is in reachable distance for anyone who shops in downtown Stockholm, however, finding the store and becoming aware of its existence is a problem.*

It is one issue that the owner-manager sees the location factor as one of the most problematic burdens. They say it is impossible to establish a business like theirs on the main shopping streets, since the maintenance of the premise is very expensive for a micro business in the establishment process. Nevertheless, the company has achieved to find a spot for their store in the middle of Stockholm. The street where the store is located is not on a major shopping street, but on a small side street next to a major shopping street in the centre of the capital. Yet, it is difficult for the owners of Casa Canela to attract new customers and find a more effective way of marketing the store.

When asking Anne Barri Gonzalez, what she expects from our cooperation, she poses the following question: "How can a little store, which cannot establish on the expensive merchandise streets, compete with the other established stores? Which marketing strategy should we use?"

With these problems in mind, we will concentrate on investigating the factors that influence an efficient relationship marketing strategy, and analyse if it can provide a base for a successful future.

## 6 Analysis

In this part of our thesis we will mainly focus on analysing and interpreting the results that we have gathered from our methods and that were just presented in the empirical findings. The analysis will be divided into two major sections. Firstly, we will analyse and explain why relationship marketing appears to be such a beneficial marketing method for micro family businesses. Secondly, we will present the five factors that we identified while analysing our findings and study how they influence relationship marketing in a micro family business, such as Casa Canela in particular.

While conducting this analysis and approaching both sections mentioned above in depth, our goal is to get a better understanding of our two research questions, in order to draw conclusions that can benefit micro family businesses in the future, when deciding whether to implement relationship marketing or not. Thereby the first section will contain deeper insights
into micro business characteristics, while the continuing section will cover the topic of family businesses more detailed.

6.1 To what extent is relationship marketing recommendable for micro-sized family businesses?

In the previous sections we have presented different theories about the three separate topics, relationship marketing, micro-sized firms and family business, to provide a deeper understanding. Now we will analyse and discuss the different influences and interacting theories in order to investigate further, if relationship marketing can be a beneficial marketing strategy, particularly in micro-sized family firms.

We will explain why and how these three sub-topics (relationship marketing, micro-sized firms and family businesses) are connected and which benefits relationship marketing can offer to especially micro-sized family businesses. The focus will therefore lie on our first research question: To what extent is relationship marketing recommendable for micro-sized family businesses?

6.1.1 Moving from traditional marketing to relationship marketing

As Pett and Wolff (2011) have recently mentioned in their studies, micro-sized businesses use rather little technological marketing methods. However, Casa Canela uses a couple of internet marketing tools, such as Facebook and a homepage. Casa Canela focuses strongly on a fast development of the homepage, as they perceive it as one of their strongest marketing tools. However, due to the financial resource constraints we see difficulties for Casa Canela to spread the website sufficiently on the web, so that customers become aware of it and the website serving as a convenient marketing tool. As the products are rather specific, they address a certain target group with interest in Latin America to some extent (culture, fashion, history, personal backgrounds etc.). Therefore, mass marketing as promoting the shop on the World Wide Web is, in our point of view, not a good marketing strategy, as the majority of the consumers might not feel pleasantly attracted.

Yet, the store’s presence on the internet is a great marketing module for the interested target group, as an informative platform that is reachable from anywhere and contains continuous updates. As the store is located in the heart of Stockholm, it is not difficult to be reached by inhabitants from Stockholm, but neither by tourists or travellers who are specifically searching for a store with the particular assortment options. Furthermore, it gives people the chance to get interested and find the store, despite living somewhere else in Sweden or in a different country. The geographical boundaries are thereby banned.

6.1.2 Relationship marketing in micro-sized family businesses

We have learned from Anne and Miguel Barri Gonzalez that it is difficult to resist strong market competition as a micro-sized firm and it is also hard to find a way of marketing that differentiates the firm from the competitor’s marketing strategies and the competitor’s methods of attracting new customers.
As mentioned earlier, it is not easy for micro businesses to survive if there is no specific strategy that helps to grow as a firm. Especially the financial backup should not be used as a "survival kit" since the latitude between failure and success is very small and a financial rescue plan might lead the company to bankruptcy (Pett and Wolff, 2011).

Ravald and Grönroos (1996) highlighted in one of their studies that the value of relationships in firms is highly underestimated and not used efficiently. Therefore, it is more creditable to retain existing customers than to attract new ones, and focus stronger on building promising relationships, as relationship marketing suggests (Kotler, 1988).

In regard to valuing relationships, Casa Canela must be aware that the customer must be willing to enter a relationship. Once this is given, the owner-managers need to know how to maintain the relationship and how to increase value. For this reason, we will take a deeper look into the characteristics of owner-managers within a micro family business, their opportunities to build valuable relationships and retain customers instead of attracting new ones.

As the owners of Casa Canela revealed that they are dissatisfied with their marketing strategy, no harm can be done in trying an alternative marketing concept, which provides a clear and long-term guideline and can hardly have negative effects on the financial development. The owners explained us different mixed methods, which they use for attracting customers and retaining current ones. We concluded that traditional marketing is the current direction but there is no clear marketing strategy identifiable, implying that a red threat is necessary for them to follow a strategy which aims for long-term success.

Despite the missing concept and a major focus on traditional marketing methods, Anne and Miguel Barri Gonzalez are nevertheless already paying attention to serving the customer with the best treatment possible. This reveals that the owner-managers of Casa Canela support the idea of retaining existing customers through effective relationship marketing, except they are not aware of this specific marketing strategy yet. Moreover, Anne Barri Gonzalez mentioned that they receive good feedback and results from keeping the contact to the customer. Therefore, we believe that relationship marketing can be a suitable marketing strategy for Casa Canela in order to differentiate and work cost-efficiently.

Their customer treatment, as Anne Barri Gonzalez explained to us, implies that most of the relationships are level two relationships. Anne and Miguel Barri Gonzalez emphasised that they talk to every customer individually and that they send newsletters, which indicates that names are known and particular customers are recognised by the owner-managers.

It was obvious that Anne Barri Gonzalez pays attention to the importance of relationships as she told us that a close relationship to the customer is very essential and beneficial, since many new customers are attracted by hearing about the store from other people. Word-of-mouth is one great outcome of well-performed relationship marketing. However, so far, this number of customers who discover the store through word-of-mouth marketing is very low.

Opposing to Porter (1985) that a combination of cost leadership and differentiation is impossible to achieve, we agree with Morrow (1992) that relationship marketing can help to benefit from the "luck in the middle". Especially for micro-sized businesses it is important to focus on both, cost efficiency and differentiation. Therefore, Casa Canela needs to be aware for their constrained resources and act accordingly. Anne Barri Gonzalez telling us that both the owners do not wish to attend courses again, was understandable, but also poses a restricted
mindset of improving the human resources by extending the knowledge of the owner-mangers. As a family business the possibilities of adding human resources or choosing suitable employees are limited, as the human capital is given by the member of the family and not chosen from a free market as possibly in competitors’ businesses. Therefore, the market competition might be stronger in human capital, which leads to a higher importance of differentiation by using other approaches than the competitors do.

For achieving to be cost-efficient and differentiated through relationship marketing, the applied marketing strategy needs to offer benefits for the customers such as value, confidence, social or individual treatments (O’Malley, 2003). Therefore, the goal for Casa Canela in a relationship marketing view should be to retain the existing customers for achieving a long-term stability, through a base of loyal customers. Different actions are pointed out by different researchers. Liljander and Strandvik (1995) emphasise for example that satisfying the customer leads to higher intentions to repurchase in the same firm. Casa Canela provides good reasons for satisfying the customer, as they promote fair-trade and human rights in Latin America, as well as they take their time for treating each individual friendly and appropriate. These values are important to be kept and improved for successful relationship marketing, as they increase the customer loyalty and provide an underlying advantage for long-term differentiation and safety in a competitive environment (Grönroos, 1996).

Anne and Miguel Barri Gonzalez offer occasional benefits to their customers, such as sending personal newsletters and recommending offers that suit the individual’s interest. They also try to bring the Latin American culture closer to the customer and arouse their interest. Moreover, they add high value by emphasising on fair trade and trading only through ethically supportable supply channels.

However, to provide benefits that are long-term oriented it might be useful to introduce a customer loyalty program, which would benefit each customer according to his/her shopping history. This could work by archiving the purchases of one customer collectively and giving extra benefits after a pre-set number of buys, which are adapted to each customer’s particular interests. One extra benefit that we can think of, regarding current developments within the firm, is offering free Spanish classes to loyal customers, as Miguel Barri Gonzalez has planned to give lessons anyway.

Regarding the mentioned long-term relationships, we agree with Grönroos and Ravald (1996) that the benefits that we address in relationship marketing are for instance values such as safety, credibility, security and continuity. Casa Canela offers a good foundation for representing these values. Credibility is for instance built by Casa Canela’s adoption of fair trade practices and attention to human rights. Safety can be build stronger as well as continuity by having a more constant and considerate development of customer relationships as described earlier. Combining these values, trust and commitment will be increased, which automatically encourages customer loyalty – the core aim when adopting relationship marketing. We will deepen our analytical research about the commitment-trust theory in the next section, when talking about the owner-mangers of a micro-sized family business.

Adopting this mindset and changing the company marketing to a stronger relationship marketing perspective, Casa Canela might eventually benefit of statistically higher overall revenues on investment, compared to transactional oriented period before the implementation. These higher revenues can be re-invested in the business, as it is common and necessary for
micro-enterprises to do so. The results are among others increased purchase over time, lower costs for marketing purposes, free advertisement through word of mouth and indirect benefits such as employee retention (O’Malley, 2003).

6.2 Which factors influence the implementation of relationship marketing in micro family businesses?

As we have gathered much information on the current state and the issues that Casa Canela is facing, as well as theoretical information, we have decided to identify five factors that are highly important for the marketing strategy of the company. These factors will offer a base for investigating and analysing the specific case of Casa Canela but also the general influence when implementing relationship marketing in micro-sized family businesses. The identified factors are the following:

1. The owner-managers
2. The long-term goals of having a business
3. The location of the enterprise
4. The generation of the owners
5. The financial feasibility

As we investigated, that these factors influence the marketing strategy in micro-sized firms, their position in the business performance and development of Casa Canela will be analysed.

6.2.1 The owner-managers

The owner-managers are one of the strongest foundations in micro family businesses, as the first generation owners are mostly the responsible ones for the growth of the business in the first years (Levinson, 1971). As our case firm consists only of two persons, who are a married couple and at the same time the owner-managers of the business, several parameters influence the business performance, such as family, human capital and micro-size business.

Many characteristics play an important role when managing a business as a family, such as personal preferences of the firm’s entrepreneur/ owner-manager and their prejudices and attitudes (Jennings and Beaver, 1997). Anne and Miguel Barri Gonzalez are the owners as well as the managers of Casa Canela. The first generation tends to use less structured management than later generations (Dyer, 1988). This corresponds with Casa Canela as they do not have a formal management strategy. Both Anne and Miguel Barri Gonzalez have university studies within business and economics, which lets us expect that they have the necessary background to run a business. Moreover, Miguel Barri Gonzalez has worked as a manager in his home-country for 20 years. Therefore, even if they do not have a formal style of management, their education and working experience should give them enough knowledge to run a business.

As the SFB model shows, the owner-managers have to give both, the family and the business the same devotion if they want to succeed. Practicing in such a competitive and unstable environment, Anne and Miguel Barri Gonzalez know how to make use of the family resources in order to gain profits and later sustain the business. It shows in not having any employees at
the moment as they use the family members as labour, which is good considering the unstable economy situation currently.

Of course the personality and the preferences of the owner-managers have an influence on the relationship marketing. Developing relations with clients it is not something easy and moreover doing it in a successful way, is a challenge. Anne and Miguel Barri Gonzalez have shown interest in relationship marketing by the fact that even not knowing of the existence of this strategy they have developed good relations with their customers and realised that keeping the clients satisfied can only bring positive return in the future. So far, the relationships with their customers are level two relationships, as the owners unconsciously have already related to the social aspect of relationship marketing, such as good communication and referring to them personally, by name for instance. They also fulfil some requirements of level one relationships, which imply that they offer some tangible rewards, such as discounts, for influencing the customer in a positive way. However, for adopting relationship marketing, these tools from level one relationships are irrelevant and rather disturbing, as they only present the weakest level of relationships. The customer then feels rather as one of many, who are treated all the same.

The level three relationship requires continuous work and effort from both sides, the customer and the retailer. Casa Canela is on a good way to reaching this relationship level, by addressing each customer depending on his/her personal background. However, there is much space for improvements. For offering structural solutions to each customer, Casa Canela could for example create an internal database for all their customers, which presents the place the customer comes from, its personal background, interest etc. Thereby, Casa Canela can decide which products to recommend, whether special delivery service is needed (sending products by post for instance) and keeping track of which customer has brought a new customer to the business.

A change of mindset

As we presented earlier, seeing relationships is important as a prerequisite but not sufficient for practicing relationship marketing. As it is an entire paradigm shift in the marketing field (Grönroos, 1994), the whole mindset of the owner-managers must be changed from its deepest roots. As most of the current marketing strategies are characterised by traditional marketing strategies, it is obvious that the owner-managers of Casa Canela have not yet internalised the foundations that are necessary for implementing relationship marketing.

Considering the 4C’s rather than on the 4P’s, Casa Canela does no longer have to focus on offering low prices to attract customers, but regards the cost of the customer that he is willing to pay for shopping in Casa Canela. This does not only include, the price the customer is willing to pay for a certain product, but also the interaction that he is willing to experience with the owner-managers as well as the experience of visiting the store. Apart from the price, not the place is in the foreground for the customer to be satisfied, but the convenience of accepting a certain distance/ travel cost. With online presence of Casa Canela, the products and the value of the store can be already presented to the customer, before he/she enters the store. After visiting the store one time, it depends on how convenient it is for the customer to come again. This depends on the quality and value of the first experience, which is mainly characterised by the interaction with the owners, rather than the choice of products. Therefore, it is not the product that mainly attracts the customer. Instead, it is the consideration and response
to each *customer’s individual need*. Thereby, a customer feels taken seriously and important, which leads to a higher degree of commitment and trust. Casa Canela has already taken a step towards fulfilling the customer’s need by taking sufficient time to offer each customer individual advice, to talk with them on a friendly personal level and listening to their wishes and desires. Last but not least, not promotion is the last component, but improved *communication*. Casa Canela offers several possibilities to be contacted and from our experience we noticed that their response is extremely quick and friendly. It proves that Anne Barri Gonzalez told the truth when saying, that the communication with each customer is personalised and fitted on each person’s interest level.

**Commitment-Trust Theory**

The necessity of commitment and trust was highlighted several times earlier in this study. Hence, we will analyse their current existence and adaptation in our case firm. There is a high level of commitment given in the company, since the owners are both willing to put extra effort and time into the development of the business. By being extremely cooperative and responding very quickly to our questions, we have noticed that the owners are very open-minded to new ideas and it shows a great amount of commitment to consider many different methods in order to achieve higher success. Yet, the commitment of the owner-managers could possibly be stronger, if they were more aware of its importance for long-term success. The commitment towards a customer must be strong in any case, in order to make the customer feel understood and personally supported, as someone special and individual. Once this is achieved the customer might feel more connected to Casa Canela and will develop a higher commitment level as well.

Trust has very similar development characteristics. Once the customer feels trusted, he/she will be more willing to rely on the exchange partner, in this case, Casa Canela. The customer will have a high confidence in the exchange partner’s positive intention. The positive intentions of Casa Canela reflect in their focus on fair-trade, the customer’s personal background as well as importance of human rights and the recognition of the Latin American culture. Both owners are naturally interested in bringing the Latin American culture a little nearer to the customer and to spread the arts from those countries. They are also concerned to awake more interest about Mexico and Latin America, by talking a lot about the offered products and their heritage and reasons. The emphasis on fair trade and respect of human rights, shows that the owners of Casa Canela place the importance of human right values higher than their own profits.

Both, commitment and trust can be achieved through good cooperation, friendly communication and an interaction, which gives the customer the feeling that he/she is unique and important in the relationship, which emphasizes on the importance of heterogeneity in relationship marketing. Casa Canela underlines that the customer is treated warmly and nicely despite the wish to sell something.

From all these reasons above, we can say that the commitment-trust theory is already applied by the owners, but there is always space for improvements.
6.2.2 The long-term goals of having a business

Relationship marketing focuses on long-term benefits rather than short-term profits. Therefore, implementing this type of marketing the managers need patience and need to invest time and effort into understanding what customers want and need. Once a customer is loyal they recommend the products to friends and family and they would even be willing to help the business improve and eventually increase sales and gain market shares. Moreover, investing in the clients and in retaining them, results in fewer worries about competitors.

Casa Canela is a relatively new business, which strives for quick profit and reputation. However, having in mind that theory suggests the frequent family failure after the first generation, the owners should concentrate also on the long-run aims and wishes. Long-term is rather an ambiguous word as it can mean anything from 3 years to 50. However, for Casa Canela we use the long-term word in relation to the following years and the next generation.

*Relationship lifecycle*

One requirement before implementing relationship marketing is to evaluate existing relationships, setting goals and planning for the long-term. For achieving these three objectives, it can be helpful to understand and internalise the relationship lifecycle.

The first stage, search and selection of the partnering supplier, is the process where the customer searches and finds the retailer. As Anne Barri Gonzalez has told us, it is often coincidence that people find the store, or new consumers visit the store following a recommendation from friends or acquaintances.

The second stage, which is the definition of purpose, is also explained by Anne Barri Gonzalez. She stated that she and her partner talk with every customer, which makes them realise that many consumers come to look for a specific product from Latin America or Mexico, or that consumers just come to look around and get inspired by the products offered.

While continuing with the process of the relationship lifecycle, interaction boundaries are set and value creation is beginning to influence the customers’ perception. It happens when trust, commitment and loyalty are built. Anne Barri Gonzalez said, they talk to every single customer and treat them rather as a friend then a pure monetary source, which is a good start to achieve mutual satisfaction and trust, instead of showing off power and influence. Because even though, working with power methods and convincing influences might bring larger retail numbers at the moment, the sight in long-term is rather unpromising, since the customer did not have the chance to bind with the retailer on an honest, committed and trusted base. This relationship focus in the beginning of building a customer relationship is however necessary in order to reach the hybrid stability, which is the fifth and last stage of the relationship lifecycle.

A problem that could occur and needs some special attention might be the fact that Casa Canela tries to build rather friendships than customer relationships. This way, the customer might feel very cosy and warmly welcomed, however the purpose of selling/purchasing might get lost a little bit. It is therefore important that Casa Canela works on setting their interaction boundaries and clarifies concrete value creation, which helps to build trust and commitment from both sides, and yet focusing on a business relationship level, rather than on building friendships.
According to Carland (1982), entrepreneurship is often equated with small business ownership and management. Contradicting the wide-spread belief of small firms having the goal to achieve personal financial fortune, Jennings and Beaver (1997) claim it is much more important for the owner-managers to reach a certain degree of personal involvement, responsibility and an independent quality and style of life in the long run.

Family businesses are unique by having the involvement of the family in the business. Therefore, when discussing about long-term goals one should take into consideration both family and business systems. According to the gathered data Casa Canela is aware of both systems’ existence and moreover, the owners are trying to use both systems’ strengths in order to achieve their goals. As the SFB model suggests changes that occur in the external and internal environment are influencing both systems, therefore the key to growing and succeeding is in each family’s power to cope with change. As Casa Canela has a profit at the moment and also family harmony it can be concluded that they are able to cope with change and instability. Anne Barri Gonzalez mentioned that they had to change their products range according to their customer preferences; they also made the most of the family resources since they have no employees and their sons are helping them with either technical practices or other issues. Therefore, it can be argued that the owner-managers of Casa Canela have a sustainable family business.

6.2.3 The location of the enterprise

Although we are aware that this factor has little impact on the realisation of relationship marketing, we believe it is important to be analysed, as it poses a major problem within the current marketing strategy for Casa Canela and is likely to pose issues for many micro-sized family businesses.

Christaller (1933) explains that the spatial pattern of settlements, including the size of the settlement, the number and the spatial distribution, are the key factors of locating a business. His focus lies first and foremost on delivering a good service as a company. He emphasises thereby on two main factors: the threshold value and the distance. The threshold value specifies the number of people that is required for the business to be profitable. On the other hand it is the distance that people are willing to travel to purchase a certain product or a service.

A recent survey (Gallay and Iovu, 2011) of a random consumer sample, showed that 69% of the respondents consider the location of the company when making a buying decision, which strengthens Christaller’s statements as people are mostly looking for companies that are in their convenience range of distance. Therefore, for Casa Canela, the location can be an advantage as the store is located in the city center and not only residents of Stockholm can purchase their products but tourists as well. Moreover, as their ranges of products are differentiated, people from further locations might be willing to come as well.

The internet presence is a great advantage for locational limits. If people from further distances are interested in visiting the store, they can first take a look at the products online. However, we imagine that it becomes more difficult to carry over the relationship marketing qualities on a website. One way to get as close as possible to incorporate the relationship marketing qualities, is in our opinion to have an extremely well developed website with a visual presence that resembles the premise, with communication possibilities such as chat,
email and blogs, but also constant updates and quick responses to consumer concerns, requests or orders.

However, there is another approach to locating a business. According to Hotelling (1929), the competitors are much more taken into account. The spatial behaviour of the enterprise and its competitors result in a locational interdependence, which implies that firms try to obtain the best location by establishing themselves very close to each other to be able to cover the largest market area possible and one that is at least as big or larger than that of the competitor. The location of Casa Canela does not seem to bring them too much benefit in terms of competition, as the owners themselves think that the location of their company is not in the jewellery/culture cluster of Stockholm. However, since the location of the company is not something that can be changed easily, the firm should make the best of the current location. Even if it is not located close to its competitors they can use virtual space in their own advantage, such as Facebook or their own website. Moreover, they can use customer recommendations if they want new customers, which is one of the most efficient and cheapest ways to attract clients.

6.2.4 The generation of the owners

For Casa Canela being a first generation family business, the owners pay much attention to short-term profits and quick results, which we could learn from Anne Barri Gonzalez, when she explained us the current situation. She emphasised very much on the marketing methods that are supposed to bring new customers in the next couple of months. Those are for example flyers and advertisement boards, radio announcements, internet network websites, their homepage or the presence on several open markets.

As mentioned before, family businesses have more success in developing relationships with customers and besides, the first generation is usually the one that invests the most and creates the strong bonds with customers and suppliers.

Being the first generation in Casa Canela means that customer loyalty and trustworthiness are both easy to achieve since people like it better, when they know the owner of the company as it makes them feel more connected. However, the owners must be careful when passing their business to the next generation as the goals and perspectives can change and the relationships thereby get lost. The fact that more than 30% of the family businesses fail after the first generation is an alarming percentage that should be taken into consideration even when and after implementing relationship marketing. Anne Barri Gonzalez does not believe that her sons are going to take over the business, but if they would, they might have a good insight in the vision of the business, as they help with different business operations from time to time already. On the other hand, it is very likely that management trends and customer interest changes with time. In this case, the objectives and goals might differ completely.

As most first generations, Casa Canela is focusing on the internal orientation, making sure that both business members are involved and aware of how the business is going. Moreover, because they are the actual founders, they are paying more attention to the current customers and as Anne Barri Gonzalez said, they talk to their clients, they listen to them and in the end they form a bond. Usually the first generation of owners tries to concentrate more on the health of the family and to keep everything more internal rather than taking risks and pushing
themselves. From the current operations it is very clear that Casa Canela focuses mainly on internal developments, such as relationships, interior design as product assortment.

6.2.5 The financial possibilities

Together with implementing relationship marketing new financial possibilities appear. First and foremost the relationship marketing costs are lower than the traditional ways of marketing. Instead of spending money on attracting new customers and using a transactional strategy the company can use simple loyalty programs or try to offer customers what they want by listening to them.

Casa Canela has no experience with relationship marketing yet and their current strategy according to Anne Barri Gonzalez is the traditional one. Moreover, in an era of technology they are using the social networks as a marketing channel, which is one way of mass marketing, opposing relationship marketing, and applying an expensive component of the general marketing strategy mix that is used by Casa Canela.

When analysing the financial benefits one should have in mind the definition of success as well. In this regard, the third interview revealed that the owners of Casa Canela view success from a financial but also non-financial perspective. Offering products that bring Latin culture to their customers as well as making their clients happy means achieving success. However, they also take into consideration the financial aspect of the business and they want to reach a higher level than now. If we would connect their answer to the matrix developed by Sharma (2004), we would position Casa Canela in the first quadrant, which means that they are warm hearts-deep pockets. They are focusing both on the emotional and financial capital and until today they are enjoying profits as well as family harmony. Deep pockets apply that high profits achieve and we believe that a 6 TSEK profit for such a small company is a good result as well as the fact that they have a net sale of 394 TSEK during a year that was shaken by financial crises. But although they have a profit, they can cut more costs from their marketing budget with the implementation of relationship marketing. Of course, as explained before, it is a long term process and the benefits will therefore come in time and not as fast as conventional marketing strategies.

Treating 90% of the customers well, a business grows three times as big in ten years, as it was on day one (Silvester, 2005). Therefore, if customers are committed, the relationship marketing process pays off in the end.

7 Conclusion

Our purpose was to investigate which factors influence a successful implementation of relationship marketing in micro family businesses. Conducting a case study about Casa Canela we have identified five factors that have a strong influence when introducing an alternative marketing strategy. Based on the outcomes of our research we conclude that relationship marketing is recommendable for micro-sized family businesses that want to gain long-term success.
Regarding the first research question and reflecting on our analysis we can conclude that considering and knowing that relationship marketing is a paradigm shift brings micro-sized companies advantages. This concept, which is relatively new as it emerged around late 1970s, has different foundations than traditional marketing as it concentrates more on retaining customers and building long-lasting relationships rather than attracting new customers. Moreover, this strategy is also more cost-efficient than the old marketing approach as micro-sized companies are usually not benefiting from big budgets and extensive resources. Therefore, this approach would benefit the financial situation as well. Although micro sized firms mostly do not practice any specific marketing strategy, many seem to approach a relationship perspective to marketing (Zontanos, Anderson, 2004), which means that most owner-managers are already aware of the benefits that customer satisfaction can bring. With many existing micro-sized companies in Sweden and a constant changing environment, a strong marketing strategy is recommendable to survive and grow.

Our second research question presents the focus of our thesis. As we analysed five specific factors we enhanced the opinion that relationship marketing can help the company to be successful in the long-term. The five factors which we have identified, as a result of the conducted interviews, are the location, the owner-managers, the generation, the long-term goals and the financial possibilities of the business. Analysing Casa Canela, which is a family business, in depth we have found that relationship marketing and family business are closely related. The factors presented before are important to be considered in order to get highest results when using relationship marketing in micro family businesses.

In conclusion, we are convinced that micro family businesses can differentiate strongly from competitors when using relationship marketing strategically. This implies that first and foremost, apart from every owner-managers individual background, everyone has to understand relationships and their usage in the marketing field. Taking into consideration Kotler’s four C’s the owner-manager needs to change the mindset from focusing product to focusing on the customer in order to reach the desired results. Moreover, the relationship lifecycle offers them a guideline on how to behave on different stages when building relationships between the company and the customers. Family businesses are differentiated from normal ones by the involvement of family, which implies in the long-run that different generations are in charge. Therefore, the founders have to build a strong business culture in which everyone (managers and employees) is aware of the importance of relationships with the clients. Taking into consideration that usually family businesses have both financial and non-financial goals, the success of the business is perceived from both angles meaning that simply having profits is not the only long-term target. Although in traditional marketing strategies the location and the financial possibilities are two of the most important requisites that companies have to take into account, relationship marketing gives the firms a more flexible perspective. Especially in the case that the location is not favourable to attracting new customers, relationship marketing gives the company the idea of concentrating more on retaining the existing customers.

We believe that relationship marketing is a solution to growing competitive markets due to factors like rapid technological developments or more demanding consumers. Therefore, especially micro-sized family businesses, which are built on different foundations and striving for different goals, should focus on using this alternative marketing strategy, in order to compete and succeed.
8 Discussion and Suggestions for further studies

Although the concept of relationship marketing sounds nice and consumer friendly, there is a fact, that should be considered. One might think that building relationships with the foundation on trust, commitment, mutuality and equality seems very positive and optimistic. However, the fact that profits are the main driver of implementing a marketing strategy might clash this optimistic view. According to Hougaard and Bjerre (2003) the difference between relationship marketing and traditional marketing is that relationship marketing can replace the idea of manipulation with the idea of cooperation. However, one of the contradictable thoughts is, to which extent it is cooperative and positive, if relationships are terminated as a consequence of not being profitable.

Psychologically and ethically, this area needs to be better investigated. Especially for avoiding of letting the feeling emerge that the relationship is only build for profit reasons, it is important that the employee is actually committed to the company and that a lot of effort is put into the human resource support and management.
9 References


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10 Appendices

10.1 Recommendations for implementing relationship marketing developed by Lisa Gallay and Mihaela Iovu (2011)

A recent survey revealed that more than 48% of the people think that having a relationship with the company would benefit them, which proves that most clients value relationships and loyalty when making a buying decision.

*A structural framework for forming an implementation plan*

In the following paragraph it is our goal to establish a framework which can give an overview on how an implementation plan can be established and based on. After analyzing Casa Canela and the influencing factors for implementing relationship marketing, we have come up with some recommendations on how to structurally implement a new marketing strategy.

For establishing a strategic framework for implementing a new marketing strategy, certain stages need to be prepared and passed through in order to be successful. As we have heard about the background knowledge of the owners, the capacities and possibilities of the family business, we have come up with the following stages to follow when implementing relationship marketing.

1. Preparations phase
2. Implementation phase
3. Retaining phase

Hoping, that this implementation framework can be a guideline for micro family businesses such as Casa Canela, we will now describe the three stages in a more detailed way.

**Preparing Phase**

1. Finding the right target market/ segmenting the population
2. Reviewing the financial background and possibilities
3. Forming goals for the long-term success
4. Evaluation of the relationship with current customers
5. Defining a certain relationship level which the company is aiming for and why

**Implementation Phase**

1. Developing a strategic plan on how to reach the aimed for relationship level with the customers
2. Identifying which marketing strategies can do both of the following thing:
   a. get current customers convinced to stay a customer and identify specific ways of reaching this goal
   b. identify ways of how current customers can attract new customers
3. Analyse the impact of relationship marketing on current marketing strategies
4. Identify and evaluate the use of technology and traditional marketing options in order to successfully achieve the goals
5. Analyse the financial situation and requirements and adopt them, if necessary, to an easily affordable option
6. Write down a detailed plan about the goals and the method to reach those.

**Retaining Phase**

1. Make sure to review the marketing plan in consistent time intervals in order not to lose the focus.
2. Look for constant improvements on how to take advantages of new technological possibilities and adopt to other external changes, may it be locational, economic, cultural or political

**10.2 First Interview with Casa Canela**

Date: 18/10/2011

Frågorna på svenska

1. Berätta lite om er verksamhet. (hur många anställda har ni, sedan hur länge finns ni, vilka är era huvudsakliga produkter, etc.)


2. Är ni ett familjeföretag?

2.1. Om ni är det, hur många personer av familjen är aktiva medarbetare i företaget?
2.2. Vilka saker tycker ni, är svårare på ett familjeföretag än på ett vanlig företag?

*Vi är ett familjeföretag där vi två (Anne Barri Gonzalez och Miguel Barri Gonzalez) är delägare och aktiva i företaget.
Eftersom vi bor och jobbar tillsammans blir det svårt att skilja på jobb och ledig tid.*

3. Hur fungerar verksamheten nu och vad skulle ni vilja förbättra?

*Företaget har fortfarande en alltför liten omsättning och måste växa.*

4. Kör ni en speciell marknadsföringsstrategi?

*Har genom undersökning lärt känna våra målgrupper och bearbetar dessa via olika kanaler.*
5. Vilka kunskaper har de olika medarbetarna?

5.1. Har ni någon som är specialiserad på marknadsföringen?
5.2. Om ja, är det en hel avdelning (eller en grupp av personer) eller bara en enskild person?

*Vi har delat upp uppgifterna (jag, Anne Barri Gonzalez sköter ekonomin och Miguel Barri Gonzalez inköp) tillsammans sköter vi marknadsföringen.*

6. Har ni hört talas om ämnet som kallas ”Relation Marketing”?

*Har ej hört själva namnet, men antar att det mycket grundar sig på att utveckla en nära kontakt mellan säljare och köpare.*

6.1. Om ni vet något om det, förklara kort vad ni tycker om denna särskilda marknadsföringen och om ni redan använder det i ert företag.


7. Använder ni relationship marketing?

7.1. Sedan hur många år gör ni det?
7.2. Varför har ni bestämt att introducera det?
7.3. Hur visas en fokus på relationship marketing i det dagligalivet och i resultatet över en viss tidsperiod?
7.4. Har ni hunnit att förbättra situationen sedan ni införde relationship marketing?

*Inget svar*

8. Har ni några önskemål vilka faktorer eller vilken tillstånd ni gärna vill förändra/förbättra eller ersätta?

*Hur kan en liten butik som inte kan etablera sig på de dyra affärsstäderna konkurrera med de andra mer etablerade? Vilken marknadsstrategi skall jag då använda?*

9. Vi skulle gärna hjälpa er att förbättra er marknadsföringsstrategi på långvarigt sikt. Vad hoppas ni att få ut ifrån den här undersökningen?

*Nya idéer för att växa och utvecklas.*
10.3 Second interview with Casa Canela

Date: 02/11/2011

För att upptäcka vad som kan hjälpa er för långsiktig framgång så skulle vi vilja ställa några fler frågor:

1. Är ni grundare av företaget?

*Ja, Miguel Barri Gonzalez och jag Anne Barri Gonzalez är grundare av detta företag.*


*Vår största kundgrupp är 50+ damer och de älskar textilier och smycken. Vi har också unga människor som gillar Fair Trade, Frida Kahlo och skelett. En grupp människor som har anknytning till Mexiko och Latinamerika.*

*En stor del av kunderna har hittat oss på grund av att de jobbar, bor, har tandläkare/jurist i närheten. De berättar vidare till sina vänner att vi finns o.s.v.*

*En del kunder har hittat oss på internet när de sökt på: Latinamerikansk/Mexikansk butik på nätet. Då söker de något specifikt som t.ex. en mexikansk sarape.*

3. Använder ni något socialt nätverk online för att marknadsföra era produkter? (som Facebook, Twitter, LinkedIn)

*Vi har en Facebook sida som heter Casa Canela Butik och har varit aktiva där i ca. 2 år.*

4. Vad är er personliga bakgrund? Berätta lite om er utbildning och er kunskap om hur man startar och leder ett företag.

*Jag har magisterexamen från Handelshögskolan i Åbo, Finland och gick år 2007 en ettårig utbildning ”Entreprenörskap och Affärsutveckling på Stockholms Internationella Handelsskola.*

*Miguel Barri Gonzalez har universitetsexamen från Mexiko och han har jobbat i ca. 20 år som personalchef på stora lyxhotell i Mexico. Han har dessutom en lärarutbildning från Lärarhögskolan i Stockholm/Stockholms Universitet i spanska och ekonomi.*

5. Vill ni förbättra era kunskaper eller få mer utbildning? Tror ni att det är nödvändigt att utbilda ert företag så att ni hanterar förmågor för att lyckas bättre i framtiden?

*Nej, vi vill inte sätta oss på skolbänken igen men vi läser och tar till oss information hela tiden. Livet är en ständig skola.*

6. Har ni några andra medarbetare som hjälper till i butiken?

*Nej*
7. Vill ni förbättra er marknadsföring?

Ja, absolut! Vill hitta nya okonventionella metoder.

8. Hur ser er marknadsföring ut nuförtiden?

Vi marknadsför oss via radio och sociala medier. Medverkar i olika basarer och gör samtidigt reklam för oss.

9. Har ni någon särskild marknadsföringsstrategi som ni följer? Om ja, vilken?

Mycket personlig marknadsföring och vi ber våra kunder att sprida våra flyers till vänner och bekanta. Ger ut en newsletter varje månad med kampanjer och information om våra produkter.

10. Lägger ni mycket pengar på marknadsföring (flygblad, kataloger, brev, hemsida mm) Vi lägger mycket tid på hemsida och Facebook och en del pengar på flyers och reklamskyltar och lite reklam via radio.

11. Skulle ni vilja minska kostnaderna för marknadsföring?

Våra kostnader är mycket blygsamma.

12. Har ni något lojalitetsprogram, såsom lojalitetskort eller någon kampanj?

Ibland.

13. Vi vet att ni är en mycket liten verksamhet. Men känner ni att ni har någon verksamhetskultur? Använder ni någon form av intern reglering, kod eller riktlinje för varandra?

Ja vi har en gemensam riktlinje.

14. Hur arbetar ni med er partner, fördelar uppgifter, och stödjer varandra? Känner ni att det är en harmonisk arbetsmiljö?

Vi jobbar bra tillsammans. Jag tar hand om ekonomin och Miguel Barri Gonzalez om inköp. Tillsammans jobbar vi med marknadsföringen.

15. Tror ni att lagarna i Sverige när det gäller detaljhandeln av lyxvaror hindrar er från något? Kan ni berätta om det finns några viktiga regler eller lagar för er specifika bransch.

Vet ej.
10.4 Third interview with Casa Canela

Date: 21/11/2011

1. Har ni gjort några större förändringar sedan ni öppnade butiken?

*Vi har sorterat i vårt varusortiment, tagit bort en hel del produkter som inte fungerar och koncentrerat oss på produkter som har framgång. Det betyder ständig analys av varusortimentet för att bättre anpassa oss till kunderna och marknaden. Förbättrar logistiken hela tiden.*

*Hemsidan jobbar vi ständigt på, snart kommer en ny version.*

*DETTA RÄCKER INTE. Behöver göra något som gör oss SYNLIGA!*

2. Vad innebär framgång för dig? Hur skulle ni beskriva/definiera att ha framgång?


*Ekonomiskt har vi inte nått till den nivå vi strävar efter. Men för mig är det inte det enda sättet att mäta framgång.*

3. Vill du att ert företag växer på lång sikt och att nästa generationer tar över butiken någon gång?

*Tror ej att våra pojkar vill ta över butiken. Casa Canela är Miguel Barri Gonzalezs och mitt projekt i livet och de har andra projekt. Men jag skulle mycket gärna lämna över Casa Canela till någon eller några personer som brinner lika mycket för butiken som vi och därför är det viktigt att butiken blir lönsam.*

4. Har ni barn som skulle vara intresserade att arbeta i butiken någon dag?

*Vi har redan en son som hjälpt oss mycket och den äldre har gjort vår hemsida.*

5. Gillar ni att ta en risk när det gäller att prova något nytt i ert företag eller känns det bättre att ta den säkra vägen.

*Miguel Barri Gonzalez och jag har alltid tagit risker i livet.*
10.5 Consumer Survey

Results for survey: Relationship marketing in family owned jewellery retail stores

Survey for our Bachelor Thesis 2011, Relationship

This survey will take you no more than 5 minutes but help us a great deal for our research of our bachelor thesis. Before you start, please keep the following factors in mind:

We are rather concentrating on micro family businesses than on big companies. Relationship marketing emphasizes on changing the traditional marketing strategies. We would be more than happy to get your response and you are welcome to spread this link to all your friends. We are thankful about every single answer!

Best regards,
Mihaela & Lisa

Question 1
Your age:
Range: 31 (14 to 45)
Average: 24.77358490566
Median: 24
Total responses: 53
Mode: 22

Question 2
Your gender:
Female 27 50.94%
Male 26 49.06%

Question 3
Your nationality:
ID Text Answers (15)
9041371 Italian
8947303 Russian
8795310 Austrian
8675472 Iranian
8648887 German
8589255 Belarus
8587433 Moldova
8586123 German
8561853 Swedish
8559978 lihuianian
8558255 Swedish
8552077 Swedish
8551395 Ukrainian
8550834 Dutch
8550723 Belarus
Question 4
Your occupational field (studying, working, unemployed etc.):
ID Text Answers (15)
9041371 working
8947303 studying
8795310 Studying
8675472 Student
8648887 Student
8589255 looking for job
8587433 Student
8586123 PHD student
8561853 Study/work
8559978 studying European Studies
8558255 studying
8552077 Studying
8551395 Studying
8550834 study
8550723 studying

Evaluate the following statements according to your personal opinion about relationships with companies.

Question 5
The number of jewelry stores available in your reachable distance are satisfactory for your needs and desires.
    Strongly Agree 11 25.58%
    Agree 13 30.23%
    Neutral 11 25.58%
    Disagree 8 18.60%
    Strongly Disagree 0 0.00%

Question 6
The prices of jewelry are generally reasonable, no matter which store you go to.
    Strongly Agree 1 2.33%
    Agree 8 18.60%
    Neutral 16 37.21%
    Disagree 15 34.88%
    Strongly Disagree 3 6.98%

Question 7
The prices are diverse from place to place and you choose the store where you want to shop considering the price level.
    Strongly Agree 5 11.63%
    Agree 16 37.21%
    Neutral 15 34.88%
    Disagree 6 13.95%
    Strongly Disagree 1 2.33%
Question 8
The level of quality is highly important to you when you make a buying decision.
Strongly Agree 15 34.88%
  Agree 18 41.86%
  Neutral 3 6.98%
  Disagree 7 16.28%
  Strongly Disagree 0 0.00%

Question 9
Choosing a jewelry store for shopping depends on its assortment.
  Strongly Agree 9 20.93%
  Agree 23 53.49%
  Neutral 8 18.60%
  Disagree 3 6.98%
  Strongly Disagree 0 0.00%

Question 10
Choosing a jewelry store for shopping depends on its sales persons.
  Strongly Agree 7 16.28%
  Agree 16 37.21%
  Neutral 8 18.60%
  Disagree 8 18.60%
  Strongly Disagree 4 9.30%

Question 11
Choosing a jewelry store for shopping depends on the current offers, discount cards and pre-
  Strongly Agree 4 9.52%
  Agree 17 40.48%
  Neutral 15 35.71%
  Disagree 4 9.52%
  Strongly Disagree 2 4.76%

Page: 3/3

Question 12
A relationships with the company is important to you.
  Strongly Agree 3 8.11%
  Agree 11 29.73%
  Neutral 11 29.73%
  Disagree 9 24.32%
  Strongly Disagree 3 8.11%

Question 13
Having a more personal/friendly relationship with the company’s employees would benefit you.
  Strongly Agree 10 27.03%
  Agree 18 48.65%
  Neutral 6 16.22%
  Disagree 2 5.41%
  Strongly Disagree 1 2.70%
Question 14
A closer/positive relationship with the company makes you want to come back and purchase more (e.g. through memberships, fidelity cards, discounts etc.)

- Strongly Agree 7 18.92%
- Agree 16 43.24%
- Neutral 10 27.03%
- Disagree 3 8.11%
- Strongly Disagree 1 2.70%

Question 15
Loyalty is something important when making a buying decision.

- Strongly Agree 2 5.41%
- Agree 16 43.24%
- Neutral 14 37.84%
- Disagree 5 13.51%
- Strongly Disagree 0 0.00%

Question 16
The trust level with the company influences your buying decision when purchasing a product.

- Strongly Agree 11 29.73%
- Agree 23 62.16%
- Neutral 3 8.11%
- Disagree 0 0.00%
- Strongly Disagree 0 0.00%

Question 17
A nice and friendly salesperson gives you a welcoming feeling, comfort and possibly makes you buy more.

- Strongly Agree 9 24.32%
- Agree 14 37.84%
- Neutral 9 24.32%
- Disagree 4 10.81%
- Strongly Disagree 1 2.70%

Question 18
Nice staff makes you want to come back to the same shop after your first shopping experience.

- Strongly Agree 12 32.43%
- Agree 20 54.05%
- Neutral 5 13.51%
- Disagree 0 0.00%
- Strongly Disagree 0 0.00%

Question 19
The location of the company matters when you go shopping or want to make a decision to buy a product.

- Strongly Agree 4 10.81%
Agree 21 56.76%
Neutral 9 24.32%
Disagree 0 0.00%
Strongly Disagree 3 8.11%

**Question 20**
The size of the company matters for you, when making a buying decision.
- Strongly Agree 0 0.00%
- Agree 5 13.51%
- Neutral 14 37.84%
- Disagree 12 32.43%
- Strongly Disagree 6 16.22%

**Question 21**
A small retail jewelry store encourages you to purchase products because of closer contact to the sales persons and an easier way of contacting the store for questions/ concerns.
- Strongly Agree 0 0.00%
- Agree 13 35.14%
- Neutral 20 54.05%
- Disagree 3 8.11%
- Strongly Disagree 1 2.70%

**Question 22**
Fidelity cards, discounts, special offers etc. are a good way to maintain/ strengthen your interest in the company.
- Strongly Agree 5 13.51%
- Agree 13 35.14%
- Neutral 13 35.14%
- Disagree 4 10.81%
- Strongly Disagree 2 5.41%

*This survey was done before major changes in the thesis have been done and is therefore only relevant to a very small extent.*