Relationship Marketing as Factor for Competitiveness of Knowledge-Intensive Business Services’ Providers

Liudmila Bagdoniene¹, Dalia Kunigeliene², Rasa Jakstaite³

Faculty of Social Sciences, Kaunas University of Technology

Abstract

Development of KIBS and significance of these services to economics usually are analysed considering KIBS as source of innovation and knowledge transfer. Despite of this, sector of KIBS distinguishes by its rapid growth and competition; therefore KIBS providers should pay more attention to strengthening of their competitiveness. It is possible to achieve competitive advantages in the market not only using traditional levers – increase of productivity or flexibility, improvement of quality, innovativeness of activities, etc. – but also effective relationship management with customers. Although process of relationship management is beneficial to both service provider and client, the paper deals only with perspective of KIBS provider. According to exploratory research of literature, peculiarities of process of KIBS providers’ and clients’ relationship affecting marketing decisions are revealed.

Le développement de services intensifs de la connaissance (KIBS) et son économique importance est d’habitude analysé comme une source des innovations et de transfert de la connaissance. Mais ce secteur est caractérisé par la forte croissance et concurrence, donc des prestataires de KIBS doivent plus en plus se concentrer sur la performance concurrentielle. Les facteurs clés de la performance concurrentielle sont: productivité, flexibilité, l’innovation et, en particulier, le marketing des relations avec les clients. Le marketing des relations avec les clients sont bénéfiques pour tous les deux: client et prestataire, mais dans cet article est analysé seulement de la position du prestataire de KIBS. Dans cet article nous sommes concentrés sur les particularités du processus des relations entre prestataires de KIBS et ses clients de point de vue des décisions de marketing.

¹ Liudmila Bagdoniene, Faculty of Social Sciences, PhD, Assoc. Professor, phone +370 37 30 01 24, e-mail liudmila.bagdoniene@ktu.lt
² Dalia Kunigeliene, Faculty of Social Sciences, lecturer, phone +370 37 30 01 05, e-mail dalia.kunigeliene@ktu.lt
³ Rasa Jakstaite, Faculty of Social Sciences, PhD student, phone +370 37 42 73 50, e-mail rasa.jakstaite@gmail.com
Introduction

Knowledge-intensive business services (KIBS) are considered to be one of the hallmarks of the knowledge-based economy. KIBS provide considerable potential for future employment growth, contain many innovative users of new technologies (Miles, 2003); it acts as potentially valuable intermediate inputs across a range of sectors of economy and thus directly shape the competitiveness and performance of manufacturing and service firms, as well as organizations administered by local and central government (Grimshaw et Miozzo, 2006). Nevertheless KIBS deserve special attention not only as sources of innovation and agents of knowledge transfer, but also as being dynamic and rapidly growing sectors. According to Miles (2005), as KIBS supply a wider range of services, overlap and convergence between different KIBS sectors has grown. Taivonen (2004) argues that such convergence is a trend across many KIBS sectors, as traditionally distinct KIBS sectors increasingly offer services that were previously provided by each other. Additionally the companies from other sectors (even former manufacturing companies may redefine themselves as service industries) move in to offer KIBS. This determines increasing competition among KIBS providers. There is a plausible argument that KIBS providers in all sectors are being forced to pay more attention to their competitiveness. Viitamo (2003) notes that eventual competitive outcome is highly dependent on business environment in general, company strategies, and the organizational flexibility. The organisation’s competitiveness increases through improved productivity, agility, reputation, and innovation (Holsapple et Singh, 2001), ameliorating quality, flexibility, responsiveness (Bhatnagar et Sohal, 2005), enhancing knowledge, competences, professional skills, networks, R&D and innovativeness (Haataja et Okkonen, 2004). Ford et al (2003) note managing organisation relationships all business partners and its position in the business network has become the critical task on which a company’s very existence stands or falls. Gummesson (1999) highlights the basic relationship is between a supplier and a customer. The role for competitive advantage of interaction between business-to-business firms (hence and KIBS) and their customers is also stressed by Turnbull et al (1996). According to Walter et al (2001), the customers are becoming a key source of competitive advantage because, in addition to revenues, providers can gain product ideas, technologies, and/or market access, etc. from their customers. Brax (2005), Bettencourt et al (2002) also note the importance of customers and affirms that they become the main partners in service development as ideas based on newly identified customer needs are often initiated in customer relationships. Thus an understanding of how to manage relationships with customers effectively has become a more and more
important topic. Increasing competition has led to the emergence of concepts that focus on the nurturing of relationship to customers. The customer relationship management (CRM) emerged as an amalgamation of different management (in particular relationship marketing) and information systems approaches (Gebert et al, 2003).

Although KIBS seem to be relationship intensive, surprisingly enough it seems as possible determinant of company competitiveness. Bose et Sugumaran (2003) claim there is a lack of overall framework to integrate the customer relationship management functionalities with the management and application of the customer-related knowledge, particularly in the context of marketing decision. Gebert et al (2003) notes that the concept of customer relationship management in liaison with the concept of knowledge management focus on allocating resources to supportive business activities in order to gain competitive advantage.

Objectives and scope of research

Consultancy services as one of the KIBS groups plays an important role in creating the knowledge economy in Lithuania. Referring to the data of Lithuanian Department of Statistics (2007), in 2006 consultancy firms made 26.9 percent of all organizations providing KIBS in Lithuania. Since 2002 in Lithuania number of consultancy firms has increased about 5 percent. However the income received by these firms increased only by 1.1 percent during the same period. In Lithuania a lot of international firms providing consulting services function beside local ones (e.g., MRI, COWI Consulting Engineers and Planners AS, IBM Global Services, Rödl & Partner, PricewaterhouseCoopers, Deloitte, Oracle, HP, etc.). This shows that competition among the providers of these services is increasing, thus consultancy firms should pay attention to creation and sustainability of their competitiveness. As it has been already mentioned one of the ways to strengthen competitiveness is to make better relationships between consultancy firms and their clients. Unfortunately, the relationship marketing of firms providing consultancy services as well as their clients is fragmentary researched in Lithuania. Broadly speaking Lithuanian researchers pay more attention to the theory of relationship marketing: Bagdoniene et Sliziene (2002), Vekteryte et al (2003), Dovaliene (2003), Virvilaite (2003, 2005), Belousova (2005) analysed the evolution and peculiarities of relationship marketing concept, distinguishing levels of relationship marketing analysis, explaining the diversity of interpretations of relationship marketing definition, analysing their content, characteristics of relationship marketing; Bucioniene et Zvireliene (2002) stress influence of relationship marketing on business infrastructure development; Zvireliene (2004) emphasises impact of relationship marketing on company’s activities, Bucioniene et al (2004)
study impact of relationship marketing on company’s micro and macro environment. Consequently it is evident that such researches focus only on specific aspects of relationship marketing, and they lack some systemic/holistic approach (Juscius et al, 2006). The infrequent researches, which analyse practical aspects of relationship marketing application and are carried out in Lithuania, are more focused on the market of business-to-customer not business-to-business.

The aim of our research is to find out how the marketing of relationship between KIBS providers and their clients could influence the competitiveness. In analysing KIBS and their users’ relationship marketing the most attention is paid to relations between consultancy firms and their clients.

Our investigation consists of two stages. The first stage, based on an extensive analysis of relationship marketing and KIBS literature, discloses principles and process of relationship making and keeping between KIBS providers and their clients as well as relationship benefit for the provider. This exploratory research is intended to obtain greater understanding of the concepts of KIBS providers and their clients’ relationships marketing. The second stage will include the comparative analysis the relationship marketing of Lithuanian and international consultancy firms as well as their clients. It will be a descriptive study and it will be conducted to answer how KIBS providers make and keep relationships with their clients and whether the relationships positively influence competitiveness of providers.

The article presents the results of the first research stage only.

The concepts of relationships and relationship marketing

The relationships are in core of human behaviour (Gumnesson, 1999, 5). The businesses of relationship age are leveraging knowledge about their network of relationships, including customers and other market’s actors (e.g. employees, partners, providers, investors) for to transform their products and services into memorable experiences that create unique value. The wealth embedded in customer relationships is now more important than the capital contained in the land, factories, buildings, and even bank accounts (Galbreath, 2002). This scholar claims that the relationship age is the pathway of economic success.

Despite relationships’ significance, Grönroos (2000) assumes that the question what is a relationship is discussed seldom. Schurr (2007) notes that the marketing studies of relationship development tend to ignore the causes of changes in the state of a relationship, the dynamic effects of alternative communication strategies, and most significantly, the importance of time and process.
The relationship is the process of developing mutual understanding and the mutual creation of value with customers over the lifetime of an association. The relationships refer to characteristics more generalized and more long-term in nature than interaction (Schurr, 2007). They are based on principles of understanding, trust, collaboration, commitment and adaptation (Kasper et al, 2006, 149). Consequently the best relationships are truly independent, with all parties involved relying on and trusting the others to do what it is necessary to benefit the relationship as a whole. They represent the win-win opportunity for a business (Galbreath, 2002).

The relationships comprise activities at multiple levels, from individual service personnel and sale staff, to organization-wide initiatives such as strategic alliances. They are not dichotomous (distant or close, good or bad) and exist in a wide variety of forms. Kasper et al (2006, 151) note that the best way to describe the relationships is to contrast them on different dimensions, for example, individual versus collective, obligated versus non-obligated. Turnbull et al (1996) made a point that all inter-organisational relationships simultaneously exhibit conflict and cooperation, with guile and self-seeking. In the professional services Laing et Lian (2005) distinguish elementary, interactive, embedded, partnering relationships and integration. Walter et al (2001) identified the selling, low- and high-performing and networking relationships. The effective management of relationships between providers’ and clients’ organizations is increasingly viewed as being a key source of competitive advantage for modern organisations (Wilson, 1999). The business relationships appear as a valuable resource essential for the economics performance (Castro et al, 2005). Accordingly it means the need to develop the understanding of the nature and dynamics of relationships between organisations. This is one of the conceptual and operational challenges facing marketing professionals (Laing and Lian, 2005).

What is the benefit of customer relationships for a company? Galbreath (2002) argues that the long-term customer relationships can be achieved only by taking advantage of every opportunity to know more about each customer. If such knowledge is acquired, a business will be able to maximize the lifetime revenue and profitability of every customer. He claims that the key value of the relationship’s outcome is the captured lifetime value, higher profitability and referral source. Oliver (2006) maintains that the results of relationships are customer satisfaction and loyalty. Customer relationships can also be interpreted as being difficult to imitate, thus they are considered to be a factor of organisation’s competitiveness. In the course of the customer relationship life cycle, the firm and the customer develop commitment and trust that cannot be copied by a competitor. Likewise, a competitor would have difficulty in
disentangling the causality that exists between the customer relationship and the underlying reasons. Moreover, the complexity of the customer relationship is caused by multiple interactions having taken place between the firm and the service customer in the past. Thus, the customer and customer relationships are embedded in a specific context. Customers and customer relationships can be interpreted as resources of the service firm which might be the basis for sustainable advantage over competitors (Gouthier et al., 2003). Increasing of competitive global markets has motivated firms to reduce costs and enhance the benefits derived from their business relationships. Typically, these cost savings and increased benefits are obtained by establishing a collaborative working relationship characterized by trust and the sharing of information (Hogan, 2001). So the most researchers stress that increasing benefit and reducing costs often appeals to customer relationship marketing.

Zeithaml et al (2006, 177) note that relationship marketing or relationship management is a philosophy of doing business, a strategic orientation that focuses on keeping and improving relationships with current customers rather than on acquiring new ones. According to Lovelock et Wirtz (2007, 432), the relationship marketing means activities aimed at developing long-term, cost-effective links between an organization and its customers for the mutual benefit of both parties. Grönroos (2000) affirms that relationship marketing is based on managing customer relationship (as well as relationships with other parties). The strategy of relationship marketing may create more value for customer than the value of the mere transactions of goods or services in single episodes (Grönroos, 2004). The relationship marketing perspective refers to notion that the top of value of products and/or services that are exchanged, the existence of a relationship between two parties creates additional value for the customer and also for the supplier or service provider. The idea of relationship marketing explores strategic methods for maintaining or improving current and prospective customer retention (Gebert et al, 2003; Bull, 2003). Gummesson (1999, 24) defines the relationship marketing as marketing seen as relationships, networks and interaction as well as the author highlights that the basic relationship of marketing is between a provider and a customer. The relationship marketing emphasises that customer retention affects company profitability in that it is more efficient to maintain an existing relationship with a customer than create a new one (Reichheld, 1996). Thus, in order for relationship marketing to create mutual profit, a service provider and client should manage this process. According to Light (2001), customer relationship management (CRM) evolved from relationship marketing and the increased emphasis on improved customer retention through the effective management of customer relationships. Lovelock and Wirtz (2007, 435) consider that CRM is overall process of building and
maintaining profitable customer relationships by delivering superior customer value and satisfaction. According to Gummesson (2004), CRM is the values and strategies of relationship marketing – with particular emphasis on customer relationships – turned into practical application. Firms have come to realize that they should focus on the “economically valuable” customers. Thus, instead of treating all customers equally, companies are now realizing that it is more effective to develop customer-specific strategies. CRM enables firms to deploy such strategies by managing individual customer relationships with the support of customer databases and interactive, as well as, mass customization technologies (Stefanou et al., 2003).

Kasper et al (2006, 154) claims that CRM encompasses all activities undertaken by an organization to identify, select, develop and retain customers. Grönroos (2000) notes relationship marketing requires tools, activities and processes that support and facilitate the management of customer relationships. Many of these are traditional: branding, advertising, direct mail, price etc. But ongoing of management the relationships necessitates that all activities and functions (for example, invoicing, claims and complaints handling, maintenance, interactions between customer and service employees) that have previously not been considered as part of marketing become part of the implementation of relationship marketing. Chen et Popovich (2003) also note that customer relationship management requires company-wide, cross-functional, customer-focused business process re-engineering. In addition, usual 4P are changed by 11C in relationship marketing (Gordon, 1998, 171). It means that a service provider, while making and developing relationship with clients, has to foresee the complex of the following elements:

- customer; service provider must decide what clients to serve and what strategy he/she must follow in the relationship with them;
- categories; a company providing services defines volumes of the services provided to its clients. In addition, a company takes a decision whether during the process of services’ provision it will look for partners or it alone will provide services (in such case it is important to have a strong brand);
- capabilities; a services’ company has to assess its resources that might be necessary to be able to provide its clients the promised services as well as to organise the provision with the resources;
- cost; profitability and value; a service company must function so that client’s profitability would be increasing in creating a new value with him/her. It is possible to implement by increasing client’s competitiveness due to less costs or by creating possibilities to increase income, for example, after having created a new service or new goods;
control of the contact to cash process; a service company must foresee how flows of the cash will be controlled;
• collaboration and integration;
• customization; the creation of a new value for a client will be inevitably related to larger or smaller changes of the supply, development of employees’ competencies, etc.;
• communications, interactions and positioning; a service provider must guarantee interactive relationship with a client at real time, as well as it is necessary to manage company’s positioning;
• customer measurement; a company must know how its clients evaluate it;
• customer care; it means that a service provider foresees processes of clients’ information, training, claims’ presentation and their solution, etc.;
• chain of relationships; a company makes relationships with all necessary participants in the market to create a client’s value.
Companies that successfully implement CRM will reap the rewards in higher customer satisfaction, customer loyalty and long run profitability (Chen et Popovich, 2003). Lapiere (1997) observes that the relationship itself might have a major effect on the total value perceived. In a close relationship the customer shifts the focus from evaluating separate offerings to evaluating the relationship as a whole. The value is considered to be an important constituent of relationship marketing and the ability of a company to provide superior value to its customers is regarded as one the most successful strategies (Ravald et Grönroos, 1996). CRM concepts have been widely accepted by many companies in different industries because they recognize that keeping strong customer relationships is likely to bring profitability in the future (Nguyen at al, 2007). Customer relationship management has generally been assumed to create a competitive edge for an organization, as well as to have a positive impact on organizational performance (Sin et al., 2005).

The customer relationship marketing and KIBS

Knowledge-intensive business services industries are in the front line of the knowledge economy development. These services have been among the most dynamic segments of the service sector in European countries since the mid-80s. In 2002 in the KIBS service sectors in EU were almost two million firms and they accounted for about 2.7 percent of produced value added (Viljamaa et Kuusisto, 2006). Kuusisto et Viljamaa (2004) note that on the EU level expertise-related services (e.g. accounting, legal services, management consulting, recruitment and personnel services, R&D services) account about 60 percent of the
employment. KIBS include the computer and related services, research and development, legal and financial services, marketing services, technical services, consultancy and labour recruitment, training in the private sector (Gallouj, 2002; Toivonen, 2004; Kuuisto et Meyer, 2003). Thus KIBS are research, consulting and engineering activities provided by expert firms to other companies and organizations. They are based on intellectual, philosophical, methodological, technical or procedural knowledge (Eriksson et Lindvall, 2002).

The process of KIBS providers’ and clients’ relationship is presented in Figure No 1.

Figure No 1
Framework of KIBS providers' and clients’ relationships marketing process

Sobel (2006) emphasizes that the relations between KIBS providers and clients are harder than ever to build and sustain but they are also more important than ever. He states that the growth and profitability of those firms is still very dependent upon their ability to manage and grow key relationships.

KIBS cannot simply be equated with the purchase of standardized external services (Simmie et Strambach, 2006). KIBS are services when client is high involved (Caniëls et al, 2005). The provision of these
services requires in-depth rapport between a provider and client. Both parties (the provider and the client) are involved in cumulative learning processes which must occur if a transfer of knowledge or a problem solution is to succeed (Simmie et Strambach, 2006). The client’s firm gets its problem solved, while the service provider can generalise the solution and sell it (in adapted form) to other client firm. According to Caniëls et Romijn (2005), knowledgeable and demanding clients are a valuable asset to the service provider. They support the development of new ideas, solutions, and technologies by sharing their requirements, strategic insights, information and knowledge. Taivonen (2004) stresses that many clients expect KIBS firms to verify how their services support the client’s business. Kuusisto et Viljamaa (2004) claim that the development needs are not necessarily recognised or clearly understood by the potential client. By offering KIBS provider often helps client in formulating the problem in such manner that it will lead into purchase of external expertise. In this way KIBS must to be proactive in finding solutions to potential client problems. The experts of KIBS need to know deeply the clients’ business and their own professional knowledge and to combine this when seeking for a solution. It means that KIBS provider and client complement one other.

KIBS peculiarities determine the particularity of both relationships and their marketing.

The relationship between KIBS provider and client as business relationship can be founded in different stages: the pre-relationship stage, the early-stage, the development stage; the long-term stage and the final stage (Castro et al, 2005). Service providers need to have an understanding of the dynamics of relationships, how they evolve and what factors are likely to affect their development (Halinen, 1997). Halinen (1997) underlines that only the long-term relationships may produce strategic benefits for the professional service provider in its marketing through generating referrals and credentials or creating competitive advantage by building barriers to switching the providers. Heathcote (2006) stresses that about 80 percent of Boston Consulting Group's work is with repeat clients. This means it is crucial for it to keep its core group of clients satisfied. Thus the KIBS providers need to consider the means of client loyalty.

The process of relationship change requires adequate instruments of marketing. For example, market segmentation has great importance at pre-relationship stage. The key to successful segmentation is to group together those clients who have common needs and who will be executed. Appelbaum et Steed (2005) note that question of the client is not straightforward and can be ambiguous and problematic. Crane (1993) assumes that the segmentation is one of the most difficult tasks facing a marketer today. He affirms that many marketers do not segment the
market enough and fail to see the differences between groups of potential clients or it takes place of over segmenting. Having the right the client is essential for many reasons: financial, image building, etc. Therefore the choice of client is an issue of strategic significance (Eriksson et Lindvall, 2002).

Another marketing instrument, which influences the relationship with clients, is pricing. Kotler (2004) presumes that value-based pricing represents an opportunity for differentiation that a smart firm can use to attract new clients.

Caniëls et al. (2005) state that only a minority of customers tend to be truly articulate and motivated to maintain close linkages with service providers. This means that KIBS provider must invest into relationship development. The investments in relationships development (it can be the adaptation of product, process and organisation) tend to be made only if the outcomes within the relationships are perceived to be satisfactory (either now or in the future). Sobel (2006) notes that consultancy firms are very interested in long-term relationships because they understand the potential benefits. They continually add value and invest in their clients. Rokkan et al (2003) states the potential benefits of investment are considerable and from marketing strategy viewpoint it plays a key role in achieving positions of competitive advantage.

Branding should be also considered as investment into relationships. A well-known brand (for example, McKinsey, Gemini Consulting, etc.) increases clients’ loyalty, decreases their sensitivity for a service price, obstructs competitors to get to the market, facilitates market’s segmentation (Urbanskiene et Vaikienè, 2006). Berry (2000) notes that in contrast to goods when the product is the primary brand, in services area the company is the primary brand. Branding is a principal success driver for service Organizations as well. Kotler (2004) emphasizes that consultancy firms need to improve their brand-building ability. In his opinion the key to branding, especially for smaller firms, is to focus on a limited number of issue areas and develop superb expertise in those areas.

The nature of cooperation and roles of relationship participants usually determine features of relationships. The relationship between KIBS providers and their clients could vary in forms – from very remote relationships, where the KIBS firms act largely as a contractor performing a predefined task, to more intimate, interactive ones, where the KIBS providers may be in long-term partnership with clients and negotiate the services tasks with them. Heatcote (2006) notes that the closeness of the relationship sometimes became the challenges for professionals: they are intimately involved in the business but must retain full objectivity.

According to Miles (2003), Miles et al (1995), it is possible to distinguish three groups of relationships at consulting services: sparring, jobbing and sales relationships. In the first case, for example, a service
provider and consumer communicate as equal partners. Trust and rapport are characteristic for such relationships. The relationships between provider and client are liable to be highly interactive, to involve a long gestation time, to require high personal involvement. In the case of jobbing relationships an interaction is less. Typically the service provider has to perform a specialist and technical professional task, clearly defined by the client. The sales relationships involve more standardised services, or services produced in relatively standardised ways, which may even be developed before the transaction. It means that the consultants need to play different roles in their relationships with different clients.

As Anand et Khanna (2000) state, the firms have to learn to manage their partnerships to be able to cope with them. Distinct modes of development in client relationships are quite possible in relation to various KIBS sectors and firms. It may be that more strategic and intimate relationships tend to be reserved for larger clients, while more standardised solutions are introduced to others (Futures. The knowledge-intensive business services, 2005). In some cases KIBS providers prefer to maintain a certain distance in client relationships, for example, the high cost and uncertain quality of some services cause to provide more standardised solutions to common problems of different clients.

It is important to point out that relationships between KIBS firms and their clients are characterised by confidentiality. KIBS providers have access to their client firms’ confidential business information in a way hardly possible to any other type of firms (Hyypiä et Kautonen, 2005).

Successful relationship marketing requires relationship commitment and trust (Morgan et Hunt, 1994). Liljander et Roos (2002) note that on the basis of trust and commitment the relationships between service provider and client may vary from spurious to true. According to Doney et Cannon (1997), the trust of the provider firm influences a client's anticipated future interaction with the provider. Sharma et Pattersson (1999) note trust is decisive for continuity of relationships. The trust is very important for consulting services. Immateriality, heterogeneity and interaction as the main characteristics of these services refer to the fact that provider cannot pre-use a guaranteed level of service. Consulting services are sold on a promise and this promise highlights the importance of trust in the relation between service provider and client. Both parties (the provider and buyer) have to earn each other’s trust and loyalty, and they have to become used to each other’s way of thinking and acting (Caniëls et Romijn, 2005). The relationships commitment, according to Sharma et Pattersson (1999), is a function of communication effectiveness and trust. Kotler (2004) predicates that consulting services providers need to build a good database on each client’s activities, interests, opinions, and others pertinent information. These means enable
the consulting services provider customize proper services and communications to each client.

Referring to the fact that relationships between a service provider and a client are difficult to copy, consultancy firms can choose a proper target group, make a contact with it and develop relationships in order to increase profit in long-term and achieve their competitiveness.

Conclusions

KIBS development is a concurrent feature of knowledge economy. KIBS is most frequently analysed as innovation source and agent of knowledge transfer. KIBS sector develops very rapidly, these services are provided not only by specialised providers, but also by companies that traditionally are not attributed to services’ sector. An increasing number of providers determine increasing competition in this sector. But the competition between KIBS providers and the factors influencing their competitiveness have been hardly analysed so far and they are being discussed in the context of other analysed problems only.

The relationships between providers and clients are the most important feature of services. When efficiently managed, they become the essential asset of organisations. Relationship marketing as philosophy of business implementation is directed to making relationships with clients as well as their development by applying marketing means. Most of them (advertising, pricing, support, etc.) are traditional. However relationship marketing requires reorganisation of entire activity of the organisation considering the orientation to a client, thus usual 4P are changed by 11C. Long-term and mutually beneficial relationships with a client, created by the organisation, are hardly copied by competitors; thus it becomes an important factor of competitiveness. In the case of KIBS, relationships of a provider and a client acquire a particular meaning. These services require close cooperation of a provider and client, during which mutual learning takes place by means of successful knowledge transfer or problem solving.

Relationships with a client can become an important factor of KIBS competitiveness if the provider of these services while segmenting the market will choose a proper group of clients and, subject to service’s particularity, will identify relationships’ nature, will apply efficient communication means to attract clients, will invest into the development of relationships with them, will reward their clients for their loyalty as well as will develop relationships with clients on the principles of mutual trust and commitment.
Bibliography

BAGDONIENĖ (L.), SLIZIENE (G.), 2002, «Relationship marketing – the new philosophy of modern service organization activities», Organizaciju vadyba: sisteminiai tyrimai, n°23, 7-18
BERRY (L. L.), 2000, «Cultivating Service Brand Equity», Journal of the Academy of Marketing Science, n°1, 128-137
BETTENCOURT (L.), OSTROM (A.), BROWN (S. W.), ROUNDREE (R.), 2002, «Client co-production in knowledge-intensive business services», California management review, n°2, 100-128
BOSE (R.), SUGUMARAN (V.), 2003, «Application of knowledge management technology in customer relationship management», Knowledge and process management, January/March 2003, 3-17
CRANE (F. G.), 1993, «Professional services marketing: strategy and tactics», Haworth Press
DONEY (P. M.), CANNON (J. P.), 1997, «An examination of the nature of trust in buyer-seller relationships», Journal of Marketing, n°2, 35-51
DOVALIENE (A.), VIRVILAITE (R.), 2003, « Relationship marketing conceptual core and beginnings », Engineering Economics, n°2, 100-105


FORD (D.), GADDE (L.-E.), HÅKANSSON (H.), SNEHOTA (I.), 2003, Managing business relationships, John Wiley&sons

GALBREATH (J.), 2002, « Success in the relationship age: building quality relationship assets for market value creation », The TQM magazine, n°1, 8-24

GEIBERT (H.), GIEB (M.), KOLBE (L.), BRENNER (W.), 2003, « Knowledge-enabled relationship management: integrating customer relationship management and knowledge management concepts », Journal of knowledge management, n°7, 107-123


GALLOU (F.), 2002, « Knowledge-intensive business services: processing knowledge and producing innovation » in GADREY (J.) and GALLOU (F.) Productivity, innovation and knowledge in services, Cheltenham, Edward Elgar Publishing, 256-284

GORDON (I. H.), 1998, « Relationship marketing: new stategies, techniques, and technologies to win the customer you want and keep them forever », Toronto, Wiley

GRÖNROOS (Ch.), 2000, « Service management and marketing. A customer relationship management approach », Chichester, John Wiley&sons


HALINEN (A.), 1997, « Relationship marketing in professional services: a study of agency-client dynamics in the advertising sector », Taylor&Francis


HYPIÄ (M.), KAHTONEN (M.), 2005, «Dimensions of proximity in relationships between knowledge intensive business service firms and their clients», Regional Studies Association International Conference on Regional Growth Agendas, Aalborg


KASPER (H.), VAN HELSDINGEN (P.), GABBOT (M.), 2006, Services marketing management. A strategic perspective, Chichester, John Wiley & Sons


KUUSISTO (J.), MEYER (M.), 2003, «Insights into services and innovation in the knowledge intensive economy», Technology Review, 134/2003, TEKES


LAING (A. W.), LIAN (P. G. S.), 2005, «Inter-organisational relationship in professional services: towards a typology of service relationships», Journal of services marketing, n°2, 114-127


MILES (I.), 2003, «Knowledge intensive services suppliers’ and clients», Report for Ministry of trade and industry of Finland

MILES (I.), KASTRINOS (N.), FLANAGAN (K.), 1995, «Knowledge-Intensive Business Servicecs, the University of Manchester, PREST

MULLER (E.), DOLREUX (D.), 2007, «The key dimensions of knowledge-intensive business services (KIBS) analysis: a decade of evolution», Working papers firms and region, Fraunhofer institute for systems and innovation research


ROKKAN (A. I.), HEIDE (J. B.), WATHINE (K. H.), 2003, «Specific investments in marketing relationships: expropriation and bonding effects», Journal of marketing research, May 2003, 210-224

SIMMIE (J.), STRAMBAICH (S.), 2006, «The contribution of KIBS to innovation in cities: an evolutionary and institutional perspective», Journal of knowledge management, n°5, 26-40

SIN (L.), TSE (A.), YIM (F.), 2005, «CRM: conceptualization and scale development», European Journal of Marketing, n° 11/12 (39), 1264-1290


SHARMA (N.), PATTERTON (P.G.), 1999, «The impact of communication effectiveness and service quality on relationship commitment in consumer professional services», The Journal of services marketing, n°2 (9), 151-170


URBANŠKIE (R.), VAITKIENE (R.), 2006, Prekes zenko valymas, Kaunas, Technologija

VĖKSTRIJE (M.), STAPONKIENE (J.), TIJUNAITIENE (R.), 2003, «The Evolution and Peculiarities of Relationship Marketing Concept in the Changing Marketing Philosophy and Management Practice», Organizacija vadyba: sisteminių tyrimai, n°28, 213-228

VIITAMO (E.), 2003, «Knowledge-intensive Services and Competitiveness of the Forest Cluster: The Case of Finland», Interim Report IR-03-057

VIJAMAA (A.), KLUVISTO (J.), 2006, «Public sector organizations’ involvement in co-ordination of knowledge-intensive services from client’s perspective», Service governance and public policies, XVIth international conference of RESER, Lisbon, 103-123