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Binding Customers to Project Networks – The Case of Content Production for Television

Stephan Manning and Jörg Sydow

Free University of Berlin
Dept of Economics and Business Administration
Boltzmannstr. 20
14195 Berlin, Germany

manning@wiwiss.fu-berlin.de
sydow@wiwiss.fu-berlin.de

ABSTRACT

This paper proposes that managing customer relationships in project-based industries, such as the television industry, should be looked at in terms of managing project networks with pools of competent service providers. That is, the conventional dyadic view of customer relationship is extended towards a network perspective, which accounts for the fact that, in particular in dynamic and highly innovative industries, customers as well as suppliers, in order to stay competitive, must reconcile their needs for stability and flexibility in maintaining long-term relationships. This idea is developed from marketing concepts of customer relationship management and two concepts borrowed from structuration theory. With the help of these concepts essential binding practices are discussed in the context of project networks in the television industry. In terms of empirical evidence, this paper draws on a large number of expert interviews in the television industry and a particularly interesting case of a German production firm which, as an organizer of project networks, sustains customer relationships with all major television channels in Germany.

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INTRODUCTION

Binding customers in the cost-intensive, highly concentrated and rapidly changing business of content production for television is crucial for the economic survival of television production firms. Providing novel and fashionable content on a long-term basis – in short: continuous innovation – requires unconventional business practices that allow for managing both stability and flexibility in customer as well as supplier relationships. This paper looks at how such practices come about, are maintained and challenged in day-to-day business. Therefore, the concepts of customer relationship and customer integration need to be stretched beyond their conventional uses to an extent that enables the integration of a process-oriented, relational and organizational perspective. To do so, the concept of project networks is employed which looks at how temporary project work connects to long-term business relationships, and how, thereby, the needs for stability and flexibility can be reconciled over time. Theoretically, this paper makes use of both conventional concepts of customer relationship management, in particular the concept of switching costs, but it also includes useful analytical tools borrowed from structuration theory. Empirically, this paper draws on numerous expert interviews with, in particular although not exclusively, TV producers and TV channel representatives.[1] While the data gathered in these expert interviews helped to understand the television industry in general and the functioning of project networks within this industry in particular, an in-depth case study, the project network of Colonia Media, is investigated in more detail. For this case, although still under investigation, perfectly shows the relational and organizational challenges faced by contract producers in binding customers to project networks. Moreover, it helps to illustrate the usefulness of the theoretical concepts presented before.

The paper starts with an overview of prevailing marketing concepts used in the analysis of customer relationships. It also considers their theoretical foundations and discusses the question how these concepts capture the process character and relatedness of these relationships. Due to conceptual deficiencies in these respects, the theory of structuration is presented where special attention is drawn to the concepts of the duality of structure and of reflexive monitoring that both help to understand relationships as relational processes. Next, the television industry is introduced to the reader in the context of project networks, and requirements and challenges of content production are explained. In so doing, the relational

[1] The background data were collected in more than 80 semi-structured interviews as part of a project funded by the Deutsche Forschungsgemeinschaft (DFG) to examine, from 1998 to 2000, networked content production for digital TV. While we are grateful to the DFG for financial support of this project (SY32/2-1), we thank the Bundesministerium für Bildung und Forschung (BMBF) for making it possible to continue studies in this industry with a different focus.

view taken above is extended to a network perspective. Moving on, the main practices of binding customers in TV production are outlined and discussed, in particular in terms of their implications for the management of stability and flexibility in customer relationships. These are looked at against the background of project networks which content producers manage to reconcile stability and flexibility in day-to-day business. Finally, the implications of project networks to the understanding of customer relationships are summarized and suggestions are made as to what extent this theoretical framework contributes to the further development of customer relationship management.

BINDING CUSTOMERS AS A RELATIONAL PROCESS

Learning from Relationship Marketing

In view of increasingly dynamic, service-intensive and customer-driven markets, long-term customer relationships have extensively been regarded as key in developing sustainable competitive advantage. Therefore, the art of getting customers committed to repeat transactions and of managing customers' needs and purchase intentions has been labelled relational marketing and contrasted with transaction marketing (Berry 1983; Christopher et al. 1993). This relational perspective, however, has rarely been scrutinized in terms of how customer relationships are constituted, organized and reproduced over time. Instead, relational marketing has often been (just) taken as a metaphor for the shift from traditional, short-sighted transaction oriented marketing towards strategic customer relationship management. For example, under this label, the combination of the (internal) marketing mix with (external) market forces has been promoted (Christopher et al. 1993, p. 12 ff.). Also, a huge number of (relational) commitment techniques have been suggested, sometimes arranged by strategic foci, but often listed regardless of their suitability and effectiveness in a given situation (Kracklauer et al. 2002; more differentiated Homburg and Bruhn 2000, p. 21; critical Reinartz and Kumar 2002; see for the problems of relationship costs Blois 1996). In fact, this fairly instrumental and context-blind approach often taken in the conventional marketing literature obscures rather than enlightens the opportunities of the relational view.

Here, an alternative approach to customer relationships is taken, that is customer relationships are seen as an interactive phenomenon where the processual, relational and organizational character of those relationships deserves special attention. This view helps to broaden and integrate a number of concepts and models already introduced in recent marketing writings and concerned with aspects of the development and maintenance of customer relationships. With regard to the *process of developing customer relationships*, various stage models (Homburg and Bruhn 2000, p. 9 ff; Söllner 1993, p. 132; Kracklauer et al. 2002, p. 17 ff.) and the concept of customer life cycles (Georgi 2000) have been put forward to sensitize for the importance of the situation of the customer and the quality of the relationship. Most of these approaches differentiate between customer acquisition, customer binding and customer retention; and suggest the design of a corresponding marketing mix and customer portfolio (Georgi 2000, p. 237 f.; Bruhn 2001, p. 144 ff.). Others concentrate more on behavioural aspects of customer relationships. Söllner (1993, p. 132), for example, refers to a phase model, formally developed by Dwyer et al. (1987, p. 15 ff.), which considers commitment as a result of mutual awareness, the exploration of interests and the expansion of business transactions. In contrast to these linear approaches, Kracklauer et al. (2000, p. 17 ff.) opt for a circular model where customer identification has a double function as it both prepares for the acquisition of new customers and the evaluation of present customers. The authors, however, miss to explain in detail how this model works and leave aside the question whether this process is a reflexive one – as shall be suggested later on – or just a quasi-automatism.

As for the *relational character of customer relationships*, a good bunch of marketing literature can be cited which give first insights into this matter. In particular with regard to service-intensive industries, the concepts of the service encounter (Solomon et al. 1985), the image of customers as co-producers and the integration of customers into the value chain (Gouthier and Schmid 2001; Kleinaltenkamp 2000) convey the picture of customer relationships as interaction phenomena, both from an economic and social perspective. Customers, as in the eyes of these authors, function as an external production factor in the way they co-develop, co-design, co-produce and even co-market the products and services they request (Gouthier and Schmid 2001, p. 228 ff.). In this context, the concept of consumer networks has attracted considerable attention as it suggests that customers engage in word-of-mouth and thereby take the role of multipliers in the promotion of products (Iacobucci 1996). In addition, the relevance of personal bonds in the establishment of customer commitment has been stressed by several scholars concerned with service and business-to-business transactions in particular (DiMaggio and Louch 1998, p. 624 ff.; Tellefsen 2002, p. 646). However, the often unintentional nature as well as the dynamics and ambiguity of customer relationships have been underconceptualized so far. Therefore, in an attempt to integrate the process and relational perspective, the structuration theory will be introduced in the following section which helps come to grips with the role of ambiguity and the (social) dynamics of customer relationships. This perspective will also be contrasted with theoretical approaches already used in the marketing literature.

Theoretical Concepts and the Structurationist View

So far the analysis of customer relationships has been dominated by transaction cost theory (Söllner 1993, p. 142 ff.; Jacob 2002; Blois 1996) and behavioural approaches (see for an overview Homburg and Bruhn 2000, p. 14). Some authors also refer to theories of social exchange and structural network theories (Bruhn 2001, p. 30 ff.; Homburg and Bruhn 2000, p. 12 f.). One important concept, which can be drawn from most of these approaches, is that of switching costs as the main mechanism of control in customer relationships. Switching costs comprise of (alternative) transaction costs, sunk costs and (alternative) opportunity costs, all of which not only include “hard” economic values, such as investment in physical and human assets, but also “soft” values, such as trust, satisfaction and meaning (Söllner 1993, p. 107; Plinke 1997, p. 34). Correspondingly, in psychological research, commitment is understood as a function of investment (+), satisfaction (+) and alternatives (-), which also implies that customer loyalty is never fixed but is based on frequent reflexive evaluation of present and alternative relationships (Moser 1996, p. 27 ff.). However, all these theoretical approaches underestimate the social embeddedness of customer relationships and therefore neglect the ambiguity and continuity of day-to-day business. Therefore, in particular the very useful concept of switching costs needs to be informed by a more dynamic and relational perspective.

Structuration theory which has been developed as a social theory (Giddens 1984) and, in the meantime, also been applied to the analysis of organizations and interorganizational networks (Ortmann et al. 2000; Sydow and Windeler 1998) delivers two interesting concepts that will help better understand the social embeddedness and social construction of customer relationships. These are the duality of structure and the concept of reflexive monitoring. As for the first, relationships are actualized and institutionalized in day-to-day social interaction where actors refer to structures that, at the same time, restrict and enable their very action. However, actors do not only enact these structures, i.e. rules of legitimation and signification as well as resources of domination, but refresh – reproduce, modify or transform – these very rules and resources (duality of structure). Social actors do this competently and intentionally as they rationalize and reflect upon their action as well as upon the conditions and outcomes of their action. However, actors, despite their continuous attempt to monitor, can neither acknowledge all conditions nor foresee all intentional and unintentional consequences of their action, including how they position and reposition themselves in their network of social relationships. This monitoring, therefore, is not necessarily a discursive process, but happens mostly on the level of their practical consciousness (reflexive monitoring).

In these terms, binding customers is about producing and reproducing the social structure of relationships with customers recursively in social praxis. Customer relationships are maintained as long as the actors involved comply with the rules and make use of the resources established in these relationships. In other words, customers are not "directly" tied to suppliers – be it technologically, structurally, emotionally or contractually (Jacob 2002, p. 8; Homburg and Bruhn 2000, p. 10; Plinke 1997, p. 52) – but they are committed to the rules and resources which constitute their relationships. In this view, binding customers can hardly be imagined as a one-sided act (as proposed by Plinke 1997, p. 24), since for example committing customers in order to repeat transactions implies that customers in fact make these very transactions. Due to the prevailing "dialectic of control" (Giddens 1984) customers, as any actors, always have a choice to act otherwise. Of course, the extent to which customers reinvest in a given relationship and, thereby, facilitate the reproduction of this relationship may vary. Investing in relationships, however, does not always happen intentionally, but sometimes as a by-product of day-to-day business (see also Bruhn 2002, p. 135).

Over time, it can be argued, customer relationships describe a *path* which is followed by actors as they act upon and build up strategies on the rules and resources they reproduce. In other words, they follow a path of deliberate and emergent strategy based on intended and unintended (consequences of) action (see also Mintzberg and McHugh 1985). That is, they invest in those relationships and, thereby create corridors of action, e.g. routines and procedures, within specific sets of rules and resources (see also Windeler 2001, p. 127). These corridors reduce contingency in social interaction but also exclude or hinder alternative paths of action. This, on the one hand, can result in lock-in effects (see also Plinke and Söllner 2000, p. 62), since *switching costs* arise, as soon as business practices increasingly depend on specific sets of rules (of communication, transaction etc.) and (allocative) resources in the focal relationship. However, from a structuration perspective, which highlights the relevance of social constructions, it is important that these switching cost are actually perceived and considered by the actors, and used by them in signifying and legitimizing their very action in social interaction (Sydow and Windeler 1998). On the other hand, corridors of action might make partners unsee the options others have to enact those rules inherent in the relationships for their own good. Opportunism and hiding information could become an issue (Söllner 1999, p. 224; Plinke and Söllner 2000, p. 71; Blois 1996). However, opportunistic action is socially constrained as it needs to be legitimized and understood by the actors addressed. In fact, rules of concrete interaction never stand isolated but are linked with, i.e. reproduced with reference to, broader sets of rules, such as cultural norms and industry rules. For example, switching suppliers could represent a common industry practice or just constitute an exception of the rule. In sum, switching costs turn out to be a crucial, yet ambiguous concept that is linked to structural paths and conceived as social constructions put into action. Therefore, in fact, it can only be scrutinized in social praxis.

The issues addressed above shall finally be summarized in terms of major relational tensions customers and suppliers face when embarking on long-term relationships. To do so, references shall be made also to marketing scholars who, in fact, draw on single issues of concern when talking about customer relationships, but miss to recognize them in terms of relational tensions in day-to-day interaction. First of all, customer relationships have been introduced as a dynamic feature of business interaction. In order to sustain, they need to be reproduced by social actors in day-to-day praxis. This is, in fact, what makes customer relationships both stable and changing (see also Söllner 1999, p. 224): For example, though *stability* can be protected by the specifity of rules of interaction and of the resources used in this interaction (see also Plinke and Söllner 2000, p. 64), it can never be ascertained nor is it desired at any time, for customers as well as suppliers seek for *flexibility* in highly competitive and dynamic markets. In this context, being bound in a longer-term relationship can trigger *dependency* both on the partner (see also Bruhn 2001, p. 161; Plinke and Söllner 2000, p. 71) and on the path to be followed. That is why, also *autonomy* is sought in daily interaction, both within and beyond a given customer relationship. This co-existence of mutual and individual endeavours, however, increases uncertainty. So, in a way, customer relationships not only produce, but require mutual *trust* (see also Plötner and Jacob 1996). However, they cannot exist without (the possible enaction of) *control* and sanction either (see also Tellefsen 2002, p. 646 ff.; Morgan and Hunt 1994, p. 22 f.).

In sum, customer relationships must be characterized as a mutual endeavour under tension and as accompanied by many contradictions. In the following section, the tension between stability and flexibility within and beyond customer relationships will be looked at more closely, taking the case of the TV industry as an empirical example. In so doing, the view is extended towards an organizational perspective. Therefore, the concept of project networks will be employed to situate dyadic customer relationships into an interorganizational network context. This will be done in view of binding practices in the television industry.

BINDING CUSTOMERS TO PROJECT NETWORKS

Project Networks in the Television Industry

The *television industry* can be characterized as a volatile, risky and innovative, yet mature and consolidated business where customer demands change rapidly, and entrance barriers and cost pressure are very high. In production, in particular, competition is fierce since 'good' content is both a scarce and perishable resource. This is because product (content) life cycles are very short and market feedback is fast (Schusser 1996, p. 598). Looking at the value chain, content commercialization follows the stages of content development (by authors), production (organized by directors, producers), trading, packaging, distribution (carried out by TV channels), consumption (by audience) and evaluation (by advertisers, press) (see also Wirtz 2001, p. 234 ff.). Organizationally, TV producers operate either as profit centres within a TV channel or they belong to one of the big media groups which dominate the oligopolistic market, not only in Germany (see Schusser 1996, p. 597). However, in the course of privatization of German television in the 1980s, industry practices have changed and content production has been (quasi-) externalized, mainly to reduce costs and to promote content innovation and competition. In effect, many production firms now work on a contract basis and are organized in project networks (Windeler and Sydow 2001).

Project networks have been introduced in the management literature as a highly flexible organizational form where actors coordinate themselves recursively within and beyond particular projects (Sydow and Windeler 1999). In a way, project networks strongly resemble popular concepts of the new organization, such as "dynamic networks" (Miles and Snow 1986) and the "virtual organization" (Davidow and Malone 1993), and appear as one particular type of inter-firm networks. Typically, project networks develop in dynamic, project-based and labour cost-intensive industries, such as the construction industry, the IT industry, and, as outlined here, the television industry. Project-based work, however, is wide spread in other industries as well. Actors in project networks, such as customers, producers and their suppliers, typically cooperate on a temporary contract basis, but they maintain relationships, organized in pools, beyond those contracts, so that in consequence project networks are more than just temporary systems, and allow for a certain degree of stability (Sydow and Windeler 1999, see figure 1). However, running project networks is much about both bridging project breaks and managing different projects at different stages at the same time, which resembles the concept of simultaneous engineering in manufacturing. In other words, long-term strategies in project networks are tightly coupled to production procedures and project portfolios, which, in fact, require a high degree of flexibility.

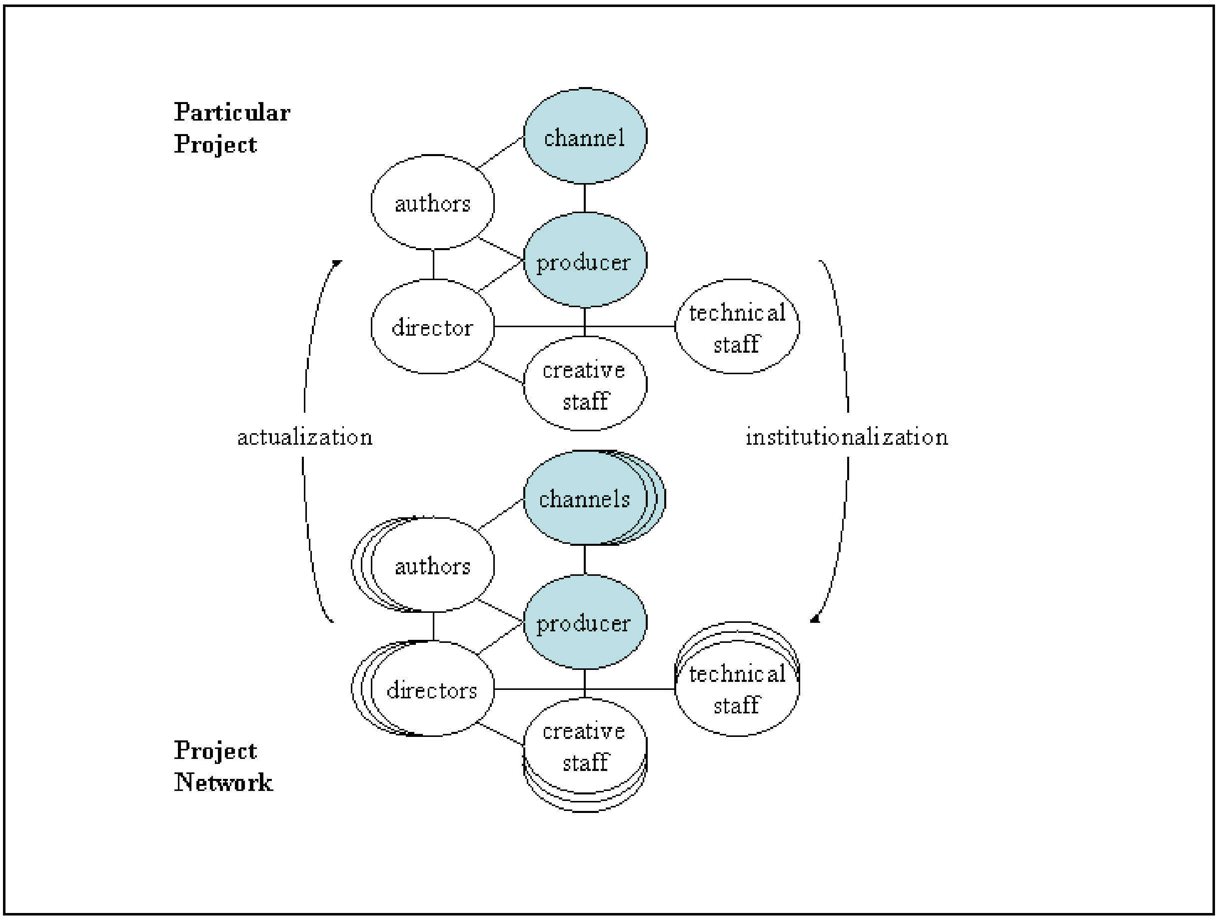

Figure 1: Project Networks in the Television Industry (Sydow and Windeler 1999, modified)

Building and maintaining customer relationships in project networks seems to be a major challenge. To analyse how customers and suppliers interact in project networks, the case of *Colonia Media* is introduced as a typical example of a production firm that manages a project network in order to stay competitive in the business. This case is still under investigation so that only a few preliminary findings can be presented here.

The company is situated in Cologne and acts as one of the leading contract producers in Germany. Although Colonia Media is a subsidiary of Bavaria Film, and, of the public TV channel WDR, it produces content for the five big TV channels in Germany, ARD and ZDF in the public world, and RTL, Sat 1 and Pro 7 in the private world. Delivering content for both worlds is very unusual in the business. In Germany, Colonia Media is famous for the production of Tatort (a detective anthology), Schimanski (a spin-off of Tatort) and Fahnder (another detective series). Apart from that, however, the company is involved in a number of other productions, including soaps, TV movies and, since very recently, documentaries. Astonishingly, the company has only about ten permanent employees. Among them are the chief executive and four producers who are responsible for running productions. Despite these limited inhouse resources, Colonia Media manages up to 300 staff on a fixed contract basis in particular projects running at the same time. Furthermore, the company has access to pools of temporarily available resources beyond particular projects as is typical for project networks. In part, this is only made possible by the fact that Colonia Media maintains long-term relationships to agencies that manage pools of creative staff, and a number of regional institutions, e.g. training schools in Cologne. How these network relationships contribute to binding customers and how far they are a medium and outcome of managing the tensions of stability and flexibility shall be discussed in the next sections.

Structural Properties of Content Production

Before analysing binding practices in project networks in more detail, however, requirements and challenges in producing content in the television business must be looked at. From the structurationist perspective, these can be called structural properties of customer relationships in the television industry and help situate the binding practices discussed later. They are structural properties in so far as social actors refer to them in social praxis and enact them as rules of signification and legitimation for their action. Of course, these properties can also be enacted as resources of domination, both by TV channels and TV producers as well as by other members of the network. As will be seen, content suppliers at least consider them, not always discursively, when reflexively monitoring their practices and strategies.

Firstly, TV channels feel under constant pressure to *reduce costs*, more so since revenues out of commercials have declined significantly. Therefore, they are anxious to keep content production costs low and pressurize content producers to drive down their costs as well. These, in turn, tend to extend this pressure to the service providers in their network. Secondly, since viewers' tastes can change, trends can shift and viewers have literally no switching costs, there is demand for novel content on a regular basis. Therefore, TV channels have a *variety-seeking motive*. As a result of these strategic concerns, TV channels pursue multi-sourcing strategies, so that they deliberately switch suppliers in order to be competitive. They do so not only between particular projects but increasingly during single, mostly serial, productions (Wanderproduktion). In fact, TV channels try to promote externally functional and numerical flexibility (Atkinson 1984) by outsourcing production to project networks organized by contract producers. Moreover, and in some contrast to these producers, TV channels hardly have to invest in specific transactions. So, in other words, TV channels, in fact, arguably have non-switching costs rather than switching costs. That is, when switching TV producers transaction costs seem to be lower than opportunity costs in case of staying with the supplier. This looks like a quite considerable threat to the suppliers' need to bind customers.

Three other structural properties are similarly important, yet more media-specific. These are the intangibility of content, the profile of content, and the format of content. *Intangibility* refers to the fact that content is of a highly symbolic nature and subjective quality (Lawrence and Philipps 2002, p. 435; Wirtz 2001, p. 34). From this follows that the production and distribution of content is foremost a delivery of meaning (Lawrence and Philipps 2002, p. 424), recognized and transformed by TV channels, viewers and advertisers. TV content, therefore, carries typical qualities of service products; it is customized and requires the integration of the TV channel in the production process (Sydow and Windeler 2003). Furthermore, because of its symbolic nature, content business is much about attracting customers' interests and acquiring attention. The media industry is, in fact, a good example for an economy of attraction (Franck 1998). Maintaining stable and long-term customer relationships in this sensitive and highly responsive business seems to be a major challenge, and the organizational form of the project network seems to play a major role in this.

With respect to the *profile* of content, content has always an artistic and commercial side (Lawrence and Philipps 2002, p. 434; Schusser 1996, p. 549; Wirtz 2001, p. 34). While German public TV channels have traditionally aimed at artistic, high quality content, whereas private channels have emphasized the commercial side and marketability of content, the profiles are less antithetical today although clearly identifiable. If looked at more closely, TV channels strive to develop and maintain a unique profile different from other channels (Krüger 2002). Nevertheless, TV channels are quite anxious not to miss out mega trends, such as comedy, soap formats, quiz shows, infotainment, TV movies and events, which attract both viewers and advertisers (Hallenberger 2002; Paul 2002). Following and creating these trends and yet matching the right profile of the channels, therefore, is one of the major challenges of TV producers, so that most producers with their project networks tend to specialize in serving selected customer groups, e.g. public vs. private TV channels (Windeler et al. 2000: 193). This however might conflict with the need to circumvene lock-in effects and to stay competitive in the long run.

Finally, as for the *format* of content, there are a number of formats available in the market, reaching from fiction to non-fiction, one-off to serial formats. Among the fictional formats, there are TV movies, anthologies, soaps and series (see also Hallenberg 2002). In this paper, the case of serial fictional production is under scrutiny. Typically, serial content, be it weekly or daily, is connected to a particular time slot on a channel, which is, by time, associated by the audience with the channel. That is, serial content attracts and produces target groups, so that, by its very nature, this type of content implies strong commitment by the TV channel to the producer of the series. Similar to the issue of profiles, even more so, this mutual commitment can turn into lock-in effects. How this specific factor, amongst the others, contributes to binding strategies in project networks will be discussed next.

Practices of Binding Customers to Project Networks

Over the years, facing recurrent challenges of changing customer demands, cost reduction and variety-seeking strategies of TV channels, TV producers have paid special attention to three main binding practices which will be focussed on next. These are cultivating personal bonds based on trust and experience, building and maintaining good reputation in the industry, and delivering successful content on a long-term basis. As will be seen, these practices allow for binding customers to project networks rather than to single suppliers. However, as will be clarified via the example of Colonia Media, these binding practices are very dynamic in the way they reconnect and disconnect, sometimes conflict with each other, drive apart or cling together, and change dramatically over time. In other words, special attention in this section will be paid to the question how these binding practices cope with the tension between stability and flexibility in customer relationships. These, in turn, will be situated in the context of project networks which allows for extending the dyadic view often taken in the marketing literature towards networks of inter-organizational relationships. Again, structuration theory will inform the analysis.

Looking at *cultivating personal bonds* as the first binding practice, the personal level of customer relationships is crucial for securing long-term cooperation. This seems particularly true in the film and television industry which is known as a "people business". From a *dyadic* view, individual TV producers develop long-lasting relationships with programme directors and editors in TV channels. These interpersonal relationships extend beyond particular projects and sometimes rarely materialize in new projects but serve as a basis for occasional talks and chats, be it at festivals, premieres or celebrity parties. With regard to switching costs, these personal bonds are likely to reduce transaction costs and, more importantly, offer ample opportunities for directors and editors of TV channels to become engaged in new projects. For by keeping in touch, producers and channel representatives keep track on new projects and ideas being developed. This practice can be called mutual observation and involves reflexive as well as non-reflexive moments. Nevertheless, it allows for flexibly responding to opportunities emerging in the evolution of new trends. Personal bonds also result in and are supported by trust which, in turn, helps to overcome times and zones of uncertainty and temporary lack of success.

However, the full impact of personal bonds can only be judged when looking at customer relationships from a *network* perspective. To start with, content suppliers maintain multiple interpersonal relationships with creative staff that can be enacted as social capital and communicated as such to the customer, though not necessarily specific enduring personal bonds, but the capability of building bonds with ever changing creative staff and talents is a key competence in that business. Producers make extensive use of these relationships when interacting with TV channels. In the case of Colonia Media for instance, the CEO developed a good reputation (see below) out of his competence of talent scouting which he deliberately developed based on his personal contacts with regional training institutions. That is, not singular relationships but relationships to pools form the basis for long-term stability. These pools, however, are segmented temporarily as well as in terms of relationship specifity. For example, specific personal bonds to teams function as a binding glue between projects, that is, once a project has been successful the staff engaged in this project has become a success factor for future projects. In other words, in the eyes of the customer, this team has become an allocative resource for building or sustaining the customer relationship:

> You bind customers […] if you keep the personnel that guaranteed the first success. This does not concern the producing staff, but the authors, actors and other executive staff. When they leave you are in a bad position because the TV channel does not believe you any longer that you can produce the same success again, because TV channels – as we producers – are entirely oriented to people. And, in particular the creative success has to do with people only.
>
> (CEO of a TV production firm)

However, keeping in mind, that, for example in the case of Colonia Media, only the producers themselves are contractually tied to the company for longer, continuous commitment of other creative staff, namely those maintained in pools, provides a managerial challenge. In fact, pools do not just exist but have to be kept alive. This is mainly done, sometimes intentionally or just by routine, in particular by mutual observation and occasional contacts. As soon as project portfolios match and opportunities arise, joint projects are carried out again which, in turn, actualize the structural properties of the focal relationship. These personal bonds, together with the high level of fluctuation in this industry, also promote lateral information exchange, between producers and creative people, but also between TV channels and authors, directors, agencies and services. In fact, unlike in other industries where knowledge is kept secret and exclusive to particular relationships, in the TV industry, because of fast market feedback and many personal contacts, knowledge is distributed all over which makes it easy for both TV channels and TV producers to find new grounds for interorganizational cooperation and to make best use of creative potential to avoid lock-in effects.

To sum up, personal bonds indeed entail the chance of repeat acquisition of projects, but only if coupled with redundancy, flexibility and innovation, embedded in organized project networks. From a structurationist viewpoint, personal bonds and frequent social contact, therefore, help reinform and refresh existing relationships, thereby more often than occasionally change the very conditions for concrete cooperation. For instance, mutual interpretations of what is a novel format may emerge and, thereby, make cooperation in a joint project in the network much easier. Of course, lateral personal contact can be also used as a resource of power, mostly in favour of the TV channels, since switching suppliers (between projects) is legitimate. Over time, coupled with temporary project portfolios and trends in content, the network of personal bonds is reflexively monitored, yet rarely as a whole but in terms of single and group contacts refreshed in day-to-day business. .

In contrast to personal bonds *building and maintaining good reputation* helps to develop and sustain a market position that remains beyond personal contact and experience. Reputation supports agents to have a good standing amongst those who are important in the industry. Reputation is a form of capital that can be reflexively accumulated over time and informs not only personal but also anonymous relationships (see also Franck 1998: 119). That is, good reputation increases the chance of cooperation beyond existing pools of personal contact. However, reputation, first of all has a huge impact on particular customer relationships, since, from a *dyadic* perspective, reputation as such serves as a complement to personal bonds directed towards the customer. Like personal bonds, reputation decreases transaction costs and 'good' reputation opens up new business opportunities. This is true for personal reputation, supported by personal contact, as for organizational reputation. Like personal and organizational trust, these are sustained and yet integrated via rather complex disembedding and reembedding mechanisms (Sydow 1998). In consequence, as happens quite often in this industry, personal bonds may get lost as a binding force due to changes of personnel in TV channels as well as in production firms. Organizational reputation, however, may remain and keep up the chance for repeat business.

From a *network* perspective, personal and organizational reputation leads to a segmentation within the industry, as it narrows down the number of potential competitors and cooperators. For a 'good' reputation makes it much easier for a producer to find suitable partners for a certain project. If he or she succeeds in binding them for longer than the duration of the project, it will be much harder for competitors to offer a similar content to the channel.

Taking again the example of Colonia Media, their customers, in order to promote competition and to guarantee quality outcome, often communicate new project ideas first to those TV producers who have a good standing in the market and good reputation for the particular content requested (see also below). That is, reputation does not confine to singular relationships, but stabilizes pools of multiple relationships with key customers. Also, it becomes apparent that project networks and pools of customers and suppliers are, in fact, interlinked and, to some extent, co-develop:

> Right now we are producing for Sat 1. They made a call for tenders, allegedly to all companies in the industry. In fact, they asked only five producers, because they wanted to make five pilots […] and after the pilot failed, they opened an exclusive round and asked whether we had any idea.
>
> (CEO of a TV production firm)

On the other hand, unlike fame or prestige, reputation can change to the worse (see Franck 1998: 113 ff.) and that, as compared with disjunctions in personal bonds, also has an impact on more than one particular relationship. Therefore, any one particular project must be tailored such that both the personal bond to the editor of the TV channel served in this project, as well as the reputation in the industry are reproduced and reinformed in favour of the TV producer. However, one can have only good reputation for a specific competence. On the one hand, this guarantees a stable standing in the market and results in continuous attraction for the competence in question, right beyond particular projects and even singular failures. On the other hand, reputation is quite invariable. Though it can easily change to the good or bad, it less easily changes in substance. Therefore, it can result in a lock-in effect and therefore increases switching costs for producers. In the case of Colonia Media, for instance, the company is famous for high quality detective stories, i.e. a specific content profile. This reputation has opened gates to profitable productions for years; however, despite occasional success in other genres, it sustainably preconditions relationships, in particular with private TV channels, so that project acquisition is harshly constrained.

In sum, reputation can guarantee a good standing for longer and helps to become one of the most preferred content suppliers for a specific profile of content. In structurationist terms, however, reputation is reflected in and has a long-lasting effect on the structures of signification and legitimation in multiple customer relationships only if agents refer to it in interaction. When enacted, indeed, it can be used as a resource of domination. Only rarely, however, 'good' reputation, be it of a personal or an organizational kind, is such that changes in demand and content production can be resisted by this very reputation. One example might be Colonia Media's competence in talent scouting which seems specific enough to differentiate from competitors and is responsive enough for new trends in content production. In fact, this shows how dyadic reputation is produced and reproduced in and through the (project) network. However, reputation can result in lock-in effects and therefore must be seen as a quite unflexible binding practice. This is also the reason why producers are continuously engaged in reflexively monitoring their project portfolio and binding practices, not just in terms of existing but in view of potential customer relationships.

With regard to the third binding practice, *delivering successful content*, the TV industry, as a project-based industry and economy of attraction, is dependent on the production of ever new, fashionable content. Therefore the strongest rule of signification and legitimation in any long-term customer relationship may be that repeated transaction depends on the continuous delivery of innovative content, regardless of (the quality of) the personal bonds and the good reputation established over the years. Switching costs then, as constructed by TV programme editors, must be looked at, in particular in terms of opportunity costs arising from customer relationships. Interestingly, from the *dyadic* point of view, successful content production both strengthens and modifies existing customer relationships, that is in terms of structuration theory, any new and economically successful content production reinforms the structural properties of a given relationship. In particular serial production commits customers to repeat business with the producer (see above). So, TV channels and producers become dependent on each other as far as the (further) development of serial content is concerned. In practice, TV channels tend to ask only the one serial producer to develop new serial content for a time slot which is associated with particular content demand:

> One day, the TV channel came to us and said we would like to have more of this, but different. […] What do you have in mind? And then we developed a new concept, exclusively for this time slot, against the background of a long story of success.
>
> (CEO of a TV production firm)

This shows that, in order to preserve a distinguishable profile co-established by this particular successful serial content *and* to innovate for satisfying changing customer demands and shifts in fashion, a situation can emerge where TV channels and TV producers co-innovate and, at the same time, reproduce a pre-existing content cooperation. In a way and confined to this very (long-term) project, continuous innovation can be achieved, and the needs for stability and flexibility can be reconciled.

From a *network* perspective, successful content delivery stabilizes bonds to specific segments in network pools, e.g. particular creative teams. For the producer, in order to secure follow-up projects, must engage in intelligent organizing and managing of pools of creative potential and in creating redundancy in the development of content. In fact, the rate of successful project implementation is very low (1:10 is no extreme), so that people and services must be temporarily bound, yet flexibly exchanged.

Colonia Media does this in cooperation with creative staff agencies whom it has frequent contact with. These agencies increasingly specialize in detecting content trends and managing the supply and demand for increasingly specialized creative staff. Also, as is done by simultaneously managing different projects, a heterogenous project portfolio, with different content profiles, both at one point in time and over a long time period increase the chance of relatively stable customer relationships, although not confined to any single relationship. Rather, intentionally or not, but well reflexively, content producers establish stable corridors of multiple flexible relationships by developing a range of successful content profiles.

From a structurationist view, content profiles, in turn, reinform existing relationships and, by modifying reputation, also change rules of signification and legitimation of potential customer (and supplier) relationships. Perhaps more than do personal bonds and reputation, successful content can be jugded as such by many and could even influence actors strange to the business (not least it impacts researchers who take successful companies as case studies). However, since by definition successful content is always past content and attraction is sought only by expected future successes, TV channels as well as producers reflexively make decisions as to whom to cooperate with to reconcile their need to keep a sustaining profile and to catch up with or even co-determine future trends.

In sum, binding practices in the television industry seem to be highly processual, contingent and interrelated. Both TV channels and TV producers, in order to keep their profiles and to avoid path dependencies, to secure content delivery and to spread risks, reflexively cultivate personal bonds, reproduce reputation, and build upon and distance themselves from (past) success in content production. Although often these binding practices reinforce and depend on each other, they might conflict with each other, too. For example, personal bonds can turn unfavourable when production fails, so that the whole project crew (including the producer) must be swapped and supplanted by a new crew. Or, when good reputation and successful content (in a different genre) are contrary to each other, opportunities might get blocked.

Therefore, Colonia Media, for instance, pursues a splitting strategy when communicating with TV channels of the public and private world. When communicating with public channels, the CEO of Colonia Media builds on his (personal) reputation for good quality, whereas with private ones, the CEO (because of his exclusive reputation) withdraws from these relationships and rather lets his specialized producers do the job. For they have themselves a (different) reputation and cultivate a different network of personal bonds in the industry. That is, in order to reconcile flexibility and stability in project networks, business practices are permanently monitored reflexively and renegotiated in day-to-day interaction.

ORGANIZING CUSTOMER RELATIONSHIPS: A NEW PERSPECTIVE

Binding customers to project networks, as illustrated for the case of content production for television, accounts for the need to reconcile stability and flexibility in day-to-day business. Both customers and suppliers maintain multiple relationships to potential business partners, which allows for pursuing multi-sourcing and multi-customer binding strategies respectively. To be enacted strategically, these relationships need to be reflexively organized in pools which, in turn, create relatively stable corridors of flexibility over time. In the television industry, these corridors are maintained by cultivating personal bonds, building up and sustaining good reputation for specific content profiles, and by delivering successful content on a long-term basis. These practices reproduce and re-inform the relationships of content producers in day-to-day social praxis and co-influence, together with the structural properties of the industry, the rules of signification and legitimation, as well as the resources of domination, in any particular and beyond particular customer relationships.

Customer relationship pools, however, are interrelated with other pools along the value chain, e.g. creative staff and service providers, which are coordinated and upheld by producers and altogether constitute the project network. With any new project, network relationships are actualized, and pool segments develop. These, in turn, correspond to project portfolios, social capital and content profiles, which are communicated to and negotiated with the customer. Project networks also account for the need to have *controlled* redundancy – and to flexibly draw on creative potential when acquiring new or follow-up projects. This, however, is always done in view of cost pressures and competitive threats which in fact tend to co-exist with long lasting, but changing customer relationships.

This perspective could be very fruitful for the further development of relationship management concepts. Firstly, it encourages scholars to broaden the focus from single to multiple, stable to flexible, and dyadic to network customer relationships, which comes closer to the reality of making business in many industries today. Secondly, the concept of pooling can help to recapture the problem of switching customers (suppliers) and might impact the concept of customer portfolios. Coupled with the concept of corridors of flexibility, customer portfolios could be sensitized for the role of overlapping commitment, time and capacity constraints as well as temporary resource dependency. Thirdly, the relational process character of customer relationships, as proposed by structuration theory, could promote thinking more in terms of structuring, organizing and negotiating customer relationships. Fourthly, the concept of structural paths could further enlighten the issue of lock-in effects as paths both enable and constrain future transactions. Fifthly, switching costs could be viewed more against industry practices, reflexive constructions, interactive structuration and network embeddedness.

However, this paper can only be the beginning of an attempt to recapture the concept of customer relationships as a dynamic and socially embedded phenomenon. In particular the ways actors bind and are bound in pools of project networks must be looked at more closely. Considering the fact that relationships to pools of actors can remain stable on aggregate while unstable in terms of any single relationship, the segmentation and the fluctuation of pools must be one focus of analysis. Also, the interaction and interdependence of different relationships, both to customers and suppliers, within project networks must be studied more systematically to account for the dynamics and structuring of network relationships. Finally, the emergence of customer binding practices in view of ever changing network relationships must be studied in more detail, so that, analytical observations can also be linked to normative suggestions for marketing scholars. Therefore an in-depth analysis of the project network of Colonia Media, in the context of one particular content production, will be carried out to come to grips with how (customer) relationships are constituted and reproduced over time.

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