The impact of self-service technologies on interfirm relationships

A Thesis Submitted in fulfillment of the requirement for the Degree of Doctor of Philosophy

University of Western Sydney
School of Marketing

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Certificate of declaration

The work presented in this thesis is, to the best of my knowledge and belief, original except as acknowledged in the text. I hereby declare that I have not submitted this material, either in full or in part, for a degree at this or any other institution.

.................................................................

(Signature)
This thesis is dedicated to my parents, Judith Sandra and Noel Raymond Johns, for being wonderful role models and for instilling in me the importance of learning.

The gift of education is one I will carry with me forever. I feel very fortunate to have you as my parents!
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Abstract

Technology has impacted the way businesses operate in a business-to-business (B2B) context and has influenced services by altering the way services are delivered (Bitner, Ostrom and Meuter, 2002). The increased use of self-service technologies (SSTs) could have a great impact on business-to-business relationships yet there is a shortage of research in the area (Johns and Perrott, 2008).

Electronic banking, encouraged by banks as a way to reduce service delivery costs and improve service quality for customers, is one technology that has streamlined business transactions (Sathye, 1999; Hughes and Hughes, 2004). Banking has attempted to move what used to be a physical transaction to one that is virtual and this is having implications for relationships between banks and their customers. Despite this there is little understanding of the impact of self-service technologies on relationships in a business context; do they enhance or hinder these relationships?

The importance of developing and fostering relationships with customers has long been regarded as important within services marketing (Berry, 1983) and also within business-to-business relationships (Ford, 1990). In the 1980s and 90s, a shift in marketing focus has seen an increased emphasis on Relationship Marketing (Morgan and Hunt, 1994). It is therefore important to consider Relationship Marketing in the context of this study in order to have a better understanding of the impact of self-service technologies on business relationships. Recently the concept of Service-Dominant Logic has become an emerging area of research in the marketing literature (see Bitner, Booms and Mohr, 1994; Vargo and Lusch, 2004; Lusch and Vargo, 2006b; Vargo and Lusch, 2008) and is gaining the attention of authors in marketing literature (see for example Brodie, Glynn and Little, 2006b; Gummesson, 2008a; Johns, 2008). Relationships drive mutual benefit and as mutual benefits are an outcome of Service-Dominant Logic (Vargo and Lusch, 2004; 2006; 2008) with its focus on value creation, it is worth considering the two bodies of literature concurrently (Gummesson, 2008a; Johns, Blackman and Low, 2009a). This study provides a comparison of the two bodies of literature, and contributes by indicating similarities and differences between the two bodies of literature.

To explore the research question “what impact does the use of self-service technologies have on interfirm relationships?” grounded theory was selected due to the exploratory nature of the study (Gummesson, 2008b; Johns, 2008). This thesis reviews the results and implications of an exploratory study conducted with a sample of Australian business bank customers and interviews with six Australian financial institutions. Findings indicate that two customer segments exist – a Transaction-Oriented segment and a Relationship-Oriented segment. Unlike existing literature that states bank customers prefer relationships (Eriksson and Marquardt, 2001), the findings indicate that this is only the case for one segment of business customers. This has implications for trust of the bank; however it does not appear to negatively impact on commitment to the relationship unless a better option becomes available. More broadly, the findings suggest that Relationship Marketing theory is applicable to relationship-oriented customers; however in the new business context of self-service delivery, traditional theory on relationships does not apply for transaction-oriented customers. Service-Dominant Logic is more applicable in a self-service business-to-business context due to its focus on value co-creation and customised offerings for customers.
# Table of Contents

Certificate of declaration ........................................................................................................... 2  
Acknowledgements ................................................................................................................... 4  
Abstract ..................................................................................................................................... 5  

**CHAPTER ONE - INTRODUCTION** ......................................................................................... 11  
1.1 Background to the research ............................................................................................. 11  
1.2 Research Problems ........................................................................................................... 12  
1.3 Industry context .................................................................................................................. 15  
1.4 Justification for the research ............................................................................................ 17  
1.5 Methodology ....................................................................................................................... 19  
1.6 Key findings and research contribution ............................................................................. 19  
1.7 Delimitations of scope ....................................................................................................... 21  
1.8 Outline of the thesis ......................................................................................................... 22  
1.9 Summary ........................................................................................................................... 23  

**CHAPTER TWO - LITERATURE REVIEW** .......................................................................... 25  
2.1 Introduction ....................................................................................................................... 25  
2.2 Relationship Marketing .................................................................................................... 27  
2.2.1 Defining Relationship Marketing .................................................................................. 27  
2.2.2 The Evolution of Relationship Marketing .................................................................... 31  
2.2.3 The importance of relationships in service ................................................................. 34  
2.2.4 Trust ............................................................................................................................. 36  
2.2.5 Commitment ................................................................................................................. 38  
2.2.6 Summary of Relationship Marketing .......................................................................... 40  
2.3 Service-Dominant logic .................................................................................................... 42  
2.3.1 Overview of Service-Dominant Logic ......................................................................... 42  
2.3.2 Service-Dominant Logic & relationships with customers ............................................ 50  
2.3.3 Criticisms of Service-Dominant Logic ....................................................................... 51  
2.3.4 The continual evolution of Service-Dominant Logic .................................................... 52  
2.3.5 Research gaps and problems with Service-Dominant Logic ..................................... 54  
2.4 Service-Dominant Logic and Relationship Marketing ..................................................... 55  
2.4.1 Collaboration and co-creation ...................................................................................... 56  
2.4.2 Value ............................................................................................................................ 57  
2.4.3 Resource focus ............................................................................................................. 58  
2.4.4 Relationship Requirements ......................................................................................... 59  
2.5 Self-service technologies .................................................................................................. 61  
2.6 Relationships, Technology and Self-Service Technologies ............................................. 66  
2.7 Research propositions ....................................................................................................... 69  
2.8 Chapter summary .............................................................................................................. 71
CHAPTER THREE – METHODOLOGY

3.1 Introduction ................................................................................................................... 73
3.2 Industry under investigation .......................................................................................... 75
3.2.1 Banking ...................................................................................................................... 75
3.2.2 Summary of the banking industry .............................................................................. 82
3.3 Methodology and Philosophical Assumptions .............................................................. 82
3.3.1 Epistemology for the research .................................................................................... 85
3.3.2 Methodology .............................................................................................................. 88
3.4 Method for this study .................................................................................................... 89
3.5 Sample overview .......................................................................................................... 96
3.5.1 Sample Size ............................................................................................................... 97
3.5.2 Sample Method .......................................................................................................... 98
3.6 Unit of analysis ........................................................................................................... 102
3.7 Data analysis ............................................................................................................... 103
3.8 Research Validity and research soundness ................................................................. 107
3.9 Limitations .................................................................................................................. 108
3.10 Ethical considerations .............................................................................................. 110
3.11 Conclusion .............................................................................................................. 111

CHAPTER FOUR - DATA ANALYSIS

4.1 Introduction ................................................................................................................. 112
4.2 Overview of the respondents ....................................................................................... 113
4.2.1 Demographic breakdown of respondents ................................................................. 113
4.2.2 Decision Maker vs. user ........................................................................................... 114
4.2.3 Overview of banks ................................................................................................... 116
4.3 Usage of Internet banking .......................................................................................... 118
4.4 Leximancer analysis ................................................................................................... 126
4.5 Relationship Marketing - Relationships in business banking ........................................ 137
4.6 The technology: Training, enhancements and promotional materials ....................... 152
4.7 Problems with banking .............................................................................................. 158
4.8 Switching cost perceptions ......................................................................................... 170
4.9 Commitment and Trust ............................................................................................... 173
4.10 Service-Dominant Logic .......................................................................................... 180
4.10.1 Value ..................................................................................................................... 180
4.10.2 Competitive advantage ........................................................................................... 186
4.10.3 The foundation premises of Service-Dominant Logic ........................................... 193
4.11 Summary ................................................................................................................... 196

CHAPTER FIVE - DISCUSSION

5.1 Introduction ................................................................................................................. 198
5.2 Discussion of the Research Propositions .................................................................... 201
5.2.1 RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment .................................................. 201
5.2.2 RP2: Customer specifics (demographics, industry and organisation size) impacts on requirement for face-to-face contact in a business-to-business context.......................... 207
5.2.3 RP3: Interaction is necessary in Relationship Marketing, regardless of whether this interaction is face-to-face or not ................................................................. 211
5.2.4 RP4: Banks provide appropriate value offerings to customers .............................. 214
5.3 Relationship between the findings and the literature .................................................. 217
5.3.1 Implications from findings confirming existing literature .............................. 217
5.3.2 Implications from findings extending existing literature ............................... 221
5.3.3 Implications from findings making a new contribution to the literature .......... 226
Implications for Management and Theory.......................................................................... 231
5.4 Managerial Implications ......................................................................................... 235
5.5 Theoretical Implications ......................................................................................... 238
5.6 Further research ..................................................................................................... 245
CHAPTER SIX - CONCLUSION .................................................................................. 248
6.1 Discussion .............................................................................................................. 248
6.2 The overview of the thesis ..................................................................................... 254
6.3 Summary of the research context ............................................................................. 256
6.4 Summary of Findings and Implications .............................................................. 257
6.5 New developments in the literature based on this research........................................ 263
6.6 Conclusion ............................................................................................................ 264
Glossary: ....................................................................................................................... Error! Bookmark not defined.
Refereed journal and conference papers by the author ........................................ Error! Bookmark not defined.
Published articles authored by the student and referred to in the thesis ... Error! Bookmark not defined.
Appendicies.................................................................................................................... Error! Bookmark not defined.
Reference List .................................................................................................................. 352
# Table of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.1</td>
<td>Types of Business Electronic Banking</td>
<td>15</td>
</tr>
<tr>
<td>Figure 2.1</td>
<td>Outline of Chapter Two</td>
<td>27</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>A shift in hegemony: From the 4Ps to relationships, networks and interaction</td>
<td>30</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>Disciplinary roots of Relationship Marketing</td>
<td>33</td>
</tr>
<tr>
<td>Figure 2.4</td>
<td>Relationship Commitment</td>
<td>40</td>
</tr>
<tr>
<td>Figure 3.1</td>
<td>Outline of Chapter Three</td>
<td>73</td>
</tr>
<tr>
<td>Figure 3.2</td>
<td>Relationship with Banking and co-creation, value, resource focus and relationship requirements</td>
<td>80</td>
</tr>
<tr>
<td>Figure 3.3</td>
<td>The simple relationship between Epistemology, Methodology and Method</td>
<td>83</td>
</tr>
<tr>
<td>Figure 3.4</td>
<td>Contributions of Method, Methodology and Epistemology to Qual Research</td>
<td>84</td>
</tr>
<tr>
<td>Figure 3.5</td>
<td>Diversity of Methods used in Qualitative Research</td>
<td>85</td>
</tr>
<tr>
<td>Figure 3.6</td>
<td>The research approach for this study</td>
<td>90</td>
</tr>
<tr>
<td>Figure 3.7</td>
<td>The data collection method undertaken</td>
<td>90</td>
</tr>
<tr>
<td>Figure 3.8</td>
<td>Diagram of the unit of analysis</td>
<td>103</td>
</tr>
<tr>
<td>Figure 4.1</td>
<td>Chapter Outline:</td>
<td>113</td>
</tr>
<tr>
<td>Figure 4.2</td>
<td>Leximancer concept map for transaction customers</td>
<td>128</td>
</tr>
<tr>
<td>Figure 4.3</td>
<td>Leximancer concept map for relationship customers</td>
<td>129</td>
</tr>
<tr>
<td>Figure 4.4</td>
<td>Overall concept map for all respondents</td>
<td>131</td>
</tr>
<tr>
<td>Figure 4.5</td>
<td>Leximancer concept map for the theme ‘Relationship’ for transaction segment</td>
<td>133</td>
</tr>
<tr>
<td>Figure 4.6</td>
<td>Leximancer concept map for the theme ‘Relationship’ for relationship segment</td>
<td>135</td>
</tr>
<tr>
<td>Figure 4.7</td>
<td>Linkages to the term ‘problem’</td>
<td>138</td>
</tr>
<tr>
<td>Figure 4.8</td>
<td>Pathway of concepts from problem to transactions</td>
<td>160</td>
</tr>
<tr>
<td>Figure 4.9</td>
<td>Map indicating the pathway between the concept ‘problem’ and ‘transaction’</td>
<td>160</td>
</tr>
<tr>
<td>Figure 5.1</td>
<td>Chapter structure</td>
<td>201</td>
</tr>
<tr>
<td>Figure 5.2</td>
<td>Relationship-oriented and Transaction-oriented customers</td>
<td>237</td>
</tr>
<tr>
<td>Figure 5.3</td>
<td>The trust / commitment model in a self-service context</td>
<td>241</td>
</tr>
<tr>
<td>Figure 5.4</td>
<td>Outcomes of relationship orientation</td>
<td>244</td>
</tr>
<tr>
<td>Figure 5.5</td>
<td>Interactions between banks and business customers</td>
<td>245</td>
</tr>
<tr>
<td>Figure 6.1</td>
<td>Overview of the thesis</td>
<td>255</td>
</tr>
</tbody>
</table>
Table of Tables

1. Table 2.1 Foundation Premises of Service-Dominant Logic ............................................................... 46
2. Table 2.2 Differences between Goods-Dominant Logic and Service-Dominant Logic ................... 51
3. Table 2.3 Forthcoming articles related to Service Dominant Logic .................................................. 55
4. Table 2.4 Commonalities between Relationship Marketing and Service-Dominant Logic ................. 56
5. Table 2.5 Review of Relationship Marketing & Service-Dominant Logic ........................................ 60
6. Table 3.1 Usage of online banking .................................................................................................. 78
7. Table 3.2 Self-service technology introduction and relationship to Relationship Marketing and Service-Dominant Logic .......................................................... 80
8. Table 3.3 Overview summary of this research ................................................................................. 84
9. Table 3.4 The differences between subjective and objective assumptions of social science........ 86
10. Table 3.5 Philosophies of the Positivist and Interpretivist modes of inquiry ................................. 87
11. Table 3.6 Methods used in similar studies in the past .................................................................... 93
12. Table 3.7 Methods for examining research objectives .................................................................... 95
13. Table 3.8 Overview of research cases ............................................................................................ 100
14. Table 3.9 Comparison of use of thematic analysis; NVivo and Leximancer ................................. 106
15. Table 4.1 Bank identifying details ................................................................................................. 117
16. Table 4.2 Themes and relevance to two segments ........................................................................ 130
17. Table 4.3 Understanding the code ‘relationship’ in more detail for transaction-oriented customers ................................................................................................................................................. 132
18. Table 4.4 Understanding the code ‘relationship’ in more detail for relationships oriented customers ................................................................................................................................................. 136
19. Table 4.5 Exploring the concept ‘problem’ in more detail ............................................................... 159
20. Table 4.6 Loyalty to bank as rated by interviewees ......................................................................... 175
21. Table 4.7 Factors driving commitment for the customer segments ............................................... 179
22. Table 4.8 Customer segment profile characteristics ....................................................................... 180
23. Table 4.9 Value Statement ............................................................................................................... 181
24. Table 4.10 Loyalty to bank as rated by interviewees ....................................................................... 182
25. Table 4.11 Bank website claims and customer expectations .......................................................... 190
26. Table 4.12 Bank’s competitive advantages rated on Barney’s (1991) empirical indicators of sustained competitive advantage ............................................................................................................. 193
27. Table 4.13 The foundation premises of Service-Dominant Logic and the relationship to the findings ............................................................................................................................................. 194
28. Table 5.1 Summary of findings and implications related to RP1 ....................................................... 203
29. Table 5.2 Implications and findings for RP2 .................................................................................... 209
30. Table 5.3 Findings and Implications for RP3 .................................................................................. 213
31. Table 5.4 Findings and implications related to RP4 ......................................................................... 215
32. Table 5.5 Conceptual Categories of Relationship Marketing – for relationship-oriented and transaction-oriented customers in a self-service context ........................................................................ 222
33. Table 5.6 Implications for Relationship Marketing and Service-Dominant Logic in a Self-Service Context ................................................................................................................................. 232
34. Table 6.1 Level of support for the research propositions ................................................................ 235
35. Table 6.2 Summary of findings and implications .......................................................................... 258
CHAPTER ONE - INTRODUCTION

1.1 Background to the research

The objective of this thesis is to provide an understanding about the importance of relationships in a self-service technology/business-to-business context. This chapter (Chapter One) provides an overview of the thesis and introduces the background for the study. The industry selected for investigation will be discussed and a discussion of the research question will be provided. Justification for the study will also be discussed.

Businesses are increasingly using technology in their business-to-business operations and it is essential to understand the impact of these technologies on the relationship between the marketer and their business customer, business processes and productivity. In particular, the increasing use of self-service technologies (SSTs) within business-to-business (B2B) relationships removes face-to-face contact traditionally believed to be important in relation to service delivery between two organisations. What this does to the relationship is not understood. How does it impact on trust, commitment and ultimately the relationship itself? What are customer expectations of value and how does this impact on service delivery? This thesis broadly examines the impact of self-service technologies on interfirm relationships.

With an increase in the use of self-service technologies (Bitner et al., 2002) and the importance of relationships in a business-to-business context (Gummesson, 2008b) it is necessary to understand the impact of these technologies on relationships. This thesis discusses a comprehensive exploratory study conducted to understand the impact of self-service technologies in a business-to-business context.

Relationship Marketing is a body of theory utilised in business-to-business studies (Grönlund, 1994; Gummesson, 1994; Morgan and Hunt, 1994). More recently, academic research in marketing has focused on Service-Dominant Logic (Vargo and Lusch, 2004; Vargo and Lusch, 2006; Vargo and Lusch, 2008). Both bodies of literature have a focus on mutual benefit and collaboration with customers (Johns, Blackman and Low, 2009) and therefore it was deemed that the two bodies of literature were an appropriate literature base for this study.
The study aims to explore the impact of self-service technologies on interfirm relationships. As organisations increasingly invest in the improvement of technology and encourage customers to utilise these self-service technologies, it is essential to have an understanding of how this impacts on relationships. Whilst a number of studies indicate how products are adopted or accepted (Davis, Bagozzi and Warshaw, 1989; Rogers, 2003), few examine both business-to-business relationships and self-service technologies. Self-service technologies have altered the way a relationship between the service deliverer and customer is conducted and research suggests that even when self-service technologies are used, customers still demand outcomes that are dependable, provide easy access, flexibility and compensation when problems arise (Bitner, 2001). The use of technology in banking has been increasing over recent years and it is essential to understand the impact of this technology on relationships between banks and business customers. Due to the perceived importance of relationships in commercial banking and the increase in the use of self-service technologies in banking, this study was conducted in the banking industry to determine the impact of self-service technologies on relationships between the bank and their commercial customers.

1.2 Research Problems

To explore the nature of interfirm relationships and the impact of technology, this thesis examines the relationship between banks and their commercial customers. Relationship Marketing theory is viewed as essential to developing and nurturing relationships with customers, however focuses on a traditional, interactive relationship. The use of self-service technologies provides a new context for business-to-business interactions to occur and with the increased use of these technologies in a business context there is a gap in the literature that requires research. Service-Dominant Logic explores the co-creation of value and the delivery of service in adding value and this can easily be applied in a self-service context, however, it has not bee subject to empirical evaluation in any depth.

Using the principles from these two bodies of literature, research was undertaken to explore the way in which technology can be utilised in a business-to-business context. This is an important area of work (Berthon, Lane, Pitt and Watson, 1998), however, research before now has tended to focus on communication and distribution, rather than on enhancing trust or the impact of technology on business relationships. The study
focuses on the research question; what impact does the use of self-service technologies have on interfirm relationships? Working toward answering this question will fulfil the following objectives:

**Objective 1:** To examine Relationship Marketing theory in the context of self-service technologies

**Objective 2:** To understand how the reduction of face-to-face contact can impact on relationships in a business-to-business context

**Objective 3:** To understand how the use of technology impacts on trust and relationship commitment in a business-to-business context

Four research propositions will also be presented in Chapter Two. These are drawn from discussion of the literature. These research propositions are:

**Research Proposition 1:** Increased use of information technology impacts on relationships, particularly in terms of trust and commitment

**Research Proposition 2:** Customer specifics (demographics and industry) impacts on requirement for face-to-face contact in a business-to-business context

**Research Proposition 3:** Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not

**Research Proposition 4:** Banks provide appropriate value offerings to customers

Throughout the thesis, a comprehensive overview of Relationship Marketing theory and literature relating to Service-Dominant Logic will be provided.

Although Service-Dominant Logic is “more of a philosophy and perspective than a theory” (Lusch, Vargo and Malter, 2006: 267) it is relevant to the work in this thesis, particularly when coupled with Relationship Marketing. Within services marketing (Berry, 1983), business-to-business marketing (Ford, 1990), and even technological marketing (McKenna, 1993), it is apparent that long term relationships benefit both
buyers and suppliers. A thorough literature review of Relationship Marketing theory has indicated that although applicable to a business-to-business context, it does not sufficiently consider the use of technology and removal of face-to-face contact (Yen and Gwinner, 2003).

Because of its high importance and the fragile nature of interfirm relationships (Harris and Dibben, 1999) trust in business-to-business relationships has been widely researched. The way technology can be utilised in a business-to-business context has been researched (Berthon et al., 1998) however research has rarely considered self-service technologies and the impact of this on relationships. Research suggests that organisations increasingly understand the importance of managing relationships (Wilkinson and Young, 2002) yet the increased use of self-service technologies may actually hinder these relationships. More information is needed on this within a business-to-business context and that is the objective of the study.

Few studies have examined business use of self-service technologies and those that have are mostly focused on the adoption of technology. There is a request for further research to develop theory in this area, particularly in a business-to-business context (Pujari, 2004). With the increased use of self-service technologies in a business-to-business context, it is increasingly important to know how self-service technologies impact on relationships in an interfirm context. This study therefore contributes to the literature by examining Relationship Marketing theory within a new context (self-service technologies). This study is underpinned by the principles of the Service-Dominant Logic framework but within a new context (self-service technologies and business-to-business). This provides increased understanding of Service-Dominant Logic, which is essential due to its focus in the literature (Ballantyne and Aitken, 2007; Gray, Matear, Deans and Garrett, 2007; Lusch, Vargo and O’Brien, 2007; Merz, Yi and Vargo, 2009) yet there is little empirical work that examines the philosophy (Sweeney, 2007; Johns, 2008)

The research discussed in this thesis seeks to explore the research propositions through the use of grounded theory. A discussion of the findings will relate to the research propositions and implications regarding the impact of self-service technologies on business-to-business relationships will be discussed. This study will be confined to the banking industry.
1.3 Industry context

Previous research in bank marketing has primarily focused on personal customer banking (Pujari, 2004) however over recent years businesses have increasingly utilised technology in managing relationships (Gummesson, 1996). Therefore it is important to understand how the use of technology impacts on relationships between banks and commercial customers. A focus on banking is particularly important due to the importance of customer relationships in banking (Barnes, 1997; Colgate, Auckland and Alexander, 1998) and within a business-to-business context (Kandampully, 2003; Gummesson, 2008b).

Internet banking is increasingly used in a business-to-business context. Business banking includes transactions, loans and investment planning and specific electronic transaction tools for business banking are EFTPOS, Netbanking, telephone banking and BPay, as indicated in Figure 1.1.

Figure 1.1: Types of Business Electronic Banking

![Diagram of Business Electronic Banking](source: cba.com.au 2010)

The banking industry is renowned for its innovation in service delivery and distribution and this has been a method of differentiation in the industry for decades. In order to ensure that banks remain competitive, alternative means of distributing banking products have been considered for many years (Pikkarainen, Pikkarainen, Kajaluoto and Pahnila, 2004). In recent years, banks have been promoting online banking as a convenience for customers and for cost savings for the banks. Consequently, the research presented in this study is essential to understand the impact of self-service technologies on business banking relationships.
The use of the internet in banking has given customers the opportunity to have greater control over their financial information and transactions (Rotchanakitumnuai and Speece, 2003) with added convenience. Ultimately for the bank this leads to cost reductions and a greater ability to compete (Rotchanakitumnuai and Speece, 2003) and from the customer point of view it provides increased convenience (Hughes and Hughes, 2004). With the greatest profit opportunities (Tyler and Stanley, 1999), corporate customers form an essential customer base for a bank and yet there is limited research about corporate banking customers (Rotchanakitumnuai and Speece, 2003). It is anticipated that technology will impact on relationships, however there is limited understanding about the direction of this impact, and this is the purpose of this study.

Due to the nature of service delivery and the importance of relationships in a banking context, banking was deemed to be the appropriate focus for the research. This will be justified in detail in Chapter Three however two unique attributes make banking a good starting point for this study. Firstly, technology is increasingly utilised in banking transactions (Rotchanakitumnuai and Speece, 2003). Secondly, banking tends to develop and foster longer-term relationships compared to many other industries and therefore is appropriate to be examined from a Relationship Marketing perspective.

In the context of this thesis, commercial banking customers will be considered ‘business-to-business’ customers, regardless of the industry they work in or their customer base. This definition is consistent with existing research which states that the relationship between corporate bank customers and banks are considered business-to-business relationships markets (Hawke and Heffernan, 2005). The terms commercial customers, business-to-business customers and interfirm context can be used interchangeably to describe a relationship between a marketer and their business customer. A relationship occurs when ongoing interactions occur between a customer and an organisation therefore a relationship in the context of the research will be considered as ongoing transactions (more than one) between a bank and a business customer.

There are numerous types of business-to-business relationships but within the context of this study the relationship between the focal firm (marketer) and their ultimate customers (e.g. bank and customer) is explored. These relationships are viewed as
supplier partnerships or buyer partnerships respectively (Morgan and Hunt, 1994). For simplicity, the focal firm will be viewed as the bank with the business customer as the ultimate customer; meaning that the relationship under focus will be a buyer partnership. This is the type of relationship often examined within Services Marketing literature (Berry, 1983) and is applicable to this study because of its emphasis on services. Dibb and Meadows (2001) believe that financial sectors require their own studies on Relationship Marketing. This justifies the use of one industry; however there are limitations. Chapter Three discusses this in more detail.

1.4 Justification for the research

The present research contributes to the literature with both managerial and theoretical implications.

An important part of marketing practice and theory is Relationship Marketing which focuses on customers in terms of increasing customer retention and loyalty (Berry, 1983; Berry, 1995) and the focus on Relationship Marketing in the literature has grown considerably in the past two decades. As attracting new customers is quite costly, organisations strive to retain satisfied customers and therefore Relationship Marketing is viewed as particularly important in a business-to-business context, where there are fewer customers, but transactions are generally of higher value (Kotler, Adam, Denize and Armstrong, 2009). Within banking, Relationship Marketing practices are essential as a way to enhance customer retention (Colgate et al., 1998; Colgate and Stewart, 1998). Trust and commitment to the relationship is essential for Relationship Marketing (Morgan and Hunt, 1994) and these constructs will be examined in detail.

Service-Dominant Logic has also been the focus of research since being proposed and refined by Vargo and Lusch (2004, 2006 and 2008). Service-Dominant Logic has since received a great deal of attention in the literature, with many authors discussing its application and use (Hunt, 2004; Aitken, Ballantyne, Osborne and Williams, 2006; Brodie, Pels and Saren, 2006a; Brodie et al., 2006b; Ballantyne and Aitken, 2007; Brown, 2007; Gray et al., 2007; Lusch et al., 2007; Lusch, Vargo and O'Brien, 2007; Abela and Murphy, 2008; Gummesson, 2008a; Johns, 2008; Layton, 2008; Madhavaram and Hunt, 2008; Merz et al., 2009; Warnaby, 2009). Other research has examined how to empirically evaluate Service-Dominant Logic (Sweeney, 2007; Johns, 2008) and Service-Dominant Logic has even received attention in the media (Young,
Recently, considerable academic discussion has occurred regarding Service-Dominant Logic. This includes the application of Service-Dominant Logic in providing a general theory of the market (Venkatesh, Penaloza and Firat, 2006; Vargo, 2010) and the application of Service-Dominant Logic to markets in a consumer behaviour context (Ertimur and Venkatesh, 2010; Pecotich, Rahtz and Shultz Ii, 2010). In addition, the findings of an ethnographic study linked to Service-Dominant Logic has been discussed (Korkman, Storbacka and Harald, 2010). Service-Dominant Logic tracks the evolution of marketing from a goods-based discipline to one which focuses on service-delivery (Vargo and Lusch, 2004) which is an important part of marketing. However, with limited empirical evaluation of the literature, further exploration is needed.

Furthermore, the interaction between Relationship Marketing and Service-Dominant Logic has received very limited focus in the academic literature, with very few authors discussing a link between the two bodies of literature (Gummesson, 2008b; Xiang and Petrick, 2008; Johns et al., 2009a; Vargo, 2009; Gruen and Hofstetter, 2010). A search on a university database (ProQuest) indicated zero responses for scholarly articles with both Service-Dominant Logic and Relationship Marketing in their title and just one with both terms included in their abstract (Xiang and Petrick, 2008). A search on the IMP (Industrial Marketing and Purchasing) Group’s web site however indicates a focus is starting on Service-Dominant Logic in a business-to-business context. Although these papers do not also focus on Relationship Marketing, the interfirm context of the IMP Group’s publications indicates the importance of Service-Dominant Logic in a business-to-business context. This recent focus suggests the increased importance of Service-Dominant Logic in the literature, yet the absence of literature linking both Relationship Marketing and Service-Dominant Logic highlights the relevance of this new body of literature to this thesis.

The findings of this study indicate that while traditional Relationship Marketing theory is still applicable for some business customers, new theory is required for business customers who do not seek relationships. With both practical and theoretical implications, the research detailed in this thesis makes a useful contribution to the literature and indicates the necessity for further research to be developed which explores business customers who prefer transactions, rather than interpersonal relationships. It is expected that the findings in this thesis will also be relevant in other industries, however, this is outside the scope of this study.
Banks are an important growth area for the Australian economy and often lead the way in self-service technology introduction. As a result, the banking industry was selected as the industry for this study, particularly because there is encouragement for customers to move from physical transactions to virtual interactions. Ultimately, through this research, it will be possible for banks to better understand how to target business customers and enhance their self-service technology offering. It will make a real contribution to banking practice. More importantly, however, it will provide an understanding of how self-service technologies can either enhance or hinder relationships thus contributing to theory development.

1.5 Methodology

Utilising qualitative research, this thesis explores the impact of self-service technologies on interfirm relationships. This research is from the Marketing discipline and primarily utilises an interpretive epistemology. Because this study is conducting exploratory research in an under-researched area, grounded theory was deemed the most appropriate methodology for the study. Grounded theory builds theories while data is being collected rather than testing hypotheses that have previously been determined (Carson, Gilmore, Perry and Gronhaug, 2001) and theoretically based generalisations are drawn from the data (Glaser and Strauss, 1967). Grounded theory has been utilised in business research in the past (Carson et al., 2001), whereby data is analysed by the researcher as the data is collected and data collection is continued until data saturation is reached (Carson et al., 2001). The method for this study, therefore, was to utilise semi-structured interviews with both banks and business customers. An analysis of bank web pages was also conducted to understand the way banks communicate their strengths to customers and potential customers. The data was analysed using two computer programs (NVivo and Leximancer) as well as thematic analysis. This provided a comprehensive analysis. This study contributes to the existing literature as it extends both Relationship Marketing Theory and Service-Dominant Logic separately and together and in a context in which they have not been utilised in the past.

1.6 Key findings and research contribution

Chapters four and five of the thesis present numerous findings and implications, including three major contributions. Firstly, this research has indicated that two customer segments exist. One customer segment prefers interpersonal relationships and
shows a great deal of trust and commitment to their trading partner. They prefer to have someone that they can deal with on a regular basis and indicate a preference toward a proactive relationship, driven by the bank. This segment is classified as being ‘relationship-oriented’. The other segment prefers transactions conducted at a distance, sees no real requirement for an interpersonal relationship and, although they trust the banking industry, indicate no particular trust for their trading partner. When commitment exists, this is primarily because of a perception of switching costs. This group of customers prefer a reactive relationship, where the bank is responsive when contacted, but the bank does not proactively contact the customer. This segment is classified as being ‘transaction-oriented’.

Traditional Relationship Marketing theory applies for relationship-oriented customers; however for transaction-oriented customers most of this theory is not applicable. Although transaction-oriented customers may appear loyal to their relationship with the bank, this loyalty is reportedly based on switching costs and although these customers may be satisfied with their relationship, if a superior alternative is available, they see no reason to remain loyal. Relationship-oriented customers, in contrast, acknowledge that the relationship between them and the business partner is reason to remain loyal to the relationship and therefore the constructs of trust and commitment are present.

The thesis findings suggest that Service-Dominant Logic literature is more appropriate for transaction-oriented respondents, as these respondents are more interested in value-in-use, rather than trust and commitment; however even Service-Dominant Logic is not completely applicable for transaction-oriented customers. In the new context of business use of self-service technologies, therefore, further research is required to understand this segment of transaction-oriented business-to-business customers. As expectations evolve through their experiences, through the increased use of technology in banking relationships, it is expected that the segment of transaction-oriented customers is likely to grow.

This study suggests that in a banking context cash-flow requirements can influence whether customers are likely to be transaction or relationship-oriented. Those requiring funds from their bank are more likely to value relationships with their bank than those that do not have a requirement to borrow funds from the bank. Other predictors may indicate whether a business customer is likely to be transaction-oriented or relationship-
oriented. These predictors are: age of the manager; business structure; and attitude toward technology. Size of the organisation did not indicate which category of customer the business was likely to be in.

As business has evolved and relationships have adapted through the use of self-service technologies, it is essential for researchers to understand transaction-oriented customers and how they differ from relationship-oriented customers. One major difference is in the nature of trust. Transaction-oriented respondents reported trusting their bank, but this trust is based on industry trust because of legislation and requirements in place for banks to behave appropriately. This is unlike the trust that relationship-oriented customers established through interactions over time and is based on the relationship between individuals, rather than the industry, which follows traditional Relationship Marketing theory. Again, this highlights a lack of commitment to the relationship for transaction-oriented customers, as they trust all banks, due to trust of the industry. Chapter Five provides a proposed definition of industry trust. This definition was developed through the analysis of the data collected in this study.

Finally, this thesis also provides a comparison of Service-Dominant Logic and Relationship Marketing, providing a contribution to the literature that has had limited attention. This discussion is provided in Chapter Two.

1.7 Delimitations of scope

There are two major delimitations in this study – industry and geographic location of the research. This thesis is limited to exploring the relationship between a bank and business customer. Furthermore, the research was conducted in Australia, providing a geographic limitation. This limits the thesis to the Australian banking sector and there are also limitations in organisations participating in the study due to access constraints. This means that the findings of the study may not be generalisable. While the information presented in this thesis can allow conclusions to be drawn, the findings are not necessarily generalisable to other countries or to industries outside of banking. These findings can be utilised as the basis of further study and investigation. This will be explained in more detail in Chapter Five. Limitations associated with the methodology will be discussed in detail in Chapter Three.
1.8 Outline of the thesis

This thesis is organised as follows:

Chapter One: Introduction

This chapter has introduced the research propositions which will be explored in the study. A very brief introduction to Relationship Marketing, Service-Dominant Logic and the banking industry in Australia has also been provided and a brief overview of the methodology and key findings of the thesis has been presented. This will be discussed in more depth throughout the thesis.

Chapter Two: Literature review

Chapter Two provides a review of the literature on Relationship Marketing. It presents the definition of Relationship Marketing, a discussion of its growth and the importance of Relationship Marketing in marketing practice. This chapter also analyses some of the literature on Service-Dominant Logic and a comparison of Relationship Marketing and Service-Dominant Logic is provided. Literature relating to self-service technologies are discussed in this chapter and finally, a brief overview of changes in services marketing is also provided.

Chapter Three: Methodology

Chapter Three discusses the methodology used for exploring the research propositions discussed in Chapter Two. A detailed discussion of the industry under study is provided and limitations of the study will be introduced.

Chapter Four: Findings

The results of the study are discussed in Chapter Four. Results are discussed from an overall perspective using an approach derived from thematic analysis and the computer programs NVivo and Leximancer. Some specific Leximancer findings will be discussed to provide a comprehensive discussion.
Chapter Five: Implications

Chapter Five provides a discussion of the implications of the results and further research streams. These implications are related back to the research propositions proposed in Chapter Two and support or lack of support for the propositions will be highlighted. This chapter also discusses findings which supported existing literature and findings deviating from existing literature.

Chapter Six: Conclusion

The thesis concludes with Chapter Six, which summarises the findings of the study and make concluding remarks about the impact of self-service technologies on interfirm relationships.

1.9 Summary

To summarise, the increasing use of self-service technologies within business-to-business relationships removes face-to-face contact (Gummesson, 2008b) traditionally believed to be important in relation to service delivery between two organisations. Banks are increasingly seeking ways to encourage consumers to use technology – from Automatic Teller Machines to telephone banking and now, electronic banking. The banking sector is well-known for its innovation in service delivery (Rotchanakitumnuai and Speece, 2003), but concurrently relationships have long been viewed as important in business banking (Petersen and Rajan, 1994). With both consumer and business customers, it is essential for banks to meet the needs of their customers. From a commercial customer perspective, this is particularly crucial as organisations rely on technology to enhance their business practices. Organisations must manage, control and improve their business activities utilising the internet to ultimately improve performance (Eid, Trueman and Ahmed, 2006). This means that internet banking can be seen as a method of enhancing the performance of an organisation.

The preceding discussion has indicated a need for a study that explores the impact of internet banking on relationships between banks and business banking customers. With a growth in the study of both Relationship Marketing and Service-Dominant Logic, as well as an increase in the importance of the banking industry, the present study is relevant from both an academic and industry perspective and contributes to the literature
in a number of ways. In order to do this effectively, the next chapter reviews the current literature.

Qualitative methods are used in the research to explore issues in business-to-business relationships and the impact technology has on these relationships. This is relevant as it contributes to both marketing theory and practice and the findings may be applicable to other industries, however further research is necessary before this can occur. As businesses seek ways to be more competitive, it is essential to understand the way in which the use of self-service technologies could impact on business relationships. This chapter indicated the foundations for the thesis. It has introduced the research propositions and has justified the need for the research.
CHAPTER TWO - LITERATURE REVIEW AND
PROPOSITION DEVELOPMENT

2.1 Introduction

Relationships have long been considered essential in business (Gummesson, 2008b), however there is limited understanding about how relationships are impacted by the use of technology, particularly self-service technologies (Johns, Low and Blackman, 2009b). Adoption of organisational technology systems at the industry level lacks a body of underpinning theory (Johnston and Gregor, 1999). Furthermore, most marketing management theory focuses on transaction theory rather than on relationships (Gummesson, 2008b), although relationship theory is evolving. The previous chapter introduced the research problem “what impact does the use of self-service technologies have on interfirm relationships?” The objective of this chapter is to review the literature relevant to the present research.

The primary theoretical basis for this study is Relationship Marketing. This theoretical framework is an area which has been widely applied in the business-to-business context (Gummesson, 2008b) and is applicable to this study. Relationship Marketing is a major theory in marketing, particularly within a business-to-business context (Kandampully, 2003) and when services are offered rather than goods (Berry, 2002). Relationship Marketing requires the establishment of trust and commitment (Morgan and Hunt, 1994) and marketers may strive to produce alliances (Hunt, Lambe and Wittmann, 2002) through their relationships with their business customers. Despite this, there is little understanding of how the use of information technology impacts on trust and commitment to the relationships. The question is therefore raised about the impact of the removal of face-to-face contact. Does it enhance or impair the relationship; or is there very little impact? Previous studies have indicated that face-to-face contact is essential for human relationships to occur (Drolet and Morris, 2000; Gummesson, 2002) and are faster to establish trust than by electronic means (Bos, Gergle, Olson and Olson, 2001). Some researchers even suggest that trust cannot be established without face-to-face contact (Handy, 1995; Rocco, 1998) and that electronic communication can result in vulnerability of the relationship (Rocco, 1998). Despite this, electronic contact after an initial face-to-face meeting is superior to no face-to-face meeting but appears to be less satisfactory for building trust than regular face-to-face
interactions (Olson and Teasley, 1996). This is due to the unique communication properties that face-to-face interactions can provide, including assessing body language, loss of anonymity and rapid feedback (Storper and Venables, 2004).

Increasingly, marketing authors are focusing their attention on the concept of Service-Dominant Logic (Gummesson, 2008a). While Relationship Marketing is essential as a body of theory for this study it is also important to Service-Dominant Logic. This is because of the increasing importance of this body of literature and the application of this literature to this study. This body of literature was reviewed in order to supplement the more traditional body of theory of Relationship Marketing. When considering the use of self-service technologies, Relationship Marketing may not be sufficient and more recent literature on Service-Dominant Logic may assist in a greater understanding of the research context.

This chapter reviews Relationship Marketing and Service-Dominant Logic literature. The first section of the chapter examines Relationship Marketing. Firstly, a definition will be provided, and then there will be a discussion about the history and evolution of Relationship Marketing. Relationship Marketing in services, and in particular industries, will be discussed due to the focus of this study on one industry. The constructs of commitment and trust will be analysed and the literature that exists about the impact of information technology on relationships will be discussed.

The second part of the chapter will provide an overview of Service-Dominant Logic. A definition will be provided and the discussion will then focus on the importance of resources, competencies and competitive advantage. A brief discussion on how to empirically evaluate Service-Dominant Logic will be provided. This section of the chapter will conclude with a discussion about the similarities and differences between Relationship Marketing and Service-Dominant Logic. Finally, a brief overview of self-service technologies will be provided and a discussion about the use of technology in relationships will be provided. The chapter will conclude with a discussion of the research propositions which are drawn from the literature. Figure 2.1 indicates the outline of Chapter Two.
2.2 Relationship Marketing

2.2.1 Defining Relationship Marketing

Prior to an in depth discussion on Relationship Marketing, it is essential to clearly identify what Relationship Marketing is. This is more problematic than it may seem with over fifty published definitions (Dann and Dann, 2001), however many of the definitions have common aspects. (Appendix One provides a summary of some of these definitions).

Different disciplines define Relationship Marketing differently and consequently, it is important to address a suitable definition from the appropriate literature. Within the literature in services marketing, Relationship Marketing is defined as “attracting, maintaining and… enhancing customer relationships” (Berry 1983: 25). Within the business-to-business literature, Relationship Marketing is considered “marketing oriented toward strong, lasting relationships with individual accounts” (Jackson, 1985: 2). Noticing a lack of overall definition, Morgan and Hunt define Relationship Marketing overall as “all marketing activities directed toward establishing, developing and maintaining successful relational exchanges” (1994: 22).

In 1999, Harker undertook a content analysis of definitions and this paper is a good starting point for defining Relationship Marketing and to develop a single definition for
use in this thesis. The definition Harker (1999) settled on after the content analysis of twenty-six definitions encompasses all necessary key words judged by a series of academic evaluators. This definition is as follows:

Relationship Marketing includes tasks undertaken to identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involves are met; and this is done by mutual exchange the fulfilment of promises (Grönroos, 1994: 9).

This definition indicates the importance of interaction. Relationship Marketing, by definition, has mutual benefit to both parties. This definition will be utilised for this study because of its focus on interaction and mutual benefit. In contrast to a discrete transaction or sale, which has a beginning and end (Dwyer, Schurr and Oh, 1987), Relationship Marketing is considered a longer-term relationship where building trust and commitment is seen as important. (Appendix Two provides an overview of some of the literature relating to Relationship Marketing).

Harker’s content analysis (1999) also indicates that there are seven conceptual categories, or activities, of Relationship Marketing. These conceptual categories are:

- Creation: attracting, establishing, getting
- Development: enhancing, strengthening
- Maintenance: sustaining, stable, keeping
- Interactive: Exchange, mutually, co-operative
- Long term: Lasting, permanent, retaining
- Emotional content: commitment, trust, promises
- Output: Profitable, rewarding, efficiency

These conceptual categories emphasise the mutual interactivity necessary for a relationship to exist. Furthermore the long term, commitment focus is indicated through behaviours such as strengthening, keeping, co-operating, retaining, promising and rewarding. In fact the creation side of the relationship is the only category more focused on immediate results; however, there is a long term goal through this.
To understand and define Relationship Marketing, a new definition of marketing is necessary. The previous definition was about ‘exchange’ which is object-oriented. Over a decade ago, researchers called for a new definition of marketing to be more customer focused (Wolfe, 1998) and emphasising relationships. The American Marketing Association (AMA, 2007: no page number) has released a new definition of marketing with a focus on ‘value’ or customer focus. According to the AMA, marketing can be defined as:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

This definition highlights the importance of relationships and is essential to understand in a study exploring relationships. This means that Relationship Marketing is becoming a key part of marketing itself and has implications for both theory and practice in the implementation of marketing and the application of research in the marketing literature.

The Industrial Marketing and Purchasing Group (IMP) with roots from Sweden and contributions primarily from Europe (Gummesson, 1996) has conducted studies on Relationship Marketing theory, with the emphasis on the nature and role of interactions and networks within business-to-business relationships (Welch and Wilkinson, 2002). The group sees activity links, resource ties, and actor bonds as contributing towards business relationships as well as relational norms (Welch and Wilkinson, 2002) which can create a dependency in the relationship (Lusch and Brown, 1996).

Commitment and trust are part of the ‘emotional content’ of Relationship Marketing definitions. Although Commitment and Trust do not appear to be highlighted in many definitions of Relationship Marketing (Harker, 1999), several authors (Morgan and Hunt, 1994; Geyskens, Steenkamp, Scheer and Kumar, 1996; O'Malley and Tynan, 1997; Garbarino and Johnson, 1999; Harker, 1999; Gruen, Summers and Acito, 2000) discuss the importance of commitment and trust in their papers in terms of Relationship Marketing theory (Harker, 1999). Furthermore, Bennett (1996) highlights commitment and trust in his definition of Relationship Marketing. Trust and commitment are difficult to explore as likelihood to stay in a relationship may be due to switching costs...
and other factors, not simply due to satisfaction. Commitment and trust are important aspects of Relationship Marketing for exploration in this study due to the reported relationship-orientation of banking. In order to compete effectively in the marketplace, it is acknowledged that organisations need to be trusted cooperators to develop a commitment from the customer, ultimately sustaining the relationship (Morgan and Hunt, 1994).

Relationship Marketing also calls for a shift in marketing thinking. Figure 2.2 highlights the shift to relationships, networks and interaction.

Figure 2.2 A shift in hegemony: From the 4Ps to relationships, networks and interaction

![Diagram showing shift from 4Ps to 30Rs of Relationships]

Source: Gummesson, 2008: 325

The diagram clearly highlights the proposed new focus of marketing by, changing the focus from the Marketing Mix to a focus on the 30Rs of Relationships (refer to Appendix Three for an overview of the 30Rs). The Marketing Mix remains an important part of marketing in the new model; however it is less important than building networks and interacting with customers and suppliers. Currently marketing has the marketing mix as its priority with relationships, networks and interaction a secondary concern. The increased focus on Relationship Marketing in industry means more researchers are becoming interested in it and it is becoming a more common focus in the literature.

With a definition and understanding of the concept of Relationship Marketing provided, it is also important to address the evolution of Relationship Marketing and, in doing so,
this discussion will highlight the importance of Relationship Marketing to the literature in services marketing.

2.2.2 The Evolution of Relationship Marketing

Relationship Marketing theory is a traditional theory with a focus on industrial marketing (Morgan and Hunt, 1994; Harker, 1999; Gummesson, 2008b). It is typically referred to as business-to-business marketing or interfirm relationships. This section of the chapter will give an overview of the evolution of Relationship Marketing theory (Appendix Four also provides an overview of some of this literature) and the importance of this to the thesis topic. There are numerous studies on Relationship Marketing. According to Berry (1995: 243), these studies focus on:

...profitable relationships, recognising multiple levels of Relationship Marketing with different effects, practicing Relationship Marketing with noncustomers such as employees and strategic alliance partners to better serve customers and leveraging an old-fashioned idea – trust – as a central relationship building block.

While many marketing activities focus on reaching out to a specific target market, Relationship Marketing focuses on an individual, looking at the single customer, rather than the ‘average’ customer (Wolfe, 1998). Building relationships with customers is central to the marketing concept where organisations seek to direct their marketing activities to fulfill individual customer needs. In order to achieve the goal of implementing the marketing concept, Relationship Marketing, which has origins in Business Marketing and Services Marketing (Dibb and Meadows, 2004), is considered relevant.

Because customer perceptions of quality are drawn from their satisfaction with their relationship with the marketer (Berry and Parasuraman, 1993; Möller and Halinen, 2000), it is imperative that marketers consider relationships between themselves and their customers. A positive, mutually beneficial relationship, can therefore impact on a customer’s perception of service quality and their likelihood to commit to the union. Maintaining relationships with existing customers is as important as attracting new customers; perhaps more so (Gummesson, 1994; Lang and Colgate, 2003). Given it
costs a great deal more to attract new customers than retain existing, satisfied customers, Relationship Marketing is important in a business-to-business context.

In most services, customers are active participants in the service delivery process; increasing the importance of trust and commitment (Kelley and Davis, 1994) which are essential constructs for the implementation of Relationship Marketing (Morgan and Hunt, 1994). Relationship Marketing orientation is viewed as more important than a transactional orientation within a business-to-business context (Anderson, 1995) and trust, commitment and satisfaction are the driving forces in maintaining business relationships (Morgan and Hunt, 1994; Pujari, 2004). This is due to the cost of attracting a customer is considerably higher than that required to maintain a relationship with an existing customer (Gummesson, 2008b). Without trust, commitment and satisfaction, therefore, it is impossible to build and maintain a relationship between organisations; which is the main objective of business-to-business marketing.

By the late 1970s, it was evident that the marketing mix approach was not sufficient for services marketing and something more needed to be done to assist researchers and practitioners operating in this field. Relationship Marketing was born from this debate (Möller and Halinen, 2000) and the objective of Relationship Marketing was to assist marketers to implement the marketing concept (Dibb and Meadows, 2004). Although the term Relationship Marketing was first used by Berry in 1983, many authors had already discussed relationships between marketers and customers. There was little work done in the late 1980s, with Relationship Marketing picking up interest in the mid-1990s (Berry, 2002). To date, most literature on Relationship Marketing focuses on the impact on an organisation rather than contributing to Relationship Marketing thinking in the literature. There is a call for research which contributes to theory building rather than simply testing within a particular context. This is problematic because it means that there is no real consensus or agreed framework on the work and therefore literature contributions have little impact on the area (Möller and Halinen, 2000).

Relationship Marketing is a ‘philosophy’ as much as it is a method (Wolfe, 1998). Marketers must appear sympathetic and empathetic to customers, rather than assertive and should focus on individual customer requirements, rather than the needs of the mass market (Wolfe, 1998). This means that in a business-to-business context, organisations should have the philosophy of serving customers. They also should work with
individual customers to meet their needs rather than creating a product that meets mass needs. A metatheoretical analysis of the roots of Relationship Marketing was undertaken by Möller and Halinen (2000) which suggests that Marketing Channels, Database and Direct Marketing, Services Marketing and Business Marketing are disciplinary roots of Relationship Marketing (Möller and Halinen, 2000). This is demonstrated in Figure 2.3:

Figure 2.3 Disciplinary roots of Relationship Marketing

Adapted from Möller and Halinen, 2000

As can be seen above, four major areas impact on Relationship Marketing. This thesis does not address all areas in detail; rather it analyses the overall theoretical contribution of Relationship Marketing. Furthermore, services marketing will be considered, from a Service-Dominant and self-service technology perspective. This is particularly important as the topic of this study relates to self-service technologies.
2.2.3 The importance of relationships in service

The focus of this thesis on business marketing in a services context ensures that Relationship Marketing is an applicable theory. The question remains; would self-service technologies fall under the category of database and direct marketing, or services marketing? Or is it a new category altogether, requiring its own research? From an implementation perspective, marketers seeking to implement Relationship Marketing need to have a database, with a customer oriented service system, but also need to have direct contact with customers (Grönroos, 1996). Whether this is the case in a self-service technology situation, however, is not known. Relationship Marketing, from a services marketing perspective, emphasises the importance of personal relationships between a marketer and customer. This is in direct contrast to that of database marketing where relationships are distant and more often carried out through mass communication (Möller and Halinen, 2000).

Research indicates that there are five strategies for Relationship Marketing: core service strategy, relationship customisation, service augmentation, relationship pricing and internal marketing (Berry, 1983) and all are considerations for marketers implementing Relationship Marketing principles. Of the five strategies for Relationship Marketing listed, service augmentation and relationship pricing are less important (Berry, 2002) and ultimately a service performed well improves trust and confidence in the firm (Morgan and Hunt, 1994) and relationship commitment (Berry, 2002). Key processes of Relationship Marketing include communication, interaction and value (Grönroos, 2004).

For an organisation to classify their activities as ‘Relationship Marketing’, the firm needs to see itself as a ‘service business’ and have a ‘process management perspective’ ultimately leading to partnerships and networks. This means firms must understand the customer and offer value. Competing with the ‘core’ product is not sufficient and organisations should compete with the total product (Grönroos, 1996). This has linkages to the literature about Service-Dominant Logic because of the focus on the complete product. Ultimately, through a relationship focus, organisations can utilise their resources to offer customers the ‘complete’ product.
The above discussion has indicated the growing use of Relationship Marketing theory, particularly since the 1990s. Much of the theory on Relationship Marketing relates to face-to-face relationships, however the increasing use of technology in business-to-business relationships has decreased or eliminated face-to-face contact. Despite the focus of Relationship Marketing theory in the literature, it is accepted that very few studies examine self-service technologies in a business-to-business context (Pujari, 2004) and it is believed that none consider this use from both a Relationship Marketing and Service-Dominant Logic viewpoint.

Services marketing is interactive marketing; a process involving direct contact between a marketer and their customers (Bitner, 1995; Grönroos, 2004). Because of this direct contact and its interactive nature and process, Relationship Marketing is deemed to be imperative in a service context. The intangible nature of services makes them difficult to evaluate prior to service because customers cannot feel or see service quality (Berry, 2002) and must purchase their service prior to experiencing it (Berry and Parasuraman, 1991). Because of the difficulty in evaluating a service, one of the most essential aspects of service delivery is trust. If a customer trusts a service provider, they are likely to return to that service provider (Berry, 2002); ultimately increasing commitment to the relationship. Commitment is particularly important in services due to the interactive nature of service delivery (Kelley and Davis, 1994). Perceived risk (Sheth and Parvatiyar, 1995) and intangibility, however, can be discouraging for customers in a services marketing context and highlights the importance of developing strong, trusting relationships with customers. (Appendix Five provides an overview of relationships and services).

The way in which organisations recover from service failures with customers has major implications for customers evaluations of a firm and effective resolution of problems can be beneficial to a relationship (Reichheld, 1993; Morgan and Hunt, 1994; Tax, Brown and Chandrashekaran, 1998). This also occurs in a self-service context as customers expect prompt repair of any service failures or they lose trust in the marketer and get frustrated (Bitner et al., 2002). To enhance relationship commitment in a service context, marketers need to work well with customers, focus on their needs and recover from, or fix, any service failures promptly, regardless of whether it is a service delivered by a marketer, or a self-service delivery. Appropriate service delivery contributes to the building of trust, and this is followed by relationship commitment.
2.2.4 Trust

Commitment and trust are essential requirements for Relationship Marketing, as they encourage marketers to maintain and focus on fostering long term relationships. (Appendix Six provides an overview of some of the literature on trust and commitment). To develop trust and commitment, marketers are encouraged to preserve relationships, focus on the long term interaction, and avoid high risk actions that may have implications on relationships (Morgan and Hunt, 1994). Commitment and trust can produce cooperative behaviours, resulting in successful relationships. To allow relationships to flourish, commitment and trust are essential (Morgan and Hunt, 1994) and leads to ongoing long-term relationships, rather than one off transactions. In order to compete effectively in the marketplace, it is acknowledged that organisations need to be trusted co-operators (Morgan and Hunt, 1994) that gives them a competitive advantage, enhances perceptions of service quality and ultimately increases the likelihood of the organisation’s commitment. Trust is necessary for commitment to occur (Morgan and Hunt, 1994; Dwyer and Tanner, 2002) because trust can lead to repeat patronage by customers (Berry, 2002). The construct of trust, therefore, will now be discussed.

Despite trust being viewed as essential to Relationship Marketing, it has been argued that there is limited understanding of what trust really is (Ganesan and Hess, 1997). As with Relationship Marketing, trust has probably been over-defined in the literature and it is therefore essential to settle on a definition for this study. In this research, trust is deemed to be believing in the honesty and reliability of another party and is essential in order to have relationship commitment (Dwyer and Tanner, 2002). Trust exists where one party has confidence in an exchange partner’s reliability (Morgan and Hunt, 1994). The fragile nature of business relationships and importance of interactions means trust is key to developing relationships in a business-to-business context (Harris and Dibben, 1999). Trust is important in many aspects of marketing, but particularly within services marketing as perceived risk of the purchase, relative to goods, is increased (Murray and Schlacter, 1990). Trust is also an important area from a business-to-business perspective and is the focus of many studies by the Industrial Marketing and Purchasing (IMP) Group (Morgan and Hunt, 1994).
Trust can be developed through shared interactions over the long term, through observing shared values and communication (Young and Wilkinson, 1989) and is related to a number of elements such as competitive advantage and satisfaction (Ratnasingam and Pavlou, 2003), making it applicable to both Relationship Marketing and Service-Dominant Logic. Willingness to act indicates whether or not there is trust, for if one party is not willing to act there is also a likelihood that customers are unlikely to trust (Morgan and Hunt, 1994). It could be concluded that customers could trust without acting and therefore willingness to act may not be the only indication of trust – it could be that there is no benefit to acting. This may come from environmental forces, such as shifts in the economy, or simply a lack of need.

In a study of 288 business-to-business firms, Ratnasingam and Pavlou (2003) identified two main types of trust, both which are applicable in this study – trading partner trust (due to the relationship focus) and technology trust (due to the technology context of self-service delivery).

Trading partner trust is about trust between the network participants. When purchasing from other businesses, either for use within the business or for resale, issues such as whether the products are of appropriate quality, whether the appropriate quantity will be delivered, whether delivery will be on time and whether the price is appropriate are issues for buyers. For sellers, it is usually a payment issue that can impact on trust. Technology trust, on the other hand, has been defined as

the subjective probability by which an organisation believes that the underlying technology infrastructure and control mechanisms are capable of facilitating inter-organisational transactions according to its confident expectations (Ratnasingam and Pavlou, 2003).

As technology use has increased in business-to-business networks, technology trust has become an important issue that must be considered. Some of the requirements to ensure technology trust include: confidentiality, integrity, authentication, non repudiation, access controls, availability, and best business practices (Bhimani, 1996; Jamieson, 1996; Ratnasingam and Pavlou, 2003). When considering self-service technologies, it would be expected that technology trust is an important factor; however, trading partner
trust is also an important concept due to the business-to-business environment and the necessity for trust of the partner to commitment to the relationship.

The literature is consistent in the understanding that trust is essential in building and maintaining relationships but with many definitions and variety of types of trust a complete understanding is required. Furthermore, it is argued that interpersonal trust and organisational trust can impact on commitment differently in a business-to-business context. Another type of trust that is relevant in this study is credibility of staff. Staff credibility contributes to commitment (Ganesan and Hess, 1997) and, if customers do not trust the staff of the organisation, trading partner trust will also be lacking. There is, however, no awareness about the impact of self-service technologies on trust. Staff are removed from the service exchange and there is limited understanding about whether it becomes more important to trust the brand, or what the consideration for business customers is. As trust in relationships builds commitment (Morgan and Hunt, 1994) it is essential to also understand commitment.

**2.2.5 Commitment**

This discussion of trust has indicated the need to have trust for relationship commitment to occur. Commitment and trust can produce cooperative behaviour, resulting in successful relationships (Morgan and Hunt, 1994). Trust has been explained in the previous section; however there is less understanding about commitment in the literature. Relationship commitment, defined as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it”, is viewed as essential in both Relationship Marketing (Morgan and Hunt, 1994: 23) and Services Marketing (Berry and Parasuraman, 1991). Relationship Marketing orientation is viewed as more important than a transactional orientation within a business-to-business context (Anderson, 1995) and trust, commitment and satisfaction are the driving forces in maintaining business relationships (Morgan and Hunt, 1994; Pujari, 2004).

Alliances are often developed through inter-firm relationships because alliance success emerges when it provides both parties with a competitive advantage (Hunt et al., 2002) giving both parties a reason to commit to the alliance. Commitment to a relationship is likely to create an alliance (Hunt et al., 2002) and if a customer perceives that they have
worked with the marketer then there may indeed be an alliance, compared with a relationship, providing more commitment and mutual benefit. It is important to understand the various categories of alliances as alliance may be viewed by the customer as a ‘superior’ kind of relationship, where communication, commitment and trust are important (Hunt et al., 2002). This raises important issues such as: does the customer view the ‘relationship’ as simply a relationship, or as an alliance? Do they feel they have worked with the marketer rather than simply had a product or service delivered to them? These questions require discussion and consideration in any research focusing on Relationship Marketing.

When considering Relationship Marketing and the possibility of alliances, it is essential to understand the various categories of alliances as this may impact on the nature of the competitive advantage. There are four categories of business alliances:

- **Resource based view** – role of mobile resources bringing complementary resources to the relationship

- **Competence based view** - role of alliance-management capabilities

- **Relational factors** – characteristics of the alliance relationship e.g. Cooperation/trust/commitment/communication

- **Competitive advantage**: enables firms to provide market offerings with superior value than their competitors

(Hunt et al., 2002).

These categories relate easily to the seven conceptual categories of relationships (Harker, 1999) reinforcing the link to the mutual advantage of relationships and alliances; however, the difference between an alliance and a relationship is that a relationship is mutually beneficial, whilst an alliance provides a competitive advantage for both parties. Alliances also relate to the literature regarding Service-Dominant Logic where appropriate use of resources is essential (Vargo and Lusch, 2004).

In a service context, customers are active participants in the service delivery process and trust, and ultimately commitment, are essential constructs (Kelley and Davis, 1994). Commitment and trust can produce cooperative behaviours, resulting in successful relationships (Morgan and Hunt, 1994). Trust in turn fosters cooperation, functional...
conflict and has a negative relationship with uncertainty (Morgan and Hunt, 1994). This is displayed in Figure 2.4.

Figure 2.4: Relationship Commitment

![Figure 2.4: Relationship Commitment](image)

Source: Morgan and Hunt, 1994: 22

Figure 2.4 indicates the number of factors leading to trust in relationships and how trust then leads into a number of outcomes, such as cooperation and reduced uncertainty. It is obvious from this model how important trust is to relationship commitment. This model indicates that relationship termination costs and benefits influence commitment and shared values influence both trust and commitment. Communication and opportunistic behaviour influence trust, ultimately influencing commitment (Morgan and Hunt, 1994). Although this model is relevant to the study, it does not consider self-service technologies; rather it simply considers traditional interfirm relationships.

2.2.6 Summary of Relationship Marketing

This review of the literature has indicated the nature of interfirm relationships and the importance of these relationships. Furthermore, current understanding regarding the impact of information technology on business relationships was discussed as this is the purpose of this research.

The nature of trust in relationships and its ability to develop commitment is increasingly understood by marketers (Morgan and Hunt, 1994) yet there is little evidence to suggest
how the use of information technology impacts on important business-to-business relationships. While the literature suggests that complementary information technology services can add value to a relationship (Stone and Woodcock, 1997; Grimm, 1999) there seems to be a requirement for face-to-face contact to ensure trust and, ultimately, relationship commitment (Rocco, 1998); something all marketers are striving for.

Services are intangible and therefore trust is fundamental in reducing perceived risk. Problem solving must be effective to build trust and commitment in the relationship (Morgan and Hunt, 1994). Where there are problems with technology it is essential for marketers to deal with these issues effectively to maintain a positive relationship. Furthermore, dissatisfaction with the amount of technology use in a relationship impacts on the customer’s perception of the service delivery. This means that a complete understanding of technology requirements is necessary in order to implement effective Relationship Marketing.

In contrast with a discrete transaction or sale, which has a beginning and end (Dwyer et al., 1987; Morgan and Hunt, 1994), Relationship Marketing is a longer-term relationship where building trust and commitment is seen as important. The research question for this study is “what impact does the use of self-service technologies have on interfirm relationships?” While Relationship Marketing theory assists in grounding the study and provides a direction it cannot answer this question alone. There are gaps in the use of this theory – namely, it does not address the impact of self-service technology use on relationships. As the use of self-service technologies has increased in business-to-business contexts this gap needs to be explored - this is the objective of the research and why it is necessary for investigation.

While the emphasis on providing added value to customers exists through developing and sustaining relationships, Relationship Marketing may not be the only way to foster these relationships. For exploring new ways of thinking marketing could assist in this area and in this context, Service-Dominant Logic may be applicable. The next section of the chapter introduces Service-Dominant Logic. It will then conclude this section with a focus on the similarities and differences of the two bodies of work.

Service-Dominant Logic has altered the direction of marketing research and has gained the attention of many authors in marketing. Literature related to Service-Dominant
Logic highlights the importance of service delivery and the impact of the implementation of the Logic on relationships. Discrete one-off transactions, evident in a goods context (Vargo and Lusch, 2004), are in direct contrast to both Service-Dominant Logic and Relationship Marketing. Consequently, there are similarities between the two bodies of literature and there is evidence to suggest they should be examined together. The next section of the chapter discusses the emerging body of literature on Service-Dominant Logic.

2.3 Service-Dominant Logic

2.3.1 Overview of Service-Dominant Logic

This section reviews the literature relating to the philosophy of Service-Dominant Logic and indicates where the gaps in the literature are. An overview of Service-Dominant Logic is provided and a discussion of how it fits into the current study is included. Gaps in the literature relating to Service-Dominant Logic, relevant to the study, are then presented. (Appendix Seven provides an overview of some of the literature on Service-Dominant Logic).

Vargo and Lusch’s award winning 2004 paper and other works on Service-Dominant logic have altered the direction of marketing in academic research towards an increased focus on service delivery. Academic interest in Service-Dominant Logic has steadily increased since 2004 resulting in much discussion and debate about the application and usefulness of Service-Dominant Logic. While this research has been widely researched and discussed in the literature, to date limited empirical testing or exploration on the Logic has been undertaken. As Sweeney (2007) explains, the process of Service-Dominant Logic needs further consideration to operationalise it before thorough testing can be undertaken. Some authors have questioned how the adoption of Service-Dominant Logic by organisations can be operationally measured (Gray et al., 2007). Methodology considerations for exploring Service-Dominant Logic are imperative (Winklhofer, Palmer and Brodie, 2007), however even Vargo (2007) warns researchers to carefully implement any research on Service-Dominant Logic. In an increasingly competitive market place, it is essential for marketers to consider Service-Dominant Logic, and this is why it requires investigation. More recently, therefore, some authors have considered means of empirically exploring Service-Dominant Logic (Johns, 2008; Ertimur and Venkatesh, 2010; Korkman et al., 2010). In order to do this however, it is
important to address methodology concerns and have a good understanding of the literature.

Marketing research was initially focused on economic principles, where value was embedded in a physical product, aimed at satisfying the customer (Vargo and Lusch, 2004). Since the 1990s however, the emphasis on Services Marketing is evident (Dixon, 1990; Vargo and Lusch, 2004) in both theory and practice. Furthermore, the use of self-service technologies has increased (Bitner et al., 2002) and Service-Dominant Logic logically fits with the evaluation of self-service technologies due to the focus on value-in-use. Service-Dominant Logic requires a shift of the fundamental thinking of marketing by viewing services as dominant with “goods, organisations, networks and money as only intermediaries” (Lusch and Vargo, 2006b: 407). Service, in the context of Service-Dominant Logic, is defined as “the application of specialized competences (knowledge and skills) for the benefit of another entity, rather than the production of units of output” (Lusch, Vargo and Wessels, 2008a: 2).

Vargo and Lusch’s research provides a framework for rethinking marketing, and the implications in terms of services are relevant to this research. The objective of Vargo and Lusch’s work is to highlight the evolution of marketing from a goods based discipline of marketing to one that embraces services (Vargo and Lusch, 2004) however it does not specifically consider a business-to-business context. Therefore the evolution of marketing thought will be used as a way of understanding relationships within a business-to-business context. Furthermore, this thesis examines Service-Dominant Logic from a self-service technology perspective, particularly utilising the premise that the customer is always a co-creator of value (Vargo and Lusch, 2006), meaning that the customer works with the marketer to develop value.

When production and consumption are separated, exchange between marketer and customer is affected. Goods evolve from being perceived as items of value to items with an exchange value. When marketers switch to a value perspective, employing Service-Dominant Logic principles, customers are considered both producers and consumers and the role of the supplier then becomes to support the customer’s value creating process regardless of whether the product is a service or a good (Ballantyne and Varey, 2008). To adopt a Service-Dominant Logic, therefore, firms needs to be able to work well with other parties, collaboratively, while demonstrating knowledge of the
environments (absorptive capability) (Lusch et al., 2006). In order to implement this philosophy a strong understanding of core competencies is required, to match them with potential (and existing) customers. Core competencies and capabilities of the firm and firm resources all link in to competitive advantage.

To maximise consumer involvement with the product and marketer, it is imperative the marketer customises offerings to fulfil customer requirements (Vargo and Lusch, 2004) and literature suggests that organisations providing an entire range of services will develop the best relationships with customers (Rifkin, 2000) as the marketer becomes a buying agent (Vargo and Lusch, 2004). For example, finance company Aussie Home Loans changed its offering from a mortgage service to customers to working as a broker. Services, within the framework that Vargo and Lusch (2004) propose, do not need to be non-tangible, nor should they be services where they have been offered to enhance a good, rather, it is an organisational philosophy regarding how resources are utilised. Primarily this is concerned with operant resources (resources that produce effects –(Constantin and Lusch, 1994) rather than operand resources (resources on which an operation or act is performed to product an effect). Operant resources draw on a number of interpersonal factors: human (e.g. employee skills), organisational (e.g. Processes) informational (e.g. Knowledge) and relational (e.g. relationships with customers) (Hunt, 2004). Operant resources tend to be intangible resources, such as core competencies and organisational processes (Vargo and Lusch, 2004), while operand resources tend to be tangible (e.g. raw materials) (Hunt, 2004).

Dialogue developed through trust and learning allows both parties to adapt and understand one another (Lusch et al., 2008) providing the marketer with a competitive advantage. Core competencies are higher order resources compared to assets (Hunt, 2000) and can include network partners, skills and knowledge (Vargo and Lusch, 2004). As core competencies include “communication, involvement and a deep commitment to working across organisational boundaries” (Prahalad and Hamel, 1990: 82) it is evident that core competencies are important in business relationships. Even customers are operant resources as they participate in exchange and coproduction (Vargo and Lusch, 2004); a premise that is definitely important when considering self-service technologies.

Competences and capabilities are considered higher order resources (Hunt, 2000) and the terms ‘competencies’ or ‘capabilities’ are interchangeable terms (Day, 1994; Hunt
This means that a competitive advantage is a firm’s resource. Resources are defined as “tangible and intangible entities available to the firm that enable it to produce efficiently and/or effectively a market offering that has value for some market segment(s)” (Hunt 2000:138). Resources are only as important as the value placed on them by the customer and perhaps how they are communicated by the marketer. This is explained by Lusch, Vargo and Wessells (2008: 9) who state that resources

...do not have intrinsic value,... rather are valued when integrated and positioned through resource based, value-creating networks, including the networks of the customer. Consider the value created by ... Google, Craigslist, eBay, Wikipedia, MySpace, YouTube or Amazon.com when linking people through the resources of the internet.

This highlights the way value is derived through customer requirements rather than through what the organisation provides.

Implementing Service-Dominant Logic appropriately can enhance productivity and decrease customer alienation (Lusch et al., 2006). In order to implement this philosophy a strong understanding of an organisation’s core competencies is required so that they can be matched with potential customers. This is important to consider from a strategy perspective because organisations must use their core-competencies to offer appropriate value propositions to customers. The competencies and resources of the firm become the competitive advantage of the firm. Producing becomes ‘resourcing’, allowing value-creation (Lusch, Vargo and Wessels, 2008b), however this shift to a focus on resources raises several questions. What are operant and operand resources and can they be arranged in a hierarchal manner in relation to their importance to marketer and customer? (Madhavaram and Hunt, 2008). Several authors suggest that they can (Collis, 1994; Hunt, 2000; Danneels, 2002).

A focus on processes, customer, and shareholder value is developed (Vargo and Lusch, 2004) and collaborating with and learning from customers is essential because, then, value is defined by and co-created with the customer (Vargo and Lusch, 2004) and this has implications in regards to self-service technologies. For example, Kalaïgnanam and Varadarajan (2006) draw the parallel of co-production of value to self-service
technologies indicating the relevance of Service-Dominant Logic in a self-service context. Co-creation, however, is a subset of co-creation.

In relying on the use of operant and operand resources to provide an offering to customers, Service-Dominant Logic alters the marketing mix. Rather than a focus on product, Service-Dominant Logic is about co-creation of service and price becomes the co-creation of value propositions. Co-creating conversation and dialogue, rather than promotion, is key in an interactive, collaborative exchange. Finally, rather than ‘distributing’, organisations implementing Service-Dominant Logic are co-creating value processes and networks (Lusch and Vargo, 2006b). Service-Dominant Logic therefore puts the focus of marketing on the “intangible, dynamic, operant resources that are at the heart of competitive advantage and performance…. Building on resource-advantage theory’s notion of basic resources and higher order resources” (Madhavaram and Hunt, 2008:67). Marketing has long been defined as something that puts customers at its core but Service-Dominant Logic takes this focus and puts it as a stronger priority again. This shifts the focus back on differentiation or, at least, on competitive advantage and a focus on organisation resources meaning that a comprehensive understanding of the organisation’s competitive advantage is required. Properly implemented, an organisation implementing Service-Dominant Logic can improve productivity and decrease customer alienation or distance between the marketer and customer (Lusch et al., 2006), therefore building and retaining relationships with customers.

Vargo and Lusch (2004 and 2006) provide a number of Foundation Premises (FPs) that highlight how Service-Dominant logic can be addressed. These Foundation Premises are included in Table 2.1.

Table 2.1 Foundation Premises of Service-Dominant Logic

<table>
<thead>
<tr>
<th>Foundation Premise</th>
<th>Meaning</th>
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</thead>
<tbody>
<tr>
<td>FP1 - Service is the fundamental basis of exchange.</td>
<td>The application of operant resources (knowledge and skills), ‘service’, is the basis for all exchange. Service is exchanged for service.</td>
</tr>
<tr>
<td>FP2 - Indirect exchange masks the fundamental basis of exchange.</td>
<td>Goods, money and institutions mask the service-for-service nature of exchange.</td>
</tr>
<tr>
<td>Foundation Premise</td>
<td>Meaning</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
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<tr>
<td>FP3 - Goods are distribution mechanisms for service provision.</td>
<td>Goods (both durable and non-durable) derive their value through use – the service they provide.</td>
</tr>
<tr>
<td>FP4 - Operant resources are the fundamental source of competitive advantage</td>
<td>The comparative ability to cause desired change drives competition.</td>
</tr>
<tr>
<td>FP 5 - All economies are service economies.</td>
<td>Service (singular) is only now becoming more apparent with increased specialization and outsourcing.</td>
</tr>
<tr>
<td>FP6 - The customer is always a co-creator of value</td>
<td>Implies value creation is interactional.</td>
</tr>
<tr>
<td>FP7 - The enterprise can not deliver value, but only offer value propositions</td>
<td>The firm can offer its applied resources and collaboratively (interactively) create value following acceptance, but can not create/deliver value alone.</td>
</tr>
<tr>
<td>FP8 - A service-centred view is inherently customer oriented and relational.</td>
<td>Service is customer-determined and co-created; thus, it is inherently customer oriented and relational.</td>
</tr>
<tr>
<td>FP 9 - All economic and social actors are resource integrators</td>
<td>Implies the context of value creation is networks of networks (resource-integrators).</td>
</tr>
<tr>
<td>FP 10 - Value is always uniquely and phenomenological determined by the beneficiary</td>
<td>Value is idiosyncratic, experiential, contextual and meaning laden.</td>
</tr>
</tbody>
</table>

Source: Vargo and Lusch, 2008 and Vargo, 2009

The most important Foundation Premise to this study is the sixth FP, ‘The customer is always a co-creator of value’. The producer and consumer are often viewed as separate in marketing, however when considering self-service technologies this does not occur as the organization and their customer must work together in service delivery. Due to criticism and commentary of Vargo and Lusch, 2004, there have been some changes such as FP 6 ‘The customer is always a co-producer’ to ‘The customer is always a co-creator of value’ (Vargo and Lusch, 2006; Vargo and Lusch, 2008) because of the focus on production in a goods based industry, rather than on service. A terminology issue exists where the terms ‘producer’ and ‘consumer’ relate to a goods-based logic and are inconsistent with Service-Dominant Logic; however, Vargo and Lusch (2008) have been requesting better terminology and none have been forthcoming. With the
customer as the co-producer of the service (Vargo and Lusch, 2004) there is an application to self-service technologies where the customer is viewed as co-producer at each stage of the relationship. Within a goods context, discrete one-off transactions are the focus (Vargo and Lusch, 2004). This is in direct contrast to both Service-Dominant Logic and Relationship Marketing.

Co-creation is a unique form of collaboration and results in unique value starting with interaction through dialogues between the marketer and the customer (Ballantyne and Varey, 2006; Ballantyne and Varey, 2008). Vargo and Lusch suggest that “from a service centred view of marketing with a heavy focus on continuous processes, the consumer is always involved in the production of value” (Vargo and Lusch, 2004: 11). This means that by focusing on service, rather than services, organisations are able to provide value offerings to customers who will, in-turn, co-create value with the marketer. Grönroos (2000: 24–25) explains what value is in more detail:

Value for customers is created throughout the relationship by the customer, partly in interactions between the customer and the supplier or service provider. The focus is not on products but on the customers’ value-creating processes where value emerges for customers and is perceived by them,... the focus of marketing is value creation rather than ... simply distributing ready-made value to customers.

This definition of value is also used by Vargo and Lusch (2004). Value is an increasingly important aspect of marketing and with the use of self-service technologies marketers are requesting customers to get involved in the production of value themselves. This can impact on satisfaction with the service and, ultimately, their perceptions of the brand if dissatisfied.

The co-creation of value in Service-Dominant Logic is as applicable in a service context as it is to a goods context. Service-Dominant Logic also has relevance to Relationship Marketing and business-to-business marketing (Ballantyne and Aitken, 2007) increasing supplier involvement (Ballantyne and Varey, 2008). Although it is not explicitly stated by Vargo and Lusch, the suggestion that Service-Dominant Logic applies in a business-to-business relationship has been made, as indicated by the following quote:
In B2B relationships where trust is present, internal control data and marketing information is increasingly shared between collaborating buyers and suppliers, enabling them to work together to reduce their resource investments in work and progress and finished goods inventories and also reduce process cycle time (Ballantyne and Varey, 2008: 13).

This quote indicates the applicability of Service-Dominant Logic in a business-to-business context. Although Service-Dominant Logic is not commonly discussed in terms of its relationship to the business-to-business context, building strong relationships with customers is integral to the Service-Dominant Logic and therefore it is applicable in business-to-business marketing. The similarities between Service-Dominant Logic and other areas of marketing thought have been discussed in the literature. Service-Dominant Logic relates to business-to-business marketing because of the reciprocal application of resources and competencies to benefit another party (Ballantyne and Aitken, 2007). Ballantyne and Varey (2008:11), in particular, highlight some of the similarities with business-to-business marketing. They state:

*When ... Vargo and ... Lusch... first proposed their Service-Dominant Logic, some marketers might have thought ‘here comes another re-statement of the blindingly obvious!’ The premise that customer value is co-created has a strong intuitive pull and has been said by others in various ways... (but) more central to the Vargo and Lusch thesis is the realization that customers appraise the value of goods they purchase in use and that exchange value determination is always provisional upon later experience. In other words, customers determine what they value in use and the marketer can only offer value propositions.*

The quote focuses on similarities between Service-Dominant Logic and other aspects of value. It reinforces the message of value and the relevance to Relationship Marketing is in the way customers determine value, as indicated by Johns, Blackman and Low (2009) who state:

*Perhaps the re-positioning of Relationship Marketing in the form of Service Dominant Logic could simply reintroduce the importance of marketers and customers working*
together to create value, something that may easily be forgotten in this age of self-service technologies and internet communication.

It is not up to the marketer to believe they are delivering value – it is up to the customer to create value with the marketer’s assistance through co-creation of value (Vargo and Lusch, 2004). This is particularly pertinent in a business-to-business context due the interactive nature of inter-firm relationships. Relationship Marketing is also important in an inter-firm context and co-creation of value becomes important when implementing Relationship Marketing strategies.

2.3.2 Service-Dominant Logic & relationships with customers

Customer value is created through experiences and relationships whereby firms do not market to customers but rather market or interact with customers (Aitken et al., 2006). Implementing both Relationship Marketing and Service-Dominant Logic puts the focus on this interaction, where marketers are no longer pushing to customers or even pulling from customers, but rather are engaging in an interactive process which ensures an equal relationship. Collaborating with and learning from customers is essential within a service centred logic. In this instance, value is defined by and co-created with the customer (Vargo and Lusch, 2004). This means that “the role of the marketer becomes more focused on managing communicative interactions across a variety of modalities and in facilitating key relationships” (Ballantyne and Varey, 2008: 13) and ultimately assists a firm to achieve a good competitive advantage. Relationships conceptualised through Service-Dominant Logic are interactive and reciprocal (Vargo, 2009). As Foundation Premise Eight indicates ‘A service-centred view is inherently customer oriented and relational’ (Vargo, 2009). Relationships are complex and marketers should collaborate with customers to develop value propositions of mutual benefit and then value is co-created. Close communication between the marketer and customer and problem solving is necessary and in doing so, the marketer’s role becomes a coordinating function (Day, 1994) to ensure that customer needs are met with marketers playing a key role in ensuring services are customer centric (Vargo and Lusch, 2004) by customising offerings. This ultimately provides value offerings that may suit customer needs. In the Goods-Dominant Logic, it is the separation of buyers and sellers that provides issues, however in a Service-Dominant Logic, two-party centricity is present (Gummesson, 2008b).
Goods-Dominant Logic and Service-Dominant Logic have differences in terms of their impact on relationships and implications. While a Goods-Dominant Logic follows traditional relationship marketing principles of trust and commitment, Service-Dominant Logic does not and its focus is on the co-creation of value. Table 2.2 indicates the differences between the two. In evaluating these differences, it is possible to see a major difference between Relationship Marketing and Service-Dominant Logic. This is the lack of focus on trust and commitment in Service-Dominant Logic. The other similarities of Relationship Marketing and Service-Dominant Logic indicate relevance between the two. This will be discussed later in the chapter (Refer to section 2.4).

Table 2.2 Differences between Goods-Dominant Logic and Service-Dominant Logic

<table>
<thead>
<tr>
<th></th>
<th>G-D Logic</th>
<th>S-D Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning(s) of relation</td>
<td>Dyadic bonds represented by trust and commitment</td>
<td>Reciprocal, service-for-service nature of exchange</td>
</tr>
<tr>
<td></td>
<td>Long-term patronage – repetitive transactions</td>
<td>Co-creation of value</td>
</tr>
<tr>
<td>Normative implications</td>
<td>Manage customers (through communications, satisfaction, etc.) to maximize CLV</td>
<td>Collaborate with customers to develop mutually beneficial value propositions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Co-create value through service-for-service exchange</td>
</tr>
</tbody>
</table>

Source: Vargo, 2009: 375

The table above indicates the nature of Service Dominant Logic and how it differs from a Goods-Dominant Logic. The differences between a Goods-Dominant Logic and a Service-Dominant Logic are on the focus on working with customers rather than managing customers. Co-creation of value means that the marketer and customer work together, rather than relationships being managed. Despite the applicability of Service-Dominant Logic, there are some criticisms.

2.3.3 Criticisms of Service-Dominant Logic

Although Vargo and Lusch’s work has gained popularity in marketing literature and in marketing debate, there is concern about the application of the work. The major criticism of Service-Dominant Logic is that there is nothing new in its contribution (Stauss, 2005; Achrol and Kotler, 2006; Johns et al., 2009a; Hazdra, 2010). However there is also the concern that the focus on the Service-Dominant Logic means major changes to the direction of marketing thought altering the direction of marketing and
even the definition of marketing. This raises issues with the tension between theory and practice and ways to empirically evaluate Service-Dominant Logic (Brodie et al., 2006a). As with Relationship Marketing, Service-Dominant Logic requires a re-thinking of the way the marketing mix is utilised, however it does not mean that the marketing mix becomes irrelevant; instead it just means that they are used more strategically (Lusch and Vargo, 2006a). For example, rather than focusing on products, Service-Dominant Logic calls for a focus on the co-creation of service. Similarly the focus on price should be less about the economics of pricing and become the co-creation of value proposition. Promotion becomes more about co-creating conversation and dialogue and finally distribution becomes the co-creation of value processes and networks (Lusch and Vargo, 2006a). Another issue with Service-Dominant Logic is the fast past of evolution with the work. This is addressed below.

2.3.4 The continual evolution of Service-Dominant Logic – encouraging, but also problematic

Although not a criticism of Service-Dominant Logic, one of the more problematic issues with Service-Dominant Logic is the continual evolution of the Logic, making it difficult to have a comprehensive understanding in the literature. This is beneficial to academic debate; however it can be problematic for a relatively lengthy study exploring the application of the logic to the market. Many papers have recently been released which explore Service-Dominant Logic. For example the following papers published in 2010 discuss the application or extension of Service-Dominant Logic: Lusch, Vargo and Tanniru; Alter, 2010; Chuang, Loggerenberg and Lotriet, 2010; Gruen and Hofstetter, 2010; Hazdra, 2010; Hsieh, Hsu and Yuan, 2010; Schneider and Bowen, 2010; Vargo, 2010. The discussion changes the focus of Service-Dominant Logic. The nature of Service-Dominant Logic has shifted from developing a general theory of marketing toward providing a contribution regarding the general theory of the market (Vargo, 2010) with many academics discussing the issues on markets at various conferences. Vargo (2010) also indicates that a range of papers are forthcoming in 2011. For an up to date listing of these articles, visit www.sdlogic.net, however at the time of writing, the articles in the following table (Table 2.3) were forthcoming in this area.
### Table 2.3  Forthcoming articles related to Service Dominant Logic

<table>
<thead>
<tr>
<th><strong>Industrial Marketing Management (Early 2011)</strong></th>
<th><strong>European Journal of Marketing (2011)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to service-dominant logic: From propositions to practice&lt;br&gt;David Ballantyne, John Williams and Robert Aitken</td>
<td>A Stakeholder Perspective of the Value Proposition Concept&lt;br&gt;Pennie Frow and Adrian Payne</td>
</tr>
<tr>
<td><em>It’s all B2B…and beyond: Toward a systems perspective of the market</em>&lt;br&gt;Stephen Vargo and Robert Lusch</td>
<td>Dynamics of Value Propositions: Insights from Service-Dominant Logic&lt;br&gt;Christian Kowalkowski</td>
</tr>
<tr>
<td>Six additional commentaries on the Vargo and Lusch paper&lt;br&gt;Len Berry, Evert Gummesson, Ajay Kohli, Venkat Ramaswamy, Jag Sheth and Jim Spohrer</td>
<td>Towards a Theory of Marketing Systems&lt;br&gt;Roger A. Layton</td>
</tr>
<tr>
<td>Value propositions as communication practice: Taking a wider view&lt;br&gt;David Ballantyne, Pennie Frow, Richard Varey and Adrian Payne</td>
<td>Markets as Configurations&lt;br&gt;Kaj Storbacka and Suvi Nenonen</td>
</tr>
<tr>
<td><em>Individual customer’s use and integration of resources: Empirical findings and organizational implications in the context of value co-creation</em>&lt;br&gt;Steve Baron and Gary Warnaby</td>
<td><strong>Journal of Macromarketing (2011)</strong></td>
</tr>
<tr>
<td>IMP and service-dominant logic: Divergence, convergence and development&lt;br&gt;David Ford</td>
<td>The Integrative Justice Model for Marketing to the Poor: An Extension of S-D Logic to Distributive Justice and Macromarketing&lt;br&gt;Gene Laczniak and Nicholas Santos</td>
</tr>
<tr>
<td>A service perspective on business relationships: The value creation, interaction and marketing interface&lt;br&gt;Christian Grönroos</td>
<td>A Stakeholder-Unifying, Co-Creation Philosophy for Marketing&lt;br&gt;Robert F. Lusch and Frederick E. Webster, Jr.</td>
</tr>
<tr>
<td>Affinities between multi-agent systems and service-dominant logic: Interactionist implications for business marketing practice&lt;br&gt;Martin Purvis and Andrew Long</td>
<td></td>
</tr>
<tr>
<td>Scripting markets: From value propositions to market propositions&lt;br&gt;Kaj Storbacka and Suvi Nenonen</td>
<td></td>
</tr>
</tbody>
</table>
The fast moving nature of Service-Dominant Logic therefore means that any empirical evaluation will simply evaluate the main contribution of Service-Dominant Logic regarding the service-orientation of marketing. While it is positive that so many researchers are currently focusing on Service-Dominant Logic, the changing nature of the literature can be problematic for empirical exploration of the literature.

2.3.5 Research gaps and problems with Service-Dominant Logic

The Research Question for this study is “what impact does the use of self-service technologies have on interfirm relationships?” Service-Dominant Logic provides a framework for considering marketing and assists in developing a research study to answer this question by providing a consideration regarding value-in-use and co-creation of value. Despite this, literature relating to Service-Dominant Logic cannot currently answer this research question.

The implementation of Service-Dominant Logic allows organisations a competitive advantage due to having a superior understanding of their customers (Lusch et al., 2006; Madhavaram and Hunt, 2008) and through utilising higher end resources (Madhavaram and Hunt, 2008) such as staff expertise. Dialogue based on trust, learning and adapting to the other party (Lusch et al., 2008) ultimately enhances satisfaction.

Service-Dominant Logic is gaining attention in the academic literature and within academic circles (Ballantyne and Varey, 2008). It does, however, require a major change to the marketing literature because:

... If S-D logic is accepted... then markets seem less useful as contexts for defining customer value. The role of the marketer becomes more focused on managing communicative interactions across a variety of modalities and in facilitating key relationships
(Ballantyne and Varey, 2008: 6)

Although Service-Dominant Logic was first titled in 2004, it is not completely new with “both radical components and also familiar associations for business-to-business marketers” (Ballantyne and Aitken, 2007: 363) in its focus on co-creation and mutual value. Nevertheless, it does require a shift in the way marketing is thought of, due to
the focus upon service delivery and value co-creation (Lusch and Vargo, 2006a). Service-Dominant Logic changes the focal point of marketing from being one which focuses upon goods, to one which instead focuses upon service delivery even when the product offering is tangible. The concentration becomes upon the “intangible, dynamic, operant resources that are at the heart of competitive advantage and performance” (Madhavaram and Hunt, 2008: 67).

It is evident that Service-Dominant Logic is becoming increasingly important in marketing research and practice as previous research is considered to be ineffective. However this is not sufficient as a theoretical grounding for this research. As a solution, Relationship Marketing was utilised as a theory base. A comparison of the two will now be provided.

2.4 Service-Dominant Logic and Relationship Marketing

Despite the focus of Relationship Marketing theory and Service-Dominant Logic in the literature, it is accepted that very few studies examine self-service technologies in a business-to-business context (Pujari, 2004) and it appears that none consider this use from both a Relationship Marketing and Service-Dominant Logic viewpoint. Very few studies discuss both Service-Dominant Logic and Relationship Marketing concurrently (for an example of those that do, see (Gummesson, 2008b; Johns et al., 2009a; Gruen and Hofstetter, 2010). This may be because of Vargo’s hesitations to compare the two because of his argument that Relationship Marketing follows a goods based perspective (see Vargo, 2009 and (Gruen and Hofstetter, 2010) however there are indicators of similarity (Gummesson, 2008b; Johns et al., 2009a). The literature pertaining to self-service technologies will now be discussed.

Service-Dominant Logic has attracted the attention of academics with substantial dialogue and debate since its publication (Ballantyne and Varey, 2008; Vargo and Lusch, 2008). Over the years an increased focus on Relationship Marketing, particularly in the business-to-business sector has also been evident (Morgan and Hunt, 1994; Möller and Halinen, 2000; Berry, 2002). It is clear that there are many similarities in the literature focusing on Relationship Marketing and Service-Dominant Logic yet little comparison has been drawn. This section of the literature review discusses and compares both bodies of literature finding commonalities in the importance of value and relationships.
Eleven papers on Relationship Marketing and thirteen papers on Service-Dominant Logic were reviewed to begin comparing the two bodies of work. These papers were specifically selected as they are commonly cited and well-regarded papers. This section reviews the similarities between the two literature bodies and divides them into four key areas: Collaboration and co-creation; Value; Resource focus and Relationship requirements. This will be discussed now and is summarised in Table 2.4, below.

Table 2.4: Commonalities between Relationship Marketing and Service-Dominant Logic

<table>
<thead>
<tr>
<th>Co-creation and collaboration</th>
<th>Value</th>
<th>Resource focus</th>
<th>Relationship Requirements</th>
</tr>
</thead>
</table>
| - Use of resources to co-create value | - Perception of value enhanced through interactions  
- Properly managing relationships and interaction  
- The marketer facilitates relationships  
- Value through intangible relationships rather than tangible goods.  
- A service centred view of exchange  
- Customise offerings to enhance value to customers | - Focus on operant resources  
- Use of staff to facilitate exchange  
- Utilise resources to improve the collaboration with customers | - No separation of buyers and sellers  
- The appropriate use of IT (e.g. CRM)  
- Focus on processes is necessary  
- Services must be customer centric  
- Customers must be considered both producers and consumers  
- Organisations providing a range of services develop the best relationships with customers |
| - Implementation provides a competitive advantage | | | |
| - Collaboration/ co-creation provides feedback to the marketer | | | |
| - The marketer may become a buying agent. This could develop into an alliance | | | |
| - Two party interaction is needed | | | |
| - Close communication, joint problem solving and co-ordinating activities is required | | | |

2.4.1 Collaboration and co-creation

A literature review of both Service-Dominant Logic and Relationship Marketing indicates the important of collaboration in marketing and customer relationship. Both bodies of literature discuss the importance of relationships and lead into a discussion of alliances. This co-creation of value seems to result in a continual working together to create mutual benefit.
This indicates that the facilitation of key relationships, or collaboration, is a priority area of Service-Dominant Logic. As the name suggests, this is also the main area of Relationship Marketing. Furthermore, customer value is generally created through interaction and experiences, requiring interaction between marketer and customer (Aitken et al., 2006). As alliances develop, this interactive nature only increases in importance. Interacting with a mutual dialogue is essential for co-creation (Ballantyne and Varey, 2006; Ballantyne and Varey, 2008). This co-creation of value puts the customer as an operant resource and merges Service-Dominant Logic and Relationship Marketing by ignoring the goods/service paradigm and replacing it with a service paradigm (Gummesson, 2008a), ultimately servicing customer needs.

To maintain and enhance customer and shareholder value, collaboration is necessary as separation of buyers and sellers results in a more sales-oriented approach rather than a relationship approach (Vargo and Lusch, 2006; Ballantyne and Varey, 2008). Two-party centricity is necessary as it focuses on suppliers and customers (Gummesson, 2008a) meaning that an interactive process with mutual benefit is required to best establish a competitive advantage. Supplier involvement is increased through Service-Dominant Logic, impacting on the relationship with customer and, ultimately, repurchase decisions (Ballantyne and Varey, 2008). Close communication, joint problem solving and coordinating activities is necessary (Day, 1994) in order to effectively collaborate. However, this focus on relationships is where the commonality between Service-Dominant Logic and Relationship Marketing emerges. As value is investigated further, it is clear that value in relationship perceptions and value through service delivery can be combined.

### 2.4.2 Value

Value is defined by the individual customer in terms of what they perceive as valuable to them and it is essential to understand the customer’s perception. Marketers must, therefore, have a strong understanding of their customers and collaborate with them to determine and provide this value.
Service-Dominant Logic links to the concept of value by stating that value is co-created by the marketer and customer (Vargo and Lusch, 2006) and leads to a mutual benefit. In Relationship Marketing, the emphasis on value is in terms of creating life-time value and mutually beneficial exchanges (Grönroos, 2004). Value is quite an important aspect in managing relationships and it is through interaction that value is created and relationships are enhanced (Vargo and Lusch, 2006). Relationships are facilitated by the marketer but the customer works closely with the marketer to ensure a benefit for both parties. Collaborating with, and learning from, customers is essential because value becomes defined by, and co-created with, the customer shifting the focus from tangible goods to more intangible, interpersonal relationships (Vargo and Lusch, 2004). This is the very premise of both Relationship Marketing and Service-Dominant Logic and collaboration and value creation, means that relationships are mutually beneficial.

2.4.3 Resource focus

In addition to collaboration and creation of value, Vargo and Lusch (2004, 2006, 2008) also highlight the importance of resources. The focus on resources is an important area in Service-Dominant Logic yet there are also links between resources and Relationship Marketing. Generally, Customer Relationship Management (CRM) utilises resources in order to effectively communicate to the market. In doing this, organisational resources are utilised to enhance relationships (Madhavaram and Hunt, 2008). This focus on the use of resources for enhancing the service offering links Service-Dominant Logic and Relationship Marketing more closely. Organisations must draw upon their resources and overcome potential problems in order to best collaborate with customers and partners (Lusch and Vargo, 2006b), ultimately providing a competitive advantage; an important requirement in both Relationship Marketing and Service-Dominant Logic.

Service-Dominant Logic sees marketing as a continuous series of processes, largely focused on operant resources and ultimately leading to customer satisfaction (Vargo and Lusch, 2004). Feedback from the market alerts the organisation as to whether they are doing well compared with competitors (Vargo and Lusch, 2004) and feedback assists strategic planning (Lovelock Christopher, 1991). In many organisations however, employees have forgotten who they are servicing (Vargo and Lusch, 2004), particularly if they never deal with the end user, and this has implications for self-service technologies. Similarly, in Relationship Marketing interaction is necessary (Grönroos,
and feedback enables changes in the offering, allowing the firm to have a competitive advantage (Berry, 1995).

2.4.4 Relationship Requirements

To collaborate, provide value and utilise resources for a competitive advantage, marketers need to consider some relationship requirements. Implications for marketers become necessary relationship requirements when implementing both Service-Dominant Logic and Relationship Marketing. Some of these have been discussed above – such as no separation of buyers and sellers and the use of appropriate resources - but other considerations are necessary; such as the appropriate use of information technology and customised offerings.

Firstly, it is important to note that both Service-Dominant Logic and Relationship Marketing require Services Marketing principles but neither are to be used exclusively in a service setting. In fact, both discuss the role of services in facilitating the exchange of goods. Nevertheless, both bodies of literature are equally applicable in a service setting.

To achieve a competitive advantage, therefore, firms must implement a good strategy for managing relationships. This includes effective use of information technology (Madhavaram and Hunt, 2008). Using the firm’s operant resources is important here and research needs to focus on developed operant resources (Madhavaram and Hunt, 2008) because of their higher priority compared with operand resources. Despite this, questions about how firms develop operant resources effectively and what makes some firms better at this than others (Madhavaram and Hunt, 2008) remain unanswered in the literature.

Through this discussion it is evident that there are four key commonalities between Relationship Marketing and Service-Dominant Logic. Co-creation, collaboration and value creation are activities organisations must strive for in their operations in order to enhance relationships and ultimately have a competitive advantage. This can be done through the use of resources and through other relationship requirements, such as the use of information technology and becoming a buying agent.
However, there are some differences. Relationship Marketing has roots in business-to-business marketing and Services Marketing, whilst Service-Dominant Logic seems best positioned in a business-to-consumer context and when value adding for tangible goods. Furthermore, Relationship Marketing is considered a theory while Service-Dominant Logic has been proposed as a framework or pre-theory and has not properly been tested. These differences appear minor and therefore it is appropriate to examine the two bodies of literature together. Table 2.5 provides an overall comparison of Relationship Marketing and Service-Dominant Logic, highlighting some of the differences.

Table 2.5  Review of Relationship Marketing & Service-Dominant Logic

<table>
<thead>
<tr>
<th>Relationship Marketing</th>
<th>Service-Dominant Logic</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory with considerable empirical testing</td>
<td>Pre-theory with little empirical testing</td>
<td>It is difficult to test a pre-theory empirically, but a lot of work is being developed in the area.</td>
</tr>
<tr>
<td>Focus on B2B primarily</td>
<td>No real focus on B2B but does not eliminate B2B marketing</td>
<td>This thesis focuses on B2B and therefore both are applicable.</td>
</tr>
<tr>
<td>Doesn’t address self-service technologies</td>
<td>Does address self-service technologies, but not empirically or in detail. This requires further attention.</td>
<td>This is a gap in the literature which needs to be addressed further. This is the purpose of this study.</td>
</tr>
<tr>
<td>Goal: To establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises (Grönroos, 1990; cited in Harker, 1999)</td>
<td>Goal: Focus on service delivery</td>
<td>Both aim at improving long term relationships rather than a transactional approach – this is important in B2B relationships where trust and commitment is a key area. Service-Dominant Logic, however, suggests that trust and commitment is less of a driving force than value co-creation.</td>
</tr>
<tr>
<td>Relationships strongly impact on customer perceptions of quality (Berry and Parasuraman, 1993)</td>
<td>SSTs do not have service recovery systems in place and could impact on customer perception of value (Bitner et al., 2002)</td>
<td>Without service recovery and training, it is difficult to ensure customers perceive quality. This requires exploration.</td>
</tr>
<tr>
<td>Dyadic bonds based on trust and commitment</td>
<td>Reciprocal bonds</td>
<td>This is a key distinction between the two bodies of literature</td>
</tr>
</tbody>
</table>

This discussion has indicated that it is important to consider Service-Dominant Logic and Relationship Marketing concurrently. While some differences between the two
exist (Johns, 2008; Johns et al., 2009a; Vargo, 2009; Gruen and Hofstetter, 2010) the
differences do not eliminate the benefits of exploring this research topic using both
areas of literature. This discussion about the similarities and differences between the
two supports the recent discussion by Gruen and Hofstetter (2010).

Gaps in the literature exist regarding the use of self-service technologies; however the
existing literature on relationships (Relationship Marketing) and value co-creation
(Service-Dominant Logic) serve as a good starting point for exploring the research
question. In order to commence the study, it is first essential to have a comprehensive
understanding of self-service technologies and some of the literature about the use of
self-service technologies in a marketing context.

2.5 Self-service technologies

Self-service technologies can be used to enhance customer service (despite limited staff
involvement), for customers to get answers, pay bills, track delivery times (Bitner et al.,
2002) and undertake other services which do not require staff involvement.
Organisations are introducing self-service technologies rapidly for three major reasons:
to reduce costs, increase customer satisfaction and loyalty and to reach new customer
segments (Bitner et al., 2002). Self-service technologies are increasingly being utilised
in business (Meuter, Bitner, Ostrom and Brown, 2005) due to people being increasingly
time poor and a drive towards cost savings for the organisation. While increasing
customer loyalty is aligned with the objectives of Relationship Marketing, reducing
costs is simply an organisational driven initiative and may not serve the interests of the
customer. Furthermore, although time savings lead to cost savings for organisations
this is only apparent if the self-service technologies are adopted (Meuter, Bitner,
Ostrom and Brown, 2005). This means organisations must give customers no choice
(potentially decreasing satisfaction) or encourage use of the technology by ensuring
customers use the technology efficiently and having them feel there is support if
anything goes wrong. Appendix Eight provides some of the literature on self-service
technologies.

Introducing self-service technologies can create benefits such as lower costs, improved
efficiencies, return on investment, customer reach, accessibility, time savings and
control (Gallagher, 2002) and retain an existing customer base (Kimball and Gregor, 1995). A driving factor for the use of self-service technologies is also to standardise services, previously affected by the employee and customer interface (Quinn, 1996), which impacts on service encounters. Little examination has considered what impact this has on customer satisfaction levels (Joseph, McClure, Victoria and Joseph, 1999), particularly within the business-to-business context.

Although there are benefits to using self-service technologies, customers often prefer to deal with humans with some services (Marr and Prendergast, 1993). This is consistent with Lovelock’s (1991) belief that the target market and industry should influence the choice of delivery system. The impact these findings will have on business relationships is at present unknown. Self-service technologies allow people to transact without the assistance of staff. Many organisations have found success by utilising the internet when offering a self-service technology. In particular, organisations who can sell and deliver products online have found the greatest success (Poon and Joseph, 2000) regardless of whether they are goods or services.

The producer and consumer are often viewed as separate in marketing, however, when considering self-service technologies, “…the consumer is always involved in the production of value” (Vargo and Lusch, 2004: 11). This means the customer must use and repair the service themselves, based on their requirements (Vargo and Lusch, 2004) and this impacts on perceptions of service quality (Bitner et al., 2002). This is particularly an issue because most self-service technologies do not have service recovery systems in place (Bitner et al., 2002) increasing dissatisfaction with the technology and potentially the brand. In order to effectively engage in self-service, customers must have sufficient skills and core competencies (Vargo and Lusch, 2004) or have undertaken training on service use to make this self-service delivery possible. Training, however, is often not available as most organisations implement self-service technologies as a cost and staff cutting measure and cannot justify training customers. This gives the customer a choice where they can use a full service vendor or utilise self-service technologies (Vargo and Lusch, 2004).

It is evident that information technology has altered the way business is conducted over the past fifteen years (Meuter et al., 2005). With the introduction of self-service technologies, consumers are required to carry out the transaction themselves; they are
responsible for their own satisfaction (Meuter and Bitner, 1997; Bendapudi and Leone, 2003) and as a result organisations have had to effectively train customers to be co-producers. Turning the customer into a co-producer of a service has become evident where the customer participates in value creation (Vargo and Lusch, 2004) such as checking out a library book, booking a hotel room online, undertaking online investment trading and internet banking.

Perhaps the most dramatic change is the increase in the use of the internet, allowing organisations the opportunity to introduce self-service technologies. Most new self-service technologies are internet enabled and in many industry sectors, such as travel, corporate banking and professional services, proprietary self-service technology systems are developed (Pujari, 2004) to most effectively meet the needs of customers and the organisation.

Self-service technologies are undertaken at varying rates – for instance, purchasing books and flights online have been adopted with enthusiasm, whilst self-scanning at retail shops has had less appeal for customers (Bitner et al., 2002). From a business perspective, however, there is little understanding of self-service technologies and which self-service technologies are enthusiastically adopted. The most likely obstacle to getting customers to utilise self-service technologies is getting them to change their existing behaviours (Meuter et al., 2005) and from a business-to-business perspective there is little understanding of self-service technologies and how the use of these technologies impact on relationships between the marketer and customer (Johns et al., 2009a).

Technology allows customers and staff to provide more efficient services either directly or even from a distance. These changes have resulted in customers being more involved in service delivery (Bitner et al., 2002). In the business-to-consumer literature, it is apparent that customers tend to have a more positive perception of self-service technologies when they believe the service will be delivered faster than in a face-to-face context (Weatherall, et al., 1984; cited in Joseph, et al., 1999). Personal customers tend to prefer a choice of method from self-service technologies through to face-to-face contact (Selnes and Hansen, 2001). In the business-to-business literature, however, self-service technologies are viewed as a threat to relationships and less useful than dealing with an organisation face-to-face and it is reported that given the choice,
business customers prefer face-to-face contact (Bhappu and Schultze, 2006). Further research, however, is necessary to understand this in depth, particularly considering Relationship Marketing and Service-Dominant Logic principles, which is the purpose of this thesis.

In a self-service context, value is co-created with the customer and therefore the firm makes a value proposition which is either accepted or not by the customer. If accepted, value is developed with the customer (Lusch et al., 2006); raising the question as to whether or not marketing should become a consulting function over anything else (Lusch et al., 2006).

The internet can be utilised to enhance relationships; however, it is also possible that technology could have a negative effect on relationships if the strategy applied is not appropriate (Parasuraman, 1996). For example, when considering self-service technologies, previous work has indicated that customers tend to be frustrated by the attitude of their service provider when a self-service technology failed. Service providers have also ignored their customer, denied responsibility for failure, blamed the self-service technology manufacturer and blamed the customer (Pujari, 2004). Even when a customer errs, or if the technology fails or is poorly designed, customers do not appreciate the use of technology. On the other hand, if it is superior to dealing with a human being, or assists them in a difficult situation, customers prefer to utilise self-service technologies (Bitner et al., 2002) because of the ability to save time.

Within a business-to-business context, self-service technologies can completely replace all interpersonal encounters where the customer and technology engage. It is anticipated that if business-to-business exchanges take place primarily using self-service technologies, the experience with the self-service technology will determine brand perception (Keller, 2001) and have serious implications for Relationship Marketing. As a result, it is essential to understand how self-service technologies are perceived and used in a business-to-business context. Previous studies (Pujari, 2004) indicated that sources of satisfaction of businesses using self-service technologies include:

- improved speed
- improved process efficiency
- saved labour hours (time and cost)
- reliability
- real time accessibility
In contrast, sources of dissatisfaction include:

- Technology failure
- Transaction Process Problems
- Post transaction Process Problems
- Customer Service Problems
- Waited online for a long time
- User unfriendliness
- Changed instructions without notice
- Own fault

These factors, listed above, need to be considered in a self-service technology impact study as they can influence perceptions of technology and how it influences relationships.

For organisations implementing self-service technologies, the literature suggests that organisations must consider the strategic purpose of the self-service technology. A customer focus is imperative and the use of self-service technologies must be actively promoted and any failures well managed. It is also essential to offer choices to customers and that the technology is regularly updated and improved (Bitner et al., 2002). Strong relationships with business customers foster increased profit, improved communication and an increase in satisfaction, and creates loyalty (Petersen and Rajan, 1994), so it is essential to build these relationships. Ultimately, firms utilising self-service technologies properly in their strategy will be able to compete most effectively and provide excellence in service (Bitner et al., 2002).

Although this present research examines the impact of self-service technologies, rather than the adoption of them, it is important to have an understanding of the process of self-service technology adoption. Bitner, Ostrom and Meuter (2002) propose a model which sees consumers move through six stages: awareness; investigation; evaluation; trial; repeated use and commitment. In addition to these six stages, consumer readiness is essential prior to them embarking on trial and this requires ability, motivation and an understanding of the role they must play. Motivation can depend on whether the customer feels positively inclined toward the self-service technology, feels they have the ability to use it, understands their role, perceives a benefit in changing their behaviour and whether they will consider using it again (Bitner, et al, 2002).
Literature on the use of technology within a business-to-business context has examined innovation adoption (Rogers, 2003), building relationships online (Archer and Yuan, 2000), technology acceptance (Davis et al., 1989) and the impact on technology on consumer behaviour (MacDonald and Smith, 2004). As stated by Pujari (2004: 203), however, “there is an urgent need for understanding SST encounters in the wider context of technology based service delivery systems”. This is why it is important to understand the impact of self-service technology use on business relationships. There is a gap in the current literature regarding business-to-business self-service technology use and how this use impacts on Relationship Marketing. With a particular focus on services marketing, this discussion sought to commence an understanding of the impact information technology has on Relationship Marketing. The current debate in the literature about the impact of information technology on relationships has been highlighted; with no consensus reached as to the benefit of computer mediated environments on establishing positive relationship outcomes. When self-service technologies fail, the customer is often dissatisfied with both the failure and resulting action by the firm. The way in which these problems are solved can have large implications for customer evaluation of a firm (Reichheld, 1993; Tax et al., 1998) as well as impacting on the overall perception the customer has about the brand.

2.6 Relationships, Technology and Self-Service Technologies

Criticisms regarding using the internet in business-to-business relationships indicate that the separation of buyers and sellers can be problematic (Ratnasingam and Pavlou, 2003). This potentially impacts on trust and, ultimately, the commitment to the relationship, but there is little evidence of this in the literature. While it is accepted that trust is necessary for relationships (Morgan and Hunt, 1994) there is limited evidence to suggest what impact technology has on these relationships other than value adding (Stone and Woodcock, 1997).

The previous discussion has indicated the increasing importance of relationships, particularly in a business-to-business context, yet at the same time the use of information technology is increasing in business practice. Despite the increase of the use of technology there is no consensus in the literature regarding the impact of technology on business relationships. Some authors indicate the importance of ‘getting
it right’ with technology (Stone and Woodcock, 1997; Joseph, 1998; Grimm, 1999; Joseph et al., 1999; Lang and Colgate, 2003), however it is difficult to determine what ‘getting it right’ means (Johns et al., 2009b). Customers dissatisfied with the amount of technology use in their relationships (that is, they would prefer to use more or use less) perceive their relationship to be weaker than those satisfied with the amount of technology use (Lang and Colgate, 2003). This research, undertaken in a business-to-consumer context, is an important finding indicating the impact of information technology use on relationships. It does not, however, provide an overall understanding of contexts where it is appropriate and how much is ‘enough’. Does it not matter at all? Is it simply considered a value added service? It is, therefore, essential for organisations to consider customer satisfaction with information technology as ultimately this will contribute toward satisfaction with the relationship and commitment to the relationship – all key constructs in Relationship Marketing.

While there is a suggestion that information technology use within relationships could have an impact (Jones, 1996), there is little discussion of the direction of the impact. There is evidence to suggest that information technology has a positive impact on business relationships (Stone and Woodcock, 1997; Joseph, 1998; Grimm, 1999), but this appears to be when used as ‘complementary’ to a face-to-face relationship rather than when self-service technologies are forced. Furthermore, there is some suggestion in the literature that information technology does not inhibit the creation of trust, satisfaction or commitment, central to Relationship Marketing (Comer, Mehta and Holmes, 1998), and therefore the use of technology is still unknown and this is an area requiring further research.

Services such as automated package shipping, internet banking and airline log-in could easily be perceived as complementary services which enhance relationships. From a business-to-business context, additional services such as goods ordering and tracking systems could also be viewed as value adding; however, if this became the only choice, customers can become frustrated. Furthermore, if something goes wrong with these services, customers require human beings to assist (Bitner et al., 2002). In business today, it appears some technology is necessary. Indeed, even in the implementation of Relationship Marketing, technology is a requirement because in addition to traditional direct contact with customers, customer oriented service systems and a database is necessary (Grönroos, 1996). With the understanding, therefore, that technology is
necessary the question for every marketing practitioner becomes ‘how much is enough?’ Is there some kind of ratio that marketers can work toward that describes a balance between face-to-face contact and self-service? Does the ratio differ depending on the industry or demographics of the customer? Additionally, do different customers have different requirements? These issues will be explored in this study.

Relationship Marketing, from a services marketing perspective, emphasises the importance of personal relationships between a marketer and customer. This is in direct contrast to that of database marketing where relationships are distant and more often carried out through mass communication (Möller and Halinen, 2000). If direct contact with customers is required in Relationship Marketing, as indicated above, does this mean that relationships conducted through self-service technologies cannot be deemed to be Relationship Marketing? It would appear so, yet the literature also suggests that Relationship Marketing is necessary in services marketing (Berry and Parasuraman, 1991; Morgan and Hunt, 1994) in order for an organisation to be successful. Perhaps self-service technologies fall into their own category entirely, or perhaps interaction is sufficient, even if the interaction is not carried out face-to-face.

To summarise - technology could have a negligible impact on a firms relationships with customers, but there has been very little research done in this area (Lang and Colgate, 2003). The research undertaken seems to indicate that when an additional service is offered, there is little or no impact on relationships; however, there is no discussion of the impact on relationships when technology forms a major part of the relationship, nor when the relationship is a key business-to-business relationship. It is essential to have effective e-business systems, as they are regarded as keys to technological innovation (Jackson and Harris, 2003). From a business-to-business perspective, these effective e-business systems can reduce costs, enhance current relationships (Zhuang and Lederer, 2003) and also improve efficiency and effectiveness (Perrott, 2006).

In order to effectively implement e-business strategies in a business-to-business context, existing models must be transformed (Barnes and Hunt, 2001), altering current ways of doing business and potentially affecting the relationships. Nevertheless, many organisations have implemented e-business operations to assist them in their business-to-business activities, to provide improved levels of customer service to the target market and to lower costs for communication and distribution. The use of the internet in
business-to-business practices is growing. Forrester Research estimates that overall, ninety per cent of e-commerce will be generated from the business-to-business sector, rather than from the personal customer perspective (Reedy, Schullo and Zimmerman, 2000). In fact, there is a growing trend for some companies to refuse to operate with those not using web facilities in their operations (Reedy et al., 2000), indicating the importance of having web facilities in a business-to-business relationship. While business-to-business relationships tend to be relatively long term and stable, they are still dynamic and the stakeholders are reacting to product development, innovation and customer changes (Stahl, 2002).

2.7 Research propositions

The research question for this study is: “what impact does the use of self-service technologies have on interfirm relationships?” Making a contribution toward answering this research question will fulfil three research objectives:

**Objective 1:** To examine Relationship Marketing theory in the context of self-service technologies

**Objective 2:** To understand how the reduction of face-to-face contact can impact on relationships in a business-to-business context

**Objective 3:** To understand how the use of technology impacts on trust and relationship commitment in a business-to-business context

These are overall objectives, indicating the purpose of the research. The research is also oriented towards understanding Within this research problem there are a series of research propositions. The research utilises propositions, rather than hypotheses, due to the exploratory nature of the work (Carson et al., 2001). The propositions were developed through a thorough literature analysis. Each research proposition will now be discussed:
Research Proposition 1: Increased use of information technology impacts on interfirm relationships, particularly in terms of trust and commitment.

This proposition relates to objectives two and three. It is believed that relationship benefits and termination costs can influence commitment; and shared values influence both trust and commitment. Communication and opportunistic behaviour influence trust, ultimately influencing commitment (Morgan and Hunt, 1994). As the constructs of trust and commitment have been tested in a traditional Relationship Marketing context, it is essential to understand how technology influences trust and commitment and, ultimately, relationships.

Trust is necessary prior to there being a commitment (Morgan and Hunt, 1994). However, it is not known what impact the use of information technology has on the possibility of building trust, commitment and alliances. Furthermore, the literature does not appear to indicate if an alliance is superior to a relationship, or whether any relationship can become an alliance. This proposition therefore explores how the use of information technology or self-service technologies impact on interfirm relationships.

Research Proposition 2: Customer specifics (demographics and industry) impact on requirements for face-to-face contact in a business-to-business context.

This proposition relates to objective two. The User often differs from the Decision Maker in business (Zaltman, 1973; Leonard-Barton and Deschamps, 1988) and therefore it is assumed that the role of the research respondent could impact on the findings. As a result, both users and the decision maker are investigated in this study. It is also anticipated that customer specifics such as the demographics and industry could impact on customer requirements of a relationship.

Research Proposition 3: Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not.

This proposition relates to objective one. Trust is developed through shared interactions (Wilkinson and Young, 2002) and through building relationships over time; therefore it is assumed that interaction is necessary for Relationship Marketing to occur. While the literature indicates the importance of face to face contact in building relationships
(Drolet and Morris, 2000; Storper and Venables, 2004) it is unknown whether transacting through the use of self-service technologies with limited or no interaction with the marketer can be considered Relationship Marketing. This study therefore seeks to understand if Relationship Marketing theory can apply in a self-service context, or whether personal interactions (over the telephone, email and face-to-face) is essential.

**Research Proposition 4: Banks provide appropriate value offerings to customers.**

This proposition is less related to the overall research objectives, but provides an understanding of value. It is related primarily to objective three. The discussion emerging in the Service-Dominant Logic literature indicates that for Service-Dominant Logic to be implemented, organisations can make value offerings to customers and they can choose to accept these offerings (Vargo and Lusch, 2004) thus ultimately co-creating value with the marketer. There is no empirical understanding of whether this is occurring, however, and in order to explore Service-Dominant Logic in more detail, understanding is necessary.

### 2.8 Chapter summary

This chapter has provided an overview of both Relationship Marketing and Service-Dominant Logic. Relationship Marketing was defined and the evolution of this theory explained. In many business-to-business relationships, relationships are viewed as essential in customer service. There is limited understanding, however, of how technology impacts on relationships on interfirm relationships.

Relationship Marketing and Service-Dominant Logic are increasingly important in marketing and yet there are many similarities between the two. The focus on collaboration to provide value links Service-Dominant Logic to the more traditional theory of Relationship Marketing, yet very limited attention has been paid to this link previously. Service-Dominant Logic draws from previous literature and has established excitement in the field about value co-creation and the importance of this should not be minimised.

Organisations seeking a competitive advantage should focus on Service-Dominant Logic and Relationship Marketing principles. Proper implementation of both can
provide organisations with an advantage through the use of interacting with customers and by providing value perceived by customers as superior than any other offering. Self-service technologies are increasingly being utilised in business and are addressed in the literature. This discussion has indicated that customers like technology when it works but find it problematic when it fails. Most of the research into self-service technologies, however, has examined it in a business-to-consumer context rather than a business-to-business context and it seems that none have considered the use of self-service technologies in the context of both Relationship Marketing and Service-Dominant Logic.

Through the literature analysis, the following research propositions have been discussed:

- Research Proposition 1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment
- Research Proposition 2: Customer specifics (demographics and industry) impact on requirements for face-to-face contact in a business-to-business context
- Research Proposition 3: Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not
- Research Proposition 4: Banks provide appropriate value offerings to customers

It seems that trust is essential in order to have relationship commitment and relationship commitment is required in order to properly have a relationship. Service-Dominant Logic principles enhance satisfaction and ultimately increase the likelihood to commit to the relationship. This is particularly relevant when utilising self-service technologies, as satisfaction is a direct result of the consumer interaction with the technology. Furthermore, the reduction of face-to-face relationships could have an important impact on satisfaction and ultimately on the trust and commitment to the relationship.

This thesis has made a key contribution to the literature in its comparison of Relationship Marketing and Service-Dominant Logic. Qualitative research is used in the study to explore the research propositions and further contributions to the literature will be made. The methodology for this research will now be discussed.
CHAPTER THREE – METHODOLOGY

3.1 Introduction

The previous chapter (Chapter Two) provided an analysis of literature relating to Relationship Marketing and Service-Dominant Logic. The research problem was developed through this discussion and research propositions were developed and presented at the end of the chapter. Chapter Three provides an overview of the industry selected for this study and why it is appropriate. Following this, the chapter will outline the broad methodology chosen and will also focus more specifically on the method itself. Figure 3.1 provides an outline of the chapter.

Figure 3.1 - Outline of Chapter Three

As discussed in Chapter Two, there are four common links between Service-Dominant Logic and Relationship Marketing. These are: Co-creation and Collaboration, Value, Resource Focus, and Relationship Requirements with an overall outcome of trust and commitment. It is therefore appropriate to consider these two literature bodies together, addressing the gap in the literature. Contributions to both theory and practice will evolve through this research. Basic research tends to lead to theoretical contributions while applied research contributes to practice (Patton, 1990). Due to the nature of this study, both basic and applied research will be utilised in order to understand the impact of technology on business relationships and to ensure there are
both theoretical and managerial implications. As this research is exploring these relationships and the impact of technology from a theoretical basis which has not been examined before, exploratory research is required (Hussey and Hussey, 1997). This will not only provide practical recommendations, but will more broadly contribute to theory in the area (Patton, 1990). Grounded theory research is an appropriate method for this study and it has been suggested that it is the most appropriate method for exploring relationship marketing in more detail (Gummesson, 2008a) having been used by many researchers in the past (Thomson, 2008). Investigating an organisation under close scrutiny allows the ability to review steps that were taken and to understand how a business is affected by different factors (Salkind, 2003) which is relevant in this study.

This chapter commences with an overview and justification of the banking industry under examination. Based on a review of literature in banking, it will highlight four reasons for the introduction of self-service technologies in banking:

- customer convenience
- cost savings to the bank
- an increase in switching costs creating loyalty for the banks
- an increased focus on relationships

In discussing the banking industry, this chapter will also discuss the major reasons why banking is an appropriate industry for this study – the fact that self-service delivery is now the main means of distribution in banking and the emphasis on relationships in business banking creates a mutual benefit for both parties if implemented appropriately.

The chapter will also identify the reasons qualitative research is applicable. They are:

1. because of the focus on answering the ‘how’ questions;
2. because it assists with exploratory research and
3. because of the focus on relationships.

The philosophies underpinning qualitative research will be identified. Following this, the chapter will more specifically address the research to be completed and justify the use of this method. Means of data analysis will be discussed and the chapter will conclude with a brief overview of limitations of the method and ethical considerations. It is essential to understand this prior to discussing the results which will be addressed in the following chapter.
3.2 Industry under investigation

3.2.1 Banking

Whilst there is a potential danger in considering just one industry in terms of applicability of the research, it is an established practice within a business-to-business context (Morgan and Hunt, 1994; Joseph et al., 1999; Lang and Colgate, 2003; Pujari, 2004). Furthermore, from the business-to-business perspective Morgan and Hunt’s paper on commitment/trust (1994) examined just one industry (automobiles) and is widely cited and highly relevant to this study. In order to gain a rich understanding of the banking industry, a wide cross section of respondents were interviewed. In general, qualitative research is often industry specific (Carson et al., 2001) and for this study it was deemed appropriate to examine one industry (banking).

In selecting the industry for examination, it was essential that the industry utilised self-service technologies but that relationships between the marketer and business customer were also deemed to be important. Consequently, after analysis of different industries and based on the requirements for the study the banking industry alone was selected for examination. This ensures comparability of findings across the sample. If several industry contexts were examined, the findings would contribute to the research but it would be more challenging to effectively compare the data. Further research should therefore examine this model in a series of other industry contexts and this will be discussed further in Chapter Five. The banking industry is very appropriate for this study due to its use of self-service technologies as a means of distribution. The industry will now be discussed in detail, providing justification for it being used in this context.

The banking industry has been selected for this study as it is well known to provide a wide range of services (Eriksson and Marquardt, 2001) and is increasingly using self-service technologies. Internet banking in particular has been selected as it can impact on the relationships that have long been regarded as essential in a business-to-business context. Long-term relationships are often likely within banking (Barnes, 1997; Colgate et al., 1998; Eriksson and Marquardt, 2001) indicating the importance of Relationship Marketing in banking. The impersonal nature of internet banking could have either a positive or negative effect on relationships.
Some authors state that different industries should have their own industry studies. Financial sectors require their own Relationship Marketing studies (Dibb and Meadows, 2004) (Appendix Nine discusses the use of relationship marketing in particular industries). Furthermore, the application of Relationship Marketing within banking is becoming increasingly important due to increased competition (Colgate et al., 1998; Colgate and Stewart, 1998) and because of customer expectations and requirements (Colgate et al., 1998).

From a customer perspective, banks are increasingly seeking ways to encourage consumers to use technology – from Automatic Teller Machines to telephone banking and electronic banking. In order to ensure that banks remain competitive, they have considered alternative means of distributing banking products for many years and self-service delivery has been a driving force since the mid 1990s (Pikkarainen et al., 2004). Financial institutions perceive distribution as a means of differentiating themselves in an increasingly competitive environment (Easingwood and Storey, 1996). In recent years, banks have been promoting electronic banking as a convenient method for customers and, ultimately, for cost savings for the banks (Sathye, 1999; Hughes and Hughes, 2004).

Whilst cost savings are essential, pressure to increase profitability has meant that banks are required to focus on developing and maintaining long term relationships with customers (Kandampully and Duddy, 1999); particularly with business customers where relationships are viewed as essential for keeping customers (Adamson, Chan and Handford, 2003; Hawke and Heffernan, 2005). Nevertheless, some literature suggests that Internet banking is a way to retain customers and increase market share (Gardener, Howcroft and Williams, 1999).

Within a business to consumer context, research has shown that internet banking has decreased the number of personal contacts; however, users of internet banking are more likely to try new financial products than those that do not (Eriksson and Marquardt, 2001). Furthermore, the total number of contacts with the bank itself increase when internet banking is introduced within the relationship (Eriksson and Marquardt, 2001), however it is not known if this applies in a business-to-business context.
Literature suggests that satisfaction is greater where the customer interacts directly with the technology, compared to when they do not have direct access (Dabholkar, 1994). For instance, internet banking allows the customer direct access while telephone banking does not (Joseph et al., 1999). Nevertheless, customer satisfaction research in banking has been primarily emphasising a business-to-consumer context rather than a business-to-business context (Pujari, 2004) and does not explore the impact on relationships. Previous research within a business-to-consumer context indicates that sources of satisfaction in banking include: attentiveness, responsiveness, care, availability, reliability, integrity, friendliness, courtesy, communication, competence and functionality (Johnston, 1995). Johnston’s study, however, is limited in its usefulness for the present study because it looks at face-to-face relationships (not self-service technologies) and a business-to-consumer context (not business-to-business).

Within the business-to-consumer sector, research indicates it is important that electronic banking provides records that all transactions have taken place and guarantees that all transactions have taken place. It is also important that the bank is able to satisfy any complaints within twenty-four hours (Joseph et al., 1999).

Chapter Two discussed the theory of Relationship Marketing, which will be explored in Chapter Four within a banking context. Strong relationships with business customers foster increased profit, improved communication, and an increase in satisfaction, creating loyalty (Petersen and Rajan, 1994). Within banking, it is proposed that interpersonal liking could impact on the likelihood of maintaining a business relationship – and factors such as personality, trust, professionalism, communication and similarities appear to influence interpersonal liking (Hawke and Heffernan, 2005). This interpersonal liking leads to the outcomes of commitment, cooperation, and business referrals (Hawke and Heffernan, 2005) as outcomes. Although there is a considerable research on the impact of technology on banking relationships it is drawn from a personal customer perspective which is different to business customers. There is evidence to suggest that personal banking customers and business banking customers utilise different banking activities. Table 3.1 indicates how personal and business banking customers utilise online banking.
Table 3.1: Usage of online banking

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage of Australian online bankers who undertake activity</th>
<th>Percentage of online Australian business banking customer who undertake activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use financial services</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Check account balances</td>
<td>90</td>
<td>100</td>
</tr>
<tr>
<td>Transfer funds between accounts</td>
<td>78</td>
<td>-</td>
</tr>
<tr>
<td>Schedule payments</td>
<td>48</td>
<td>90</td>
</tr>
<tr>
<td>Transfer money to third parties</td>
<td>47</td>
<td>100</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td>Creation of invoices</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>Receipt creation</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>Stopping cheques</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>Refunding customers</td>
<td>-</td>
<td>50</td>
</tr>
</tbody>
</table>


Within commercial banking, it has been noted that brand switching generally occurs because competitors’ offers were better and current provider’s fees were too high (Colgate, Stewart and Kinsella, 1996; Colgate and Hedge, 2001; Bogomolova and Romaniuk, 2005). This is in direct contrast to that of consumer markets where price dissatisfaction was not the major reason for leaving a bank (Keaveney, 1995). These differences highlight the need for evaluating of the impact of self-service technologies on business relationships, as business-to-consumer studies prove insufficient in this context. (Appendix Ten provides an overview of literature relating to the banking industry and Appendix Eleven provides an overview of business-to-business marketing literature).

Although the literature suggests that relationship activities in banking include the physical evidence, process activities and people activities (Carson et al., 2001; Carson, Gilmore and Walsh, 2004) and product, distribution and pricing activities are considered transaction activities (Carson et al., 2004). It is essential to consider the way technology has altered the emphasis on transactions. Internet banking is a transaction marketing activity and is, therefore, focused on distribution and pricing rather than on relationships. However, if relationships are important in business banking, and internet banking is the main means of transaction, it is essential to address the impact of technology on relationships. The impersonal nature of internet banking could have

Raechel Johns
either a positive or negative affect on relationships where they are perceived more as transaction marketing activities. This reflects the more general discussion in Chapter Two about the impact of information technology on interfirm relationships.

While cost savings have motivated banks to introduce self-service technologies, the attraction of internet banking from a customer perspective is mainly focused on convenience. Customers tend to seek convenience in products where they have no interest, perceive the product as a commodity and trust the supplier (Boyes and Stone, 2003). It is evident that banking would fit in with these categories and, therefore, it would be expected that consumers would seek convenience in their banking habits. Apart from offering customers convenience and cost savings for the bank, there is a very important reason for banks to encourage customers to utilise internet banking. It is because customers who utilise internet banking perceive the switching costs of swapping banks as being higher (Pyun, Scruggs and Nam, 2002). As a result, banks see internet banking as a way to retain customers and increase market share (Gardener et al., 1999). This has obvious benefits for banks in terms of fostering commitment.

The relationship benefits and convenience which may come from the use of self-service technologies are more customer-centric, but there is limited understanding about the impact of technology on relationships. In Chapter Two, Table 2.4 indicated four common areas between Relationship Marketing and Service-Dominant Logic: co-creation and collaboration, value, resource focus, and relationship requirements. Figure 3.2 below indicates how banking could fit in to each of these areas.
Based on the figure above and the preceding discussion and a thorough analysis of the Service-Dominant Logic, Relationship Marketing, banking and self-service technology literature, Table 3.2 indicates how each of these relate to the reason for introduction of self-service technologies by banks.

Table 3.2- Self-service technology introduction and relationship to Relationship Marketing and Service-Dominant Logic

<table>
<thead>
<tr>
<th>Reason for introduction</th>
<th>Co-creation and collaboration</th>
<th>Value</th>
<th>Resource Focus</th>
<th>Relationship Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost saving</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationships</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Convenience</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switching costs</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Due to the focus of relationships in banking, Relationship Marketing has been addressed in a banking context, however it has been primarily from the perspective of personal customers, rather than business customers. For example, Eriksson and Marquardt (2001) examined whether or not relationship-marketing theory would apply to internet banking relationships for personal customers. They believe that three constructs are important in relationships: Experience, Coordination and Understanding. These areas
need consideration as they could impact on relationships within a business-to-business context as well. Each element will now be briefly discussed.

Experience: A new distribution channel is viewed as important when first launched, but once customers become familiar with it the focus on the channel decreases (Carlson and Zmud, 1999). This can also be dependent on customers experience level – if a customer is familiar with banking, they will probably find using the internet for their financial services easier than someone who is familiar with the internet but not banking (Eriksson and Marquardt, 2001). As indicated, this considers business-to-consumer customers and therefore further study is necessary within a business-to-business context. Questions focused on the user’s experience with internet banking to determine whether the means of distribution is important or not are essential in a study researching commercial customer use of internet banking.

Coordination: Personal interactions have allowed firms and customers to best understand the customers’ needs. This has given the customer the opportunity to assess the firms’ capabilities and given the firm the opportunity to understand consumer needs. The use of the internet will impact on how the relationship has developed, resulting in an impact on trust. As argued by Eriksson and Marquardt (2001), this could result in either weaker or stronger ties with the marketer depending on whether the customer views the technology as positive or not. It is known that branding becomes more important and packaging the technology in a way that allows customer to use it without personal interaction is essential. This is essential to understand due to the importance of relationships in banking; however, it requires consideration from a business-to-business perspective due to the differences in banking behaviour of the two types of customers.

Understanding: Technology can both simplify and complicate the process of exchange. Where there is little or no face-to-face contact, customers impression of the bank and understanding of their relationship with the bank will be very much based on their experiences with the web site interface (Eriksson and Marquardt, 2001). This needs to be considered from a business-to-business perspective, however.

Although there have been studies about relationships in banking and the use of technology in banking, these were mostly conducted in a business-to-consumer consumer context. The behaviour of personal bankers and business bankers is different
and therefore it is essential to understand the impact of technology on business relationships. This discussion has indicated that internet banking was introduced for four key reasons: cost savings, relationships, convenience and switching costs. Cost savings, and the reduction of switching costs from the bank’s perspective, both relate to profit-making and are less focused on the customer.

Due to the nature of banking and how it fits in with the four commonalities between Service-Dominant Logic and Relationship Marketing, it is ideal to explore the research objectives in this industry.

3.2.2 Summary of the banking industry

Although there is significant literature on banking, very little of it focuses on banking from a business customer perspective. This study explores the perspectives of business bankers and how the use of technology has impacted on the relationship. This discussion has highlighted several reasons why the banking industry is applicable:

1. The industry uses self-service technologies as a major means of distribution;
2. Relationships are a main focus in banking and
3. there are benefits to both the customer and bank in technology use.

Self-service technologies are introduced in banking for four key reasons: cost savings, relationship focus, increased switching costs, and convenience. The next section of this chapter will discuss the methodology and method for the study.

3.3 Methodology and Philosophical Assumptions

Qualitative research methods are appropriate in this study due to the exploratory nature of the work. Qualitative methods can contribute to understanding the way managers interact with other players in the market (O'Donnell and Cummins, 1999) and are appropriate for exploring relationships. Research is drawn from the researcher’s epistemology which grounds the research. It is essential to understand the relationship between method and methodology.

Ontology is the reality researchers are attempting to explore and epistemology is the relationship existing between that reality and the researcher. Epistemology is the ‘grounds’ of research and in an interpretist context is understood through ‘perceived’ knowledge, seeking to understand the context (Carson et al., 2001). Methodology
includes the role of the researcher, the focus of the research, and the techniques used by the researcher (Carson et al., 2001) and the method is the way the methodology is implemented for the specific research question. Figure 3.3 indicates the relationship between Epistemology, Methodology and Method.

Figure 3.3 The simple relationship between Epistemology, Methodology and Method

Source: Carter and Little, 2007: 1317

As the diagram indicates, the method of research is drawn from a methodology, which justifies the method. The epistemology of the research informs and modifies the methodology. Knowledge is determined through epistemology and the data from the research combined. For knowledge “is neither data nor information, though it is related to both...” (Davenport and Prusak, 1998: 1). In order to determine knowledge, therefore, data and an epistemological framework is required.

Figure 3.4 indicates how the development of a qualitative research project fits into the diagram above. In this diagram, it is possible to see how the method is influenced by the epistemology and, ultimately, the methodology. The discipline related to the researcher also influences the epistemology and methodology. The method involves planning the sample, collecting the data, managing and analysing the data, and writing the research.
As indicated in the diagram above, the method and ultimately the final research product are drawn from the methodology and epistemology which informs it. It is essential therefore to have a complete understanding of both prior to discussing the method. A discussion of the specific methods employed to conduct the research will follow. Table 3.3 provides an summary of the entire research project which will be discussed in more detail throughout this chapter.

Table 3.3 Overview summary of this research

<table>
<thead>
<tr>
<th>Research Issue</th>
<th>This research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discipline the research is drawn from</td>
<td>Marketing (Business Research)</td>
</tr>
<tr>
<td>Ontology</td>
<td>Realities constructed by the participants in social settings (Glesne, 1999). Reality is subjective (Darke, Shanks and Broadbent, 1998).</td>
</tr>
<tr>
<td>Epistemology</td>
<td>Interpretive</td>
</tr>
<tr>
<td>Methodology</td>
<td>Grounded theory</td>
</tr>
<tr>
<td>Method</td>
<td>Semi-structured interviews; Textual Analysis</td>
</tr>
<tr>
<td>Sample</td>
<td>Business banking users and bank decision makers</td>
</tr>
<tr>
<td>Analysis</td>
<td>Nvivo, Leximancer and manual analysis</td>
</tr>
<tr>
<td>Validity/ Research soundness</td>
<td>Reliability of the study; ensuring trustworthiness of the research (Yin, 1994)</td>
</tr>
</tbody>
</table>
This table outlines the philosophies informing this research. They will now be discussed – firstly by discussing the methodology and then by discussing the method for the research. The epistemology for this study will be discussed; followed by methodology, method, sample, method of analysis and, finally, validity or research soundness.

3.3.1 Epistemology for the research

Qualitative research portrays a world in which “reality is socially constructed, complex and ever changing” (Glesne, 1999:5). A research paradigm shift in the 1960s, where the realisation that humans construct reality for themselves meant that researchers realised quantitative research methods, was not always sufficient for research (Newman and Benz, 1998). Realities in qualitative research are constructed by the participants in a social setting (Glesne, 1999). The paradigm researchers base their philosophy on tends to be positivist or interpretivist. Generally, quantitative researchers utilise positivist modes of inquiry, whilst qualitative researchers tend to utilise interpretivist modes of inquiry (Creswell, 2003) however, some researchers do not fall so easily into these categories. Based on the method of organisation and analysis, researchers can be interpretist or positivists (Punch, 2005). A diversity of methods drives a diverse philosophical background to qualitative research, as evident in Figure 3.5, below.

Figure 3.5 Diversity of Methods used in Qualitative Research

![Figure 3.5 Diversity of Methods used in Qualitative Research](image)

Source: Punch, 2005:23-24
The spectrum included in Figure 3.5 above indicates that qualitative researchers can vary from having very tightly defined questions (positivists) through to less defined questions (interpretists). Because it is not so clearly defined, it is important to address the philosophy behind this study. The following table (3.4) provides an understanding of the subjectivisit (interpretist) and objectivisit (positivist) approaches.

Table 3.4: The differences between subjective and objective assumptions of social science:

<table>
<thead>
<tr>
<th></th>
<th>Subjectivist approaches to social science</th>
<th>Objectivist approaches to social science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core ontological assumptions</td>
<td>Reality as a projection of human imagination</td>
<td>Reality as a social construction</td>
</tr>
<tr>
<td></td>
<td>Reality as a realm of symbolic discourse</td>
<td>Reality as a contextual field of information</td>
</tr>
<tr>
<td></td>
<td>Reality as a concrete process</td>
<td>Reality as a concrete structure</td>
</tr>
<tr>
<td>Assumptions about human nature</td>
<td>Man as pure spirit, consciousness, being</td>
<td>Man as a social constructor, the symbol creator</td>
</tr>
<tr>
<td></td>
<td>Man as an actor, the symbol user</td>
<td>Man as an information processor</td>
</tr>
<tr>
<td></td>
<td>Man as an adaptor</td>
<td>Man as a responder</td>
</tr>
<tr>
<td>Basic epistemological stance</td>
<td>To obtain phenomenological insight, revelation</td>
<td>To understand how social reality is created</td>
</tr>
<tr>
<td></td>
<td>To understand patterns of symbolic discourse</td>
<td>To map contexts</td>
</tr>
<tr>
<td></td>
<td>To study systems, process, change</td>
<td>To construct a positivist science</td>
</tr>
<tr>
<td>Some favoured metaphors</td>
<td>Transcendental</td>
<td>Language game, accomplishment, text</td>
</tr>
<tr>
<td></td>
<td>Theatre, culture</td>
<td>Cybernetic</td>
</tr>
<tr>
<td></td>
<td>Organism</td>
<td>machine</td>
</tr>
<tr>
<td>Research methods</td>
<td>Exploration of pure subjectivity</td>
<td>Hermeneutics</td>
</tr>
<tr>
<td></td>
<td>Symbolic analysis</td>
<td>Contextual analysis of Gestalten</td>
</tr>
<tr>
<td></td>
<td>Historical analysis</td>
<td>Lab experiments, surveys</td>
</tr>
</tbody>
</table>

(Morgan and Smircich, 1980: 492)

Table 3.4 clearly indicates many of the differences between the subjectivist and objectivist approaches. The table indicates extremes at either end, with differences in between. The main purpose of subjectivist research is to gain an insight, while objectivists tend to seek to construct a positivist science, without question. As a result, exploration is often used in subjectivist research compared to the use of experiments and surveys in objectivist research. Based on Glense (1999), Table 3.5 indicates the philosophies of the Positivist and Interpretist modes of inquiry. The fourth column indicates the basis for this research study.
Table 3.5 Philosophies of the Positivist and Interpretist modes of inquiry

<table>
<thead>
<tr>
<th></th>
<th>Positivist mode</th>
<th>Interpretist</th>
<th>Focus for this study</th>
</tr>
</thead>
</table>
| **Assumptions**      | * Social facts have an objective reality  
                        * Variables can be identified and relationships measured                  | * Reality is socially constructed  
                        * Variables are complex, interwoven and difficult to measure                   | Interpretist, based on the way reality is constructed through the respondents’ views of relationships, rather than measurement or testing |
| **Research purposes**| * Generalizability  
                        * Causal explanations  
                        * Predictions                                                            | * Contextualisation  
                        * Understanding  
                        * Interpretation                                                           | Interpretist, based on the interviewer’s seeking to understand and interpret the relationship, rather than to look at what causes relationship changes. |
| **Research Approach**| * Begins with hypothesis and theory  
                        * Uses formal instruments  
                        * Experimental  
                        * Deductive  
                        * Component analysis  
                        * Seeks the norm  
                        * Reduces data to numerical indices  
                        * Uses abstract language in write up  
                        * May result in hypotheses and theory  
                        * Researcher as instrument  
                        * Naturalistic  
                        * Inductive  
                        * Searches for patterns  
                        * Seeks pluralism, complexity  
                        * Makes minor use of numerical indices  
                        * Descriptive write up                                                      | Interpretist, due to the lack of hypotheses and the goal to see patterns in relationships, rather than determining the norm. |
| **Researcher Role**   | * Detachment  
                        * Objective portrayal                                                        | * Personal involvement  
                        * Empathic understanding                                                     | Positivist, due to the objective portrayal of understanding relationships, rather than |

Source: Glesne, 1999: 6. Column four developed for this study.
As can be seen in Table 3.5 above, this research is primarily interpretist; however, the role of the researcher falls into a positivist framework. This is because the researcher was as objective as possible during the semi-structured interviews to minimise bias by entering the field without any pre-conceived ideas about the direction of the research.

There are many types of qualitative data collection methods but open ended interviewing commonly used in qualitative research usually leads to a narrative research design (Flick, 2009). Qualitative research calls for research questions, rather than hypotheses. Generally a central research question is explored, with a series of research propositions drawn from the central research question (Flick, 2009). The propositions used in this study were discussed at the conclusion of the previous chapter and will be explored further in Chapter Five. It can be concluded that despite the attempt to take an objective position in the research, the overall research conducted is interpretist. Bias of the researcher and the researcher’s knowledge and influence cannot be erased in qualitative research. Although the methodology may seek to minimise the subjectivity in the research the epistemology of qualitative research means that the interaction of the researcher cannot be eliminated (Carson et al., 2001).

3.3.2 Methodology

Qualitative research is useful because its focus is on “how people, groups and organisations do things, rather than why they do things” (Duncan, 1979: 432) and as the objective of this study is to explain, rather than predict, it is suited to qualitative methods (Leavy, 1994). Although the research question ‘what impact does the use of self-service technologies have interfirm relationships?’ may appear to be about ‘why’ the use of self-service technologies is utilised in an interfirm context, the focus is actually on ‘how’ it impacts. Consequently, qualitative methods are ideal in this study to explore the question in more details

With a gap in the existing research, it is necessary to consider the area from an exploratory perspective, calling for the use of qualitative research methods. Very little applicable theory has been developed in regard to business use and satisfaction with self-service technologies. In particular, the impact of technology on relationships has received little attention in the literature. As qualitative research assists in building knowledge, (Flick, 2009) it is the most appropriate research method for this study.
Qualitative research is ideal for gathering facts as well as for appreciating different experiences people have and the meanings they place on these experiences (Carson et al., 2001), and is therefore appropriate for the research question for this study. Qualitative methods assist researchers to understand issues, rather than measure them (Gordon and Langmaid, 1988). Furthermore, exploring important Relationship Marketing elements of trust and commitment assists in identifying important factors (Joseph et al., 1999) and qualitative methods are appropriate for this.

Five major methods of data collection in qualitative research exist: narrative, phenomenology, ethnography, case study and grounded theory. Researchers should select from these which range from narrow to broad methods of collection and interpretation (Creswell, 2003). Some authors state that grounded theory has rarely been utilised in marketing (Carson et al., 2001), while others argue that it is an appropriate research means in marketing and has played a major contribution toward the use of qualitative research methods in marketing and consumer research (Spiggle, 1994; Moisander and Valtonen, 2006). Although some criticisms about the use and application of grounded theory exist, it is deemed by others to be an appropriate means of data collection in marketing research (Moisander and Valtonen, 2006). Researchers suggest there is no correct means of collecting data and following a ‘how to’ of data collection should not occur. Rather, researchers should utilise theory to guide them in developing their method of data collection and analysis (Moisander and Valtonen, 2006).

3.4 Method for this study

Now that an understanding of qualitative research and its uses has been provided, it is important to address how it was utilised in the context of this study. Grounded theory was selected as the main method for this study. Semi-structured interviews with business customers and banks were utilised to build theory and draw implications. The research was conducted following the procedure indicated in Figure 3.6, below:
Figure 3.6 – The research approach for this study

- Review literature. Determine literature gaps and research problem
- Determine appropriate methodology for the research problem
- Select appropriate sample for case analysis
- Data collection
- Analysis, Findings and Implications

Step four of the model above is data collection. Figure 3.7 summarises the data collection method.

Figure 3.7 The data collection method undertaken

<table>
<thead>
<tr>
<th>Analysis - Textual</th>
<th>Semistructured interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of banking materials and web pages</td>
<td>With business banking customers</td>
</tr>
<tr>
<td>To have a more comprehensive understanding of the banks' strategies as promoted to business customers</td>
<td>Both decision makers and users were interviewed, as different perspectives could be evident</td>
</tr>
<tr>
<td>Semi-structured interviews</td>
<td>Semi-structured interviews</td>
</tr>
<tr>
<td>With banks</td>
<td></td>
</tr>
</tbody>
</table>
It is essential that research questions are related to the objectives of the study (Yin, 1994) and, following this guideline, research questions were planned prior to entering the field. Utilising an interview guide also increases the comparability of the narrative data (Flick, 2009). In this research, a series of propositions were turned into research questions and objectives for the interviews but questions varied for each interview. Due to the nature of semi-structured interviews, questions differed depending on the flow of the discussion and issues that arose. Probing was needed to discuss particular areas in more detail as necessary. This meant that flexibility was required and the order of questions was altered during interviews and ask additional questions when needed. All responses were listened to openly, without allowing judgement to enter the discussion.

The research in this study utilised an approach to grounded theory that was more prescriptive than most, by establishing a central research question and propositions prior to entering the field (Strauss and Corbin, 1990; Carson et al., 2001). This goes against Glaser’s purist approach about entering the field without a research question (Glaser, 1992; Carson et al., 2001). It was decided that having a research question was a more applicable starting point to provide a direction for the research. As there appears to be no consensus in the field about which approach is preferable (Carson et al., 2001), it was determined that this would be the approach taken. Therefore, in analysing the literature, a research question was developed with basic research themes taken into interviews as a conversational guideline (Carson et al., 2001). However, interview questions and conversation varied greatly from respondent to respondent and the questions did not follow a set format.

In order to fulfil the research objectives, a series of research questions and themes were pre-prepared. Depending on the interview, not all questions were asked and, in many cases, additional questions were required based on the respondent’s circumstances and their answers to the questions. Appendix Twelve provides a list of questions utilised in the interviews and how they relate to the research objectives.

Glaser (2002) urges the researcher to not place too much emphasis on the ‘jargon’ that can appear in some fields, particularly in management and marketing research. For instance terminology such as ‘customer relationship marketing’ may mean one thing in the literature, however in interviewing business managers it could mean another thing
entirely in the business context. It is essential to have a good understanding of the true meaning of words, as explained by interview respondents. Probing of interview respondents may therefore be necessary to ensure the same language is being spoken by the interviewee and the researcher (Glaser, 2002). Terminology which could be problematic in this study includes, ‘relationship marketing’, ‘value’, and even the basic term of ‘relationship’. It is essential, however, to not impose a prior framework on the meanings of terms and, instead, engage in a conversation with the interviewee rather than have a specific question/answer conversation (Carson et al., 2001).

Semi-structured interviews were utilised to collect data due to them having the following advantages:

- they are deemed to be one of the best methods to explore an individual’s behaviour and attitudes (Tull and Hawkins, 1990).
- they are effective for collecting data from business customers (Curran and Blackburn, 2001).
- questions can be tailored to the specific context of the business-to-business relationship (Cavusgil and Zou, 1994).

Despite these advantages, there are disadvantages. The limitations with this method of data collection are to do with the lack of objective data gleaned from the research. These limitations include:

- information is filtered through the interviewee’s opinion,
- information is conveyed not in the natural field setting,
- the researcher’s presence can impact on results and
- people differ in their communication skills and how they articulate their perceptions.

(Creswell, 2003).

These concerns with qualitative research and, in particular, semi-structured interviews need to be addressed by the researcher; however some are of more concern than others. The interviewee’s opinion is not a concern due to the importance of customer perception in marketing. The natural field setting is also not a concern as the majority of interviews were conducted in the business setting. The differences in communication skills and the articulation of perceptions, however, is a concern. This cannot be avoided
and so it is essential to be clear on the meaning placed on terms used by respondents (Glaser, 2002).

Examining previous studies can provide guidance as to which methods are appropriate and this was done in the early stages of this research. A qualitative method critical incident method has been commonly used in a similar context to this study (Pujari, 2004). This is where a particular event is focused on and content analysis classifies stories into themes. Previous research about self-service technologies has also utilised focus groups in a business to consumer context (Joseph et al., 1999) but it was deemed that due to privacy concerns in this study semi-structured interviews were most appropriate. Focus groups may be an issue due to privacy concerns in terms of business banking. Table 3.6 indicates which methods have been utilised in the past in previous studies in similar areas:

Table 3.6 – Methods used in similar studies in the past

<table>
<thead>
<tr>
<th>Authors</th>
<th>Focus of study</th>
<th>Method/s utilised</th>
<th>Why this study is insufficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pujari, 2004</td>
<td>Self-service encounters, B2B Satisfaction and dissatisfaction</td>
<td>Critical incident method</td>
<td>While this study is quite similar, the focus is on the technology (speed, reliability, accessibility etc) and satisfaction or dissatisfaction drawn from that. It does not focus on relationships.</td>
</tr>
<tr>
<td>Joseph, McClure and Joseph, 1999</td>
<td>Service quality in the banking sector</td>
<td>Focus Groups</td>
<td>This is in a B2C context, rather than a B2B context. It is anticipated that due to privacy concerns, business customers would be less comfortable discussing their use of technology and the impact on their business practices.</td>
</tr>
<tr>
<td>Lang and Colgate, 1993</td>
<td>Banking – Personal bankers</td>
<td>Quantitative only – survey</td>
<td>This study focuses on personal bankers. It does look at the impact of technology on relationships, which is applicable to this thesis.</td>
</tr>
<tr>
<td>Mulligan and Gordon, 2002</td>
<td>The role IT plays in supporting relationships between customers and marketers in the financial services industry Personal bankers</td>
<td>Personal interviews of banks</td>
<td>This study, whilst looking at relationships, does not look at the theory of Relationship Marketing. Furthermore, the research is only from the marketer (bank) perspective, rather than the customer perspective. As a result, this study is quite narrow.</td>
</tr>
<tr>
<td>Authors</td>
<td>Focus of study</td>
<td>Method/s utilised</td>
<td>Why this study is insufficient</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Chan and Lee, 2002</td>
<td>E-Procurement adoption by SMEs</td>
<td>Case study - interviews with small businesses; observation; document review</td>
<td>This study is a business-to-business study, but looks at technology adoption, rather than relationships.</td>
</tr>
<tr>
<td>Walker, Craig-Lees, Hecker and Francis, 2002</td>
<td>Adoption of technology enabled service delivery- B2C</td>
<td>Focus Groups</td>
<td>This study focuses on adoption and is from a B2C perspective. There is no focus on Relationship Marketing.</td>
</tr>
<tr>
<td>Durvasula, Lysonski and Mehta, 2000</td>
<td>B2B Relationship Marketing – Ocean Shipping</td>
<td>Quantitative only - survey</td>
<td>This study does not explore the impact of technology on relationship marketer, rather discusses the impact of service delivery on relationships. It has relevance due to the focus on Relationship Marketing and service delivery, but as it does not explore technology, it is insufficient.</td>
</tr>
<tr>
<td>Meuter, Bitner, Ostrom and Brown, 2005</td>
<td>Focus on trial of Self-service technologies Innovation Adoption Focus</td>
<td>Quantitative-survey of groups who have used the technology vs. Those who have not</td>
<td>Like many studies in the area, this study focusses on adoption, rather than on Relationship Marketing. It is also from a B2C rather than a B2B perspective. However, it is a relatively in-depth study of SSTs and areas of satisfaction</td>
</tr>
</tbody>
</table>

As indicated in the table above, researchers have previously utilised a variety of methods for collecting data in similar studies. While there are advantages to various methods, it was deemed most appropriate to utilise semi-structured interviews in a grounded theory research project because of privacy and security concerns and to obtain a more indepth response. Other advantages of semi-structured interviews have been previously discussed above.

When considering technology use in organisations, it is important to consider why it is being used by the individual within the organisation. In some circumstances it could be expected that it was a management decision to adopt the technology and end users are required to utilise it thus having an impact on relationship perceptions including trust, commitment and satisfaction. As a result, when researching the use of technology in an organisational context it is appropriate to speak to both managers and end users (Zaltman, 1973; Leonard-Barton and Deschamps, 1988). Gallivan (2001) agrees and suggests that adoption of technology needs to be examined in two stages: Primary
Authority Adoption Decision (Senior Management) and how it is assimilated within the organisation (Secondary Adoption and Organisational Assimilation). Consequently, semi-structured interviews conducted discussed the role of the respondent in the organisation and whether they were a decision maker or a user. It was also essential to interview bank managers to determine their strategy, attitudes toward building relationships and the bank’s perceptions of customer requirements. To summarise, this study explored the perceptions of business bankers (decision makers or users) and the strategy of banks. The objectives for this study were introduced in Chapter One. Table 3.7 highlights the relationship between the method and the objectives.

Table 3.7: Methods for examining research objectives

<table>
<thead>
<tr>
<th>Research Objective</th>
<th>Method for investigation</th>
<th>Justification for method</th>
</tr>
</thead>
<tbody>
<tr>
<td>To examine Relationship Marketing theory in the context of Self-service technologies</td>
<td>The entire research project’s objective – this was done throughout the project. Interviews with both business banking customers and banks will contribute to an understanding of how relationship theory is utilised in this context.</td>
<td>As a rich understanding is necessary, quantitative methods are viewed as unsuitable. This exploratory study requires the use of qualitative research to understand the impact of technology on the relationship.</td>
</tr>
<tr>
<td>To understand how the reduction of face-to-face contact can impact on relationships in a Business-to-business context</td>
<td>This was achieved through qualitative semi-structured interviews with business banking customers. A textual analysis of bank web sites will assist in understanding any patterns of industry type etc.</td>
<td>An understanding of the impact of technology on the relationship, specifically trust and commitment is necessary. While quantitative research could be utilised, using pre-existing scales measuring trust, a more thorough exploration of trust can be provided through the use of qualitative research.</td>
</tr>
<tr>
<td>To understand how the use of technology impacts on trust and relationship commitment in a Business-to-business context</td>
<td>This was achieved through qualitative semi-structured interviews with banks and business customers.</td>
<td>Pre-existing quantitative scales could evaluate trust and ultimately commitment in a quantitative study, however, qualitative research will provide richer data and a more comprehensive understanding of trust and commitment</td>
</tr>
</tbody>
</table>
As can be seen in Table 3.7, there are two main ways of accessing information. Patton (1990) argues that in depth interviews, direct observation and analysis of written documents, are appropriate methods of data collection in qualitative research. For this study, in depth interviews and a textual analysis of websites were utilised. Because of the privacy of information, observation is not ideal in a banking context. The three main sources of data for this study therefore include:

- Textual analysis of web sites which provided a more comprehensive understanding of strategy as promoted to consumers and an understanding of which relationship elements are discussed in the promotional campaigns.
- Semi-structured interviews with banks to determine strategy decisions, perceptions of trust and commitment. This provided an understanding of the reasons for implementation.
- Semi-structured interviews with business banking customers. Both decision makers and users were interviewed as different perspectives could be evident.

Table 3.6 provided an overview of the objectives and how they are being examined. Appendix Twelve provides the interview guide. This interview guide outlines the research questions used in the semi-structured interviews and how they relate to the research objectives. As previously discussed, interviews did not utilise all research questions.

An understanding of qualitative methodology and the philosophies behind the use of qualitative research has now been provided and the method for the specific study was also discussed. A discussion of the sampling strategy will now be provided.

3.5 Sample overview

Prior to addressing the sample for this study it is important to note that in business-to-business research there are two distinct groups – the marketer or ‘focal firm’ (Rowley, 1997) and the customer. A marketer may supply goods or services to one organisation and be a customer of another. As mentioned previously, the user often differs from the decision maker in business (Zaltman, 1973); both users and the decision maker were
investigated in this study. Further, samples of focal firms (Banks) were also investigated as their decision-making is expected to influence the business relationship.

The organisations in the study vary in industry and size. Organisations were categorised into small (less than ten employees), medium (between ten and ninety nine employees) and large (over one hundred employees) organisations. This allows data to be compared on the basis of organisation size so as to determine whether size impacts on usage, satisfaction and training. There were thirteen small organisations, seven medium organisations and five large organisations explored in the research. Although this is an unbalanced sample, with more small and medium organisations than large organisations, it does provide an understanding of how size impacts on relationships. Organisation size was based on employee numbers, rather than turnover, because it was deemed that employee numbers would be more indicative of distance between the user and the bank and decision makers. Furthermore, turnover for some smaller organisations is viewed as confidential and it was considered to be more difficult information to obtain than would employee numbers. There is limited research examining organisation use of technology and how this impacts on relationships, therefore an exploratory study is necessary and qualitative research is seen as an appropriate method in this case. The sample will be discussed in more detail in the next section.

3.5.1 Sample Size

In qualitative research, the size of the sample is less important than data richness (Patton, 1990). When research provides homogenous results as few as ten interviews is considered sufficient (Sandelowski, 1995). If there are considerable differences between interviews and new information is continually revealed, it is more important to keep interviewing to best understand the issues relating to business use of self-service technologies. An appropriate sample size in qualitative research is generally a matter of judgement in terms of how useful the information being obtained is (Sandelowski, 1995). More important than the number of subjects in qualitative research is the information that is received from the subjects (Patton, 1990). This research was carried out until it was believed enough information has been achieved to successfully analyse the results or to achieve ‘theoretical saturation’ (Eisenhardt, 1989). Furthermore, in qualitative research, sample sizes can be too large and not allow for sufficient analysis.
of each case (Sandelowski, 1995). Therefore, in this study a total of thirty-one interviews, or ‘cases’ (Patton, 1990), were conducted. Twenty-five interviews were conducted with business customers and a further six interviews were undertaken with banks to discuss their strategy decisions. At this point, it was determined that data saturation was reached.

3.5.2 Sample Method

To collect the data for this study, a combination of convenience sampling and snowball sampling was used. These methods of non-probability sampling were deemed appropriate for this study. In qualitative research, the selection of purposefully selected research subjects is important (Patton, 1990; Creswell, 2003). Some element of choice plays a part in selecting subjects for qualitative research and random choice is not required (Creswell, 2003). In fact, Miles and Huberman (1994) suggest a great deal of judgement should be employed in the consideration of the sample to ensure they have information to contribute. Therefore the use of homogenous sampling (within the convenience sampling framework) meant that subgroups of organisations were examined (Patton, 1990). Snowball Sampling is where participants in the study recommend others to participate (Cooper and Schindler, 2001). The disadvantage of non-probability sampling is that it is not necessarily representative, nor generalisable (Salkind, 2003); however, as this is an exploratory study, non-probability sampling was deemed suitable (Adnsager, Austin and Pinkleton, 2001). One of Australia’s Top Four banks provided a list of customers for inclusion in the study. As a number of organisations declined the interview, business contacts were also invited to participate to ensure data saturation was achieved.

A variety of customers from both metropolitan and regional areas were interviewed. This was done to ensure that geographical differences did not provide major differences in results. The population for the study was business-banking customers from a variety of different industries. Different industries was not a problem in this study as it was the business to business-customer relationship which was examined, rather than any customer industry-specific matters. As a result and taking a snowball approach, at the end of the interview particular respondents were asked if they recommended other organisations who might have information to contribute to the study. Respondents were primarily from different organisations and while it would have been beneficial to...
interview several respondents from the same organisation, access to several people became difficult to obtain. Further research could focus on further respondents from the same organisation. Table 3.8 below indicates the respondent details.
Table 3.8: Overview of research cases

<table>
<thead>
<tr>
<th>Case #</th>
<th>Industry</th>
<th>Decision maker or user</th>
<th>Gender of interviewee</th>
<th>Estimated age group of interviewee</th>
<th>Length in role; length with bank</th>
<th>Bank utilised</th>
<th>Transaction or relationship-oriented</th>
<th>Org size</th>
<th>Location</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Insurance</td>
<td>Decision maker</td>
<td>Male</td>
<td>50-60</td>
<td>30; 30</td>
<td>9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Brisbane</td>
</tr>
<tr>
<td>2</td>
<td>Non profit</td>
<td>Decision maker</td>
<td>Male</td>
<td>30-40</td>
<td>3; 10</td>
<td>9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Canberra</td>
</tr>
<tr>
<td>3</td>
<td>Warranties</td>
<td>User</td>
<td>Female</td>
<td>20-30</td>
<td>3; 5</td>
<td>9</td>
<td>Relationship</td>
<td>Small</td>
<td>Brisbane</td>
</tr>
<tr>
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<td>Insurance</td>
<td>User</td>
<td>Female</td>
<td>30-40</td>
<td>2; 30</td>
<td>9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Brisbane</td>
</tr>
<tr>
<td>5</td>
<td>Retail</td>
<td>User</td>
<td>Female</td>
<td>30-40</td>
<td>4; 10</td>
<td>5</td>
<td>Transaction</td>
<td>Small</td>
<td>Brisbane</td>
</tr>
<tr>
<td>6</td>
<td>Investments</td>
<td>Decision Maker</td>
<td>Male</td>
<td>50-60</td>
<td>10; 10</td>
<td>1</td>
<td>Relationship</td>
<td>Small</td>
<td>Cairns</td>
</tr>
<tr>
<td>7</td>
<td>Retail</td>
<td>User</td>
<td>Female</td>
<td>20-30</td>
<td>5; 10</td>
<td>5</td>
<td>Relationship</td>
<td>Small</td>
<td>Brisbane</td>
</tr>
<tr>
<td>8</td>
<td>IT</td>
<td>Decision maker</td>
<td>Male</td>
<td>20-30</td>
<td>6; 6</td>
<td>3</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>9</td>
<td>Medical</td>
<td>User</td>
<td>Female</td>
<td>20-30</td>
<td>4; 4</td>
<td>8</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>10</td>
<td>Investments</td>
<td>Decision Maker</td>
<td>Female</td>
<td>30-40</td>
<td>4; 7</td>
<td>1</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>11</td>
<td>Property</td>
<td>Decision Maker</td>
<td>Male</td>
<td>30 – 40</td>
<td>15; 20</td>
<td>5, 6, 8, 9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Canberra</td>
</tr>
<tr>
<td>12</td>
<td>Services – Tours</td>
<td>Decision Maker</td>
<td>Male</td>
<td>30-40</td>
<td>3; 0.5</td>
<td>9</td>
<td>Relationship</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>13</td>
<td>Corporate Gifts</td>
<td>Decision Maker</td>
<td>Female</td>
<td>30 – 40</td>
<td>2; 10</td>
<td>6</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>14</td>
<td>Telecommunications</td>
<td>User</td>
<td>Female</td>
<td>40 – 50</td>
<td>3;6</td>
<td>5</td>
<td>Transaction</td>
<td>Large</td>
<td>Canberra</td>
</tr>
<tr>
<td>15</td>
<td>Building</td>
<td>Decision maker</td>
<td>Male</td>
<td>40-50</td>
<td>6; 6</td>
<td>1</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>16</td>
<td>Fitness</td>
<td>User</td>
<td>Female</td>
<td>30-40</td>
<td>1; 5</td>
<td>6</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>17</td>
<td>Building</td>
<td>Decision</td>
<td>Female</td>
<td>30 - 40</td>
<td>5; 5</td>
<td>6</td>
<td>Relationship</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>18</td>
<td>Golf – Services</td>
<td>Decision Maker</td>
<td>Male</td>
<td>30-40</td>
<td>6; 6</td>
<td>5</td>
<td>Relationship</td>
<td>Medium</td>
<td>Regional NSW</td>
</tr>
<tr>
<td>19</td>
<td>Casino – Services</td>
<td>User</td>
<td>Male</td>
<td>30-40</td>
<td>3; 10</td>
<td>9</td>
<td>Transaction</td>
<td>Large</td>
<td>Canberra</td>
</tr>
<tr>
<td>20</td>
<td>Retail</td>
<td>Decision Maker</td>
<td>Female</td>
<td>30-40</td>
<td>2; 4</td>
<td>8</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>21</td>
<td>Non profit</td>
<td>Decision maker</td>
<td>Female</td>
<td>30-40</td>
<td>13; 20</td>
<td>9</td>
<td>Transaction</td>
<td>Medium</td>
<td>Canberra</td>
</tr>
<tr>
<td>22</td>
<td>Medical</td>
<td>User/ Manager</td>
<td>Female</td>
<td>30-40</td>
<td>8;20</td>
<td>9</td>
<td>Relationship</td>
<td>Large</td>
<td>Brisbane</td>
</tr>
<tr>
<td>23</td>
<td>Wholesaling</td>
<td>User</td>
<td>Female</td>
<td>30-40</td>
<td>4;10</td>
<td>5</td>
<td>Transaction</td>
<td>Medium</td>
<td>Canberra</td>
</tr>
<tr>
<td>24</td>
<td>Accounting</td>
<td>User</td>
<td>Female</td>
<td>60-70</td>
<td>5; 20</td>
<td>9</td>
<td>Relationship</td>
<td>Large</td>
<td>Townsville</td>
</tr>
<tr>
<td>25</td>
<td>Government</td>
<td>User</td>
<td>Female</td>
<td>20-30</td>
<td>1; 10</td>
<td>5</td>
<td>Relationship</td>
<td>Large</td>
<td>Melbourne</td>
</tr>
</tbody>
</table>

*Organisation size: Small < 10 employees; Medium 11- 99 employees; Large >100 employees*
Semi-structured interviews can be conducted either over the phone, or face-to-face (Creswell, 2003) and provide the researcher with control over the line of questioning (Creswell, 2003). It is useful when participants are to provide historical information and when their behaviour cannot be directly observed (Creswell, 2003). In the context of answering the research question therefore, it is an appropriate technique for data collection. Due to access constraints with some respondents, a mix of five telephone interviews (using a voice recorder telephone adaptor) and twenty-six face-to-face interviews were undertaken. While different methods were used it was found that there was little difference in results. A series of questions were pre-prepared, as indicated in the interview guide (refer to Appendix Twelve), investigating:

- how internet banking is used within the business
- customer’s motivation for using internet banking
- a perception of whether customers feel forced and how relevant switching costs are and
- perception of value, trust and commitment

Despite this list of questions, the interviewer was open to changing questions and probing throughout the interview stage, as required. Transcripts were prepared from the interviews and data was analysed.

### 3.6 Unit of analysis

In business research, a unit of analysis can be a person, organisation, community, state or nation (Patton, 1987; Graneheim and Lundman, 2004) or even an interview transcript (Graneheim and Lundman, 2004). In this research, due to the exploration of business relationships, it was deemed that the unit of analysis for this study was the relationship between the bank and the business customer rather than specific interview transcripts. To contribute toward an exploration of the research question this unit of analysis is considered important. Figure 3.8 indicates the unit of analysis/relationship between the business and the business customer.
There are numerous types of business-to-business relationships but within the context of this study it is the relationship between the focal firm and business customer rather than that between between the focal firm and ultimate customers (e.g. business and personal customer). Nevertheless, the first relationship impacts on the second relationship due to the nature of business-to-business relationships. The relationships between focal firms and their business customers are viewed as supplier partnerships or buyer partnerships respectively (Morgan and Hunt, 1994). This means that the relationship under focus in the study will be a buyer partnership. This is the type of relationship often examined within Services Marketing literature (Berry, 1983) and is applicable to this study due to the emphasis on services.

3.7 Data analysis

Data analysis should be tailored to the research methodology. Content analysis is commonly used as an analysis technique in qualitative research and this can be done using a thematic analysis or by utilising computer software. As qualitative research requires an interpretative stance by the researcher (Flick, 2002) it would be nearly impossible to analyse this data purely through computer systems. In this case, thematic analysis is required where the researcher analyses data for themes and categories, coming to a conclusion about the meaning (Flick, 2002). In this research, therefore, the semi-structured interview data has been analysed both manually through thematic analysis and by the computer programs NVivo and Leximancer. Both computer programs were used due to the advantages of both and also to allow for a comparison of data analysis and more thorough analysis of the data.

The narrative data in the transcripts was analysed by checking for patterns and themes in the data. Creswell (2005) recommends reading the data first, to gain a general analysis of the material, before dividing it into themes and this was done several times.
prior to allocating theme categories from the transcripts. This was particularly useful as during the interview itself the interviewer was engaged in listening and probing. Rather than using a transcription service, the researcher transcribed the data herself so as to immerse herself in the data. She then left the narrative data for several days, returning to read over it with a fresh mind and to commence analysis and allocate themes to the transcripts. Utilising an annotation method, codes and categories were added to the margins of the transcripts to highlight points made and to identify which key quotes were most appropriate for the study (Wilson, Johns, Miller and Pentecost, 2010).

Coding is where a code is provided to sections of text with a particular meaning (Graneheim and Lundman, 2004). For example, a phrase in a transcript such as ‘it costs a lot to have internet banking and for that reason we had to analyse whether or not it was appropriate for our business’ could be giving a condensed meaning unit of ‘cost to adopt’ and a code of ‘price’. Although the respondent may not have used the term ‘price’, instead using the term ‘cost’, it would still relate to price. Similarly a phrase such as ‘the price for internet banking suited us’ would also related to the code ‘price’. Phrases allocated the same code relate to the same central meaning (Graneheim and Lundman, 2004). In this research, codes were allocated through thematic analysis and these codes were used in Nvivo and codes were automatically allocated in Leximancer by utilising the software.

NVivo allows document storage and coding of key words, using judgement analysis and coding. This means that the analysis is under the control of the researcher (Pattinson, 2005). It assists with developing ranking of particular words however can be quite labour intensive until the coding of themes and concepts is completed (Pattinson, 2005). In contrast, the Leximancer text analysis system was chosen also to analyse the data. This software identifies consistencies and differences in the data in a way that would be impossible to record through manual processes alone (Fisk, Cherney, Hornsey and Smith, 2009). Leximancer identifies core concepts within the data and illustrates how they are related (Smith, 2005) and is increasingly being used as a data analysis tool for qualitative data. It identifies themes or concept groups in text data, representing the clustering of key words (Fisk et al., 2009). Leximancer is useful because
the output produced by Leximancer provides a visual representation of these concepts and relationships and a means of quantifying and displaying the conceptual structure of a set of documents (Fisk et al., 2009: 14).

The first step of analysis using Leximancer is to identify the most frequently occurring concepts so as to determine their meaning (Low, 2006). To understand how Leximancer is useful in analysing the data, the researcher spent a period of time getting familiar with the software and how it has been used in previous studies. The focus of machine learning assisted in the analysis of the data, as explained by Smith and Humphreys:

The Leximancer system is a relatively new method for transforming lexical co-occurrence information from natural language into semantic patterns in an unsupervised manner. It employs two stages of co-occurrence information extraction—semantic and relational—using a different algorithm for each stage. The algorithms used are statistical, but they employ nonlinear dynamics and machine learning (Smith and Humphreys, 2006: 262).

The main concern with the use of the Leximancer system is that the researcher may accept the analysis delivered by Leximancer at face value without further analysis (Pattinson, 2005) however there are several advantages to using Leximancer which outweighs this possible concern. Firstly, Leximancer can generate constructs from the text independently from the researcher, reducing potential researcher bias and error. It also analyses the interaction between constructs (Low, 2006) which is of benefit in this study.

Leximancer is an appropriate tool for data analysis due to its three main strengths:

1. The ability to analyse large amounts of texts.
2. The analysis generates well defined concepts with means explained to the use and.
3. Machine Learning removes the need to revise the thesaurus as the domain vocabulary evolves (Smith, 2003).

After examining the advantages and disadvantages of both computer programs, it was determined worthwhile to utilise both. Table 3.9 provides an overview of the three methods of data analysis:

Raechel Johns
Table 3.9 Comparison of use of thematic analysis; NVivo and Leximancer

<table>
<thead>
<tr>
<th>Method</th>
<th>Features</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thematic Analysis</td>
<td>Judgement by the researcher involved in all aspects</td>
<td>Qualitative research requires an interpretative stance by the researcher, making this an appropriate tool of analysis.</td>
</tr>
<tr>
<td></td>
<td>Researcher gets very familiar with the data</td>
<td>Researcher comes to a conclusion about the meaning.</td>
</tr>
<tr>
<td>NVivo</td>
<td>Storage of documents into project sets</td>
<td>Developed out of Nud*ist</td>
</tr>
<tr>
<td></td>
<td>Ranking of search-drive words</td>
<td>Powerful analytical after coding completed</td>
</tr>
<tr>
<td></td>
<td>Coding of works, Phrases, Sentences as Nodes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coding across several documents</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mapping of coded nodes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Researcher judgement required for coding and map development</td>
<td></td>
</tr>
<tr>
<td>Leximancer</td>
<td>Storage of documents into project sets</td>
<td>Based on sets of Bayesian</td>
</tr>
<tr>
<td></td>
<td>Integrated package with word rankings, summarisation of documents, Thesaurus features to enhance theme/ concept sources.</td>
<td>Conditional algorithms with capability to factor in wider searches based using Thesaurus options</td>
</tr>
<tr>
<td></td>
<td>Automatically draws maps with links of association between theme and concepts</td>
<td>Powerful range of mapping capabilities</td>
</tr>
<tr>
<td></td>
<td>Can be set to purely automatic</td>
<td>Very good pre-processor for Net-map</td>
</tr>
</tbody>
</table>

Source: From Flick’s (2002) discussion on thematic analysis and Pattinson’s comparison of Leximancer and NVivo (2005)

Despite the advantages of utilising Leximancer and NVivo, it was also important to undertake manual or thematic analysis of the qualitative data. Utilising both computer analysis and manual analysis allows the researcher to be both highly involved with and distant from, the data. This ensures a particular element of objectivity (positivist epistemology) to the work, while including some personal judgement (intrepetivist epistemology). It allowed the opportunity to confirm whether the patterns identified through thematic analysis and NVivo were also evident through the Leximancer analysis and so reduce bias. Bias is something that all researchers have to some degree and honesty and self-reflection about bias is encouraged to ensure findings are accurate (Creswell, 2003). Bias was not perceived as a weakness of the study however it was
useful to manage it. Utilising both manual analysis and Leximancer analysis assisted with minimising the impact of bias on the results.

This method of combining the concept analysis tools Leximancer and Nvivo with manual analysis has been utilised by researchers in the past (Loosemore and Galea, 2008) to provide a rich understanding of the data and to ensure no aspects are missed in the analysis stage. In order to ensure purity of the manual analysis manual analysis was undertaken prior to the computer analysis. Although the data was analysed in three differing ways, the results will be discussed in an overall context to ensure a more complete understanding. Some specific Leximancer findings will be highlighted, however, due to the nature of the discussion.

3.8 Research Validity and research soundness

In order to ensure the research is accurate, it is important to consider validity measures. Reliability and generalisability provide a minimal role in qualitative research (Creswell, 2003), however some researchers still account for these measures in qualitative research (Graneheim and Lundman, 2004). Research ‘soundness’ is considered an important validity check in qualitative research (Flick, 2002) as is ‘trustworthiness’, ‘authenticity’ and ‘creditability’ (Creswell and Miller, 2000, cited in Creswell, 2003) or ‘dependability’ and ‘transferability’ (Graneheim and Lundman, 2004). Unless specific terminology is used by referenced authors, for the purpose of this discussion the term ‘soundness’ will be utilised to represent validity in qualitative research.

Validation of findings should occur throughout the data collection by checking the accuracy of findings (Creswell, 2003). In order to ensure research findings are as trustworthy as possible, it is essential to evaluate the validity (Graneheim and Lundman, 2004) and soundness (Flick, 2002) of the study. The main way soundness was ensured in this study was by the promise of confidentiality and by the un-biased view of the interviewer. The focus of the study, sample selection, data collection, transcribing and analysis was thoroughly planned and data was collected until it was deemed that data saturation was reached.

The planning of meaning units or codes for analysis of data is also critical in achieving research soundness and codes should neither be too broad or too narrow (Graneheim
and Lundman, 2004). Through the use of three methods of data analysis, including one method which automatically codes (Leximancer), it was deemed that in this study the planning of codes for the data analysis phase of the project was appropriately conducted.

Two arguments exist about the questions to use in qualitative research; whether to use the same questions for all interviews or different questions. In some cases, it is important to question the same areas for all research participants; however, due to the evolutionary process of interviewing and new insights that are acquired, consistency can be lacking in interview questions (Graneheim and Lundman, 2004). In this research, common themes were utilised in all interviews to ensure that there was dependability of data (Graneheim and Lundman, 2004) however the question structure was not the same in all interviews. Furthermore, through using grounded theory the questions evolved over time and further topics were queried as the research evolved. This evolution took time and therefore the final interview differed significantly from the first interview but differed only slightly from the interview just prior to it. As this is often the nature of qualitative research it has not impacted on the soundness of the research.

3.9 Limitations
To ensure research soundness and sufficient depth of analysis, this exploratory study has been conducted with great care and provides a comprehensive investigation into the impact of technology on relationships in a business-to-business context. Despite this, there are some limitations which impact on the application of the findings and therefore these must be considered. These are:

- Exploratory only – this study has utilised exploratory research methods. Grounded theory was utilised to explore a previously under-researched body of work, as explained in this chapter. To have an understanding of Service-Dominant Logic it was useful to interview both marketers and business customers however further research is essential to have a greater understanding of this emerging field of work. This will be discussed in detail in Chapter Five.

- Exploring an area with very limited empirical testing (as a newly established body of work, Service-Dominant Logic has had limited
empirical testing). There are very few published papers discussing how to evaluate Service-Dominant Logic or establish findings from evaluations. Furthermore, there are many words of caution about empirically evaluating the work, as discussed in Chapter Two.

- Relatively small sample – this study explored twenty-five business customers and six banks. In a relatively small banking industry in Australia, six banks is considered a very representative sample however twenty-five business customers may be considered a small sample. As indicated in this chapter, in qualitative research the nature of the findings are more important than the sample size and research was conducted to reach theoretical saturation. Key findings should be explored in more detail. This allowed the researcher to focus more completely on the analysis of the qualitative interviews and develop models and streams of further research from the research conducted.

- Focus on one industry – there were reasons to undertake this research in one industry, as discussed in this chapter. The focus on one industry allowed for a more complete understanding of relationships and gave the researcher the opportunity to talk in detail with the focal firms. Asking respondents about the general impact of technology on relationships could result in the respondents not being able to provide appropriate evidence as they may find it difficult to think of examples. One industry allows the respondent the opportunity to focus on more specific answers and gave the researcher the opportunity to measure how the relationships have been altered through the use of technology. In this case it was necessary to focus on a specific marketer/customer relationship and therefore a particular industry. This also provided a comparison of results that would not have been possible if respondents were asked about any self-service technology use in business. Nevertheless this does limit the generalisability of results across industries. It is expected that the results would be applicable in other business-to-business relationships utilising self-service technologies but further research is recommended. The banking industry is viewed differently from many other industries (Ennew and McKechnie, 1998) and therefore it is
important to understand how applicable the findings are to other industries.

- If the position that there is no requirement for separate services theory is taken (indicating that it is a marketer’s role to offer ‘service’ regardless of whether in a goods or service industry (Vargo and Akaka, 2009)) managerial implications could be equally relevant in a goods context. It is essential to note that the study was undertaken in a service orientation and further study could explore the comparison between goods and services by utilising the findings of this study. This is a limitation of the study; however, for comparison, as previously discussed, it was essential to undertake the study in one industry, as discussed.

Although limitations with the method exist, none of them prevent the research from being useful. The research has a role in theory building and for providing implications for practice. It should not be considered generalisable in all cases, but does provide an avenue for further research. Further research directions are discussed in Chapter Five.

3.10 Ethical considerations

Prior to the data collection being undertaken, ethical clearance was sought through the University of Western Sydney Ethics Committee. Ethical concerns were minimal in the study; particularly as it explored business behaviour rather than individual behaviour. Confidentiality of organisation details was promised to all parties with no identifiers disclosed. More importantly, participation in the study was voluntary. There was no requirement to participate and the purpose of the study was clearly explained to respondents prior to them committing to being involved. This means that all participants gave informed consent to participate in the study. All respondents were offered the opportunity to receive a report of summaries of findings once completed. Therefore, all stages of the research followed ethical guidelines for research and any ethical concerns were minimised at all times. In planning the study, the considerations indicated in Mason’s paper ‘Is My Enquiry Ethical?’ (Mason, 1996) were considered. These include considering the purpose of the study, who is effected and who is served by the research, what the implications of the study are and what is sensible in the study
context. All elements considered, the study satisfied the ethical guidelines of the University of Western Sydney and academic research in general.

3.11 Conclusion

This chapter has provided a comprehensive overview of the methodology implemented in exploring the research question for this study. The research question lends itself to exploratory research and qualitative methods are ideal in this context. Primarily taking an interpretive research approach, qualitative methods were implemented to explore the research question. Specifically, grounded theory research methodology was utilised incorporating data collected from semi-structured interviews and documents. This study has been explored in the context of one industry—banking. This chapter provided an overview of the banking industry and a justification as to why it was appropriate for this study. An overview of the research’s epistemology, methodology and method was provided. The advantages and disadvantages of semi-structured interviews were highlighted and after analysing several previous studies, semi-structured interviews were deemed to be the most appropriate method for this study. The method of analysis was highlighted and an overview of the sample was provided prior to an overview of ethical considerations that were taken into account.

The research carried out in this study contributes to both theory and practice as it seeks to understand more about the impact of self-service technologies on business relationships. With the unit of analysis being the relationship between marketer and business customer, this study primarily explores the impact of self-service technologies on relationships; however, the focus is on electronic banking from a business customer perspective. As electronic banking moves to a mature stage of the product life cycle, banks are seeking to better understand business customers and how electronic banking impacts on business relationships. Financial Services and banking are an important growth area for the Australian economy and often lead the way in self-service technology introduction. As a result, it was selected as the industry for this study, particularly with the encouragement for customers to move from physical transactions to virtual. The next chapter will analyse the data.
CHAPTER FOUR - DATA ANALYSIS

4.1 Introduction

To have an increased understanding regarding the impact of technology on interfirm relationships, an exploratory study was conducted. Chapter Three presented a discussion and justification for the research methodology utilised for this research. The findings from the qualitative interviews will be discussed throughout the chapter and Chapter Five will link the analysis of these findings back to the literature. This chapter presents the data analysis of the interviews. Chapter Three stated that the findings were analysed manually and that to assist in the data analysis NVivo coding and analysis and Leximancer analysis was utilised to support the manual analysis. This chapter discusses the findings.

It is essential to understand the patterns in the data and that is the primary concern of this chapter; however, it is also essential to provide background details to ensure validity and soundness of the data and context. This thesis discusses an exploratory study of an under-researched area and therefore detailed analysis is needed. Quotations from respondents and overall analysis of the findings are provided to ensure a more detailed understanding is provided. To draw the conclusions from the findings together, this chapter is structured around the research issues and main objectives of the study. Tables and figures are critical to giving the reader an overall picture of the findings. This chapter concludes with a discussion of the research objectives.

Chapter Three discussed the research issues that were explored in the study with reference to the banking industry, focusing on business use of internet banking. This chapter (Chapter Four) commences with an overview of the respondents, prior to discussing the major results, and concludes with a discussion of the research issues and the objectives of the study. Chapter Five will then discuss implications drawn from the results, relating them to the literature and Chapter Six will present the contribution of the study. Figure 4.1 provides an overview of the chapter structure.
This chapter discusses the impact of technology on relationships and, in doing so, identifies two key segments of business customers (transaction-oriented and relationship-oriented customers). The chapter also highlights differences in behaviour and relationships between decision makers and users.

4.2 Overview of the respondents

4.2.1 Demographic breakdown of respondents

Prior to discussing the findings from the interviews in detail, it is essential to have an understanding of the respondents. Section 3.5 in Chapter Three discussed the method employed to select the sample. As indicated in the interview guidelines (refer to Appendix Twelve) the initial stages of the interview explored the respondent’s role in the organisation and their experience with banking. Through this it was possible to establish a profile of the interview respondent. Interviewees were categorised on a series of demographic details, including personal factors (estimated age group, gender etc) and organisation demographics (size of business and role within the organisation etc). This was provided in Table 3.7 and is also supplied in Appendix Thirteen. To ensure a good representation of both sides of the banking relationship, six banks were also interviewed and an overview of the banks is also provided (section 4.2.3 provides this overview). In terms of organisation size, thirteen small, seven medium and five
large organisations were interviewed. Nine respondents were male, with sixteen female respondents.

4.2.2 Decision Maker vs. user

For ease of analysis and comparison, the business customers’ role with banking was categorised into the role of ‘decision maker’ or ‘user’. This was particularly important, as noted in Chapter Three, due to the differences in behaviour by the two categories of users (Zaltman, Duncan and Holbeck, 1973; Leonard-Barton and Deschamps, 1988; Gallivan, 2001). While a decision maker invariably utilised banking services, they were also the person in the organisation who selected the bank the business banked with and, in many cases, had more control over the tools used in banking. The following quote from a decision maker indicates the ways this control can impact on the actual relationship.

*I guess... if I had of walked into the organisation and B5 were the bankers, I’d have no specific loyalty to them, but my loyalty comes from a point where we were at a real growth stage and a pivotal point for the business... and they came on in relationship form and we worked on that... and that’s built a fair bit of loyalty.... At least while I’m here. I think it’d change if I left, someone else came in, because they’d just be like “oh it’s a functional relationship, just like any other business relationship”. So although you’re satisfied, you’re not necessarily loyal and that would happen if I were to walk into another business as well. (R19, Decision maker).*

This respondent indicated that his loyalty to his company’s bank was established through understanding from the bank and built up over time through his negotiations with the bank. He explains that the relationship exists between him and the business banker. If either party changed, the loyalty may no longer exist.

In general, decision makers were more favourable toward the relationship with the bank, compared with users, and therefore it was essential to categorise respondents into ‘decision maker’ or ‘user’ status. In contrast from decision makers, users were usually undertaking an administrative role and used the bank the organisation selected. Users felt less empowered to make any decisions regarding the bank brand and, in some
situations, felt little loyalty toward the bank they were associated with. The findings indicate that decision makers were always more certain of their loyalty. For instance, one user felt that loyalty was inherited from her employer. As she explained “I think my boss is (loyal)! I don’t have a strong opinion. They’re (banks) all the same, I guess” (R3, User). This highlights that the relationship between banks and decision makers is more important than the relationship between banks and users. Despite this, relationships should be fostered and maintained with both users and decision makers, as proactively building relationships with users could, in some cases, establish loyalty, trust and commitment.

The implication that banks are not just dealing with one decision maker, but also users and perhaps other decision makers, was implied in several of the interviews. One respondent explained:

> Everyone has to sit down together to go through the system... and that’s an issue, because you’re not just convincing one person to use this (bank) account, you’re convincing three others. And probably not just them, (in our case) you have to convince the entire committee. (R2, Decision maker).

This quote indicates the importance for banks to target their communication toward decision makers, users, and other influencers in the decision making process. While this study does not examine innovation adoption, for some individuals any form of technology adoption is perceived as innovation adoption. Staff values can affect the impact of technology on business relationships as staff who are uncomfortable utilising technology are likely to have a negative perception of the relationship. For the use of technology to be successful, it is essential for businesses to recruit staff appropriately. One organisation discussed the importance of recruiting staff with particular values to ensure that organisational culture supports the use of technology, ultimately supporting the decision maker’s decision on how to bank and how to utilise banking relationships:

>(We don’t have unsupportive people) within our organisation. I can see that happening in other organisations, but within that period of five or six years, we’ve turned over a lot of staff and that was quite a cultural thing. We’ve created a bit of a culture; changed systems when I got here and over time people
drop off and you bring in people with those values that you want. So that’s our culture (R19, Decision maker).

Users also referred to a comparison between the bank the business used to the bank they used in their own personal life. In these cases, users identified more loyalty to the bank they banked with by their own choice. For example, one user said:

*I don’t like the* face-to-face at that particular bank (*the organisation’s bank*). *It just doesn’t compare to the* face-to-face at my (personal) bank... *The delays, the waits. The service to me just isn’t at the same level as in my branch.* For me, my bank would be going out of their way to make sure (I am happy) (R9, User).

This particular user compared the two banks constantly throughout her interview and indicated that no bank would be as good as the bank she banked with for her own personal banking. In contrast, many decision makers did their personal banking through the same bank the business banked with. The user indicated this, explaining that her boss used the same bank for everything:

They’ve had all their accounts with (bank 8), including their private ones and I’m pretty sure they’ve got mortgages with (bank 8). And like I say, we transferred over to a new EFTPOS system, they made sure that was with (bank 8) as well (R9, User).

Thirteen decision makers and twelve users were interviewed. It was deemed important to have a relatively equal mix of decision makers and users.

4.2.3 Overview of banks

In addition to the bank customers interviewed, a total of six banks and credit unions were interviewed.

Bank One (B1) is one of Australia’s largest banks. Classified as a ‘Top Four’ bank, some of the strategic business banking staff of this bank were interviewed at their head office. This interview was not recorded but major points mentioned at the interview were noted in writing. All other bank interviews were recorded and transcribed.
Two (B2) is a small ‘community’ bank. A bank manager at a Canberra branch was interviewed. Bank Three (B3) is a medium sized bank and an owner/manager of a Canberra branch was interviewed. Bank Four (B4) is a medium sized credit union and a manager of the credit union for a Canberra branch was interviewed. Bank Five (B5) is another of Australia’s ‘Top Four’ banks. A manager of a Canberra branch was interviewed. Bank Six (B6) is another ‘Top Four’ bank and a business banking manager for all of Canberra’s business clients was interviewed. All interviewees were male except at Bank One where one of the four people interviewed was female. This was determined by availability of people to interview and the fact that males dominated senior positions at all the banks.

For the purposes of this study, the six financial institutions will be classified as ‘banks’ despite one falling under a category of ‘credit union’. This allows it to be more easily categorised away from the business customer perspective. The names of all banks have been de-identified to meet the requirements of the University’s Ethics Committee; however, where customers refer to a bank in their interviews it will relate to the following schedule (refer to table 4.1):

Table 4.1 – Bank identifying details

<table>
<thead>
<tr>
<th>Bank Code Name</th>
<th>Bank Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Top Four bank</td>
</tr>
<tr>
<td>B2</td>
<td>Community bank, medium sized. Regionally established, operating nationally.</td>
</tr>
<tr>
<td>B3</td>
<td>Medium sized regionally established bank, operating nationally</td>
</tr>
<tr>
<td>B4</td>
<td>Small, industry focused, established through one industry as an employee bank and now operating nationally</td>
</tr>
<tr>
<td>B5</td>
<td>Top Four bank</td>
</tr>
<tr>
<td>B6</td>
<td>Top Four bank</td>
</tr>
<tr>
<td>B7</td>
<td>Top Four bank, not interviewed for this research, but referred to by respondents</td>
</tr>
<tr>
<td>B8</td>
<td>Large bank, not interviewed for this research, but referred to by respondents</td>
</tr>
</tbody>
</table>

Although this list is not exhaustive, it contains all major banks in Australia and also refers to all banks mentioned by the respondents interviewed. A sample size of six banks is representative of the banking industry in Australia. Three of the top four banks were interviewed for this study, providing very good representation of the Australian banking industry.
4.3 Usage of Internet banking

All respondents, regardless of whether they were users or decision makers, were asked to discuss their experiences with internet banking within the organisation. Most respondents found their experience with using internet banking had been relatively positive. All respondents utilised internet banking at home for their personal accounts although this was not a requirement of sample selection. This does however indicate that all respondents had experience with online banking outside of the business.

To explore the way internet banking is used within an organisational context, respondents were asked how the organisation used the technology in their normal business activities. This was important because it gave a greater understanding as to the importance of tasks and therefore how much the organisation relied on internet banking. It was obvious through the interviews that internet banking is useful in keeping up to date on account details, often on a daily basis. One statement which typifies responses to the question was:

... in the morning, I do the account balance, which means I print up a list of all the transactions we’ve done over the last day or two and balance those against our records. So we’re able to see when cheques go through and all of that basically as it happens. We can also stop cheques, do fund transfers to customers who want refunds and things like that (R3, User).

Basic administrative tasks were mostly undertaken using internet banking, as reported by respondents:

- payroll
- paying suppliers
- refunding customers
- checking account balances
- withdrawals
- preparing transaction lists
- invoice and receipt preparation
- stopping cheques
These administrative tasks are relatively basic, day-to-day transactions and easily conducted through the use of self-service technologies. Several respondents felt that these administrative tasks could easily be done through self-service, however they indicated a need for a relationship with a human despite the ease of transactions. In contrast, other respondents felt that very limited human interaction was necessary as transactions could easily be conducted online. The banks reported similarly; that ‘transaction’ based activities were conducted online, but relationship activities were primarily done face-to-face or, when necessary, over the telephone. Relationship activities were classed as activities such as applying for a loan, adding to a line of credit, discussing new finance options for equipment, and other more involved decision making.

Some customers stated that relationships were essential in their business banking and others reported that the transaction was all that mattered to them. This led the researcher to segment customers into two categories – those primarily seeking a transaction (transaction-oriented customers) and those primarily seeking a relationship (relationship-oriented customers). Nevertheless even the term ‘transaction’ is viewed with some confusion because relationships can underpin the transactions undertaken. For example, one respondent explained that although her business only required transactions now, this was only due to a pre-established relationship which gave her trust in the transactions and allowed her to have a purely transactional relationship now.

Customers’ motives for adopting internet banking within the business were examined. This was elicited by asking informants how and why they came to adopt internet banking (a number of informants discussed this without prompting). Feelings tended to be quite positive and there were clearly justified reasons as to why internet banking was in their organisation’s best interests. All respondents questioned felt that there were logical reasons for adoption, mostly because it is perceived as:

...a lot easier and quicker... because you’re able to do it yourself, you’re not relying on the bank to do it for you. You can just get online in the morning and do what you need to do (R4, User).

The majority of business respondents used terms such as ‘convenient’ or ‘quick’ and in some home based businesses, stated that it was ‘necessary’. The following quote indicates what ‘quick’ means, in banking:
.... it’s quick. The primary issue I have with it is the transaction time where... typically you’d make a transfer say between accounts, or money was transferred to you, it would sit in the bank’s holdings for three or four days. Where they were obviously sticking it on the money market, making their percent on it. And that was obviously costing me money because I had to bridge the finances. That’s not such an issue now days where you’ve got next day transfers where if you transfer it before 4pm it’ll be in the account the following day, so its reliability has increased a lot (R8, Decision maker).

Another respondent ran a small home-based business and also had a full time job. For this respondent, it was impossible to fit in with bank opening hours and her business could only run because of the remote access capabilities, as indicated in the following quote:

> I’m always at work at the times that the banks are open. My business is out of hours and I work full time. And when I have lunch and want to go to a bank, everyone else has the same idea. So, it’s convenient... the bank doesn’t really close when the physical bank closes now (R10, Decision maker).

For the businesses interviewed there was no doubt about the necessity of internet banking. For convenience most businesses had utilised electronic banking prior to internet banking becoming available. Several respondents talked about their switch from the more traditional form of electronic banking to internet banking. Despite using electronic banking for several years, many of the banks in Australia did not switch to internet banking for business customers until earlier this decade, as explained in the following quote:

> It was a dial up system... you had to have a modem. It was the worst... but now (they)... use an internet based system. And I’m only talking 2003 – probably ’02, ’03, they still used a dial in system (R11, Decision maker).

The banks interviewed also agreed that the launch of internet banking was relatively slow for business customers. This was due to the electronic banking systems in place, which were perceived by businesses as being efficient and already established for business customers. Because of the financial value of this relationship they also sought
to trial it with personal customers to ensure it worked effectively prior to giving most business customers access.

In many cases, internet banking was already in use in the organisation prior to a decision maker commencing their role with the organisation. Other interviewees indicated that they had set up or increased use of internet banking. This is indicated below:

They were using it when I got here. To a lesser degree with creditor payments, that was done by cheque runs. I changed that to avoid paying the postage. So we moved to paying creditors by EFT pretty much as soon as I moved here (R19, Decision maker).

This quote indicates that although internet banking was utilised in the business prior to the decision maker commencing at the organisation, the use increased when this manager joined the organisation. Once this respondent joined the organisation, internet banking became an integral part of their business processes.

Supplier pressure also contributed to the need to utilise internet banking, although this was only the case in a few organisations. The following quote demonstrates the importance of supplier pressure on banking decisions:

a lot of them (suppliers) were getting angry and upset that we were not switching across to internet banking. They don’t care about our issues, they care about getting their money on time... we have a lot of seven day accounts, because we’re a small non-profit group (R2, Decision maker).

This quote discusses the relevance of seven day accounts. Seven day accounts, supplier pressure, and the lack of choice in terms of business efficiency can create a sense of being ‘forced’ to utilise the technology. Banks do provide organisations with a choice of banking methods; however a perception of being forced can exist due to the efficiency of the method. While the majority of customers were satisfied with the technology and believed it enhanced their business processes, the perception that there was simply no other way to conduct business efficiently in this day of technology created a feeling of being ‘forced’. One respondent indicated this in his interview:
I think within the business environment you would be (forced)... It’d be hard to operate without it now, because the expectations from our creditors... on seven day accounts... by the time you process goods inward and process the cheque, \textit{within seven days}. \textit{With online banking, it’s pretty much instant} (R11, Decision maker).

Again the pressure of seven day accounts has forced this business to utilise the technology. Another respondent stated similarly:

\begin{quote}
(I do feel forced), \textit{because it’s the easiest alternative. There’s not too many other ways that you could do it that’s practical and efficient} - R3, User.
\end{quote}

These responses indicate the pressure to conform to using technology used by other organisations when it appears to be the only real practical and efficient offering available. This perception of feeling forced can lead to dissatisfaction with the relationship; however, the banks interviewed argued that as a choice is provided to customers there is no reason for customers to be dissatisfied with their selected method of regular transactions. A lack of understanding of what customer segments want can lead to dissatisfaction in relationships. Pressure to utilise technology was also apparent in the fee structure, as indicated in the following quote:

\begin{quote}
The bank wants us to use internet banking as well, because it keeps our fees and charges down. Whereas if we were to use say cheques all the time, or over the counter withdrawal, then.... they charge us the money for it, to recoup the costs. Really, we save them money by using a lower cost withdrawal form of banking (R2, Decision maker).
\end{quote}

The fee structure was considered ‘force’ or pressure by some customers and ‘encouragement’ by others. For example, one respondent, very satisfied with the use of technology for banking, explained:

\begin{quote}
‘It’s definitely a choice. I think the banks are obviously encouraging people to do it with lower transactional costs, but that suits me’ (R8, Decision maker).
\end{quote}
The lower fee structure necessitated some businesses to transfer extra costs on to customers, ultimately encouraging customers to pay electronically. One business explained the importance of moving customers on to an electronic payment system, to assist their accounting and reduce fees. The following quote demonstrates ways that organisations can motivate customers to move to a lower-fee paying system:

‘We’re trying to get them to use the direct deposits more this year. A real push to move them away from credit card payments, just because of all the merchant fees that go along with using the cards. It’d be in our interests to do that… (We will) have a big component of the renewal form geared toward “here’s our bank account details” and if you make a direct deposit you go in the draw to win a GPS, whatever. Whatever I’ve got lying around at the time. Save us a few bucks in merchant fees’ (R19, Decision maker).

Another respondent, from a non-profit organisation, felt there were very clear reasons to utilise internet banking. There seemed to be different issues for a volunteer organisation compared with other organisations, related to the fact that there were no staff members nor a central location. Most of their work was done in their own homes and this meant that time constraints forced them online. This is indicated in the quote below:

Being a volunteer non profit organisation, it’s very hard to get everyone together in one spot to sign cheques and that sort of thing. So time was a crucial factor… A lot of suppliers were insisting in fact that we move to electronic payment. The change (from using traditional banking) was, um, well, mainly my time commitments. I didn’t want to spend my life being an unpaid accountant for this organisation and I could see it happening very quickly. And it was very difficult to get people to meet, because they were just unwilling to do so at the one place and one time to sign cheques. And I would find I was doing all the running around for them and not the other way around, so I thought ‘enough’s enough’ (R2, Decision maker).

Another respondent from a similar type of non-profit organisation explained that:

...internet banking is essential for us. Most of us are volunteers and so we do a lot of our work for the organisation out of typical business hours. We’re not working 9 – 5 on this. It’s more likely to be… 8.30pm on a Tuesday or 3pm on a
Saturday! So for us,互联网 banking is necessary. There’s little choice in this. (R21, Decision maker).

These two quotes indicate the necessity of internet banking for particular organisations, particularly those with a unique business structure. Three of the organisations interviewed have a large overseas customer base. These organisations saw internet banking as essential for their business. One of these respondents stated the necessity of using internet banking, dealing with customers overseas, stating: “I rely on internet banking a lot. I have to use e-banking, especially dealing with businesses in China” (R13, Decision Maker). Another explained that through internet banking, he was able to reach an entire customer segment (internationally) that he would not otherwise be able to deal with:

...if I wasn’t using internet banking, the cost for me to do what I do would probably limit the amount I could actually do it. So it’s only because of internet banking I can actually do some of the things that I do….things like international sales and my profit margin might be down to 1 – 2 %. Where if it wasn’t for internet banking, it wouldn’t be worth my while at all. If the transaction cost was an extra zero, I wouldn’t bother at all because the transaction cost would make my profit not worthwhile. I can ship overseas large quantities of stuff. The transaction cost of doing it is so small that it’s actually worth my while spending my time doing it, as opposed to if I had to go through the process of dealing with international transfers, that sort of stuff. And all the paperwork that goes with it. It’s just too much effort for the return I would get. (R8, Decision maker).

This quote indicates the value internet banking provides for businesses. Though similar examples were only provided by a small group of respondents, it was evident that for some business customers, internet banking is essential in opening up new customer markets. These markets could be international, or could be local markets. One respondent, the owner of a small internet based retail store located on the eBay site, stated:

I don’t think I’d be running my business without internet banking. In my business, I never physically meet my customers. They pay me through PayPal,
or through my Net Banking. It gives me security that I might not have otherwise. *I don’t want people knowing my home address and I don’t have a business address*, so internet banking gives me a sense of security because I never have to meet customers, or receive cheques (R20, Decision maker).

This customer does all her transacting online. Without internet banking, she believes her business may not even exist. Despite this, she reported very little loyalty toward her bank and did not feel she needed a relationship with the bank. She was more interested in transacting quickly and effectively. Her business structure did not require physical visits to the bank, something that a number of other small businesses reported. For most business customers, however, there was a necessity for some face-to-face contact with the bank, depending on organisation structure. Some organisations, particularly retail based organisations, require bank visits for cash deposits or cheque payments. For example, a respondent in the retail sector stated that although “*It’s easier for everyone just to have electronic payment… many of our tenants are still using cheques. I still have to go to the bank.*” (R5, User).

Another replied that due to cheques, he was required to make visits to banks. He further explained that “*Cheques, as far as I’m concerned, are obsolete. But people still use them and while people still use them, I need to accept them*” (R8, Decision maker).

The convenience valued in banking is through the use of internet banking rather than interpersonal contact. This was indicated by a respondent who highlighted the importance of internet banking for a self-employed person:

*I’m very happy with internet banking, especially if you’re self-employed. Even if the bank is closed, you can still use the service online. Weekends, or during holidays. You don’t have to go to the bank* (R13, Decision maker).

This discussion has indicated the importance of internet banking for businesses. The necessity of using internet banking technology for a business, rather than a personal customer, was apparent in most of the interviews. While all respondents utilised internet banking in their personal banking as well, it was acknowledged that it was essential in business – more so than in personal banking. The majority of respondents
felt that convenience and time saving were major advantages of utilising internet banking within the business.

Most business customers had a bank manager, relationship manager, or business manager to call on. These managers tend to do the same thing although, in some cases, a business manager works for several branches while a bank manager will generally only manage one branch. For the purposes of this discussion, the term ‘relationship manager’ will be utilised to cover all roles regardless of the exact terminology. In direct quotes, however, the term the bank or business customer utilised will be quoted.

The findings indicate that most business customers utilise internet banking for transactional banking activities. While most choose to utilise these methods of banking because they are the most convenient, there is some perception that there is some pressure from banks, and even suppliers, for organisations to use the technology. This pressure may be passed on to customers in some cases. Every business interviewed utilised internet banking in their daily business transactions although this was not a requirement of sample selection. The banks interviewed agreed that there would be very few organisations not utilising the technology in their daily banking procedures in the modern day.

4.4 Leximancer analysis: Key segments – Transaction-oriented vs relationship-oriented customers

Avoiding the assumption that organisation size is a predictor to orientation toward or against an interpersonal relationship, this research explored a variety of organisation sizes. Research was initially conducted to determine how technology impacted on relationships. During the interviews it was discovered that two types of customers existed – those who were transaction-oriented and those who were relationship-oriented. The research therefore examined both decision makers and users to determine why a business was likely to prefer a relationship in business banking and why others preferred a transaction based approach to their business banking. Despite there being limited indicators to whether customers were more transaction or relationship-oriented, there was evidence to suggest that both segments behaved very differently and had
different issues. The groups differed greatly in their responses and, therefore, in many cases they were analysed as two distinct groups.

As indicated in Chapter Three, the data was analysed using thematic analysis and electronically through both NVivo and Leximancer. The data was analysed on five key levels:

1. Individual customer responses
2. Overall customer responses (all customers)
3. Transaction-oriented customer responses
4. Relationship-oriented customer responses
5. Bank interviews

Transaction-oriented customers and relationship-oriented customers were divided based on their interview classifications. In some cases it was difficult to clearly define customers into one category or the other; however, for ease of comparison, as indicated in Appendix Thirteen, customers were defined by category. This could introduce some researcher bias into the analysis. Customers were also asked about the importance of relationships in their banking and that assisted the researcher to categorise customers into one segment or other.

After analysing the data in Leximancer individually for each segment, it was possible to determine differences in customer priorities. Leximancer produced very different concept maps for the two customer segments and although this discussion focuses primarily on an overall review of the data rather than on analysing specific data output it is useful to compare the concept maps for the two distinct segments. This discussion will provide an overview of key issues for further explanation in the chapter. Figure 4.2 provides an overall concept map for the transaction group:
The concept maps in Leximancer are developed through the software system based on coding generated through the Thesaurus, as discussed in Chapter Three. Concepts are automatically generated through Leximancer by the ‘seed’ words appearing in Leximancer’s Frequency Analysis. These seed words are generated through key words appearing in the documents analysed through Leximancer. In this study this included the interview transcripts. The concept map included above indicates money, problem, time and branch as being applicable issues in the interviews with transaction-oriented customers. Leximancer diagrams indicate relationships of the concepts based on proximity to other concepts. For example, in the diagram above the concept ‘time’ is closely related to ‘bank’, ‘money’ and ‘people’ but is not closely linked to ‘problem’. This diagram highlights some key attributes of transaction customers, but is most useful when compared to the concept map for the relationship-oriented respondents. To this end, Figure 4.3 provides an overall concept map for the relationship-oriented respondents:
This map has terms such as ‘someone’ and ‘credit’ which did not appear on the transaction map. This highlights differences between the two groups that were apparent in the interviews. Firstly, it was important that relationship-oriented customers had ‘someone’ they could call on in the bank – generally a business relationship manager (however bank managers also filled this need). Secondly, it was apparent through the interviews that relationship-oriented customers tended to borrow funds (use ‘credit’) while transaction-oriented customers tended to be cash flow positive and with little need to borrow funds. This will be further discussed throughout the chapter. It is also important to note that despite the use of the Thesaurus which allows concepts with similar meanings to be combined, the terms ‘bank’ and ‘banking’ were both included. This is because ‘bank’ refers to the bank organisation and brand, while ‘banking’ is the act and is generally transaction focused.

The researcher can select the degree of focus on the concept maps. In this instance, the map in Figure 4.3 is examined at a different level of focus on the theme sizes from the previous map (Figure 4.2). This was because in analysing the transaction-oriented respondents through Leximancer it was apparent that more concepts were applicable to this segment than to the relationship-oriented customers. The size of the circles in the concept map above indicate the relative importance of the concepts to the respondents;
however the location of the concepts, proximity to other concepts, and the brightness of the concepts communicates related concepts. Larger concepts indicate greater interconnectivity between the concept and the other concepts (Hepworth and Paxton, 2007). Overlaps between concepts also indicate a close association between those concepts (Huber, Michael and McCathie, 2007). For example, terms such as ‘someone’ and ‘time’ suggest more important issues than terms such as ‘credit’ which is indicated visually by a smaller circle.

The maps show that different issues have different priorities in terms of concerns for each customer segment. This was more evident through the Leximancer analysis than it was with manual analysis. While the same results were found in manual analysis, it was firstly through Leximancer analysis that these differences were easily apparent. Table 4.2 provides an overview of the themes listed and the relevance to each group. In some cases, the relevance might be marked as 0% if it was not applicable to the group.

Table 4.2: Themes and relevance to two segments

<table>
<thead>
<tr>
<th>Theme</th>
<th>Relevance to relationship group</th>
<th>Relevance to transaction group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Time</td>
<td>61%</td>
<td>0%</td>
</tr>
<tr>
<td>Bank</td>
<td>22%</td>
<td>71%</td>
</tr>
<tr>
<td>Someone</td>
<td>17%</td>
<td>0%</td>
</tr>
<tr>
<td>System</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Money</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>Change</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Credit</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Use</td>
<td>0%</td>
<td>76%</td>
</tr>
<tr>
<td>Pay</td>
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</tr>
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<td>0%</td>
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<td>Transaction</td>
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</tr>
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<td>Branch</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>Problems</td>
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</tbody>
</table>
This table indicates that some constructs relevant to one segment were not at all relevant to the other. Many more themes were relevant to the transaction group than to the relationship group. For the transaction group, terms such as ‘problems’, ‘money’ and ‘pay’ were applicable due to the focus on actual banking transactions. For the relationship group, ‘money’ was a very low focus (at just 10%) and ‘problems’ was not applicable. This indicates the different issues relevant to each segment and how having a transaction focus alters the nature of the traditional relationship. It is also important to understand how the vocabulary or Thesaurus of concepts are developed. Figure 4.4 provides an overall concept map for all transcripts rather than dividing them between transaction and relationship-oriented respondents.

Figure 4.4 – overall concept map for all respondents

Table 4.3 provides an indication of the five most important concepts in this study.
Table 4.3 An overview of the concepts and words that are considered the ‘same’

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Banking</td>
<td>Personal</td>
<td>Name</td>
<td>Online</td>
<td>Transaction</td>
</tr>
<tr>
<td>Banks</td>
<td>Pay</td>
<td>Work</td>
<td>Someone</td>
<td>Name</td>
</tr>
<tr>
<td>Personal</td>
<td>Issue</td>
<td>Organisation</td>
<td>Work</td>
<td>Organisation</td>
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<tr>
<td>Use</td>
<td>Work</td>
<td>Transaction</td>
<td>System</td>
<td>Change</td>
</tr>
<tr>
<td>System</td>
<td>Transaction</td>
<td>Time</td>
<td>Banking</td>
<td>Business</td>
</tr>
<tr>
<td>Name</td>
<td>Use</td>
<td>Relationship</td>
<td>Time</td>
<td>Work</td>
</tr>
<tr>
<td>Change</td>
<td>Money</td>
<td>Change</td>
<td>Change</td>
<td>Relationship</td>
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<tr>
<td>Relationship</td>
<td>Name</td>
<td>Issue</td>
<td>Personal</td>
<td>System</td>
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<tr>
<td>Business</td>
<td>Bank</td>
<td>Money</td>
<td>Issue</td>
<td>Pay</td>
</tr>
<tr>
<td>Transaction</td>
<td>People</td>
<td>Business</td>
<td>Bank</td>
<td>Time</td>
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<tr>
<td>Someone</td>
<td>Relationship</td>
<td>Use</td>
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<td>People</td>
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<td>Account</td>
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<td>Pay</td>
<td>Relationship</td>
<td>Bank</td>
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<td>Pay</td>
<td>Business</td>
<td>Someone</td>
<td>Account</td>
<td>Banking</td>
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<td>Time</td>
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<td>Account</td>
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<td>Work</td>
<td>Someone</td>
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<tr>
<td>Organisation</td>
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</tbody>
</table>

This table indicates the five most commonly occurring concepts in the transcripts and the word-like concepts related to these terms. Some of the concepts provide an unclear analysis – for example, the concept ‘someone’ is related to the words ‘bank’; ‘time’; ‘account’ and other terms, as indicated above. This is because the concept ‘someone’ varies in meaning and is linked to quotes about waiting behind ‘someone’ in line at the bank, having ‘someone’ at the bank to call on if problems arise and there being room in the market for ‘someone’ (a potential competitor) to meet the needs of transaction-oriented customers. This highlights one of the issues with Leximancer and indicates the need for the researcher to drive the Thesaurus and analysis of the output, rather than simply relying on the maps at face value. As a consequence, detailed Leximancer analysis, in conjunction with thematic analysis and the use of NVivo, provided a more
complete understanding of the data than might have otherwise occurred through the use of Leximancer alone.

The analysis in Leximancer also identified differences in the term ‘relationships’. Given this research explores the impact of technology on relationships, it was essential to understand the term ‘relationships’ and how both customer segments relate to the term ‘relationships’. The software enabled a focus on the two segments and examination of the differences customers perceived for ‘relationships’. Figure 4.5 indicates the concept map for the term ‘relationships’ for the transaction segment.

Figure 4.5: Leximancer concept map for the theme ‘Relationship’ for the transaction segment

![Leximancer concept map for the theme 'Relationship' for the transaction segment](image)

This concept map indicates the main themes and is focused to indicate other concepts, to provide a more in-depth analysis. The main term indicated in the colour circle is the title of the theme. The other words appearing in some of the theme circles are more minor concepts which are related to the theme it belongs to. Not all circles have minor concepts indicated (for example, ‘transaction’) and this indicates that the minor
concepts for these themes were less important. The term ‘relationship’ indicated in the ‘bank’ concept links to many other terms indicated on the map above. For instance, ‘relationship’ for this customer segment is closely linked to the term ‘bank’ and suggests that, for these customers, relationships are bank driven rather than customer driven. This reinforced the findings from the interviews. To highlight the key areas of importance for transaction-oriented customers, a table has been prepared. This table has been prepared manually and is thematically based on the relationships presented in the Leximancer analysis. Table 4.4 highlights the meanings of the concepts related to the term ‘relationships’ for the transaction-oriented customers.

Table 4.4 Understanding the code ‘relationship’ in more detail for transaction-oriented customers

<table>
<thead>
<tr>
<th>Code identified in Leximancer</th>
<th>Major concepts relevant to the term ‘relationships’</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship</td>
<td>Time</td>
<td>Not wasting time was a key priority of transaction-oriented customers. Many reported being busy and that they wished to save time, so that they could ultimately service their customers quickly and effectively.</td>
</tr>
<tr>
<td>Money</td>
<td>Difficulty in accessing money, or a perception that transacting over the counter was raised in relation to managing relationships and the respondent’s issues with money.</td>
<td></td>
</tr>
<tr>
<td>Manager</td>
<td>Transaction-oriented customers indicate a distance to their bank manager (relationship manager/business banker). Either they do not know whether they have a business banker or feel they do not need one. A distance is also indicated. Some respondents indicated they had a business banker, but as they had been difficult to work with in the past, they no longer bothered attempting to access them.</td>
<td></td>
</tr>
<tr>
<td>Account</td>
<td>Respondents indicate a loyalty toward their bank can assist them. Despite being transaction-oriented, it was stated that having an established relationship with the bank could assist them in establishing new bank accounts as required.</td>
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</tbody>
</table>

This table indicates the major concepts related to the term ‘relationships’ for the transaction-oriented customers. In particular, the existence of loyalty was indicated, particularly when it saved the respondent time. It was noted, however, that if it cost more, or was perceived to cost more, to have a relationship with a bank, loyalty was not
desired. The distance from the bank manager was also highlighted – either a distance due to poor service from the bank manager in the past, poor management of the relationship from the bank, or because there is a perceived lack of need of the relationship. Figure 4.6 indicates the concept map for the term ‘relationship’ for the relationship-oriented segment.

Figure 4.6: Leximancer concept map for the theme ‘Relationship’ for the relationship segment

The term ‘relationship’ in this concept map relates closely to the terms ‘people’ and ‘business’; in contrast to the ‘bank’ term. Relationships, for the relationship-oriented group, are therefore related to business and people. For the transaction-oriented group, it is bank driven, as indicated in the interview findings. In order to understand this better, a table has been prepared. Table 4.5 indicates the meaning of the term relationship and its relationships to other concepts.
Table 4.5 Understanding the code ‘relationship’ in more detail for relationship oriented customers

<table>
<thead>
<tr>
<th>Code identified in Leximancer</th>
<th>Major concepts relevant to the term ‘relationships’</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship</td>
<td>Time</td>
<td>Although respondents reported investing time into relationships, particularly in the initial stages, they were able to save time in branches, applying for funds and in day to day account management, by having a business manager who knew the structure of their organisation.</td>
</tr>
<tr>
<td>Money</td>
<td>For relationship-oriented customers, borrowing of funds related the management of ‘money’ to ‘relationships’. Respondents reported switching banks when they require large loans that their first bank will not lend. Despite this, for most respondents, the maintenance of a relationship was more likely to allow them to borrow funds.</td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>The interpersonal relationships with people were reported as being important. If the person (relationship / business manager) at the bank was not empowered to make decisions or there was a high staff turnover, this was problematic for the maintenance of relationships.</td>
<td></td>
</tr>
<tr>
<td>Change</td>
<td>Relationships change as staff change – either at the bank or at the business customer organisation. This is because relationships are built and maintained between people, rather than organisations.</td>
<td></td>
</tr>
<tr>
<td>Internet banking</td>
<td>Internet banking is perceived, by the relationship-oriented respondents, as being a means of transacting, but not a means for building a relationship. It ‘ticks boxes’ but it does not overwhelm.</td>
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</tr>
</tbody>
</table>

These concept maps and tables indicate the link between the term ‘relationship’ and other terms related to relationships for each of the key customer segments. The table above highlights some major themes for the relationship-oriented customers.

Although similarities are evident (e.g. money/ business/ use/ accounts) there were many more concepts related for the relationship segment than there were for the transaction segment. This table emphasises the importance of the ‘people’ aspect of relationships and also issues with relationship ‘changes’. In contrast, terms such as ‘time’ impacted
on the transaction group’s perception of relationships, indicating that time factors were a consideration for customers preferring to avoid a relationship.

The differences between the two segments create implications for relationships and call for a greater understanding of business customers in terms of appropriate market segments to foster relationship commitment. In the past, banks have assumed all business customers require a relationship, as discussed in Chapter Three; however, these findings indicate that it is essential to understand differences in the two customer segments in order to satisfy customer needs.

4.5 Relationship Marketing - Relationships in business banking

Prior to conducting the interviews, it was expected that organisation size would impact on relationship requirement (refer to research proposition two). The research shows this to be incorrect and relationship requirements vary greatly, regardless of organisation size. Some respondents only wanted a transaction based relationship compared with others who stated it was essential to have a real relationship. No pattern based on organisation size was apparent in terms of relationship expectations.

All respondents were asked to define bank relationships and answers varied greatly. The following quote indicates how important a relationship can be to a business and puts into context the ways customers may prioritise their activities for the business banker, compared with the helpdesk:

"It’s 100% the little things. You don’t call on them for support for internet banking or something like that.... It’s like you save your fights for the fights you can win or something like that. Don’t have an argument ... with one of your children if it’s meaningless. You save it up for when it’s important. It’s the same thing – relationship banking. You only ever use it for the important stuff. Quick settlement, that is moving funds that have to go from this account to that account if the funds aren’t quite there until the next day. You create an audit trail just because you have to, even though it goes against every single audit check the banks have in place. It’s those big type of things. You don’t use it to save $8 on a bank cheque (R18, Decision maker)."
This respondent clearly felt that there was an advantage to a relationship and acknowledged differences between transactions requiring interpersonal contact and transactions that did not. In contrast, one respondent stated that their relationship was facilitated because of internet banking, as indicated in the following quote:

"...if we weren’t internet banking, I don’t think they’d put (our investor accounts)... together, because they have to ask first. It gives them a better view of what we’re doing and it gives us a better view. Plus by them knowing, it gives them a better insight into what we could do (R10, Decision maker)."

She also stated:

"I’m more transaction based, but that’s a very basic way of looking at it. When you’ve got a relationship with your bank, that value add, guiding you. They guide you with financial services, but you have to take it with a grain of salt. They have something to gain. It’s not just putting money in and taking money out, it’s about... we’ve put money in, what else can you do while you’ve got it? It’s like sharing money with them, for the time that you’re not using it (R10, Decision maker)."

This quote highlights the way a pre-existing relationship can develop sufficient trust in order to undertake transactions without the need for an ongoing interpersonal relationship.

Literature suggests that relationships provide both parties with a mutual benefit. This respondent clearly articulated what this meant to her organisation:

"It’s like a give and take relationship. Some people might think it’s take and take and take from the bank’s side, but when you think about it, you’ve been given money by them, they trust you. It’s a relationship, you repay them, they hold money of yours. You’re trusting them and they’re trusting you. (R10, Decision maker)."
The banks reported the importance of interpersonal relationships. Banks felt that there were clear differences between business and personal customers in terms of relationship requirements. All banks interviewed stated that personal customers could avoid coming to a bank if they chose to, but that interpersonal relationships were essential in business banking, as indicated by the following quote:

> Oh (relationships are) critical. You know and particularly for small business, you need to be there and available to them. It’s not like doing a home loan where you’ll only hear from your customer once or twice a year. With a business client you’re probably talking to them once or twice a week (B2).

The importance of bank relationships was a common theme in all interviews with the banks. Banks explained that the relationship with a person was an integral part of the banking relationship for some of the customers. Despite the bank’s acknowledgement of this, as one customer explains, banks do not always foster this relationship:

> The human being is very important, but the bankers have got to the point that they change them every year though. But the customer is always the same and I think what happens is they change them purely because of promotions... B5, probably about five years ago had a policy of... as soon as they felt your relationship banker was getting too close to you, they moved them because it concerned them... conflict of interest kind of thing, so it was like an oxymoron to the relationship banker. They did, they seriously had a policy of they would move them on just to keep their relationship banking people honest. That policy is long changed at the B5. But that’s how they were, probably only about five years ago. B8, now, probably due to promotions and such, you probably get a new relationship banker, I’ll call them a relationship administrator in this case, because the banker never changes, but the people who sit under the banker constantly change. It’s mainly due to promotions. The training aspect of their next one is well and truly aligned with “well now this is the customer... you have to treat them really, really well”. So when they do move on, the next one is well and truly trained in terms of the importance of... customers I suppose (R11, Decision maker).
This quote highlights an organisational policy introduced in the past which is counterintuitive to relationship building. The quote indicates the perception of the past that a close relationship could be problematic and raise concerns for trust implications. It appears this policy is no longer being utilised by the banks as they are now focused on building strong, enduring relationships. When the banks were asked about similar policies, all stated that it was essential to build long term relationships and that banks were unlikely to move a staff member from a branch, simply because they had established close relationships with their customers.

When this respondent (R11) was asked what a relationship was, he explained the importance of relationships and what contact he required. Was it regular face-to-face contact, a birthday card in the mail, or something else? He explained:

...if the bank forgets you, it’s ludicrous, as a consequence. If the bank doesn’t realise your name... If you look at the bank statements with my name attached to it, there’s no way, not many people in the business banking section of B8 knows how to spell my name. So yes, there’s still an element of that birthday aspect to it, for that reason. Generally ... your name appears so many times and people come across you so many times.... it just couldn’t happen. Because... You’re too valuable to them, I guess. Your name appears and it goes across enough desks. They’re just not going to forget you. Not so much birthdays.... Like I can ring up and say my name and the person that answers is going to know who I am.
Simple as that (R11, Decision maker).

This quote indicates some of the ‘little things’ this respondent reports is essential in business banking. Despite a relationship establishing loyalty, this customer banked with several banks and one ‘primary’ bank. He was asked why, if he was satisfied with his bank, he chose to bank with other banks. His reason was purely logistical, as explained below:

Because B8 have what they call credential limits. You borrow a certain amount from them and like I said probably at the beginning, when you own commercial assets, if you don’t sell the product, you end up with what’s called a takeout facility, so you have a commercial building which may end up having $50 million worth of debt, that just has to sit there. Eventually you’re going to run

Raechel Johns
out of your credential limits and you’re forced to borrow from other banks. And this year, more than any other year it has become very topical (R11, Decision maker).

This interview was conducted in December, 2009 and the respondent refers to ‘this year’ as a reference to the Global Financial Crisis and the changes in banking as a consequence of this crisis. This includes stricter limits on banking relationships. Banks were more prudent due to the environmental forces but the Australian banking system has been relatively conservative since the 1980s in terms of lending (Colebatch, 2009). Other changes in Australian banking in 2009 and 2010 include the merger between two large Australian banks (Westpac, one of the Top Four and St George Bank, another large bank) also appears to have influenced the changes in bank lending requirements.

Business customers that wanted a relationship could clearly articulate the importance of this with many customers explaining that relationships were essential. In many cases, relationship-oriented respondents made the incorrect assumption that all businesses required relationships. For example, one respondent stated “The relationship is what’s important to businesses” (R19, Decision maker).

Respondents expressed the view that the personality of the relationship manager was an important issue; but so too was authority given to the relationship manager. In the following example, an organisation explains why they switched banks. Part of their reason for this switch was authority of the bank manager and requiring a greater understanding of the business:

If you go through B5, although the relationship manager’s a good guy... and really willing to work with us, he just had no authority. Every time we’d have a meeting, he’d just go “oh, look, I’ll have to come back to you”.... (now) I could ring our relationship manager and say “we’ve got a proposal to spend $500 000... I’ll send through a business plan on it and she’ll come back within 24 hours with any questions and an approval. Where as with B5, that’d have to go to Sydney, they’d do all the ratio testing. One thing I have found with B5 is that they’ve got a heavy focus on the way they're perceived in the community. I think that’s why they’ve moved into a real strict regime of if you don’t meet these ratios, we won’t lend you money. That way, down the track, they’re not the bank
that comes in and puts (the business) into receivership or whatever. I think

*that’s their motivation, but it shows a lack of understanding* for a business like ours (R19, Decision maker).

It is evident through this quote that the respondent wanted to be clear that the relationship manager at the first bank was a ‘good guy’ and he stressed this several times throughout the interview. He stated that the understanding at the second bank was essential to their business banking. The comparison between the two banks was a common theme throughout this interview, with him stating:

... *for example, if we wanted to spend $500 000 on capital improvements, it’d just be a matter of presenting a case and then discussing it through with this one person. But with B5, you know, I’d have to put a line through my diary for a week and probably end up in Sydney I guess to talk to someone who’s already made the decision* (R19, Decision maker).

The relationship between banks and businesses was identified as being between two people and therefore relationship dynamics would differ if another person came into the role in the organisation, or another relationship manager took over.

In addition to personality and authority, respondents stated that a good relationship manager had a good understanding of the customer’s business requirements. An example of this is indicated below:

I think an understanding of the business (is essential) and *that’s where it differs from someone on the end of the phone and someone who’s willing to come out and talk to you.* Because .... there are certain elements of our business which *are very different from others and we don’t just fall into the normal ratio analysis* that some bigger organisations do.... understanding our business. And *that’s no problem – the onus is on me to explain our business to someone, but if I’m trying to explain that to someone by email or by phone to Sydney. If I can get someone who can come out and sit down, like we’re sitting here, then you can work through dealings of our business* (R19, Decision maker).
In addition to understanding, the ease in which transactions were dealt with also impacted on bank preference, as indicated below:

... just to get B5’s up and running is still, to this day, much more anal retentive than getting any sort of system up and running on B8, B9 and B6. You can ring a relationship manager at B8 and say “I want these accounts linked, give me a user ID” and you can get that happening over the phone. And with B5’s system, it’s an eight page application to start with (R11, Decision maker).

The same respondent had a series of relationships with banks, as previously discussed. He explained the differences in relationship managers:

I do have a relationship banker with the B5 and B9 as well and B6. And I know them all by first name and that kind of stuff. I can call on them the same way, too, but normally when it’s a real sticky situation and you really want to push in terms of asking a favour, it’s always handy when it’s involving B8 (R11, Decision maker).

In the relationship-oriented customer’s businesses relationships can be facilitated through self-service transactions, but relationships are essential for building loyalty. For transaction-oriented customers, however, interpersonal contact was seen as unnecessary as almost all transactions could be conducted at a distance and required no discussions with the bank staff unless a problem arose. Many customers had to go to the branch, regardless of whether they were transaction or relationship-oriented, because they need to deposit cash. Several customers explained that in the branch they were generally not known by the bank staff. The branch itself was not providing the appropriate level of service in many cases. The following quote demonstrates that business customers are not given any priority over personal customers in a branch, despite the promises of ‘business banking centres’ which are meant to offer customers value added services:

They have business banking centres, but they’re not really set up for transactional banking from a business. You still have to go into a branch and stand in queue with everyone else who could be there for God knows what reason. So it’s a very poor way of actually handling business accounts because
business people are time poor. They don’t want to stand in a queue behind someone who’s arguing over their Centrelink payment. They actually want to get in, do the deposit, walk out again in as limited time required. They have other things to do with their time (R2, Decision maker).

Despite these problems with branches, even the most transaction based customers felt it was essential to have a bank with a physical branch. The following quote demonstrates some of the fears customers would have toward a bank with no branch:

*It’s important to know that there’s some mechanism in place if for instance... there’s a wide scale infrastructure collapse. Internet or power, there’s all these variables. I need to have a backup and not just be exposed to one issue that could affect my business* (R8, Decision maker).

This quote articulates the importance and requirement of face-to-face banking, even for the most transaction-oriented customers. This customer was very transaction focused but still felt the branch was an essential part of his banking relationship in the event of problems. It was noted in the majority of interviews, however, that branch access was perceived as a transaction; rather than relationship-oriented in a similar way to internet banking. Interactions with the relationship manager, in comparison, were perceived as more relationship building.

Ease of dealing with a particular bank also contributes toward loyalty, as demonstrated in the above quote. While personalities of the banker may also play a positive role, it can also be seen as a disadvantage to some organisations. The following quote demonstrates a personality clash between the decision maker and the business banker:

He came across as being ambitious and we were just another account he could use to meet his personal ambitions. He wasn’t also prepared to do a lot of things for us... For instance and this is perhaps more non profit than anything else, but... he wanted us to pass a certain motion at a meeting to move up to the next level of internet banking. And I went ‘okay, that’s fine, can you tell me what the motion is?’ “oh, yeah, I’ll TELL you what it is”. And I said “well can you write it down and send me an email, please?” “Oh. Well why can’t you write it down?” and I’m thinking “well... uhh... the customer’s just asked you
something, why can’t you do what the customer wants?”.... I mean, for someone asking for value added service, it wasn’t being provided... you think if you’re asking for someone to pay more for something, you’re going to show them what that is (R2, Decision maker).

Understanding of the business requirements was also a key feature of successful relationships and created problems when it did not exist. In the quote above, it was clear that the business requirements were not understood and the business banker was perceived to be proactive only when it was in his best interests. This respondent continued to explain the reactive style of the business banker:

... we had to approach them about moving to a better net banking system. They didn’t come to us and say ‘hey, you’re a business. Why don’t you use this account and this operation?’” That would make life a lot easier and it would. Then they told us some details about how as a non profit we can... what we have to do from their point of view is to get the more advanced net banking system. But it wasn’t written down – it was more verbal and I don’t like that. I think it should be written down. It prevents confusion and... things going wrong.... We all walked out of there feeling, well... he wants it to happen, but he wants us to do all the hard work for it. He was prepared to do very little (R2, Decision maker).

In contrast, a relationship banker, willing to spend time to understand a unique business structure, could impact on how much an organisation was able to borrow and therefore had a huge impact on business growth. For example, one business explained that their business banker would make site visits to gain an initial understanding of the business processes:

In the early days, (our relationship banker) would just come out here. She’d come out here 5 o’clock, 6 o’clock at night, sit down here, have a chat, like this, work through what we’re doing, that kind of thing. As I said that built a lot of loyalty between the company and the bank.... Just that at the time when the business needed the bank, they were there for us (R19, Decision maker).

Raechel Johns
This respondent stated that:

... there are certain elements of our business which are very different from others and we don’t just fall into the normal ratio analysis that some bigger clubs do.... Understanding our business. And that’s no problem – the onus is on me to explain our business to someone, but if I’m trying to explain that to someone by email or by phone to Sydney. If I can get someone who can come out and sit down, like we’re sitting here, then you can work through dealings of our business. (R19, Decision maker).

He continued to explain what this onus meant:

... we accept the onus is on us to convince our bankers, our auditors, about what it is we do, what is our strategy and so on, but the things like when I started here the working capital was very poor, that sort of thing. We talk to auditors and make them feel comfortable too, because they have certain obligations. The business is in a very strong position now, but that’s only been because of the support of this group of people back when we were in the building phase. So that’s where this real loyalty has come from, I’d be very hesitant to change accountants, hesitant to change lawyers, bankers. These are people we’ve worked with and formed a relationship with. So I’d be very hesitant (R19, Decision maker).

Through this unique business structure, a loyalty has emerged. The relationship manager has spent the time to get to know the business, even making site visits, to contribute to her understanding and establish a strong rapport with the decision maker, ultimately contributing to loyalty. Although in this case it was the unique business structure that necessitated this understanding, a unique business structure did not necessarily equate to a need for an interpersonal relationship. Some respondents claimed their unique business structure allowed them to avoid any real relationship with the bank and focus purely on transactions.

One young business owner, in his twenties, felt that he fell into a customer category and that as the segment he exists in is not a significant in size, they were not catered for. He explained:
Customers like me at present are so insignificant (in numbers) as a value proposition that catering for us .... we’re so tiny that they’re not going to bother, but as soon as that shifts toward people like me, the demand is going to be huge. ... they’re not going to cater to us at the moment, but they’re paying people, staff, to do a job that probably ... well they could pay less staff, make more money and therefore serve us better.... that’s a win win, for both the customer and the bank. They make more money and I get better service. How does anyone lose? And there’s a first mover advantage for anyone who picks up this field (R8, Decision maker).

He explained that ‘customers like me’ were not completely based on his age group or generation, but rather about the way certain people embrace technology. This is explained in the quote below:

*I think it’s a combination. I think it’s willingness to accept the technology... embrace it, really. It’s being comfortable with (the technology)... and not being scared of it. So I don’t think you need to be savvy to actually get to that level. I think people can be comfortable and go “yes I trust it” without necessarily understanding it. Now I understand it as well but I don’t think that’s a ... component necessarily of trusting and accepting it* (R8, Decision maker).

Although the customer felt this was not generational, banks did believe this was the case. Relationships were shifting, as far as this bank manager was concerned, because of generational issues. Younger people tend to be online more and, as a consequence, want to do all transactions online. This lowered loyalty to the bank brand because there was no real relationship.

The change in the nature of the relationship is simply a business evolution but it was something that was acknowledged by both the banks and the business customers interviewed. Technology has changed the nature of relationships, according to the banks interviewed, creating increased bank switching. Aside from not physically seeing customers as regularly as they had previously, there was a perception that there was a reduced commitment to the relationship due to the technology. The following quote
indicates a bank manager’s perception of the changing relationship since the introduction of technology:

The relationship is a lot different now to what it was in the 80s. All of your customer base used to come into the branch, where as now ... some of your customers you might not see for twenty years now because of internet banking and I think a lot of that’s being driven by generation Y, in the sense that they prefer to do everything online. So their social networking, their financial arrangements, anything to do with anything they’d do the whole lot online if they can. They prefer to have it all in their hand…. I think there will be a more transient relationship with the next generation. If you’re looking at it in an overall sense, they were very loyal. It would take a lot for those people to move organisations. In fact, back in the 80s, people didn’t move banks very often at all. And the major upheaval in banks happened probably in the last 80s and early 90s in regards to people becoming more aware of what the opposition offered, because banks became more aggressive in advertising what they offered. Media commentators become more heavily involved in having a look at the financial industry as a whole... articles in choice magazine and so on became quite involved in driving that (B4).

The quote above indicates the way the relationship with bank customers has changed over the past two decades. This bank manager expressed that loyalty has changed and customers are less likely to stay with their bank out of a sense of commitment. Instead, they are being encouraged by external sources to get the best deal and shop around their competitors. This discussion was about all bank customers but when specifically asked whether business customers were the same as personal customers he said that business customers held increased loyalty because they found it harder to switch. Even so there was evidence of less loyalty now than there was in the 1980s, even from business customers.

Cash flow requirements were another indicator of likelihood to desire a relationship. This following quote indicates this:
...it gets really complex. For a business like us, because we have somewhat lumpy cash flow, the accounting side of things is quite complex and if I’ve got someone who I can work with and work through it, someone I can show through it, have that real formal communication, that really clear communication, one on one, it’s a huge benefit for us (R19, Decision maker).

The need to borrow funds contributes toward a necessity to build a relationship with the lender. In some businesses where borrowing funds is common – such as project management – there may be a necessity to have multiple relationships with banks. One business interviewed indicated that they utilised at least five banks in their business dealings and managed over fifty bank accounts. Borrowing, he stated, was linked to relationships. While fees were applicable when ‘shopping around’, there was a loyalty consideration:

There’s a relationship element to it, too. So you don’t sell yourself that much, depending on the best deal. Sometimes the deal forces you to go to the banks and tender it out, so to speak, but other times it’s a relationship aspect who you give the next job to..... It’s dependent on the circumstances. ... you’re wanting to do a deal on an acquisition and it’s about “will we be in a position to settle in 14 days?” obviously you need to have a position that can act within 14 days. So in that regard, B8 is the best and if we wanted to move on something quickly, we’d use B8 (R11, Decision maker).

This respondent focused on the importance of having a relationship, indicating that for his business structure, the concept of not having a relationship was not feasible. This was mostly to do with cash flow requirements:

With my organisation and in my role, you have to have a relationship. You cant, like... you can’t borrow a hundred million dollars for a building and sell an apartment complex that has a gross realisation value of $150 million without knowing somebody’s name.... When you’re going to operate a business and you’re going to borrow substantial sums, you have to have (a relationship)... you just have to (R11, Decision maker).
The opposite was indicated by one business which did not need to borrow funds. They felt that their financial needs were not complex and therefore there was little reason to have a banking relationship. This caused him to see his banking as purely transactional and perceived no need to spend time establishing a relationship with a bank. An explanation of his unique business structure is illustrated in the following quote:

*I'm cash flow positive. I started out of my own pocket and have since... I mean, I obviously pay myself back, so it has no liability, obviously other than owings to creditors and that’s just for stock in the mix. There’s no reason to have that one on one relationship with the bank. You know, I just want that ability to transact at a cheap price* (R8, Decision maker).

Despite his lack of interest in a relationship, his bank manager is aware of him. This respondent added:

*The bank manager ... does know me, just due to the sheer amount of money I pump through the branch, but generally it’s not a personal relationship, because I just don’t need to interact with people and like it that way* (R8, Decision maker).

He further explained:

*I don’t really see any reason why I’d want a relationship. But then again, but business is kind of unique where we don’t have debt as a liability. We don’t have loans. So, given, if we had debts, or loans, then I’d want that kind of relationship where we could negotiate packages. But where it’s merely a transactional sort of thing... what do I care what they think?* (R8, Decision maker).

These responses indicate that the transaction focus is customer driven. Interpersonal contact was essential for the ‘relationship’ customers but face-to-face contact was not always necessary. On the other hand, in many cases a relationship was established through face-to-face discussions. Once the relationship was established it was possible for respondents to deal with the bank over the telephone or by email. One respondent stated that her relationship was “not face-to-face. *I'll sometimes have to call them...*
Sort of from a customer service point of view, if something’s not working”. She added that “I think internet banking is so convenient that we don’t really mind the decline in face-to-face help”. The requirement for assistance is usually “if something’s gone wrong with the system, or we need to authorise someone else” (R3, User) – again for fairly basis transactional activities. Although this respondent did not feel that a decline in face-to-face help from the bank was problematic this respondent was a user and, in contrast, decision makers tended to have more interpersonal contact with their banks and were more likely to desire an interpersonal relationship than users were.

Comments like these indicate a perception of a ‘unique business structure’. Several of the organisations believed they were a certain way due to their uniqueness. The non-profit, organisation, for example, felt that their unique business structure hindered them in their use of technology and how this impacted on the relationship with the bank. Being a non-profit committee led the group to work on a two signatory system. The respondent explained this was not a bank requirement, but rather an organisational requirement:

It was more that they (the committee) were fearful of being accused of ... inappropriate behaviour financially, afterwards. And therefore they insisted on all cheques being double signed. Which wasn’t an issue for them, because they lived with another signatory to the account, so of course you can just do it at home. But when that’s not the case, everything changes, because, then you have to make an effort to get from A to B. And that’s the first time that I know of in the last four years of the organisation where the treasurer of the organisation has no relationship with anyone else who’s a signatory on the account. So that has made life very hard and that’s one of the hard things about non profit organisations (R2, Decision maker).

This quote highlights the way a business structure can impact on bank requirements. While most respondents felt that they utilised the method of transaction most suitable for them, one respondent explained that there was a perception of distance when utilising online banking. He explained that: “Sometimes it can be easier by talking... you don’t really feel that you’re their customer, until you go there” (R12, Decision maker). This quote explains the importance of interpersonal contact and how, without it, there can be a perception that a relationship does not exist.
Another decision maker, with a thirty year relationship with their bank, stated that he was still aware of who the bank manager was, however he stated “I haven’t really spoken to them much and I’m probably having less to do with them now than I used to” (R1, Decision maker). He reported that this was not problematic, nor did it affect his loyalty provided the technology worked. He did comment, however, that it was essential to establish a relationship in the initial business set up stage.

The preceeding discussion demonstrates that technology does impact on relationships in a business banking context. Customers have more control over their regular transactions; however, this can reduce the level of loyalty. Loyalty can be a generational aspect, or it can be related to cash flow requirements for the business, however bank customers are less loyal than they were in the past. The media encourages customers to research alternative options if not completely happy. Furthermore, with the use of technology in business banking, relationships are less valued than they were in the past and, in many cases, business banking is perceived as a transaction rather than having a relationship requirement. As the younger generation become decision makers in business there is the potential that they will prefer to transact at a distance, rather than through having a strong, interpersonal relationship. There are some business customers still seeking and requiring a relationship. Through this analysis, two distinct segments in the business banking market have been identified – those primarily seeking a transaction and maintain a relationship at a distance, and those requiring a relationship where they choose to work closely with their business banker. Cash flow requirements can assist in predicting the type of segment a customer will be likely to fit into.

4.6 The technology: Training, enhancements and promotional materials

This chapter has discussed the use of internet banking for all respondents. The way internet banking is utilised in a business has been discussed. Whether respondents were transaction or relationship-oriented there is evidence to suggest that internet banking is perceived as a transaction activity. All respondents were also asked about whether they had received training to undertake internet banking in their business. The majority of businesses interviewed reported receiving no training on the technology from the bank,
even when setting up internet banking for the first time. Some respondents stated that they received a flyer when setting it up and the following comment typifies the comments received: “They do send you, like an instruction pack. You know, what is this button and what do you do, but it’s very intuitive, so you don’t really need to” (R10, User).

The majority of respondents stated that as the internet is increasingly used in our daily lives, training was less important than it was previously. It was perceived as being intuitive, particularly for those who classed themselves as ‘technologically savvy’. As one decision maker stated about training his staff: “the technical side sorts itself out. It really does. We do no training. If there’s an issue, there’s a help desk”. He added that, “It’s all pretty intuitive. They figure it out. It’s internet based, a lot of them use it in their own private stuff” and that “it’s just an extension of what we’re doing with our private accounts” (R11, Decision maker). The perception that internet banking was an extension of current technologies was a common theme, with many respondents discussing this.

One business owner had just moved to Australia and had been using internet banking for less than six months since establishing his business in Australia. He received no training and explained that, despite this, it was fairly easy to utilise. He stated “I already knew pretty much how to use it, from using the internet” (R12, Decision maker). He added that he had received a brochure from the bank on how to utilise the technology.

While many of the respondents explained that utilising the internet and private banking assisted them, there was also a discussion about ‘playing around’. As the interface is relatively intuitive, several respondents indicated that they could just test out the system and would, in most cases, understand what to do without training. Unprompted, this was called ‘playing around’ by several respondents, as indicated in the following quote:

Playing around’s pretty good, because before you actually do something that would have money go out and into another account, there are a lot of confirmation buttons. So you can’t just play around and go “oooooops. Where’s that $1000?” (R10, Decision maker).
While banks reported that they do provide training in branches when necessary, they do not provide training to new staff members who are joining an organisation. Some of the business customers offer their new staff in-house training “as part of an induction” (R19, Decision maker) but many organisations did not even offer this. Several users spoken to reported a requirement to learn the technology themselves. The respondents stated that this was not a problem and help desk support from the banks was available if required.

Despite the customer’s comments that the banks offered no training, the banks stated that they offered training. Banks one, three and four offered in-branch training, where tellers would assist business customers to log in and gain familiarity, but both argued that business customers did not generally require this and the service was mostly frequented by personal customers. Bank two would make visits to the workplace, as they felt it was appropriate, as issues tended to be related to the computer set up, rather than the user. This is indicated in the following quote:

*Depends what stage the business is at. If it’s a business that’s been up and running for a while and the admin people are capable, they’d used the system somewhere before, then…. (they don’t usually require training). Even if it’s just personal banking, it doesn’t change much. So... the issues that we might have are hardware, compatibility, software issues. So you can generally go out and sort these sorts of things out... It’s easier to go out and sit at their desk. Our computers are all set up to be able to do it, where as their hardware configuration, their IT, might not be conducive to doing it and you can actually see that when you’re doing it* (B2).

The quote above highlights the intuitive nature of the banking interface, reinforcing the views of customers.

Despite customer experience and confidence with the technology, when asked what would happen if the bank altered the way the site worked most respondents stated they would feel concerned, indicating a level of comfort with the site they had become familiar with. One customer felt that unless the bank offered training for a hypothetical new interface, he would switch banks. In contrast, other respondents indicated that provided changes were incremental it would have limited effect on relationship
commitment, or even at a more basic level, frustration with the bank. The following quote indicates the importance for banks to plan changes well:

Provided it was a net improvement – if they make stupid changes, then that effects my desire to use it... provided they don’t encumber the way I use it. Take away features and so on. Tweak it, modify it, that’s fine.... if it’s an improvement (R8, Decision maker).

One respondent stated that it would be problematic “if they changed it and didn’t give me any training for it... at least a flyer” (R12, Decision maker). Changes can be problematic if not properly explained to the customer. Incremental changes, however, are not seen as problematic as long as useful features are not removed. A user explained how her bank had made changes:

.... they’ve just gone through a really big change of logos. They gave us quite a bit of warning, saying “there’s going to be a new face to internet banking”.

When we started using it, to pay direct debits to anyone (external)... you’d have to jump through a couple of hurdles and now those hurdles have been removed. You had to get a pin, it’d take days and we never bother activating it because it was so difficult and now (my bosses) have noticed they can go into it and they’ve removed all those hurdles and they’ve changed the face of it, so we find it’s more useful  (R9, User).

This quote indicates the importance of changes for business efficiency. For some business customers, banks request input. This is indicated in the following quote:

Quarterly, they make changes. You can put in suggestions, like how you view your accounts, or “I’m finding it hard to view this or that”. So no, I don’t think it’d be a problem if they changed anything (R10, Decision maker).

The interface of internet banking itself can be helpful to some customers, through ease of use. One respondent discussed her boss’ comfort level with the interface, as indicated below:
He likes the way it looks and he’s used to that and he likes it. If they removed some stuff (features) he’d probably get a bit funny, but otherwise, he’s fine (R9, User).

The comfort with the technology can contribute toward a sense of loyalty and increased perception of switching costs. A bank that alters the features or the physical appearance of the banking system could encourage customers to explore other banking relationships. Furthermore, the perception that unnecessary changes would be problematic was a belief held by many of the respondents. Internet banking processes should assist the business processes and it was problematic if, instead, the system hindered business efficiency. The following respondent explained his view on changes to the interface:

I could see it as a positive thing provided it saved me overall. If there was a net cost to my business and it saved me money, well that’d be the time versus money situation. But if there was a net cost and I was worse off, then obviously I’d pack my bags and I’d be off. But if for instance there was a minor fee and it saved me quite a few hours worth of work, well then yeah, obviously I’d be willing to pay that, but it has to be a net benefit (R8, User).

These quotes demonstrate the importance of minimal or incremental changes to the interface, rather than a major change. While business customers mostly identified themselves as ‘technically savvy’ and felt they could pick up a new interface relatively quickly, it was important that the changes had a purpose and that dramatic changes were not made.

In addition to training, promotional materials were discussed with respondents to determine whether the promotional materials alter behaviour. Very few businesses reported receiving any promotional materials, one even stating “actually it’s probably conspicuous by its absence” (R19, Decision maker). Respondents believed that promotional materials were mostly beneficial but would welcome carefully targeted promotions. However, many of the respondents felt the promotional materials were not sufficiently targeted and therefore they threw them out, or simply filed them without reading them. One respondent explained the type of promotional materials the bank had been receiving during the Global Financial Crisis:
It’s not like they try to advertise new software or new banking accounts... but they advertise treasury a lot, especially this year (2009). It’s very topical this year because they want your money. Their sources of funds have dried up like you wouldn’t believe. So if we’ve got a lazy $10 000 000 lying around that we want to put in on deposit, they want it... just because they want to be able to lend that $10 000 000 to someone else. (R11, Decision maker).

This type of promotion offers a mutual benefit by giving customers the opportunity to earn extra interest and giving the banks access to extra funds. Despite this mutual benefit the respondent commented particularly on the benefit to the bank, rather than his organisation. Another respondent felt that more promotional materials would be beneficial, stating: “Promotion means something... if they have something new, that’d be good to know.... News” (R12, Decision maker).

From the bank’s perspective, most promotional materials came from Head Office, rather than from bank branches and were not appropriately targeted. The banks claimed that they did a lot of personal contact and direct marketing, usually in the form of a telephone call or email from the branch, however, very few business customers spoken to received these proactive calls as indicated in the following quote:

The bank doesn’t call us, unless there’s a problem they’re trying to sort out. I mean, they’re helpful if we contact them, but we don’t have much to do with them. Even if we’re depositing a cheque, we can do that through the post box at the front of the bank. So I actually have very little to do with the bank, despite doing the banking every day (R23, User).

While business customers reported that banks were always happy to hear from a business customer and were helpful, the customers felt the relationship was quite reactive, rather than proactive. For transaction-oriented customers this was not at all problematic, however for relationship-oriented customers a more proactive relationship was sought.
4.7 Problems with banking

In order to determine the impact problems with self-service technologies had on relationships, respondents were asked about any issues they had faced. This was a concluding question designed to complete the interview, but provided more insight about the perceptions of the technology and even the service delivery from the bank. Problems were more apparent for the transaction-oriented customers, rather than for relationship-oriented customers. This reinforced the findings using Leximancer.

Using Leximancer, the concept ‘problem’ was focused on to determine what the problem areas are in banking relationships. As previously stated, this term was mostly evident in the interviews of the transaction customers, rather than the relationship customers. Figure 4.7 indicates the graphical representation of these linkages with the concept ‘problem’ located on the top right hand side of the document.

Figure 4.7: Linkages to the term ‘problem’

This concept map indicates the way the concept ‘problem’ has links to other concepts in the study. It can be concluded from the analysis of this map that problems were with ‘service’ and ‘transactions’ and other transaction-oriented issues. Table 4.6 indicates some of the specific relationships between the term ‘problems’ and other themes:
Table 4.6 – Exploring the concept ‘problem’ in more detail

<table>
<thead>
<tr>
<th>Code identified in Leximancer</th>
<th>Major concepts relevant to the term ‘relationships’</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem</td>
<td>Service</td>
<td>The concerns relating to service were about the bank’s consideration of the customer as an individual business versus ‘just another customer’.</td>
</tr>
<tr>
<td>Easy</td>
<td></td>
<td>It is best if online banking is ‘easy’. Transaction-oriented respondents expressed statements such as “I want to do everything online, however this brings a point of failure” if something goes wrong.</td>
</tr>
<tr>
<td>Transaction</td>
<td>Ease of transacting was essential. “I just want to walk in and transact – quickly, easily, cheaply” indicates the comments related to transactions.</td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td>Transaction-oriented respondents indicate that having a relationship with a bank manager does not save them time. Rather, these respondents prefer to transact quickly, ultimately saving their business time.</td>
<td></td>
</tr>
<tr>
<td>Money</td>
<td>This concept related to the physical money that could be transferred and was necessary for business. ‘Running around’ and ‘chasing things up’ were problematic for customers. If funds were not available at the right time, customers found this problematic. Furthermore, if they had to chase matters up themselves, they felt disappointed with the bank.</td>
<td></td>
</tr>
<tr>
<td>Account</td>
<td>Account is a relatively minor concept related to the daily management of accounts and any problems that may occur.</td>
<td></td>
</tr>
<tr>
<td>Pay</td>
<td>This concept also relates to the daily management of accounts, however, payroll issues were raised by respondents as problems with internet banking.</td>
<td></td>
</tr>
</tbody>
</table>

In Leximancer, pathways between various concepts indicate the relationship between those concepts. The pathway for the concept ‘problem’ related ultimately to the concept ‘transaction’, however it was through concerns such as time, work and people that it relates. Figure 4.8 highlights the pathway of the concepts and Figure 4.9 indicates the map that demonstrates the relationship between problems and transactions.
The map and the pathway diagram included above indicate the relationships between the term problem and other concepts in the Leximancer system. Many of the issues
related to the day to day management of accounts. This was focused on ‘time, and the essential requirement of ‘people’, however despite the inclusion of the term ‘people’, problems were mostly related to ‘transactions’ for both segments of customers. Furthermore, further analysis of the quotes that generated these maps and were related to these concepts indicated that respondents, particularly transaction-oriented respondents, sought easy management of accounts with limited time-wasting or running around. This provides an in-depth understanding of problems with online banking for business customers and indicates a necessity to provide fast support when issues arise.

It is also evident through the analysis that the two segments have distinct concerns. Problems in relationships tended to occur for the customers that were transaction based. Through increasingly utilising technology in business banking, customers are increasingly becoming transaction-oriented, highlighting a possible concern that customers will ultimately become less satisfied. It is important to understand customer perceptions of switching costs to determine the level of commitment to the relationship. Although the majority of customers were satisfied with their bank’s internet banking, problems did arise from time to time. One respondent explained that problems were generally caused by the user, stating “they’ve really only been our mistakes, rather than the bank’s mistakes” (R9, User). This respondent also said that delays for payments were sometimes not explained and this caused problems but did not affect loyalty. This is indicated in the following quote:

.... every now and again, I get phone calls from people who have been waiting for payment that hasn’t gone through. Which sometimes we’re puzzled about because we know that there’s enough money in the account, but payments haven’t gone through, so we’re puzzled. We wait a couple of days and then it does go through. And I’m always having trouble with my pay, but I think that’s because there’s not enough money in the account, or they’ve just stopped my pay for whatever reason. So by and large, I think they’re pretty good. I remember an instance where my boss made a mistake. My colleague’s called Tracy and he paid a Tracy, but he’d selected the wrong Tracy on his list of people to pay. The bank was able to reverse it. Actually, the bank wasn’t able to reverse it but we were able to get the other Tracy to pay the money back to us (R9, User).
This respondent acknowledged that the bank was helpful in providing assistance when necessary and problems tended to be caused by the business, rather than the technology. This interviewee stated that her boss was loyal to the bank and had a fairly casual expectation of bank requirements. She believed that despite these problems, “it’d take something pretty drastic for them to change at this stage” (R9, User). The respondent believed that her boss was sufficiently satisfied with the bank and expectations had changed to only require good support when there were problems. As a result, she felt confident that they would not change banks.

Helpdesks are essential and several of the interviewees mentioned getting good service when they called them, as indicated in the following quote:

> I know that with the EFTPOS terminal, on the bottom of it, they’ve got the number which I call. Often enough when we’ve got a problem with Internet Banking, I just use the same number to get someone on the phone, so they’re aware it’s a business issue (R9, User).

Articulating that it is a business issue, rather than a personal issue, seemed essential to business customers. This is because they perceived the helpdesk service level to be better for business customers than personal customers.

The helpdesk is distinct from relationship managers. One interviewee explained that the relationship managers “all know the help (desk) number! They all know the phone number off by heart. They all just say ‘dial this number and then ring 11’” (R11, Decision Maker). This indicates that relationship managers maintain a distance from the technological side of banking and rather deal with more interpersonal matters. This creates a sense that technology and relationships are separate. This will be discussed in more detail, later in this chapter.

For most customers, the help desk has provided a good level of assistance. One respondent stated that although he did not use the helpdesk in the set up of internet banking “I have contacted them since for other things like forgotten passwords and things like that and they’re very good” (R19, Decision Maker). To date, internet banking appears to have ‘caught up’ and most banks are operating well, with good help desk support for business customers. Respondent eleven (R11) utilises five banks in his
business banking and explains the difference between the various levels of helpdesk support. He stated:

... they've all become reasonably good and I do use the lot. Like B5 is very good now days, but they weren’t so good years ago. B8 has always been good, like the business banking online with B8 has always been good. B6 are not too bad. The ones that have caught up recently are B9. They’ve now caught up, so they’re all pretty good now. B1, it’s good. But B8 has always been good. B8... and 6... have always had good help desks. Um, so’s B5, really (R11, Decision maker).

This quote indicates that despite differences in support in the past, all banks now provide good help desk support, reducing differentiation in service delivery and ultimately benefitting customers.

One respondent had been particularly quiet during his interview and required the most probing to get him to elaborate. At the end of his interview, he was asked if he had faced any issues and he became very responsive, as indicated below:

Well I’m still using the old (system)... if I can, because the new one’s hopeless. I mean they’ve actually had issues. I’ve seen it in the press. They’ve been involved in court action with the people who did it and ... so it hasn’t really been a success for them, I think. The helpdesk with (Product A) was good. I’ve found the ... that I’ve used the helpdesk with, what is it? (Product B)... I haven’t used it very much, but in the initial stages when I was having problems with it, I used it a fair bit. I found them to be not very helpful. ...Actually going back to your question about being forced to use internet banking... I don’t feel forced to use internet banking, but I certainly was forced to use (Product B). When they first brought it out they said (Product A) was going to be discontinued. I think because of all the problems they’ve had with the new software, they’ve kept it on longer. We’re still using it and it’s just a lot easier to use. I just prefer to use it. It’s not going to be an option at some time in the future to use it. That was heavy handed, the way they brought it in (R1, Decision maker).

It is concluded from his statement about the launch of the new system that this is a relatively major issue for him and has impacted on his satisfaction with the system. The
most important part of this interview is the fact that this respondent was most interested in talking about issues, despite discussing how loyal and committed he was to his bank just minutes prior. He perceived the issues with internet banking as separate from that of his banking relationship. Perhaps this is because the bank had another organisation develop the technology and is obviously attempting to fix it. In the interim, he is sometimes able to use his favourite system. The helpdesk is the only thing that could be fixed by the bank at this point and appears to have had little investigation in terms of service delivery. Due to the actions of the bank, this respondent feels a great deal of loyalty and has been with his bank for over thirty years but doubts the service delivery and feels forced to use a particular system. It has not yet influenced his view of the bank, rather just his perception of the technology. He did mention that the bank took a heavy-handed approach to the implementation of the new technology which could potentially impact on loyalty in the long term particularly if a similar incident occurs again in the future.

Technology issues in general can be industry specific rather than related to the relationship. The non-profit organisation, for example, stated that technology was a problem with all banks, rather than any specific bank, as the difficulty was with the logistics of organisational internet banking. Non-profit organisations, or at least volunteer organisations, had different issues from other organisations with the volunteers not being in the same place at the same time; unlike most traditional organisations. Their bank requires two internet banking log-ins as their account is a two signatory account. This respondent explained:

... you need two signatures as well. Or two log-ins. So this is the difficulty of internet banking, which stops it being used by a lot of companies. Because, unless you’re both at the computer at one time, it makes it very difficult (R2, Decision maker).

He further explained that it was not just the bank he belonged to, but all banks, that this would be a problem with:

Internet banking is difficult (for us) because the banks require you to be at the same place at the same time. Unless you have their log in details and password – which you’re not meant to do, because banks tell you not to give out
passwords and log in details. ... to other people – for obvious reasons (R2, Decision maker).

He explained that:

... it’s a big issue. And they really have to resolve it. Because non profit groups have a lot lower... ethics, morals, corporate responsibility, internal responsibility – they’re non profit groups, they’re made up of people who know each other, usually on a social level. We have issues of trust. And that’s what the entire banking system is built up on – R2, Decision maker

These comments indicated that the respondent has separated the technology of all banks from the individual relationship with the bank; much like the previously discussed respondent who had issues with the launch of a new product (R1). Although he felt this issue had to be resolved from a business perspective, he acknowledged it was a technology issue rather than an issue with their bank in particular. Despite this, he was not satisfied with the way the bank had handled the issue and this is where problems arise in terms of technology facilitating relationships.

Similarly, the idea of ‘telephone banking’ impacts on one respondent’s perceptions of the technology, rather than the bank. In this case, this very loyal respondent can separate technology from the bank, as demonstrated in the quote below:

You know what is dying a quick death? Telephone banking. If you’ve got problems with business banking online and you ever have to input your number, followed by your telephone password, even though I know 100% I’ve got one, I can never remember it. Use it and that’s it. So therefore it’s dying a quick death, as I said before. Telephone banking, whoever uses that, will have to adapt quickly because it just won’t exist anymore. And only five years ago, that was the big thing. You could do things over the telephone. (R11, Decision maker).

The perception that technology is separate from the relationship, as indicated by a few respondents, is a significant observation as it indicates that relationship commitment is based purely on interpersonal interaction, rather than the transaction side of the relationship. This explains the two customer segments – one which values transactions for the convenience and sees no need to have a relationship and the other which is
happy to transact for their day to day requirements and convenience, but values the relationship. This has significant implications for the management of relationships as banks must recognise that commitment will not be fostered through transaction-oriented relationships. This does not mean that a transaction-oriented customer will not have a lengthy relationship with their bank. In fact, as expectations evolve over time transaction-oriented customers report high levels of satisfaction and the majority of customers were not looking to end their banking relationship and switch banks. However, it is essential to understand that transactions do not foster relationship commitment and banks are perceived as equal, rather than differentiated.

Security can be another hindrance in the banking industry. However while this was problematic in terms of trust in the past, this is less to do with trust issues today and more to do with it impacting on innovation. This is indicated in the following quote:

*B5 and B9? They’re the two biggest banks and they’re the two, what I’d call the most anally retentive banks. I think security to them has always been a lot more *important than other bankers, which is why I think they’ve lagged behind in terms of internet banking. Because, security to them has forced them to lag behind. Maybe- I’m just speculating. And I think in all aspects of their business, they’re the most anal retentive. And potentially internet banking is no different to … if you go and try to borrow money from them, it’s about gotta dot the ‘i’s and cross the ‘t’s, where as B8 will be a bit easier to deal with. I think they take that mentality to internet banking. So B8 and the others have been in front in terms of their internet banking, but maybe to the determinant of security. I don’t know. I don’t have any statistics to back that up or … have their systems been compromised? (R11, Decision maker).*

Banks seemed to agree with the argument that security of technology impacts on innovation more than on customer trust. While security was seen, from the bank’s perspective, as more about security of customer data, there were strategies in place to protect against hacking and identity fraud. Bank three strongly encouraged business customers to purchase a key ring for security. This key ring provides a unique code every thirty seconds as an additional security mechanism. Bank four provided business customers with a similar security measure where a unique code goes to the customer’s mobile telephone whenever they logged in to internet banking. Foreign interview
respondents who now manage or own Australian businesses report that additional security measures were used overseas. One business owner who had also owned a business in China referred to a USB Key which provides a changing code was utilised by a major bank in China. She explained:

*A USB Key... It’s like a flash drive, but there’s a security certificate for the bank in it that’s yours. And every time, because if someone stole your details and knew your user name and password, they can only look online, they can only see your bank account details. They can’t transfer money at all. They can’t touch your money* (R13, Decision maker).

Security and the bank structure had an impact on product development, particularly where the product development is customer-driven rather than bank-driven. This is indicated in the following quote:

*There is (co-creation of products) but it’s very slow. Slow to get things to market, in banking new products. Purely because with all the ... testing and regulatory requirements behind it. Developments. (Beaurocracy). And there’s personalities at play in the background. I guess you’re killing someone’s product to create a new one. So the larger banks, it is harder. I guess, it’s harder to get through to the people that make those decisions, too, in the larger banks.... Innovation just becomes too hard sometimes* (B2).

This raises issues for delivering customer value and satisfaction with the service delivery and also limits innovation in banking which results in delayed product launches. Security and interface were not always under control of the bank, however, and the user’s system could be problematic. One user explained the way Java impacts on the use of internet banking:

*The worst thing I can say about Internet banking is when Java do their updates... Java tends to corrupt things and they’re so much more advanced than what the banking software is. So when Java does an update, you can bet $100 that they’re always in front of the banks, the bank providers. And therefore it usually doesn’t mix. So I never do the Java updates until about six months down the track, because the banks are always behind. But it ends up being seamless.* (R11, Decision maker).
This quote indicates the way the computer system can interfere with the bank’s technology. The banks interviewed also indicated that this could be problematic, particularly in the set up stage.

Another problem, identified by a small group of respondents, was the issue with connection of business banking to personal banking. In the cases where the business customer banked at home with the same bank that the business used there was a connection to the accounts because the banks considered customers as unique people rather than as business and personal customers. This was a problem reported only by small and medium sized businesses and was only reported by customers of two banks (Banks 7 and 8). John Smith, for example, would be John Smith with a unique customer code which he would have to utilise for his business accounts and personal accounts. This caused some issues for the respondents, as explained below:

I was having those... internet banking accounts linked to my personal account, which I don’t like at all. The bank was not really understanding of that. They made no effort at all to say ‘well, we’ll keep those separate’. They were saying ‘well our systems are good enough to prevent anyone from looking at your information’ but that wasn’t good enough for me at all. Because I did not want to have those business accounts linked in any way, shape or form to my (personal) account (R2, Decision maker).

This created an additional problem; that of allowing an internet log in for a new staff member. As one user explained, she was unable to utilise internet banking due to these account connections for her boss’ privately owned business:

They wanted to get me using it so I could pay the bills, but because of the way their system is set up... to give me the password, they couldn’t do it, as I’d have to have access to all their other accounts that are linked to that account. And that’s something that, while they trust me, they didn’t really want.... I am the practice manager, so I tend to look after ordering and making sure the practice is run smoothly. I also look after the marketing and business development, liaise with other businesses. So because of my role in ordering all the goods and
receiving invoices it just means that I’m an extra step in the process, rather than
the buck stops with me (R9, User).

While this was problematic for the user and she was unable to understand why it was
not possible to have her set up on the system, her boss was less concerned. This meant
a more inefficient business process with another step in account payments; however the
boss still felt their expectations were fulfilled by the bank. It does, however, provide
the business with better internal controls through the separation of duties. Nonetheless,
planning the separation of duties should be a decision made by the organisation rather
than be forced on the customer through bank processes.

Another organisation explained the impact of bank processes on their business; however
the impact was rather minimal and considered more of an “interesting point” to note
rather than a problem at this stage:

....one thing you do say with B8 is that when you link accounts, that link seems to
last forever. ‘Cause you can go in and a user ID is linked to account, it’s very
difficult to get them to take that off... and that’s going back to that security thing.
You open a new account and it seems to open... Not that it’s occurred to me,
but I’ll just use divorce as an example. If you linked accounts here and then
fifteen years later, you’re well and truly divorced and have a few kids, etc. and
you open an account with B8, you’d almost, I’d almost bet that’d turn up in your
ex-wife or husband’s internet banking. Seems to be hard to... your names just
seem to... and it seems to just happen automatically without anyone doing
anything. With B8, that clearly does happen with B8.... this is a problem with
me. I’ve got some personal accounts with B8 and I can log into my personal
account and see fifty-odd companies, which are work related. It just seems to be
linked (R11, Decision maker).

When asked if the users in the business would also have access to the business accounts
at home, he was unsure, explaining:

If they have a personal thing and log into internet banking, do they see all the
company? Yeah, good question, that I don’t know. It clearly happens, like, with
my account with B8, I can log in and see my account, but yeah, I can see fifty or
so business accounts. I don’t worry about it, because I just know what they are all (R11, Decision maker).

While this was not a concern for this business, it did raise implications for security and confidentiality of data particularly if, as the respondent indicated, the connection lingers for a time period beyond the account access. If this is the case it is an important issue requiring attention by the banks to ensure data security and loyalty to the relationship.

The preceding discussion has focused on the technical side of internet banking and how problems can create implications for trust and commitment. Switching costs will now be discussed.

4.8 Switching cost perceptions

To further understand commitment to the relationship the interviews explored the respondents’ perception of switching costs. Respondents were questioned about whether they had left a banking relationship and whether they had any intentions of changing banks in the foreseeable future. Although only a small proportion of businesses reported changing banks the reasons for the switch were essential to understand. One example is provided in the following quote:

We moved from B6 to B5 because we wanted to expand, which meant pumping a bit of money into the business and B6 wasn’t keen to give us the money on the basis of ratio analysis, which to me at the time demonstrated a lack of understanding about the business. Because (businesses like ours) are asset heavy, you know, cash flow poor. So the standard working capital model doesn’t work in our industry. They didn’t really want to discuss that, despite having strong cash flows. So that was the reason for the change. As soon as we approached B5, it was quite integrated really – in the early days they came in to help us achieve our goals. We were pretty happy with that (R18, Decision maker).
This quote indicates the importance of understanding for the relationship-oriented customer. Similarly, it was essential to understand why some dissatisfied customers did not switch.

Switching costs were discussed with the respondents to determine what factors encouraged loyalty. It was necessary to determine whether loyalty to the relationship was caused by a level of value placed on the relationship, or was it because it was difficult to change banks. The findings indicate that some respondents (relationship-oriented) place value on the relationship and are not inclined to switch. For transaction-oriented customers, however, it becomes more complicated. While transaction-oriented customers might be satisfied and see no reason to switch banks, if a better offer became available they were inclined to switch banks. Perceptions of switching costs could impact on whether or not they actually switched banks but all transaction-oriented respondents reported being open to switching.

Most respondents felt that switching could be difficult but that a bank trying to attract a new business would always assist. Switching costs were problematic for customers and even prevented one respondent from changing banks. This was despite his level of dissatisfaction with the bank his organisation banked with. One organisation which had switched banks reported the logistics were not as easy as they could be but that once certain aspects were established the process was complete and functional. This is indicated in the following quote:

... there was a bit of mucking around. The thing that took the most effort was to change across the payroll. Like there’s a little component which is a third component, it’s not part of the normal banking, you have to have to have this other... banking desktop thing.... that was a bit of a pain to set up. You had to register passwords and send stuff off and get authorisation and all this business. But once it was done, it was done. (R19, Decision maker).

As indicated in Chapter Three, the use of technology in banking relationships can increase switching cost perceptions. Respondents were asked whether it would be a problem changing their bank relationships when utilising internet banking and although many respondents with statements such as “Oh, it’d be harder, I suspect... harder to
change banks” (R1, Decision maker), there was a perception that banks would assist with the move, as indicated in the following quote:

...it’s easy to ... set that up... register. Most banks, if you’re switching to them, will help facilitate that. And if you’re organised as well, you’ve got your list of outgoings. You’ve got your list, so just change this detail to that detail (R10, Decision maker).

When asked whether technology kept her loyal to her current bank, this respondent stated that internet banking alone would not be a sufficient reason for her to entertain switching banks. When her loyalty to her bank was questioned, she explained:

I haven’t explored the internet capabilities of other banks, so I can’t say if it’s because of the internet. But the internet does help... If I found out another bank – I mean, if I was only basing it on the internet – if someone could do it better, then it’s worth considering. It would have to be considered in a broader perspective (R10, Decision maker).

For this respondent, the use of the technology offered by each bank is something worth considering and would perhaps even switch for, however, the ‘broader perspective’ she refers to means that she would not change purely for technology reasons. Instead, she would consider other factors, such as the relationship, fee structure and brand image, in conjunction with her analysis of the technology.

The treasurer for the non profit organisation felt little loyalty for the bank used by the organisation. He explained that it was switching costs that kept him with his bank and he felt the bank they were with were not the most appropriate. He explained that this was particularly relevant in a non profit organisation. This is demonstrated in the following quote:

(We’re) only with them because of the switching costs. We would love to change... because the way it’s set up... it’s not user friendly. It’s been based from the bank’s point of view which is fair enough, because that’s where the finance system needs to operate from ... security, trust and confidentiality of the system. But for this organisation and... a lot of other organisations, it makes the
assumption that ... they have someone in the office that can just walk over and enter their log in, user name and password details... (R2, Decision maker).

Another respondent felt that lower fees or extra technology alone would not be sufficient for them to change. Again, the more intangible elements of relationship and loyalty would be considered. He stated: “It’d be very unlikely for me to entertain switching. It’d have to be a fairly substantial benefit for the business to change (banks)” (R19, Decision maker).

The banks reported that perceptions of switching costs were greater than they actually were with one bank stating that it was much easier to switch banks than most customers expected, and when establishing a new relationship with a customer he gave advice to customers on how to track all incoming and outgoing expenditure to be certain that everything was properly implemented. While the perception of higher switching costs gave businesses a sense of commitment to the banking relationship, this was not necessarily based on satisfaction with the relationship, service delivery or value delivered by the bank. Therefore, it is essential to understand the constructs of commitment and trust in this context.

4.9 Commitment and Trust

Chapter Two indicated the significance of commitment and trust in the Relationship Marketing literature and it was essential to have an understanding of how commitment and trust impacted on current business relationships and whether technology affected this. Commitment was explored primarily though the concept of ‘loyalty’ and indirectly through the discussion of switching costs, as previously discussed. Loyalty, or commitment, existed in most of the relationships; however, the question was raised as to whether switching costs were too high, particularly when using internet banking. This was indirectly discussed by an accounts keeper who felt that, due to logistics, it was important to remain loyal. This is indicated in the following quote:

.... to an extent (we are loyal), because it would be pretty hard to change banks – just because we’ve already got all our records in there and all of our daily direct debits are in there. But I don’t know if that is really a loyalty so much as a convenience of using the bank that we’ve been using. (It would be hard to
switch banks) because... well actually, B9 just changed their system and I found that hard to just learn using their new system let alone changing the bank and discovering a whole new system (R3, User).

The majority of decision makers expressed that they held a strong degree of loyalty toward their bank however some were happy to remain in the relationship despite not feeling particularly loyal. A decision maker, although satisfied with this relationship, did not see himself as loyal, stating: “I don’t see any reason to be (loyal). At the end of the day, the bank’s not loyal to me” (R8, Decision maker). When questioned on this he elaborated:

... they’re a profit making business. A profit making entity and they owe it to their shareholders to give them the greatest returns possible. If that’s at my expense, then so be it (R8, Decision maker).

He explained further:

... if they went and introduced fees, it’s not as if they’re considering me as an individual. They consider how many people they are going to lose, how much is that going to cost them, versus the revenue they’re going to gain by introducing fees. It’s a business decision. Similarly, if I decide to leave, it’s a business decision. I’m doing it for whatever’s the best arrangement for my business (R8, Decision maker).

This respondent clearly felt little loyalty despite his perception that the bank he was currently with was the best for his present needs. The interviewer questioned him further, asking “would you switch banks if a better deal came along?” and his simple and instant, reply was “drop of a hat” (R8, Decision maker). There was absolutely no relationship loyalty for this respondent; rather it was about the best interests for his business. While he was not currently entertaining switching banks, if a better deal became available there would be no loyalty toward the relationship. Another respondent felt, similarly, that he held little loyalty:
Basically I want to get in, do my banking, get out. I have no need for a relationship and it doesn’t worry me if I’m banking with B1 or ... B9. It wouldn't really matter at the end of the day (R15, Decision maker).

He further explained:

*I’m happy with my bank, so I’m not likely to leave, but I would leave if I heard that someone else was doing it better* (R15, Decision maker).

This respondent expresses that a transaction-oriented customer may be satisfied and loyal, however, they are also likely to leave the relationship if they hear of another offer. This may not mean that they are proactively looking to change banks; however, word of mouth could see them investigate an offer. These views were not shared by many of the interviewees, with most taking a long term relationship perspective to their relationship. This applied particularly to the relationship-oriented customers. For example, one respondent said *“I would say I’m loyal, because I haven’t had any thoughts of leaving. I haven’t had any reason to”*, (R1, Decision Maker). When questioned further, he explained that he would not look for a cheaper deal elsewhere, after maintaining a thirty year relationship with the bank, because the relationship was more valuable to the business long term than saving some money.

There was no real pattern in terms of loyalty, with a fairly even mix between ‘low’ and ‘strong’ levels of loyalty. However, as indicated in Table 4.7, there were differences with relationship-oriented customers. Respondents were categorised into 'low', 'medium' or 'strong' levels of loyalty based on responses to questions regarding their loyalty.

Table 4.7 – Loyalty to bank as rated by interviewees

<table>
<thead>
<tr>
<th>Level of Loyalty</th>
<th>Transaction based customers</th>
<th>Relationship based customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>R5, R8, R13, R15, R16</td>
<td>R2</td>
</tr>
<tr>
<td>Medium</td>
<td>R20, R21, R23</td>
<td>R3</td>
</tr>
<tr>
<td>Strong</td>
<td>R9, R10, R14, R17, R19</td>
<td>R1, R4, R6, R7, R11, R12, R18, R22, R24, R25</td>
</tr>
</tbody>
</table>

Although the table above indicates both relationship based customers and transaction-oriented customers can have a strong degree of loyalty, there is more diversity in loyalty
for transaction-oriented customers. This table indicates that it could be expected that relationship-oriented customers are loyal to the relationship. Although not all relationship-oriented customers have a strong loyalty to their bank, this was only apparent when there have been problems and they would like to move but feel they cannot (in the case of R2) or when a user feels their boss is loyal, but has no particular reason to be loyal themselves (in the case of R3). In contrast, it is very difficult to predict how loyal a transaction-oriented customer is likely to be, due to the diversity of responses.

Loyalty and commitment to the relationship, is essential to understand in this study. It indicates how likely it is that relationships will be maintained and also indicates the potential impact self-service technologies could have on these business relationships. As indicated in the literature review, relationships in a business-to-business context are perceived as being essential. Furthermore, relationships within banking are considered very important and therefore a sense of commitment to the bank is important to understand. Through the interviews there was evidence of a strong loyalty to the banks, or at minimum, a perception of high switching costs. As it would be expected, transaction-oriented customers expressed much lower levels of commitment than relationship-oriented customers did.

In contrast to the respondents, banks held mixed views about commitment. Bank three felt that switching between banks was quite common due to perceptions of problems. This indicated a transaction view of business banking, rather than a relationship perspective. He stated that bank switching is:

... fairly frequent I suppose. People switch for any reason. They could be unhappy that the bank dishonoured a cheque on them. Now, in a relationship, it’s not the bank’s responsibility... we don’t have enough time to ring up every customer that overdraws their accounts. Now it’s an offence to overdraw an account, because you’re taking my money and I don’t have to pay it. So we don’t just pay cheques because we feel like paying it. But if we have a good enough relationship, if we understand that... (B3).

In comparison, bank two felt that switching was generally uncommon, taking a broader, relationship view:

Raechel Johns
Customers need a reason to move. Like they have to be really unhappy with where they are. Even if they get a bad manager, like with the big four, the customer, if they’re been there for fifteen or twenty years, they tend to think “oh well, we’ll just keep our head low and they’ll be gone in twelve months”. They’re prepared to wait out a bad manager, but they won’t wait out two. And they have to be let down – not have their requests actioned, or not honouring cheques when there’s an arrangement to honour cheques. They have to be let down (B2).

The interpersonal nature of the banking relationship is highlighted in the quote above. The personality or work efficiency of a manager can lead to dissatisfaction by the business customer but customers were mostly loyal.

In order to understand customer loyalty more fully it was important to see how a ‘better offer’ might impact on behavioural change. There appears to be no facility for any version internet banking to co-ordinate with the Australian Taxation Office’s (ATO) Business Activity Statements (BAS) Statements. One respondent stated that co-ordinating BAS statements was not possible through the banks but that accounting systems such as Attache and MYOB assisted with the preparation of the quarterly statements. He stated that “if you're smart with the software, you link them to prepare BAS Statements and that sort of thing” (R8, Decision maker). Therefore, in some interviews, respondents were asked if a competitor’s bank was offering an option to do this, would they switch banks. This was done to ascertain loyalty levels. Again, loyalty was evident where relationships were important to customers, but for those customers with little loyalty added facilities, such as the ability to do the BAS Statements more easily, would easily lead them to change banks.

As trust is such an important aspect of Relationship Marketing, the level of trust of the bank was examined to determine whether internet banking changed their trust level. As indicated in Chapter Two, trust is essential for relationship commitment. All respondents trusted their bank with one surprised that there would be any reason not to. “Yeah, absolutely (I trust them). But it never occurred to me not to. I think banks in general... (are trustworthy)” (R5, User). Trust of the bank tended to be a natural response to the bank industry and mechanisms in place. All respondents mentioned that
they trusted their bank however transaction-oriented customers perceived trust for the banking industry, rather than for his bank, specifically. This is explained in more detail by the quote below:

*I trust the legislation which governs them ... you trust the bank in as far as it’s not in their interest to do anything wrong to you because that would be reputational damage and that would destroy their business. So you trust them because the market essentially forces them to operate in a way... to look after their customers, at least to a certain extent. They’ve gotta have quality of service and they can’t rip you off, for want of a better term, because the reputational damage would far exceed any profit they’d get from that. But... they’re a business and they’re for profit.... they’re insured and there’s Government Legislation that governs how they need to operate. So there’s a lot of protections in place. So I have trust IN them, but I don’t trust them (R8, Decision maker).

This was reinforced by another respondent:

*I don’t particularly trust our bank. It’s not that I don’t trust the bank. I think all banks are pretty trust-worthy, because they have to be. If they weren’t, well the Government and overseeing bodies would be up in arms. Oh and the media would be all over it. So it’s not that I don’t trust our bank, I do, but I don’t trust it any more than the next one, really. Should I? Maybe, but... well I’ve never given it much thought. They’re all the same (R23, User).

Commitment and trust was evident in the relationship based relationships, but was not as strongly identified in the transaction based relationships. Industry trust seemed to be a trust for the banking industry, rather than for a specific bank. In contrast, relationship-oriented customers trusted a person within the bank (for example, the relationship manager). One relationship-oriented customer stated that their relationship was due to an individual within the bank:

*The business is in a very strong position now, but that’s only been because of the support of this group of people back when we were in the building phase. So that’s where this real loyalty has come from, I’d be very hesitant to change*
accountants, hesitant to change lawyers, bankers. These are people we’ve worked with and formed a relationship with. So it’d be very hesitant (R19, Decision maker).

Commitment and trust was built on long term interactions and understanding rather than through self-service delivery of technology. Commitment and trust were outcomes of interactive relationships, while self-service delivery was perceived as merely fulfilling a transaction. Therefore, the customers who viewed their exchange as transactional did not establish the same level of commitment and trust, as those who viewed their exchange as a relationship. However trust comes in several forms, as discussed in Chapter Two, and technology trust was present for the majority of customers regardless of whether there was a relationship or transactional exchange. Table 4.8 indicates factors driving commitment for each segment.

Table 4.8 Factors driving commitment for the customer segments

<table>
<thead>
<tr>
<th>Factors driving commitment</th>
<th>Transaction based customer</th>
<th>Relationship based customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust of the bank</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Trust of the banking industry</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Switching cost perceptions</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Organisation’s value offering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carefully targeted promotion</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Personality of individual people/ individual interactions</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Both segments reported that carefully targeted promotion fostered commitment. This can be seen in the table above. Switching cost perceptions, however, was the main commitment factor for the transaction segment while trust and interactions with their relationship banker and bank staff fostered commitment for the relationship-oriented segment. The differences in the segments are explained in Table 4.9:
Table 4.9 Customer segment profile characteristics

<table>
<thead>
<tr>
<th>Transaction customer:</th>
<th>Relationship customer:</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Embraces technology</td>
<td>● Tends to have a complex business structure</td>
</tr>
<tr>
<td>● Accepts technology</td>
<td>● Tends to prefer relationships with other organisations</td>
</tr>
<tr>
<td>● Gets value from technology working</td>
<td>● Views technology as separate from the interpersonal relationship</td>
</tr>
<tr>
<td>● Tends to be a ‘user’</td>
<td>● In banking – tends to require funding</td>
</tr>
<tr>
<td>● Tends to be younger</td>
<td>● In banking – tends to require funding</td>
</tr>
<tr>
<td>● Tends to be technologically savvy</td>
<td></td>
</tr>
<tr>
<td>● In banking – tends not to require funding</td>
<td></td>
</tr>
</tbody>
</table>

This analysis indicates that a certain ‘category’ of customer who prefers to conduct all banking transactions through technology. Though there was limited information about this category of customer, there was discussion by both banks and business customers that this was generational and younger people valued relationships less than an older generation. The question arose as to whether it was as easy to classify customers into the category based on their generation alone, or whether there were other predictors. The only definite predictor in banking was cash flow requirements – businesses that needed to borrow funds required an interactive relationship and businesses that had limited requirement for an interactive relationship, preferring instead to exchange electronically. However, this discussion did indicate that there were potential personality characteristics indicating which decision makers preferred a distant relationship and which preferred a very interactive relationship. It is premature to make an argument toward these personality characteristics but further research should explore this in more detail. This will be discussed in Chapter Five.

4.10 Service-Dominant Logic

4.10.1 Value

Understanding business customers’ perceptions of value is a major contributor to understanding customer requirements from banks. To determine customer perceptions of value, respondents were asked what they got value from in their bank relationship.
Table 4.10 provides an overview of the typical categories of value. Because the question was open ended respondents were able to answer any way they wanted. In the data analysis phase of the research project it was clear that the answers fell into one or more of five categories, as indicated below. Respondents did not necessarily use the exact terminology indicated (eg. “it works” or “I have someone to call on”) but indicated responses in line with the statements.

Table 4.10  Value Statement

<table>
<thead>
<tr>
<th>Customer type</th>
<th>It works</th>
<th>I have someone I can call on if it fails</th>
<th>I trust my bank/relationship banker</th>
<th>They understand my business</th>
<th>They don’t contact me, unless it is with something carefully targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction-oriented</td>
<td>R8, R9, R13, R15, R16, R20</td>
<td>R8, R9, R13, R15, R16, R20</td>
<td>R10, R13, R14, R19, R21, R23</td>
<td>R14, R21, R19, R23</td>
<td>R5, R8, R10</td>
</tr>
<tr>
<td>Relationship-oriented</td>
<td>R2, R3, R4, R7, R17</td>
<td>R1, R2, R3, R4, R17</td>
<td>R1, R6, R11, R12, R18, R22, R24, R25</td>
<td>R11, R18, R22, R24, R25</td>
<td></td>
</tr>
</tbody>
</table>

The diversity of responses indicated in table 4.10 indicate that marketers must cater to a wide variety of needs. Some customers appear to want interpersonal relationships, while others are happy as long as the technology ‘works’. This has managerial implications. It was possible, however, to determine patterns between transaction and relationship-oriented customers. As indicated in the table above, there is little difference in what customers want in terms of trust, understanding, the technology working, and having someone to call on if the technology fails and both transaction and relationship-oriented customers felt that these aspects delivered value. Some transaction-oriented customers, however, did not want the bank to contact them unless they had something suitable to offer.

According to these research findings, customer value is derived from customer expectations. Expectations of customer service differed based on the customers’ previous experiences and for many customers their value perception was drawn from their previous experience. For example, one user indicated that her boss was satisfied with the banking relationship because his expectations have shifted toward a reactive relationship. She stated “every time we’ve called up, we’ve gotten fairly good help on
the help desk. So that’s all he expects from the banks now.... his idea of getting value is that something works, efficiently and effectively and that if he has a problem with it, he can easily get that help” (R9, User). As someone who had a banking relationship with another bank for her personal banking, her expectations were different. “To him it doesn’t matter (that he doesn’t get face-to-face service)... because if he needs face-to-face, he tends to send me” (R9, User). She also felt that being a user, compared to the decision maker or business owner, was problematic: “within the branch, I’ve felt they’ve made me jump through holes because I’m not the business owner” (R9, User).

This respondent in particular expanded quite a lot about expectations and whether or not they were met by the bank. While her bosses were satisfied with the business banking relationship, she was not and she clearly articulated this was because of her previous experiences with other banks – particularly the one she has selected to do her banking with at home. When asked if the lack of access to the bank or relationship manager posed a problem for the business, she stated that it did not:

*I don’t think I’d heard of the business bank manager before, so because I didn’t know about it, it doesn’t affect me. Possibly if I did have someone and then went to a place that didn’t, it would change my perception* (R9, User).

This discussion highlights the way expectations are developed through prior experience. Expectations evolve through time and differing experiences. For example, this particular business had a problem with setting the user up on to the bank account and even, more simply, supplying a staff member with a debit card. In this case, the employee was frustrated, but the employer was prepared to wait, as indicated by the following quote:

*(My boss has) gone in to get me a direct debit card so I could deposit money into the account and he had some difficulties. The branch he originally went to didn’t have any. *He was made to wait two weeks and then they didn’t have any again.* He was made to wait, went to another branch. And this frustrated me quite a bit, but he’s got a lot more patience than me. *He thinks “oh well, that’s a bit silly but oh well” where as for me I think “where’s the customer service?”* I expect it at a higher level (R9, User)."
The user’s frustration with the bank is a result of her satisfaction with her personal bank. In contrast, her boss banks at home with the same bank the business uses so his expectations differ from hers. The use of technology also leads to expectations – the expectation that it will work and the expectation that the marketer will fix things if it no longer works. As one respondent expressed:

I guess the expectation is with internet banking that you expect it to do what it does. I think if it was doing anything less than what it did, we’d be dissatisfied. Because the expectation is that we are going to be able to pay our creditors and are going to be able to make transactions and all that sort of thing. Certainly ten years ago, it wasn’t like that. Now the expectation is that any bank that we get involved with is going to be able to provide it and going to have that service to that standard (R19, Decision maker).

Technology that works is the requirement and when there is a problem, businesses wish to speak to a human being. For transaction customers, this human being would be a help desk support provider, while for relationship customers it could be either help desk support or a relationship manager, depending on the importance of the matter. This is indicated by the following quote:

I would go to (my relationship banker). *And I think that’s one thing that Bank B does better than Bank A as well. If there’s a problem, just ring her and speak to a real person. I hate the phone thing, press one, press two, press three. You know, as a consumer in the private world, you accept that, but as a business, you want to talk to someone quickly. Or if you’ve got a problem, it needs to be sorted out quickly. Say the pays weren’t going through, some issues there, then I would ring (my relationship banker), if it was a serious issue (R11, Decision maker).*

Previous experiences can also create confusion about business structures. One respondent talked about Westpac’s new advertising campaign which indicated they had put the bank manager back into the branch. This advertisement utilises real bank managers discussing how they are ‘bringing the manager’ back to the bank. She explained:

Raechel Johns
I watched an ad – I think it was Westpac – that they were very much stressing in their ads, “I’m this bank manager”, “I’m that bank manager” and I didn’t really get it at first. I don’t care if they’re a bank manager… I have a friend who’s a bank manager at (Bank Name) and just to call her up – as a friend – I can’t actually get through to her. I have to go through the main bank, answer a million questions, before they’ll transfer me to her and half the time I have to leave a message for her. So I’ve now got this perception of “well what’s the point of knowing the bank manager on a personal basis, or even professionally, because if I’m not going to be able to talk to them, there’s no point. So I think that’s where it’s at. I’ve never grown up with a bank manager, I’ve grown up talking to the tellers…. I think that’s what the banks taught us. (In the ad) they say things like “I’m the 438th bank manager or something like that and they don’t all appear to be in uniform, so I’m not sure it’s saying I as the customer am my own bank manager, or whether they’re increasing the number of bank managers they’ve got, so rather than speaking to a consultant, they’re speaking to the bank manager? (R9, User).

One of Westpac’s competitors discussed the advertisement as well, stating that their focus on the importance of bank managers was humorous because they had taken them away from the banks in the first place. He indicated that the competitors did not remove the bank managers and the advertisement Westpac is using indicates why their competitors had made the right decision. When Westpac was asked about this advertisement, they explained that they understood people were important in banking and felt the advertisement had been a positive way to attract new customers.

Other concepts of what values were related to improved ease of transaction are indicated in the following quote:

Essentially ease of transaction. They have to facilitate what I want to do, when I want to do it and how I want to do it. Essentially. And they have to lower the barriers, so make it easy for me to pay other institutions or pay internationally, for instance. Or receive payments from multiple clients or whatever, you know I sell around the world, so international trade is actually an issue. Exchange rates, if they provide a hedge fund, or anything that’s quite useful to me. So
there’s actually a number of services that they could roll extra features there for me (R8, Decision maker).

This quote demonstrates the importance of seamless transactions for customers in the transaction segment of customers. The perception that the concept of value in the banking industry was changing was discussed by a few respondents. As this respondent explained:

I think the value perception is going to change as more features are introduced, especially things that... well we seem to have this isolated world at the moment where countries seem to be segregated and currency is causing issues. So as they drop those barriers down, transaction costs for international purchases are brought down to hopefully zero, that’ll obviously open up much larger markets than are available at the moment (R8, Decision maker).

This discussion was an interesting insight into how value evolves with expectations. This respondent was questioned further, asked whether banking best fits into a retail category where service is provided or self-service delivery model. The respondent replied:

I think that it’s just about service delivery. The whole belonging to a club thing... I don’t think it’s necessary. The bank I’m with doesn’t really matter to a degree, it’s a much of a muchness. It’s just an account, apart from that it doesn’t matter... I want the bank to be a help, not a hindrance. I don’t need them to physically be there to do that. I don’t need a physical branch except, as I said, to deposit cheques. Hopefully if we can do away with that, I don’t need a branch at all. I want to do everything online. The problem with that, of course, is that there’s a point of failure. If there’s no internet, there’s no money. Obviously I’m mindful of that and I have contingencies in place, with a branch. I can walk to the bank and physically get cash and physically transact (R8, Decision maker).

Banking has evolved and the relationship and customer expectations have been altered through the use of technology, however the findings suggest that even the most transaction-oriented customers require a bank branch. As customers’ perception of
what value is alters, requirements for bank service delivery have also changed. Banks must understand how customer requirements are changing and how they can satisfy all customer segments. While some customers seek a reactive relationship and transactions that work others prefer a proactive relationship where the bank engages with the business on a close, interpersonal level and demonstrate understanding.

4.10.2 Competitive advantage

Chapter Two identified that a relationship provides each party with a mutual benefit, while an alliance provided both parties with a competitive advantage. There was no reporting that an alliance existed between banks and business customers but, unprompted, some interviewees focused on the mutual benefit (particularly respondents 9, 15 and 18).

Bank one stated their competitive advantage as their focus on business customers. They stated that they were very proactive in building relationships with business customers and this was a priority area for the bank. They felt this focus differentiated themselves from other banks, particularly other Top Four banks, which are more focused on personal customers.

Bank two clearly identified their competitive advantage as relating to the bank’s business model as indicated in the following quote:

I think the owner-manager network,... being an owner of the business instead of an employee in a corporate environment... you tend to be a little more responsive to your customers. It goes towards having a more in-depth relationship with your clients, because you’re a small business yourself,... You understand the paperwork nightmares and compliance issues and that side of it. Whereas sitting in one of the major banks, you’ve never had to do any of that for yourself. In this situation you do. The owner manager has to pay the rent, pay the wages (B2).

A greater understanding of customers was evident here. In contrast, bank three focused on specific branch aspects as indicated in the following quote:
Well.. for this particular site, we’re easy to get parking. We’re not in a Westfield Shopping Centre, or in the city where it’s difficult to get access. I keep saying to customers “you can come in here, park your car across the road and be in and out in two minutes”.... I’m here every day, I’m keen to help customers and get to know them.... I tried to contact someone in another bank the other day I got on the internet to try to get their number, it’s not even there. It’s a 13 number. Now, we’ve only been here six months. We weren’t in the 2009 telephone directory, but we’ll be in the 2010 directory and it’ll be a real number - a 62 number, instead of a 13 number. Now, I checked the other day.... all the big four, you can’t look up the phone number of the bank at Dickson. No such thing. Those banks... they don’t want you to know (B3).

The credit union saw their lower fee structure and higher deposit rate as being their main competitive advantage, as indicated below:

We’re probably lower cost in regard to... we’re able to structure both our deposit rates at a higher level and our lending rates at a lower level, because we’re not so much driven by having to achieve a certain bottom line performance in regard to making our shareholders happy (B4).

Despite this focus, they also viewed sustainability and environmental focus as being their main focus. This, co-ordinated with an emphasis on internet banking and becoming ‘paperless’, allows them to build relationships with not-for-profit organisations as clients. This organisation has more non-profit organisation customers than commercial business customers, but stated that needs of the customers were similar. The main difference, they felt, was that not-for-profit organisations tend to not borrow funds and therefore fit into the credit union customer base more efficiently. They stated:

... we’re a environmentally conscious organisation. Sustainability’s probably one of our main focuses, so we’ve started having a lot of our relationships with not for profit organisations, so we’re really getting into that segment a lot more. And community housing developments is something that Australia wide we’re getting pretty heavily involved with. So that’s probably something that we’re getting more involved with than we were previously.... environmental and

Raechel Johns
sustainability is probably one of the focuses of our organisation. The aim is to be carbon neutral by June this year and well on track to doing that. We’ve also I think in regard to the United Nations. We’ve spoken to the United Nations in regards to what a small credit union can do to be in terms of having a social conscience in that regard. That’s some of the things we’ve done. We have a land bank – I don’t know if you’re aware of that? We have a land bank down at (location) in Victoria. We plant trees to offset carbon emissions. So if we do a loan for a vehicle, we plant seventeen trees each year for that vehicle so that it’s offsetting the carbon emissions. Similarly with our home loan. We plant trees to offset the carbon footprint of that actual house that’s built. So that’s all part of a process we have in place. We’re the only financial institution in Australia that has a landbank. So in that regards we seem as a bit of a leader (B4).

Bank five indicated their competitive advantage was their branding and their focus on relationships. This bank stated that they believed relationships with customers were essential.

Bank six stated that their competitive advantage was assisting businesses to fulfil their goals. The respondent from bank six stated:

My business achieves a competitive advantage by offering a service that can help fulfil all of a client’s business and personal financial goals. The diversity of product and services that include business lending, equipment finance, consumer lending, deposits, transactional solutions, international and trade, financial planning creates an offer that provides commercial clients more benefits than competitors (B6).

He stated that the bank’s competitive advantage was enhanced by local relationship management and a team of specialists that assist customers and the Relationship Managers when necessary.

To ensure business sustainability, it is essential that the competitive advantage of the marketer matches up to customer requirements and expectations. While matched samples of banks and business customers were not investigated it is interesting to note the value statements of customers to determine how closely that matched up to what the
banks felt they offered best. Technology is improving, and customers are grateful for this, however they do not perceive the technology as being particularly innovative, as explained in the following quote:

They’re putting more services online. They’re certainly expanding the service offering... it certainly makes life easier for me, but they’re sort of incremental gains. There’s nothing game changing. It’s sort of evolutionary, it’s not revolutionary (R8, Decision maker).

This respondent continued to discuss his thoughts about the future of banking, as indicated below:

I think fundamentally the concept of a bank is dead. They need to reevaluate themselves. There’s room in the market for someone to come in with large capital backing to open up a new sort of bank that does away with the face-to-face service, because for younger people who are certainly more comfortable with technology, they would be willing to embrace that, provided the transaction costs were lower (R8, Decision maker).

Determining customer needs is a complex task. Some customers want a face-to-face, proactive relationship while others merely seek technology that works and for the organisation to react when necessary. The banks were questioned about managing expectations and all banks felt it required intuition. Sometimes it was a matter of reading customer needs at their initial meetings and sometimes the type of accounts they established gave an indication to the banks as to how frequently they wished to be contacted. If they opened a web or internet based saver account or term deposit for funds, for instance, managers knew to ‘leave them alone’. In contrast, if they had a piece of equipment under finance, they would contact them toward the end of the finance period to determine if the customer’s needs had changed.

Despite these indicators, the banks reported that there was no real solution to knowing if a customer wants to be contacted regularly or not. The majority of customers were happy to be contacted if the banks had something of particular relevance to their business. If it felt like mass promotion, organisations were no longer interested. Banks indicated they tended to operate proactively, rather than reactively, but very few business customers report regular proactive contact coming from the bank. With major
changes in relationships between banks and business customers since the 1980s (B4), this is more essential than ever before. Table 4.11 indicates the value statements on the bank’s website and how that links to customer expectations and the reported competitive advantages. In some cases, it was difficult to determine a ‘Value Statement’. While some sites clearly articulated what they offered business customers, others made it much more difficult to assess what they offered.

Table 4.11 – Bank website claims and customer expectations

<table>
<thead>
<tr>
<th>Bank</th>
<th>Website Claim</th>
<th>Competitive advantage stated in the interviews</th>
<th>Respondent requirements stated in the interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Whether you’re ready to open a transaction account, need a loan to start or grow your business, or simply want to learn more about investing for healthy returns, we can help you manage your growth and stay ahead of the game - whatever your size.</td>
<td>The bank is focused on business customer requirements</td>
<td>Respondents banking with this bank sought transactions, after building an established relationship with the bank. From the claims of the bank, it appears this is provided</td>
</tr>
<tr>
<td>B2</td>
<td>Talk to a bank manager who makes real decisions, We can better meet your needs and requirements. It also means you’ll be talking to someone who can make real decisions – like financing or overdraft approvals. Best of all, you can call your business banking manager directly on their mobile telephone – out of hours if you need to – because you’ll have the number.</td>
<td>Owner manager model of branches</td>
<td>No respondents from this bank were spoken to. It is noted, however, that the website claims and the bank manager’s perception of the competitive advantage are very similar.</td>
</tr>
<tr>
<td>B3</td>
<td>Because your business banker works with you to understand your business, they are in the perfect position to help you manage your cash flow. This will help you avoid possible interruptions to your business and ensure things run smoothly.</td>
<td>Branch based focus</td>
<td>Only one respondent was a customer from this bank. This customer was probably the most transaction focused of all respondents and felt the bank met their needs. This is consistent with the website claims, however the branch manager spoken to focused on specific branch logistics being the competitive advantage, rather than customer understanding, indicating a lack of consistency.</td>
</tr>
<tr>
<td>Bank</td>
<td>Website Claim</td>
<td>Competitive advantage stated in the interviews</td>
<td>Respondent requirements stated in the interviews</td>
</tr>
<tr>
<td>------</td>
<td>---------------</td>
<td>-----------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>B4</td>
<td>Flexibility and choice</td>
<td>Lower fee structure and environmental focus</td>
<td>No respondents from this bank were spoken to, though website claims and the manager’s perception of the competitive advantage are not matched</td>
</tr>
<tr>
<td>B5</td>
<td>Business Banking, Your Way – Your Industry, Your Product Needs, Your Lifestage</td>
<td>Lower costs and brand name/reputation of the bank</td>
<td>One respondent from this bank felt the brand name was a strong loyalty driver. Others mentioned understanding caused them to be loyal and felt that the business managers had sufficient authority to make decisions, helping the customer.</td>
</tr>
<tr>
<td>B6</td>
<td>Of all the reasons businesses fail, insufficient cash flow is one of the most common. Often this is not due to the lack of actual business or the amount of sales being made, but the mismanagement of the funds available. Every business is different, but the core principles are the same. Cash is the life blood of your business - without proper cash flow management and planning your business will die.</td>
<td>Support for customers to reach financial goals</td>
<td>Customers from this bank sought transactions that worked without problems. The customers spoken to were primarily transaction-oriented and did not require much from this bank. Two relationship-oriented customers had used this bank in the past and felt that business managers had little authority to make decisions and that considerable time was needed to set up new accounts, or make decisions.</td>
</tr>
<tr>
<td>B7</td>
<td>Whether you’re an experienced company or just starting out, we’re ready to help.</td>
<td>No bank manager from this bank was spoken to</td>
<td>Many of the respondents to were from this bank. In general, relationship-oriented customers sought understanding. All customers sought transactions that worked. Two respondents felt that the bank was set up to meet the needs of the bank, rather than the customers, but the other customers were satisfied. It was reported by one customer that business accounts and personal accounts were viewable in the same log-in.</td>
</tr>
<tr>
<td>Bank</td>
<td>Website Claim</td>
<td>Competitive advantage stated in the interviews</td>
<td>Respondent requirements stated in the interviews</td>
</tr>
<tr>
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<td>------------------------------------------------</td>
</tr>
<tr>
<td>B8</td>
<td>Easy, everyday business banking accounts to cover all your business needs. Manage cash flow and protect your business with our finance, lending and insurance solutions.</td>
<td>No bank manager from this bank was spoken to</td>
<td>One respondent reported problems with transactions not working and a lack of customer service in branches. Others were satisfied, however, it was reported that business accounts were visible on the user’s personal account at home. Primarily, customers from this bank sought understanding and someone to talk to when they needed assistance.</td>
</tr>
</tbody>
</table>

Source: Based on website claims and interviews with banks and business customers

The table above indicates that some of the competitive advantages mentioned by the banks matched customer expectations. Furthermore, promotional claims on the websites matched customer requirements in some cases but this was usually when the statements on the web site were very broad, rather than specific. Overall, however, a lack of consistency between managerial understanding of the competitive advantages and the corporate stated positioning statements was evident. In practice, organisation’s value propositions do not match customer requirements. Marketers cannot offer value – rather they can offer value propositions which are accepted by customers (Vargo and Lusch, 2008; Vargo, 2009). The research findings presented in table 4.12 indicate that the marketer's value propositions were inconsistent with customer’s reported requirements.

Barney (1991) states that there are four empirical indicators of sustained competitive advantage: rareness, imitability, the presence of substitutes, and value. Table 4.12 indicates the four empirical indicators and how each bank’s stated competitive advantage fulfils these competitive advantage indicators.
Table 4.12 – *Bank’s competitive advantages rated on Barney’s (1991) empirical indicators of sustained competitive advantage*

<table>
<thead>
<tr>
<th>Bank</th>
<th>Stated competitive advantage</th>
<th>Rarity</th>
<th>Imitability</th>
<th>Value</th>
<th>Substitutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Focus on business customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2</td>
<td>Owner-manager network</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>B3</td>
<td>Easy access</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>B4</td>
<td>Lower costs</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>B4</td>
<td>Environmental sustainability</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B5</td>
<td>Brand name</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B5</td>
<td>Lower costs</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>B6</td>
<td>Support for customers to reach financial goals</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

None of the banks interviewed had a competitive advantage that met all requirements. Bank two’s owner-manager structure met all key requirements, with the exception of substitutes. The lack of sustained competitive advantage can threaten the likelihood of customer commitment. This would be particularly of concern for the transaction-oriented customers who do not value the banks’ brand or relationships, as much as it would be for the relationship-oriented customers.

4.10.3 The foundation premises of Service-Dominant Logic

Service-Dominant Logic was discussed in Chapter Two and the foundation premises were introduced. In the interviews with banks, the ten foundation premises of Service-Dominant Logic were indirectly explored. Table 4.13 provides an overview of the Foundation Premises and how they relate to the interviews with the banks.
Table 4.13 – The foundation premises of Service-Dominant Logic (Vargo, 2009 and Vargo and Lusch, 2008) and the relationship to the findings

<table>
<thead>
<tr>
<th>Foundation Premise</th>
<th>Meaning</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>FP1 - Service is the fundamental basis of exchange.</td>
<td>The application of operant resources (knowledge and skills), ‘service’ is the basis for all exchange. Service is exchanged for service.</td>
<td>Applicable in a service context in all situations</td>
</tr>
<tr>
<td>FP2 - Indirect exchange masks the fundamental basis of exchange.</td>
<td>Goods, money and institutions mask the service-for-service nature of exchange.</td>
<td>Being in the service industry, banks clearly identified they were there to provide friendly and responsive service, but the actual delivery was on the bank’s terms in most cases, rather than customer expectations.</td>
</tr>
<tr>
<td>FP3 - Goods are distribution mechanisms for service provision.</td>
<td>Goods (both durable and non-durable) derive their value through use –the service they provide.</td>
<td>N/A in service context</td>
</tr>
<tr>
<td>FP4 - Operant resources are the fundamental source of competitive advantage</td>
<td>The comparative ability to cause desired change drives competition.</td>
<td>All banks reported that their staff is a major source of competitive advantage. B4 focused more on sustainability and B1 focused more on market position, but all banks identified staff and management as having a key advantage</td>
</tr>
<tr>
<td>FP5 - All economies are service economies.</td>
<td>Service (singular) is only now becoming more apparent with increased specialization and outsourcing.</td>
<td>Specialisation of service delivery and advice</td>
</tr>
<tr>
<td>FP6 - The customer is always a co-creator of value</td>
<td>Implies value creation is interactional.</td>
<td>Very limited in banking Interaction is common, but still buyer/seller mentality rather than co-creation</td>
</tr>
<tr>
<td>FP7 - The enterprise can not deliver value, but only offer value propositions</td>
<td>The firm can offer its applied resources and collaboratively (interactively) create value following acceptance, but can not create/deliver value alone.</td>
<td>Indirect questioning about co-creation of value indicated that this was very limited in the banking industry. Further, banks appear to be working alone in product development.</td>
</tr>
<tr>
<td>FP8 - A service-centred view is inherently customer oriented and relational.</td>
<td>Service is customer-determined and co-created; thus, it is inherently customer oriented and relational.</td>
<td>Although the banks perceived relationships as still important, despite technology, value-adding was limited. Staff saw themselves as a friendly, human connection, rather than value-adding. Some business customers felt that a relationship with the bank was non-essential and did not provide them with anything – it is evident why this is the case when there was no emphasis on bank and customer working together.</td>
</tr>
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</tr>
<tr>
<td>FP 9 - All economic and social actors are resource integrators</td>
<td>Implies the context of value creation is networks of networks (resource-integrators).</td>
<td>Very limited use of networks reported by the banks.</td>
</tr>
<tr>
<td>FP 10 - Value is always uniquely and phenomenologically determined by the beneficiary</td>
<td>Value is idiosyncratic, experiential, contextual and meaning laden.</td>
<td>Banks were aware that customers drove relationships, but had no real way of understanding what customers wanted. They followed intuition and did not conduct basic market research.</td>
</tr>
</tbody>
</table>
The findings in this table indicate that banks do not co-produce with customers. When exploring the ten Foundation Premises of Service-Dominant Logic with banks, it was found that while the banks utilise their operant resources for a competitive advantage, they have a lack of understanding of customer needs. This has managerial and theoretical implications, which will be discussed in the next chapter.

4.11 Summary

I don’t know what the future is for internet banking. At the moment, it ticks a lot of boxes, but if any one of those boxes weren’t ticked, you’d have a problem with it. It doesn’t really exceed expectations, though, does it? (R19, Decision maker).

This chapter discussed the results of the data collection undertaken to explore the impact of self-service technologies on interfirm relationships. In doing so, it examined commitment and trust of the relationship, the impact of technology on this relationship, and how closely competitive advantages of organisations matched up with customer expectations. Using banking as the industry under examination, business customers were explored to determine how technology impacts on relationships.

The research indicates that technology is viewed as separate from the relationship. This has implications for technology management but, in most cases, does not impact on perceptions of the relationship. Two customer segments were identified in the research – those primarily seeking to transact and those primarily seeking an interpersonal relationship with the bank. While it was not possible to easily categorise all respondents into these segments, some customers were very clear about their bank needs. For others, they had moved a pre-existing bank relationship into a more transaction focused interaction, but felt it was essential to build understanding and trust with the bank in order to do this. Generational changes and technology were perceived to be contributors to a transactional focus, but customers with a higher transactional focus were more likely to have bank problems ultimately leading to dissatisfaction and potentially bank switching.

Commitment and trust are major factors in relationship management and stronger loyalty was evident in relationships with customers who had cash flow requirements. If
the business regularly needed assistance from the bank the relationship developed and became stronger. In contrast, those organisations that operated mainly as ‘deposit only’ had less need for face-to-face contact with the bank and therefore operated from more of a transaction basis, rather than from a relationship basis. Mutual benefit is a key goal of Relationship Marketing and there is evidence to suggest that transaction customers felt there was no mutual benefit to establishing and maintaining a relationship with their service provider.

Evidence suggests that banks were not properly applying the foundations behind the ten foundation premises of Service-Dominant Logic. This has implications for co-creation of value. In many cases, organisations reported that banks were not fulfilling their requirements for the relationship.

The main purpose of this study is to understand how the reduction of face-to-face contact can impact on relationships in a business-to-business context. There is limited evidence to suggest that the removal of face-to-face contact impacts on business-to-business relationships for the transaction segment despite the literature indicating that face-to-face relationships are important in a business-to-business context. However, expectations develop over time and customers could be encouraged to become more transaction focused, ultimately leading to less satisfaction and less commitment. Furthermore, there is a segment of customers requiring interpersonal relationships who would become very dissatisfied with their banking relationship if the bank became less proactive in the relationship than they currently are. Consequently, it is essential for banks to understand customer needs and segment customers appropriately. With three main research objectives and four research propositions, this chapter concluded with an understanding of how the findings contribute toward answering these issues.

The following chapter will discuss the theoretical implications of these findings, linking the findings back to the existing literature.
CHAPTER FIVE - DISCUSSION

5.1 Introduction

To have a greater understanding regarding the impact the use of self-service technologies has on relationships between marketers and business customers, this study has discussed the findings of a comprehensive exploratory study. The literature review highlighted the importance of Relationship Marketing in a business-to-business context and it was deemed an appropriate theoretical framework for the study. The principles of Service-Dominant Logic were also addressed throughout the study and the relevance of this body of literature to the study was indicated. Chapter Five discusses the implications of the findings which were discussed in Chapter Four. They are related back to the research propositions. Both managerial and theoretical implications are highlighted. Three major contributions have been made as a result of this study.

This first major contribution is in relation to differing customer requirements. This study acknowledges previous work suggesting that in a traditional relationship, trust and relationship commitment are required and a segment of the market still desires a traditional relationship. The findings in this study, however, suggest that an additional market segment of customers exist. These customers desire a distant relationship or ‘transaction’ when utilising self-service technologies and are more satisfied when businesses understand their needs, contact them when they feel it is appropriate, and service offerings are targeted to their requirements.

Relationship Marketing indicates the importance of building and maintaining long term relationships (Gummesson, 2008b). Previous literature acknowledges that not all customers require relationships and that ‘Transaction Marketing’ is the opposite of Relationship Marketing. Despite the existence of Transaction Marketing in the literature, the findings in the present study differ from those in the literature on Relationship Marketing and Transaction Marketing. Transaction Marketing in the literature is focused on what the customer is purchasing, generally taking a short term, discrete transaction perspective (Grönroos, 1995; Brodie, Coviello, Brookes and Little, 1997; Ivang and Sørensen, 2005). This means that some industries want relationships while other industries are prone to transactions. For example, customers of fast moving consumer goods (FMCG) will generally not seek a relationship with the marketer, while professional service customers will. It has also been argued that in a service context,
relationships are essential (Grönroos, 1995) and that Transaction Marketing applies in a goods context (Baker, Buttery and Richter-Buttery, 1998). The literature relating to Transaction Marketing is about personal customers rather than business customers (Baker et al., 1998) and it is suggested that Relationship Marketing is more applicable for business customers. In contrast, the findings in this present study indicate that different business customers have differing requirements when self-service technologies are available, even when marketing services to business customers. The discussion in this study, therefore, indicates that there are segments of customers with different relationship preferences. Stating ‘commercial bank customers want an interactive relationship with their bank’ is no longer appropriate and an understanding of different customer requirements is necessary. While this research has aimed to indicate predictors as to which segment a customer will be likely to be in, it is impossible to completely categorise customers into one segment or another. This is mostly because some customers will require relational elements but seek transactions that work, and other customers will prefer transactions because a relationship has been established in the past. Another segment of customers do prefer the transaction-orientation and this is usually due to their comfort level with the technology. The findings indicate, however, that customers with a pure transaction orientation will not develop the depth of trust and commitment to the relationship that relationship-oriented customers will develop. While trust and commitment still exists for transaction-oriented customers, the trust of the industry and the commitment to their bank is usually caused through a perception of switching costs, rather than a real commitment to work in an ongoing relationship with their business partner.

The second major contribution relates to the use of self-service technologies. Much of the literature on self-service technologies indicates that technology forms the main basis of the relationship and has an impact on brand image (as discussed in Chapter Two). For the transaction-oriented respondents, this was definitely the case. For relationship-oriented respondents, however, technology was perceived merely as a means to conduct a transaction and was viewed as separate from the relationship. If the technology continually fails, the relationship would be reconsidered. On the other hand, for most relationship-oriented customers, technology was perceived as just one component of transaction and relationships were based on interpersonal contact.
Finally, there has been limited empirical testing of Service-Dominant Logic despite it being an emerging area of contemporary marketing thought. This is partly because the logic is still emerging and partly because it is difficult to ‘test’ service principles without focusing on service quality evaluations, which is not the main focus of Service-Dominant Logic. This study has made a contribution toward exploring Service-Dominant Logic in practice through researching both marketers and business customers to determine to what extent principles of Service-Dominant Logic and the foundation premises are implemented. Qualitative research was necessary, from a methodology perspective, to explore this under-researched area. It is recommended that while empirical testing of Service-Dominant Logic is limited, exploratory research in this area should be utilised.

Furthermore, although Relationship Marketing is a commonly researched area of marketing, Gummesson (2008) suggests that if he were commencing research on Relationship Marketing now, he would take a grounded theory approach because of the depth of understanding it provides. Qualitative research is encouraged for further research in this area. It is difficult to determine the indicators used to categorise business customers into relationship or transaction-orientations. While Chapter Four highlighted some indicators of whether organisations are relationship-oriented or not (for example: cash flow requirements, technological familiarity, generation of the decision maker and a pre-established relationship), they are not yet fully understood. In-depth, semi-structured interviews provide an appropriate means of researching this area of work to determine the requirement for proximity or distance, or an ‘interpersonal relationship’ or a ‘transaction’. While in the past some researchers have called Relationship Marketing a ‘new paradigm’ (Brodie et al., 1997), Service-Dominant logic is also classified as a ‘new dominant logic’ (Vargo and Lusch, 2004) and therefore it is important to understand these new concepts in the literature, particularly in the new context of self-service business-to-business service delivery.

Figure 5.1 provides an overview of the chapter. As indicated below, this chapter commences with a discussion of the research propositions and how the degree to which the research supports the propositions. After the research propositions are discussed, findings that confirm the existing literature will be highlighted. Findings that deviate from accepted literature will then be provided and new contributions to the literature are explained. Finally, an overview of implications for management and theory will be
discussed. An overview of ideas for further research, developed through the analysis of the research, will be discussed.

Figure 5.1 Chapter structure

5.2 Discussion of the Research Propositions

Chapter Two introduced four research propositions and discussed why each should be addressed in this study. Each research proposition (RP) will now be discussed and related to findings from the study.

5.2.1 RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment

The first research proposition examines the increased use of information technology and how it impacts on relationships. Partial support was found for this research proposition. Not all customers required a relationship, but for those customers who did, relationships were still essential requirements for business practice. In fact, the relationship sustained loyalty to their network and even if the customers could obtain cheaper fees elsewhere they would not switch banks. In contrast, as the previous discussion has indicated, a group of customers felt that transactions were important and
were more likely to shift banks and were more inclined to shop around for cheaper deals.

The increased use of information technology impacts on relationships for transaction-oriented customers. For relationship-oriented customers, information technology is merely perceived as a method of service delivery, while for transaction-oriented customers self-service technologies become the focus of the relationship. Trust and commitment was not impacted for the relationship-oriented customers because banks were providing them with sufficient interpersonal contact. For the transaction-oriented customers, however, trust was industry based trust rather than specific trust for a business partner.

While commitment to the relationship was still present, in many cases transaction-oriented customers also reported that they would switch banks if a better offer was available. Table 5.1 indicates the implications coming from the findings related to this research proposition.
Table 5.1 – Summary of findings and implications related to RP1: increased use of information technology impacts on relationships, particularly in terms of trust and commitment.

<table>
<thead>
<tr>
<th>Finding</th>
<th>Example quote</th>
<th>Managerial and/ or theoretical implication</th>
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<tr>
<td>Problems with banking are generally related to user issues, or the business structure. New software and other changes can be problematic to both users and decision makers. Help desk support assists organisations</td>
<td>“I call up the help desk reasonably often, I guess. Sometimes there’s a problem and we need help and you don’t need to go to a branch, or to the relationship manager. Usually that’s because, well, it’s an internet banking issue, so you know they’ll probably know more at the help desk”. – R21, Decision maker</td>
<td>Help desk support is essential when utilising self-service technologies for transactions. While user errors can be problematic, customers still require support.</td>
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<td>Training is generally not provided, however most respondents felt internet banking was an extension of current internet behavior.</td>
<td>“I wasn’t trained, but I think I’m pretty computer savvy. I know my way around a computer and my boss knew that, I guess. I’m not sure she would have trained me if I didn’t know it, but after using it a couple of times, it’s pretty easy to get the hang of”. – RS, User.</td>
<td>Provided the technology is not complex, nor requiring a change in behaviour that is too different from current behaviour, training may not be required. Information sheets, however, are necessary and helpdesk support for any queries is essential.</td>
</tr>
<tr>
<td>Banks report offering training, though this is mostly utilised by personal customers, rather than business customers.</td>
<td>“You would have noticed when you came in we have an internet spot on the other side (gestures). So what we offer is that we’ll sign someone up on internet banking and demonstrate them, show them how to log in. We’ll log them in, show them how to navigate the site. It’s not just said “well internet banking, you’re on your own”. We’ve become a little more able to deal with business clients through that, the functionality of our internet banking is probably improved over the past 12 months or so. We have probably a better business focus where businesses can use a password system, where someone can create stuff and someone else can authorise it. So... if I looked at our internet banking as opposed to one of the major’s internet banking, we’re probably not at their standard in regard to totality. For personal customers we’re on par, but for business customers we’re probably not quite right there yet.” – B4</td>
<td>Training should be continued to be offered on an as-needed basis.</td>
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<td>Customers separate their perception of technology from the relationship with the marketer</td>
<td>“From time to time, there have been problems with the internet banking... I wouldn’t entertain switching though.... I’ve been with my bank for about twenty years and I’m happy and if the technology plays up, well... technology plays up everywhere, doesn’t it? So long as I’m not out of pocket!” - R6, Decision Maker</td>
<td>The view that technology and the relationship is separate ensures that the relationship can continue positively, even if there are technology problems. However, the issue arises where customers have very little interaction with the marketer and therefore become transaction-oriented.</td>
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<tr>
<td>Industry trust was more common with transaction-oriented customers than trust of the bank. For relationship-oriented customers, trust of the bank was present</td>
<td>“I trust my bank. Well, I think all banks are pretty trustworthy so it’s not that I particularly trust one bank over the next. They have to implement certain security measures” (B15, Decision Maker)</td>
<td>Transaction-oriented customers differ from relationship-oriented customers. Relationship-oriented customers behave more like the business-to-business literature expects: trust and commitment. Transaction-oriented customers differ and trust tends to be industry based. Further research is recommended for a greater understanding.</td>
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<tr>
<td>Security issues create concern with product development but must be considered by banks.</td>
<td>“When there were the problems around three or four years ago in terms of internet security, I think all of the financial institutions were very conscious of the fact that they’d moved a portion of their clients across to internet banking. And they had to do something to ensure their systems were as foolproof as possible..... I think all the websites of all the financial institutions have the padlock system of a secure site. We moved from an icon system to mobile phone recognition, for when you’re doing transactions. So it’ll flick back to your mobile, you put a pass code in to ensure it goes through. Similarly we’ve recently introduced a token system for our businesses where a token with a code that changes on it. It’s linked to your internet banking, so you actually put the number in when you’re actually punching it in. It provides an added level of security.” - B4</td>
<td>Security and bureaucracy hinders innovation; however, co-creation of product is sometimes necessary for customer satisfaction. Banks should determine ways to provide customised software and service delivery, without compromising security.</td>
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<tr>
<td>Security implications related to linked accounts.</td>
<td>“B7 does have it so that you use personal log in for the business, if you happen to have your account with them. I don’t, but I know a couple of the volunteers haven’t liked this, because we do double log ins and basically that means they have to give their log in to another person. I don’t think I’ve ever seen anyone’s bank balance, but I guess they get nervous about that” – R21, Decision maker.</td>
<td>Business customers repeatedly expressed concern at the link between business accounts and personal accounts. Though this may not cause a problem, it provides a perception of security issues and should be addressed.</td>
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<tr>
<td>Banks assume most organisations want relationships</td>
<td>“(Relationships with business customers)... Oh they’re critical. You know, and particularly for small business, you need to be there and available to them. It’s not like doing a home loan where you’ll only hear from your customer once or twice a year. With a business client you’re probably talking to them once or twice a week.” – B3</td>
<td>Marketers must be aware that customers do not always require relationships.</td>
</tr>
<tr>
<td>Relationships have evolved and banks report not seeing some customers frequently</td>
<td>“Internet banking was something that was always going to happen, and it was how organisations adapted how they had relationships with their client bases to determine how important it was for them to be successful. But I think all organisations realise that a significant portion of your client base is going to use internet banking as their source of doing that – their financial transactions. And it’s a matter of how you maintain a relationship with someone who has an electronic footprint rather than a physical footprint with the organisation.” – B4</td>
<td>The evolution of customer relationships will continue. Theory and practice needs to evolve with the customer evolution.</td>
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</table>
Switching costs were perceived to be quite high. Customers switched banks, not due to technology dissatisfaction, but for more understanding.

| “We switched banks years ago, because we wanted to grow part of our business and needed to borrow funds. The new bank was much more helpful and knew what we needed. The old bank seemed a bit set in the old ways. I don’t think we’d ever leave because someone else had better internet banking, but if it kept crashing, or. Well, I mean, the internet basically means your bank doesn’t get to know you anymore. So you want good internet banking, but also you want good service” – R22, User. |
| Understanding of the business customer is essential and marketers must make this a priority in business-to-business marketing. |
Increased use of technology impacts on customer requirements, because expectations evolve over time. This table has indicated some of the key findings, example quotes and subsequent implications from the research. It indicates that respondents perceived a separation of technology from the relationship with the marketer and that banks believe most business customers want relationships, which is not always true. From a logistics point of view, training is not always provided however this has little impact on customers as most report being familiar enough with the internet to assist them with internet banking.

Based on the partial support for this research proposition, it could be altered to read ‘increased use of information technology impacts on relationships for transaction-oriented customers, however some customers still seek traditional relationships while using technology to facilitate those relationships’.

5.2.2 RP2: Customer specifics (demographics, industry and organisation size) impacts on requirement for face-to-face contact in a business-to-business context

The second research proposition explored the way customer specifics impacted on customer requirements. Partial support was found for this research proposition. Findings did not indicate that organisation demographics, industry or size impacted on requirements for interpersonal contact. The findings did indicate, however, that customer specifics did impact on the requirement for an interpersonal relationship. Face-to-face contact was not required, instead interpersonal contact was necessary – this can be face-to-face but can also be over the telephone or via email. A letter from the bank was not viewed as interpersonal contact. Some business customers, in contrast, are more transaction-oriented and do not require interpersonal contact. It was difficult to determine actual customer specifics that predicted whether a customer was relationship-oriented or not.

The findings indicate that organisation size had very little impact on relationship requirements. Both large and small organisations were likely to be relationship-oriented, however only small or medium sized organisations were transaction-oriented. Further research is required to determine whether large businesses could be transaction-
oriented but in this sample it was not apparent. Cash flow requirements were the biggest predictor of relationship requirements in a banking context and it could be argued that smaller businesses tended to require fewer funds than large businesses. However, for shareholders, some of the larger businesses could have low cash flow requirements from banks. Furthermore, several small businesses reported the necessity to borrow large amounts of money from the bank and this contributed to their relationship focus. Table 5.2 indicates the key findings and implications for this research proposition.
Table 5.2 Implications and findings for RP2: Customer specifics (demographics, industry and organisation size) impacts on requirement for face-to-face contact in a business-to-business context

<table>
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<tr>
<th>Finding</th>
<th>Example quote</th>
<th>Managerial and/ or theoretical implication</th>
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<tr>
<td>Decision makers and users differ in their behaviour.</td>
<td>“Well, I’ve noticed that my boss seems to be the kind of guy who once he finds something, he sticks with it. He’s happy and so we use that bank. He sticks with his accountant and solicitor, too, unless there’s a reason not to. Obviously if it wasn’t in his best interests, he’d think about leaving, but basically I think he wouldn’t move to save a few dollars” (R23, User).</td>
<td>Marketers must focus their value offerings on both decision makers and users</td>
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<td>Decision makers tend to be more loyal, while in many cases, users inherit loyalty from their employer.</td>
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<td>Decision makers tend to be more satisfied than users.</td>
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<td>A segment of customers is transaction-oriented and see no purpose in having a relationship</td>
<td>“For me banking isn’t really a big deal, providing my customers can pay me and I don’t get ripped off by the bank. I don’t need the bank manager to know my name or greet me every time I walk into the bank, but I like to know that everything’s looked after” (R20, Decision maker).</td>
<td>Marketers must not force relationships on business customers who would prefer to transact. Research should not consider what triggers a switch back to a relationship orientation, but rather if there are predictors as to which organisations are likely to be transaction-oriented.</td>
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<td>Cash flow requirements can predict relationship orientation/ requirements</td>
<td>“I think my banking is pretty simple. Maybe people with more complicated banking need relationships, but for me, I just don’t really need to have one”. (R20, Decision Maker).</td>
<td>Further research is encouraged to understand this in more detail however in banking relationships are built on cash flow requirements.</td>
</tr>
<tr>
<td>Transaction-oriented customers are not as loyal as relationship-oriented customers. Relationship-oriented customers, in contrast, value the relationship more than financial savings</td>
<td>“I know that the organisation I’m with has been with the bank for many years. We need the bank to understand us and our business structure, so we don’t really think about switching” (R24, User).</td>
<td>Satisfaction of the relationship was not negatively altered through the use of technology however transaction-oriented customers are not as loyal as relationship-oriented customers. This does not mean they will switch banks, unless dissatisfied.</td>
</tr>
<tr>
<td>Expectations evolve through previous experiences</td>
<td>“I’ve come to expect that I can do all my transactions myself, so I don’t really need a relationship anymore. I think in the past the banks used to tell us we needed a relationship banker, where as now they’re saying “you can have the relationship banker, but you can also do it yourself” and it’s just easier to do it yourself”. – R5, User</td>
<td>Expectations can lead customers to become more transaction-oriented. This can be problematic for commitment, but does not impact negatively on customer satisfaction as long as a relationship option is available to them.</td>
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</table>
This table highlights the findings and implications related to the second research proposition. In particular, customer specifics do impact on requirements. Firstly, decision makers and users require different types of relationships and this impacts on loyalty. A user may feel that they inherit loyalty from their superior. Cash flow requirements also impact on whether customers are likely to be transaction or relationship-oriented, however specifics such as organisation size did not impact on customer requirements for relationships.

These results indicate that it is difficult to determine which customers are likely to seek a relationship and therefore organisations must have a good understanding of their customers. The research indicates that certain customer attributes impact on the requirement for an interpersonal relationship. Organisation size or age had little impact however management’s interest in the technology and cash flow requirements did impact on relationship requirements.

As this discussion indicates, this proposition should therefore be altered to read ‘customer specifics (such as role of the manager and cash flow requirements) impact on requirements for interpersonal contact in a business-to-business context’.

5.2.3 RP3: Interaction is necessary in Relationship Marketing, regardless of whether this interaction is face-to-face or not

This research proposition examines the necessity for interaction in Relationship Marketing. It is difficult to conclude whether transaction-oriented relationships can be deemed Relationship Marketing. If the assumption is made that all interactions with business customers can fall under the term ‘Relationship Marketing’ then it is appropriate to state that interaction is not necessary for Relationship Marketing to occur; therefore support was not found for this research proposition. Self-service technologies can be appropriate and some customers will prefer to deliver all service themselves; only contacting the marketer if there is a problem occurring. Alternatively, it could be argued that customer self-service delivery is not Relationship Marketing and, therefore, Relationship Marketing still requires interaction. Regardless of how Relationship Marketing is perceived, a new understanding of the current business model is necessary. In the context of self-service delivery, traditional Relationship Marketing
theory applies for relationship-oriented customers, but does not apply for transaction-oriented customers.

Chapter Two presented some of the literature relating to establishing relationships in face-to-face relationships. Storper and Venables (2004) indicate that ‘schmoozing’ can be important in building trust and commitment to a relationship. Because partners are spending time, money, and effort to make face-to-face contact they indicate a desire to continue the relationship otherwise the costs invested are wasted. Table 5.3 indicates the findings and implications for this research proposition.
Table 5.3 Findings and Implications for RP3: Interaction is necessary in Relationship Marketing, regardless of whether this interaction is face-to-face or not

<table>
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<tr>
<th>Finding</th>
<th>Example quote</th>
<th>Managerial and/ or theoretical implication</th>
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<tr>
<td>Relationship bankers are used for ‘relationship’ activities, rather than for transaction-oriented activities.</td>
<td>“We have a relationship banker, but we don’t speak to them often. We tend to use them if we’re unsure about what would work for our organisation. Should we be doing this, or that? Should we consider this type or account now, or that? We don’t tend to use them if we just have a banking query. I’m not really sure why, but I guess that’s why the branch staff are there”. – R21, Decision maker</td>
<td>Relationship bankers are devoted to building relationships and it is beneficial that they devote their time to customers in this way, ultimately building relationships. As expectations of a transaction orientation are established, customers may become less committed to the relationship and trust becomes a generic industry trust, rather than trust of the business partner.</td>
</tr>
<tr>
<td>Personality and authority of the bank’s relationship manager is crucial to relationship satisfaction</td>
<td>“What I like about our bank is that the person I deal with makes the decisions. In other businesses I’ve worked at, they had to go to about three or four different people. Now, I want something, I ask and nine times out of ten, I get a response immediately”. – R24, User</td>
<td>Relationships are between human beings, rather than being between ‘business-to-business’</td>
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</table>
Table 5.3 indicates the findings related to the third research proposition. It indicates the importance of interaction with an individual in the bank (relationship managers) for relationship-oriented customers. Respondents also reported that they do not utilise their relationship banker for transaction tasks, preferring to keep the contact for more important business matters.

This discussion indicates that there is no need for this research proposition to be altered from: ‘Interaction is necessary in Relationship Marketing, regardless of whether this interaction is face-to-face or not’.

5.2.4 RP4: Banks provide appropriate value offerings to customers

Support was not found for the fourth research proposition. The discussion in Chapter Four indicated that organisations are not providing appropriate value offerings to customers. This finding provides more managerial implications than theoretical implications. It may, however, indicate that organisations are not yet ready to properly implement the foundation premises of Service-Dominant Logic. This could have implications about the applicability of Service-Dominant Logic.

The findings indicate that although customers were mostly satisfied with their bank relationships there was evidence to suggest that in most cases the competitive advantages reported by the banks and the bank web sites did not match up with customer requirements. Table 5.4 indicates the findings and implications for Research Proposition Four.
Table 5.4  Findings and implications related to RP4: Banks provide appropriate value offerings to customers

<table>
<thead>
<tr>
<th>Finding</th>
<th>Example quote</th>
<th>Managerial and/ or theoretical implication</th>
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<tbody>
<tr>
<td>Internet banking is a transactional activity, rather than a relationship activity</td>
<td>“To me, internet banking is like the branch, or the ATM. Well, it has more functionality than the ATM. But I go to my relationship banker to talk about the other stuff” – R6, Decision maker.</td>
<td>To maintain relationships with customers, interpersonal contact is required</td>
</tr>
<tr>
<td>Changes to the technology must have a benefit to the customer.</td>
<td>“If they’re going to be making changes, I need it to be a helpful change. I sometimes wonder if they put in changes just for the sake of it, or whether it really helps the customers” – R17, Decision maker.</td>
<td>Marketers must not introduce unfamiliar changes to technology unless it is incremental and a benefit to the customer is provided for the change.</td>
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<td>Relationships are mutual</td>
<td>“A lot of <em>(what's important to customers)</em> is trust. If they trust you, you can tell them anything and they’ll agree with you. So it’s to build trust and to maintain it and make sure you are doing the best thing for them. It does grow, and word of mouth is a great thing still now. It’s good to have the advertising, but you know, if someone has a good relationship, a good experience, you go to the barbeque, and it’s not “oh that bank” it’s “oh, my bank”. It’s a positive spin.” – B5</td>
<td>A benefit must be provided to the customer or they will not require a relationship.</td>
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<td>An understanding of the customer is essential for the development of the relationship</td>
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<td>“I think when they initially set up their accounts, you get an idea of what they want, and if they’re internet banking. There are web savings accounts. It’s just by the product choice, you can tell whether they’ll be coming into the branch regularly, or whether they’ll just want to deal over the phone. Um, it comes out quite obvious when you’re talking to them... it’s generally... the older people like the face-to-face, like to come in and have a chat. Younger ones are quite happy just to... well the only reason I need a physical bank is if I’ve got an actual cheque. But a lot of people still like the interaction, particularly if they’ve got cash in their business. Particularly if the business is in the growth phase, too. Not too many businesses manage to grow and fund that themselves. As they grow, they do need different funding options and so on.... (but) the majority of business customers are using internet banking. Because they’re all paying their employees electronically – direct debit. The majority, 99% of businesses are receiving payments electronically. So it’s critical for them to keep an eye on their business to have access to their accounts.” – B3</td>
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<td>Literature also suggests that customer understanding is required.</td>
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<td>Marketers must ask customers what they want, rather than make assumptions. This is particularly important for organisations with a unique business structure.</td>
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<td>Customer perception of value is likely to evolve</td>
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</tr>
<tr>
<td>“We have some heads saying “this is the way customers want” (technology) and I’m seeing “no.” Yeah, they like the technology and if I’m unavailable, they like sending me emails and things, but they don’t really want to go online and do an application, or talk to someone in Melbourne in the middle of the night, they’d rather go face-to-face and see someone. I’ve been in Canberra 7 years. When I first got here, I didn’t have an email. It’s not that long ago that we just got our own emails. And now everything with your clients is over the phone or email.” – B5</td>
<td></td>
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<tr>
<td>As customers become more transaction-oriented, their needs evolve. This is likely to increase in the future. Both marketers and researchers must be aware of potential changes in marketing theory and practice so that the needs of customers may be more effectively met.</td>
<td></td>
<td></td>
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<tr>
<td>Bank competitive advantages do not match customer requirements</td>
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<tr>
<td>“I don’t really get value out of anything, except it working. So long as it works, customers are satisfied. If it doesn’t work, we think about leaving. I think it’s really as simple as that” – R20, Decision maker</td>
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<tr>
<td>It is essential for marketers to understand customer requirements and offer value propositions that are more likely to be accepted by customers.</td>
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</table>
The previous table indicates findings and implications related to the fourth research proposition ‘Banks provide appropriate value offerings to customers’. The importance of understanding the customer is highlighted because, in many cases, organisations’ value offerings do not match customer requirements. In order to keep customers satisfied and committed to the relationship marketers must change technology only when there is a benefit to the customer. Finally, it is important for marketers to be aware that customer requirements change and marketers should be adaptive with their business-customer requirements. Despite this, it is too broad a statement to change the research proposition to ‘organisations do not provide appropriate value offerings to customers’. Therefore, this proposition could be altered to read ‘organisations must have an understanding of customer requirements to provide appropriate value offerings to them’.

5.3 Relationship between the findings and the literature

Many of the findings from this study confirmed existing ideas related to relationships, Service-Dominant Logic and service delivery. However this was not the case for all existing literature. Firstly the findings that confirmed existing literature will be discussed and then disparities from existing literature will be explained and new contributions to the literature will be discussed.

5.3.1 Implications from findings confirming existing literature

The definition utilised in this study for Relationship Marketing was provided in Chapter Two and indicates that objectives of all parties must be met for Relationship Marketing to occur. This study has indicated that customers were not dissatisfied with the use of technology, or how it impacted on relationships, but some customers felt that they would switch banks if their objectives were not being met. Objectives were usually relationship focused, in terms of understanding the business requirements and processes, or transaction focused in terms of lower fees. Overall, the definition of Relationship Marketing still applied in the technology context, however traditional Relationship Marketing theory is not sufficient for transaction-oriented customers.
Chapter Two discussed the many different types of trust and this was explored in detail with the research respondents. Findings indicated that trust between the partners was present where there was an interpersonal connection and understanding of the business requirements. This generally occurred through shared interactions and open communication, reinforcing the findings of Young and Wilkinson (1989). Marketers must develop open communication in order to build trust and commitment to the relationship (Morgan and Hunt, 1994). This was reinforced by the findings.

Respondents who reported the greatest commitment to the relationship had established a high level of trust through shared communication, understanding from the marketer and, in some cases, site visits to completely understand the customers’ needs. In contrast, those with a low commitment tended to feel that they had little contact with the banks.

Experience and Coordination (Eriksson and Marquardt, 2001) also applied in this business-to-business context of utilising internet banking. This reinforced the findings of Eriksson and Marquardt’s study which was undertaken with personal customers. Experience or familiarity with the internet site drove commitment to the relationship and personal interactions also developed commitment for relationship-oriented customers. While understanding was also important for relationship-oriented customers, this came through face-to-face contact, different from Eriksson and Marquardt’s findings, but for transaction-oriented customers it was through their experience with the web site interface which reinforces the Eriksson and Marquardt (2001) study findings.

While commitment and trust existed in varying degrees for all customers, there were different types of commitment. Calculative commitment is a more complex form of commitment where the customer perceives it is difficult to replace their trading partner so stays in the relationship (Kumar, Hibbard and Stern, 1994). This was evident with some transaction-oriented customers where the switching cost perception saw them maintain a relationship they were not particularly satisfied with. Other respondents stated that they discussed that they would switch if a cheaper partner was possible. In contrast, affective commitment is associated with positivity toward the relationship (Kumar et al., 1994). For the customers who felt a strong level of commitment, affective commitment was present.
Literature also indicates that there is a link between switching costs and commitment to a relationship (Jackson, 1985; Young and Denize, 1995) however the research results in this study indicated that there was a difference in opinion between the business customer and bank regarding switching costs. The banks reported that switching costs were relatively low and it was easy for customers to move from one bank to another. In contrast, businesses felt that switching costs were high and in some cases prevented a change of banks. Switching costs increase when technology is utilised in the relationship (Gardener et al., 1999; Godson, 2009). For example, when customers gain familiarity with a web site interface, they are reluctant to change and gain familiarity again. This is a problem for respondents who were less confident with technology.

According to Godson (2009), relationships facilitated through technology can only be strengthened if the technology is used to add value. The findings in this study indicated that all customers believed the use of internet banking added value to their business. This was an agreement of all interviewees, with one key point – technology adds value to their business efficiency. In some cases, relationships with their bank were desired but in other cases relationships were not desired and customers were considered ‘transaction-oriented’.

From a service delivery perspective, it is essential that customers have someone to call on if technology is not working properly. Consistent with Bitner’s (2001) findings, customers reported a need to have someone they could call on if and when the technology failed and banks stated that this was essential for business customers. Bitner (2001) calls for compensation if the technology fails and while customers did not directly mention compensation they did require assistance, from a human being, when problems occurred. From having a call centre for telephone support, through to having a bank representative making site visits to examine the technology on their own system, it was essential for organisations to have this. One bank intervieweed did site visits as necessary when technology was not working. Other banks provided call centre support and customers reported that most times this support aided them.

Human contact was a common theme throughout many of the interviews. Personal contact (between decision maker and marketer) is a requirement for establishing trust (Drolet and Morris, 2000) and therefore relationship commitment (Morgan and Hunt, 1994). The research findings in this study reinforced the belief that interpersonal
contact was necessary for establishing trust and relationship commitment. It was, however, also evident that relationships were based on interpersonal contact between two human beings (generally relationship manager and decision maker) and therefore when a new staff member joins the organisation in a ‘decision maker’ role the satisfaction with the relationship may no longer exist. Additionally, if the bank’s relationship manager leaves the bank and is replaced attitudes toward the relationship can also alter. As relationships are between two people, the personality of individual people in the relationship (e.g. Decision maker and bank business manager) plays a key role in satisfaction of the relationship. The Interaction Approach states that individual’s personalities within a network can become strong based on the interactions built up between the people. Relationships are formed through individual experiences and personalities of the network players (Håkansson and Snehota, 1995), and the findings in this study reinforce this. The findings in this study indicate that relationships are built between staff and customers and this supports existing research (McBurnie and Clutterbuck, 1988). This means that businesses should not perceive the relationship to be between the two businesses (business-to-business) but rather to be between individual human beings.

In addition to the focus on relationships between human beings, when examining business customers it is also essential to consider users and decision makers and how they differ (Leonard-Barton and Deschamps, 1988). This study explored a variety of decision makers and users and found that their behaviour did differ thus reinforcing the findings in the literature. Decision makers were seen to be more loyal and active in their desire for a relationship approach to their banking. Decision maker’s loyalty was based on key aspects of trust and understanding. In contrast, users tended to be more focused on the technology and the ease of use. Users were less interested in any relationship providing they had someone to call on when there was a problem. Their loyalty was inherited or, in some cases, forced and they did not sense a strong relationship with the bank.

Relationship Marketing suggests that relationships provide a mutual benefit (Bitner, 1995). Respondents with a relationship-orientation understood that there was a mutual benefit. Although only three respondents clearly articulated this mutual benefit, all relationship-oriented customers reported receiving a benefit from the relationship and acknowledged that banks were getting a benefit from the relationship; therefore, there
was a mutual benefit to both parties. No organisations mentioned a competitive advantage for both parties so therefore there was no sense of an alliance having been developed (Hunt et al., 2002). In contrast, transaction-oriented customers generally felt that banks had profit in mind and therefore had limited loyalty. A high perception of switching costs may commit a transaction-oriented customer to a bank but if prices got too high, or the marketer did not perform sufficiently, there was a high likelihood that the customer would shift relationships. Findings suggested that marketers must therefore not just look at the benefits to the organisation but, rather, they need to consider the benefits to the customer and this reinforces existing literature (Gummesson, 2002).

5.3.2 Implications from findings extending existing literature

Although many of the findings confirmed pre-existing literature, the new business context of self-service delivery also saw results which deviated from existing marketing literature, particularly the Relationship Marketing literature. The findings of this study do not suggest that the previous studies were invalid as previous studies were primarily conducted in a traditional face-to-face relationship context. Instead, the analysis in this study suggests that pre-existing theory on Relationship Marketing is not completely applicable in a self-service technology context and when dealing with business customers in the new business context of self-service delivery new considerations are required. This is particularly pertinent for the transaction-oriented customers rather than relationship-oriented customers.

The literature review identified seven conceptual categories or activities of Relationship Marketing (Harker, 1999) based on the numerous studies reviewed. The findings indicated that this still applies for the relationship-oriented segment but that for the transaction-oriented segment changes have been made to the interactive, long term and emotional content. This is indicated in Table 5.5.
Table 5.5 – Conceptual Categories of Relationship Marketing (Harker, 1999) – for relationship-oriented and transaction-oriented customers in a self-service context

<table>
<thead>
<tr>
<th>Traditional Relationship Marketing (based on Harker, 1999)</th>
<th>Relationship-oriented customers (based on this study) in a SST context</th>
<th>Transaction-oriented customers (based on this study) in a SST context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation: attracting, establishing, getting</td>
<td>Creation: attracting, establishing, getting</td>
<td>Creation: attracting, establishing, getting</td>
</tr>
<tr>
<td>Development: enhancing, strengthening, enhancing</td>
<td>Development: enhancing, strengthening, enhancing</td>
<td>Development: enhancing, strengthening, enhancing</td>
</tr>
<tr>
<td>Interactive: Exchange, mutually, co-operative</td>
<td>Interactive: Exchange, mutually, co-operative</td>
<td>Interactive: Transactions through internet/ help desk support</td>
</tr>
<tr>
<td>Long term: Lasting, permanent, retaining</td>
<td>Long term: Lasting, permanent, retaining</td>
<td>Long term: Lasting when satisfied with offering over competitors (eg. Lower fees)</td>
</tr>
<tr>
<td>Emotional content: commitment, trust, promises</td>
<td>Emotional content: commitment, trust, promises</td>
<td>Emotional content: industry trust</td>
</tr>
<tr>
<td>Output: Profitable, rewarding, efficiency</td>
<td>Output: Profitable, rewarding, efficiency</td>
<td>Output: Profitable, rewarding, efficiency</td>
</tr>
</tbody>
</table>

This table above indicates that there are no changes from Harker’s (1999) model for relationship-oriented customer, however there are changes for transaction-oriented customers. Relationship Marketing theory therefore still applies when self-service technologies are utilised when a business customer desires a relationship, however there are different considerations for the transaction-oriented. While the creation, development and maintenance of relationships and output of these relationships was the same for both customer segments, differences do exist between the two. Interaction for relationship-oriented customers should be interactive, with mutual benefits and co-operation. For the transaction-oriented customers, however, interaction merely needs to be through help desk support and other reactive means rather than proactive contact from the marketer. A relationship-oriented customer prefers lasting, permanent relationships and while relationships can be lasting for transaction-oriented customers this is only when the offer is superior to competitors. Finally, commitment and trust is present for relationship-oriented customers, but for transaction-oriented customers
industry trust is present, rather than trust of the specific business partner. These findings indicate that Relationship Marketing theory still applies in a relationship with a relationship-oriented customers, even when self-service technologies are utilised; however, for transaction-oriented customers, changes to Relationship Marketing theory is necessary when utilising self-service technologies.

Findings on trust deviated from the findings of numerous studies on trust in business-to-business marketing. Trust of the industry can be stronger than trust of an individual organisation. Pre-existing research focuses on the importance of trusting business partners, however the focus is on individual people and building trust through shared interactions (Young and Wilkinson, 1989; Morgan and Hunt, 1994) In contrast, in many cases in this study, trust existed in regard to the banking industry rather than individual people or an individual organisation. This raises implications for banks to recognise that for a segment of customers it may not be essential to build trust. With this brings lower switching costs, however if trust of all banks is perceived as equal then it becomes more difficult for a particular bank to differentiate its offering from that of competitors.

Despite this lack of differentiation, it is logical that customers who are dissatisfied are more likely than satisfied customers to shop around. Satisfied customers will therefore tend to stay in a relationship, regardless of price, if they feel it is beneficial to them (Godson, 2009). The findings in Chapter Four, however, indicate that although satisfied relationship-oriented customers are not price sensitive, transaction-oriented customers, regardless of satisfaction levels, are inclined to monitor competitor’s pricing and switch banks if a better option is available. New competitors in the market can easily attract these customers due to new promotions and help a customer to switch and therefore it is essential for businesses to satisfy customers, rather than rely on high perceived switching costs to force customer loyalty.

A perception of being forced to utilise technology in a relationship can drive a customer to resist the technology (Godson, 2009). Egan (2004) believes that marketers should not attempt to replace human relationships with technology, particularly if technology is used for business efficiency rather than for value-adding. According to the findings in this study, all respondents saw the use of technology as value adding through improvement in their business efficiency. For some respondents (the transaction-
oriented segment) value is derived through the use of technology. This segment does not wish to have a regular, interpersonal contact with the marketer. In contrast, the ‘relationship’ segment perceives the relationship as adding value and the technology as merely a means of transactions. This finding deviates from Egan’s (2004) recommendation that relationships should not be replaced with technology.

Internet banking usage is perceived as a transaction. Technology can assist in facilitating existing relationships however, for some customers, face-to-face relationships are still essential. Rather than replacing human contact, technology can become a platform for more human contact (Gummesson, 2008b) but not all customers desire this additional human contact. Chapter Two showed that information technology may have a positive impact on business relationships (Stone and Woodcock, 1997; Joseph, 1998) but for relationship-oriented respondents this appears to be when used as complementary to a face-to-face relationship, rather than when self-service technologies are forced. For transaction-oriented respondents, when technology assists them to undertake all banking transactions this positively assists their connection with the marketer.

The findings also suggest that customers separate technology from the relationship. The literature relating to ‘coffee stain management’ argues that where there is a problem with the servicescape or service environment (for example, coffee stains on an airline’s food tray) customers perceive that the business may be careless or have problems (Peters and Austin, 1985). Coffee stain management was not indicated in the findings due to the separation of technology problems from the relationship. Coffee stain management was not applicable in the context of this research partly because relationship bankers were not involved in the technology management and this gave respondent an automatic divide partly because the respondents felt that technology was outsourced and therefore not necessarily the bank’s responsibility. In the past, most service encounters occurred face-to-face (Bitner, 1990) however with the introduction of information technology, service encounters can now occur remotely (Makarem, Mudambi and Podoshen, 2009). This research has examined the impact of the reduction of face-to-face contact on business relationships. While the findings seem to suggest that customers were satisfied with the use of information technology and could still have an interpersonal relationship with their bank if they desired, customers mostly made a choice to be transaction or relationship oriented.
This research indicates the importance of meeting customer needs and therefore determination of a predictor of relationship requirements is important. The size of the organisation does not impact on relationship requirements. The findings from this study indicated that there was no actual link between organisation size and relationship requirements. There is limited empirical evidence suggesting that smaller businesses value relationships more than larger businesses (Zabkar, Brencic and Virant, 2003) but this was not the case in the present study. Instead, the indication for banking relationships was cash-flow requirements and further study on this is necessary to determine if cash-flow requirements is a predictor of relationship requirements. The findings in this study imply that larger businesses tended to always seek relationships, however small organisations vary greatly in their requirements.

Literature states that relationships matter, particularly in a business-to-business context (Reichheld, 1993; Joseph et al., 1999), yet there is little evidence about what a relationship actually is (Ford, Gadde, Hakansson and Snehota, 2003). This is because the articulation of a relationship is complex and individual. Expectations can influence customer relationship requirements and how much satisfaction they derive from the relationship. This study seems to point to relationships being about ‘little things’ and suggests they are based on interpersonal contact. Research in banking has indicated that it is essential for banks to understand corporate customer requirements (Chan and Ma, 1993) however much of the literature on business banking points to a requirement to build interactive relationships (Teas, Dorsch and McAlexander, 1988). This was not a requirement for a large percentage of respondents. While business banking relationships are reported to be long term (Ennew and McKechnie, 1998), this study has shown that this is not necessarily due to a particular loyalty of transaction-oriented customers and instead is due to switching costs when self-service technologies are utilised.

While previous research indicates that marketers should focus on customers who are most profitable (Godson, 2009) there is caution in undertaking this. The research findings indicate that sometimes profitable customers with large sums of money were not seeking a relationship. Following traditional marketing theory, a business would focus on these customers based on their profitability profile and some customers would be dissatisfied with this. This study shows that a good customer understanding and
segmentation is necessary rather than making judgements about customer profitability or organisation size.

Because customer perceptions of service quality are generally based on satisfaction with their relationship with the marketer (Berry and Parasuraman, 1993; Möller and Halinen, 2000) it is important that relationships are emphasised for those who desire them. Marketers must, where possible, establish and maintain positive relationships with business customers but not where a transaction is the objective of the customer. Too much focus in business-to-business marketing is placed on developing and maintaining relationships where segmentation should be a top priority when discussing a self-service technology context. The findings in this study indicate that marketers must understand customer requirements and not simply apply Relationship Marketing principles.

5.3.3 Implications from findings making a new contribution to the literature

In addition to confirming the literature and demonstrating differences from the literature, this research also provided new contributions to the literature.

The research identified, in a small group of interviewees, a perception of ‘industry trust’. This differs from ‘trading partner trust’ (discussed in Chapter Two – see Ratnasingam and Pavlou, 2003) in that it is of the industry, rather than a particular trading partner. This is not discussed in the literature. From this research, a definition for industry trust can be proposed. Although further research is required, it is proposed that industry trust is:

... trust of the industry body to ensure proper management of the customer accounts would be maintained. This trust results in trading partner trust, but is no greater than trust would be of a competitor, therefore reducing some switching cost perceptions.

Previous research has indicated the greater importance of trust for small firms rather than for large firms. Small firms value relationships more than large businesses but profit less from partnering (Zabkar et al., 2003). However these findings focused on the seller’s side, rather than the buyers side, while the research in this study has considered
both sides of the relationship. This study makes a contribution to the literature in this way.

The research results indicate that previously established trust of the bank, established prior to the use of technology, impacted on the perception of technology. This was unexpected and significant. This means that businesses that perceive their relationship is unsatisfactory will also have an unsatisfactory opinion of the technology, and organisations with a positive impression of the bank will also have a positive impression of the technology. This is particularly interesting because customers also seemed to perceive a separation between the technology and the relationship, viewing technology issues as separate from the bank particularly when there was a positive relationship with the bank and problems with the technology. This requires further exploration.

All banks had call centres, however most of the relationship liaison staff (relationship bankers, business bankers and bank managers) were not familiar with the internet banking facilities and customers generally had to call on technical support if they had an issue arise. This reinforced the separation of the technology from the relationship and ultimately may encourage business customers to become transaction-oriented, thus reducing the level of trust. While the separation did not appear to impact on customers’ perceptions of service it did separate perceptions of technology from interpersonal relationship. Technology was seen as ‘transactional’ and interpersonal contact was viewed as a ‘relationship’ activity. Further research to explore this in more detail is recommended.

Customers with an on-going commitment might not seek a relationship, despite the appearance of lengthy relationships. While there is an abundance of literature indicating that sometimes customers do not require a relationship, this is generally focused on one off, discrete transactions (Brodie et al., 1997; Baker et al., 1998; Ivang and Sørensen, 2005) where customers fear restriction of their choice or where they are willing to purchase from an unknown supplier (Palmer, 1996). Despite banking traditionally being a relationship context, several respondents did not require a proactive relationship, preferring instead to be able to contact their bank when they required support. This represents a new segment in the market, or a new consideration of what Relationship Marketing is in a self-service technologies context.
The preceding discussion has highlighted the necessity of customer segmentation, because not all business customers require relationships. Chapter Four discussed the distinction between the ‘relationship’ group and the ‘transaction’ group. While the literature considers ‘transaction marketing’ to be making a sale (Godson, 2009) the description of the transaction-oriented segment is a group of customers not seeking a business-to-business relationship. The relationship-oriented segment, in contrast, tends to mirror the behaviour of typical business customers, as indicated in traditional Relationship Marketing literature. The literature divides marketing into two types – Relationship Marketing and transactional marketing - but the key distinction is in what the marketer offers rather than what the customer seeks (Gummesson, 1987). In banking, relationships are crucial to differentiate the offering (Godson, 2009) but the findings in this study indicated that some customers just wanted to ‘left alone’.

The findings also indicate that while customers may appear to be committed to a relationship it may be switching costs, rather than satisfaction, that is driving the commitment and customers acknowledged that this is a forced loyalty. The transaction-oriented customers were, in many cases, loyal to their relationship. This was because they felt that switching costs were quite high. The banks acknowledged that switching cost perceptions were generally higher than they were in reality and banks seeking to attract new customers tried to educate customers about this. Banks seeking to maintain existing customers attempted to maintain the perception of high switching costs.

While the use of technology may encourage customers to stay with their bank, changes to the interface can threaten this loyalty. If changes are incremental, training in the technology is generally not required. Generally, the use of the technologies was considered ‘intuitive’ and with an increased use of technology in society it was not essential to provide training. On the other hand changes to interfaces should be incremental. In many cases, business customers were reluctant to change banks because they were familiar with the technology. Marketers are cautioned therefore, that the loyalty established through the use of technology could be depreciated through major changes to the technology. This caution has a managerial implication rather than an implication for theory, however further research could consider the switching costs of technology for business-to-business customers in more detail.
In this research two segments of customers were clearly defined, with a third segment emerging. Relationship-oriented customers sought a relationship and saw technology merely as a means of transactions while transaction-oriented customers preferred to utilise self-service technologies and saw no requirement to have an interpersonal relationship. The emerging third segment was relationship-oriented in the past but due to the use of technology now had limited need for interpersonal contact. This third segment only appeared after a strong pre-established relationship had been built prior to regular use of technology for transactions. Transaction marketing, in the context of this study, was where customers wanted a transaction that worked and did not desire regular contact (face-to-face or otherwise) with the marketer. Previous research supports the idea that it would be dependent on product categories, rather than individual requirements. In contrast this study suggests that in one customer segment there are divisions of customers.

Little empirical research exists to indicate what triggers a shift from transactional to Relationship Marketing (Grönroos, 2004). The findings from this study indicate that customers seeking a transactional relationship, rather than an interpersonal relationship, do so because they see no value in having a relationship with the marketer. The likelihood of shifting toward a relationship is limited and therefore research should not focus on what triggers a shift from a transaction-orientation to a relationship-orientation but, rather, should consider what makes some customers value relationships and whether there are segmentation variables to consider. This study has explored both aspects and results indicate that customers who have a complex business structure require face-to-face relationships. Further research is needed to explore this in more detail.

This research also suggests that expectations about service delivery evolve through past experience. As customers become more familiar with exchanging with a marketer at a distance they begin to expect a transaction focus and move from a relationship focus to a transaction focus. While this does not appear to be problematic to their satisfaction with the marketer, the concern is that a transaction focus generates less loyalty to the relationship than does a relationship focus. By encouraging customers to become transaction-oriented, banks are encouraging their customers to be less loyal.
Marketers must allow customers the opportunity to have the relationship they want with the marketer – at a distance, or with proximity - but marketers should be aware that by enabling customers to have distant relationships commitment to the relationship suffers. The solution may seem to be to encourage interpersonal relationships. The potential problem with strongly encouraging close relationships, however, is that customers who desire to conduct their transactions electronically could grow to become frustrated with the marketer and eventually switch. The marketers spoken to in this study felt they had no way of understanding individual customer needs but they had not explored individual customer requirements.

Marketers must also be aware that the technology side of the relationship is transactional. According to this research, only interpersonal contact establishes and builds interpersonal relationships. Customers relying completely on technology do not build a relationship with the marketer – instead, they focus on the transaction elements and separate this from the interpersonal relationship. This has the possibility of reducing loyalty. For transaction-oriented customers, value is in technology that works and other factors such as lower prices (fees in a banking context). Loyalty exists with transaction customers but if a superior offer becomes available they are more likely to consider switching than are relationship customers. Relationship based customers, in contrast, seek a deeper relationship. Their loyalty is focused on people and the organisation, rather than switching costs, and are therefore less likely to switch even if there is a better offer available. While they utilise the technology and find it essential for business efficiency (and therefore get value from the use of this technology) they place more value on their relationship with their business banker. This is due to a high level of trust and commitment and a long term focus of the relationship. Technology assists all customers to undertake daily transactions but too much emphasis on technology can be detrimental to the relationship and ultimately to commitment.

Wagner and Boutellier (2002) argue that transaction marketing applies to a discrete transaction where there are limited, if any, future exchanges. The literature even identifies that in discrete transactions, relationships can occur (Cousins, 2002). There is, however, an absence of literature relating to a segment of business customers that appear in a typical relationship context, such as banking, but only wanting transactions. It could be assumed that this is through the introduction of self-service technologies and this segment of customers will only continue to increase. The research findings support
this, focusing on a generational claim that a younger generation that is more technologically focused could eventually prefer to only exchange with a marketer at arms length. Another potential reason for the appearance of this segment in banking, is their cash-flow requirement. Organisations seeking to borrow funds feel the necessity to establish and maintain a relationship with their bank. In contrast, organisations that do not have high levels of cash flow requirements are less inclined to spend time building and maintaining a relationship and in many cases do not have high levels of trust for the marketer.

Finally, the literature suggests that decision makers and users differ (Zaltman, 1973) and although the findings in this thesis reinforce this, it is also suggested that it is the interaction between the decision maker and the marketer, rather than the user and the marketer, which plays a key role in relationship satisfaction for the decision maker. In some cases the user inherits loyalty from the decision maker. The findings reinforced this view that personality matters and can impact on satisfaction in the relationship. Organisation values also play a key role and recruitment should focus on building a consistent organisational culture.

**Implications for Management and Theory**

Chapter Two identified Service-Dominant Logic and Relationship Marketing as being applicable to this study. Despite identifying similarities between the two bodies of work, it is evident that the philosophy of Service-Dominant Logic is applicable in a self-service technology context due to the focus on value propositions. If the customer perceives value as being a ‘transaction that works’ then self-service technologies can facilitate those transactions; however if a customer requires relationships for value, self-service technology is merely a means of transaction separate from the relationship.

Utilising the similarities between Service-Dominant Logic and Relationship Marketing identified in Chapter Two (refer Table 2.3 and Figure 3.2) Table 5.6 indicates the main managerial and theoretical implications of the findings.
## Table 5.6 Implications for Relationship Marketing and Service-Dominant Logic in a Self-Service Context

<table>
<thead>
<tr>
<th>Expected relationship</th>
<th>Actual relationship</th>
<th>Implications for managers</th>
<th>Implications for theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-creation &amp; collaboration</td>
<td>Organisations and marketers work together to create value</td>
<td>Interpersonal relationships created value</td>
<td>The use of technology can be useful, but relationships need to be fostered through interpersonal relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Self-service technologies and relationships are to be viewed as a separate context when examining Relationship Marketing and to a lesser degree, Service-Dominant Logic.</td>
</tr>
<tr>
<td>Value</td>
<td>Customised offerings provided to business customers</td>
<td>Value in ‘what customers want’ but this is on the basis of a ‘relationship’ or a ‘transaction’. No evidence of customised offerings</td>
<td>Determine the profitability of customised offerings. At minimum, understand what the customer wants to provide value offerings that mean something to the customer</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Value is emerging as a theoretical concept in marketing, however there is limited understanding of how this is implemented within industry. It is essential for further research to be undertaken and theoretical models of value to be established.</td>
</tr>
<tr>
<td>Resource Focus</td>
<td>Utilisation of operant resources to establish and maintain relationship</td>
<td>Operant resources were utilised in most cases, but not all customers required relationships</td>
<td>Essential to understand customer needs and utilise customer segmentation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The application of resource based theory can apply in the context of self-service technology, but better understanding is required</td>
</tr>
<tr>
<td>Relationship Requirement</td>
<td>Utilisation of a knowledge of customers to build customer centric relationships</td>
<td>Relationships tended to be perceived as reactive when proactive relationships were desired and proactive when reactive relationships were desired</td>
<td>Customers do not feel that the relationship is appropriate to their needs in many cases. However most like the choice for an interactive or technologies based relationship and are satisfied with the amount of technology in the relationship.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>New theory for Relationship Marketing in a SST context is called for</td>
</tr>
<tr>
<td>Trust and Commitment</td>
<td>Trust is necessary for relationship commitment</td>
<td>While trust was present and in many cases commitment was present, there was an indication of (1) industry trust and (2) commitment being developed through switching costs, rather than trust. In the relationship-oriented segment, trust was present and commitment followed, as per the literature</td>
<td>Marketers must have a good understanding of the segments. Building trust and ultimately commitment is essential for the relationship segment; switching costs increase commitment for the transaction segment</td>
</tr>
</tbody>
</table>
The study, as reflected in the table above, indicates that limited co-creation and collaboration was undertaken in terms of software development, or any product development. Collaboration existed with human contact (Relationship Marketing) when borrowing funds or setting out other requirements, but very limited co-creation actually existed. Managers can utilise technology for transactions but must recognise that relationships need to be fostered through interpersonal relationships. From a theoretical perspective, self-service technologies and relationships should be viewed as a separate context when examining Relationship Marketing and, to a lesser degree, Service-Dominant Logic. Similarly, value was not focused on customised offerings. The banks offered value in terms of their competitive advantages but in many cases this did not match up with customer requirements. This was not following Service-Dominant Logic principles of offering a proposition and having the business accept it. Instead, the banks expressed that value was in their competitive advantage but this did not generally match the requirements of the customers. This raises implications for managers who should understand what the customer wants and to provide value offerings that mean something to the customer. From a theoretical perspective, it is important to understand the concept of value in more depth. With many authors discussing value in the literature, it is essential to understand how this is implemented within industry. It is essential for further research to be undertaken and theoretical models of value to be established.

Banks discussed using staff resources to build relationships and while most business customers indicated that they could establish a relationship if they chose to, not all businesses sought such an interactive relationship. While all banks mentioned their relationship focus and customer centric focus customers did not always feel this was apparent. Segmentation is a key requirement of business-to-business relationships. It is no longer sufficient to state that ‘business relationships require relationships’. Managers must work toward an understanding of customer needs and utilise customer segmentation in implementing Relationship Marketing principles. From a theoretical perspective a new theory of Relationship Marketing in a self-service technology context is called for.

Marketers must have a good understanding of the two customer segments. Building trust and commitment is essential for the relationship segment; switching costs increase commitment for the transaction segment. The theory on trust and commitment is
applicable in a self-service context for a group that wish to continue a relationship orientation however this does not apply to the transaction-oriented group.

5.4 Managerial Implications

Conducting business today requires an understanding of customer segments however much of the business-to-business literature states that businesses require face-to-face, interpersonal, customer-centric relationships. In working toward an understanding of the impact of technology on business-to-business relationships, this research has made a contribution toward understanding two very distinct segments in the marketplace.

This research calls for business managers and marketers to have a clearer understanding of customer requirements. The term ‘customer-centric’ implies to business that they must have a very pro-active relationship with customers, but in reality, organisations implementing a customer-centric strategy must understand what customers want and deliver value following Service-Dominant Logic principles. Not all customers require relationships therefore organisations should be proactive in working toward customer understanding, rather than being proactive in offering relationships.

Marketers cannot offer value but, rather, they can offer value propositions which a customer may, or may not, accept (Vargo and Lusch, 2006). This essentially means that managers must have a complete understanding of their customer – something that is not currently occurring in practice – and offer value propositions that suit the market segment. Discrepancies between bank expectations of customer requirements and actual customer requirements exist suggesting that a greater understanding of these requirements is required.

Respondents stated their competitive advantage but they generally did not match customer requirements. Furthermore, all competitive advantages were easily substitutable, potentially having an impact on commitment to the relationship. Also, the way relationships were managed (proactively or reactively) could only ever meet the requirements of one of the two key customer segments. Rather than being a proactive or reactive manager, organisations should provide both, depending on customer requirements. Chapter Four discussed the way the competitive advantages stated by the banks and on bank websites performed based on Barney’s (1991) empirical
indicators of sustained competitive advantage. It was determined that no banks performed well in all indicators, however B2 and B5 performed on all empirical indicators except substitutes. No bank reported a non-substitutable competitive advantage. An organisation seeking to build a competitive advantage should utilise technology to understand their customers, profile their customers (Gordon and Langmaid, 1988) and ultimately serve their customers appropriately. According to the findings in the study, this was not done appropriately by the banks. Instead, the marketer was taking a similar approach to all customers and banks reported that they were very proactive in their relationship tasks, however customers reported that most bank activities were reactive to customers. However, this was not absolute. Customers seeking a transaction focus felt that the banks were more proactive than necessary and customers seeking a relationship felt that banks were more reactive than they should be. Through using technology, marketers should be able to tailor their communication and customise offerings (Gordon and Langmaid, 1988), but in reality, the banks appeared to target all businesses in a very similar way.

Literature discussed in Chapter Three indicated the relationship-orientation of business banking and Chapter Two indicated that business customers sought relationships with marketers. The findings in this study, however, suggest that transaction-oriented customers also exist in a self-service context. This chapter has shown that the segment of transaction-oriented customers is likely to grow.

Relationship-oriented customers have primarily been the customer base in a business-to-business model. As this chapter has highlighted, there is a growing transaction-oriented segment. This is indicated in Figure 5.2.
This diagram indicates the relatively equal size of the two customer segments. The overlapping group in the middle are customers who are primarily transaction-oriented in behaviour, but report that their transaction focus has been developed through a pre-existing relationship. Due to changes in banking it is expected that in the future the transaction segment will grow.

The future direction of the transaction-oriented customers remains unknown. Despite this it appears that the transaction-oriented customer is growing and likely to continue to do so. Furthermore, expectations from previous service delivery impacts on customer requirements and therefore as business banking becomes increasingly delivered through self-service technologies, customers are more likely to become transaction-oriented. Evidence suggests that even the most loyal, relationship-oriented customers are increasingly becoming transaction-oriented because the technology worked; however the implications from this arise when a distance between the customer and the marketer impacts negatively on loyalty to the relationship. While some customers still seek proximity to the marketer, this is generally related to specific business process requirements. It is therefore feasible to accept that in the future the transaction-oriented customer base will grow considerably through expectations, time constraints, and satisfaction with the technology. The relationship-oriented customer base will shrink through the perception that the bank prefers them to engage at a distance and through a lack of requirement to engage in interpersonal relationships. Loyalty is threatened through this however, as switching cost perception remains high, commitment to the relationship will still remain.
There is also evidence to suggest that customers seek carefully targeted promotions which may alter behaviour and add value to the relationship. Customer value is the difference between perceived benefits and perceived costs (Christopher, Payne and Ballantyne, 2002). While there may be a time cost associated with reading promotional materials, most respondents felt they added value to the relationship. This is only the case when promotional materials were carefully targeted and applicable to the business. When an organisation sent out mass communication it was seen as irrelevant to the customer and ultimately disadvantaged the relationship.

From a technology perspective, marketers should be aware that making changes to the website interface – particularly where those changes do not add value – can be problematic and impact on commitment. A greater perception of switching costs can occur when internet banking is utilised, increasing commitment to the relationship (Gardener et al., 1999) and therefore marketers must only make incremental changes to the technology.

5.5 Theoretical Implications

This chapter has provided a comprehensive overview of the implications coming from the study. Firstly, the major contributions were discussed. Then support for the research propositions were discussed and confirmation of existing literature, differences from existing literature and new contributions were discussed. Finally, implications for managers were provided. As the discussion in this chapter has argued, there are numerous theoretical contributions developed through this study.

This study has shown that a business-customer preference toward interacting with their service provider primarily through the use self-service technologies creates a transaction focus. Relationship Marketing theory still applies for relationship-oriented customers, but for this to occur relationships must be fostered with human interaction. Technology can enhance relationships, but this is generally when a relationship has been fostered prior to, or concurrently with, the use of technology. Another segment of customers exist – transaction-oriented customers.

As explained in Chapter Two, existing literature shows no consensus on the impact of technology on business relationships. Some authors believe too much technology in
relationships can be problematic (Lang and Colgate, 2003), while others believe it is of
benefit to the relationship (Stone and Woodcock, 1997; Joseph, 1998). This research
has argued that both schools of thought are partially correct. Two distinct segments of
business-customers have emerged through the research. One is a very technologically
savvy segment, who would prefer to do most, if not all, of their business activity at a
distance. They do not require a relationship with a human being, but do require
someone they can call on if technology fails. The other segment is more traditional and
prefers to maintain an interactive relationship.

The similarities between Service-Dominant Logic and Relationship Marketing were
also discussed in Chapter Two and the research has looked at both bodies of work. A
new definition for Relationship Marketing in a self-service context is required. This
study is insufficient to provide a complete definition however it is suggested that a
definition of Relationship Marketing in a self-service context consider the following
elements:

- The choice of transaction versus interpersonal contact and the means of
  transacting such as self-service technologies versus face to face contact;
- The creation of expectations;
- Service-dominant logic principles, particularly co-creation of value.

Previous work can be utilised as a resource in creating a new definition of Relationship
Marketing. A new definition of marketing has been provided in the literature to
incorporate essential requirements of Relationship Marketing and Service-Dominant
Logic. This definition of marketing is:

Marketing is a culture, an organisational function and a set of processes for
creating, communicating and delivering value with customers and for
interacting in networks of relationships in ways that benefit the organisation, its
customer and other stakeholder (Gummesson, 2008b).

A new definition of Relationship Marketing must be developed to consider the
application of technology to delivering a transactional focus. While Gummesson
(2008b: 5) argues that his definition of Relationship Marketing is broad and all-
compassing (“Relationship Marketing is interaction in networks of relationships”),
researchers must be careful to apply the transaction focus and use of technology to any definition of Relationship Marketing. From an international perspective, it has been suggested that Relationship Marketing strategies must be altered for the culture in which the marketer is operating (Palmer, 1997). This study suggests similarly, that in international marketing the culture of the customer must be considered when determining how close relationships should be.

When taking on a service centered view of exchange the goal is to customise offering and to treat the customer as a co-producer maximising consumer involvement so the product best suits the customers’ needs. Marketers should ensure they play a key role in ensuring services are customer centric (Vargo and Lusch, 2004). Theoretically, researchers must understand the core requirement to customise offerings to business customers. Furthermore, there has always been a service approach to goods and some marketers are applying a goods focus to service (Stauss, 2005) through reducing some of the differences, such as variability of service level, by the introduction of information technology. In this study, the use of self-service technologies changes the variability of services and human interaction so customers are provided with the same level of service at all times. Due to the lack of human interaction, this is particularly the case for the transaction-oriented customers and has implications for the applicability of Service-Dominant Logic.

The findings in this study suggest that Service-Dominant Logic principles are more applicable to transaction-oriented customers than is Relationship Marketing. This is because Service-Dominant Logic focuses on the importance of appropriate value offerings for customers rather than the interaction, trust, and commitment of Relationship Marketing. Despite this, Service-Dominant Logic is not completely applicable to the transaction-oriented customers and this suggests new theory is needed for these customers in the new business context of self-service delivery. While Relationship Marketing and Service-Dominant Logic clearly apply to the relationship-oriented customers, principles of goods-dominant logic may be more applicable for transaction-oriented customers due to its focus on quick transactions. The ongoing nature of a bank transaction, however, indicates that in a self-service context no existing marketing theory is completely applicable for transaction-oriented customers.
Morgan and Hunt’s Trust/ Commitment Model (2004) was presented in Chapter Two. This model of Commitment and Trust is accepted in the literature and has been empirically tested in numerous contexts. Through the preceding discussion in Chapters Two and Four and earlier in this chapter, it is clear that self-service technologies do not operate in the same way as traditional service delivery. This is because of the customer involvement in the outcome of the service delivery and the transaction. Thus a new model, applicable to the ‘transaction’ segment of commitment and trust, is necessary. This new model, developed through the research, is indicated in Figure 5.3.

While it can be expected that the outcomes of trust and ultimately commitment would be similar, if not the same, to those in Morgan and Hunt’s model it is not possible to state this through the study. Further research could examine this from a technology facilitated relationship or self-service technology perspective.

Figure 5.3: The trust / commitment model in a self-service context

![Diagram of the trust/commitment model in a self-service context](image-url)

Adapted from Morgan and Hunt, 1994, based on research findings
Morgan and Hunt’s (1994) model would still apply to the relationship segment with some added elements of co-ordination, understanding, experience and some key Service-Dominant Logic elements; however, overall the model is still relevant to the ‘relationship’ segment.

The criticisms of Service-Dominant Logic, identified in Chapter Two, cannot be ignored when discussing the implications of this research. While the major criticism of Service-Dominant Logic is that it is ‘nothing new’ in its contribution (Stauss, 2005; Achrol and Kotler, 2006; Hazdra, 2010), there is also the consideration that the focus on Service-Dominant Logic means major changes to the direction of marketing thought as discussed in the literature review. Furthermore, there has always been a service approach to goods and some marketers are applying a goods focus to service (Stauss, 2005) through reducing some of the differences such as variability of service level by the introduction of information technology. In this study, the use of self-service technologies changes the variability of services and human interaction. This is particularly the case for the transaction-oriented customers, having implications for the applicability of Service-Dominant Logic. While Relationship Marketing and Service-Dominant Logic clearly applies to the relationship-oriented customers, goods dominant logic may be more applicable to transaction-oriented customers.

Assurances about the technology and how the marketer will compensate if things go wrong contribute to building trust. Furthermore, as discussed in Chapter Two and reinforced through the findings, trading partner trust and trust of the technology is essential for building overall trust of the marketer. Shared values were less important to the ‘transaction’ segment. Instead, price (in the case of banking, this would equate to bank fees and interest rates) is an important factor. However, the benefits of the relationship and the termination costs continue to contribute to relationship commitment in the self-service context. Another major difference is that the outcomes of trust and commitment are not included on this model. This is because the outcomes of relationship commitment were not explored in any detail in the study.

This research has indicated that marketers must consider both Relationship Marketing and Service-Dominant Logic principles. It is expected that Relationship Marketing theory will continue to be applied in both the literature (Gummesson, 2008b) and
practice. Service-Dominant Logic is still emerging and its importance is being realised by marketing researchers; however, the criticisms of Service-Dominant Logic cannot be ignored and it is suggested that in a self-service context Service-Dominant Logic and Relationship Marketing are not completely applicable. Theory needs to consider the self-service context differently with a focus on customers who do not seek a relationship. The work in this study has made a contribution to applying Relationship Marketing to another context, however further research is necessary.

This study has also contributed toward an understanding about the necessity of using qualitative research in this context. Although Relationship Marketing has been well researched in the past, it has had limited exploration in the context of self-service delivery. Furthermore, it has been suggested that grounded theory is an appropriate means of evaluating Relationship Marketing (Gummesson, 2008b). Service-Dominant Logic has been the subject of very limited empirical testing and therefore an exploratory study using qualitative methods is deemed appropriate in this context (Johns, 2008). Leximancer has been utilised as one method of data analysis for this study and in using it, implications have become apparent. Although nothing in the Leximancer data analysis appeared that was inconsistent with the findings, it was possible to determine findings more quickly. Another outcome, therefore, that arises from this research is the way Leximancer can be used with both NVivo and thematic analysis and coding to enhance data analysis.

Transactions are a requirement of all forms of banking but, unlike previous research, this study has indicated that interpersonal relationships are no longer required for a particular customer segment. Figure 5.4 indicates the outcome of a relationship focus and the outcome of a transaction focus.

Raechel Johns
Figure 5.4 outcomes of relationship orientation, versus the outcomes of a transaction orientation

The model above indicates the traditional Relationship Marketing outcomes of trust and commitment (Morgan and Hunt, 1994) for the relationship-oriented customer. In contrast, the transaction-oriented customer builds trust for the industry. Satisfaction may be an outcome of the relationship; however, it is not apparent in all cases.

Similarly, Payne, Storbacka and Frowe (2008) utilise a mapping approach to understanding co-creation of value from a business-to-consumer approach. While they argue this is difficult to do from the perspective of business-to-business marketing, it does highlight another methodological way of understanding how creation of value occurs. The focus in their study is on the perception of the marketer. Based on this approach Figure 5.5 indicates the likely interactions between the business customer and the bank.
Generally, both segments felt that promotional materials that were carefully targeted to their business requirements were of interest and may foster a behavioural change. Bank managers, therefore, should have a strong understanding of their customer base, regularly data mine their database, and contact customers when applicable. Personal contact, in these instances, may be seen as more appropriate for the relationship segment compared with the transaction segment, who are more inclined to ignore a ‘hard sell’, but are mostly happy to read appropriate emails, letters and other forms of correspondence if applicable to their needs. It is expected that these implications would apply in industries other than banking, but this specific implication is quite bank-specific, as it is about promotion from the bank rather than technology or business relationships. Managers and researchers are therefore cautioned that before application in other industries research should be undertaken.

5.6 Further research

The commentary throughout the study has highlighted a need for further research in the use of self-service technologies in a business-to-business context. Furthermore, the nature of this exploratory study sees an emergence of further research streams. Several key areas for further study in this field have been identified.
The first objective of this study was ‘to examine Relationship Marketing theory in the context of self-service technologies’. This required the exploration of a new context and therefore qualitative research was an applicable method for data collection. Researchers exploring this context in more detail should utilise qualitative methods until there is a greater understanding of business-to-business use of self-service technologies and how relationships are impacted. The first key area of further research, therefore, is to further explore the newly established model of trust and commitment (Figure 5.3) in a self-service context.

Secondly, there is still a requirement to empirically evaluate Service-Dominant Logic and although this study has begun a process of exploration, further evaluation is required. As Vargo (2007) warned, it is essential to be careful when testing a logic which is still being developed, however he agrees that empirical investigation is required. Quantitative exploration of the model is premature without further qualitative research undertaken. Therefore, further qualitative work would contribute to an understanding of the applicability of Service-Dominant Logic. In particular, it would be useful to explore in more detail customer perceptions of value propositions and whether customers sense a value offering, particularly when self-service is provided. This would be particularly useful if done with matched samples of focal firms and business customers.

Thirdly, to ensure consistency, just one industry was examined in this study. While the banking industry was an appropriate starting point, researchers are encouraged to explore the model in other industry contexts. Government introduction of self-service is increasing rapidly. The retail industry and travel industries are also introducing self-service technologies on an increasing basis and it would be useful to determine whether the impact on relationships differs between industries and the type of technology.

Similarly, this research examined business-to-business relationships only. Researchers interested in exploring Relationship Marketing and the applicability of Service-Dominant Logic in a business to consumer context could undertake a similar study.

It is necessary to note that all interviewees had an established relationship with their bank prior to the use of internet banking. The potential changes that might occur when new business owners are establishing businesses are to be determined. Business
relationships with banks might be set up completely online with an impact on trust and commitment. Further research could be conducted with new business owners, perhaps focusing specifically on Generation Y business people.

The two key segments have been identified, but the question remains – aside from asking business customers what they want, is there a way to determine who is likely and who is unlikely to fall into which segment? Organisation demographics do not appear to be an indicator, although some cash flow requirements might be (in the banking context). Who embraces technology and who requires interpersonal relationships is still something that has no real indicator, despite this research. Further research, therefore, should explore this in detail.

The final chapter of this thesis, Chapter Six, provides an overall conclusion to the study.
CHAPTER SIX - CONCLUSION

6.1 Discussion

Internet banking was something that was always going to happen, and it was how organisations adapted how they had relationships with their client bases to determine how important it was for them to be successful. But I think all organisations realise that a significant portion of your client base is going to use internet banking as their source of doing that – their financial transactions. And (now) it’s a matter of how you maintain a relationship with someone who has an electronic footprint rather than a physical footprint with the organisation (B4).

Technology has altered business processes dramatically over the past two decades and the use of self-service technologies changes the nature of service delivery. Developing and fostering relationships with customers has long been regarded as important within services marketing (Berry, 1983) and also within business-to-business relationships (Ford, 1990). In the 1980s and 90s, a shift in marketing focus has seen an increased emphasis on Relationship Marketing (Morgan and Hunt, 1994); however, while relationships are deemed as important, the use of technology in business relationships has also increased. Literature on a new dominant logic for marketing has emerged, that is, Service-Dominant Logic.

With the changing nature of service delivery, it is essential to understand the impact of self-service technologies on business-to-business relationships. The banking industry both values relationships with business customers and, increasingly, utilises technology in their service delivery. Therefore, a discussion analysing the results and implications of recent research conducted with a sample of Australian business bank customers and banks was provided in this thesis. The research conducted for this study has made a contribution toward answering the research question ‘what impact does the use of self-service technologies have on interfirm relationships?’ Specifically, this research has explored how the use of internet banking impacts on relationships between banks and business customers. In exploring this research area, a greater understanding of banking relationships and business banking customers has developed however it is expected that results may have implications in other industries. Findings indicate that two main customer segments exist – one which prefers a traditional interactive relationship (relationship-oriented) and the other which prefers a transaction approach and feels there is no real requirement to have an interactive relationship (transaction-oriented).
In working toward answering the research question, it was determined the use of self-service technologies does impact on relationships in an interfirm context, however, generally this is neither negative nor positive. Both relationship-oriented and transaction-oriented customers perceived value through the use of technology. For relationship-oriented customers, transactions could be conducted through the use of technology but interpersonal relationships were still essential for other banking matters and for building trust and commitment. For transaction-oriented customers, transactions are conducted through the use of the technology and there is no requirement for an interpersonal relationship. Only help-desk support is required if problems arise.

Chapter Two identified three main research objectives and three research propositions for this study. Now that the data has been analysed, it is important to address how this research fulfilled the objectives.

Objective 1: Does Relationship Marketing theory apply when self-service technologies are utilised?

To explore how relationships were altered through the use of self-service technologies, it was essential to consider pre-existing relationship theory to determine current understanding. Relationship Marketing provided an understanding of theory that exists in a business-to-business context. New literature focused on resources and values has connections with the theory body of Relationship Marketing. Therefore it was deemed appropriate to consider both Service-Dominant Logic and Relationship Marketing in research relating to self-service technologies in a business-to-business context. It was important to undertake this study in an exploratory context due to the new business context of self-service technologies. As a result, qualitative research was deemed appropriate as a framework to explore Relationship Marketing and Service-Dominant Logic (Gummesson, 2008b; Johns, 2008) in this new context. This study has made a contribution toward understanding both bodies of literature in the new context of technology and customer service delivery.

This study has met the objective of understanding the applicability of Relationship marketing theory in a self-service context. The theory of Relationship Marketing is a traditional body of research; however in today’s business context of self-service
technologies the theory is less applicable for a segment of business customers. While the concepts of trust, commitment, mutual benefit, and interactivity still apply for relationship-oriented customers, this study shows that Relationship Marketing differs for transaction-oriented customers in a self-service context. Due to the small sample in this study and the focus on one industry, further research is recommended. The use of self-service technologies in business is now common and therefore contributions on relationship theory are required to understand what customers value in their relationships when self-service technologies are offered.

Objective 2: How does the reduction of face-to-face contact impact on relationships in a business-to-business context?

This study makes a contribution toward understanding how the reduction of face-to-face contact impacts on banks in a business-to-business context. There is little evidence to suggest that the removal or reduction of face-to-face contact impacts on business-to-business relationships for the majority of business customers, despite the literature indicating that face-to-face relationships are important in a business-to-business context. There is, however, evidence to suggest that expectations are established through service-delivery. The more transaction-oriented customers become, the less committed they are to the relationship. While this does not necessarily result in a change of bank for the customer, or even commence searching for another bank, it does mean that customers are likely to switch if a preferred offer becomes available.

This research has determined that the reduction of face-to-face contact has very little impact on relationships. There are several points, however:

- for transaction-oriented customers, good help desk support is essential if anything goes wrong but, generally, these customers will contact the organisation if they require support and do not otherwise require contact from the bank.

- for relationship-oriented customers, face-to-face contact in particular is not necessary but a proactive relationship, driven by the bank, is essential. This could include any combination of face-to-face contact, emails and telephone calls. The essential requirement is an understanding of the business structure by the bank. This can, in some instances, require face-to-face meetings, however
once the understanding is established, most respondents indicated relationships can occur remotely through telephone conversations.

- Some businesses are not strongly relationship-oriented, but are also not necessarily transaction-oriented. These business customers simply want a bank relationship and transactions that works and have no strong preference either way for a proactive or reactive relationship. Over time, these customers generally develop into becoming transaction-oriented as their orientation develops through their past experiences. The more transaction-oriented banking becomes, the more likely their expectations will evolve to become this way.

Objective 3: To understand how the use of technology impacts on trust and relationship commitment in a business-to-business context

This study explores the way technology impacts on the traditional Relationship Marketing constructs of trust and commitment. Evidence suggests that technology impacts on trust and commitment. All respondents reported trusting their bank; however, for transaction-oriented customers industry-trust is applicable, while for relationship-oriented customers, trust was between the customer and an individual staff member rather than for the business itself. Industry trust was defined in the previous chapter as being: trust of the industry body to ensure proper management of accounts would be maintained. This trust results in trading partner trust, but is no greater than trust would be of a competitor. This objective also links closely to the first research proposition.

The research has addressed both trust and commitment, to determine whether the use of technology impacts on them. Four research propositions were also discussed in Chapter Five. Table 6.1 indicates the degree of support for the research propositions.
Table 6.1 Level of support for the research propositions

<table>
<thead>
<tr>
<th>Research Proposition</th>
<th>Support for the proposition</th>
<th>No support for the proposition</th>
<th>Partial support for the proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Proposition 1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
<td></td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>Research Proposition 2: Customer specifics (demographics and industry) impacts on requirement for face-to-face contact in a business-to-business context</td>
<td></td>
<td></td>
<td>☑</td>
</tr>
<tr>
<td>Research Proposition 3: Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research Proposition 4: Banks provide appropriate value offerings to customers</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
</tbody>
</table>

The table above indicates whether the propositions were supported or not. As indicated, two of the propositions received partial support while one received full support and one received no support. This was discussed in Chapter Five however for the purpose of concluding this study it is important to discuss this in more detail.

**Research Proposition 1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment**

It was determined that the use of information technology does not impact on relationships for relationship-oriented customers, due to their perception that the technology and relationship is separate. For transaction-oriented customers trust and commitment were altered, however, these customers still prefer the use of technology. This research proposition was not completely supported and should now be altered to read ‘increased use of information technology impacts on relationships for transaction-oriented customers, however some customers still seek traditional relationships, while using technology to facilitate those relationships’.
Research Proposition 2: Customer specifics (demographics and industry) impacts on requirement for face-to-face contact in a business-to-business context

This study indicated that customer specifics impacted on the requirement for an interpersonal relationship. Organisation size and age of the business had little impact, however, management’s interest in the technology and cash flow requirements did impact on relationship requirements. Respondents did not necessarily require face-to-face contact, but some require interpersonal contact. This proposition therefore, was not completely supported and should be altered to read ‘customer specifics impact on requirements for interpersonal contact in a business-to-business context’.

Research Proposition 3: Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not

If transaction marketing is viewed as Relationship Marketing then it is not essential to have interpersonal interaction, however, this research has indicated that transaction-oriented customers do not require Relationship Marketing while relationship-oriented customers still require traditional marketing theory. Support was found for this research proposition.

Research Proposition 4: Banks provide appropriate value offerings to customers

This proposition was not supported in this study. The research indicated that appropriate value offerings were not provided to most customers, however it would be over-generalising to change this proposition to ‘organisations do not provide appropriate value offerings to customers’. Therefore, this research proposition should be altered to read ‘organisations must have an understanding of individual customer requirements to provide appropriate value offerings to them’.

Trust and Commitment

The findings also suggest that trust and commitment to the bank (previously established) impacts on the perception of the technology. This was unexpected and is significant. This means that businesses who feel the relationship is unsatisfactory will also have an unsatisfactory opinion of the technology. This is particularly interesting
because customers also seemed to perceive a separation between the technology and the relationship and view technology issues as separate from the bank, particularly when there was a positive relationship with the bank and problems with the technology. Further research to explore this is, therefore, recommended.

6.2 The overview of the thesis

This thesis makes a contribution to knowledge about the impact of technology on relationships. Previous literature has examined organisation adoption of technology, the way customers use technology and even the impact of technology on relationships, however these studies were mostly conducted in a business-to-consumer context. In contrast, this study explored two bodies of literature rarely compared or studied together and, in doing so, provides a contribution to knowledge.

The thesis was structured in six chapters, utilising Perry’s five chapter structure (Perry, 2002) and adding a sixth concluding chapter to contribute toward understanding. The structure of the thesis is indicated in Figure 6.1.
Figure 6.1 – Overview of the thesis

<table>
<thead>
<tr>
<th>Chapter One - Introduction</th>
<th>Introduction to the structure of the thesis and justification of the study and literature utilised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter Two - Literature review</td>
<td>Overview of relationship marketing theory</td>
</tr>
<tr>
<td>Chapter Three - Method</td>
<td>Industry overview</td>
</tr>
<tr>
<td>Chapter Four - Data analysis</td>
<td>Discussion of key findings</td>
</tr>
<tr>
<td>Chapter Five - Implications</td>
<td>Discussion of implications - related to research propositions and previous literature</td>
</tr>
<tr>
<td>Chapter Six - Conclusion</td>
<td>Summary of research findings and structure of the thesis</td>
</tr>
</tbody>
</table>

As indicated in the figure above, the first chapter of this thesis introduced the research study and briefly justified the use of the two bodies of literature.

The second chapter of the thesis was a review of relevant literature. Literature on Relationship Marketing and Service-Dominant Logic was emphasised. A discussion of the similarities between the two bodies of literature was provided. Although the focus of the thesis was on Relationship Marketing and Service-Dominant Logic, Chapter Two also provided a brief discussion of services marketing theory and previous research on self-service technologies to provide an understanding of the context. Research propositions were based on the current understanding in the literature and were discussed at the conclusion of this chapter.
Chapter Three provided an overview of the method used in the thesis. This chapter commenced by discussing methodology theory. The chapter discussed the Australian banking context to be utilised in the study and why this context was appropriate. A discussion and justification of the grounded theory approach was provided and specific details for the method employed to explore the research objectives and propositions were examined. The chapter concluded with a consideration of the limitations of the study.

Chapter Four, the findings chapter, included a discussion of the results of the qualitative analysis which applied manual analysis and Leximancer and NVivo software. Findings were discussed with an overall analysis. Interviews with banks and corporate bank customers were analysed and findings were presented, concluding with discussion of the research objectives.

Chapter Five provided an overall discussion of the findings, related back to the literature. This was done in three areas: findings with confirmed existing literature, findings which deviated from existing literature, making a contribution to the literature and finally, new findings, making a new contribution to the literature. The research propositions were then discussed and implications for both managers and researchers were highlighted. The chapter concluded by discussing limitations of the study and streams for further research. This chapter, Chapter Six, provides a brief summary of the study, discussing the research context and summarising the key findings and implications.

6.3 Summary of the research context

As technology is continually improved and utilised in organisations, it is essential to have an understanding of how technology impacts on relationships. Whilst a number of studies indicate how products are adopted or accepted, few examine business-to-business relationships and the impact of self-service technologies. Self-service technologies have altered the relationship between the service deliverer and customer, however, customers still demand outcomes that are dependable, provide easy access, flexibility, and compensation when problems arise (Bitner, 2001).
Relationship Marketing, a term first coined in 1983 by Berry, has particular relevance to services marketing (Bitner, 1995; Grönroos, 2004) and is a managerial philosophy essential in many business contexts, focusing on individual customers rather than the ‘average’ customer (Wolfe, 1998). The thesis also discussed the emerging literature on Service-Dominant Logic which is gaining attention of researchers. The similarities between Service-Dominant Logic and Relationship Marketing, with the focus on value (Gummesson, 2008b; Gummesson, 2008a; Johns et al., 2009b), was also discussed in Chapter Two and applied in the study.

While previous literature has examined the impact of technology on relationships, this has mostly been conducted in a business-to-consumer context. Furthermore, very little research has empirically examined Service-Dominant Logic and this study was a contribution toward the empirical testing of Service-Dominant Logic. Qualitative research was recommended for understanding Service-Dominant Logic at this stage (Johns, 2008) and the use of grounded theory has been recommended for evaluating Relationship Marketing (Gummesson, 2008b). The use of grounded theory was therefore an applicable method for this study because of the exploratory nature of the research.

### 6.4 Summary of Findings and Implications

Table 6.2 provides a summary of the findings and implications presented in Chapter Five and related back to the research propositions.
Table 6.2 Summary of findings and implications

<table>
<thead>
<tr>
<th>Key Finding</th>
<th>Implications</th>
<th>Research Proposition it relates to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet banking is a transactional activity, rather than a relationship activity</td>
<td>To maintain relationships with customers, interpersonal contact is required</td>
<td>RP3: Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not</td>
</tr>
<tr>
<td>Problems with banking are generally related to user issues, or the business structure.</td>
<td>Help desk support is essential when utilising self-service technologies for transactions.</td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
<tr>
<td>New software and other changes can be problematic to both users and decision makers.</td>
<td>While user errors can be problematic, customers still require support.</td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
<tr>
<td>Help desk support assists organisations</td>
<td></td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
<tr>
<td>Training is generally not provided, however most respondents felt internet banking was an extension of current internet behaviour.</td>
<td>Provided the technology is not complex, nor requiring a change in behaviour that is too different from current behaviour, training may not be required. Information sheets, however, are necessary and helpdesk support for any queries is essential.</td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
<tr>
<td>Changes to the technology must have a benefit to the customer.</td>
<td>Marketers must not introduce changes to technology the customers are familiar with, unless it is incremental and a benefit to the customer is provided for the change.</td>
<td>RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
</tr>
<tr>
<td>Customers separate their perception of technology from the relationship with the marketer</td>
<td>The view that technology and the relationship are separate ensures that the relationship can continue positively even if there are technology problems. However, an issue arises where customers have very little interaction with the marketer and therefore become transaction-oriented.</td>
<td>RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
</tr>
<tr>
<td>Security issues create concern with product development</td>
<td>Security and bureaucracy hinders innovation, however, co-creation of product is sometimes necessary for customer satisfaction. Banks should determine ways to provide customised software and service delivery, without compromising security.</td>
<td>RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
</tr>
<tr>
<td>Security implications related to linked accounts.</td>
<td>Business customers repeatedly expressed concern at the link between business accounts and personal accounts. Though this may not cause a problem, it provides a perception of security issues and should be addressed.</td>
<td>RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
</tr>
<tr>
<td>Relationship bankers are used for ‘relationship’ activities, rather than transaction-oriented activities.</td>
<td>Relationship bankers are devoted to building relationships and it is beneficial that they devote their time to customers in this way, ultimately building relationships. However, it is important to understand the perception that when technology and relationship behaviour are separated, expectations about service delivery are created. As expectations of a transaction orientation are established, customers may become less committed to the relationship and trust becomes a generic industry trust rather than trust of the business partner.</td>
<td>RP3: Interaction is necessary in Relationship Marketing regardless of whether interaction is face-to-face or not</td>
</tr>
<tr>
<td>Relationships are mutual</td>
<td>A benefit must be provided to the customer or they will not require a relationship.</td>
<td>RP3: Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not</td>
</tr>
<tr>
<td>Banks assume most organisations want relationships</td>
<td>Marketers must be aware that customers do not always require relationships.</td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
<tr>
<td>Observations</td>
<td>Insights</td>
<td>Relevant Points</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Personality and authority of the bank’s relationship manager is crucial to relationship satisfaction</td>
<td>Relationships are between human beings, rather than being between ‘business-to-business’</td>
<td>RP3: Interaction is necessary in Relationship Marketing regardless of whether interaction is face-to-face or not</td>
</tr>
<tr>
<td>An understanding of the customer is essential for the development of the relationship</td>
<td>Literature also suggests that customer understanding is required. Marketers must ask customers what they want rather than make assumptions. This is particularly important for organisations with a unique business structure.</td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
<tr>
<td>A segment of customers is transaction-oriented and sees no purpose in having a relationship</td>
<td>Marketers must not force relationships on business customers who would prefer to transact. Research should not consider what triggers a switch back to a relationship orientation but, rather, if there are predictors as to which organisations are likely to be transaction-oriented.</td>
<td>RP2: Customer specifics (demographics and industry) impacts on requirement for face-to-face contact in a B2B context</td>
</tr>
<tr>
<td>Cash flow requirements can predict relationship orientation/requirements</td>
<td>Further research is encouraged to explore this in more detail. Research suggests that relationship in a banking context is built on cash flow requirements.</td>
<td>RP2: Customer specifics (demographics and industry) impact on requirement for face-to-face contact in a B2B context</td>
</tr>
<tr>
<td>Relationships have evolved and banks report not seeing some customers frequently</td>
<td>The evolution of customer relationships will continue. Theory and practice needs to evolve with the customer evolution.</td>
<td>RP3: Interaction is necessary in Relationship Marketing, regardless of whether interaction is face-to-face or not</td>
</tr>
<tr>
<td>Switching costs were perceived to be quite high. Respondents switched, not due to technology dissatisfaction but for more understanding</td>
<td>Understanding of the business customer is essential and marketers must make this a priority in business-to-business marketing.</td>
<td>RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
</tr>
<tr>
<td>Statement</td>
<td>Details</td>
<td>Reference</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Transaction-oriented customers are not as loyal as relationship-oriented customers. Relationship-oriented customers, in contrast, value the relationship more than financial savings</td>
<td>Satisfaction with the relationship was not negatively altered through the use of technology; however transaction-oriented customers are not as loyal as relationship-oriented customers. This does not mean they will switch banks unless dissatisfied.</td>
<td>RP2: Customer specifics (demographics and industry) impacts on requirement for face-to-face contact in a B2B context</td>
</tr>
<tr>
<td>Industry trust was more common with transaction-oriented customers than trust of the bank was. For relationship-oriented customers, trust of the bank was present</td>
<td>Transaction-oriented customers differ from relationship-oriented customers. Relationship-oriented customers behave more like the business-to-business literature expects; trust and commitment. Transaction-oriented customers differ and trust tends to be industry based. Further research is recommended for a greater understanding.</td>
<td>RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
</tr>
<tr>
<td>Expectations evolve through previous experiences</td>
<td>Expectations can lead customers to become more transaction-oriented. This can be problematic for commitment but does not impact negatively on customer satisfaction as long as a relationship option is available to them.</td>
<td>RP1: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment</td>
</tr>
<tr>
<td>Customer perception of value is likely to evolve</td>
<td>As customers become more transaction-oriented, their needs evolve. This is likely to increase in the future. Both marketers and researchers must be aware of potential changes in marketing theory and practice, so that the needs of customers may be more effectively met.</td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
<tr>
<td>Bank competitive advantages do not match customer requirements</td>
<td>It is essential for marketers to understand customer requirements and to offer value propositions that are more likely to be accepted by customers.</td>
<td>RP4: Banks provide appropriate value offerings to customers</td>
</tr>
</tbody>
</table>
This table indicates the findings and links them back to the research propositions. The table indicates that internet banking shifts the focus from interpersonal interfirm relationships to a relationship facilitated through the use of technology, particularly for transaction-oriented customers. The respondents’ perception of the separation of technology from the relationship highlights the distinction between the two in the opinion of business customers. Findings indicate the importance of understanding customer requirements and the provision of value offerings to customers based on their needs. Currently it seems that the competitive advantages of the banks do not meet customer requirements and therefore it is essential for banks to have a continuing understanding of customer requirements and adapt to those needs in order to build and maintain customer satisfaction.

In some cases, interpersonal relationships were not required to maintain loyalty that was previously established. As the Australian banking industry is increasingly more competitive due to deregulation - which has allowed new banks to enter the market (Singh, 1992) since the 1980s (Sykes, 1998) - it is essential for banks to understand how to develop and manage relationships with their customers. This is particularly important with business customers as previously relationships were perceived as the only way to maintain loyalty in the banking industry. It is anticipated that customers’ perceptions of value will evolve as their expectations change and their requirements in their business practices alter.
6.5 New developments in the literature based on this research

This study has indicated that self-service technologies provide an impact on relationships in a business-to-business context. While theory suggests that in a business-to-business context relationships are essential, this study indicates that some customers embrace technology and prefer to interact with a marketer at a distance; transacting through self-service technologies where possible. Relationship marketing theory applies for some business customers (where trust, commitment and interactive relationships, proactively driven by the marketer help to facilitate trust) however for other customers providing technology that works and a reactive relationship is essential. This study has made a contribution toward understanding both self-service technologies and business-to-business marketing in more detail. Further research in the business-to-business literature should apply the understanding of the two customer categories presented in this study.

As technology continually evolves and businesses introduce self-service technologies for many reasons, mostly driven by the company, it is essential to understand how these technologies impact on relationships with customers. Current literature examines this from a business-to-consumer context. This thesis has explained, in detail, the impact of self-service technologies on business-to-business relationships, particularly in a context which has been previously relationship-oriented (banking).

In particular, this thesis has made three significant contributions:

1. A comparison of the Relationship Marketing and Service-Dominant Logic literature was provided in Chapter Two.

2. An understanding of customer requirements. Two customer segments were identified and Relationship Marketing theory was deemed to not suit transaction-oriented business customers in a self-service context. Service-Dominant Logic is more applicable in a self-service context, however new contributions are required for customers who prefer a reactive business relationship rather than a proactive business relationship.

3. It was noted that industry trust is more prevalent than trust and commitment for transaction-oriented customers. Although further research is required, a
definition has been determined through the research, stating that industry trust is:

.... trust of the industry body to ensure proper management of the customer accounts would be maintained. This trust results in trading partner trust, but is no greater than trust would be of a competitor, therefore reducing some switching cost perceptions.

These three contributions differ from current thought in the literature and are therefore relevant. Other key findings include specific banking related findings (relating to problems, training, promotional materials and cash flow issues etc.) and technology related findings (such as changes to technology) as well as customer-specified findings (value and co-creation of value etc). These findings are all detailed above in Table 6.2 and will be further developed individually to make a further contribution to the literature.

6.6 Conclusion

Many studies in marketing explore the use of Relationship Marketing and, more recently, Service-Dominant Logic has become relevant to researchers in marketing. In the new context of self-service technologies it is essential to understand how the literature applies. This study has made a contribution toward understanding the new business context of utilising self-service technologies. The findings indicate that the two customer segments exist; one which prefers relationships and another which prefers to interact with the focal firm purely through transactions. New literature contributions are called for to understand the transaction segment in more detail.

This study utilised qualitative research to explore the research question and the research propositions drawn from the literature. The lack of research empirically testing Service-Dominant Logic calls for qualitative research. This area is currently under-researched and, as a result, qualitative research was required.

This study is relevant as it contributes to both marketing theory and practice and it is likely that the research is applicable to other industries. As marketers seek ways to be more competitive in the new business situation of self-service delivery in an interfirm context, it is essential to understand the way in which the use of self-service
technologies may impact on business relationships. This study has made a contribution toward this understanding.
Glossary:

The following terminology is used throughout this report. This glossary provides an overview of definitions but terms are also defined throughout the thesis.

**B2B markets**: markets where a business markets and sells goods and services to another business for use by the customer, or for resale to other customers (Wright, 2004).

**Commitment**: an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum effort to maintain it (Morgan and Hunt, 1994: 23).

**Perceived Risk**: a hypothetical, psychological construct utilised to explain information seeking, brand loyalty and reliance on others in making decisions (Bauer, 1967; cited in Stone and Gronhaug, 1993)

**Relationship Marketing**: the development of a marketing theory that focuses on the importance of continuing relationships with customers and other organisations to gain a competitive advantage, which can vary based on the environment it operates within (Wilkinson and Young, 2005).

**Relationship Marketing Theory**: all marketing activities directed toward establishing, developing and maintaining successful relational exchanges (Morgan and Hunt, 1994).

**Self-service technologies**: Technologies where the customer is involved in service delivery – e.g. checking out a library book, checking in at an airport, shopping online and so on. It is also known as SSTs.

**Service**: the use of human resources for the benefit of another party (Lusch, Vargo and Malter, 2006).

**Service-Dominant Logic**: A marketing philosophy which stresses that service orientation should be first and foremost, regardless of whether considering tangible or intangible products (Vargo and Lusch, 2004).

**Trading partner trust**: trust between the business network participants (Violino, 2002).

**Technology Trust**: the subjective probability by which an organisation believes that the underlying technology infrastructure and control mechanisms are capable of facilitating inter-organisational transactions according to its confident expectations (Ratnasingam & Pavlou, 2003).

**Trust**: the belief in the integrity, honesty and the reliability of another person (Dwyer and Tanner, 2002).
Refereed journal and conference papers by the author, related to the PhD topic

The following papers were authored by the student and are applicable to this PhD thesis. Papers can be provided if required, however papers referenced from this list are included from page 273.

Please note: Some papers were published under my former surname Hughes

Total: 18 peer reviewed conference papers; 1 journal paper; 1 book; 1 book chapter

**Theory building & conceptual framework (12 conference papers):**

Johns, R., Low, D. and Blackman, D., 2009, Information technology and Relationship Marketing in an inter-firm context: implications for research, ANZMAC Conference Proceedings, Melbourne


Hughes, R., 2006, Are you being self served?: An overview of business adoption of self-service technologies (SSTs), ANZMAC Conference Proceedings, Brisbane


Hughes, R., 2006, Are you being self served?: Further research implications of the Australian banking industry from a commercial customer perspective, ANZAM Conference Proceedings, Rockhampton

Hughes, R., 2005, Broadening the boundaries: The development of marketing thought over the past sixty years, ANZMAC Conference Proceedings, Perth


Hughes, R., Perrott, B., 2004, How businesses are using the internet to enhance their business-to-business relationships, ANZAM Conference Proceedings, University of Otago, Dunedin

Hughes, R. and Hughes, A., 2002, The Role of the Internet in the Consumer Decision Making Process, Australia New Zealand Marketing Academy Conference Proceedings, Deakin University, Melbourne

**Results (1 book chapter; 1 journal paper; 5 conference papers):**


Johns, R. and Perrott, B., 2008, A qualitative understanding of the impact of Internet Banking in relationships between banks and commercial customers, ANZMAC Conference, Sydney

Hughes, R., 2005, Innovation Adoption and Services – A Case Study, ANZMAC Conference, Perth

Hughes, R. and Hughes, A., 2004, Adoption of Internet Banking by young Australian consumers, AusWeb Conference Proceedings

Hughes, R. and Hughes, A., 2003, Banking Online and the Consumer Decision Making Process, Chartered Institute of Marketing Conference Proceedings, University of Western Sydney, Sydney

Hughes, R., 2003, The adoption of Internet banking services by young Australian consumers, 5th Australasian Services Research Workshop Proceedings, Monash University, Melbourne

**Methodology (1 book; 1 conference paper):**

Wilson, A., Johns, R., Miller, K. and Pendecost, R., Marketing research: an integrated approach: solving business problems: the value of marketing research, Pearson, Frenchs Forest

Johns, R., 2008, Toward an empirical understanding of Service-Dominant Logic, ANZMAC Conference Proceedings, Sydney
PUBLISHED ARTICLES AUTHORED BY THE STUDENT AND REFERRED TO IN THE THESIS
**Paper One: Service Dominant Logic. Is it simply repositioning Relationship Marketing?**

Raechel Johns, University of Canberra  
Deborah Blackman, University of Canberra  
David Low, University of Western Sydney  

ANZAM 2009

**Abstract**

Introduced by Vargo and Lusch (2004), Service Dominant Logic has attracted the attention of academics, with substantial dialogue and debate since (Vargo and Lusch, 2008; Ballantyne and Varey, 2008). However, over the years, an increased focus on Relationship Marketing, particularly in the business to business sector, has also been evident (Morgan and Hunt, 1994, Berry, 2002, Möller and Halinen, 2000). It is clear that there are many similarities in the literature focusing on Relationship Marketing and Service Dominant Logic, yet little comparison has been drawn in the literature. This paper discusses and compares both bodies of literature finding commonalities in the importance of value and relationships. It concludes with the identification of four common links between the two literature bodies: collaboration, customisation, value and relationship requirements.

**Keywords:** Relationship Marketing; Marketing; Service Quality; Marketing Strategy

**Objective of the paper**

Organisations seeking a competitive advantage should focus on “Service Dominant Logic” and “Relationship Marketing” principles. Proper implementation of both can provide organisations with an advantage through the use of interacting with customers, and providing value perceived by customers as superior than any other offering.

Since 2004, there has been an increased focus on the concept of “Service Dominant Logic” within the marketing literature. Introduced by Vargo and Lusch (2004), Service Dominant Logic has attracted the attention of academics, with substantial dialogue and debate (Vargo and Lusch, 2008; Ballantyne and Varey, 2008). Developed through theory on resources, value and alliances, it is clear there is some commonality between Service Dominant Logic and other theory bodies. With the discussion of alliances, it is evident that there is a commonality between Relationship Marketing theory and Service Dominant Logic. Though a link was loosely proposed in the literature (Ballantyne and Aitken, 2007), no authors actually compare the two. Therefore, this paper seeks to compare the two popular concepts. An overview of both will be provided first. The similarities and a brief overview of the differences will be provided, concluding with implications and categorising the similarities into key themes.

**Overview of Relationship Marketing**

Defining Relationship Marketing is quite problematic as there are over 50 published definitions (Dann and Dann, 2001); however, there are commonalities between definitions. Harker (1999) undertook a content analysis, evaluating 26 definitions of Relationship Marketing; the existing definition from the literature he judged to encompass all necessary key words is as follows:

Relationship Marketing includes tasks undertaken to “Identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and this is done by mutual exchange the fulfillment of promises” (Grönroos, 1994: 9). This definition indicates the importance of interaction. Relationship Marketing, by definition, has mutual benefit to both parties. The content analysis also indicated that there are seven conceptual categories of Relationship Marketing:

- Creation: attracting, establishing, getting
- Development: enhancing, strengthening, enhancing
- Maintenance: sustaining, stable, keeping
- Interactive: Exchange, mutually, co-operative
- Long term: Lasting, permanent, retaining
- Emotional content: commitment, trust, promises
- Output: Profitable, rewarding, efficiency

(Harker, 1999).

The mutual side of relationships is reinforced through these activities. Furthermore the long term, commitment focus is indicated. Relationships can develop into an alliance, rather than simply a supplier/customer type of relationship, as indicated by the list of these categories. Alliance success emerges when both parties obtain a competitive advantage through the alliance (Hunt, Lambe and Wittman, 2002). This raises important issues such as: Does the customer view the ‘relationship’ as simply a relationship, or as an alliance? Do they feel they have worked with the marketer rather than simply had a product or service delivered to them? These questions require discussion and consideration in any research focusing on Relationship Marketing. It is also important to understand the various categories of alliances, as this may impact on the nature of the competitive advantage. There are four categories of business alliances:

- Resource based view – role of mobile resources/ bringing complementary resources to the relationship
- Competence based view- role of alliance-management capabilities
- Relational factors – characteristics of the alliance relationship eg. Cooperation/ trust/ commitment/ communication
- Competitive advantage: enables the firms to product market offerings with superior value than their competitors

(Hunt, Lambe and Wittman, 2002).

These categories tie easily into the seven conceptual categories of relationships, reinforcing the link to the mutual advantage of relationships and alliances. It also links in strongly with some of the literature relating to Service Dominant Logic, where resources are very important (Vargo and Lusch, 2004) and where there seems to be a focus toward a Service Dominant Logic view of resources.

Relationship Marketing has strong ties with services marketing due to the direct contact between marketer and customers (Grönroos, 2004; Bitner, 1995) and the interactive nature of both services marketing and Relationship Marketing (Harker, 1999). In fact, services marketing was the discipline that first introduced Relationship Marketing in the 1970s after debates that the marketing mix was insufficient for services (Möller and Halinen, 2000).

Because customer perceptions of quality are often drawn from their satisfaction with their relationship with the marketer (Berry and Parasuram, 1993; Möller and Halinen, 2000) it is imperative that marketers consider relationships between themselves and their customers. In services, customers are active participants in the service delivery process, increasing the importance of trust and commitment (Kelley and Davis, 1994), essential areas for Relationship Marketing (Morgan and Hunt, 1994). However, Service Dominant Logic is also a growing area of marketing literature and requires consideration due to the increasing focus of this in marketing literature. Are marketers simply repeating what has already been accepted in the literature, or is there something else, too?

**Overview of Service Dominant Logic**

The implementation of Service Dominant Logic allows organisations a competitive advantage due to having a superior understanding of their customers (Lusch, Vargo and Matlter, 2006; Madhavaram and Hunt, 2008) and through utilising higher end resources (Madhavaram and Hunt, 2008) such as staff expertise. Initially, marketing literature had a focus on economic principles, where value was embedded in a physical product, aimed at satisfying the customer (Vargo and Lusch, 2004). Subsequently, the focus has become value and working with a
customer to ensure satisfaction of both parties. Dialogue based on trust, learning and adaption to the other party seeks to understand each party’s point of view (Lusch Vargo and Wessells, 2008) ultimately enhancing satisfaction.

First titled in 2004, Service Dominant Logic is not completely new. It has “both radical components and also familiar associations for business to business marketers” (Ballantyne and Aitken, 2007: 363) in its focus on co-creation and mutual value. Nevertheless, does require a shift in the way marketing is thought of, owing to the focus upon services and the dominant logic ensuring goods and organizations hold less value compared to service delivery – they merely become intermediaries (Lusch and Vargo, 2006). Service Dominant Logic changes the focal point of marketing from being one which focuses upon goods, to one which instead focuses upon service delivery, even when the product offering is tangible. The concentration becomes upon the “intangible, dynamic, operand resources that are at the heart of competitive advantage and performance” (Madhavaram and Hunt, 2008:67).

Service Dominant Logic relies on the use of operand and operand resources to provide an offering to customers. Operant resources draw on a number of interpersonal factors: human (eg. employee skills), organisational (eg. processes) informational (eg. knowledge) and relational eg. (relationships with customers), while operand resources tend to be tangible (eg. raw materials) (Hunt, 2004). Service Dominant Logic makes use of operant resources, such as applying “specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” (Vargo and Lusch, 2004:26). Through this, Service Dominant Logic alters the marketing mix. Rather than a focus on product, Service Dominant Logic is about co-creation of service. Price becomes the co-creation of value propositions. Co-creating conversation and dialogue, rather than promotion, is key in an interactive, collaborative exchange. Finally, rather than “distributing”, organizations implementing Service Dominant Logic are co-creating value processes and networks (Lusch and Vargo, 2006). Co-creation is the key component of all aspects of marketing when implementing Service Dominant Logic, however, it is also possible to see similarities between this and the mutual benefit of Relationship Marketing. Some authors have provided commentary on the similarities of Service Dominant Logic to other areas, such as business to business marketing (Ballantyne and Varey, 2008). For example:

“When ... Vargo and ... Lusch... first proposed their Service Dominant Logic, some marketers might have thought ‘here comes another re-statement of the blindingly obvious!’. The premise that customer value is co-created has a strong intuitive pull and has been said by others in various ways... (but) more central to the Vargo and Lusch thesis is the realization that customers appraise the value of goods they purchase in use and that exchange value determination is always provisional upon later experience. In other words, customers determine what they value in use and the marketer can only offer value propositions” (Ballantyne and Varey, 2008).

The quote above focuses on similarities between Service Dominant Logic and other aspects of value. It reinforces the message of value, and the relevance to Relationship Marketing is in the way customers determine value. It is not up to the marketer to believe they are delivering value – it is up to the customer to create value with the marketer’s assistance. This is particularly pertinent in a business to business context due the interactive nature of inter-firm relationships. Relationship Marketing is also important in an inter-firm context, and co-creation of value becomes important when implementing Relationship Marketing strategies.

**The similarities between Relationship Marketing and Service Dominant Logic**

With a common focus on value co-creation, it becomes clear that there are several similarities between Relationship Marketing and Service Dominant Logic. In the development of this paper, we reviewed 11 papers on Relationship Marketing and 13 papers on Service Dominant Logic to begin comparing the two bodies of work. This section of the paper reviews the similarities between the two literature bodies and divides them into four key areas: 1.
Collaboration and co-creation; 2. Value; 3. Resource focus and 4. Relationship requirements. This will be discussed now and is summarised in Table One, below.

Table One: Commonalities between Relationship Marketing and Service Dominant Logic

<table>
<thead>
<tr>
<th>Co-creation and collaboration</th>
<th>Value</th>
<th>Resource focus</th>
<th>Relationship Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Use of resources to co-create value</td>
<td>- Perception of value enhanced through interactions - Properly managing relationships and interaction - The marketer facilitates relationships - Value through intangible relationships rather than tangible goods. - A service centred view of exchange - Customise offerings to enhance value to customers</td>
<td>- Focus on operant resources - Use of staff to facilitate exchange - Utilise resources to improve the collaboration with customers</td>
<td>- No separation of buyers and sellers - The appropriate use of IT (eg. CRM) - Focus on processes is necessary - Services must be customer centric - Customers must be considered both producers and consumers - Organisations providing a range of services develop the best relationships with customers</td>
</tr>
<tr>
<td>- Implementation provides a competitive advantage - Collaboration/ co-creation provides feedback to the marketer - The marketer may become a buying agent. This could develop into an alliance - Two party interaction is needed - Close communication, joint problem solving and co-ordinating activities is required</td>
<td></td>
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1. **Collaboration and co-creation**

A literature review of both Service Dominant Logic and Relationship Marketing indicate the important of collaboration in marketing and customer relationship. Both bodies of literature discuss the importance of relationships, and lead into a discussion of alliances. This co-creation of value seems to result in a continual working together to create mutual benefit. As Ballantyne and Varey (2008:13) express it: “If S-D logic [Service Dominant Logic] is accepted... then markets seem less useful as contexts for defining customer value. The role of the marketer becomes more focused on managing communicative interactions across a variety of modalities and in facilitating key relationships”. This indicates that the facilitation of key relationships, or collaboration, is a priority area of Service Dominant Logic. However, as the name suggests, this is also the main area of Relationship Marketing. Furthermore, customer value is generally created through interaction and experiences, requiring interaction between marketer and customer (Aitken, Ballantyne, Osbourne, Williams, 2006). As alliances develop, this interactive nature only increases in importance. Co-creation is a distinct form of collaboration, resulting in unique value starting with dialogical interaction (Ballantyne and Varey, 2006; Varey and Ballantyne, 2005; Ballantyne and Varey, 2008).

To maintain and enhance customer and shareholder value, collaboration is necessary (Vargo and Lusch, 2006, Ballantyne and Varey, 2008). Separation of buyers and sellers deprives them of interdependency, resulting in a more sales-orientated approach, rather than a relationship approach. Consequently, two-party centricity is necessary as it focuses on suppliers and customers (Gummesson, 2008) meaning that an interactive process with mutual benefit is required to best establish a competitive advantage. Supplier involvement is increased through Service Dominant Logic, impacting on the relationship with customer and, ultimately, repurchase decisions (Ballantyne and Varey, 2008). Close communication, joint problem solving and coordinating activities is necessary (Day, 1994) in order to effectively collaborate. However, this focus on relationships is where the commonality between Service Dominant
Logic and Relationship Marketing emerges. As we investigate value further, it is clear that value in relationship perceptions and value through service delivery can be combined.

2. Value
The term “value” is discussed in Service Dominant Logic papers, but what does it actually mean? Value is defined by the individual customer in terms of what they perceive as valuable to them (Kolb, 2003). Perception is a key word here, as there is no evidence to suggest what “value” could be for one customers over another. Marketers must, therefore, have a strong understanding of their customers, and collaborate with them to determine and provide this value. As Grönroos explains, value is created through relationship interactions:

“Value for customers is created throughout the relationship by the customer, partly in interactions between the customer and the supplier or service provider. The focus is not on products but on the customers’ value-creating processes where value emerges for customers and is perceived by them,... the focus of marketing is value creation rather than ... simply distributing ready-made value to customers.” (2000: 24-25). This is an important aspect of both Service Dominant Logic and Relationship Marketing.

Service Dominant Logic links to the concept of value by stating that value is co-created by the marketer and customer (Vargo and Lusch, 2006), ultimately leading to a mutual benefit. In Relationship Marketing, the emphasis on “value” is in terms of creating life-time value and mutually beneficial exchanges (Grönroos, 2004). Value is quite an important aspect in managing relationships, and it is through interaction that value is created and relationships are enhanced (Vargo and Lusch, 2006). Relationships are facilitated by the marketer, but the customer works closely with the marketer to ensure a benefit for both parties. Collaborating with and learning from customers is essential, because value becomes defined by and co-created with the customer (Vargo and Lusch, 2004). This takes the focus from tangible goods to more intangible, interpersonal relationships (Vargo and Lusch, 2004). This is the very premise of both Relationship Marketing and Service Dominant Logic, and the co-collaboration (discussed in point one, above) and value creation, means that relationships are mutually beneficial.

3. Resource focus
In addition to the co-collaboration and creation of value, Vargo and Lusch (2004, 2006, 2008) also highlight the importance of resources. The focus on resources is an important area in Service Dominant Logic, yet there are also links between resources and Relationship Marketing. Generally Customer Relationship Management (CRM) utilizes resources in order to effectively communicate to the market. In doing this, organizational resources are utilised to enhance relationships (Madhavaram and Hunt, 2008: 78). This focus on the use of resources for enhancing the service offering links Service Dominant Logic and Relationship Marketing more closely. Organisations must draw upon their resources and overcome potential problems in order to best collaborate with customers and partners (Lusch and Vargo, 2006), ultimately providing a competitive advantage, an important requirement in both Relationship Marketing and Service Dominant Logic.

The service-orientated view of marketing sees marketing as a continuous series of processes, largely focused on operant resources, leading to customer satisfaction (Vargo and Lusch, 2004). Continual feedback from the market alerts the organisation as to whether they are doing well compared with competitors (Vargo and Lusch, 2004). Similarly, in Relationship Marketing interaction is necessary (Grönroos, 2004) and feedback enables changes in the offering, allowing the firm to have a competitive advantage (Berry, 1995).

4. Relationship Requirements
To collaborate, provide value and utilize resources for a competitive advantage, marketers need to consider some relationship requirements. Implications for marketers become necessary “relationship requirements” when implementing both Service Dominant Logic and Relationship Marketing. Some of these have been discussed above – such as no separation of buyers and
sellers and the use of appropriate resources. But other considerations are necessary, such as the appropriate use of IT and customized offerings.

Firstly, it is important to note that both Service Dominant Logic and Relationship Marketing require Services Marketing principles, but neither are to be used exclusively in a service setting. In fact, both discuss the role of services in facilitating the exchange of goods. Nevertheless, both bodies of literature are equally applicable in a service setting.

Ultimately, to achieve a competitive advantage, firms must implement a good strategy for managing relationships. This includes effective use of IT (Madhavaram and Hunt, 2008). Linking with operant resources is important here, and research needs to focus on developed operant resources (Madhavaram and Hunt, 2008) because of their higher priority compared with operand resources. Despite this, questions such as: How can firms develop operant resources effectively and what makes some firms better at this than others? (Madhavaram and Hunt, 2008) remain unanswered in the literature. Utilising their resources, organisations providing an entire range of services will develop the best relationships with customers (Rifkin, 2000). When this occurs, the marketer becomes a buying agent (Vargo and Lusch, 2004) through customising offerings for the consumer, collaborating and providing value to customers.

Through this discussion, it is evident that there are four key commonalities between Relationship Marketing and Service Dominant Logic. Co-creation, collaboration and value creation are activities organizations must strive for in their operations in order to enhance relationships and ultimately have a competitive advantage. This can be done through the use of resources, and through other relationship requirements, such as the use of IT and becoming a “buying agent”. However, there are some differences. Relationship Marketing has roots in Business-to-Business Marketing and Services Marketing, whilst Service Dominant Logic seems best positioned in a Business to Consumer context, and when value adding for tangible goods. Furthermore, “Relationship Marketing” is considered a “theory” while Service Dominant Logic has been proposed as a “framework” or “pre-theory” and has not properly been tested. These differences appear minor, and therefore we believe it is essential to examine the two concepts together.

Summary
This paper has provided an overview of both Service Dominant Logic and Relationship Marketing. The two bodies of literature are increasingly important in marketing, and yet there are clearly many similarities between the two. The focus on collaboration to provide value clearly links Service Dominant Logic to the more traditional theory of Relationship Marketing, yet no attention has been paid to this link previously in the literature.

Service Dominant Logic is nothing new, yet it has established excitement in the field about value co-creation and the importance of this should not be minimized. Perhaps the repositioning of Relationship Marketing in the form of Service Dominant Logic could simply reintroduce the importance of marketers and customers working together to create value, something that may easily be forgotten in this age of self-service technologies and internet communication. As mentioned above, there are some differences between the two, but the differences are small enough that it becomes important to examine the two together. From here, the authors plan a large-scale empirical study investigating both literature bodies.
Reference list


Abstract
Marketing literature has exploded with a focus on Service Dominant Logic since Vargo and Lusch’s seminal works in 2004. Despite this, four years on and limited work has been undertaken on empirical testing of this research. This paper, although not empirical, contributes to the discussion about an empirical testing of Service Dominant Logic. It discusses Service Dominant Logic and then proposes a study to be undertaken by this author in 2008. This author has a particular interest in self-service technology and therefore FP 6 (The customer is always a co-producer) is relevant in the study and research must focus on this aspect. This paper commences with an overview of S-D Logic, and then discusses the proposal for empirical testing. A series of scales have been developed to test S-D Logic in the context of banking. These scales, once tested for reliability and validity, can be utilised by other authors attempting to evaluate S-D Logic.

Introduction
Vargo and Lusch’s 2004 paper and further works on Service Dominant Logic has altered the direction of marketing, with an increased focus on service delivery. That paper has been widely researched and discussed by academics; however limited empirical testing has been undertaken. As Sweeney (2007) explains the process of Service-Dominant Logic (S-D Logic) needs further consideration to operationalise it, however, methodology considerations are imperative (Winklhofer, Palmer and Brodie, 2007). Since the 1990s, Services Marketing has increased in importance (Vargo and Lusch, 2004) and the use of Self-Service Technologies (SSTs) has increased (Bitner, Ostrom and Meuter, 2002), however even when marketing goods, S-D Logic is important as marketers seek to add value to offerings.

This paper briefly reviews the literature on S-D Logic and then discusses further research. As S-D Logic is not a theory (Vargo, 2007) empirical testing becomes more complicated. Can one test something that is a mindset or, perhaps even a “pre-theory” (Winklhofer, et al, 2007) or must one wait until a theory is established? How can a pre-theory ever become a theory if not tested empirically? Vargo (2007) assumes that the call for empirical testing assumes that S-D Logic is a theory, which it is not. This paper does not make the assumption, but rather feels that the mindset of S-D Logic is useful in research, and should be considered. In order to do this, empirical testing is desirable. Services, within the framework that Vargo and Lusch (2004) propose, do not include nontangible goods, or those that have been offered to enhance a good. Services involve the use of human resources for the benefits of others (Lusch, Vargo and Malter, 2006) and applying “specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” (Vargo and Lusch, 2004). A narrow definition of services, it examines all business enterprises, applicable to all marketing offerings (Vargo and Lusch, 2004).

An Understanding of SD-Logic
To maximize customer involvement, and enhance the relationship, the goal is to customize offerings (Vargo and Lusch, 2004) and literature suggests that organisations
providing an entire host of services will develop the best relationships with customers (Rifkin, 2000), as the marketer becomes a buying agent (Vargo and Lusch, 2004). A superior understanding of customers allows the most innovative companies to outperform their competitors (Lusch, Vargo and Matler, 2006), thereby increasing customer satisfaction. Technology does not necessarily need to be better for it to be successful, it just needs to be customer focused. One-off transactions evident in a goods context (Vargo and Lusch, 2004) are in direct contrast to SD Logic and relationship marketing. Consequently, it is worthwhile examining S-D Logic and relationship marketing together.

Vargo and Lusch (2004) provide a number of Foundation Premises (FPs) that highlight how Service Dominant Logic can be addressed. The most important one to this study is the sixth FP, “The customer is always a cocreator of valuer”. The producer and customer are often viewed as separate in marketing, however, when considering SSTs, this is probably most important as they work together. As literature suggests “from a service centred view of marketing with a heavy focus on continuous processes, the consumer is always involved in the production of value” (Vargo and Lusch, 2004: 11). Grönroos (2000, pp. 24–25) explains this in more detail:

“Value for customers is created throughout the relationship by the customer, partly in interactions between the customer and the supplier or service provider. The focus is not on products but on the customers’ value-creating processes where value emerges for customers and is perceived by them, ... the focus of marketing is value creation rather than ... simply distributing ready-made value to customers.”

Of course, this means the customer must learn to use and repair (if necessary) the service, for their own usage situation and behaviour (Vargo and Lusch, 2004) impacting on perceptions of service quality (Bitner, et al, 2002). Most SSTs do not have service recovery systems in place, and the customer must speak to someone over the telephone or in person (Bitner, et al, 2002) increasing dissatisfaction with the technology and potentially the brand. This gives the customer a choice – use a full service vendor, or engage in self-service. If engaging in self service, the customer must have sufficient skills and core competencies (Vargo and Lusch, 2004) or must have undertaken training on service use to make this self service possible. Marketing research was initially focused on economic principles, where value was embedded in a physical product, aimed at satisfying the customer (Vargo and Lusch, 2004). Since the 1990s, however, the emphasis on Services Marketing is evident (Dixon, 1990; Vargo and Lusch, 2004). Vargo and Lusch’s paper provides a framework for rethinking marketing, and a lot of the implications in terms of services are relevant to this research. The objective of Vargo and Lusch’s work is to track the evolution of marketing thought (Vargo and Lusch, 2004) from a goods based discipline to one that embraces services. The service orientated view of marketing sees marketing as a continuous series of processes, largely focused on operant resources, leading to customer satisfaction. Continual feedback from the market alerts the organisation to whether they are doing well compared to competitors (Vargo and Lusch, 2004), and this feedback assists strategic planning (Lovelock, 1991). Furthermore, in many organisations, employees have forgotten who they are servicing (Vargo and Lusch, 2004: 8). When taking on a service centred view of exchange, the goal is to customize offering, and treat the customer as a coproducer, maximizing customer involvement so the product best suits the customers’ needs (Vargo and Lusch, 2004) and marketers should ensure they play a key role in ensuring services are customer centric (Vargo and Lusch, 2004).
This particularly relates to FP6, the most important FP for the paper. Literature suggests that organisations providing an entire host of services will develop the best relationships with customers (Rifkin, 2000), as the marketer becomes a buying agent (Vargo and Lusch, 2004). This is perhaps indicative of the decision made by Aussie Home Loans to offer a host of mortgage offerings as a broker, rather than simply providing a mortgage service to customers.

A superior understanding of customers allow the most innovative companies to outperform their competitors (Lusch, et al, 2006). Technology does not necessarily need to be better for it to be successful, it just needs to be customer focused. A service dominant logic can improve productivity, decrease customer alienation, and foster a marketing system aimed at improving society (Lusch, et al, 2006). To adopt a service dominant logic, firms needs to be able to work well with other parties (collaborative capability) and have a good knowledge of the environments (absorptive capability). In order to implement this philosophy, a strong understanding of core competencies is required, to match them with potential (and existing) customers. This is important to consider from a strategy perspective.

**Toward an empirical understanding of SD-Logic**

Since the 1990s, Services Marketing has increased in importance (Vargo and Lusch, 2004) and the use of Self-Service Technologies (SSTs) has increased (Bitner, Ostrom and Meuter, 2002).

This paper examines S-D Logic from a SST perspective, particularly utilising the premise (FP6) that the customer is always a co-creator of value (Vargo and Lusch, 2006). Although this relates to SSTs, they are not examined in detail in Vargo and Lusch’s work. The author of this paper has a particular interest in the application and use of Self-Service technologies and hopes to evaluate SSTs in the context of Service Dominant Logic. Ultimately, a focus on processes develops and maintains customer and shareholder value (Vargo and Lusch, 2004).

Collaborating with and learning from customers is essential within a service centred logic – value is defined by and co created with the customer (Vargo and Lusch, 2004) obviously having implications in regards to SSTs. This is why FP6 is the most important for the paper. The producer and customer are often viewed as separate in marketing, however, when considering SSTs, “…the consumer is always involved in the production of value” (Vargo and Lusch, 2004: 11). This means the customer must use and repair the service themselves, based on their requirements (Vargo and Lusch, 2004), impacting on perceptions of service quality (Bitner, et al, 2002), particularly as most SSTs do not have service recovery systems in place (Bitner, et al, 2002). To engage in self-service, the customer must have sufficient skills and core competencies (Vargo and Lusch, 2004) or must have undertaken training on service use to make this self-service possible. Training, however, is often not available.

Services, within the framework that Vargo and Lusch (2004) propose, do not include nontangible goods, or those that have been offered to enhance a good. As electronic banking is non-tangible, this could be seen to rule out this philosophy in regards to the project, however, further understanding of Service Dominant Logic indicates it is indeed relevant. Services involve the use of human resources for the benefits of others (Lusch, et al, 2006) and applying “specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” (Vargo and Lusch, 2004). A narrow definition of services, it examines all
business enterprises, applicable to all marketing offerings (Vargo and Lusch, 2004). Primarily this is concerned with operant resources (resources that produce effects – {Constantin and Lusch, 1994}) rather than operand resources (resources on which an operation or act is performed to produce an effect – {Constantin and Lusch, 1994}).

Operant resources are often intangible – such as core competencies and organizational processes (Vargo and Lusch, 2004). Core competencies are higher order resources, compared to assets etc (Hunt, 2000) and can include network partners, skills and knowledge (Vargo and Lusch, 2004). As core competencies include “communication, involvement and a deep commitment to working across organizational boundaries” (Prahalad and Hamel, 1990) it is evident that core competencies are important in business relationships. Even customers are operant resources, as they participate in exchange and coproduction (Vargo and Lusch 2004) a premise that is definitely important when considering SSTs.

Within a service centred dominant logic, the “customer is a coproducer of the service” (Vargo and Lusch, 2004: 7) now evolved to the customer is always a co-creator of value (Vargo and Lusch, 2006). This links in well with the idea of SSTs as the customer is viewed as co-creator at each stage of the relationship, however SSTs are not examined in detail in Vargo and Lusch’s work. Within a goods context, discrete one-off transactions are viewed as central (Vargo and Lusch, 2004). This is in direct contrast to service dominant logic, and relationship marketing, which is why the two bodies should be examined together. Despite the focus of relationship marketing theory and S-D Logic in the literature, it is accepted that very few studies examine SSTs in a B2B context (Pujari, 2004) and to the best of our knowledge; none consider this use from a relationship-marketing and Service Dominant Logic viewpoint. Some authors have questioned how organisations’ adoption of S-D Logic can be operationally measured (Gray, Matear, Deans and Garrett, 2007). Vargo (2007) agrees that empirical investigation is required, but warns researchers to carefully implement any research on S-D Logic. To explore S-D Logic in the context of Internet Banking with Business customers, a series of interviews have been conducted. Twenty-five business-banking customers were interviewed to examine the use of Internet Banking in their businesses and the impact on their organizational practices. For this study, one of the top four Australian banks was interviewed and questioned on S-D Logic premises. It was evident that S-D Logic principles needed to be more formally addressed within the organisation, however, some Foundational Premises (FPs) were informally addressed in terms of the bank’s strategy. From a customer perspective, respondents indicated that the use of internet banking was undertaken due to convenience, rather than feeling forced, however there were some service delivery problems needing to be addressed. Through the results from these interviews with business customers and the Bank, quantitative research will now be undertaken to empirically test the premise of S-D Logic in this context.

Developing scales for testing S-D Logic

In developing the quantitative stage of any marketing study, it is essential to examine existing research scales and adapt them where appropriate to answer the research question. The author of this paper has evaluated many scales in marketing in the development of the survey, but found that many of the scales were not relevant. For the research project, both qualitative and quantitative research is being conducted. The qualitative stage has been completed and quantitative research will shortly be undertaken. Both relationship marketing and Service Dominant Logic will be examined.
in the survey. The survey firstly examines the customer’s relationship with their service provider (a bank in this context, but this is interchangeable) and then, using the funnel approach, moves into more specific questions about the service delivery, relationship marketing (trust, commitment etc) and finally concludes with S-D Logic questions. Although some pre-existing scales have been created, for the purpose of this paper, only new scales have been developed. Furthermore, emphasis is on all FPs, but a particular focus on the co-creation of value is provided. For example, some questions regarding S-D Logic include: (note: these are evaluated on a five point Likert scale)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Comment regarding scale item</th>
</tr>
</thead>
<tbody>
<tr>
<td>My service provider (bank) makes me feel that I am involved in developing services with the bank</td>
<td>Relates to FP6: The customer is always a cocreator of value</td>
</tr>
<tr>
<td>My service provider is a good source of knowledge</td>
<td>Relates to FP4: Knowledge is the fundamental source of competitive advantage</td>
</tr>
<tr>
<td>I believe in the importance of service</td>
<td>Relates to FP5: All economies are service economies</td>
</tr>
<tr>
<td>My service provider (bank) is customer orientated</td>
<td>Relates to FP8: A service centred view is customer orientated and relational</td>
</tr>
<tr>
<td>My service provider (bank) has a superior understanding of my needs compared to its competitors</td>
<td>A superior understanding of customers allows the most innovative companies to outperform (Vargo and Lusch 2004)</td>
</tr>
<tr>
<td>My service provider (Bank) customises offerings to meet our needs</td>
<td>To maximize customer involvement, and enhance the relationship, the goal is to customise offerings (Vargo and Lusch, 2004)</td>
</tr>
<tr>
<td>My service provider provides a wide range of services</td>
<td>Literature suggests that organisations providing an entire host of services will develop the best relationships with customers (Rifkin, 2000)</td>
</tr>
<tr>
<td>My service provider (bank) focuses on establishing excellent relationships with my business</td>
<td>Relates to FP8: A service centred view is customer orientated and relational</td>
</tr>
<tr>
<td>My service provider believes in the importance of providing value to me</td>
<td>The customer is endogenous to the value creation process (Vargo and Lusch, 2006: 44)</td>
</tr>
</tbody>
</table>
Results for the quantitative stage of the study will go a long way toward evaluating the method of testing S-D Logic. If the results appear valid and reliable, they can be utilised by other authors attempting to test customer perceptions of S-D Logic. Nevertheless, this author believes both qualitative and quantitative methodology is important in testing S-D Logic. A particular focus on qualitative research will gain a greater understanding of the framework.

This is particularly important because there has been limited testing to date, and therefore exploratory work is needed. Quantitative scale development is also required due to the importance of the work in marketing over recent years. While empirical testing of S-D Logic is welcome, researchers are cautioned in how they test it, because the use of S-D Logic can improve firm performance, even if not utilised in practice (Vargo, 2007). This paper does not list a series of scales for testing Service Dominant Logic, but it does provide scales, which will contribute to an understanding of the Foundation Premises of Service Dominant Logic.
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Abstract

Australia’s major banks and credit unions have adopted online banking not only as a service for their consumers, but also as a way of maintaining lower overheads. With cheaper rates for consumers who carry out their transactions online, and the convenience and time saving of Internet banking, it is the ideal choice for time pressed bankers. Until recently, Australians were not adopting the use of Internet banking services as rapidly as expected. It was generally expected that this lack of adoption tied in with the lack of interest in E-Commerce, however, as Australians are becoming more trusting of online transactions, the question is still there as to why more young Australians are not performing their banking transactions online.

Sathye (1999) completed a study analysing the reason people were not utilising online banking in Australia. Five years later, this study has been adapted for this paper, testing the six hypotheses with younger Australians. The results indicated that age aside; Australians are still concerned about safety and security in online transactions. In addition, those who had not adopted Internet banking saw little benefit in changing from their current method of banking. Those who did utilise Internet banking regularly felt that it was convenient for them. From the results of this survey, implications for banks and credit unions are provided to increase the adoption of Internet banking services by young Australians.

This study is a preliminary study, with further research to be carried out.

Introduction

As consumers become more time pressed, and more familiar with using technology, they are seeking out ways to make their lives better and to operate more efficiently. At the same time, banks are looking for ways to cut costs. As a result, it is little wonder that Internet banking is growing in popularity with Australian consumers. Despite the increase, there are still many Australians hesitant to trial and adopt online banking services. Banks promote online banking as a convenient and cost effective method of banking. Pure services are often ideal for the Internet, however, issues such as intangibility and trust must be addressed.

Sathye (1999, p 324) defines Internet banking as using the Internet to “access (the) bank… to undertake banking transactions”. A study carried out by Sathye (1999) hypothesised a number of reasons why more Australians were not utilising Internet banking. His paper came to a number of conclusions, including the fact that consumers were not aware of Internet banking.

In seeking to replicate Sathye’s study, this paper addresses these reasons looking at Australian consumers under the age of 35. In addition, innovation adoption will be
addressed to determine whether those most likely to adopt innovations would be more likely to adopt this online service. The paper then suggests further research that should be carried out based on the preliminary results. This study has been carried out as a pre-test, prior to undertaking a large scale research project. It is possible to make some recommendations for banks from the results, however, another study, with a larger, more representative sample, is suggested.

**Literature Review**

Many of the studies on online banking stems from the information systems and banking fields, rather than marketing. This paper addresses some current issues in online banking and then discusses the relevant marketing theory that can be applied to online banking.

As customers become increasingly time poor, they seek ways to save time in fulfilling their financial needs (Boyes, 2003). It is expected that by 2007 sixty percent of all banking transactions will be done online (Barwise, 1997). With this obvious importance, it is important that online banking be addressed. Online banking provides cost savings for the bank (Bradley and Stewart, 2003) and therefore many banks are seeking to attract users to the service.

Sathye (1999) hypothesized a number of reasons why Australian were not utilising Internet banking. Overall, Saythe found that consumers were reluctant to use online banking due to security issues. Literature supports this – McCahon (1999; cited in Bradley and Stewart, 2003) and Long (2000; cited in Bradley and Stewart, 2003) have found that security is the biggest reason people are reluctant to adopt online banking. Internet banking will be examined looking at Sathye’s hypotheses, and also the innovation adoption model. This paper addresses these reasons looking at Australian consumers under the age of 35, to see whether or not the issues for not carrying out their banking transactions online are the same.

Internet banking has increased over the past few years. Now 51% of Australians utilise Internet banking, compared with just 35% in 2001. It is expected that within the next twelve months, 62% of Australians will adopt online banking (Greenspan, 2003). Approximately 28% use financial services weekly. 90% of users check account balances, 78% of users transfer funds between accounts, 48% schedule payments and 47% transfer money to third parties (Greenspan, 2003).

In general, these statistics show that Australians are increasing their internet usage. A study by HitWise (2003; cited in Greenspan, 2003) indicates that banking sites are regularly visited by Australians. The CBA NetBank site is the seventh most popular site visited by Australians in September 2003. In fact, six of the top twenty Australian sites visited include banking sites (Greenspan, 2003).

While Internet banking has been relatively slow in attracting users, the average consumer has adopted the use of the Internet with phenomenal growth – Good (1998) compares the adoption of the Internet to other innovations, as indicated in Table One.
Table One: Years for Mass Adoption of Innovations

<table>
<thead>
<tr>
<th>Innovations</th>
<th>Years for mass adoption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>46</td>
</tr>
<tr>
<td>Telephones</td>
<td>35</td>
</tr>
<tr>
<td>Radio</td>
<td>22</td>
</tr>
<tr>
<td>PCs</td>
<td>16</td>
</tr>
<tr>
<td>World Wide Web</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Adapted from Good (1998).

Table one indicates that overall, the World Wide Web has been relatively fast in gaining mass adoption. Personal computers took sixteen years for mass acceptance and adoption, compared with just six for the Internet. While Internet Banking is growing in popularity in Australia, the adoption of it has not been as rapid as expected. In Europe, however, adoption of online banking has been faster compared with adoption of ATMs and EFTPOS (Flier, 2001).

The attraction of Internet banking is mainly focused on convenience. Customers tend to seek convenience in products where they have no real interest, the product or service is perceived as a commodity and the brand of the supplier is trusted (Boyes, 2003).

Online banking fits into these categories and therefore convenience, in general, is sought by consumers. Despite this, consumers seem to perceive a risk in adopting online banking. This is probably because it is classed as an innovation. Customer perception sees that customers view a product in terms of where it is positioned between a set of required attributes for the product class. Product quality is the area where most customers are uncertain, and this creates customer uncertainty, leading to perceived risk (Erdem, Zhao and Valenzuela, 2004).

Online banking could easily be defined as an innovation. While there is no universal definition for innovations, there are some product-oriented definitions that online banking could fall under. It is expected that online banking could be defined as a dynamically continuous innovation, whereby there is some disruption from current methods of behaviour but established behaviour patterns do not change (Schiffman, et al, 2001). Bradley and Stewart (20003) argue however that online banking is a discontinuous innovation, as it requires dramatically different banking practices. Either way, online banking is an innovation and therefore attracts some level of risk in customers’ minds.

All innovations go through a process whereby consumers must be aware of the innovation prior to adopting it. After a consumer becomes aware of the innovation, they may become interested in it. This interest will cause the consumer to evaluate the various brands and products available, and eventually trial the product. If the trial is successful, the consumer may then move into the adoption stage of the process. It could be argued that this model would work slightly differently for online banking. While users may indeed evaluate different brands prior to adoption, it would be expected that most consumers would utilise the online banking services provided by their existing banking institution. In general, the customer approaches a bank about financial services (Boyes, 2003), and online banking is no exception. Nevertheless, the stages of awareness, interest and trial would most likely to be necessary prior to adoption. Innovation adoption is appropriate for consumer products primarily and therefore is relevant to online banking.
Some characteristics make an innovation more likely to be accepted by consumers. In general, these are: if the innovation has a relative advantage over current products (in this case, current methods of banking), the compatibility of the new product with existing modes and customer values (that is, whether the new method of banking changes the banking behaviour dramatically), and whether it is trialable, observable and how complex the innovation is (Rogers, 1983). In the case of online banking, some banks have made it observable and able to be trialled in their branches, which could have a positive impact on adoption. The ability to trial the services is one stage of adoption that most consumers need to move through prior to adoption. Seeing a rise in online banking, Heritage Building Society, a regionally based organisation recently introduced internet kiosks to their branches, educating their consumers and allowing them to trial the services (Heritage, 2002). This initiative is a method of increasing interest of consumers in interactive tools. Their web site provides information about the business, in addition to internet banking services.

According to Burge (cited in Greenspan, 2003), it is the fact that online banking cannot be trialled before purchase that makes it suited to the Internet. Burge indicated that as the product is known, people feel comfortable adopting it. According to Burge, (cited in Greenspan, 2003), "many other classes of online purchases do not offer these benefits and the existing channels of distribution". Of course, as online banking is a service, some factors make it unique to goods. Online banking can be categorised as intangible, something that is the most distinctive feature of financial services (Boyes, 2003). In addition, online banking is heterogeneous, inseparable and perishable (Boyes, 2003). Each of these elements add to the perceived customer risk for customers, and therefore must be focused on by the banks.

Assuming consumers go through each of the above stages, it will be possible to determine where the majority of younger Australians are in terms of online banking. Each stage will be researched to determine where Australian consumers are in terms of this model. There are obvious benefits of online banking for both the bank and consumer. In particular, overhead costs are lowered, and it has been suggested that by getting a customer to utilise Internet banking services the switching costs of swapping banks increases (Pyun, Scruggs and Nam, 2002), encouraging customers to maintain their banking relationship.

**Method**

In analysing the literature, it is evident that there is a consensus amongst authors that Internet banking is an innovation in service offering and will continue to grow in popularity, particularly if the banks address the potential risk of customers and potential customers. In 1999, Sathye tested six hypotheses why Australians were reluctant to conduct Online Banking. These hypotheses were:

- **H1**: Australian consumers are not adopting Internet banking services because they are unaware of the services and benefits it offers
- **H2**: Australian consumers are not adopting Internet banking services because they do not find it easy to use
- **H3**: Australian consumers are not adopting Internet banking service because they are concerned about safety and security of transactions over the Internet
H4: Australian consumers are not adopting Internet banking service because it is not reasonably priced

H5: Australian consumers are not adopting Internet banking services because they do not want to change from currently familiar ways of transacting

H6: Australian consumers are not adopting Internet banking because they do not have access to computers / Internet. (Source: Sathye, 1999)

These six hypotheses indicate that Australian consumers are reluctant to adopt Internet banking primarily because it is different from what they are used to and therefore is perceived as a potential risk. Security is also a concern, and this is experienced around the world. According to Sathye (1999), Australians have not even moved into the awareness stage of the innovation adoption model. If this is the case, then it is little wonder that Internet banking has not been as widely accepted as other innovations.

Sathye’s (1999) comprehensive study analysed Australians’ perceptions of online banking. It is, however, expected that younger Australians would be less hesitant in adopting a new innovation. As a result, after examining the literature, a focus group was held by the author to determine the perceptions of university students to online banking. Twelve students participated in the informal focus group with a rather equal breakdown of males and females. Questions were very exploratory in nature, to understand their experiences with Internet banking. It was assumed that younger people would be more likely to trust Internet banking. These focus groups, however, found that university students were indeed reluctant to use Internet banking, and that only a very small proportion had used Internet banking in the past. For the purpose of this study, young Australians will be considered to be aged under 35 years of age.

Based on the focus group results, a questionnaire was developed to empirically address why young adopters are using the Internet for their online banking and why young non-adopters are not using the Internet for their banking services. The questionnaire had a series of questions examining the respondents’ demographics and their access to the Internet. The respondents were then asked to respond to a series of questions testing their innovativeness (Leavitt & Walton, 1988, cited in Bearden, 1993) to see whether there was a link between adoption of online banking and the respondents’ innovativeness. It is assumed that consumers with low levels of dogmatism are more likely to be attracted to online banking, and that customers with high optimum stimulation levels would be more willing to try new and innovative products (Schiffman, et al, 2001). Using pre-constructed questions, mostly focused on consumer behaviour, and adapting them for the topic at hand ensured that issues of validity and reliability were considered.

To further test the survey, a convenience sample was used. Students at a university were invited to complete the survey, causing issues with the results found, which will be discussed later.

To test the questionnaire, a preliminary survey was carried out. The survey was carried out in classes, and students were able to decide whether they wished to participate. The students were not told what the survey was about prior to their participation, to reduce potential bias. The preliminary survey had only 45 respondents that were under the age of 35. As a result, further research needs to be undertaken. However, analysis of the data has been carried out to test the six hypotheses prior to retesting. The majority of
the respondents (over 50 percent) were aged 18 – 21, followed by the 22-25 year old age group. There was a relatively equal distribution of male and female participants.

**Preliminary Results**

Over 80 percent of respondents had daily access to the Internet, with the majority of respondents having access at home, not supporting Hypothesis Six.

Of the respondents, 61 percent of respondents had never tried Internet banking. Only nine percent were not aware of the online banking services. Hypothesis One states that young Australian consumers are unaware of the services, and in this case, the young Australians are aware that Internet banking exists, thus not supporting Hypothesis One. It is important to note therefore, that the majority of survey respondents are at least at the awareness stage of the innovation adoption model.

The primary reason for lack of trial of Internet banking was concerns for safety and security of online transactions, supporting Hypothesis Three. All questions relating to safety and security scored as a concern for the young respondents.

Many respondents saw no benefit in changing from their current method of banking, supporting Hypothesis Five. The respondents in both the focus groups and surveys felt that their current method of banking was sufficient for their needs, and therefore there was little or no reason to change. Of the survey respondents not currently using Internet banking, 31 percent felt they would most probably or definitely use online banking in the future, and 27 percent felt they would probably or definitely not use Internet banking. This is an interesting finding, however, could be related to the fact that the majority of respondents were university students. While the focus groups indicated that the students do pay bills and transfer funds between accounts, in general, it could be argued that without a full time job, the need to manage money in a time efficient manner is less desirable. Once again, further research will need to be carried out to determine how much of a factor this is. This particular factor could prove to be the biggest hurdle for banks.

Looking at the innovation adoption model again, it is important to note that 22 percent of respondents had tried Internet banking but had not adopted it as part of their regular banking processes. This meant that these respondents have moved into the trial stage of the innovation adoption model, however, for some reason or other, chose not to adopt it as part of their regular banking methods.

Of those who do not utilise it regularly, the most common reason for lack of use was that they felt there was no change necessary with their current method of banking (70 percent felt this way). Sixty percent of non-users who had trialed it were concerned about the safety and security on the Internet. Once again, these results suggest that Hypotheses Three and Five are valid. In addition, the cost of the services was not a factor for lack of trial or use by Australian youths. In fact, some respondents in both the survey and focus groups commented that the cost was of appeal for use, in that transacting over the Internet was cheaper than going to a branch.

Sixteen percent of respondents utilised Internet banking regularly. Of those using the services regularly, 70 percent found it a useful service for them, with the remaining 30 percent unsure. The majority of users use Internet banking for the convenience, however, some respondents also used it because it saved them time. The majority of
Internet banking users used it to access account details and transfer funds. Fewer users paid bills using Internet banking.

Of those who have used Internet banking, 35 percent had told others about it and 64 percent had not. This question was asked to determine whether innovator adopters were also opinion leaders sharing information with their friends and family. In this case, this was not supported. This was a surprising finding as it had been expected that innovation adopters would be the type of people likely to share their product choices. The focus groups indicated that customers did not really see online banking as an innovation, or something to talk to their friends about. This raises some interesting points for the banking industry.

The results have indicated that of the six hypotheses stated by Saythe (1999), only two of them are really relevant to young Australians today. These are, that young Australian consumers are concerned about safety and security of transactions over the Internet and young Australian consumers do not wish to change from familiar ways of transacting, nor do they see any benefit in doing so.

**Implications for banks**

This study has generated a few implications for banks and credit unions trying to get the under 35-year-old market to utilise online banking services. Primarily, it is imperative that banks and credit unions promote the safety of online transactions. It is suggested that banks most successful in attracting consumers to their online services are those that have promoted the safety of the online transactions (Anon, 2002 and Mica, 2002). In addition, it is imperative that consumers feel there is a benefit from changing from their current ways of transacting. For instance, cost savings might encourage the younger consumer to utilise the services. To encourage consumers to tell their friends and family about positive online experiences, a referral system is recommended, offering incentives to the referrer. In the US, ING Direct offer a referral system whereby a consumer who refers another consumer to an online account will receive $50 in their account – it is expected that this sort of incentive would be well accepted by young Australians and make them more eager to discuss their preferred methods of banking with their friends.

Overall, awareness is not an issue with most young Australians aware of the Internet banking services available. Interest for many appears to be lacking, and it is imperative that banks focus on this stage of the Innovation Adoption Model so that consumers ultimately trial and adopt the services. Some respondents had trialled the services and moved back to the awareness stage, so this needs to be focused on by banks and credit unions.

Banks and Credit Unions will ultimately force people online by increasing offline transaction costs. To increase satisfaction by consumers however, it is important that this is a choice consumers make. Risk perception seems to be a big problem in deciding to adopt Internet banking. By lowering the risk consumers perceive, more young Australians will adopt this service themselves and share their satisfaction with their reference groups. To lower risk, the banks need to address the elements of service marketing, in addition to focusing on the trustworthiness of the brand name.
**Limitations**

There was a very small sample with only 45 respondents. The purpose of this study, however, is to further an existing study and develop an appropriate questionnaire to test the six hypotheses. Combined with the preliminary focus groups, this study has determined which hypotheses are relevant in the under 35 year old age group, and will allow further studies to be developed.

In addition, the majority of respondents were students (over 90 percent) which has obviously limited the scope of this study. While students regularly utilise the Internet and have a good understanding of the Internet, their use of banking services might be quite limited. It could be expected that as these students get mortgages and so on, they might find the convenience of Internet banking more appealing.

**Further research**

This preliminary survey has provided some results that are worth investigating further. As a result, a study of 500 young Australians is soon to be carried out to determine their experience with online banking, if any, and their impressions of their current method of banking, regardless of what it is. This study will investigate a wide variety of young Australians, from students and workers. It is proposed that this study will be more representative of young Australians and will therefore be more likely to provide results of interests to banks.

This paper has been written as a stepping-stone to further research. The six hypotheses will be tested again with a larger sample who are more representative of the under 35 year old population. The new sample will use a group of young people in Victoria and will rely on probability sampling. Opinion leader behaviour will also be identified to determine whether a banking referral system is advisable.

In addition, the study will look at additional items such as whether evaluation of banking brands are important when deciding whether to adopt online banking. Respondents will also be examined to see whether there is a relationship between innovation adoption in other areas and online banking.

Issues such as trust of the bank and service intangibility should also be addressed in further research, however might be omitted in this particular study due to the size and scope of the study. In general, further research could look at comparisons of different cultures and their online banking patterns. This particular area is out of the scope of the study.

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Abstract

The focus in the relationship marketing literature is often on retaining customers, and the use of face-to-face relationships. Although the use of technology in business is continually increasing and consequently, limited research addresses the impact of technology on relationships. While it is accepted that trust is necessary for relationships (Morgan and Hunt, 1994) there is little evidence to suggest what impact technology has on these relationships, other than value adding (Stone and Woodcock, 1997). This paper reviews the impact of technology on relationships and concludes with a series of research propositions for an exploratory study. Due to the higher perceived risk of purchasing services, and increased importance on trust, this paper particularly focuses on Relationship Marketing in a service context.

Introduction

Relationship Marketing is a key part of marketing, particularly within a business-to-business context (Kandampully, 2003) and when services are offered, rather than goods (Berry, 2002). The intangible nature of services makes them difficult to evaluate prior to service and increases perceived risk (Murray and Schlacter, 1990). Building trust is, therefore, imperative, because if a customer trusts a service provider, they are likely to return (Berry, 2002). Though many studies consider trust in business relationships (Jiang, Henneberg and Naude, 2009), there is little understanding to how the use of Information Technology impacts on trust. The question remains does the removal of face to face contact when Information Technology is utilised enhance or reduce trust, or is there very little impact?

This paper first reviews the Relationship Marketing literature and, in so doing, highlights the importance of trust in these relationships and the mutual benefit of alliances. It then discusses the role that computer mediated environments can play in the facilitation or removal of trust in inter-firm relationships. The paper concludes with implications for this in the literature, and presents a number of propositions to be investigated in the authors’ proposed research.

Relationship Marketing

Relationship Marketing, particularly relevant in services marketing (Möller and Halinen, 2000) requires the establishment of trust and commitment (Morgan and Hunt, 1994).

The literature provides an abundance of definitions of Relationship Marketing, with over fifty published definitions (Dann and Dann, 2001). With many authors attempting to define Relationship Marketing over the years, it is evident that there are definitely commonalities between the definitions. Harker (1999) undertook a content analysis of definitions evaluating 26 definitions of Relationship Marketing. The definition he
settled on encompasses all necessary key words judged by a series of academic evaluators. This definition is as follows:

“Relationship Marketing includes tasks undertaken to “Identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and this is done by mutual exchange and the fulfillment of promises” Grönroos, 1994: 9. Harker’s (1999) content analysis also indicated that there are seven conceptual categories, or functions, of Relationship Marketing, including the creation of the relationship, development and maintenance, interaction, commitment, emotional content, and ultimately, output.

Relationships may develop into alliances (Hunt, Lambe and Wittman, 2002), however not all relationship behavior will lead to an alliance. Interfirm relationships create value for both parties (Ryssel, Ritter, Gemünden, 2000). Alliances are often common in interfirm relationships, because alliance success emerges when it provides both parties with a competitive advantage (Hunt, Lambe and Wittman, 2002) giving both parties a reason to commit to the alliance. If a customer feels they have worked with the marketer, then there may indeed be an alliance, compared with a relationship, providing more commitment and mutual benefit. It is important to understand the various categories of alliances, therefore, as this may viewed by the customer as a “superior” kind of relationship. There are four categories of business alliances. The first is a Resourced Based View, which is about both parties bringing complementary resources to the relationships. The second is a Competence Based View and focuses on the role of alliance-management capabilities. The third is Relational Factors and considerations the various characteristics of the alliance relationship. Finally a Competitive Advantage enables both parties the opportunity to market offerings with superior value than their competitors (Hunt, Lambe and Wittman, 2002). The link between Relationship Marketing and alliances is particularly focused on “relational factors” where communication, commitment and trust are important (Hunt, Lambe and Wittman, 2002).

If the goal of an alliance is a competitive advantage, then it is essential that firms strive to have such a committed relationship where possible. Trust is necessary prior to there being a commitment (Morgan and Hunt, 1994) and alliances and relationships require commitment (Hunt, Lambe and Wittman, 2002). However, it is not known what impact the use of Information Technology (IT) has on the possibility of building trust, commitment and ultimately alliances. Furthermore, the literature does not appear to indicate if an alliance is superior to a relationship, nor whether any relationship can become an “alliance”. Our first research proposition, therefore, is drawn from these unanswered questions.

P1: Commitment in an alliance is stronger than in a relationship, however technology has an impact on alliance commitment.

Relationship Marketing is particularly relevant in a services context. Services are based on interactive marketing, and, therefore, direct contact is necessary (Grönroos, 2004; Bitner, 1995), relying on Relationship Marketing principles. In fact, services marketing was the discipline that first introduced Relationship Marketing in the 1970s after debates that the marketing mix was insufficient for services (Möller and Halinen, 2000) requiring more interactive processes. Customers view their perceptions of quality on the basis of satisfaction with their relationship (Berry and Parasuram, 1993; Möller and Halinen, 2000), again highlighting the importance of Relationship Marketing. In
services, customers are active participants in the service delivery process, and trust and ultimately commitment are essential constructs (Kelley and Davis, 1994). Relationship Marketing is, therefore, viewed as essential in business-to-business relationships, and particularly within services. While the establishment of trust can build relationships, there is little understanding as to how the use of information technology can impact on relationships.

Trust and Computer Mediated Environments
Trust is a key area of Relationship Marketing, particularly important within services marketing due to the intangibility of services (Berry and Parasuraman, 1991) increasing perceived risk, relative to goods (Murray and Schlacter, 1990). Trust reduces risk in a relationship (Nykänen, Järvensivu and Möller, 2009). Trust has been heavily researched in the past, however this is mostly from a Business to Consumer (B2C) approach (Jevons and Gabbott, 2000), rather than a B2B approach. Relationship Marketing is most essential in a B2B context due to the fragile nature and importance of inter-firm relationships (Dibb and Meadows, 2004) and therefore it is essential to consider trust in a business to business context. Trust exists where one party has confidence in an exchange partner’s reliability (Morgan and Hunt, 1994) and looks at the integrity, honesty and the reliability of the other party (Dwyer and Tanner, 2002). A shared belief of similar and compatible interests (Laaksonen, Pajunen and Kulmala, 2008) is essential prior to building relationship commitment (Morgan and Hunt, 1994; Dwyer and Tanner, 2002). This is why it is such a key part of Relationship Marketing. Relationship commitment, defined as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it” (Morgan and Hunt, 1994:23) is viewed as essential for both Relationship Marketing and Services Marketing (Berry and Parasuraman, 1991). However, commitment is only fostered through trust, because trust leads to repeat patronage by customers (Berry, 2002), and this loyalty can foster commitment.

Trust can be developed through shared interactions over time (Young and Wilkinson, 1989), and is related to a number of elements such as competitive advantage and satisfaction (Ratnasingam and Pavlou, 2003). The literature indicates there are many types of trust, but in business relationships, there are two key types of trust—trading partner trust and technology trust (Ratnasingam and Pavlou, 2003). Trading partner trust is about trust between the network participants. When purchasing from other businesses, either for use within the business, or for resale, issues such as product quality, delivery issues and prices are concerns for buyers, while sellers are concerned with payment (Violino, 2002). Technology trust indicates a trust in the technology infrastructure to conduct interfirm exchanges (Ratnasingam and Pavlou, 2003). Obviously when considering the impact of technology on relationships, the concept of technology trust in particular needs consideration.

Relationships are increasingly important, particularly in a business-to-business context, yet at the same the use of information technology (IT) is increasing in business practice. What impact does the use of IT have on business relationships? Literature indicates the importance of “getting it right” with technology (Stone and Woodcock, 1997; Joseph, 1998; Lang and Colgate, 2003). Customers dissatisfied with the amount of technology use in their relationships (that is, they would prefer to use more or less) perceive their relationship to be weaker than those satisfied with the amount of technology use (Lang and Colgate 2003). This research, undertaken in a B2C context, is an important finding, indicating the impact of IT use on relationships but does not provide an overall
understanding of contexts where it is appropriate and how much is “enough”. Does it not matter at all, is it simply considered a value added service? It is, therefore, essential for organisations to consider customer satisfaction with IT as ultimately this will contribute toward satisfaction with the relationship and no doubt commitment to the relationship – all key constructs in Relationship Marketing. This leads to our second Research Proposition:

P2: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment

Services such as automated package shipping, internet banking and airline log in could easily be perceived as complementary services which enhance relationships. From a business-to-business context, additional services such as goods ordering and tracking systems could also be viewed as value adding. However, if this became the only choice, customers are frustrated. Furthermore, if something went wrong with these services, customers require human beings to assist ((Bitner, Ostrom and Meuter, 2002b). The literature indicates that too much technology or too little is problematic in relationships (Lang and Colgate, 2003). In business today, it appears some technology is necessary. Indeed, even in the implementation of Relationship Marketing, technology is a requirement. In addition to traditional direct contact with customers, customer orientated service systems and a database is necessary (Grönroos, 1996). With the understanding, therefore, that technology is necessary; the question for every marketing practitioner becomes “how much is enough?” Is there some kind of ratio marketers can work toward with a balance between face to face contact and self-service? Does it differ depending on the industry or demographics of the customer? Additionally, do different customers have different requirements? Our third research proposition addresses this point:

P3: Customer specifics (demographics and industry) impacts on requirement for face to face contact in a B2B context

Relationship Marketing, from a services marketing perspective, emphasises the importance of personal relationships between a marketer and customer. This is in direct contrast from that of database marketing where relationships are distant and more often carried out through mass communication (Möller and Halinen, 2000). Are self-service technologies to be considered similar to database marketing, or are they more similar to personal interactions? If direct contact with customers is required in Relationship Marketing, as indicated above, does this mean that relationships conducted through self-service cannot be deemed to be “Relationship Marketing”? It would appear so, yet the literature also suggests that Relationship Marketing is necessary in services marketing (Morgan and Hunt 1994; Berry and Parasuraman, 1991) in order for an organisation to be successful. Perhaps self-service technologies fall into their own category entirely, or perhaps “interaction” is sufficient, even if this interaction is not carried out face-to-face. Though it is accepted that face to face contact is necessary in business markets (Leek and Turnbull, 2004, Cunningham and Turnbull, 1982) it is essential to consider this in the current technological environment. This is something that has not been addressed in the literature and needs addressing in further research, leading to our fourth research proposition.

P4: Interaction is necessary in relationship marketing, regardless of whether this interaction is face-to-face or not

While there is some suggestion that IT use within relationships could have an impact (Jone, 1996), there is little discussion of the direction of the impact. There is evidence to suggest that IT has a positive impact on business relationships (Stone and Woodcock,
1997; Joseph, 1998), but this appears to be when used as “complementary” to a face to face relationship, rather than when SSTs are forced. Furthermore, there is some suggestion in the literature that that IT does not inhibit the creation of trust, satisfaction or commitment central to Relationship Marketing (Comer, Mehta, and Holmes, 1998).

To summarise - technology could have a negligible impact on firms relationships with customers, but there has been very little research done in this area (Lang and Colgate 2003). The research undertaken seems to indicate that when an additional service is offered, there is little or no impact on relationships, however, there is no discussion of the impact on relationships when technology forms a major part of the relationship, nor when the relationship is a key business-to-business relationship.

**Conclusions**

This paper has evaluated some of the literature relating to Relationship Marketing, and reviewed the literature on the impact of IT on business relationships. With a particular focus on services marketing, this paper sought to commence an understanding of the impact IT has on Relationship Marketing. The paper highlighted the current debate in the literature about the impact of IT on relationships, with no consensus reached as to the benefit of computer mediated environments on establishing positive relationship outcomes. When Self-Service Technology fails, the customer is often dissatisfied with both the failure and resultant action by the firm, the way in which these problems are solved can have large implications for customer evaluation of a firm (Tax, Brown and Chandrashekaran, 1998; Richheld, 1993) as well as impacting on the overall perception the customer has about the brand.

The nature of trust in relationships and its ability to develop commitment is increasingly understood by marketers (Morgan and Hunt, 1994), yet there is little evidence to suggest what the use of IT does to important business-to-business relationships. While the literature suggests that complementary IT services can add value to a relationship (Stone and Woodcock, 1997; Joseph, 1998), there seems to be a requirement for face-to-face contact to ensure trust, and ultimately relationship commitment, something all marketers are striving for. Through the literature analysis, the following research propositions have been highlighted:

- **P1**: Commitment in an alliance is stronger than in a relationship, however technology has an impact on alliance commitment.
- **P2**: Increased use of information technology impacts on relationships, particularly in terms of trust and commitment
- **P3**: Customer specifics (demographics and industry) impacts on requirement for face to face contact in a B2B context
- **P4**: Interaction is necessary in relationship marketing, regardless of whether this interaction is face-to-face or not

Services are largely intangible; trust and the resulting evaluation of the firm by a customer is fundamental in reducing perceived risk. Problem solving must be effective to build trust and commitment in the relationship (Morgan and Hunt, 1994). Therefore, where there are problems with technology, it is essential for marketers to deal with these issues effectively so as to maintain a positive relationship. Furthermore, dissatisfaction with the amount of technology use in a relationship (too much or too little) impacts on the customer’s perception of the service delivery. This means that a complete understanding of technology requirements is necessary in order to implement effective Relationship Marketing.
The next step in our research is to conduct an exploratory study into the role that computer mediated environments play in the maintenance of trust in relationship marketing. Qualitative methods will be used so as to understand how the marketer can facilitate trust within a relationship using such environments and will further investigate the research propositions highlighted above. Further research will also consider the differences between alliances and relationships, and whether the technology impact is similar or different in differing contexts.
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Paper Five: The impact of internet banking on business-customer relationships

The impact of internet banking on business-customer relationships (are you being self-served?)

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Abstract

Purpose – The purpose of this paper is to show how technology has dramatically altered the way businesses operate in a business-to-business (B2B) context and has had profound influences on services, altering the way services are delivered. It is believed that the increased use of self-service technologies (SSTs) impacts on B2B relationships. The paper seeks to explore the impact of the use of internet banking on business relationships.

Design/methodology/approach – The paper reviews the results and implications of recent exploratory research conducted with a small sample of Australian business bank customers.

Findings – It was expected that perceptions of technology would impact on the relationship. However, it was the perception of the relationship which led respondents to develop a perception of the technology. Further research is recommended.

Practical implications – Banks are encouraging internet banking to reduce service delivery costs and improve service quality for customers. However, a greater understanding of the impact of this on relationships is essential.

Originality/value – The importance of developing and fostering relationships with customers has long been regarded as important within services marketing and also within B2B relationships. However, there is little discussion of the impact of self-service technologies on business relationships.

Keywords Self service, Production management, Relationship marketing, Business-to-business marketing

Paper type Research paper

Introduction

Businesses are increasingly using technology in their business-to-business operations, and therefore, it is essential to understand the impact of these technologies on the relationship, business processes and productivity. In particular, the increasing use of self service technologies (SSTs) within B2B relationships removes face-to-face contact traditionally believed to be important in relation to service delivery between two organisations. What does this do to the relationship is not understood – e.g. How does it impact on trust, commitment and ultimately the relationship itself?

A number of unique attributes making financial services a good starting point for this study. First, financial services are increasingly using technology in their transactions to be more competitive, convenient to customers and reduce costs. Furthermore, the banking industry tends to develop and foster longer-term relationships compared with many other industries, and therefore is appropriate to be examined from a relationship marketing perspective.
In the context of this paper, commercial banking customers will be considered “B2B” customers, regardless of the industry they work in. This definition is consistent with the existing literature where this type of relationship is considered a B2B relationship and also that of the American Marketing Association definition of industrial markets (e.g. see Havice and Heffernan, 2005; American Marketing Association, 2007). Business banking includes transactions, loans, and investment planning, among other areas. Internet banking is also increasingly used in a B2B context.

From a theoretical perspective, relationship marketing theory will be utilised to discuss the use of self-service technologies in a B2B context. Relationship marketing theory is viewed as relevant, and important to developing and nurturing relationships with customers. Traditional relationship marketing theory does not consider the use of SSTs and with the increased use of SSTs in a business context, this gap needs to be filled. The study will focus on the research question “what impact does the use of business internet banking (SST) have on relationships within a B2B context?” Answering this question as proposed will fulfill the following objectives:

1. To examine relationship marketing theory in the context of SSTs.
2. To understand how the reduction of face-to-face contact can impact on relationships in a B2B context.
3. To understand how the use of technology impacts on trust and relationship commitment in a B2B context.

This paper will overview relationship marketing theory, leading to a conceptual model tested using qualitative interviews. Banks are increasingly seeking ways to encourage consumers to use technology – from ATMs to telephone banking, and now, internet banking. In order to ensure that banks remain competitive, they have considered alternative means of distributing banking products for many years. In recent years, banks have been promoting internet banking as a convenient method for customers, and ultimately for cost savings for the banks. Consequently, this study is a useful way of understanding the impact of SSTs on business banking relationships.

**Relationship marketing theory**

Morgan and Hunt (1994, p. 22) define relationship marketing as “all marketing activities directed toward establishing, developing and maintaining successful relational exchanges”. Many definitions of relationship marketing exist, yet all emphasise a long-term relationship. Despite the focus of relationship marketing theory in the literature, it is accepted that very few studies examine SSTs in a B2B context (Pujiari, 2004) and none consider this use from a relationship-marketing viewpoint. Ultimately, building relationships with customers is central to the marketing concept (Kotler and Keller, 2006) and relationship marketing, which has origins in business marketing, services marketing, marketing channel and direct marketing (Dibb and Meadows, 2004), was developed to best meet customer needs.

Commitment and trust are key to relationship marketing, as they encourage marketers to maintain relationships and focus on fostering long-term relationships. Commitment and trust can produce cooperative behaviours, resulting in successful relationships and is essential for allowing relationships to flourish (Morgan and Hunt, 1994). This relationship is displayed in Figure 1.
Figure 1 indicates the number of factors leading to trust in relationships, and how trust then leads into a number of issues, such as cooperation and uncertainty. This model shows the importance of trust to relationship commitment. Although relevant to this study, this model does not consider self-service technologies, instead it only considers traditional business relationships. It is therefore essential to consider these self-service technologies in the context of relationship marketing. Furthermore, relationship marketing orientation is viewed as more important than a transactional orientation within a B2B context (Anderson, 1995), and trust, commitment and satisfaction are the driving forces in maintaining business relationships (Morgan and Hunt, 1994; Pujari, 2004).
Trust and commitment

Within services marketing, trust is viewed as essential, particularly as a service must be purchased before it can be experienced (Berry and Parasuraman, 1991). Trust has been heavily researched in the past, but mostly from a business to consumer (B2C) approach (Jevons and Gabott, 2000). It is also necessary from a B2B perspective, and exists where one party has confidence in an exchange partner’s reliability and is required before willingness to trust exists (Morgan and Hunt, 1994). Both business activities require trust, and this has been researched in depth. From a service perspective, trust is essential as a way of reducing perceived risk and also impacts on the choice of technology use in a B2B context.

The fragile nature of these business relationships and importance means trust is key to developing relationships (Harris and Dibben, 1999). Trust can be defined as “the belief in the integrity, honesty and the reliability of another person” (Dwyer and Tanner, 2002). In general, trust leads to relationship commitment (Dwyer and Tanner, 2002), which is what marketers are striving to achieve. It is a key element for relationship success and tends to be related to a number of elements such as competitive advantage and satisfaction (Ratnasingam and Pavlou, 2003) in addition to commitment. Trust can be established and enhanced through shared interactions over the long term, through observing shared values and communication, (Young and Wilkinson, 1989), and is vital to establishing and maintaining B2B relationships.

Criticisms of using the internet in business-to-business relationships tend to centre around the separation of buyers and sellers (Ratnasingam and Pavlou, 2003) impacting on the success of the relationship and potentially removing trust from the relationship. Only when trust is present can commitment exist (Morgan and Hunt, 1994). Relationship commitment, defined as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it” is viewed as key to relationship marketing (Morgan and Hunt, 1994, p. 23) and services marketing (Berry and Parasuraman, 1991).

The research question for this study is “what impact does the use of business internet bank (SSTs) have on relationships within a B2B context”? While relationship marketing theory assists in grounding the study, it cannot answer this research question alone.

Self-service technologies

Self-service technologies can be used to enhance customer service despite limited staff involvement – for customers to get answers, pay bills, track delivery times (Bitner et al., 2002) and undertake other services which do not require staff involvement, therefore allowing direct transactions. Organisations are introducing SSTs rapidly for three major reasons – to reduce costs, increase customer satisfaction and loyalty and reach new customer segments (Bitner et al., 2002). While increasing customer loyalty is aligned with the objectives of relationship marketing, reducing costs is simply an organizational driven initiative and may not serve the interests of the customer. Although time savings lead to cost savings for organisations, this is only apparent if the self-service technologies are adopted (Meuter et al., 2005).
It is evident that information technology has altered the way we do business quite dramatically over the past ten years (Meuter et al., 2005). As consumers are required to carry out the transaction themselves, they are responsible for their own satisfaction (Bendapudi and Leone, 2003; Meuter and Bitner, 1997) and as a result, organisations have had to effectively train customers to be co-producers. Turning the customer into a co-producer of a service has become evident where the customer participates in value creation (Vargo and Lusch, 2004), such as checking out a library book, booking a hotel room online, and of course, internet banking. Self-service technologies are adopted and used at varying rates – for instance, purchasing books and flights online have been adopted with enthusiasm, while self-scanning at retail shops has had less appeal for customers (Bitner et al., 2002). From a business perspective, however, there is little understanding of SSTs and which SSTs are enthusiastically adopted. In terms of service dominant logic and internet banking, it is important for marketers to better understand which factors encourage consumers to use electronic marketing, and their perceptions of the firm (Johnson, 2007). Furthermore, involving customers in testing of virtual customer environments can also enhance the service experience (Nambisan and Baron, 2007) and ensure it meets the service delivery needs of customers.

The internet can enhance relationships, however, it is also possible that technology could have a negative effect on relationships if the strategy applied is not appropriate (Parasuraman, 1996). For example, when considering SSTs, previous work has indicated that customers are often frustrated by the attitude of their service provider when a SST failed. Service providers have also ignored their client, denied responsibility for failure, blamed the SST manufacturer, and blamed the client (Pujari, 2004). Most new SSTs are internet enabled, and in some industry sectors, such as travel, corporate banking and professional services, proprietary SST systems are developed (Pujari, 2004). There is a gap in the current literature regarding B2B SST use and how this use impacts on relationship marketing, which is why this study is essential.

**Innovations in banking**

Competitive pressures from other banks, and building societies, has forced banks to reconsider the way they do business. Internet banking increases stickiness and higher profit customers, compared to those that bank offline only (Johnson, 2007). The banking industry has been selected for this study, as it is well known to provide a wide range of services (Eriksson and Marquardt, 2001) and is increasingly using SSTs. Internet banking in particular has been selected as it can impact on the relationships that have long been regarded as key in a B2B context.

The impersonal nature of internet banking could have either a positive or negative affect on relationships. It could be argued that it would be more likely to be negative, as literature in both services marketing and relationship marketing recommend working closely with customers. From a customer perspective, banks are increasingly seeking ways to encourage consumers to use technology – from ATMs to telephone banking, and now, internet banking. Rates of internet banking usage are increasing globally, and despite some fear of privacy and security, customers tend to see the convenience and access as a benefit (Johnson, 2007). In order to ensure that banks remain competitive, they have considered alternative means of distributing banking products for many years. In recent years, banks have been promoting internet banking as a convenient method for customers, and ultimately for cost savings for the banks (Sathy, 1999;
Hughes and Hughes, 2004). As a result, within banking, self-service delivery has become a driving force since the mid 1990s (Pikkarainen et al., 2004), and, in general, the use of SSTs is increasing.

From a business-to-business perspective, banking is also interesting as both standard products and tailor-made products are utilized. Long-term relationships are often likely within banking (Eriksson and Marquardt, 2001) and this relates well to the literature on relationship marketing. Furthermore, financial institutions perceive distribution as a means of differentiating themselves in an increasingly competitive environment (Easingwood and Storey, 1996).

While cost savings are essential, pressure to increase profitability has meant that banks are required to focus on developing and maintaining long-term relationships with customers (Kandampully and Duddy, 1999); particularly business customers, where relationships are key to keeping customers (Adamson et al., 2003, Hawke and Heffernan, 2005). Nevertheless, some literature suggests that internet banking is a way to retain customers and increase market share (Gardener et al., 1999). Regardless of whether technology is utilised or not, customers still seek quality when adopting services (Bitner, 2001a) — generally they benchmark their service delivery against dependable outcomes, easy access, responsive systems, flexible response to customer needs and apologies if a service delivery goes wrong (Bitner, 2001a).

Strong relationships with business customers foster increased profit, improved communication and an increase in satisfaction, creating loyalty (Petersen and Rajan, 1994). Within banking, it is proposed that interpersonal liking could impact on the likelihood of maintaining a business relationship — and factors such as personality, trust, professionalism, communication and similarities appear to influence interpersonal liking (Hawke and Heffernan, 2005). This interpersonal liking leads to the outcomes of commitment; cooperation and business referrals (Hawke and Heffernan, 2005) as the tangible outcome.

Within a B2C context, research has shown that internet banking has decreased the number of personal contacts, however, users of internet banking are more likely to try new financial products than those that do not. Furthermore, this research has indicated that the total number of contacts with the bank itself increase when internet banking is introduced within the relationship (Eriksson and Marquardt, 2001). This would be due to customers being able to log in remotely. There is no understanding of this sort of data from a B2B perspective and this is a gap in the literature that needs to be filled.

Literature suggests that satisfaction with SSTs is greater where the customer interacts directly with the technology (for example: internet banking), compared to when they do not have direct access (for example: telephone banking) (Dabhokiar, 1994; Joseph et al., 1999). Nevertheless, customer satisfaction research has been primarily emphasized in a B2C context, rather than a B2B Context (Pujari, 2004). Eriksson and Marquardt (2001) examined whether or not relationship-marketing theory would apply to internet banking relationships, however, that paper addressed it from a B2C perspective, rather than a B2B perspective. They believe that three constructs are important in relationships;

1. experience;
2. coordination; and
3. understanding.
These areas need consideration, as they could impact on relationships within a B2B context as well.

**Experience**
A new distribution channel is viewed as important when first launched, but once customers become familiar with it, the focus on the channel decreases (Carlson and Zmud, 1999). This can also be dependent on customers experience level – if a customer is familiar with financial services, they will probably find using the internet for their financial services easier than someone who is familiar with the internet, but not financial services (Eriksson and Marquardt, 2001). As indicated, this considers B2C customers, and therefore further study is necessary within a B2B context.

**Coordination**
Personal interactions have allowed firms and customers to best understand the customers’ needs. This has given the customer the opportunity to assess the firms’ capabilities and given the firm the opportunity to understand consumer needs. The use of the internet will impact on how the relationship has developed, resulting in an impact on trust. As argued by Eriksson and Marquardt (2001), this could result in either weaker or stronger ties, depending on whether the customer views the technology as positive or not. Again, this considers a B2C perspective, rather than a B2B perspective.

**Understanding**
Technology can both simplify and complicate the process of exchange. Where there is little or no face-to-face contact, customers impression of the bank, and understanding of their relationship with the bank will be very much based on their experiences with the web site interface (Ériksson and Marquardt, 2001). This needs to be considered from a B2B perspective.

**Conceptual model**
Figure 2 provides the conceptual model, based primarily on Morgan and Hunt’s (1994) work, with grounding in relationship marketing. Although the model exists in part in the literature, it has not been tested in the context of business use of SSTs nor internet

![Diagram of Conceptual model of a business banking relationship]
banking. Therefore this model examines the impact of internet banking on business relationships, and has been altered so that it can be tested through the research.

As can be seen in Figure 2, a number of constructs exist in the model to be investigated in the research. The research is examining two parts – both the perspective of the bank and the perspective of business banking customers. As previously discussed, experience, co-ordination and understanding are essential issues from the bank’s perspective. They must manage these effectively. Furthermore, an understanding of the strategy for using alternative distribution channels is essential. Understanding how and why the technology is implemented must be present to ensure the best service is delivered to customers. The business banking customers must have trust with their bank, as trust will lead to a stronger relationship, therefore having implications for the relationship. However, it is anticipated that attributes of key personnel within the business may impact on the level of trust. The decision maker is the person or persons who decided to use the technology in the first instance. Because the decision maker often does not use the technology on a day-to-day basis, the user also must be examined. The user is often junior to the decision maker, but experiences the technology on a regular basis. Finally, it is anticipated that the perception of internet banking will have an impact on the relationship, which in turn will impact on the length of the relationship. The methodology of testing this model will now be discussed.

Methodology
In order to undertake the complete study, a mixed methods approach will be utilised. This is using a sequential exploratory design (Creswell, 2002) which is carried out as follows:

1. Qualitative data collection.
2. Qualitative data analysis.
3. Quantitative data collection.
4. Quantitative data analysis.
5. Interpretation of entire analysis.

This is in contrast to a triangulation method approach, where the qualitative and quantitative results are compared against each other (Creswell, 2002) to check for validity. Instead, qualitative research has been used to identify issues, which will be further tested in the quantitative stage. Both qualitative and quantitative methodologies have been selected for the larger research project. Qualitative research because its focus is on “how people, groups and organisations do things, rather than why they do things” (Duncan, 1979, p. 432) which is important to this study. This paper discusses the semi-structured interviews. These areas will be used to create a more complete understanding of the issues in terms of how the use of self service technologies impact on B2B relationships.

In order to best understand the impact of SSTs on business relationships, qualitative research has been used in this study to explore important issues (Joseph et al., 1999). A qualitative method critical incident method has been commonly used in a similar context to this study (Pujari, 2004). Other research, in the B2C sector, has utilized focus groups (Joseph et al., 1999), however, due to privacy issues relating to
banking, semi structured interviews have been deemed most appropriate. Very little
applicable theory has been developed in regards to business use and satisfaction with
SSTs, and in particular, how it impacts on relationships and this is the purpose of
qualitative research (Flick, 2002).

For this project, ten interviews have been completed. If research results tend to
provide homogenous results, 15 interviews will be viewed as adequate. In such cases,
as few as ten interviews is viewed as sufficient in the literature (Sandelowski, 1995). If
there are vast differences in interviews, and new information is continually revealed, it
will be more important to keep interviewing to best understand the issues relating to
business use of SSTs. An appropriate sample size in qualitative research is generally a
matter of judgement in terms of how useful the information is (Sandelowski, 1995).
Perhaps something more important than the number of subjects in qualitative research
is the information that is received from the subjects (Patton, 1990). As a result, the
research has been carried out until it is believed enough information has been achieved
to successfully analyse the results. Furthermore, in qualitative research, sample sizes
can be too large, not allowing for sufficient analysis of each case (Sandelowski, 1995).

A variety of customers have been investigated from both metropolitan and regional
areas, to ensure that geographical differences do not impact on results. The population
for the sample is business-banking customers, regardless of whether they use internet
banking or not, from a variety of different industries. A major bank provided a list of
customers, and a mix of telephone interviews (using a voice recorder telephone
adaptor) and face-to-face interviews were undertaken. While these varying methods
were used, it was found that there was little difference in results gleaned due to
method. A series of questions were pre-prepared, investigating how internet banking is
used within the business, motivation for using internet banking, a perception of
whether customers feel forced and even how relevant switching costs are. Despite this
list of questions, the interviewer was open to changing questions and probing
throughout the interview stage, as required. Organisations were all small, with one to
30 employees, located in metropolitan and regional areas across Australia.

Research context
The research carried out in the project will contribute to both theory and practice as it
seeks to understand more about the impact of self service technologies on business
relationships. Many studies address adoption of internet banking, and trust issues, but
few consider the impact of internet banking on relationships. As internet banking
moves to a maturity stage of the product life cycle, banks are seeking to better
understand business customers and how this impacts on business relationships.
Financial services are an important growth area for the Australian economy, and often
lead the way in self-service technology introduction. As a result, it was selected as the
industry for this study, particularly with the encouragement for customers to move
from physical transactions to virtual.

Ultimately, through the research, it will be possible for banks to better understand
how to target business customers and enhance their SST offering, having a real
contribution to practice. More deeply, however, it will provide an understanding of how
self-service technologies can either enhance or hinder relationships, contributing to
theory development.
Discussion

This section of the paper will discuss the research findings. The questions asked were based on the conceptual model (see Figure 2), and sought to explore the question “what impact do internet banking (IB) have on relationships within a B2B context”.

To commence the interviews, respondents were asked to discuss their experiences with internet banking (IB) within the organisation. Most of the respondents found their experience with using IB had been relatively positive, within the business. All but one of the respondents utilised internet banking for their personal (non business) accounts, as well. This indicates the experience level of respondents, to best understand how that relates to the use of IB within the organisation.

In order to explore the way IB is used, respondents were asked how the organisation used the technology in their normal business activities. This was important, because it gave a greater understanding as to the importance of tasks, and therefore how much the organisation relies on internet banking. It was obvious through the interviews that internet banking is useful in keeping up to date on account details, often on a daily basis. One statement which typifies responses to the question was:

… in the morning, I do the account balance, which means I print up a list of all the transactions we’ve done over the last day or two, and balance those against our records. So we’re able to see when cheques go through and all of that basically as it happens. We can also stop cheques, do fund transfers to customers who want refunds… and things like that.

To summarise, respondents reported on carrying out the following activities:

- Paying suppliers – 10.
- Checking account balances – 10.
- Withdrawals – 4.
- Preparing list of transactions – 9.
- Creating invoices – 6.
- Receipt preparation – 6.
- Cheque stopping – 6.
- Refunding customers – 5.

In order to understand why businesses utilise IB, their motivations for adopting it were examined. This was elicited by asking informants how and why they came to adopt IB, although this was not necessary in all cases as a number informants discussed this without prompting. Media reports had previously indicated that organisations may have felt compelled to adopt IB, however this was not the case. Instead, feelings tended to be quite positive and there were clearly justified reasoning as to why IB was in their organisation’s best interests. For example, it is perceived as:

… a lot easier and quicker… because you’re able to do it yourself, you’re not relying on the bank to do it for you. You can just get online in the morning and do what you need to do.

Interviewee 2, from a non-profit organisation, felt there were very clear reasons to utilise IB. There seemed to be different issues from a volunteer organisation to other organisations:
Being a volunteer non-profit organisation, it's very hard to get everyone together in one spot to sign cheques and that sort of thing. So time was a crucial factor. A lot of suppliers were insisting in fact that we move to electronic payment. The change (from using traditional banking) was mainly my time commitments. I didn’t want to spend my life being an unpaid accountant for this organisation and I could see it happening very quickly. And it was very difficult to get people to meet, because they were just unwilling to do so at the one place and one time to sign cheques. And I would find I was doing all the running around for them and not the other way around, so I thought “enough’s enough”.

It was evident through the interviews that IB does not remove all face-to-face contact with the bank, as it depends on the organisation structure. This is illustrated by the following quote:

> It's easier for everyone just to have electronic payment ... oh, many of our tenants are still using cheques. I still have to go to the bank.

As can be seen, the respondents felt that convenience and time saving were major advantages of utilising internet banking within the business, therefore benefiting the organisation. Despite this, there was some degree of feeling forced to use IB:

> (I do feel forced), because it's the easiest alternative. There's not too many other ways that you could do it that's practical and efficient.

This was in direct contrast to Interviewee 5, who did not feel forced at all:

> I don't have to (use internet banking), it just makes my life ... easier. It just means one trip to the bank, not several. No telephone banking ... it's easier.

In order to best understand how positive the relationship was, loyalty to the relationship was explored. Through the interviews, it was obvious that there was a feeling of some degree of loyalty. Is it loyalty, however, or simply are switching costs too high? This was indirectly discussed by Interviewee 1, an accounts keeper who appeared less certain of the loyalty:

> ... to an extent we are loyal, because it would be pretty hard to change banks – just because we’ve already got all our records in there, and all of our daily direct debits are in there ... But I don’t know if that is really a loyalty so much as a convenience of using the bank that we’ve been using. (It would be hard to switch banks) because ... well actually, (the bank we’re with) just changed their system, and I found that hard to just learn using their new system let alone changing the bank and discovering a whole new system.

Similarly, the treasurer for the non-profit organisation felt little loyalty. He explained that it was switching costs that kept him with his bank, and that he would love to switch banks:

> ... because the way it’s set up ... it’s not user friendly. It’s been based from the bank’s point of view which is fair enough, because that’s where the finance system needs to operate from ... security, trust ... and confidentiality of the system. But for this organisation, and ... a lot of other organisations ... it makes the assumption that ... they have someone in the office that can just walk over and enter their log in, user name and password details ... He explained that this was particularly relevant in a non-profit organisation. In contrast, interviewee 3, an accountant and business owner felt a great degree of loyalty, as illustrated by this quote:

> Yes, I'm loyal. We've been with them over thirty years, so ...“
Perhaps decision makers are always more certain of their loyalty. For instance, interviewee Four felt that loyalty was “inherited” from her employer, which is an interesting finding. As she explained:

I think my boss is (loyal)! I don’t have a strong opinion. They’re (banks) all the same, I guess.

This potentially raises the question about whether or not this is common place in terms of banking loyalty, that is, my boss trusts the bank, therefore I will, too. To understand the level of loyalty, please see Table I.

Loyalty, or commitment to the relationship, is essential to understand – it indicates how likely it is that relationships will be maintained, and also the potential impact SSTs could have on these business relationships. As indicated in the literature review, relationships in a B2B context are essential. Further, relationships within banking are viewed as very important, therefore a sense of commitment, or loyalty, to the bank is important to understand. Through the interviews, there is evidence of a strong loyalty to the banks, or at minimum, a perception of high switching costs.

As trust is such an important aspect of relationship marketing, the level of trust of the bank was examined to determine whether IB changed their trust level. All respondents trusted their bank, with one surprised that there would be any reason not to:

Yeah, absolutely (I trust them). But it never occurred to me not to. I think banks in general . . . (are trustworthy).

It was interesting to see how naturally trust for the bank came to the respondents.

Finally, in order to better understand whether there were any problems with the technology or use of IB within the business, respondents were asked about any issues. This was a concluding question designed to complete the interview, but provided more insight about the perceptions of the technology and even the service delivery from the bank.

From a non-profit organisation point of view, Interviewee 2 had difficulty with the logistics of organisational internet banking. He felt that non-profit organisations, or at least volunteer organisations, had different issues. The volunteers within this organisation are not the same place, at the same time, unlike most traditional organisations. Their bank requires two internet banking log ins, as their account is a two signatory account. This is best illustrated by the following quote:

Internet banking is difficult (for us) because the banks require you to be at the same place at the same time. Unless you have their log in details and password – which you’re not meant to do, because banks tell you not to give out passwords and log in details . . . to other people – for obvious reasons.

<table>
<thead>
<tr>
<th>Level of loyalty</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong loyalty</td>
<td>3</td>
</tr>
<tr>
<td>Medium loyalty (loyalty versus convenience)</td>
<td>6</td>
</tr>
<tr>
<td>Low loyalty</td>
<td>1</td>
</tr>
</tbody>
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Table I. Loyalty to bank as rated by interviewees. Source: created for this paper.
The question regarding issues was asked towards the end of Interviewee 3’s interview. Interviewee 3 has been relatively quiet throughout his entire interview, only answering the bare minimum. This interviewee required the most probing overall, however, he became much more responsive when discussing issues with his internet banking system. Therefore, it is concluded that this is a relatively major issue for him, and has impacted on his satisfaction with the system. This was regarding a change implemented by the bank which was not well received by the organisation, as indicated in the following quote:

Well I’m still using the old (system) . . . if I can, because the new one’s hopeless. I mean they’ve actually had issues . . . I’ve seen it in the press . . . they’ve been involved in court action with the people who did it, and . . . so it hasn’t really been a success for them, I think. From what I know of it.

He also struggles to get help for the new system:

The helpdesk with (Product A) was good. I’ve found the . . . that I’ve used the helpdesk with, what is it? (Product B) . . . I haven’t used it very much, but in the initial stages when I was having problems with it, I used it a fair bit. I found them to be not very helpful . . . Actually going back to your question about being forced to use internet banking . . . I don’t feel forced to use internet banking, but I certainly was forced to use . . . (Product B).

Perhaps the most important part of this interview is the fact that this respondent was most interested in talking about issues, despite discussing how loyal and committed he was to his bank just minutes prior. He seemed to see the issues with IB as separate from that of his banking relationship. Perhaps this is because the bank had another organisation develop the technology, and is obviously doing something about it. In the interim, he is sometimes being able to use his favourite system. The helpdesk is the only thing that could be solved at this point by the bank and appears to have had little investigation in terms of service delivery. This respondent, therefore, feels a great deal of loyalty to his bank, having been with them for over thirty years, but doubts the service delivery and feels forced to use a particular system. It has not yet influenced his view of the bank, rather just his perception of the technology.

To briefly summarise the research, it was evident that three major objectives were explored in this study. "What impact does the use of business internet banking have on relationships within a B2B context?"

Examining relationship-marketing theory in the context of SSTs was an objective, which was achieved. This paper examined areas such as trust and commitment when using SSTs, however further research is required to examine this further, particularly in terms of commitment. Another objective of the paper was to understand how the reduction of face-to-face contact can impact on relationships in a B2B context. There was little evidence to suggest that the removal of face-to-face contact impacts on B2B relationships in any way, despite the literature indicating that face-to-face relationships were important in a B2B context. Finally, the paper sought to understand how the use of technology impacts on trust and relationship commitment in a B2B context. While there was little evidence to suggest that technology impacts on trust or commitment to the relationship, it was evident that trust of the bank and commitment to the bank actually impacts on the perception of the technology, which was unexpected and interesting. Nevertheless, despite meeting the objectives of the paper, there were some limitations of the research, which must be discussed.
Limitations of research(345,626),(901,896)

The major limitation for this research was that a number of businesses did not wish to be involved. As banking is considered to be a private matter, and security concerns are heavily promoted, particularly in terms of internet banking, many people contacted for interviews were wary. It is expected that there was some self-selection bias, where only those that felt they could contribute to the topic participated.

Furthermore, it was anticipated that the use of internet banking would feel like a forced decision, but it appears that this was not the case, changing the direction of the research and the discussion. Lessons learnt from this, however, is to allow the respondent to talk more openly about their banking relationship, as this is where more insights were provided, such as problems with the system, or feeling the help desk did not fulfil their needs. This is just as useful as testing the research model. It is important to note, however, that there are limitations that come from using a qualitative study – generalisability is lacking. At this stage of the research, it is sufficient as it is exploratory research, however the quantitative stage is necessary in the next part.

Finally, a relatively small sample size requires further testing in a quantitative stage, to ensure more generalisability for all industries and organisation. Consequently, there are some implications for practice and further research.

Implications for further research and management

This study aims to answer the question “What impact does the use of internet banking have on relationships within a B2B context”? As technology is continually improved and utilised in organisations, it is essential to have an understanding of how technology impacts on relationships. While a number of studies indicate how products are adopted or accepted, few examine B2B relationships and self-service technologies. Self-service technologies have altered the relationship between the service deliverer and customer, however, customers still demand outcomes that are dependable, provide easy access, flexibility and compensation when problems arise (Bitner, 2001). Looking back at the conceptual model now that some preliminary results have been examined and the expected model (see Figure 3) can be edited to provide a more up to date model reflecting the results from the exploratory research (see Figure 4).

Some of the relationships included in the proposed model were not evident through the interviews. Overall, it appears that the level trust has a large impact on the
perception of the relationship, and the perception of the relationship influences how respondents see the SSTs. Coordination, understanding and experience from the bank does seem to impact on the perception of the relationship, though little training has been provided by the banks. There were no obvious decision maker attributes influencing trust, nor were there any obvious user attributes influencing trust. Overall, the most insight gleaned from the interviews was that the stronger the relationship, the more likely the respondents were to think positively of the technology, or at the very least, not think negatively of internet banking. This was in direct contrast to the expected relationship, where it was anticipated that the respondents’ perception of the technology would impact on the perception of the relationship. As can be seen above, the direction of the relationship between these two factors have been inverted from Figure 3 to Figure 4, as it was expected that a perception of internet banking would impact on the relationship, but it was actually the other way around. In the case where there was a negative relationship with the bank, the respondent did not find the system useful or easy to use, therefore perception of the technology was negative. Further, while there was little evidence that the quality of the relationship impacted on relationship length, there was evidence to suggest that where there was a weaker relationship, respondents were more likely to want to leave the relationship.

This research was aimed at exploring the following research question: “what impact does the use of business internet banking have on relationships within a B2B context?” To conclude, it was apparent through the research that internet banking has had little impact on relationships, but that the existing relationship quality can impact on the perception of the technologies. This is an important finding, which requires further investigation.

This research was conducted because it was expected that technology would impact on the relationships between bankers and commercial customers. After conducting exploratory research, it appears that this is not the case – in fact, it is the relationship, which impacts on the perception of the technology. Therefore, the old rules still apply for bank managers – relationship marketing is still essential in the day of technology. Surprisingly, face-to-face relationships were not seen as that important for building
loyalty, but all interviewees had an established relationship prior to the use of internet banking. How this will change when the younger generation are establishing business relationships is still to be determined. It would be interesting to research this further with Generation Y business people. Also, the one person who did not particularly trust their bank had not had a relationship with the bank prior to the use of internet banking, despite the organisation working with the bank for a while. It would therefore be of interest to rank trust in those that had used internet banking for the entire duration of the relationship compared with those that had not. Quantitative research will be utilised to empirically test these areas and evaluate the conceptual model. This will be done through the use of existing scales in order to evaluate whether the model tested and adapted in the qualitative research is generalisable in a larger study.

Summary
In summary, qualitative methods were used to explore issues in B2B relationships, and technological service adoption. This area is currently under researched, and as a result, qualitative research was required. This study will be relevant as it contributes to both marketing theory and practice, and should be applicable to other industries once the research is completed. As banks seek ways to be more competitive, it is essential to understand the way in which the use of SSTs could impact on business relationships. The semi-structured interviews have proved useful in understanding issues relating to the impact of SSTs on business relationships. Banks must continue to strengthen B2B relationships as they impact on customer perceptions of technology. Further research will continue to explore these issues, which have already been explored to some degree. Further research is necessary to continue testing the new model created.

This area is currently under-researched, and as a result, qualitative research was required. The next part of the study will utilise quantitative methods. This study will be relevant as it contributes to both marketing theory and practice, and should be applicable to other industries once the research is completed.

Ultimately, the “over-riding quality of all marketing today is interaction” (Wind and Mahajan, 2001, p. viii) which means that marketers must understand their customers, treat them as co-producers (Vargo and Lusch, 2004) and ultimately fulfil customer needs in order to successfully compete.

References


**Further reading**


Berry, L. (1983), *Relationship Marketing*, AMA, Chicago, IL.


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APPENDICIES
Appendix One: Definitions of Relationship Marketing

Source: Harker, 1999

RM is an emergent disciplinary framework for creating, developing and sustaining exchanges of value between the parties involved, whereby exchange relationships evolve to provide continuous and stable links in the supply chain, (Ballantyne, 1997 in Mattsson, 1997).

... attracting, maintaining and - in multi-service organisations enhancing customer relationships (Berry, 1983 in Payne and Rickard, 1993; Robicheaux and Coleman, 1994; Hunt, 1997; Mattsson, 1997; Payne and Frow, 1997).

RM concerns attracting, developing, and retaining customer relations (Berry and Parasuraman, 1991 in Hunt, 1997).

Consumer RM seeks to establish long-term, committed, trusting and co-operative relationships with customers, characterised by openness, genuine concern for the delivery of high-quality goods and services, responsiveness to customer suggestions, fair dealing, and (crucially) the willingness to sacrifice short-term advantage for long-term gain. Suppliers attempt to create and strengthen lasting bonds with their customers; they shift from attempting to maximise profits on each individual transaction towards the establishment of solid, dependable and, above all, permanent relationships with the people they serve (Bennett, 1996 A).

Consumer RM is the organisational development and maintenance of mutually rewarding relationships with customers achieved via the total integration of information and quality management systems, service support, business strategy and organisational mission in order to delight the customer and secure profitable lasting business (Bennett, 1996 B).

... fundamentally, RM involves the total fulfilment of all the promises given by the supplying organisation, the development of commitment and trust ... and the establishment (where possible) of personal contacts and bonds between the customer and the firm’s representatives; the eventual emergence of feelings within each party of mutual obligation, of having common goals, and of involvement with and empathy for the other side (Bennett, 1996 C).

Relationship marketing has as its concern the dual focus of getting and keeping customers (Christopher et al., 1991 in Daskou, 1997).

... relates marketing to the development of long-term relationships with customers and other parties ... (Grönroos, 1990).

... establishing a relationship involves giving promises, maintaining a relationship is based on fulfilment of promises; and, finally, enhancing a relationship means that a new set of promises is given with the fulfilment of earlier promises as a prerequisite (Grönroos, 1990).

Relationship marketing is to establish, nurture and enhance ... relationships with customers and other partners, at a profit, so that the objective of the partners involved are met. This is achieved by a mutual exchange and fulfilment of promises (Grönroos, 1996).

Marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfilment of promises (Bennett, 1996; Brodie et al., 1997; Grönroos, 1989; 1990; 1994; 1997 in Ravald and Grönroos, 1996; Gummesson, 1994; Hunt, 1997; Robicheaux and Coleman, 1994; Storbacka, 1997; Takala and Uusitalo, 1996).

RM is to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilment of promises (Grönroos, 1994; in Mattsson, 1997. Please note that while Mattsson refers to the 1994 paper by Grönroos, that paper does not contain this definition, but the one more commonly cited - Grönroos (1989-1997). While the origins of this definition are not certain, it is most likely to originate from Grönroos (1995).
marketing can be viewed as the building, maintenance, and liquidation of networks and interactive relationships between the supplier and the customer, often with long-term implications. As a consequence marketing becomes first and foremost relationship marketing (Gummesson, 1990).

RM emphasises a long-term interactive relationship between the provider and the customer, and long-term profitability (Gummesson, 1994).

Relationship marketing is seen as relationships, networks and interaction (Gummesson, 1994; 1997 in Mattsson, 1997).

... all activities by the firm to build, maintain and develop customer relations (Hammarkvist et al., 1982 in Gummesson, 1987).

... they want to build and maintain lasting - and profitable - relationships with their customers (Jackson, 1985).

... is not directly aimed at immediate transactions but is based on building, supporting and extending customer relationships (Matthyssens and Van den Bulte, 1994 in Christy et al., 1996).

Relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges (Bennett, 1996 in Morgan and Hunt, 1994 Christy et al., 1996; Hunt, 1997; Mattsson, 1997).

RM involves the identification, specification, initiation, maintenance and (where appropriate) dissolution of long-term relationships with key customers and other parties, through mutual exchange, fulfilment of promises and adherence to relationship norms in order to satisfy the objectives and enhance the experience of the parties concerned (O'Malley et al., 1997).

RM is the process of co-operating with customers to improve marketing productivity through efficiency and effectiveness (Paravatiyar, 1996 in Mattsson, 1997).

the process whereby the seller and the buyer join in a strong personal, professional, and mutually profitable relationship over time (Pathmarajah, 1993 in Chan and McDermott, 1995).

The core of RM is relations, a maintenance of relations between the company and the actors in its micro-environment ... The idea is first and foremost to create customer loyalty so that a stable, mutually profitable and long-term relationship is enhanced (Ravald and Grönroos, 1996).

... the understanding, explanation and management of the ongoing collaborative business relationship between suppliers and customers (Cravens and Piercy, 1994; Sheth, 1994 in Gummesson, 1994; Hunt, 1997).

establishing, strengthening, and developing customer relations was stressed. The focus was on the profitable commercialisation of customer relationships, and the pursuit of individual and organisational objectives. In particular, long-term and enduring relationships with customers were stressed (Takala and Uusitalo, 1996).

RM is the process of planning, developing and nurturing a Relationship climate that will promote a dialogue between a firm and its customers which aims to imbue an understanding, confidence and respect of each others' capabilities and concerns when enacting their role in the market place and in society (Tzokas and Saren, 1996 in Daskou, 1997).

The two definitions below were "discovered" at a point too late to be included in the research, and are included in order to improve the value of this appendix as a resource to others.

Relationship marketing is concerned with the development and maintenance of mutually beneficial relationships with strategically significant markets (Buttle, 1996).

...the process whereby a firm builds long term alliances with both prospective and current customers so that both buyer and seller work towards a common set of specified goals (Evans and Laskin, 1994).
## Appendix Two: Relationship Marketing: What is it?

<table>
<thead>
<tr>
<th>Discussion item</th>
<th>Author/s &amp; year</th>
<th>Relationship to this research</th>
<th>Distinctions from my research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many attempts at defining relationship marketing over the years and yet there are commonalities between them. Harker (1999) undertook a content analysis of definitions</td>
<td>Harker, 1999</td>
<td>This paper is a good starting point for defining RM as many (but not all) definitions have been examined by three judges and a consensus of definitions based on key words has been provided.</td>
<td>This thesis requires a definition to use as the basis for understanding, but the research itself is not undertaken to define RM</td>
</tr>
<tr>
<td>There is over 50 published definitions</td>
<td>Dann &amp; Dann, 2001</td>
<td>Indicates the over-research of RM, however none define the use of RM in a SST context</td>
<td>This thesis requires a definition to use as the basis for understanding, but the research itself is not undertaken to define RM</td>
</tr>
<tr>
<td>Relationship Marketing are tasks undertaken to “Identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involves are met; and this is done by mutual exchange the fulfillment of promises”</td>
<td>Grönroos, 1994: 9</td>
<td>Content analysis by Harker (1999) evaluated 26 definitions of Relationship Marketing and felt this encompassed all necessary key words judged by a series of academic evaluators. This author had also selected this definition for use prior to reading Harker’s article, as it seemed sufficient in detail and process.</td>
<td>This thesis requires a definition to use as the basis for understanding, but the research itself is not undertaken to define RM</td>
</tr>
<tr>
<td>According to a content analysis of Relationship Marketing definitions, there are seven conceptual categories of relationship marketing: Creation; Development; Maintenance; Interactive; Long term; Emotional content; Output</td>
<td>Harker, 1999</td>
<td>These seven stages of relationships are important and could have implications for how consumers perceive a relationship</td>
<td>This is regarding the process of a relationship, rather than the impact of particular marketing on the relationship, which is the focus of this thesis. Nevertheless, it has an implication in terms of the relationship process customers undergo</td>
</tr>
</tbody>
</table>
Content analysis undertaken by Harker (1999) produced the following definition of Relationship Marketing:
“An organisation engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers”

| Harker, 1999 | This definition could also be useful in understanding relationship marketing. | Thesis does not ‘define’ relationship marketing but addresses aspects of it |

Commitment and trust are part of the ‘emotional content’ of RM definitions. Only used by Bennett (1996) to define RM, but other authors (Morgan & Hunt, 1994 & O’Malley and Tynan, 1997) discuss the importance in their papers in terms of relationship marketing theory

<p>| Harker, 1999 | Commitment and trust, although not included in (many) definitions of RM are essential constructs and require discussion | Trust and Commitment are difficult to test as likelihood to stay in a relationship may be due to switching costs and other factors, not simply due to satisfaction. Commitment and Trust are imperative aspects of RM for investigation and exploration in this study |</p>
<table>
<thead>
<tr>
<th>Transaction marketing is push marketing, trying to get consumers “to bend to marketers’ wills”; Relationship Marketing is pull marketing, where marketers “strive to bend to consumers’ wills”; Developmental relationship marketing (DRM) draws on “principles of human develop to project consumers’ needs, motivations and responses to marketing messages”</th>
<th>Wolfe, 1998</th>
<th>Bending to customers wills is not really the goal of Relationship Marketing! However, understanding customer needs is</th>
<th>The focus in this thesis on relationship marketing differs from this</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship Marketing is a ‘philosophy’ as much as it is a method. Message tones are sympathetic/empathetic, rather than assertive, with a target on individuals, rather than a mass or even a niche</td>
<td>Wolfe, 1998</td>
<td>In a B2B context, organisations should have the philosophy of serving customers. They also should work with individual customers rather than creating a product that meets mass needs. This requires investigation as to whether it occurs</td>
<td>Service organisation will have a ‘philosophy’ of RM</td>
</tr>
<tr>
<td>Relationship Marketing calls for a new definition of Marketing. The previous definition was about ‘exchange’ which is object oriented. A new definition needs to be customer focused</td>
<td>Wolfe, 1998</td>
<td>American Marketing Institute (AMI) has released a new definition of marketing with a focus on “value”. This should be considered as it may have an impact on Relationship Marketing</td>
<td>Again, this thesis is not about defining relationship marketing, but rather about the impact</td>
</tr>
<tr>
<td>Exchange is not discussed in key definitions of relationship marketing</td>
<td>Grünroos, 1996</td>
<td>American Marketing Institute (AMI) has released a new definition of marketing with a focus on “value”. Could impact on RM</td>
<td>Again, this thesis is not about defining relationship marketing, but rather about the impact</td>
</tr>
<tr>
<td>Key processes of relationship marketing include: Communication Interaction Value</td>
<td>Grönroos, 2004</td>
<td>Research should consider this</td>
<td>A good start, but these are not the only aspects – needs to consider SSTs</td>
</tr>
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<tr>
<td>Some customers appear to want relational contact with firms, others purely transactional. Little empirical evidence has been undertaken to indicate this, or what triggers a shift from one to the other</td>
<td>Grönroos, 2004</td>
<td>Within the context of this study, empirical evidence may be provided</td>
<td>This is simply a call for further research rather than an undertaking of research</td>
</tr>
<tr>
<td>From a tactical point of view, marketers need to have: direct contact with customers a database customer oriented service systems</td>
<td>Grönroos, 1996</td>
<td>Should be included in qualitative research</td>
<td>May not apply to SSTs</td>
</tr>
</tbody>
</table>
Appendix Three: The 30Rs of Relationships

**Classic market relationships**
1. Supplier and customer
2. The customer - supplier - competitor triangle
3. Network - distribution channels

**Special market relationships**
4. Full-time marketers and part-time marketers
5. Customer and service provider
6. Many-headed customer and many-headed supplier
7. Relationship to the customer’s customer
8. Close versus distant relationship
9. Dissatisfied customer
10. Monopoly relationship: customer or supplier as prisoner
11. Customer as "member"
12. Electronic relationship
13. Parasocial relationships, with symbols and objects
14. Noncommercial relationship
15. The green relationship
16. The law-based relationship
17. The criminal network

**Mega relationships**
18. Personal and social networks
19. Mega marketing - the real "customer" is not always found in the marketplace
20. Alliances change the market mechanism
21. The knowledge relationship
22. Mega alliances change the basic conditions for marketing
23. Mass media relationship

**Nano relationships**
24. Market mechanisms are brought inside the company
25. Internal customer relationships
26. Quality providing a relationship between operations management and marketing
27. Internal marketing - relationships with the employee market
28. Two-dimensional matrix relationship
29. Relationship to external providers of marketing services
30. Owner and financier relationship

(Source: Gummesson, 2008)
### Appendix Four – The evolution of Relationship Marketing

<table>
<thead>
<tr>
<th>Discussion item</th>
<th>Author/s &amp; Year</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>By the late 1970s, it was evident that the marketing mix approach wasn’t sufficient for services marketing, and something more needed to be done – Relationship Marketing was born from this debate</td>
<td>Möller &amp; Halinen, 2000</td>
<td>Relationship marketing evolved out of Services Marketing &amp; therefore is highly relevant to this study</td>
</tr>
<tr>
<td>A metatheoretical analysis of the roots of RM was undertaken by Möller &amp; Halinen (2000). It indicated that Marketing Channels, Database &amp; Direct Marketing, Services Marketing and Business Marketing are disciplinary roots of Relationship Marketing</td>
<td>Möller &amp; Halinen, 2000</td>
<td>Relationship Marketing relates closely to business marketing &amp; services marketing (both major areas of this study) therefore indicating its relevance. Are SSTs like database/direct marketing?</td>
</tr>
<tr>
<td>According to Möller &amp; Halinen, the following authors provide a good overview of articles with critical reviews of research traditions: Business Marketing – Easton &amp; Hakansson, 1996; Möller, 1994; Mattsson, 1997 Marketing Channels: Bogelund &amp; Skytte, 1997; Dahlstrom and Dwyer, 1992; Möller, 1994 Services Marketing: Berry &amp; Parasuraman, 1993, Fisk et al, 1993; Grönroos, 1994</td>
<td>Möller &amp; Halinen, 2000</td>
<td>Articles are quite relevant, particularly Services Marketing &amp; Business Marketing papers.</td>
</tr>
<tr>
<td>Although the term was first used by Berry in 1983, many authors had discussed relationships between marketer and customer prior. There was little work done in the late 80s, with Relationship Marketing picking up interest in the mid-90s</td>
<td>Berry, 2002</td>
<td>Literature point of note / history of Relationship Marketing</td>
</tr>
<tr>
<td>In order for it to be “relationship marketing” the firm needs to see itself as a “service business” and have a “process management perspective” ultimately leading to partnerships and networks. This means they need to understand the customer and offer value. Competing with the ‘core’ product is not enough – marketers need to compete with the total product, the service offering</td>
<td>Grönroos, 1996</td>
<td>This has huge implications for the link with Service-Dominant logic, as this is the focus of that work. Also relates to definitions of Relationship Marketing</td>
</tr>
<tr>
<td>Statement</td>
<td>Author/Reference</td>
<td>Notes</td>
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<tr>
<td>Consumer perceptions of quality are developed as a result of their relationship with the marketer</td>
<td>Berry and Parasuram, 1993 and Möller &amp; Halinen, 2000</td>
<td>Very important – a positive relationship can impact on their perception of service quality.</td>
</tr>
<tr>
<td>Most literature on relationship marketing focuses on the impact on an organisation, rather than contributing to relationship marketing thinking in the literature. Call for research which contributes to theory building rather than simply testing within a particular context</td>
<td>Möller &amp; Halinen, 2000</td>
<td>This appears to be problematic because it means that there is no real consensus or agreed framework on the work, and therefore authors keep proposing studies that have little impact on the area</td>
</tr>
<tr>
<td>Maintaining relationships with existing customers is as important as attracting new customers (if not more so)</td>
<td>Lang and Colgate 2003 &amp; Gummesson, 1994</td>
<td>It costs a great deal more to attract new customers. Indicates importance of Relationship Marketing in a B2B context</td>
</tr>
<tr>
<td>Relationship Marketing first discussed in a Business-to-Business context</td>
<td>Jackson, 1985</td>
<td>Literature point of note/ relevance to B2B/ history of Relationship Marketing</td>
</tr>
</tbody>
</table>
## Appendix Five – Relationship Marketing and Services

### RELATIONSHIP MARKETING – IMPACT ON SERVICES

<table>
<thead>
<tr>
<th>Discussion item</th>
<th>Author/s &amp; Year</th>
<th>Relationship to research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions vary depending on context. &quot;Within Services Marketing it is: attracting, maintaining and... enhancing customer relationships&quot;</td>
<td>Berry 1983:25</td>
<td>Due to focus on services marketing, this is important</td>
</tr>
<tr>
<td>Services marketing is interactive marketing (that is, a process) including direct contact with marketer and customers</td>
<td>Grönroos, 2004; Bitner, 1995</td>
<td>Due to the direct contact, interactive nature and process, Relationship Marketing is imperative in services marketing</td>
</tr>
<tr>
<td>Relationship Marketing, in a Business-to-Business context, can produce an alliance, rather than a supplier/customer type of relationship. Alliance success works when it provides both parties with a competitive advantage</td>
<td>Hunt, Lambe and Wittman, 2002</td>
<td>Does the customer view the ‘relationship’ as simply a relationship, or an alliance? Do they feel they’ve worked with the marketer?</td>
</tr>
<tr>
<td>There are four categories of business alliances: Resource based view – role of mobile resources/ bringing complementary resources to the relationship Competence based view- role of alliance-management capabilities Relational factores – characteristics of the alliance relationship eg. Cooperation/ trust/ commitment/ communication Competitive advantage: enables the firms to product market offerings with superior value than their competitors</td>
<td>Hunt, Lambe and Wittman, 2002</td>
<td>Resource based view and competitive advantages are of particular importance due to their relevance to Service-Dominant Logic. All four areas need consideration, regardless of whether customer sees it as an ‘alliance’ or a ‘relationship’.</td>
</tr>
<tr>
<td>The intangible nature of services makes them difficult to evaluate prior to service. If a customer trusts a service provider, they are likely to go back</td>
<td>Berry, 2002</td>
<td>The importance of Relationship Marketing in services is again highlighted here – due to perceived risk and intangibility</td>
</tr>
<tr>
<td>The way organisations recover from service failures has huge implications for customer evaluation of a firm</td>
<td>Tax, Brown and Chandrashekaran, 1998, Richheld, 1993</td>
<td>Relates to work on SSTs (refer to Bitner, 2002). Also relates to perceptions of service quality and ultimately relationship commitment</td>
</tr>
<tr>
<td>Effective resolution of problems impact on customer trust and commitment</td>
<td>Morgan &amp; Hunt, 1994</td>
<td>Relates to work on SSTs (refer to Bitner, 2002). Also relates to perceptions of service quality and ultimately relationship commitment</td>
</tr>
<tr>
<td>Statement</td>
<td>Reference</td>
<td>Notes</td>
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<tr>
<td>With services, customers are active participants in the service delivery</td>
<td>Kelley and Davis, 1994</td>
<td>This would be particularly important in self-service technologies, as there is even more consumer interaction and little/no choice for involvement.</td>
</tr>
<tr>
<td>process. This means that commitment is an essential construct</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In order to compete effectively in the marketplace, it is acknowledged</td>
<td>Morgan and Hunt, 1994</td>
<td>Relates to competitive advantage. Has implications for organisation/customer commitment to marketer and also relates to perceptions of service quality.</td>
</tr>
<tr>
<td>that organisations need to be trusted cooperators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship Marketing, from a services marketing perspective, emphasise</td>
<td>Moller and Halinen, 2000</td>
<td>It is possible to consider SSTs like database marketing, or are they more similar to personal interactions? Perhaps they fall into their own category entirely. This is something that has not been addressed in detail in the literature.</td>
</tr>
<tr>
<td>the importance of personal relationships between a marketer and customer.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This is in direct contrast from that of database marketing where</td>
<td></td>
<td></td>
</tr>
<tr>
<td>relationships are distant and more often carried out through mass</td>
<td></td>
<td></td>
</tr>
<tr>
<td>communication</td>
<td></td>
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</tr>
<tr>
<td>Use of IT has indicated it could impact on relationships – relationship</td>
<td>Jones, 1996</td>
<td>“Relationship Technology” needs further investigation in the literature. Nevertheless, this finding contributes to justification for the study. Impact on technology is considered positive by some researchers and negative by others. My research suggests context is important.</td>
</tr>
<tr>
<td>technology is now being discussed in the literature</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence to suggest IT can enhance relationships</td>
<td>Stone &amp; Woodcock, 1997, Joseph, 1998, Grimm, 999</td>
<td>Appears to be when used as “complementary” to a face-to-face relationship, rather than when SSTs are forced. This is to be expected, but differs from my study.</td>
</tr>
<tr>
<td>Some suggestion that IT doesn’t inhibit the creation of trust/</td>
<td>Comer et al, 1998 (cited in Lang and Colgate, 2003)</td>
<td>Again, when not forced use of SSTs, but instead considered “complementary”.</td>
</tr>
<tr>
<td>satisfaction/commitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT could have a negligible impact on firms relationships with customers,</td>
<td>Lang &amp; Colgate, 2003</td>
<td>This negative view differs from some authors who suggest it is positive. Is it industry/context/situation dependent?</td>
</tr>
<tr>
<td>but there has been very little research done in this area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Researchers found that customers who would prefer to use more or less IT</td>
<td>Lang &amp; Colgate, 2003</td>
<td>Important finding about relevance of use of IT in a relationship - However, this was undertaken in a B2C context</td>
</tr>
<tr>
<td>perceive their relationship to be weaker than those satisfied with the</td>
<td></td>
<td></td>
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<tr>
<td>use of IT</td>
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</table>
### Appendix Six: An overview of Commitment and Trust

**RELATIONSHIP MARKETING – COMMITMENT & TRUST**

<table>
<thead>
<tr>
<th>Discussion item</th>
<th>Author/s &amp; Year</th>
<th>Relationship to research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust is important in many aspects of marketing, but particularly within services marketing. This is because a service must be purchased before it can be experienced</td>
<td>Berry and Parasuraman, 1991</td>
<td>Intangibility and higher perceived risk means trust is key and leads to return customers. Trust is imperative to the research and needs investigation.</td>
</tr>
<tr>
<td>Trust has been heavily researched in the past, but mostly from a Business to Consumer (B2C) approach</td>
<td>Jevons and Gabbott, 2000</td>
<td>From a B2C approach. Several studies within The IMP Group have investigated Trust in a B2B context</td>
</tr>
<tr>
<td>Trust exists where one party has confidence in an exchange partner’s reliability</td>
<td>Morgan &amp; Hunt, 1994</td>
<td>This reference contributes toward definition of trust</td>
</tr>
<tr>
<td>The fragile nature of these business relationships and importance of interactions means trust is key to developing relationships</td>
<td>Harris &amp; Dibben, 1999</td>
<td>Key for Relationship Marketing within a B2B context</td>
</tr>
<tr>
<td>Trust can be defined as “the belief in the integrity, honesty and the reliability of another person” and is essential in order to have relationship commitment</td>
<td>Dwyer and Tanner, 2002</td>
<td>Like Relationship Marketing, trust has probably been over-defined in the literature. It is essential to determine a key definition prior to undertaking a study about trust.</td>
</tr>
<tr>
<td>Trust is a key element for relationship success and, in addition to commitment, is related to a number of elements such as competitive advantage and satisfaction</td>
<td>Ratnasingam &amp; Pavlou, 2003</td>
<td>Relates to both Relationship Marketing and Service-Dominant Logic (from a competitive advantage point of view).</td>
</tr>
<tr>
<td>Trust can be developed through shared interactions over the long term, through observing shared values and communication</td>
<td>Young &amp; Wilkinson, 1989</td>
<td>Alliance perspective/ two businesses working together to create a model that works for them – needs consideration in qualitative interviews</td>
</tr>
<tr>
<td>Relationship commitment is essential in B2B Marketing &amp; Services Marketing</td>
<td>Morgan and Hunt 1994; Berry and Parasuraman, 1991</td>
<td>Trust leads to commitment. Marketers are striving for commitment and this is an essential point within the study</td>
</tr>
<tr>
<td>From a customer perspective, commitment and trust can produce cooperative behaviour, resulting in successful relationships</td>
<td>Morgan and Hunt, 1994.</td>
<td>Trust leads to commitment. Marketers are striving for commitment and this is an essential point within the study</td>
</tr>
</tbody>
</table>
Successful relationships require commitment and trust in order to foster. Trust in turn fosters cooperation, functional conflict and has a negative relationship with uncertainty. Morgan & Hunt, 1994

Trust leads to commitment. Marketers are striving for commitment and this is an essential point within the study.

How much a customer ‘trusts’ is one thing, but relevance is really in their likelihood to act. But can they trust without acting? Willingness to act may not be the only indication of trust – it could be that there is no benefit to acting. Morgan & Hunt, 1994

Trust is a key element for relationship success and tends to be related to a number of elements such as competitive advantage and satisfaction. This has a link to Relationship Marketing and Service-Dominant Logic. Trading Partner Trust is important for further research in a B2B context and within a SST context, Technology Trust is important for discussion. Ratnasingam & Pavlou, 2003

There are two key types of trust in business relationships – trading partner trust and technology trust.

Trust is a key element for relationship success and tends to be related to a number of elements such as competitive advantage and satisfaction. This has a link to Relationship Marketing and Service-Dominant Logic. Trading Partner Trust is important for further research in a B2B context and within a SST context, Technology Trust is important for discussion. Ratnasingam & Pavlou, 2003

Trading partner trust is about trust between the network participants. When purchasing from other businesses, either for use within the business, or for resale, issues such as whether the products are of appropriate quality, whether the appropriate quantity will be delivered, whether delivery will be on time and whether the price is appropriate are issues for buyers are issues for buyers. For sellers, it is usually a payment issue that can impact on trust Violino, 2002

This relates to a specific type of trust – relevant in a self-service context.

Technology Trust has been defined as “the subjective probability by which an organisation believes that the underlying technology infrastructure and control mechanisms are capable of facilitating inter-organisational transactions according to its confident expectations” Ratnasingam & Pavlou, 2003

This relates to a specific type of trust – relevant in a self-service context.

Credibility of staff is essential and contributes to commitment Ganesan and Hess, 1997)

Needs investigation because if business partners don’t trust staff, trust of the organisation is likely to be lacking. What impact does this have when considering SST? Removal of staff – is brand trust more important?
| Relationship commitment, defined as “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it” is viewed as key to both Relationship Marketing and Services Marketing | Morgan & Hunt, 1994: 23 (RM); Berry & Parasuraman, 1991 (Services) | Definition of commitment is important |
Appendix Seven: Service-Dominant Logic

<table>
<thead>
<tr>
<th>Discussion item</th>
<th>Author/s &amp; Year</th>
<th>Relationship to research</th>
</tr>
</thead>
<tbody>
<tr>
<td>To maximise consumer involvement with the self-service, and enhance relationships between the supplier and customer, it is imperative the marketer customises customise offerings. When this occurs, the marketer becomes a buying agent</td>
<td>Vargo &amp; Lusch, 2004</td>
<td>Links to relationship marketing, and is also of interest in terms of SSTs</td>
</tr>
<tr>
<td>Organisations providing an entire host of services will develop the best relationships with customers</td>
<td>Rifkin, 2000</td>
<td>Important to note as it is a foundation for S-D Logic and also has links with Relationship Marketing</td>
</tr>
<tr>
<td>Services involve the use of human resources for the benefits of others and applying “specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself”</td>
<td>Lusch, Vargo &amp; Malter, 2006; Vargo &amp; Lusch, 2004 (quote)</td>
<td>Competencies and resources become the competitive advantage of the firm. This relates well to the relationship marketing literature and processes being an advantage over others. Can be used as contribution toward justification for the link between SDL and RM.</td>
</tr>
<tr>
<td>S-D Logic is concerned with operant resources (resources that produce effects – rather than operand resources (resources on which an operation or act is performed to produce an effect)</td>
<td>Constantin &amp; Lusch, 1994</td>
<td>Linkage to Relationship Marketing – again about processes and people rather than things/ objects within a firm.</td>
</tr>
<tr>
<td>Process of Service-Dominant Logic needs further consideration to operationalise it, before thorough testing can be undertaken</td>
<td>Sweeney, 2007</td>
<td>Important to note</td>
</tr>
<tr>
<td>Methodology considerations are imperative in considering empirical testing S-D Logic</td>
<td>Winkhofer, Palmer and Brodie, 2007</td>
<td>Important to note</td>
</tr>
<tr>
<td>S-D Logic requires the inversion of the fundamental thinking of marketing by viewing services as dominant with “goods, organisations, networks and money as only intermediaries”</td>
<td>Lusch &amp; Vargo, 2006</td>
<td>Background of Service-Dominant logic</td>
</tr>
<tr>
<td>Operant resources are often intangible – such as core competencies and organisational processes (Vargo and Lusch, 2004). Core competencies can include network partners, skills and knowledge.</td>
<td>Vargo and Lusch, 2004</td>
<td>Process focus – another way of reinforcing link to Relationship Marketing. Also provides a summary of the “re-thinking” that is called for by Service-Dominant logic</td>
</tr>
<tr>
<td>Core competencies are higher order resources, compared to assets etc</td>
<td>Hunt, 2000</td>
<td>Discussion of what core competencies are – relates to Service-Dominant logic. Also process focused rather than asset/object focused – shows that relationships are more important core competencies than “things” are.</td>
</tr>
<tr>
<td>Core competencies include “communication, involvement and a deep commitment to working across organisational boundaries”</td>
<td>Prahalad and Hamel, 1990</td>
<td>Definition of core competencies – again relates to Service-Dominant logic and can be related to Relationship Marketing</td>
</tr>
<tr>
<td>Customers are also operant resources, as they participate in exchange and coproduction</td>
<td>Vargo &amp; Lusch, 2004</td>
<td>Competitive advantage/ core competency is related to organisation resources. Important aspect of relationship marketing in terms of the interactive nature with customers. Also relates strongly to SSTs with the co-production/exchange focus.</td>
</tr>
<tr>
<td>“A focus on processes develops and maintains customer and shareholder value. Collaborating with and learning from customers is essential within a service centred logic”. In this instance, value is defined by and co created with the customer</td>
<td>Vargo &amp; Lusch, 2004</td>
<td>Process and customer relationships relates to relationship marketing. Co-creation of value relates to SSTs. Indication that these elements of Service-Dominant logic are relevant to the study.</td>
</tr>
<tr>
<td>“Value for customers is created throughout the relationship by the customer, partly in interactions between the customer and the supplier or service provider. The focus is not on products but on the customers’ value-creating processes where value emerges for customers and is perceived by them,… the focus of marketing is value creation rather than … simply distributing ready-made value to customers.”</td>
<td>Grönroos, 2000: 24-25</td>
<td>This quote explains the process of creating value and what value is, which can relate to the co-creation of value and SSTs. Customer value is increasingly becoming an important part of marketing and the new definitions of marketing. Co-creation is key here, and relates to Service-Dominant logic, and also SSTs</td>
</tr>
<tr>
<td>The service oriented view of marketing sees marketing as a continuous series of processes, largely focused on operant resources, leading to customer satisfaction. Continual feedback from the market alerts the organisation to whether they are doing well compared to competitors</td>
<td>Vargo &amp; Lusch, 2004</td>
<td>Again: discussion of processes and resources and competitive advantage – all relates to Service-Dominant logic and relationship marketing</td>
</tr>
<tr>
<td>A superior understanding of customers allows the most innovative companies to outperform their competitors</td>
<td>Lusch, Vargo and Matler, 2006</td>
<td>Competitive advantage – also reinforces the link to relationship marketing (understanding customers)</td>
</tr>
</tbody>
</table>
Some authors have questioned how organisations’ adoption of S-D Logic can be operationally measured

<table>
<thead>
<tr>
<th>Gray, Matear, Deans and Garrett, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>In an increasingly competitive market place, it is essential for marketers to consider Service-Dominant logic, and this is why it requires investigation. In order to do this, however, it is important to address methodology concerns. Links between empirical understanding of Service-Dominant logic and Empirical testing</td>
</tr>
</tbody>
</table>

Empirical investigation is important - but be careful with how it is tested/ explored

<table>
<thead>
<tr>
<th>Vargo, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empirical testing</td>
</tr>
</tbody>
</table>

Within a service centred dominant logic, the “customer is a coproducer of the service”

<table>
<thead>
<tr>
<th>Vargo and Lusch, 2004: 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-creation of service/value relates to SSTs and is very applicable to the study</td>
</tr>
</tbody>
</table>

“In B2B relationships where trust is present, internal control data and marketing information is increasingly shared between collaborating buyers and suppliers, enabling them to work together to reduce their resource investments in work and progress and finished goods inventories, and also reduce process cycle time.”

<table>
<thead>
<tr>
<th>Ballantyne &amp; Varey, 2008: 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>A link between S-D Logic and B2B relationships, which has little attention in the literature. This is important to the study due to the context of the study, and also because of the link to relationship marketing. This needs discussion and some focus in the literature review chapter. Important to note focus on trust and collaboration.</td>
</tr>
</tbody>
</table>

When introducing S-D Logic, “the role of the marketer becomes more focused on managing communicative interactions across a variety of modalities and in facilitating key relationships”

<table>
<thead>
<tr>
<th>Ballantyne &amp; Varey, 2008: 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliances/ working together/ co-creating value – links into relationship marketing. Does it potentially have a link with SSTs, or is this hindered due to a lack of face-to-face contact?</td>
</tr>
</tbody>
</table>

Separation of buyers and sellers deprives them of interdependency. Co-creation of service (and S-D Logic) is necessary.

<table>
<thead>
<tr>
<th>Gummesson, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relates strongly to relationship marketing; also linkages with SSTs</td>
</tr>
</tbody>
</table>

Discontinuous innovations are understood better in a S-D Logic than a goods dominant logic because of value creation offering and service management necessary

<table>
<thead>
<tr>
<th>Michel, Brown and Gallan, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interesting point from an innovative perspective.</td>
</tr>
</tbody>
</table>

S-D Logic has familiar associations for B2B marketers due to the reciprocal application of “resources, knowledge and competencies for the benefit of another party”.

<table>
<thead>
<tr>
<th>Ballantyne and Aitken, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>This is a relevant comment, and certainly of interest... it looks particularly at branding within B2B contexts and the use of S-D Logic. It is also a conceptual paper. It works toward justifying the S-D Logic/ B2B link</td>
</tr>
</tbody>
</table>

“The interaction inherent in S-D logic is linked into services marketing, relationship marketing and B2B marketing”

<table>
<thead>
<tr>
<th>Ballantyne and Aitken, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>A link between four main bodies of theory addressed in the thesis: Services Marketing, Relationship Marketing, B2B Marketing and the process of S-D Logic.</td>
</tr>
</tbody>
</table>
| Alters the four Ps (Marketing Mix). Service-Dominant logic sees the 4Ps as:  
**Product** = co-creating service;  
**Price** = co-creating value proposition;  
**promotion** = co-creating conversation & dialogue;  
**distribution** = co-creating value processes & networks | Lusch & Vargo (2006) | Evolution of marketing thought through the introduction of S-D Logic. Co-creating links to SSTs/ Relationship Marketing etc. The changes of the 4Ps may also have relevance to the changing definition of marketing – something which has been discussed in relation to relationship marketing |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisations must draw upon resources, overcome resistances to collaborate with customers and partners</td>
<td>Lusch &amp; Vargo (2006)</td>
<td>Collaboration with partners is an important part of S-D Logic and links into alliances and relationship marketing</td>
</tr>
<tr>
<td>RESOURCE BASED VIEW OF THE FIRM: views the firm as a collection of assets and resources</td>
<td>Lockett, Thompson &amp; Morgenstern, 2009</td>
<td>Core competencies/competitive advantage – has a relationship to the discussion of resources and processes in Service-Dominant logic</td>
</tr>
<tr>
<td>Firm’s capabilities are a bundle of tangible and intangible assets – management skills, organisational processes &amp; routines, information and knowledge</td>
<td>Barney, Wright, Ketchen, 2001</td>
<td>Core competencies/competitive advantage – has a relationship to the discussion of resources and processes in Service-Dominant logic</td>
</tr>
<tr>
<td>STATIC RESOURCES – stock of assets to be used over a finite life; DYNAMIC RESOURCES – organisational capabilities</td>
<td>Barney, 1986; Collis, 1994 (both cited in Lockett, Thompson &amp; Morgenstern, 2009)</td>
<td>Two types of resources an organisation has – we are interested in Dynamic Resources (core competencies/capabilities) in this research. Both have relevance in Relationship Marketing, though there is limited literature tying them together.</td>
</tr>
<tr>
<td>Many authors have reviewed the use of the marketing mix and feel that the focus on relationship marketing needs revision to the marketing mix concept.</td>
<td>Constantinides, 2006</td>
<td>Relates to some of the definition literature in relationship marketing and the relevance of the 4Ps in Service-Dominant logic</td>
</tr>
</tbody>
</table>
### Appendix Eight: Summary of Literature – Technology

<table>
<thead>
<tr>
<th>Item</th>
<th>Author/s</th>
<th>Shortcoming</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors influencing choice of B2B technology</td>
<td>Ng, Lawly and Summers, 2003 Buttriss and Wilkinson, 2003</td>
<td>All research is currently for e-business technologies, but does not include SSTs</td>
</tr>
<tr>
<td>Characteristics of adopted products: Relative advantage over other methods of using the product; compatibility with current behaviour; trialability of the innovation; observability of the benefits and finally; reduced complexity</td>
<td>Rogers, 2003</td>
<td>This study was undertaken in a B2C context.</td>
</tr>
<tr>
<td>Dimensions of perceived risk include: functional risk, performance risk, physical risk, psychological risk, social risk and financial risk</td>
<td>Peter &amp; Tapey, 1975; Jacoby &amp; Kaplan, 1972; Pires, Stanton &amp; Eckford, 2004; Tsiros, M., &amp; Heilman, C., 2005</td>
<td>This study was undertaken in a B2C context and did not consider SSTs at all.</td>
</tr>
<tr>
<td>Four categories influence innovation adoption in organisations: individual factors; organisation factors; environmental factors and innovation characteristics.</td>
<td>Lakhanpal, 1994</td>
<td>Did not consider SSTs</td>
</tr>
<tr>
<td>Social usage, attitude toward innovation and personal innovativeness lead to individual acceptance of innovations</td>
<td>Framback and Schillewaert, 2002</td>
<td>Did not consider SSTs</td>
</tr>
<tr>
<td>Since the 1990s, Services Marketing has increased in importance</td>
<td>Vargo &amp; Lusch, 2004</td>
<td>Background discussion of SSTs and S-D Logic. Contributes to justification of focus on services.</td>
</tr>
<tr>
<td>Use of SSTs has increased since the 1990s</td>
<td>Bitner, Ostrom and Meuter, 2002</td>
<td>Increasingly becoming important considerations in marketing. Contributes to research justification.</td>
</tr>
</tbody>
</table>
In order to effectively engage in self-service, customers must have sufficient skills and core competencies

<table>
<thead>
<tr>
<th>Vargo and Lusch, 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training is required, but is often not provided to customers. Skills and core competencies of business customers can require a marketer to work with their business customer to determine the best Self-Service solution.</td>
</tr>
</tbody>
</table>

Most SSTs do not have service recovery systems in place, and the customer must speak to someone over the telephone or in person if something goes wrong.

<table>
<thead>
<tr>
<th>Bitner, et al, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>This can have an impact on customer perceptions of quality and ultimately the brand</td>
</tr>
</tbody>
</table>

Organisations are introducing SSTs to

<table>
<thead>
<tr>
<th>Bitner, Ostrom &amp; Meuter, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion of SSTs needs this explanation in terms of why and how they are utilised. Provides a background to SST and rapid introduction contributes to justification of the context in this thesis.</td>
</tr>
</tbody>
</table>

“Firms which successfully compete through SSTs will in the long term provide the level of excellent service that customers demand and be able to adapt to changes in the environment”

<table>
<thead>
<tr>
<th>Bitner, Ostrom &amp; Meuter, 2002: 107</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive advantage/ core competencies – relates to Service-Dominant logic and also relationship marketing, due to providing service levels that meet/exceed customer needs. This is relevant to this thesis and contributes to justification for it.</td>
</tr>
</tbody>
</table>

Organisations must:

<table>
<thead>
<tr>
<th>Bitner, Ostrom &amp; Meuter</th>
</tr>
</thead>
<tbody>
<tr>
<td>A list of considerations for an organisation introducing SSTs – preventing and managing failures is an important part of customer satisfaction and, it is presumed, ultimately commitment to the relationship. Very practical focused, rather than theoretical, but could contribute to organisational implications. Do customers see these as priority issues?</td>
</tr>
</tbody>
</table>

The producer and consumer are often viewed as separate in marketing, however, when considering SSTs, “…the consumer is always involved in the production of value”

<table>
<thead>
<tr>
<th>(Vargo and Lusch, 2004: 11)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relates to Service-Dominant Logic and SSTs</td>
</tr>
</tbody>
</table>
## Appendix Nine: Relationship Marketing and industry

<table>
<thead>
<tr>
<th>Discussion item</th>
<th>Author/s &amp; Year</th>
<th>Relationship to research</th>
<th>Distinction from research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial sectors require their own relationship marketing studies</td>
<td>Dibb and Meadows, 2001</td>
<td>Impact on generalisability of research with one industry under examination</td>
<td>Literature point of note</td>
</tr>
<tr>
<td>Relationship marketing within banking is becoming increasingly important due to increased competition</td>
<td>Colgate &amp; Alexander, 1998; Colgate &amp; Stewart, 1998</td>
<td>In addition to this, there are other reasons (such as the high level of trust needed in banking). Important from a context point of view</td>
<td>Literature point of note</td>
</tr>
<tr>
<td>Literature suggests customers have and value banking relationships</td>
<td>Colgate &amp; Alexander, 1998; Barnes 1997</td>
<td>Relationship marketing important in a banking context</td>
<td>These studies undertaken in a B2C context (though other authors have suggested this in a B2B context)</td>
</tr>
<tr>
<td>There are several different types of banking relationships</td>
<td>Colgate &amp; Alexander, 1998</td>
<td>These banking relationships are visually demonstrated in the Colgate &amp; Alexander paper and several different situations are relevant.</td>
<td>B2C context</td>
</tr>
</tbody>
</table>
### Appendix Ten: Summary of banking literature

<table>
<thead>
<tr>
<th>Item</th>
<th>Author/s</th>
<th>Shortcoming</th>
<th>Contribution to this work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate customers are hesitant to adopt technology in banking, however there is a lack of research in this area</td>
<td>Rotchanakitumnual and Speece, 2003</td>
<td>This study looks at adoption, rather than the impact on relationships</td>
<td>Interesting findings, but different purpose</td>
</tr>
<tr>
<td>Corporate customer banking interactions are more intensive and complex due to relationships</td>
<td>Athanassopoulos and Labroukos, 1999</td>
<td>N/A</td>
<td>This is the premise of this study and supports the investigation of relationships in corporate banking</td>
</tr>
<tr>
<td>67% of bank customers feel they have close relationships with their bank</td>
<td>Barnes, 1997</td>
<td>This study was undertaken in a B2C context</td>
<td>Needs to be examined in more detail in a B2B context</td>
</tr>
<tr>
<td>Internet banking increased perceived cost of switching.</td>
<td>Pyun, et al, 2002</td>
<td>This study was undertaken in a B2C context.</td>
<td>Increased switching costs has been found to increase commitment (Morgan and Hunt, 1994) and therefore, this is worth considering in semi-structured interviews to see if internet banking increases switching costs in a B2B context.</td>
</tr>
</tbody>
</table>
## Appendix Eleven: Business-to-Business Marketing

<table>
<thead>
<tr>
<th>Discussion item</th>
<th>Author/s &amp; Year</th>
<th>Relationship to research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interorganisational relationships:</td>
<td>Möller &amp; Halinen, 2000</td>
<td>Distinction between business relationship and B2C relationships. Shows importance on exchange and the fact that any actor can act</td>
</tr>
<tr>
<td>High relational complexity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus on supplier/buyer relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Any actor can be active</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual interdependence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Episodes in long term relationships</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emphasis is on resource, social and inter functional exchange relationships.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This is in contrast to customer relationships which have a low relational complexity.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationship Marketing within the B2B sector is defined as “marketing oriented</td>
<td>Jackson, 1985:2</td>
<td>Specific definition for RM in the B2B sector – important in the definition of RM and may be relevant in the study as it is distinguished from other definitions</td>
</tr>
<tr>
<td>toward strong, lasting relationships with individual accounts”</td>
<td></td>
<td>of Relationship Marketing</td>
</tr>
<tr>
<td>Relationship marketing orientation is viewed as more important than a transactional orientation within a B2B context</td>
<td>Anderson, 1995</td>
<td>Justifies linkage to Relationship Marketing within this context/study</td>
</tr>
<tr>
<td>The IMP Group, based primarily in Europe, has conducted numerous studies on relationship marketing theory, with the emphasis on the nature and role of interactions and networks within B2B relationships</td>
<td>Welch and Wilkinson, 2002</td>
<td>Reinforces the importance of Relationship Marketing and interaction within Industrial/ B2B marketing. This is particularly important as well due to the focus on interactions – interactions link in with SSTs and also Service-Dominant logic</td>
</tr>
<tr>
<td>Activity links, resource ties and actor bonds contribute towards business relationships as well as relational norms which can create a dependency in the relationship</td>
<td>Welch &amp; Wilkinson, 2002; Lusch &amp; Brown, 1996</td>
<td>Discussion of relationships within a B2B context, and also increased switching costs. Both of these areas have linkages to relationship marketing. Switching costs needs discussion, as literature indicates that the use of SSTs increases perceived switching costs.</td>
</tr>
<tr>
<td></td>
<td>Author, Year</td>
<td>Notes</td>
</tr>
<tr>
<td>------------------------------------------------------------------</td>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Very few studies examine SSTs in a B2B context</td>
<td>Pujari, 2004</td>
<td>Due to the increased use of SSTs in the B2B context, it is important to consider the use of SSTs within this context. This provides some justification for the study, but this reference is also five years old.</td>
</tr>
<tr>
<td>Criticisms of using the Internet in business-to-business relations tend to centre around the separation of buyers and sellers</td>
<td>Ratnasingam &amp; Pavlou, 2003</td>
<td>The internet removes buyers and sellers – do SSTs therefore cause problems in B2B relationships? This is in contrast to some other literature discussed which says SSTs enhance relationships. Mixed reviews also appear in the Relationship Marketing tables. My study seeks to examine the impact of SSTs on business relationships.</td>
</tr>
<tr>
<td>Marketer and customer must have a shared understanding about what is ‘value’ in a business market.</td>
<td>Anderson &amp; Narus, 1998</td>
<td>Links in to a lot of the value focus in Service-Dominant logic. In order to provide a competitive advantage, this is an important aspect for consideration</td>
</tr>
<tr>
<td>Switching costs have been considered in B2B / Industrial Marketing</td>
<td>Neilsen, 1996; Anderson, 1985</td>
<td>Do high switching costs lead to commitment, or does trust lead to commitment? A combination of the two? This is something my research looks at.</td>
</tr>
<tr>
<td>Commitment in a B2B context can be “an inertial or binding force between exchange partners that can lead to the maintenance of an existing relationship to the exclusion of alternatives”</td>
<td>Seabright et al, 1992: 126</td>
<td>High switching costs, relationship marketing – both are important aspects of consideration here and relate to the research</td>
</tr>
<tr>
<td>Switching costs inhibit changing suppliers</td>
<td>Jackson, 1985</td>
<td>Switching costs tend to be increased depending on which industry etc. Could produce a ‘forced’ (false?) loyalty, rather than trust and good customer service creating loyalty</td>
</tr>
<tr>
<td>Two types of switching costs: “hard assets” (tangible investments) and “investments” (social, psychological)</td>
<td>Nielson, 1996</td>
<td>Specific types of switching costs.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Loyalty is well documented in the literature due to focus on relationships</td>
<td>Yanamandram &amp; White, 2006</td>
<td>Commitment – as discussed in a lot of the Relationship Marketing literature – and loyalty. Are they the same thing? Definitions of both need examination/discussion. Can the terms be used interchangeably?</td>
</tr>
<tr>
<td>Loyal customers are more likely to purchase additional services and generate positive word of mouth for an organisation</td>
<td>Reichheld, 1996</td>
<td>Motivation for organisations to have loyal (committed?) customers in a B2B context</td>
</tr>
<tr>
<td>Fundamental differences exist between organisations selling to organisations vs. those selling to personal consumers</td>
<td>Webster, 1978; Jackson &amp; Cooper, 1988</td>
<td>Justification for considering a B2B context separately from similar research undertaken in a B2C context (but this similar research is relationship marketing focused only – no focus on S-D Logic)</td>
</tr>
<tr>
<td>B2B marketing is more complex compared with B2C marketing</td>
<td>Jackson &amp; Cooper, 1988</td>
<td>Justification for considering a B2B context separately from similar research undertaken in a B2C context. Also, it is important to note that Jackson and Cooper’s relatively similar work is but this similar research is relationship marketing focused only – no focus on S-D Logic) and focuses on different attributes.</td>
</tr>
<tr>
<td>B2B marketing includes multiple people in decision making</td>
<td>Robinson et al 1967</td>
<td>Justification for considering a B2B context separately from similar research undertaken in a B2C context. Also may have method implications.</td>
</tr>
<tr>
<td>It is important for organisations to manage, control and advance “daily business activities” and find “leverage point to improve performance, particularly in terms of market-oriented activities that can be influenced by the internet”</td>
<td>Eid, Trueman and Ahmed, 2006: 201</td>
<td>Justification of the importance of looking at SSTs (internet based) within a B2B context</td>
</tr>
</tbody>
</table>
It could be argued that the internet is merely a resource issue for organisations, but should be an integral part of marketing strategy.

<table>
<thead>
<tr>
<th>Most important factors of B2B success in order:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management support</td>
</tr>
<tr>
<td>Setting strategic goals</td>
</tr>
<tr>
<td>Integrating internet marketing with strategy</td>
</tr>
<tr>
<td>Collaboration with strategic partners</td>
</tr>
<tr>
<td>Deciding the potential audience</td>
</tr>
</tbody>
</table>

Factors for ‘success’ may be of interest in the discussion, however, this looks more from the marketer perspective, compared with this thesis. Collaboration with strategic partners links into co-creation of value with an organisation.

B2B services are even more unique compared to other services: specialization and technology – making it more complex than the marketing of B2B goods and also consumer goods & services. They also tend to be quite technological in nature, compared to consumer goods.

Justification for considering a B2B context separately from similar research undertaken in a B2C context. Particularly relevant in that the focus is on services.

There has been limited research in the area of brand loyalty in the B2B services sector.

Relevance in commitment, but this thesis does not focus specifically on brand loyalty.
### Research Twelve: Research questions

<table>
<thead>
<tr>
<th>Research question</th>
<th>Purpose of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>How long have you been with your bank?</td>
<td>Basic background questions which will provide an understanding of the relationship with the bank and potential changes to the relationship</td>
</tr>
<tr>
<td>How long have you been with the organisation?</td>
<td>Basic background question designed to explore the contact’s experience in the industry and with the bank</td>
</tr>
<tr>
<td>Could you tell me a bit about your role?</td>
<td>Basic background question designed to explore the contact’s relationship with the banking function of the organisation</td>
</tr>
<tr>
<td>Do you personally use internet banking in your role?</td>
<td>Basic background question to explore the respondent’s banking role in the organisation</td>
</tr>
<tr>
<td>How do you utilise internet banking?</td>
<td>To understand how the reduction of face-to-face contact can impact on relationships in a Business-to-business context</td>
</tr>
<tr>
<td>How long have you been using internet banking? Do you recall what made you switch to that?</td>
<td>Basic Background Question to explore the organisation’s use of internet banking, reasons for switching to it, rather than face-to-face banking</td>
</tr>
<tr>
<td>Do you know why you’re using internet banking as opposed to face-to-face banking?</td>
<td>To understand how the reduction of face-to-face contact can impact on relationships in a Business-to-business context</td>
</tr>
<tr>
<td>Did you have any training at all, when you first started?</td>
<td>Basic background question</td>
</tr>
<tr>
<td>When you have a new staff member taking over a role where they will need to use Internet Banking, do you offer training to them?</td>
<td>Basic background question to understand the perception of complexity with internet banking</td>
</tr>
<tr>
<td>In general terms, how are you actually using internet banking within your business? What sort of tools do you use?</td>
<td>To understand how the reduction of face-to-face contact can impact on relationships in a Business-to-business context</td>
</tr>
<tr>
<td>Do you think you’re loyal to your bank? Would you be likely to switch banks?</td>
<td>To understand how the use of technology impacts on trust and relationship commitment in a Business-to-business context</td>
</tr>
<tr>
<td>(For users): Have you heard anyone within the organisation talk about how the relationship has changed now you’re using internet banking?</td>
<td>To understand how the use of technology impacts on trust and relationship commitment in a Business-to-business context</td>
</tr>
<tr>
<td>Do you feel forced to use internet banking?</td>
<td>Basic background question to determine how internet banking is perceived by the respondent and potentially the organisation</td>
</tr>
<tr>
<td>Question</td>
<td>Objective</td>
</tr>
<tr>
<td>----------</td>
<td>-----------</td>
</tr>
<tr>
<td>You’re familiar with your internet banking system. If the bank changed it, would that cause a problem for you?</td>
<td>To understand how the use of technology impacts on trust and relationship commitment in a Business-to-business context</td>
</tr>
<tr>
<td>Face-to-face contact – is there any these days? Are you are aware of who your bank manager is? Have you met them?</td>
<td>To understand how the reduction of face-to-face contact can impact on relationships in a Business-to-business context</td>
</tr>
<tr>
<td>(If there is reduced contact): Does that alter your actual opinion of the bank then?</td>
<td>To understand how the reduction of face-to-face contact can impact on relationships in a Business-to-business context</td>
</tr>
<tr>
<td>Do you trust your bank? Can you recall if that has changed at all since using electronic banking? Has it changed anything in terms of your banking behaviour or your commitment to the bank?</td>
<td>To understand how the use of technology impacts on trust and relationship commitment in a Business-to-business context</td>
</tr>
<tr>
<td>Do promotional materials the bank send you change your behaviour at all?</td>
<td>To examine Relationship Marketing theory in the context of Self-service technologies</td>
</tr>
<tr>
<td>Are all your suppliers using electronic banking?</td>
<td>Basic background question to determine the “norm” in the industry</td>
</tr>
<tr>
<td>Do you have any other comments about your use of the banking system?</td>
<td>Basic background question for any other areas not previously discussed</td>
</tr>
</tbody>
</table>
### Appendix Thirteen: Overview of research cases

<table>
<thead>
<tr>
<th>Case #</th>
<th>Industry</th>
<th>Decision maker or user</th>
<th>Gender of interviewee</th>
<th>Estimated age group of interviewee</th>
<th>Length in role; length with bank</th>
<th>Bank utilised</th>
<th>Transaction or relationship-oriented</th>
<th>Org size</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Insurance</td>
<td>Decision maker</td>
<td>Male</td>
<td>50-60</td>
<td>30; 30</td>
<td>9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Brisbane</td>
</tr>
<tr>
<td>2</td>
<td>Non profit</td>
<td>Decision maker</td>
<td>Male</td>
<td>30-40</td>
<td>3; 10</td>
<td>9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Canberra</td>
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<tr>
<td>3</td>
<td>Warranties</td>
<td>User</td>
<td>Female</td>
<td>20-30</td>
<td>3; 5</td>
<td>9</td>
<td>Relationship</td>
<td>Small</td>
<td>Brisbane</td>
</tr>
<tr>
<td>4</td>
<td>Insurance</td>
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<td>Female</td>
<td>30-40</td>
<td>2; 30</td>
<td>9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Brisbane</td>
</tr>
<tr>
<td>5</td>
<td>Retail</td>
<td>User</td>
<td>Female</td>
<td>30-40</td>
<td>4; 10</td>
<td>5</td>
<td>Transaction</td>
<td>Small</td>
<td>Brisbane</td>
</tr>
<tr>
<td>6</td>
<td>Investments</td>
<td>Decision Maker</td>
<td>Male</td>
<td>50-60</td>
<td>10; 10</td>
<td>1</td>
<td>Relationship</td>
<td>Small</td>
<td>Cairns</td>
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<tr>
<td>7</td>
<td>Retail</td>
<td>User</td>
<td>Female</td>
<td>20-30</td>
<td>5; 10</td>
<td>5</td>
<td>Relationship</td>
<td>Small</td>
<td>Brisbane</td>
</tr>
<tr>
<td>8</td>
<td>IT</td>
<td>Decision maker</td>
<td>Male</td>
<td>20-30</td>
<td>6; 6</td>
<td>3</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>9</td>
<td>Medical</td>
<td>User</td>
<td>Female</td>
<td>20-30</td>
<td>4;4</td>
<td>8</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>10</td>
<td>Investments</td>
<td>Decision Maker</td>
<td>Female</td>
<td>30-40</td>
<td>4; 7</td>
<td>1</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td>11</td>
<td>Property</td>
<td>Decision Maker</td>
<td>Male</td>
<td>30 – 40</td>
<td>15; 20</td>
<td>5, 6, 8, 9</td>
<td>Relationship</td>
<td>Medium</td>
<td>Canberra</td>
</tr>
<tr>
<td>12</td>
<td>Services - Tours</td>
<td>Decision Maker</td>
<td>Male</td>
<td>30-40</td>
<td>3; 0.5</td>
<td>9</td>
<td>Relationship</td>
<td>Small</td>
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<tr>
<td>13</td>
<td>Corporate Gifts</td>
<td>Decision Maker</td>
<td>Female</td>
<td>30 – 40</td>
<td>2; 10</td>
<td>6</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
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<tr>
<td>14</td>
<td>Telecommunications</td>
<td>User</td>
<td>Female</td>
<td>40 – 50</td>
<td>3;6</td>
<td>5</td>
<td>Transaction</td>
<td>Large</td>
<td>Canberra</td>
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<tr>
<td>15</td>
<td>Building</td>
<td>Decision maker</td>
<td>Male</td>
<td>40-50</td>
<td>6; 6</td>
<td>1</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
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<tr>
<td>16</td>
<td>Fitness</td>
<td>User</td>
<td>Female</td>
<td>30-40</td>
<td>1; 5</td>
<td>6</td>
<td>Transaction</td>
<td>Small</td>
<td>Canberra</td>
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<tr>
<td>17</td>
<td>Building</td>
<td>Decision Maker</td>
<td>Female</td>
<td>30 - 40</td>
<td>5; 5</td>
<td>6</td>
<td>Relationship</td>
<td>Small</td>
<td>Canberra</td>
</tr>
<tr>
<td></td>
<td>Industry</td>
<td>Role</td>
<td>Gender</td>
<td>Age Range</td>
<td>Years</td>
<td>Relationship</td>
<td>Employment Size</td>
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<tr>
<td>18</td>
<td>Golf – Services</td>
<td>Decision Maker</td>
<td>Male</td>
<td>30-40</td>
<td>6; 6</td>
<td>5</td>
<td>Medium</td>
<td>Regional NSW</td>
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</tr>
<tr>
<td>19</td>
<td>Casino – Services</td>
<td>User</td>
<td>Male</td>
<td>30-40</td>
<td>3; 10</td>
<td>9</td>
<td>Large</td>
<td>Canberra</td>
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<td>20</td>
<td>Retail</td>
<td>Decision Maker</td>
<td>Female</td>
<td>30-40</td>
<td>2; 4</td>
<td>8</td>
<td>Small</td>
<td>Canberra</td>
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</tr>
<tr>
<td>21</td>
<td>Non profit</td>
<td>Decision maker</td>
<td>Female</td>
<td>30-40</td>
<td>13; 20</td>
<td>9</td>
<td>Medium</td>
<td>Canberra</td>
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</tr>
<tr>
<td>22</td>
<td>Medical</td>
<td>User/Manager</td>
<td>Female</td>
<td>30-40</td>
<td>8; 20</td>
<td>9</td>
<td>Large</td>
<td>Brisbane</td>
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<td>23</td>
<td>Wholesaling</td>
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<td>Medium</td>
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<td>Accounting</td>
<td>User</td>
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<td>60-70</td>
<td>5; 20</td>
<td>9</td>
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<td>Townsville</td>
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<tr>
<td>25</td>
<td>Government</td>
<td>User</td>
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<td>20-30</td>
<td>1; 10</td>
<td>5</td>
<td>Large</td>
<td>Melbourne</td>
<td></td>
</tr>
</tbody>
</table>

Organisation size:  Small < 10 employees; Medium 11- 99 employees; Large >100 employees
Reference List


Rocco, E. (1998) Trust breaks down in electronic contexts but can be repaired by some initial face-to-face contact, ACM Press/Addison-Wesley Publishing Co., 496-502


Raechel Johns


