Jumped, Pushed or Forgotten? Approaches to Dissolution

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Jumped, Pushed or Forgotten? Approaches to Dissolution

Not all relationships are destined to last. Although the literature offers a range of causes of dissolution in buyer-seller relationships no clear framework of dissolution categories or company behaviour for each category has been developed. This study takes a conceptual and empirical look at relationship dissolution and offers a typology of dissolution categories. A qualitative approach drawing from nine in-depth interviews of managers of long-term buyer-supplier relationships confirmed that dissolution falls into one of four categories: voluntary dissolution (bilateral agreement to terminate relations), unilateral involuntary dissolution by either buyer or supplier (customer de-selection/supplier de-selection), and bilateral involuntary dissolution (a fading away of relations). Different exit communication styles were employed for each category of dissolution. Voluntary decisions to terminate relations are likely to be communicated by direct but amicable means indicating a potentially revocable state of dissolution. Customer de-selection and supplier de-selection dissolution types tend to be much more covert with one party either undermining the relationship or else blaming the other for problems, often leading to hostility between the parties and largely irrevocable future relations. The fourth type, fading away, is characterised by a lack of positive action and communication by either party. The implications for the four quadrants of dissolution are considered and in addition to offering a number of propositions the management of dissolution in order to encourage revocable/amicable dissolution is explored.

Keywords: relationship marketing, dissolution, communication, qualitative study.

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Introduction

Perhaps one of the most critical areas that marketers need to consider should be that of dissolution of relationships. When one reads, for example, that 60 percent of strategic alliances are expected to fail (Dean and Yanus, 2001), approximately 1/4 of all business relationships in industrial markets are anticipated to dissolve (Butzer-Strothmann, 1999), and that trying to ‘buy’ relationships through mergers or acquisitions is also likely to fail (Anderson, et al. 2001), this should be a topic high on the research agenda, yet the area remains largely neglected, as Morgan and Hunt (1994, p.33) note:

"Just as medical science should understand both sickness and health, marketing science should understand both functional and dysfunctional relationships."

Seven years on the situation seems to have changed little, as Good and Evans (2001, p.559) note:

"...so little has been written about relational failure in business markets, there is a need to establish a theoretical and practical basis for this condition."

Although we are witnessing a greater coherency in relationship marketing development theory (e.g. Aljo, 1996) the study of dissolution appears to be still very much in its infancy being described disparately within the literature as withdrawal, exit, disengagement, uncoupling or break-up (Stewart, 1998). Over a decade ago Dwyer, et al. (1987, p.23) argued: "There has been no systematic study of the uncoupling of parties from highly evolved relationships" this situation seems to be still the case.

Philosophers and scientists have considered issues of decay and dissolution important for some time. Reflecting on 'Longevity and Shortness of Life', Aristotle maintained that "the reasons for some animals being long-lived and others short-lived, and, in a word, causes of the length and brevity of life, call for investigation" (Aristotle, 350 B.C). Dissolution is also a central theme in the works of Darwin relating to issues of de-selection: thrive and survive or else decay and dissolve. The selfishness which lies at the heart of the Darwinian discourse may, nevertheless, be similar to buyer-seller relationships and potentially detrimental to long-term relationships (Palmer, 2000).

Before the empirical aspect of the study is introduced, articles on dissolution from the major streams of the marketing literature are reviewed (business-to-business, consumer, services) and the area of sociology and
interpersonal relationships is examined (which has informed many marketing studies). These areas have all recognised the importance of building lasting relationships but it seems that only relatively recently have they begun to explicitly incorporate the prospect of the dissolution of such relationships. This is rather surprising when one considers that the dissolution costs incurred can be significant. Costs can include lost investment costs, search costs to find a replacement, negotiation costs, and relationship set up costs for substitute parties (Ping and Dwyer, 1992) and, possibly, expensive litigation costs (Giller and Matear, 2001). Further costs incurred can include loss of rewards and benefits, and negative word-of-mouth from dissatisfied customers. Thus, choosing the wrong partner can turn out to be very expensive (Sharland, 2001), particularly in markets with few customers or slow growth.

We know that relationships are not immortal entities, and that dysfunctional relationships must undergo some form of revolution or else meet with certain dissolution, but yet how is the decision taken to dissolve relations: is it mutual, unilateral or largely involuntary? How is the decision communicated and what are the consequences of the decisions taken by managers to withdraw from relationships? Four categories of dissolution are derived from the literature review (and have received varying degrees of attention empirically), namely: voluntary dissolution (bilateral agreement to terminate relations), unilateral involuntary dissolution by either buyer or supplier (customer de-selection/supplier de-selection), and bilateral involuntary dissolution (a fading away of relations). Although these categories make sense inductively, the approach to dissolution differs markedly for each category. This study attempts to shed light upon the approaches to dissolution within each of these four quadrants.

**Consumer/Services Perspectives of Dissolution**

The consumer/services marketing literature offers a number of perspectives of dissolution. Hocutt (1998) proposed a model of the drivers of dissolution in services which considers the impact of key variables such as trust and commitment on the likelihood of dissolving relations. Based on the work of Hirschman (1970), Stewart (1998) placed dissolution within a model of responses to customer dissatisfaction. Roos and Strandvik (1997) argue that relationship dissolution occurs through different processes and can be categorised by the length of dissolution and its final outcomes.

Of particular relevance to this discussion, Hocutt (1998) notes that there are three types of situations in which relationships dissolve, namely: consumer’s decision, seller’s decision and mutual decision but the article did not fully develop the implications of the alternative approaches. Further, Gillear and Matear (2001, p.96) note that “the few explicit references to
customer exit in the consumer marketing literature focus on customer acquisition and retention."

**Business-to-Business Perspectives of Dissolution**

The business-to-business literature (including channel perspectives) acknowledges that understanding dissolution is imperative in order to redress the imbalance between the grasp of functional relationships versus the lack of comprehension of dysfunctional exchanges (cf. Dwyer, et al. 1987; Morgan and Hunt, 1994). Relatively little is reported about the reasons for relationship dissolution and the process by which they dissolve. The literature overwhelmingly acknowledges that relationship dissolution is an important topic it often fails to "go any further than simply stating so" (Giller and Matear, 2001, p.97).

The causes of dissolution in buyer-seller relationships would appear to be due to a mix of buyer factors, supplier factors or competitor factors (Perrien, et al. 1995; Gronhaug, et al. 1998; Guillet de Monthoux, 1975). Giller and Matear (2001) note, however, that whoever is responsible for invoking dissolution the counter actions of the other firm must be considered particularly in cases of unilateral dissolution. By extending the work of Baxter (1985) and Hirschman (1975), Alajoutsijarvi, et al. (2000) propose a number of exit and voice strategies based on an analysis of four case studies revolving around eliciting a 'beautiful exit.' They concluded that it is difficult to highlight one particular dissolution strategy that is the most beneficial.

Although dissolution is largely perceived as irrevocable Havila and Wilkinson (1997) propose that relationships have a certain 'energy'; they note that "you can push energy around and transform it but you cannot destroy it" suggesting that most relationships may be revocable in some form.

**The Sociology of Interpersonal Relationships and Implications for Buyer-Seller Dissolution**

The work of sociologists and interpersonal relationships has been extensively drawn upon to inform marketing discourse on relationship marketing. In particular the marriage analogy has been used by many authors to help understand the nature of marketing relationships - although this might be seen to be flawed (see Tynan, 1997). One the earliest examples of the application of the marriage metaphor is by Levitt (1983) who suggests that the "sale merely consummates the courtship", then "marriage begins" (p.111). Levitt (1983) also notes that some marriages will fail ending in divorce ultimately leaving “a burdened and costly marriage that tarnishes the seller's reputation” (p.111).

One notable example of the use of the sociology literature in marketing is the stages of relationship dissolution by Dwyer, et al. (1987). This drew from the work of social psychologist Duck (1982) who proposed a model of
dissolution spanning evaluation of relations to recovery. Dwyer, et al. (1987) concluded that little had been done on this important area of marketing and by considering the dissolution process to be the reverse hypothesis to relationship development we are in danger of oversimplifying a complex and important issue.

Several studies refer to the work of Baxter (1985) drawing on her dissolution communication strategies (e.g. Giller and Matear, 2001; Alajoutsijarvi, et al. 2000) (see Figure 1).

<table>
<thead>
<tr>
<th>Indirect strategies</th>
<th>Direct strategies</th>
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<tr>
<td><strong>Unilateral</strong></td>
<td><strong>Bilateral</strong></td>
</tr>
<tr>
<td>Withdrawal</td>
<td>Fading away</td>
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<td>Cost escalation</td>
<td>Pseudo-de-escalation</td>
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<td>Pseudo-de-escalation</td>
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<tr>
<th><strong>Unilateral</strong></th>
<th><strong>Bilateral</strong></th>
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<tr>
<td>Fait accompli</td>
<td>Attributional conflict</td>
</tr>
<tr>
<td>State-of-the-relationship talk</td>
<td>Negotiated farewell</td>
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Derived from Baxter (1985)

**Figure 1: Disengagement Strategies in Personal Relationships**

Baxter (1985) recognises that dissolution can be communicated either directly (by explicitly stating one's desire to terminate the exchange) or by indirect means (achieving dissolution without an explicit message of intent), and that different types of relationships can elicit a different dissolution strategy. Baxter (1985) also discriminates between the bilateral or unilateral possibility of termination.

Building on Baxter's (1985) typology of communication strategies, Alajoutsijarvi, et al. (2000), applied these in a buyer-seller relationship context. The authors proposed that Fait accompli (no possibility of relationship resurrection), attributional conflict (fault finding, apportioning blame), and negotiated farewell (dissolution without hostility or argument, inevitable or beneficial dissolution) were all forms of direct exit communication. Indirect exit strategies were classed as being either disguised: pseudo-de-escalation (desire to change relationship, reduce investments using stealth tactics to dissolve the exchange at some point), cost escalation (increase relational costs so that the partner dissolves relations), silent: withdrawal (express dissolution intentions through changed behaviour such as frequency of communication and reduction in investment), or fading away (implicit understanding that the relationship has ended). The most positive form of exit strategy was perceived to be state-of-the-relationship talk (review of the relationship, attempt to repair/save relations). This was considered to be the most revocable form of relationship.
termination. Alajoutsijarvi, et al. (2000) further extended the typology by distinguishing between other-oriented and self-oriented exit strategies that represent the degree to which parties will avoid hurting their partner or are happy to do so and furthermore that a hybrid of dissolution communication strategies may occur.

In an attempt to classify responses to dissatisfying personal relationships, Hirschman (1970) suggested that individuals could either exit the relationship, voice their concern or remain loyal. His work was developed in a marketing context by Stewart (1998) to explain possible responses to consumer dissatisfaction. Stewart (1998) proposes that customer exit is most likely to occur when there is a deterioration in quality and when there are alternatives open to the consumer.

Although the application of studies outside of marketing to explain relationship development and dissolution provides some illumination of a complex topic it is imperative that marketers develop their own conceptualisations and vocabulary to describe dissolution in a marketing context due to the oft-significant differences that have been noted between the two areas (Giller and Matear, 2001; Alajoutsijarvi, et al. 2000; Tynan, 1997).

An Attempt to Unify the Categories of Dissolution: Towards a Typology

Categories or ‘types’ of dissolution have been addressed to some degree within the literature. As noted earlier, Hocutt (1998) suggested three types of dissolution: consumer’s decision, seller’s decision and mutual decision. Perrien, et al. (1995) offer empirical evidence to support buyer factors, supplier factors and competitor factors as being key categories of dissolution. Building on these contributions, this section attempts to identify the categories of dissolution in buyer-seller relationships. Four categories of dissolution are proposed and examined: joint decisions to end relations, dissolution of the relationship by either buyer or supplier and the fading away of relations. Dissolution due to ‘competitor factors’ is not treated as a discrete category as it is implicit within all four categories.

Type 1 – Bilateral decision to end relationship

In unilateral decisions to end a relationship both parties jointly accept that it is not feasible to continue the relationship, perhaps in circumstances where the relationship is project-based with an accepted finite life (Alajoutsijarvi, et al. 2000) in the case of joint ventures or strategic alliances, or where there is mutual acceptance (Hocutt, 1998).

In some instances neither party wants to willingly end the relationship; nevertheless, pressure from outside of the dyad, or even the wider network, may force both parties to end the relationship. Pressure may come from a parent company influencing a subsidiary to source from companies within
the family network. External economic realities outside of the control of both parties to the relationship may cause the end of the exchange (Tahtinen and Halinen-Kaila, 1997). The recent financial crash in several Asian markets forced the mutual termination of a number of previously profitable relationships with firms from other parts of the world. As both parties have accepted the termination, dissolution is likely to be more amicable with both parties continuing to have a positive image of the lapsed partner. This leads to very different future consequences compared to when one partner exits the relationship bristling with anger (Giller and Matear, 2001).

Type 2 – Supplier de-selection

The literature recognises that the most common mode for dissolution is that it is invoked by the customer. Stewart (1998) cites a collection of studies of exit from banks that indicates they lose between 5% and 52% of customers per annum. Similarly, Butzer-Strothmann (1999) reported that about 1/4 of all business relationships in industrial markets dissolve. Nevertheless, realistically, as relationships are not immortal entities, in the long-term one would anticipate that all relationships would dissolve. Studies indicate that buyers defect due to a large number of factors, including: price issues, account manager turnover, lack of commitment (Perrien, et al. 1995), preference for a local supplier, a personal preference for a supplier in a rival firm (Gronhaug, et al. 1998), service and technology issues (DeSouza, 1996), among others. This category of dissolution appears to be the one that is the most studied.

Type 3 – Customer de-selection

The focus of dissolution has traditionally been based on situations whereby the customer invokes exit (Hocutt, 1998), however, in many instances involuntary dissolution episodes occur where the firm seeks to actively deselect unprofitable or problem customers. As customer deselection has been relatively ignored by the literature, this aspect of dissolution merits special attention.

With changing circumstances of the firm, customer de-selection may be as a result of product deletion. This can occur because of competitive activities, poor product quality, poor sales, external factors and so on (see Hart, 1988; Avlonitis, 1986). Relationship dissolution may occur if relations are based on a relatively small number of products or services. Indeed, product deletion may be used as a strategic weapon to help force the egress of an unwanted partner and not necessarily because a product is weak or a poor performer. There is, however, little evidence to suggest that firms make such formal product or service elimination decisions (Argouslidis and McLean, 2001; Greenley and Bayus, 1994).
The literature abounds with programmes designed to retain customers (e.g. DeSouza, 1996). We are told that by reducing customer defection by 5% it may result in an increase in profits of between 25 and 85 percent (Reichheld and Sasser, 1990), and as customer retention increases, marketing costs fall (DeSouza, 1996). Nevertheless, the supplier recognises that in many instances the customer can be a burden and a liability. Studies in the banking sector reveal that it is not unusual for 50% of a bank’s customers to be unprofitable (Storbacka, et al. 1994). As Egan (2001, p.129-130) notes: “...the handling of the termination of relationships should be regarded as part of the RM process” – not only on the buyer side but also the customer side. Nevertheless there is little in way of de-selection strategies and approaches advanced in the literature. As Good and Evans (2001, p.549) note:

“...The reality is that while relational attachments can foster benefits, there are many occasions when marketers seek, or are forced, to disband or change the nature of customer relationships. Interestingly however, despite the obviousness of this circumstance, this remains an unexamined strategic condition.”

The evidence to suggest that studies of customer de-selection is very much in its infancy is reflected by the numerous labels given to describing the supplier act of the strategic reduction of their customer base, including: customer de-selection and adverse selection (Smith, 1998), supplier withdrawal and termination (Egan, 2001).

Deciding what relationships to terminate is a key strategic decision, as Low (1996, p.23) argues: “Deciding when to get out of an existing relationship and into a new one would minimise the substantial economic, political, and emotional cost associated with building a relationship that was never destined to last.” The primary issue when discussing customer de-selection, however, is how do suppliers’ decide when a customer relationship should be discontinued and how do they go about dissolving relations? Numerous measures are proposed to assess the lifetime value – or benefits – of customers (Reichheld, 1996). Although customer value measures are plentiful in the literature there is little to suggest how suppliers should go about de-selecting ‘problem’ customers. The consequence of this type of dissolution is likely to lead to negative views of the supplier by the de-selected customer, probably making a ‘successful’ dissolution difficult and future transactions almost impossible.

Type 4 – Fading Away of the Relationship

The fourth category of dissolution is significantly different to the others proposed since relationships in this quadrant simply fade away as neither party perceive them as being important. No explicit decision is taken to
instigate the dissolution of relations but rather, due to its lack of importance, the relationship fizzles out and becomes forgotten. This category of dissolution does not appear to be explicitly recognised in the literature, which assumes that one party (or both) will actively make the decision to dissolve relations.

Taking the underlying dimensions of voluntary-involuntary motives for dissolution and the roles of the buyer and supplier four mutually exclusive ‘types’ of dissolution can be expressed in the form of a matrix, expressed in Figure 2.

**BUYER**

<table>
<thead>
<tr>
<th>Voluntary</th>
<th>Involuntary</th>
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<tbody>
<tr>
<td><strong>TYPE 1</strong> Joint decision to end relationship - bilateral</td>
<td></td>
</tr>
<tr>
<td><strong>TYPE 3</strong> Customer de-selection - unilateral</td>
<td></td>
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<tr>
<td><strong>SUPPLIER</strong></td>
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<tr>
<td>Voluntary</td>
<td></td>
</tr>
<tr>
<td>Involuntary</td>
<td>Supplier de-selection - unilateral</td>
</tr>
<tr>
<td><strong>TYPE 4</strong> Fading away of the relationship - bilateral</td>
<td></td>
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</tbody>
</table>

Figure 2: Categories of Dissolution in Buyer-Seller Relationships

The foregoing discussion has highlighted a number of important contributions to the dissolution literature, for example, Alajoutsijarvi, et al’s (2000) examination of dissolution communication strategies, similar work by Giller and Matear (2001), and Perrien, et al’s (1995) study of the causes of relationship dissolution to name but a few. It has also served to demonstrate that the treatment of dissolution is far from comprehensive and that the sociological approaches that have served to inform much of relationship theory has not fully been integrated within the marketing literature in this area, particularly in terms of communication style. One may ask which dissolution communication styles are more prevalent in particular categories of dissolution and what are the implications of dissolution for each quadrant. These issues form the basis for the exploratory research detailed in the following section.

**Methodology**

Given the relative lack of substantive research in the area an exploratory approach was adopted. A qualitative methodology (comprising face-to-face
interviews) permitted the researchers to gain a greater familiarity with issues surrounding the research problem (Robson, 1993). In particular, the approach enabled subjects to put their behaviour into context and reveal insights about their experiences concerning the complex topic of buyer-seller relationship dissolution in their own words - something a quantitative study would not lend itself to easily. Using an interview method also made it much easier to ensure that data was gathered from the relevant people - compared to, for example, a mail survey approach where there is often limited control over who completes the questionnaire (de Chernatony, 1988; Barabba, 1990).

**Sampling rationale**

Given the exploratory, largely inductive, nature of the research the rationale for sample selection is that they are purposive and in-depth as opposed to random, large samples (Miles and Huberman, 1994). Rather than attempting to find out the extent to which many people share a particular opinion the emphasis of qualitative research is to gain insightful evidence concerning attitudes toward a certain topic in order to generalise to theory, not to populations (Bryman, 1988).

A wide spectrum of business contexts have been used in relational research. For example, high service element with products being closely tailored to individual customers' needs (Sharma and Patterson, 1999), a high service component (Stewart, 1997; Perrien et al. 1995) low-tech (Selnes, 1998); but rarely both sides of the dyad (Good and Evans, 2001). In order to maximise coverage and reduce the chances that our findings are distorted by peculiarities or extreme practices in a particular sector a sampling protocol was followed. The population for the study was organisations operating in business-to-business markets with evidence of having long term relationships with buyers/suppliers. The sample criteria was to include:

i. Hi-tech and low-tech firms;
ii. Firms with specialist, bespoke products and firms producing commodity goods;
iii. Firms with products incorporating either a high or low service component;
iv. Both buyer and supplier (dyadic).

A total of nine in-depth interviews were conducted using a largely unstructured interview format; thus it was not the main purpose to elicit a comparison between interviews but rather to attempt to validate the typology or to provide a rival theory. Considerable effort was taken to ensure that informants had been significantly involved in the management of long-term relationships for their respective firms, and could provide insights into
a variety of relationship terminations. The final sample comprised a range of industries that satisfied the sample criteria:

i. Satellite communications (hi-tech sector with bespoke products and high service component);
ii. Ladies and men’s apparel (high design/collaborative components);
iii. Steel fasteners (low-tech/commodity product sector);
iv. Scientific instrumentation (hi-tech/hi-service components);
v. Domestic water meters (high-cost/commodity sector);
vi. Advertising agency (high service component).

The interviews lasted between sixty and ninety minutes and collectively the informants possessed over 150 years of experience in managing relationships with buyers and/or suppliers. In two instances, multiple interviews were conducted within one firm to afford a degree of triangulation, to aid construct validity and to elicit ‘replication logic’.

Although there is no rigid rule defining the appropriate sample size in qualitative exploratory inquiries, a number of broad rules-of-thumb exist, including theoretical saturation (Glaser and Strauss, 1967; Seidman, 1991), or when enough data is collected to warrant a second stage of confirmatory research. In the current research the nine interviews were considered appropriate as it emerged that a suitable coverage of the typology had been achieved, given the exploratory nature of the investigation.

Findings

This section draws together the findings from the interviews and examines the categories of dissolution proposed in the typology. The firms selected placed considerable emphasis on building lasting relationships due to the long-term nature of the sale (e.g. satellite communications), the high service aspect of the sale (e.g. advertising agency), or distance from the customer (e.g. exporter of scientific equipment). Each informant had been involved in the management of relationships within their respective firm for a number of years either in a buying or supplying role. Although informants were able to talk about relationship successes and also of relationship failures no firm admitted explicitly to having formal defection or dysfunctional relationship processes.

Type 1 - Bilateral Decision to End Relationship

The senior procurement manager of a manufacturing firm recalled an instance whereby the supplier of a component could not match her expectations despite considerable evidence and the positive nature of
relations. Both parties engaged in dialogue and bilaterally agreed that the relationship was destined to fail, neither member of the focal dyad was realising the benefits that seemed possible at the relationship’s inception, instead ‘mature’ discussions were held to negotiate the relationship’s ending. She suggested “If we can’t reconcile disagreements then we will walk away, but hopefully we will part on good terms” - suggesting that the positive bilateral nature of the termination indicates a possible revocable element to any possible future exchange due to negotiated dissolution rather than attributional conflict or acquiescence by a weaker party. The notion of the dissolved but yet revocable relationship is at its strongest in this quadrant as enduring ties or an ongoing relationship energy persists (cf. Havila and Wilkinson, 1997) supporting the assumption of the sleeping or dormant relationship (Giller and Matear, 2001). This category of dissolution is also reminiscent of Baxter’s (1985) ‘negotiated farewell’ subsequent to a mutual ‘state-of-the-relationship talk’: the amicable split. Several informants also indicated that markets in decline due to economic factors were a common cause of mutual relationship dissolution.

Type 2 - Supplier de-selection

As indicated in the literature review, and supported by the empirical evidence collated, - the majority of dissolution is unilaterally invoked by the buyer. A prominent reason for this aspect of dissolution was due to failings in communication. Respondents cited that new buyers often ‘wipe the slate clean’ regardless of the recent performance of suppliers, as one executive noted: “We have customers who have received ten or twenty years of good service, they tend not to break that line of communication, but then a new buyer comes in with a new broom and has a complete sweep.” A similar instance was recalled by another manager: “One buyer left and another took over, she left almost immediately, and a buyer came in from a different area and he had got his own favoured suppliers who he’d got confidence in that he’d dealt with on a previous occasion. We went from half a million pounds to nothing in the space of six months.” This is indicative of the interpersonal inconsistency highlighted as a key driving force in dissolution (cf. Alajoutsijarvi, et al. 2000) - leaving the supplier with little they can do to reverse the decision - suggestive of Fait accompli (Baxter, 1985).

In some instances the motive for dissolution may be out of the hands of those assigned to manage relations. The account director for an advertising agency noted that the senior management of a customer decided to use a global advertising agency and end the account at the regional level despite the success it had achieved and the desire for continuation felt by those at the local level - again reminiscent of Fait accompli (Baxter, 1985).
The MD of a clothing company cited a complicated dissolution whereby a key customer wanted to discontinue a particular line in clothing. The customer (a large high street retailer) invoked a technicality in the contract claiming that the clothing being supplied did not meet their quality standards, thus reflective of the indirect dissolution communication style of attributional conflict through finding faults in the supplier (Baxter, 1985). This dissolution also had repercussions for the wider network. As the supplier’s contract had been cancelled by the retailer the informant had to cancel the order with his supplier (based on a technicality in the contract) in order that his firm did not lose money on the exchange. The decision resulted in his supplier resolving never to do business with him again, thus making dissolution irrevocable for all parties in the triad.

A less common cause of dissolution where the supplier was de-selected was offered by the managing director of a communications firm, he recollected that they had lost their entire customer base in Australia due to the most unusual circumstances. An overzealous distributor harbouring concerns about the manufacturer possibly employing more direct market entry strategies in the future (and thus taking away their customers) did not let the manufacturer know who the customers were in order to protect themselves. As the manufacturer was only a few years old striving for rapid expansion and market share they allowed this practice to continue for three years when suddenly the distributor declared itself bankrupt and the management disappeared literally overnight. The MD conceded that although (to the best of his knowledge) the firm’s Australian customers were happy with the product all surrogate relationships the firm might have had through the distributor were now terminated and they were compelled to start afresh in the market, resulting in Fait accompli for the supplier (Baxter, 1985).

In another instance, the managing director for a satellite communications firm recalled that although they enjoyed positive relations with many foreign customers the buyer’s hands were often tied on price due to the directive in some firms at the most senior level to move to a bid-system by tender. He noted that: “A number of people now specifically don’t tender and even though you know they want your equipment, they can’t buy because their hands are tied on price. Three or four per cent is enough to turn them away from you even when they want your equipment.” Thus, where a tender-based system is in operation this acts as a hindrance to relationship continuation with no communication of dissolution.

The account director of an advertising agency cited how they had been responsible for ‘relationship suicide’ with a long running account as the chairman of the agency he worked for wanted a greater penetration of the account by getting other aspects of the client’s business. The respondent
recalled how they were the architects of their own demise as the manager of the account for the customer decided to invite several agencies to have a head-to-head pitch for the entire account, the informant noted that this was very much "...de-selection though a process" on the part of the customer, thus reminiscent of withdrawal or pseudo-de-escalation (Baxter, 1985). In another instance, the informant recalled how they would get some accounts based on the fact that the customer was a habitual relationship terminator. He recalled one particular customer that "...got through an account manager every nine months" and eventually exhausted all the account managers in an agency and would have to switch. On being asked the motives for dissolution the respondent suggested that the official reasons made-known to the supplier included not seeing eye-to-eye on strategy, looking for new creative direction, relationship-driven, finance-driven, or product-driven motives, however, these were the official reasons offered but it was usually because the parties "...stopped being friends", he suggested - indicative of grave dressing behaviour upon losing a customer (Duck, 1982).

One trend that emerged for unilateral supplier de-selection was that the majority of dissolution types were suggestive of 'indirect' dissolution strategies on the part of the customer (cf. Alajoutsijarvi, et al. 2000). In the case of the clothing MD the customer invoked a technicality to end relations as did the supplier to their supplier, the advertising account executive saw his firm manipulated by virtue of their own seemingly customer-centred strategy. As another MD explained: "They [the buyer] might find ways not to do business with you; that's the easiest way in the world."

Type 3 - Customer De-selection

Perhaps one the most obvious reason for unilateral customer de-selection is due to commercial criteria based on delivering a profit. As the MD of a satellite communications firm suggested: "If I have a choice between a ten million pound contract in Bolivia and a four million pound contract in Colombia then I have to go with Bolivia." This was regardless of any previous relations that might have existed and often had. In the clothing industry a respondent suggested that some customers could be burdens. He recalled a common scenario: "If they didn't get much business from you then they might say 'look I’m sorry, but your business is more trouble than it’s worth. We have made a hundred samples and we haven't had an order for more than a thousand garments; that just isn’t economical."

As suppliers devolve through acquisitions and mergers they represent powerful entities that often (due to the asymmetrical nature of relations) hold the upper hand. It is then that the importance of the customer and their reputation in the sector that is brought to bear. One informant suggested: “A lot of suppliers are merging...So they are becoming bigger and bigger
entities. It is actually important that we do stay in their minds eye as being a top ten or top twenty customer and you do that by spending a lot of money...If we are not careful we can slip down their priority list; if we are not spending as much as we need to... There is almost a vested interest from us to increase the spend to make sure that they do keep focused on us and keep delivering all the other benefits that we want.” As some markets changed, so did the nature of many relationships seemingly overnight. Respondents recalled how some relationships have changed, in some cases leading to a transactional shift. Advanced warning of potential customer de-selection may be communicated with one respondent noting that: “It doesn’t matter how big you are, how loud you shout, it’s the volume” and “If you make your mind up about the kind of product you are looking for we would be pleased to supply you. We have other opportunities as well.”

Other long-standing relationships had been terminated as the supplier received a better offer. One executive recalled: “The reputation in Korea was that you would come in and you would say ‘OK, I’ll give you an order for ten thousand pieces’, and they would say ‘great, yes. We’ll go ahead and make that.’ And next week somebody from America might come in and place an order for twenty thousand pieces, they would just rip up your order; you’d just never see it.” Thus, advanced warning is not universally given.

Within the advertising industry switching is rife both on the part of the customer and also the agency. An informant noted that “Other big competing agencies get rid of accounts because the creative element is their lifeblood - the ‘we can’t afford to have you on our show-reel’ attitude. Some accounts are got rid of because a more profitable account is on the horizon, and also because you have competing accounts.” Customers could also de-select themselves by virtue of changing or extending their product portfolio so that the agency then has two clients with a portfolio that overlaps and then has to terminate one account. The informant had witnessed this as an account manager of a client that had been with them for over twenty years who, due to conflicting accounts, had to be ‘resigned’, resulting in a negotiated farewell (Baxter, 1985).

The managing director of a clothing firm recalled a long-term relationship with an American Licensee, he recalled: “We had been given a license to sell this product by an American company. Another part of our group with a subsidiary in Canada messed this American company around, and that soured the relationship with us...they said the contract has expired, we’re not doing business with you anymore.” This indicates how in some instances the influence of the network was seen to incite the dissolution process.

The account manager for an advertising agency recollected how they engineered the de-selection of a particularly awkward customer. They had retained the account for over a decade when the relationship had started to
sour. The agency brought in a manager to force the account to go into a particular strategic and creative direction in which they were reluctant to go. As the informant noted: “We resigned them. We made it difficult for them to do business with us. There was a kind of malaise at the senior level, people had stopped talking, at the operative level things were fine, they stopped being friends at the top level. The relationship had soured. When things go wrong at the highest level they tend not to get fixed, there is no higher court or higher level to repair things. Creative/strategic problems were used as excuses for masking over the cracks of the problems at the higher level.” In this instance, the costs associated with the relationship obviously became increasingly harder for the customer to bear (Baxter, 1985). In a stage of grave dressing or post-dissolution rationalisation the informant noted that there is an afterglow when the account has gone because you’ve got rid of them – but in reality you’ve lost some income. He explained: “They were not de-selected because they were unprofitable, you will always try to get rid of ‘dog’ accounts, but this one was not. The rationalisation is financial but the loss is psychological. The ending is sad, you all know it’s coming to an end. It’s almost like a death. You’ll probably have an end of account formal event.”

Buyer-seller relationships do not exist in a vacuum, external forces – particularly market conditions – influence dissolution. The commercial director for a steel fasteners firm cited a change in market conditions that influenced the portfolio of relationships they managed. He offered: “...1996 was a suppliers market. We could actually pick and choose who we took on board.”

Type 4 – Fading Away of the Relationship

In some instances the relationship gradually loses its importance over time and simply fades away. Due to the nature of dissolution in this quadrant, few informants volunteered evidence of a relationship that had simply faded away. This is hardly surprising as an active management of the relationship would have called for a decision by either party leading to dissolution from either category one, two or three. Nevertheless, one informant recalled one such instance he claimed “we did not make any money out of it [the relationship] and didn’t really want it anymore, we didn’t want to get rid of it but work dwindled, the relationship drifted only because the money wasn’t there. People like each other and don’t really want to do anything about it” ultimately leading it to be neglected and its fading away.

It would appear that it is part and parcel of doing business to experience the diverse nature of the dissolution types espoused. In most cases informants had experienced all types of dissolution. Thus, it is vitally important that greater steps are taken to develop strategies for dealing with
the different types of dissolution and their communication to other parties (cf. Alajoutsijarvi, et al. 2000).

Discussion

There is an emphasis in the literature to examine dissolution almost exclusively from the perspective of buyer-invoked dissolution, although other forms of exit are noted (Hocutt, 1998; Perrien, et al. 1995). The preceding evidence, from both the literature and the interview findings, indicates that supplier de-selection is almost certainly the most common form of dissolution, there was, however, strong evidence to support the remaining three categories. This was particularly evident in the case of customer de-selection (a relatively unresearched area) where there was considerable evidence to suggest that this form of dissolution is rife in most industrial sectors.

Communicating Exit

The nature of the reported cause of dissolution for each of the categories suggests that categories one and four represent the most revocable, or easiest to resurrect, relationships, whereas dissolution categories two and three represent the most irrevocable forms of dissolution. A variety of different dissolution communication strategies appear likely to be employed for each dissolution type. It would seem, however, that in bilateral dissolution situations (voluntary-voluntary or involuntary-involuntary) more direct dissolution communication styles are employed. It should be noted, though, that in each quadrant a variety of dissolution communication strategies are applied.

Considering the evidence and the dissolution communication strategies proposed by Baxter (1985) and expanded by Alajoutsijarvi, et al. (2000) it was clear that certain dissolution communication strategies were more closely related to some dissolution categories than others. The bilateral decision to end relations (category one) is derived from the understanding by both parties that the expectations of the exchange are not being met. Thus, dissolution communication strategies employed in such instances are more inclined to be (after some degree of soul searching) direct with some attempts made to resolve issues (e.g. state-of-the-relationship talk) - but after dissolution - largely amicable. As the termination of relations is fairly congenial, bonds may exist after termination resulting in an ongoing relationship energy (cf. Havila and Wilkinson, 1997) leading to sleeping or dormant relationships (Giller and Matear, 2001).
Dissolution (or exit) has been described it as "...The economic phenomenon of a customer ceasing patronage of a particular supplier" (Stewart, 1998, p.235). The evidence, however, for category one indicates that there are other important bonds that exist between buyer and supplier that are not based on economic criteria e.g. social bonds. This is reflected in the Nordic definition of dissolution, influenced by the IMP group of researchers and social psychology perspectives of dissolution, which suggests; “a relationship is dissolved when all activity links are broken and no resource ties and actor bonds exist between the companies” (Tahtinen and Halinen-Kaila, 1997, p.560). Therefore, the nature of bonds plays an important role in the nature of dissolution and differentiates buyer-seller dissolution from their counterparts in personal relationships (Giller and Matear, 2001).

Dissolution in category two was communicated to the supplier in many instances through indirect means. A number of tactical dissolution strategies were seen to be employed - pseudo-de-escalation or withdrawal - with silent or disguised attempts to change the nature of the relationship unbeknownst to the supplier. It was also evident that a significant amount of grave dressing occurred with ‘official’ causes of termination being cited that helped to save face for one or both parties to hide an often very different reality. In instances where direct dissolution communication methods were used this was often to intimate that the relationship could not be resurrected (Fait accompli) or to apportion blame (attributional conflict) - leading to hostility and largely irrevocable relations. There was also considerable evidence of an impact on the network as in the case of the triad of dissolved relationships, and influence exerted from outside of the network where directives from a parent company forced dissolution.

Although some definitions of dissolution, and indeed studies, imply that the buyer chiefly invokes dissolution it is clear from the informants’ evidence in category three that suppliers were just as prone in many instances to invoke dissolution. Dissolution was often due to the high psychological and financial costs of some relationships and the poor status of the customer. Category three also has strong parallels with category two, as indirect dissolution communication strategies were rife (e.g. cost escalation), in instances where direct strategies were employed they were often to attribute blame or to state that the relationship was over (Fait accompli). Similarly, there was also evidence of grave dressing in the guise of post-dissolution rationalisation, which after some time had passed from exit was often perceived negatively as ultimately the firm had lost some income. On the other hand, we have also observed instances of direct communication prior to potential withdrawal, thus potentially leading to either negotiated withdrawal or at least a revocable termination.
In quadrant four of the typology the notion of the dissolved but yet revocable relationship with enduring ties is evident (although perhaps not as strong as is the case in category one). Here relationship dissolution is likely to be amicable, as both parties found the relationship of so little importance that it faded away and as a result is likely to leave neither party bristling with anger. There are no communication strategies employed as relationships fade involuntarily away. In dynamic changing markets it is not surprising that some relationships are destined to dwindle and wane particularly as firms pursue relationships with greater status and profitability for both parties.

Implications of the Dissolution Typology

It is acknowledged that exit may vary in its intensity ranging from irrevocable to revocable exit; with many relationships having some enduring ties or energy (Havila and Wilkinson, 1997). Therefore, dissolution can be considered in terms of its ‘intensity’ (an outcome of dissolution), – the strength of the reaction to dissolution (Roos and Strandvik, 1997) – which can be defined as the degree to which one party diminishes their economic and/or social patronage with another party. This allows us to understand the revocable nature of relations. In category one of the typology the dissolution process is likely to be more amicable (e.g. mutual state-of-the-relationship talk) and therefore the outcome of dissolution is likely to be lower in intensity than categories two or three and therefore have the possibility of rekindled future relations. Categories two and three – during the process of dissolution – are likely to witness scenes of attributional conflict, cost escalation etc. which should result in a strong intensity of exit and limited possibility of resurrecting relations in the future. Nevertheless, within the current research we have some indications that where relationships have been relatively strong, even within categories two and three some efforts are made to communicate advanced warning of potential of dissolution, and consequently ameliorating the negative dissolutional aspects. In the case of category four, dissolution has not been acknowledged and as such, should mean a low intensity of exit.

The speed of dissolution – or length (Roos and Strandvik, 1997) – is likely to depend on the nature of any bonds between the parties. It has been proposed that engaging in more direct strategies helps to speed up the dissolution process, whereas indirect strategies give the partner time to adjust only if the partner realises dissolution is occurring – which could be key if finding another partner quickly is important (Alajoutsijarvi et al. 2000). In light of the proposed typology, the speed of exit for category one may last some time as there are often discussions concerning the state of the relationship and the methods that might be employed to preserve it prior to exit. In the case of categories two and three, we are likely to witness
protracted periods of dissolution as one or more parties engage in stealth tactics to undermine the other's position in the relationship before one party takes the decision to dissolve relations. The longest period of dissolution is likely to be for category four as relations dissolve often over considerable periods of time.

Managing Dissolution

From the viewpoint of a company and its portfolio of relationships, at any one time a firm is likely to have exchanges that may fall into one or several of the four quadrants expressed in the typology. Thus, a firm is likely to have an exchange that both parties agree should be discontinued, where the customer does not feel that the benefits accrued from the relationship are worthwhile, where the supplier feels that the customer is a burden, and where the relationship is considered of so little importance that it drifts and simply fades away (i.e. jumped, pushed or forgotten). Just as an important managerial function is to understand how to maintain and enhance profitable buyer and supplier relationships it is also imperative to understand how to manage a portfolio of dysfunctional or dissolving relationships.

In order to elicit the most favourable dissolution process it would seem that management should endeavour to encourage bilateral or mutual dissolution. If dissolution is achieved through means of de-selection then not only is considerable time and effort exerted in either disguised exit strategies (e.g. cost escalation) – which may only serve to damage ones reputation in the network – but a greater intensity of exit and speed of exit will occur; it may be better to be honest with ones partner. Therefore, just as relationship type will impact on performance in functional relationships (O'Toole and Donaldson, 2000), the evidence presented here indicates that depending on the category of dissolution the process will alter markedly, suggesting that the nature or category of exit and the process of dissolution are intertwined.

Conclusion

Just as managers expend considerable effort in developing and enhancing functional relationships considerable effort has also to be expended in the management of dysfunctional ones. The nature (or category) of dissolution is likely to have a considerable impact on the revocable nature of future relations, the swiftness of exit, the impact on the network and also the impact on other relationships the firm has: making relationship dissolution extremely complex. Therefore, managers will have to consider the repercussions of attaining certain categories of dissolution and expend effort in achieving amicable exit.
The proposed typology advances the literature by recognising that the decision to dissolve relations can be classified and certain exit strategies lead to particular outcomes (either positive or negative for the firm). Each quadrant may manifest due to different motives for dissolution and often result in different styles of communicating the desire to dissolve relations – there is likely to be no simple pattern of dissolution with most dissolution episodes likely to experience a number of different communication strategies. It is also likely to be the case that for each category of dissolution the process of dissolving the relationship will differ as parties change their tactics. This evidence indicates the need to strategically manage the relationships a firm has, and to control how parties exit relationships whether by being pushed, jumping or through simply being forgotten.

Research Directions

A number of research directions present themselves. One aspect that has not formed a prominent part of the debate within this article concerns the motives underlying and driving the dissolution process. Future research may try to link motivation with the particular dissolution approach and communication style adopted. Here there would also be an opportunity to link relationship dissatisfaction as one of the motivators. Nevertheless, just as satisfaction is conceptualised as a multidimensional construct, different ‘dimensions’ of dissatisfaction could usefully be examined as motivators for dissolution. In undertaking such as study, while there would need to be further consideration of the key constructs involved, a survey-based approach would be appropriate which would also offer scope for examination of differences in dissolution between industry sectors. Havila, et al. (2001) point out the difficulties inherent within research into dissolution. They warn that obtaining access to the required data may be problematic given that dissolution is a politically sensitive issue in many companies which they may not want to discuss as it may be seen as a failing on their part.

On the other hand, much of the interpretation of relationship breakdowns within this research centres on revocability. It would therefore be advantageous to examine ‘phoenix relationships’ (relationships that are rejuvenated after some time) by assessing the degree to which relationships can be, or have been, resurrected in relation to each category of dissolution. This is particularly germane in categories one and four which, from the analysis, apparently have the most amicable exit. Nevertheless, we must be confident that the relationship has actually broken down and subsequently rejuvenated and was not merely dormant. Given the complexity of the issues involved here and the lack of previous research a qualitative strategy is indicated but a dissolved relationship also indicates some degree of change...
within the organisation that may lead to individuals changing roles, making it harder to get access to key informants (Havila, et al. 2001).

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