CUSTOMER RELATIONSHIP DISSOLUTION - WHAT DO WE KNOW AND WHAT DO WE NEED TO KNOW?
Key words: customer relationship management, relationship dissolution, relationship dissolution research

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Customer Relationship Dissolution - What Do We Know and What Do We Need to Know?

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Abstract
Our paper can be seen as a supplement to Halinen-Kaila and Tähtinen's (2000) review of different direct research approaches on the ending of exchange relationships. Our purpose is to illuminate the borderline between research explicitly focusing on ending and research implicitly considering ending of relationships. Another purpose is to give an overview of how researchers within the Nordic School of Service Management and Nordic School of Relationship Marketing have approached customer relationship ending. A third purpose is to put forward a managerial perspective and managerial issues related to relationship ending. Finally we present some conclusions regarding further research avenues concerning relationship ending.

Key words: customer relationship management, relationship dissolution, relationship dissolution research

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Introduction
Our intention with this paper is to contribute to a discussion about customer relationship dissolution. We are focusing on customer relationships rather than taking into consideration all kinds of a firm’s relationships (which actually would be justified based on relationship marketing and management definitions). The paper is not intended to be a complete review of any of the issues discussed but rather a starting point for further discussion and investigation.

The starting point was a literature review and assessment of research on how and why relationships end made by Halinen-Kaila and Tähtinen (2000). They made an electronic database search covering publications from 1990 through 2000 using common key words on ending relationships: switching, exit, dissolution, termination, fading, disengagement, and break-up. They categorised found publications into four approaches: business marketing, service marketing, marketing channels, and advertising industry. They analysed and compared the publications on four aspects: focus of research, disciplinary background, key concepts, methodological approach, and key findings. One of their conclusions was that there are few studies reporting empirical work. The advertising industry followed by banking, hardware distribution, and international channels are the most researched. To some extent the studies focused on the dissolution process itself but mostly on reasons for the ending of the relationship and different factors influencing the dissolution of relationships. Halinen-Kaila and Tähtinen call for more attention to conceptual analysis and proper definitions and recommend that research from other disciplines such as service quality, loyalty and complaining behaviour in addition to social psychology, economics and sociology are used. They conclude that dissolution should be seen as a process, not as a decision, and that dyadic and network studies would be beneficial. Actual dissolution situations in comparison to an intention focus also need more attention. In sum, they state that the challenges and potential for researchers are vast and need far more exploring.

Halinen-Kaila and Tähtinen’s (2000) review represents a broad overview of different approaches when the focus is on the key issue and concepts – ending of relationships. Our purpose is to fill in with views on issues closely related to the key issue and an evolutionary perspective on how relationship dissolution has become a research issue in
our own research institution (CERS - Center for Relationship Marketing and Service Management).

There are clear managerial reasons for an interest in relationship dissolution. A very strong motivator for the current customer relationship management interest is the claimed consequences of sustained relationships, i.e. improved profitability.

"Customer defections have a surprisingly powerful impact on the bottom line. They can have more to do with a service company's profits than scale, market share, unit costs, and many other factors usually associated with competitive advantage. As a customer's relationship with the company lengthens, profits rise. And not just a little. Companies can boost profits by almost 100% by retaining just 5% more of their customers" (Reichheld and Sasser 1990).

The logic for striving to build more sustainable relationships with customers has thus been based on enhanced financial returns from customers. In addition to this the effect of higher revenues and improved profits increases when the company’s employees become more satisfied and benefit in various ways as they learn to know the customers better. (Reichheld 1996) These links have been described with the so-called service-profit chain and other similar models portraying antecedents and consequences of improved customer perceived quality.

The same argument is claimed to be valid in an e-commerce setting.

"When we applied the same methodology to analyzing customer life-cycle economics in several e-commerce sectors - including books, apparel, groceries, and consumer electronics - we found classic loyalty economics at work. In fact, the general pattern - early losses, followed by rising profits - is actually exaggerated on the Internet" (Reichheld and Schefter 2000, p. 106).

The authors argue that too little attention is directed towards analysing customer retention.

"We found that less than 20% even track customer retention rigorously, let alone to try to systematically learn from customer defection patterns. Instead, they are fixated on building their Web capacity and increasing their visitor counts, click-throughs, and on-line sales" (Reichheld and Schefter 2000, p. 111).

Reichheld has been one of the strongest proponents for a focus on customer retention for explicit economic reasons. The means for achieving customer retention is proposed to be providing the customers superior value compared to competing offerings (see Reichheld
1996 for a complete conceptual framework). One way of learning and improving company operations is to understand why and how customers defect.

There is already ample empirical evidence that customers may leave for many different reasons. The traditional assumption in the mainstream quality, satisfaction and loyalty literatures, however, seem to be that customers defect because of disappointment with the quality and dissatisfaction. This assumption is in the literature in question normally studied in cross-sectional studies using aggregate analyses. There is certainly a tendency for higher quality perceptions and higher satisfaction to correlate with higher loyalty, but these studies do not reveal the fact that also satisfied customers defect and dissatisfied customers stay. This literature is thus not very informative on the phenomenon of customer defection. Still it represents an interesting starting point for developing knowledge on customer defection processes and outcomes.

As for the future it has been argued that customers are going to play a more active role in the future marketplace than before (Prahalad and Ramaswamy 2000). It is believed that customers are achieving a stronger position because of easier and more extensive access to information through, for example, Internet and mobile communication. It may thus be expected that customers’ behaviour may change also concerning how they start and end relationships. Other authors (Dawes and Brown 2000) have noted that customers have moved from a modern to a post-modern state. They argue that customers are not going to show the same commitment towards companies as before.

From a managerial point of view the dissolution or termination of customer relationships has several sides. One of these is the customer-retention perspective where the company considers relationship dissolution as something negative and tries to prevent it. Another side refers to active customer relationship management where the company deliberately ends relationships for strategic or profitability reasons. A third aspect concerns the switch-back of customers affecting future business potential meaning that the dissolution process can be managed in such a way that a lost customer feels confident with the company and, if and when the need occurs, later returns to it.

Our basic argument is that a focus on customer relationship dissolution is important for companies because it, in addition to its profit potential, contains a huge learning potential for capturing the dynamics in the marketplace. In other words, the reasons for switching,
attracting new customers and loosing current customers and winning former customers back may be revealed as well as activities related to these changes. The same arguments hold, however, for academic research as well.

**Reasons for the weak interest in and strong assumptions about relationship dissolution**

There are research areas that are related to relationship dissolution but that have not problematised this issue. These areas thus represent a potential resource for relationship dissolution researchers. As soon as a relationship perspective is applied to the particular area new research avenues may appear. We are therefore interested in exploring the potential represented by earlier research that may easily be connected to the notion of relationship dissolution.

In the marketing literature there are strong traditions concerning research on customer loyalty, brand loyalty as well as customer perceived (service) quality and customer satisfaction. The basic reason for this interest is partly the belief that these aspects are important as means to prevent customer defections. The enormous interest in service quality measurement and customer satisfaction measurement since the 1980s is a good indicator of also managers' adoption of this line of thought. These studies have to a large degree been focused on finding attributes, dimensions, different aspects of the service, offering, or the firm's operations that may cause disappointment (and delight). There has, however, been limited interest in a *process* view on quality, satisfaction and loyalty. Such a view would take an interest in how quality, satisfaction and loyalty develops and changes as well as how they weaken and disappear. Cross-sectional data collection has been used combined with quantitative analysis on an aggregate level. It can be argued that the methods employed have made it impossible to see defection processes.

There have, however, been attempts to study micro-processes where satisfaction and loyalty is in danger. Examples of these approaches are classical studies of customer complaining behaviour and studies on critical incidents. These have not focused on customer relationship termination but instead on purchase transactions and episodes, probably for the simple reason that customer relationships have not been seen. It is not until the unit of study is *relationships* there is an interest in the dissolution of relationships. This focus that evolved in the 1980s concerning consumer relationships has
lead to research also on the quality of satisfaction and the quality of loyalty. In, for example, the interaction and network research tradition (IMP) concerning business relationships research methods have been different, with a preference of case studies and a process perspective. The focus has however not been on how relationships are initiated or on how they dissolve, but rather on how existing and on-going relationships work and develop. Earlier research has in other words more or less chosen to not focus on customer relationship dissolution but (implicitly) rather on how relationships continue.

The Nordic School of Relationship Marketing and Management Approach

It is a matter of opinion if a distinct Nordic School of Relationship Marketing exists. There are, however, indications of a stream of research that has evolved in Finland and Sweden as an evolution of research traditions in services marketing and industrial marketing. The Nordic School of Services Marketing and Management as an approach is well established (Berry and Parasuraman 1993; Grönroos 1994; 1995, Gummesson, Lehtinen and Grönroos 1997). Service management research has gradually and early moved towards focusing on customer relationships instead of only interaction episodes. A widening of the scope from merely service businesses to all kinds of companies has taken place. At the same time the interaction/network approach to industrial marketing that has a strong tradition in the Nordic countries has strengthened its position. These research traditions have been combined at least in research conducted at Hanken Swedish School of Economics and Business Administration in Finland leading to what could be called the Nordic School of Relationship Marketing and Management. Within this stream of research the dissolution of customer relationships have been in focus in a number of studies, either directly or indirectly. In 1994 CERS Center for Relationship Marketing and Service Management was founded as a separate knowledge and research centre at Hanken Swedish School of Economics and Business Administration in Helsinki and Vaasa, Finland. About the same time a national program for doctoral studies in service and relationship management and marketing was launched (FCSRM) where the University of Tampere and Hanken are key institutions. A new infrastructure for research was thus created with a strong focus on services, relationships and networks. The research within CERS at least has greatly influenced the evolution of different separate research projects. We will present an overview of the research and findings from these studies.
Where does the interest in relationship dissolution come from?

Some research and researchers have had an indirect influence by building a foundation for a focus on relationship dissolution. Grönroos has written several articles describing the paradigm shift in marketing thinking (for example Grönroos 1989; 1994a, 1994b, 1996a, 1996b, 1997, Gummesson, Lehtinen, Grönroos 1997). Interestingly not until 1996 (in Swedish) and 1997 he for the first time includes dissolution in his definition of relationship marketing.

“Marketing from a relational perspective has been defined as the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises”.

Prior to this, the termination aspect had, however, been discussed at several internal seminars at the marketing department of Hanken for a number of years. In order to depict the ‘family tree’ of relationship dissolution research at CERS, shown in the figure below, we have categorised the research efforts into three categories: 1) research laying the ground for an interest in relationship dissolution; 2) the initial direct studies on relationship dissolution, and 3) current research lines.
Studies laying the ground for an interest in relationship dissolution

Grönroos (1982) worked very early on what he calls the customer relationship life cycle which was similar to a relationship conceptualisation developed by Gummesson (1977) in Sweden. Grönroos’ relationship life cycle can be seen as a conceptualisation of a dynamic view of a customer relationship life cycle consisting of an initial phase, purchasing phase and consumption phase. It is focused on what the company should do in order not to lose customers, but does not contain an explicit focus on dissolution or the dissolution process. Beside that Grönroos has since then been very active in promoting the need for a re-conceptualisation and paradigm shift from a focus on transactions to a focus on relationships and has created the broad conceptual worldview which continues to influence the work at CERS.

Storbacka (1993, 1994), focused on the weak link between satisfaction and profitability in retail banking relationships, as well as on relationship costs, relationship revenues, relationship profitability, relationship volume, relationship longevity, relationship strength, and routine - critical interactions. His ideas were presented as a contrast to the then prevailing customer satisfaction and service quality paradigm and created a lot of energy and internal discussions.

Storbacka, Strandvik and Grönroos (1994) presented a more elaborated overview of weak links in the traditional logic and an introduction of additional elements in the conceptual chain from service quality to customer relationship profitability. This article and framework has inspired explicitly and implicitly most of the work at CERS since then. The framework introduces as central concepts relationship strength and relationship longevity and represents thus grounding for an interest in relationship dissolution. Another influential article focusing on the connection between service episode quality and relationship quality was published by Liljander and Strandvik (1995). Many of the concepts that later have been focused on where presented as a holistic conceptual model in this article.

Holmlund (1996 licentiate thesis, 1997 doctoral thesis) adapted the model to the business-to-business setting. Her model depicts antecedents and consequences of perceived relationship quality applied to a business-to-business context combined with a dyadic perspective, focus not explicitly on dissolution but on different factors influencing relationship strength and longevity, routine and critical incidents in the relationship are
recognized as the basis for the perceptions of the relationship which in turn affect the nature of it, hierarchical interaction levels, process and outcome quality domain, technical, social and economic quality dimension, comparison standard, and network embeddedness.

Studies focusing on relationship dissolution
Strandvik and Liljander’s study (1994) is perhaps partly indirectly focusing on the dissolution issue by addressing relationship strength. The study, which has been reported only in a short version in a conference proceeding dealt with bank customers’ perception of critical incidents in their current bank relationship. The focus was on what customers do tolerate without breaking the relationship. Methodically the study, however, represented an adaptation of the critical incident technique to a customer relationship setting. The study is relying on the validity of customers’ retrospective views of their relationship. At this time a joint application together with researchers from the University of Ingolstadt (Bernd Stauss) was made concerning the weakening of customer relationships to get financing for research. This project did not get support but would have been based on using the critical incident technique. The critical incident technique has in other adaptations been used in several studies at CERS (Wrange 1997, Roos 1996, Roos 1998, 1999, Holmlund and Strandvik 1999, Edvardsson and Strandvik 2000) and represents thus a characteristic approach for how relationship dissolution have been studied. Wrange (1997 licentiate thesis) studied how relationship termination intentions emerge and develop using SIT (Sequential Incident Technique) concerning hotel guests.

Roos and Strandvik (1996) presented some initial conceptual ideas about relationship termination based on the empirical work done by Roos (1996) about customers switching of supermarkets. She had developed an adaptation of the critical incident technique, which she labelled CPAT (Critical Path Analysis Technique). The paper proposed as important concepts initial state of the relationship, locus of trigger, trigger, termination process, termination outcome, final outcome, and a typology of termination processes and outcomes. These ideas where later on further refined in and expanded in Roos (1998, 1999a, 1999b doctoral thesis) where she adopted a switching perspective concerning customers’ supermarket relationships. Key concepts were termination process, irrecoverable switching path, recoverable switching path, relationship switching, trigger, switching determinants, pushing determinant, swayer determinant, pulling
determinant, total switching path, partial switching path and SPAT (Switching Path Analysis Technique). Essentially SPAT is a more precise label of what earlier had been called CPAT. Roos’ recent work has been focused on further development of this technique towards quantitative measurement procedures. Roos’ work, thus, represent the key empirical study focusing on relationship dissolution within CERS.

Other methodological extensions of the critical incident technique have been done by Edvardsson and Strandvik (2000) and Holmlund and Strandvik (1999a, 1999b, 2000). Edvardsson and Strandvik (2000) discussed the criticality of critical incidents, by building a conceptual model of the contextuality of critical incidents (CIRC) in a customer relationship. This model takes into consideration, relationship history, relationship future, external context, and internal context.

Holmlund and Strandvik (1999a) focused on critical incidents in business relationships introducing a dyadic model containing the concepts, initial relationship state, CI process, modified relationship state, direct outcome, indirect outcome on both the buyer and seller side. In Holmlund and Strandvik (1999b and 2000), a quantitative technique called Negative Critical Incident Mapping (NCIM) which focus on negative critical incidents in business relationships is presented and tested. This method, which, could be used also for studying relationship dissolution is based on ideas created in Holmlund and Strandvik (1997) combined with a critical incident focus. Holmlund and Strandvik (1997) proposed an analytical model of perception configurations in business relationships, matching of two counterparts’ perceptions of their relationship.

There has in other words been a strong focus on negative critical incidents as an approach to study the dynamics of customer relationships. Conceptual frameworks have been developed to aid an understanding of the strength of relationships, factors that influence the continuation of relationships as well as relationship dissolution. This review does by no means represent a complete picture of the research at CERS. There are a number of other studies that separately and interrelated to the studies mentioned have an influence on the research milieu. Certainly there are also influences from other research traditions and fields even if these have not been elaborated on in this review.
Current work in progress concerning relationship dissolution
Åkerlund (2000) is focusing on fading consumer relationships building on conceptual frameworks and methods developed within the CERS research tradition. She has proposed a connection between the initialisation and dissolution of customer relationships, referring to the importance of understanding the roots of a relationship. Berndtson (2000) has started to study the role of word-of-mouth in relationship dissolution and is exploring different arenas for word-of-mouth and different modes of word-of-mouth. In addition to these two research projects focusing on relationship dissolution aspects in the consumer market there are two ongoing projects on business-to-business companies. Wendelin (2000) is investigating the role of bonds for relationship dissolution in a business-to-business context. Laine and Åhman (2000) have chosen another type of business setting, i.e. competing companies, and are studying the dissolution of joint co-operation companies between competitors.

Methodological issues concerning relationship dissolution
In the next section we discuss methodological aspects of studying relationship dissolution. This is an extension of a working paper (Strandvik and Holmlund 2000 forthcoming) where the study of relationship quality is elaborated. It should be noted and kept in mind that the phenomenon studied can be the relationship dissolution outcome or/and the dissolution process. In the text we sometimes refer to the phenomenon, which then accordingly can have these two interpretations. According to Eneroth (1984) three different theoretical research perspectives can be distinguished (in qualitative studies), the static approach, the dynamic approach and the teleological approach. These will here be applied to the study of relationship dissolution. Even if Eneroth only discusses qualitative methods in contrast to quantitative both types will here be considered. When data has been collected it has to be summarized in some way. Two different approaches can be used, a focus on structures and a focus on processes. An overview of the theoretical perspectives and their characteristics combined with the two data summarizing strategies is given in Table 1.
Table 1. A framework for the discovery of relationship dissolution outcome and process

<table>
<thead>
<tr>
<th>Theoretical perspective</th>
<th>Structural</th>
<th>Processual</th>
</tr>
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</table>
| **Static**               | **Nature:** Capturing the characteristics of elements of dissolution, the relationships between the elements, the context of the phenomenon and structures of all of the above.  
**Archetype** (ideal type): Types of elements, relationships, contexts and structures.  
**Essence:** The common denominator in the elements in different cases, the relationships, the contexts and structures.  
**Measurement:** Frequency, level, strength, importance of elements, connections, context and structure. | Not applicable |
| **Elements**             | **Nature:** Capturing the characteristics of change or flows.  
**Archetype:** Types of change processes and typical flow patterns.  
**Essence:** Common elements in change processes and flows.  
**Measurement:** Frequency, level, strength, importance of change phases or flows. | **Nature:** Description of change in terms of stages, steps or phases.  
**Dialectical:** Analysis of changes as evolution (development) patterns or the evolution of flows. |
| **Connections**          | **Nature:** Conditions for dissolution to exist. Factors that lead to the phenomenon to dissolve or disappear. Problems solved by the phenomenon. Problems caused by the phenomenon.  
**Archetype:** Types of good dissolution. Types of bad dissolution. Types of problems solved. Types of problems caused.  
**Essence:** Common denominator in all winner types, all looser types, solutions, problems caused.  
**Measurement:** Frequency, level, strength, importance of teleological processes. | **Dialectical:** Analysis of the process of changes that make dissolution to continue.  
Analysis of the process of changes that makes the dissolution to stop.  
Analysis of the process that results in dissolution solving the problem  
Analysis of the process that results in dissolution being the problem |
| **Context**              | **Nature:**  
**Dialectical:** |
| **Structure**            | **Nature:** |

**The static perspective**

A typical starting point within the static approach is to try to define which the parts are in the phenomenon that is studied, how they relate to each other, in what kind of context they appear and finally whether they form certain configurations. This approach has
within relationship dissolution research been very typical in the still rather scarce literature. Conceptual research has been devoted to specifying which parts should be included in a relationship dissolution model. A typical aim with this type of approach is to find the stable, invariant parts of the phenomenon, something that can be found to be common to different relationships, different situations, and different customers. As the static perspective does not lead to data collected about processes the processual data summarizing strategy is not applicable. Eneroth argues that the theoretical perspective may be either explicitly used but that it also is implicitly adopted through data collection and analyses strategies. The ontology and epistemology is thus often implicit and of a paradigmatic nature. It is, for example, often considered almost self-evident that a static structural perspective is fruitful. The major part of all research done within the field falls into this category.

The dynamic perspective

When a dynamic perspective is used completely different research questions arise. With this approach the focus is on that which is changing. The ambition is to unfold such aspects in a phenomenon that are not stable; the focus is on change. Two approaches can be distinguished: a) the attempt to investigate how some static aspect, for example a particular dissolution factor is changing or b) to follow ‘flows’ through a structure.

Stages can be exemplified as describing the evolution of different forms of something static. An example from the dissolution context would be to look into how dissolution determinants change over time. Important is also to focus on the time variable. Instead of specifying only that certain steps or stages are present in a relationship it is also important to look at the duration of each stage. How quickly is a relationship deteriorating, how quickly is it formed?

The other perspective focuses on the flow of a phenomenon through a structure. In this case the structure is like a system of canals. The production system for goods describes the change of raw material to completed goods. Another more immaterial example would be to follow how a decision travels through an organization, changing in content and structure during its journey. How does the evaluation of a relationship dissolution spread in a social context. How does the evaluation of a relationship dissolution change when interpreted in different parts of the business network?
The teleological perspective

The teleological perspective is based on the idea that change in the phenomenon itself is studied as it changes and in relation to the structures it interacts with. According to Eneroth the teleological perspective would direct the focus towards understanding which mechanism make relationship dissolution process to grow stronger, which mechanisms lead to a degeneration and interruption of a relationship dissolution process, which problems are relationship dissolution a solution to and on the other hand which problems does relationship dissolution lead to.

Each interaction unit can be understood as having three parts, the buyers’ process, the seller’s process and the process where both parties are involved simultaneously. The interaction process is completely linked to both parties’ internal processes. Consequently, a deeper understanding of the nature of the interactive dissolution process depends also on an understanding of the parties’ internal processes. For example, a certain episode always consists of the interaction part where both parties are present in some respect and the links of these activities to internal activities of both parties. One question to consider analytically is where the borderline between the internal and interactive activities is - if there is one at all.

The change in relationship quality may therefore start either in some change that is taking place concerning either of the parties or in the interaction or in the context of the relationship. There may different types of factors influencing the relationship; either changes in the parties other direct or indirect relationships (in the network), in the environment outside the network, for example, in the competition. It may be important to trace the change to its starting point (even if this is somewhat arbitrary in an ongoing relationship), or actually start the analysis from some chosen point in time or some incident that is clearly identifiable.

The analysis of interaction could also take into consideration the dynamics of the whole system. This kind of analysis recognizes the fact that a refocus is needed to “seeing interrelationships rather than linear cause-effect chains, and seeing processes of change rather than snapshots” (Senge 1990, p. 73). Senge points out that system thinking takes into account feedback, which shows how actions can reinforce or counteract or balance
each other. There are certain prototypical patterns that recur again and again in systems. System thinking forms a rich language for describing interrelationships and patterns of change. It also simplifies by uncovering the deeper patterns lying behind specific events and the details.

Senge argues that we often see straight lines (cause-effect) when reality is made up of circles. In systems thinking every influence is both cause and effect. All traditional causal attributions are in fact embedded in linear ways of seeing. In order to see differently there has to be concepts and approaches that force us to look in a different direction. Senge considers feedback and delays to be building blocks of systems thinking. Feedback processes can be amplifying or balancing. Growth or decline can both be explained by amplifying feedback processes. Balancing occurs when there is goal-oriented behavior. When the goal is set the balancing feedback will give impulses in order to reach this particular goal. Many feedback processes contain delays, which make the consequences of actions occur gradually.

**A managerial perspective on relationship dissolution**

A focus on relationship dissolution (and relationship initiation) means a focus on the dynamics of customer relationships. A managerial point of view on relationship dissolution highlights issues such as:

- How and why does the company lose customers?
- How does and should the company get rid of customers?
- How could the company what predict relationships are likely to end? How could meaningful customer segments be created and/or selected that take ending propensity into account?
- What are the financial effects of current retention rate and how is it affected by different relationship dissolution management endeavours?
- How may the company reactivate former relationships?
- How does the company communicate with former customers?
- How does the company identify customers, ended relationships, and what former customers do? Does the company know to what competitor the customer has turned?
- What happens internally when a relationship is close to ending alternately has ended?
- Does the company know to what competitor the customer has turned?
- Does the company know what competitors’ customers are considering switching relationships? How could this be found out? How could this be used?
- What information on relationship dissolution issues would be most useful to the company?

Stressing the managerial point of view Strandvik (1998, 2000) has elaborated the idea that there are three distinct areas or domains for relationship management, the initiation of customer relationships, cultivation of customer relationships as well as handling relationship dissolution/termination. These domains are considered to contain different tasks and logics for relationship management, while they at the same time have to be seen as connected. In Figure 1 a slightly more elaborated model of customer relationship dynamics is depicted. The model points to the need to see individual relationships and customers in a change perspective as well as considering flows (inflow of new customers, reservoir of current customers, and outflow of customers leaving) on an aggregate level.

![Figure 1. A Model of Customer Relationship Dynamics](image)

**Reflections on current relationship dissolution research**

Current relationship dissolution studies indicate that there is examples of studies (Havila 2000; Skaates 2000; Wendelin 2000) using the bond framework for studying different forces affecting relationship dissolution. This concerns both pre- and post-dissolution aspects and may be due to the common interest in studying factors influencing the relationship dissolution process. Also, attention is given to elaborating relationship boundaries and defining the point in time when a relationship is over. In order words,
operationalising when a relationship finally has ended has been in focus. From a management point of view, as long as the definition provides a common and useful working tool, this issue may be arbitrarily defined. In relationship dissolution research it seems to be assumed that relationship life cycles apply. While understandable for the sake of research aesthetics, the support for a cyclical life cycle conceptualisation of relationships tends to be inconclusive.

The context and surrounding network tends to be outside the scope of the studies. This concerns both the relationship-intrinsic setting and the relationship-external setting of the termination phenomenon. The nature and influence of these settings tend to be given merely scant attention. Similarly, recognising inherently different relationship types based on for example different core businesses and business logic seems to be neglected. This may be due to the fact that most studies are one-business type studies and therefore closely connected to the chosen product type. In studies using a cross-sectional approach, again, product-connected features are not elaborated. Differing relationship logic in addition to differing business logic creates different circumstances as well as affect potential reasons and processes for dissolution. Compare for example variety seeking, as a dissolution trigger, which may be more common in the advertising business than in for example business insurance and software projects.

Focus is on buyer and this company’s actions, thus assuming that when it comes to making crucial relationship decisions the buyer is in the dominant position leaving the seller as the reacting party. The seller is in addition assumed to strive to maintain the relationship and thus not have the same relationship intentions as the buyer aiming for termination. Different customer types with different predisposition to dissolve relationships are seldom recognized. This could be of significance for managers as it could be used for example as in general relationship management and in, for example, segmenting decisions.

**Dissolution in itself is a fuzzy concept**

It has been shown that it is difficult to operationalise the dissolution of relationship. Most dissolution processes are not complete or final. It is often rather a process of growing and weakening of the relationship. It is thus a matter of definition when a relationship is
established and when it has ended. Still, such definitions are important to make both for practical reasons and as a research tool.

In the literature a number of different concepts have been used to depict the dissolution of a relationship. Necessarily these conceptual differences do not, however, indicate that there has been a different focus or understanding of the phenomenon, rather it may be a result of researchers with different backgrounds ‘inventing’ a vocabulary suitable for their purposes in a new field of research. It would perhaps be beneficial for further research to develop a more precise conceptual framework as Halinen-Kaila and Tähtinen suggest (2000).

The nature of dissolution
Dissolution may happen in terms of attitudinal effects (emotions and cognition) and/or behavioral changes. There may thus exist a hidden dissolution of a relationship when only attitudinal changes happen without effects on behaviour. From a practical point of view this represents a demanding situation. Attention should also be paid to the process and outcome of the dissolution process.

Reasons for dissolution
Paradoxically also satisfied customers end their relationships. Mainly the focus has however been on processes initiated in negative experiences leading to dissatisfaction and ultimately leading to dissolution of the relationship. As intervening variables, the combined effect of customer involvement and commitment has been suggested (Strandvik 1998) which in itself may be a dynamic state (Roos 1999a). It may also be a strategy from the customer’s point of view (Holmlund and Strandvik, forthcoming paper based on Mintzberg-inspired framework) or variety-seeking behaviour (Roos 1999b).

Research topics in relationship dissolution
As the above discussion, supported by previous relationship studies, suggest there are ample topics of different aspects of relationship dissolution left to research. Many of these were elaborated previously in this paper where methodological issues were discussed. The proposed opportunities concern both gaining deeper understanding into areas already being explored and opening up completely new areas. More understanding is needed in order to understand, for example, different reasons and triggers for relationship termination. In line with previous studies this paper also emphasises the need
to gain insights into processes, because they exhibit vast variety in cognitive, behavioural and emotional content and are in additional closely dependent on the relationship and network context in which they take place. Outcomes and consequences of relationship termination on the involved companies are furthermore topics that need more elaboration. Opening up the basic question “What is relationship termination?” using an inductive research approach could also reveal new insights. This concerns different types of markets and both consumer and business-to-business relationships. The underlying mechanisms for the connection between customer perceptions such as quality, satisfaction, value, commitment, trust, perceived alternatives and relationship termination needs to be understood and studied, free from common assumptions such as termination begins from a dissatisfying experience and the higher the satisfaction the less likely the termination. To this purpose current research on the role of bonds before and after the termination would similarly contribute.

Relationship termination intentions and actual termination need to be studied separately as well as together because they reflect two interconnected sides of the termination phenomenon.

Developing and refining methodological aspects for diagnosing and measuring would not only be of interest to researchers but also to managers giving attention to relationship issues. Also, detecting risk factors in relationship dissolution would most likely be of interest to particularly managers. For example making predictions about the future relationship state is necessary when selecting and evaluating counterparts. These insights would benefit endeavors which aim to prevent and why not also speed up relationship dissolution. Another potential research topic concerns company-internal issues, such as organizational reactions on relationship dissolution that also need more attention. Furthermore and in line with many network studies and despite recognized empirical difficulties, this paper also calls for more studies on the effects of terminated relationships on the companies’ network setting. Finally, management of relationship termination together with learning aspects also deserve research and management attention.
References


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