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Article

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The impact of relationship marketing practices on companies' market and financial performance in emerging markets

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Abstract

Purpose – The paper aims to reveal the impact of relationship marketing (RM) practices adopted by companies in emerging markets on their market and financial performance (FP) over a long-term, 13-year perspective.

Design/methodology/approach – The research design combines primary empirical data from 229 Russian companies, based on the Contemporary Marketing Practices (CMP) survey, and objective FP data from official statistical databases for 2008–2020 to verify the impact of RM practices on market and FP in the long term.

Findings – The research underlines the significant impact of RM practices. It is important to notice that the effect of product development (PD) on marketing performance is mediated by competitor orientation. PD affects market and FP, whose roles vary with the return on assets (ROA).

Research limitations/implications – Research design supplements the subjective survey data with the objective FP data on the ROA to avoid common method bias.

Practical implications – Implementation of RM practices by Russian companies can increase their effectiveness of performance in the long term.

Originality/value – This research shows the positive impact of RM practices on the FP of Russian firms over the past 13 years.

Keywords Marketing practices, Relationship marketing, Financial performance, Market performance, Emerging markets

Paper type Research paper

1. Introduction

The measurement of a firm's market, investment and financial performance (FP) is one of the main functions of management (Choong, 2018; Balabonienė and Večerskienė, 2015) and serves as a key indicator of a firm's activity. Some firms may ignore investment activity as a major vector of development, but both market and FP are important for any firm (Acuña-Opazo and Gonzalez, 2019). There is widespread evidence that, over time, firms face turbulent economic conditions (Chatterjee *et al.*, 2023) and shocks and behave differently in the market (Iyer *et al.*, 2018) by using distinctive marketing practices (Kohli and Haenlein, 2021). In today's turbulent market environment, the success of any firm depends significantly on the ability to develop a competitive advantage and superior firm performance (Ed-Dafali *et al.*, 2023). This study focuses on the impact of marketing practices on market and FP in the long term.

JEL Classification — M31, L25

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The study was implemented in the framework of the Basic Research Program at the National Research University Higher School of Economics (HSE University) in 2024.



Marketing practices are a set of concrete actions, processes and tools companies use (Coviello *et al.*, 2002) in their day-to-day business, but research on these practices reveals a gap between the theories, concepts and their implementation (Moorman *et al.*, 2019; Stremersch *et al.*, 2021; Van Heerde *et al.*, 2021). In 2002, an international Contemporary Marketing Practices (CMP) research project was created to address this gap and found that marketing practices, including relationship marketing (RM) (for example, database, interactive and network marketing (NM)) and ongoing product development (PD) can improve a firm's market and FP.

Many papers reveal the link between market and FP in developed markets in the short term (Govindarajan *et al.*, 2011; Herhausen, 2016; Solano Acosta *et al.*, 2018; Schulze *et al.*, 2022; Zhao *et al.*, 2023). However, few longitudinal studies have investigated the extent to which RM practices affect companies' market and FP in the long run (Sydney-Hilton and Vila-Lopez, 2019; Bezuidenhout *et al.*, 2022; Dadzie *et al.*, 2023). Accordingly, this study aims to reveal how RM practices affect the market and FP of Russian firms over a period of 13 years.

This paper uses structural equation modelling (SEM). The sample consists of primary empirical data from 241 respondents representing companies operating in emerging markets and data on FP collected from statistical databases for the period 2008 to 2020. Considering the nature of the conceptual model's market orientation, the mediating roles of competitor and customer orientation are analysed. Recognising that innovative firms often apply marketing practices to extend customer relationships, this study examines the direct role of market performance (MP) in return on assets (ROA). It is important to note that competitor orientation mediates the effect of PD on marketing performance. PD affects market and FP, and the role of MP varies with ROA.

This study is organised as follows: first, it presents a theoretical framework based on an intentional review of the literature on RM practices and their adoption in emerging markets. The paper then describes the methodology, showing the data, the defined variables and the models. The study presents the results and discussion in the next sections and ends with the main conclusions.

2. Literature review and hypotheses development

2.1 Relationship marketing practices

Significant research on marketing practices reveals the impact on firms of external factors, such as economic crises (Belkhir *et al.*, 2022; Saha and Sen, 2023) and the development and expansion of RM (Do *et al.*, 2023). Extant research also studies the development of the institutional environment and the internal capabilities of firms (Phan, 2019; Fernández-Portillo *et al.*, 2022). The latest studies focus on the most recent changes in inter-company relationships (Pedersen *et al.*, 2020; Zhao *et al.*, 2023) and on relationship marketing practices (Wang *et al.*, 2021).

RM is no longer only about working with customers, but about understanding how relationships and business processes will run (Zhou *et al.*, 2021). Community, reputation, loyalty and trust cannot be bought; they can only be earned and developed by building deeper relationships – turning customers into brand advocates and most importantly, the community into better employees and partners (Pedersen *et al.*, 2020).

In the CMP concept, “transactional marketing” contrasts with “relationship marketing” in that the latter includes both interaction and network types of marketing practices amongst five types conceptualised in the project: transaction marketing, database marketing, interaction marketing, NM and electronic marketing. Existing research on RM in emerging markets (Appendix) shows that whilst B2C firms adopt mainly transactional and database practices, B2B firms are more focused on interaction and NM practices (Brodie *et al.*, 2008).

Attempts to change the existing foundations of contemporary marketing, from transactional to RM and customer value co-creation, are becoming more frequent (Papadasa *et al.*, 2019).

Relational marketing is aimed at creating strong connections, not only between companies of the same network, but also between other market stakeholders who directly influence the firm. That is, building mutually beneficial relationships between all market participants is a key factor for success in a competitive environment (Zhao *et al.*, 2023). By investing in RM at an early stage, firms are more confident that customers will recognise a name or brand and trust and feel comfortable shopping in a particular industry. Firms need to be ready to offer customers not only the quality of the products and services provided but also pay attention to exactly how these products and services will be offered and what customer approach types will be used (Qu and Mardani, 2023).

Thus, because companies tend to adopt recent marketing practices in different ways, it is necessary to explore the interrelations of RM practices and their effect on FP.

2.2 Conceptual model of the study

This study verifies how RM practices and ongoing PD can impact market and FP in the long term, and the extent to which competitor and customer orientation mediates them. Marketing analytics, and specifically the accurate assessment of MP, have long been priorities in business (Rossiter, 2017). At the same time, assessing FP is crucial for investors and stakeholders in the decision-making process (Saha and Sen, 2023). Accordingly, this paper investigates the impact of RM practices on firms' marketing and FP in the long run.

Comprehensive research of potential users, reaching the target audience and achieving sales volume are important factors shaping the financial results of companies (Lim, 2020; Coriça *et al.*, 2020). Second, the success of future innovations and investments in PD depends on how effective a company's relationship is with its consumers as well as the feedback the company receives on its products and their use (Solano Acosta *et al.*, 2018; Gossen *et al.*, 2019; Jedidi *et al.*, 2021; Mandler *et al.*, 2021).

Firms that implement these approaches in business practice are able to produce new products and develop innovative solutions for the market. In addition, the implementation of RM creates favourable conditions for collaborations with clients and partners for joint PD. This means RM can contribute to the effectiveness of PD. The study tests the following:

H1. RM practices positively affect PD.

The more innovative a firm is, the more it is capable of developing new products: using information about competitors and market characteristics, a firm can gain a better understanding of consumers' needs and produce highly profitable goods (Crick *et al.*, 2020). Everything from product positioning to pricing strategy, sales channels and after-sales service are included in this process, which starts with the concept. As soon as the product enters the market, a continuous process of product improvement begins based on consumer feedback (Ayala *et al.* (2019).

Both theoretical and practical-oriented studies support the idea that it is impossible to create a new product without a marketing concept (Polova and Thomas, 2020) and that consumers must be involved in the creation process (Lin *et al.*, 2019). Today, all innovative firms use marketing practices; they test new creations on focus groups, giving customers as much of the new product as possible for testing and collecting their experiences and feedback from them (Jong *et al.*, 2021).

Indeed, recent academic studies demonstrate the significantly positive impact of innovative design (Bu *et al.*, 2022) or the uniqueness of a new product has on MP (Dangelico, 2017). Thus, we hypothesis that PD has a similar impact on emerging markets:

H2. PD positively affects MP.

Marketing practices are generally oriented toward developing competitiveness and maximising profit (Podnara and Balmer, 2021). Accordingly, the business world is characterised by intense competition amongst firms, especially industry leaders, to capture the attention of consumers. Such competition can also be a guideline for doing business successfully (Buhalis and Volchek, 2021).

Whilst competitive advantage and competitor orientation can directly affect marketing performance (Puspaningrum, 2020), so too can be innovative products and a competitive advantage (Udriyah *et al.*, 2019). Thus, we hypothesize that:

H3. Competitor orientation mediates the effect of PD on marketing performance.

The consumer orientation is considered an integral part of market orientation, a strategic position that forces firms to innovate to achieve a competitive advantage (Narver and Slater, 1990). Past studies have shown that consumer orientation, PD and firm performance are closely interrelated (Han *et al.*, 1998; Mahmoud *et al.*, 2016; Liu *et al.*, 2020). This orientation often stimulates new product implementation and the development of new markets (Foltean, 2019). According to this logic, Johansson *et al.* (2019) demonstrated a positive relationship between consumer orientation and a firm's ability to use existing and new knowledge about the market, which enhances firms' performance.

We expect that the same logic can be applied in emerging markets, as the changing environment forces firms from developing countries to focus their resources on consumers (Belaya and Hanf, 2010). Indeed, past academic studies show a positive relationship between customer orientation and performance, especially amongst firms in emerging economies (Liu and Atuahene-Gima, 2018; Ćorića *et al.*, 2020). Thus, we hypothesise that:

H4. Customer orientation mediates the effect of PD on marketing performance.

Marketing practices allow firms to monitor MP. Such assessments have long utilised single-channel analytics, such as Website traffic, Facebook likes and engagement, as they enable almost real-time observations of consumer behaviour at an individual level (Wang *et al.*, 2021). A combination of user data from online and offline channels, available for marketing attribution, creates the potential for more accurate value allocation (Mandler *et al.*, 2021).

Most of the papers focus on MP and its effect on FP in the short term (Jayaram *et al.*, 2015), when the market is relatively stable. The high volatility of emerging markets means that the effect of marketing practices and MP on firms' FP under these conditions might differ significantly (Lado *et al.*, 2013). A firm's MP indicators reflect how good the work of the marketing team is. Thus, we hypothesize that:

H5. MP affects a firm's FP in the long term.

Figure 1 groups all the hypotheses proposed for graphical visualisation and further testing.

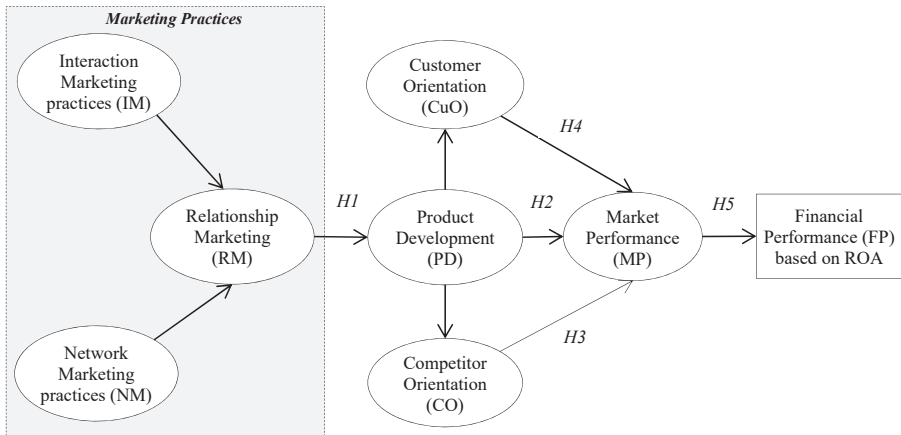
3. Method

3.1 Research context

Research on marketing practices in Russia is quite fragmented (Wagner, 2005; Roersen *et al.*, 2013; Cortez and Johnston, 2018). Previous research on marketing practices in Russia has investigated the relational approach as just an addition, not a real alternative, to transactional marketing. According to Wagner (2005), the use of the relational approach was only common amongst newly established companies, foreign businesses and joint ventures.

The market orientation approach has been used extensively in emerging countries, such as Russia, although companies might adopt market orientation in different ways (Buhalis and Volchek, 2021; Mandler *et al.*, 2021). In this paper, market orientation is viewed as part of an organisational culture consisting of customer orientation, competitor orientation and cross-

Figure 1.
Conceptual model of
the study



Source(s): Authors' elaboration

functional coordination (Narver and Slater, 1990; Smirnova *et al.*, 2018). Competitor orientation consists of several individual dimensions that complement one another in enhancing a firm's performance by creating an in-depth understanding of market competitiveness (Cortez and Johnston, 2018; Podnara and Balmer, 2021).

In the Russian context, early papers (Belaya and Hanf, 2010; Komissarova and Grein, 2011) predicted customer orientation would become a leading driving force for Russian firms, but it has failed to meet these expectations. Over the past decade, the emerging Russian market has provided substantial growth opportunities, motivating firms to focus on easy growth in a large domestic market, with no need to invest in marketing practices. However, based on extensive survey data collected in the Russian market over the past 13 years (Appendix), we expect that the best marketing practices have already adapted to the Russian market and over the long term, have significantly influenced firms' MP by adding FP data to the model.

3.2 Research design and measurement scales

This study's research employs a specially developed methodology, combining subjective data (received from the survey) and objective ROA data on FP (longitudinal objective data for the period 2008–2020 from official statistical databases (e.g. Spark-Interfax)) to verify the impact of marketing practices on firms' market and FP in the long term and to reduce common method bias (Podsakoff *et al.*, 2003).

MP is measured employing scales from Vorhies and Harker (2000), Coviello *et al.* (2002) and Ambler *et al.* (2004) and is built on the operationalisation of marketing practices: RM includes NM, and interaction marketing (IM) is measured employing the CMP scale (Coviello *et al.*, 2002). PD is measured using an adapted 5-point Likert scale from Deshpandé *et al.* (1993) and Kohli *et al.* (1993). Customer orientation (CuO) and Competitor orientation (CO) are measured using MKTOR, adapting a 5-point Likert scale from the 7-point Likert scale of Narver and Slater (1990). Table 1 presents the measurement scales' development and operationalisation process.

Table 1 shows an evaluation of marketing practices using different scales, including the CMP research framework. The questionnaire includes details about the firm's profile (industry, number of employees), which are used as control variables.

Constructs of model	Indicators	Scales
Relationship-marketing practices (RM) (including network (NM) and interaction marketing practices (IM))	<p><i>RM1. When dealing with our market, our focus is on forming strong relationships with a number of organisations in our market(s) or wider marketing systems (NM)</i></p> <p><i>RM2. Our marketing communication involves senior managers networking with other managers from organisations in our market(s) or wider marketing systems (NM)</i></p> <p><i>RM3. Our marketing resources (e.g. people, time, money) are invested in establishing and building personal relationships with individual customers (NM)</i></p> <p><i>RM4. When people from our organisation meet with our primary customers, it is at a formal business and informal social level (NM)</i></p> <p><i>RM5. When dealing with our market, our focus is on building a long-term relationship with specific customer(s) (IM)</i></p> <p><i>RM6. Our marketing resources (e.g. people, time, money) are invested in establishing and building personal relationships with individual customers (IM)</i></p>	Coviello <i>et al.</i> (2002)
Product development (PD)	<p><i>PD1. We develop new products even though it may enhance the obsolescence of our existing products</i></p> <p><i>PD2. We periodically review our product development efforts to ensure they are in line with what customers want</i></p> <p><i>PD3. When we find that customers would like us to modify a product or service, the departments involved make certain efforts to do so</i></p>	Deshpandé <i>et al.</i> (1993) Kohli <i>et al.</i> (1993)
Customer orientation (CuO)	<p><i>CuO1. Our business objectives are driven primarily by customer satisfaction</i></p> <p><i>CuO2. All the departments (marketing, sales, production, research and development, etc.) collaborate to respond to customers' requests in the best way</i></p> <p><i>CuO3. Our business strategies are driven by our beliefs about how we can create greater value for customers</i></p> <p><i>CuO4. Our business unit periodically circulates documents (e.g., reports, newsletters, informational files) that provide information on our customers</i></p> <p><i>CuO5. We measure customer satisfaction systematically and frequently</i></p> <p><i>CuO6. We constantly monitor our level of commitment and orientation to serving customers' needs</i></p>	MKTOR Narver and Slater (1990)
Competitor orientation (CO)	<p><i>CO1. Top management regularly discusses competitors' strengths and weaknesses</i></p> <p><i>CO2. We frequently exploit targeted opportunities to take advantage of competitors' weaknesses</i></p> <p><i>CO3. We target customer groups where we have, or can develop, a competitive advantage</i></p>	MKTOR Narver and Slater (1990)

(continued)

Table 1.
The measurement
scales

Constructs of model	Indicators	Scales
Market performance (MP)	Over the past year, how has your organisation performed relative to expectations for <i>MP1. Growth in sales of our product and/or services</i> <i>MP2. Changes in market share</i> <i>MP3. Business unit profitability</i> <i>MP4. Number of new consumers?</i>	Vorhies and Harker (2000) Coviello <i>et al.</i> (2002), Ambler <i>et al.</i> (2004)

Table 1. Source(s): Authors' own elaboration

Before the data-collection process, a pre-test for the scales was conducted on a small sample, which helped ensure that the measurement scales are viable in the Russian market context. Based on the findings of the pre-test, this study assesses the applicability of the scales and addresses the criticism of their validity in this particular market. The questionnaire was then distributed online.

The main reasons for focussing on these scales include their compact design, wide adoption in previous relevant studies, and their use in emerging markets (Lado *et al.*, 2013; Wang *et al.*, 2021), including Russia (Smirnova *et al.*, 2018). The items were used in their original formulations and translated and reverse-translated to ensure appropriate language. Narver and Slater's original study in 1990 used a 7-point Likert scale, but 5-point scales are more widely used in Russia. The present study measures all items on a 5-point Likert scale, ranging from 1 = "completely disagree" to 5 = "completely agree."

Roersen *et al.* (2013) emphasise their items' suitability to the Russian market environment. Their unique focus is primarily on the understandability of individual measurement items included in the scale in an emerging market context, and the resulting tendency of Russian firms to report higher indicators than those which are truly reflected in their marketing practices.

3.3 Sample description

This empirical research is based on a longitudinal quantitative study carried out between 2008 and 2020 with cross-sectional sampling (15 industries from 10 regions of Russia). The sample reflects the structure of the general population based on statistics (Rosstat, 2022). The variable "number of employees" was used to ensure a variety of companies differentiated by size. The sample is presented in Table 2.

The questionnaire targeted company heads, top management of firms and representatives of marketing and sales departments. 329 responses were collected from managers representing B2B and B2C companies producing different goods and providing different services. The response rate was about 10%. 241 completed questionnaires were used. These respondents represented 229 companies in the Russian market.

The FP categories were assigned using (1) average ROA between 2008 and 2013 and between 2019 and 2020 calculated separately for each firm; (2) the differences between ROA between 2008 and 2013 and between 2019 and 2020 were calculated for each firm; (3) the companies were divided into quartile groups, from the lowest to the highest FP, using the difference between ROA using the fuzzy coding approach; (4) companies that left the market before 2020 were assigned the lowest FP score. As a result, the FP variable ranges from 1 (the firm left the market) to 5 (companies showed the highest increase in ROA over the period) (Bernhardt *et al.*, 2000). The firms' FP indicators were distributed by five unique categories and the number of employees.

Industry	N	Share
Wholesale and Retail	80	34.9%
Advertising and Marketing	23	10.0%
IT industry	20	8.7%
Law and accounting	19	8.3%
Automobile industry	19	8.3%
Real estate management	15	6.6%
Food industry	13	5.7%
Light industry	9	3.9%
Radio and television	8	3.5%
Transport	7	3.1%
Financial services	5	2.2%
Education	4	1.7%
Tourism	3	1.3%
Agricultural industry	2	0.9%
Rent and leasing	2	0.9%
Total	229	100.0%

Financial performance category (based on objective data)						
Number of employees	N	1	2	3	4	5
0–20	114 (47.3%)	56 (23%)	24 (10%)	6 (2.5%)	12 (5%)	16 (6.6%)
21–50	22 (9.1%)	2 (0.8%)	2 (0.8%)	4 (1.7%)	6 (2.5%)	8 (3.3%)
51–100	40 (16.7%)	5 (2.1%)	4 (1.7%)	17 (7.1%)	8 (3.3%)	6 (2.5%)
101–500	36 (14.9%)	5 (2.1%)	4 (1.7%)	8 (3.3%)	10 (4.1%)	9 (3.7%)
501–1,000	6 (2.4%)	1 (0.4%)	0 (0%)	2 (0.8%)	1 (0.4%)	2 (0.8%)
1,001–5,000	16 (6.6%)	1 (0.4%)	6 (2.5%)	3 (1.2%)	5 (2.1%)	1 (0.4%)
>=5,001	7 (2.8%)	1 (0.4%)	3 (1.2%)	2 (0.8%)	0 (0%)	1 (0.4%)
Total	241 (100%)	71 (29%)	43 (18%)	42 (17%)	42 (17%)	43 (18%)

Table 2. Sample distribution

To avoid common method bias, the research design supplements the subjective survey data with objective FP data on ROA.

3.4 Analytical procedure

The analysis was conducted in three steps: two-step factor analysis (exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) and SEM. The data were processed in R, using jmv v1.2.5, GPArotation v2014.11–1 and lavaan v0.6-5 packages.

In the EFA step, the maximum likelihood (ML) estimation and Oblimin rotation were applied. The CFA and the ML estimation method were used as the second step. According to the EFA procedure, three items with cross-loadings (RM3, CuO1 and CuO6) were deleted from the pool of 18 indicators. In the next step, whilst adjusting the CFA model, four more items (RM5, CuO3, CuO4 and CuO5) were removed. As a result, the initial set of 18 items was reduced to 10.

Regarding the formative constructs, there are no multicollinearity problems with the data. For each construct, Cronbach's Alpha is above the critical criterion (0.7), the average variance extracted (AVE) is > 0.5, composite reliability (CR) values are >0.7 and the outer loadings are >0.5 (Table 3).

In the third step, SEM was developed based on the survey and ROA data to identify the three latent constructs. SEM is appropriate because of the small number of respondents (we have 241), shows fewer restrictions on data normality and is an accepted technique for marketing studies (Hair *et al.*, 2019; Reinartz *et al.*, 2009).

Measurement item	Mean (SD)	Loadings	α	CR	AVE
<i>Relationship marketing (RM)</i>	3.27 (1.19)		0.792	0.791	0.501
<i>RM1. When dealing with our market(s), our focus is on forming strong relationships with a number of organisations in our market(s) or the wider marketing system (NM)</i>	3.24 (1.13)	0.692			
<i>RM2. Our marketing communication involves senior managers networking with other managers from organisations in our market(s) or the wider marketing system (NM)</i>	3.39 (1.12)	0.760			
<i>RM4. When people from our organisation meet with our primary customers, it is at formal business and informal social levels (NM)</i>	3.06 (1.31)	0.593			
<i>RM6. Our marketing resources (e.g. people, time, money) are invested in developing our organisation's network relationships within our market(s) or the wider marketing system (IM)</i>	3.38 (1.19)	0.738			
<i>Product development (PD) with customer focus</i>	3.64 (1.12)		0.768	0.769	0.530
<i>CuO2. All the departments (marketing, sales, production, research and development, etc.) collaborate to respond to customers' requests in the best way</i>	4.47 (0.76)	0.610			
<i>PD1. We develop new products, even though it may enhance the obsolescence of our existing products</i>	3.63 (1.26)	0.660			
<i>PD2. We periodically review our product development efforts to ensure they are in line with what customers want</i>	3.41 (1.18)	0.783			
<i>PD3. When we find that customers would like us to modify a product or service, the departments involved make efforts to do so</i>	3.06 (1.28)	0.741			
<i>Competitor orientation (CO)</i>	3.77 (1.20)		0.771	0.818	0.579
<i>CO1. Top management regularly discusses competitors' strengths and weaknesses</i>	4.01 (1.14)	0.708			
<i>CO2. We frequently take advantage of targeted opportunities to exploit our competitors' weaknesses</i>	3.77 (1.16)	0.871			
<i>CO3. We target customer groups where we have, or can develop, a competitive advantage</i>	3.53(1.30)	0.699			
<i>Market performance (MP)</i>	3.81 (0.89)		0.841	0.842	0.531
<i>MP1. Growth in sales of product and/or services</i>	3.79 (0.92)	0.822			
<i>MP2. Changes in market share</i>	3.84 (0.87)	0.704			
<i>MP3. Business unit profitability</i>	3.72(0.97)	0.754			
<i>MP4. Number of new consumers</i>	3.72 (0.86)	0.758			
<i>MP5. Loyalty/retention of consumers</i>	3.98 (0.81)	0.532			

Table 3. Estimation of the measurement model
Note(s): SD = standard deviation, α = Cronbach's alpha, AVE = average variance extracted and CR = composite reliability
Source(s): Authors' own elaboration

We establish construct reliability, based on Cronbach's Alpha as a measurement of internal consistency of each scale and on the construct-level CR (Foroudi *et al.*, 2014). Construct validity is assessed based on convergent and discriminant validity. We assess discriminant validity following the criterion established by Fornell and Larcker (1981), requiring the AVE for each construct to be higher than the squared correlation between each pair of constructs.

4. Results

Table 4 presents the hypothesis testing results. The result of modelling shows satisfactory fit indices (goodness-of-fit index (GFI) = 0.937, Tucker–Lewis index (TLI) = 0.962, comparative fit index (CFI) = 0.970, root mean square error approximation (RMSEA) = 0.04 and $\chi^2 = 133.71$

Table 4. Evaluation of the structural model

Hypothesis	Effect	β	p	Decision
H1	$RM \rightarrow PD$	0.422	0.000	Supported
H2	Direct effect: $PD \rightarrow MP$	0.283	0.001	Supported
H3	Mediation analysis			Supported
	Indirect effect: $PD \rightarrow CO$	0.434	0.000	
	Indirect effect: $CO \rightarrow MP$	0.268	0.001	
	Total effect: $PD \rightarrow MP$	0.399	0.000	
H4	$CuO^* \rightarrow MP$	–	–	Not supported
H5	$MP \rightarrow FP$	0.119	0.079	Supported

Note(s): *RM* = relationship marketing, *PD* = product development, *CO* = competitor orientation, *MP* = market performance, *FP* = financial performance and *CuO* = customer orientation

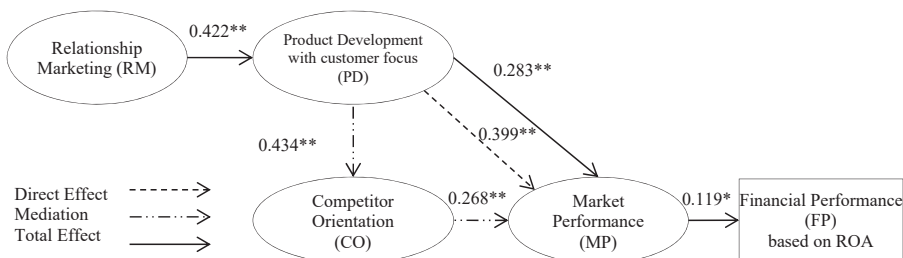
*The *CuO* factor was deleted due to cross-loading of *CuO* items during the EFA analysis. The item *CuO2* was included in the *PD* factor during the CFA stage to improve the CFA model fit

Source(s): Authors' own elaboration

($df = 95$). All the effects of *PD* on *MP* were estimated using the lavaan v0.6-5 “SEM” procedure. The results of SEM are presented in Figure 2.

As expected, a strong positive effect of *RM* on *PD* (H1) was confirmed ($\beta = 0.422, p < 0.001$). A test on the impact of *PD* on *MP* (H2) shows a significant direct effect ($\beta = 0.283, p = 0.001$). The total effect of *PD* on *MP* is significant ($\beta = 0.399, p < 0.001$). It also includes a mediation effect of *CO* on the relationship between *PD* and *MP*: *PD* on *CO* ($\beta = 0.434, p < 0.001$) and *CO* on *MP* ($\beta = 0.268, p = 0.001$). Thus, H3 is supported. The *CuO* factor has been deleted due to cross-loading of *CuO* items, and the item *CuO2* is included in factor *PD*, which is renamed *PD* with a customer focus. So, H4 is not supported. The analysis supports the hypothesis that adopting marketing practices contributes to *MP* and, as a result, shows a weak but significant influence on *FP* over the long term. H5 ($\beta = 0.119, p \leq 0.1$) can be confirmed, but the significance is lower than for the other hypotheses. Despite the lower level of significance, it is still below 0.1, which is a widely used level of significance (Kim and Choi, 2021).

The empirical results of SEM positively impact company *MP* and *FP* from a 13-year perspective. *CO* is significant as a mediator of the *PD* effect on *MP*. The adoption of *RM* contributes to *PD* processes. The effect of *MP* on *FP* in the long term is confirmed. The low significance of this effect can be explained by some sampling issues due to the cross-sectional sampling method, the high percentage of companies that left the Russian market (29%) and the imperfect approach used to estimate *FP*. This creates a need for further elaboration on the estimation of *FP*.



Note(s): * $p \leq 0.1$, ** $p \leq 0.001$

Source(s): Authors' elaboration

Figure 2. Results of SEM

5. Discussion

5.1 Theoretical implications

In this study, we advance our understanding of how marketing practices impact market and FP in Russia's emerging economy. The empirical results of our longitudinal research show that the adoption of RM and ongoing PD, whilst monitoring competitors' activity, positively impact a firm's market and FP from a 13-year perspective, even though the marketing practices differ dramatically from those in developed markets. The results confirm previous findings that the capabilities of firms in emerging markets (Cortez and Johnston, 2018) and adaptation have a positive effect on marketing practices (Mandler *et al.*, 2021). The results of our empirical research correspond to previous studies of developed and emerging markets (Coviello *et al.*, 2002; Quacha *et al.*, 2020; Jong *et al.*, 2021; Pedersen *et al.*, 2020; Ćorića *et al.*, 2020; Butkouskaya *et al.*, 2021).

Because competitor orientation mediates the effect of PD on MP, stakeholders should pay close attention to competitors' strategies (Wang *et al.*, 2021). Close monitoring of competitors' activity, whilst undertaking ongoing PD with a focus on customers contributes to MP, securing the desired market share and profitability.

Competitor orientation and PD with a focus on customers affect the market and FP. The role of MP varies with firms' ROA.

When analysing the impact of MP on FP, it is worth noting the complex relationships between these indicators. It can be argued that the overall marketing vision of PD in the near future depends on how marketing analytics is organised.

Our study confirms the impact of RM (including interactive and network) practices on market and FP of Russian companies in the long term.

5.2 Managerial implications

The success of any firm significantly depends on its ability to improve competitive benefit (Ed-Dafali *et al.*, 2023). In their attempts to solve economic crises, businesses are interested in investigating emerging markets in which firms are trying to deal successfully with external turbulence and environments that might induce negative effects on performance.

During the past 15 years, the Russian market has changed irreversibly in all sectors of the economy, in its ways of addressing sanctions and prohibitions and in confronting the impacts of the COVID-19 pandemic (Pradhan *et al.*, 2019). Businesses have had to adjust their market strategies and activities.

The findings improve our understanding of the impacts of RM and marketing practices on market and FP in the long term.

RM helps capitalise on the value of co-creation and results in enhancing ongoing PD (Foltean, 2019). The effectiveness of implementing a market strategy, including PD, requires strong management vision and predictive abilities and creativity. Business processes need to be comprehensively redesigned to enhance value co-creation in developing new products.

This study supports the adoption of RM and proactive PD, both of which are vital for improving competitiveness in emerging markets in volatile times. Implementing digital technologies provides valuable opportunities for enhancing firms' capabilities.

5.3 Future research

As our sample was collected using the survey method for both independent and dependent variables, the research faces common method bias (Podsakoff *et al.*, 2003), which may lead to ambiguous conclusions and serious repercussions on theory development and practical implications. Our research design aims to check the collected subjective survey data with objective FP data on ROA.

The sample data included respondents with different manager profiles. A separate analysis could be applied for testing the effectiveness of marketing practices by more experienced managers, where relational skills play a vital role.

It is equally relevant to study the indirect effect of RM on MP, as well as the moderation effect of such parameters as firm size and industry. However, a bigger sample would be beneficial for achieving these goals. Finally, conducting inter-country research to reveal the interplay between market orientation components and their effects on long-term firm performance in developed and emerging markets could be useful.

6. Conclusions

This article provides both theoretical contributions and practical implications. Following the research objective, this paper empirically confirms that the adoption of RM practices affects market and FP in the long term.

Empirical studies prove that competitor orientation mediates the influence of PD on MP. From a practical perspective, this study underlines that understanding competitors' strengths and weaknesses provides a basis for firms to effectively use their resources to develop new products and differentiate themselves.

Our research supports the significant role of RM in the PD process and the lasting impact of adopting marketing practices on the market and FP in the long term. The implementation of marketing practices can increase the long-term effectiveness of a firm's performance. Implementing marketing practices can increase awareness of the market environment through interaction with competitors and consumers. These practices can be used as a basis for the development of a marketing strategy for any firm in turbulent economic conditions.

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Appendix

Marketing practice (Source)	Focus*	Method and data	Country	Contribution
Power and coordination in supply chain management (Belaya and Hanf, 2010)	NM	In-depth interviews (40 respondents)	Russia	Relations in the supply chain are affected by a variety of problems: quality of supplies, Russian management style and mentality, opportunism and absence of trust, administrative barriers, transport, logistics and infrastructure problems. Coercive or reward efforts might affect coordination
Business adaptation in a crisis environment (Komissarova and Grein, 2011)	IM	Survey (500 companies)	Russia	In a crisis environment, companies tend to cut costs, with a simultaneous transition to advanced and more efficient marketing techniques. Existing relations are leveraged to maintain a competitive position, but it is a situational decision rather than strategic management
Specific marketing practices for emerging markets (Cortez and Johnston, 2018)	NM	Survey (229 respondents)	Ems* (including Russia)	B2B marketing practice is described by four relevant challenges: the development and management of customer relationships, the understanding of marketing channels and the industrial value chain, the development of new offerings and the administration of traditional marketing communications (e.g. advertising, trade shows)
Strategic and internal green marketing (Papadasa <i>et al.</i> , 2019)	NM	Survey (62 respondents)	Greece	The application of a strategic approach for green marketing and its positive relationship with a competitive advantage
Customer orientation approach (Smirnova <i>et al.</i> , 2018)	IM	Survey (339 respondents)	Russia	Customer-centric strategy and customer service delivery dimensions contribute to firms' ability to serve their customers, adapt to their market environment, and optimise growth and profitability
Bridge marketing theory to practice (Foltean, 2019)	IM	Meta-analysis (42 papers)	Both DMs* and Ems	New insights into marketing theory and practice by advancing knowledge in four key areas: implementing marketing strategy, digital technologies in marketing, international branding and sustainable marketing

Table A1.
Examples of existing research on relationship marketing in emerging markets

(continued)

Marketing practice (Source)	Focus*	Method and data	Country	Contribution
Sustainable marketing orientation (SMO) Čorića et al. (2020)	IM	Interview (148 start-ups)	Croatia, Slovenia, Serbia, Albania, UK, Spain	Three dimensions were confirmed: strategic integration, societal engagement and ethical capabilities – within the context of start-ups' sustainable marketing orientation
General marketing practice in B2B (Pedersen et al., 2020)	NM	Review (116 papers)	Both DMs and EMs	Identified B2B topic practices and the generation of a combined method of using them
Operating services setting in B2B (Jong et al., 2021)	IM	Meta-analysis (60 papers)	Both DMs and EMs	Identify and discuss the impact of five important trends in which digitisation will fundamentally impact the future of B2B services as enablement services within channels: 1) gamification to engage and motivate, 2) personalisation to enrich interactions, 3) mixed realities (MR) to revolutionise offerings, 4) data visualisation to enhance decision-making and 5) privacy as an empowerment tool
Social networking site (SNS) marketing activities Wang et al. (2021)	NM	Survey (240 respondents)	China	SNS marketing activities perceived by customers in traditional markets, such as interaction, word of mouth, and information on an SNS platform, had a positive influence on customer perceptions of value, brand, and relationship, and this will help traditional markets improve future sales
Integrated marketing communications (IMC) Butkouskaya et al. (2021)	IM	Survey (540 respondents)	Spain, Belarus	The specific role of customer performance in IMC effectiveness companies of various sizes applying an inter-country context
Corporate marketing Podnara and Balmer, 2021)	NM	Meta-analysis (over 100)	Both DMs and EMs	Corporate marketing has not yet been accorded high-profile status within marketing. In the past, reflections have been made in this regard in relation to the “fog” surrounding the broad territory and the fact that a disregard of corporate, and what is called “corporate marketing myopia,” can be prevalent amongst both scholars and practitioners

(continued)

Table A1.

Marketing practice (Source)	Focus*	Method and data	Country	Contribution
Marketing standardization/adaptation (Mandler <i>et al.</i> , 2021)	IM	Meta-analysis (68 papers)	Both DMs and EMs (including Russia)	When marketing-mix standardisation is treated as a whole and not separated into its individual elements, it positively relates to overall international performance, economic/financial performance, and strategic performance
Multi-marketing performance performance (Buhalis and Volchek, 2021)	NM	Meta-analysis (164 academic and 31 industry sources)	Both DMs and EMs	The characteristics of marketing attribution as data-driven analytics for marketing performance assessment

Note(s): NM = network marketing, IM = interaction development, DMs = developed markets and EMs = emerging markets
Source(s): Authors' own elaboration

Table A1.

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