

# Is Relationship Theory Applicable to Internet Bank Relationships?

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## Abstract

Relationships have traditionally been studied between business actors. This paper brings the framework for analysis of business relationships to consumer markets. Internet bank relationships introduce a new communication channel for the bank customer. This paper explores co-ordination and understanding of internet bank service in relationships between banks and their customers. The paper also identifies that the parties experience of each other is of great importance for how they co-ordinate and understand exchange through the internet channel.

## Introduction

Studies have found that firms exchange goods and services in business relationships that typically are long lasting, and involve considerable adjustments between the parties involved (Ford 1990, Håkanson and Snehota 1995). These business relationships evolve as a result of firms' efforts to match their needs through mutual adaptation to each other (Hallén, Johanson, and Nazeem-Mohammed 1991). Such adaptations may concern Just-in-Time processes (Frazier, Spekman and O'Neill 1988), Total quality management (Hackman and Wageman 1995), or other practices that integrate workflows across firm boundaries (Zajac and Olsen 1993). In the process, the parties develop relational norms, such as understanding (Blankenburg Holm, Eriksson and Johanson 1996) and trust (Moorman, Desphandé and Zaltman 1993, Zaheer and Venkatraman 1995).

Studies have also found that business relationships are tied in with each other in networks (Ford 1990, Håkanson and Snehota 1995, Gulati 1995, Gulati and Garguilo 1999, Ahuja 2000, Uzzi 1997). Such networks can be more or less tight, depending on the nature of the business. An example is that networks with much manufacturing may be based on interconnected workflows, with interdependent chains of activities and resources (Blankenburg Holm, Eriksson and Johanson 1999). This is in contrast to networks in Biotechnology that rely less on interdependent workflows, and more on exchange of knowledge that is crucial for innovations (Powell, Koput, and Smith-Doerr 1996).

However, few attempts have been made to expand the evolving knowledge of relationships and networks beyond the realms of business markets. Relationship marketers have applied

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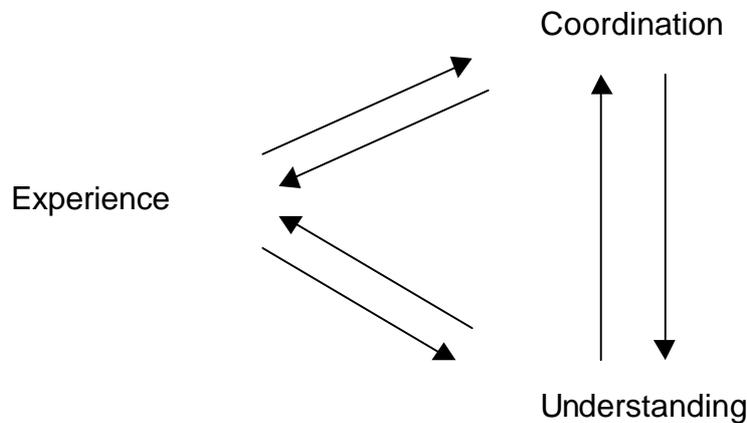
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business-marketing ideas on consumer services (Grönroos 2000), and there has been some conceptual development of relationship marketing in consumer markets in general (Fournier 1998, Sheth and Parvatiyar 1995). However, there is still little understanding of the generalizability of relationship marketing (Frazier 1999), and the applicability of markets as networks. This paper intends to add to the discussion by drawing on recent research in channels research and consumer cognition.

A fundamental assumption concerning business relationships is that they evolve from time consuming adaptations. An important issue then is the development of understanding between exchange partners, which is often difficult in consumer markets. To start with the seller side, studies show that it is difficult to organize production of heterogeneous products/services (Garbarino and Johnson 1999). It has also been found that different distribution channels need much interdepartmental cooperation (Menon, Jaworski and Kohli 1997). On the whole, there is ample evidence for sellers' difficulty to organize market orientedly (Hurley and Hult 1998). On the buyer side, there is evidence that even mildly complex issues, such as partitioned prices (Zettelmeyer 2000), are too complicated for the buyer to assess in an economically rational way. It has also been found that the experiences of users determine how they assess the expanded offering through one or multiple channels and the perceived channel richness (Carlson and Zmud 1999). Thus, there is a need for considerable adaptation both from the seller and the buyer in order to exchange in a consumer market.

Adaptations can be made in several ways. We will partly focus on the understanding between parties on the coordination of activities, including technical adaptations. The reason for this is that they reflect two important dimensions. Coordination refers to the organisation of activities associated with tasks to achieve an end, which can be seen as the functional side of a relationship. Understanding refers more to the frame of reference by which means and ends are associated (cf. Snehota 1990). Both concepts affect each other, so that activities generate experiences about the exchange and the counter-party, which change the understanding of the relationship. The understanding of the relationship and the exchange, in turn, determine subsequent activity patterns. Coordination of activities is the starting point for this process, because if no activities are made, then there will be nothing to experience or understand. Both concepts depend on the parties experience of each other, such as their past experiences. The reasoning is depicted in a model in Figure 1. This model is very much in line with social exchange theory, where an increasing number of exchanges between partners gradually transform into a relationship as they adapt to each other (cf. Anderson and Narus 1990, Blankenburg Holm, Eriksson and Johanson 1999).

**Figure 1.** Model for analysis of relationships



The model in Figure 1 can be presumably be used for analysis of relationships in both business and consumer markets. It is also likely that the model is more detectable for less standard, or heterogeneous services, since all variables in the model then take on greater importance. *The purpose of this paper is to apply this model as a first step for further model development about consumer markets. This is done through an investigation and analysis of the effects of distant service interaction on bank – consumer relationships.*

The paper is structured so that definitions of coordination, understanding and experience are presented first. After this, the empirical research method for Internet bank relationships is discussed. The model in Figure 1 is then applied to the empirical material, where after conclusions are drawn.

### **Coordination, Understanding and Experience**

#### *Coordination*

In business-to-business markets, coordination refers to the physical adaptations of products, production processes, workflows, logistics, etc. Coordination in consumer markets also concern physical adaptations, but it may not be as distinct as in business-to-business markets. Exchange of consumer products, particularly services, has often involved personal interaction between the company and the consumer. Through personal interaction the parties are better able to describe their demand for service, and also to ask about the services supplied by the firm. In doing so, the consumer and the firm instantaneously assess each other's capabilities, the exchange conditions and costs. Personal interaction facilitates a swift and individualised way for the firm to understand which services fit the consumer's need, or how the services shall be designed in order to satisfy the consumer. This is especially important in the case of complicated services, involving sensitive information, and where knowledge about the customer's individual needs is crucial. The adaptations made through personal interaction can

thus serve as a means to establish routines that coordinate the exchange between the buyer and the seller. Such routines may concern using an ATM card, knowing how to use an account, or knowing whom to turn to with a question. *Coordination of consumer relationships can thus be defined as the routines that coordinate exchange between buyer and seller.*

If coordination to a large extent is carried out over the Internet, with less personal contacts, the relationship could be expected to develop differently and to have other characteristics than relationships primarily based on personal interaction. This is because the present state of interaction over the Internet allows for less individualised interaction. This could for instance result in weaker personal ties between and affect trust negatively. On the other hand, Internet interaction may increase the customers' adaptations as the customer becomes more involved in the production process of the financial services. Less personal contact may also increase the importance of brand name. Altogether, it is not very clear whether these changes strengthens or weakens the relationship. In order to carry out business on the Internet it also becomes more important to package and present the services in a way that is easy to understand without a personal exchange. A change in the way of coordinating exchange could therefore be expected to have change the character of relationship exchange.

### *Understanding*

Understanding refers to the cognitive understanding that the consumer has of the relationship. This may concern not only the way activities are coordinated, but also how the services fit in with the consumers' broader situation. *Consumers understanding of the relationship can therefore be defined as their sense making of the exchange in the relationship in the broader context of their situation.* The Internet is powerful since it has the potential to disembed the exchange from a social context and place it in a more technological context. Consumer response to Internet technology is, however, not a very well researched area. Accordingly, consumer responses to technology in general are also not very well researched. On the one hand, technology may simplify consumer understanding of exchange, but on the other it may make it more difficult. Mick and Fournier (1998) identify 8 such paradoxes of information technology. Consumers perceive IT as leading to both control and chaos, freedom and enslavement, new and outmoded practice, increase and decrease the feeling of competence, increase and decrease efficiency, fulfils and creates needs, promotes and hinders social interaction, and finally that it is both engaging and disengaging for the consumer. This ambiguity makes it very difficult for the consumer to make sense of IT. The features of a technology are likely to influence the sense making of the consumer, which in turn, will influence the way the consumer adapts in relationship to the seller (Griffith 1999).

Exploratory empirical studies of how consumers understand Internet bank services in everyday life identify that material elements are as important as elements of a more social character (Carrell 2001). For Internet bank customers, their relationship to the bank will thus be characterized by complex sense making of both the more tangible material interface with the bank, such as the layout and function of the website, and the more social response to interaction via the site.

### *Experience*

Consumers learn about how to exchange in markets. This is often embedded in the socialization processes that individuals undergo as they grow up in families and societies. Such learning processes may, however, differ in character. This is especially so when a new medium for exchange is introduced. A study showed that individuals' experience of a new distribution channel is important when they start to use a service throughout it, but that the

importance of the channel experience decreases over time (Carlson and Zmud 1999). This result points to that experiences of a new kind of channel is important at first, but that it decreases in importance to the benefit of other factors as the consumer learns to exchange in the new way. The same study found that experience with the communicating partner became increasingly important over time. Even though experience with the channel decreases in importance, the understanding and exchange with the communicator becomes more important. Perhaps the consumer feels surer about the medium for exchange, and starts to focus on the content and potential for value addition.

The possibilities to develop relationships over the Internet, is also likely to be affected by the customers experience of financial services. If a person has extensive experience of and knowledge about financial services (s)he will probably be better able to use Internet based financial services than a person with equal experience of the Internet, but less experience of financial services. The reason for this being that financial services often concern many different areas and call for some complex assessments.

### **The empirical study**

The industry chosen for this study is banking, which is very appropriate because financial services contain a wide range of services that can be combined in a multitude of ways. We place special attention on the introduction of Internet banking, and other tools for distant banking, into the existing bank – consumer relationship. This is particularly interesting since it represents a new mode of coordination of activities, which requires a new understanding of the service offering and the exchange. Altogether, this provides an excellent opportunity to study how consumers and banks prior experience relate to the coordination and understanding between them.

The possibilities and changes given by information technology, particularly the Internet, are of fundamental importance. For instance, business can to a larger extent be carried out at a distance, and in a more impersonal way rather than through direct personal interaction. As a consequence the exchange pattern, its content and the parties perception of it may change. It is therefore reasonable to expect that this changes the character of the relationships between banks and their customers, and thus may have a large impact on how business is handled and organised.

The financial service industry is particularly interesting as an object for studying the impact of Internet-based services (e-commerce), and other kinds of distant exchanges, on customer relationships because of the rapid development in the area and the wide spread use of on-line financial services. These services are often of ongoing character, frequently used by many customers and involve extensive exchanges of information. Moreover, banking is interesting to study since it involves both simple standard products as well as complicated and information-intensive products. Financial services are therefore particularly well suited for being carried out at a distance on the Internet. Apart from this, bank – consumer relationships have traditionally also been of long-term character where the customers rarely change bank. It is therefore interesting to investigate how such stable relationships are affected by a new distribution channel like the Internet, which sharply increases access to alternative suppliers and information of their products and prices.

Through the large number of users, and the frequent use of Internet services, banks and their customers have gained experience of financial services relationships through IT-based channels. This is very much the case in Sweden, which has one of the highest degrees of Internet bank-penetration in the world (the Economist 2000). It is therefore particularly advantageous to study the impact of impact of Internet-based interaction on customer relationships in Sweden.

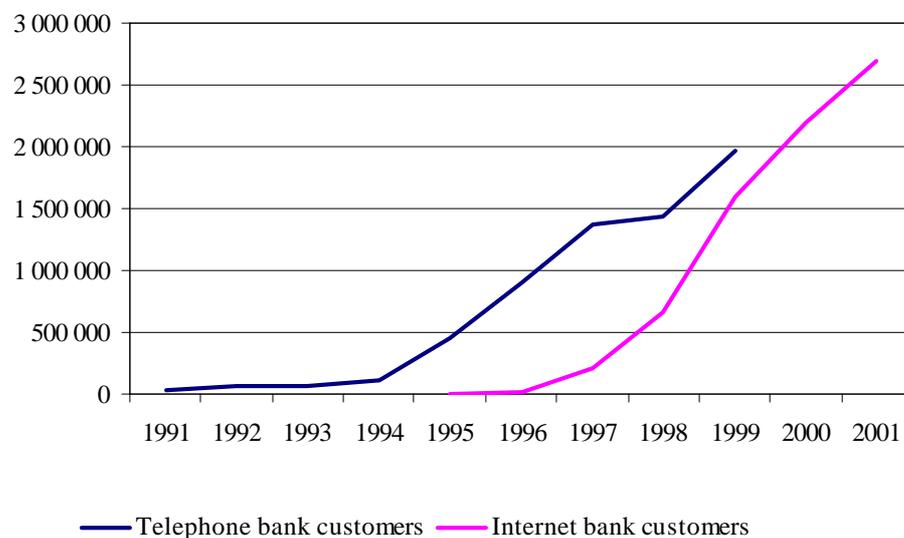
The empirical material has been gathered through secondary sources and interviews with six Swedish banks. All of these banks, except one, have had on-line services on the Internet and telephone banking services for four years or more. Four of these are, by Scandinavian measures, large universal banks with extensive branch networks. The other two are smaller and mainly relies on Internet and telephone as distribution channels.

The interviews were open ended in order to capture as many changes as possible. However, each interview concerned the effect of Internet/distant banking on coordination, understanding and experience.

### The development of Internet and phone banking in Sweden

Distant banking is not a new phenomenon. Mail and telephone contacts have been common ways for carrying out bank services for decades. This has, however, up until the early 1990ies, mainly been limited to informational services. The new development started as the first personal telephone bank services was introduced in 1991. Through this consumers could make most kinds of bank services all around the clock by telephone. This included money transfers, buying and selling of financial instruments and mutual funds, financial advice, etc. After three years slow development this became very popular in the mid 1990ies. Both old banks, with extensive branch networks, and new banks, without branch networks, established telephone-banking services that attracted a lot of customers (see Figure 2). Between 1994 and 1999 the number of customers connected to personal telephone banking services increased from 45 000 to almost 2 million (out of a population of 8.5 - 9 million people). New entrants, mainly minor banks established owned by Swedish insurance companies, without branch networks, stimulated this development. They offered all kinds of services, but particularly high yielding deposit accounts.

**Figure 2.** Number of Internet banking and telephone banking customers in Sweden



In 1995 this was followed by the introduction of the first Internet banking services in 1995. In 1996 all major Swedish banks followed and introduced Internet banks. This immediately became very popular and increased from 14 000 connected customers in 1996 to 2,7 million customers in April 2001 (out of a population of 9 million people). An investigation carried out in February 2001 showed that 30 percent of the people of 15 years of age and older used Internet regularly (every month) for handling payments and other bank services. The questions of distant banking and customer relationships thus concern a large part of the bank customers.

## Coordination

A fundamental question in this study has been if Internet has changed the routine exchange patterns of financial service use. This could be expected since Internet has increased customers' access to financial services. On the other hand people might have a certain need for financial services, such as payments, that is not necessarily related to the access of financial services. It is also not self-evident that consumers want or are able to use the new services offered. If that would be the case the demand would be unchanged and just partly carried out through a new distribution channel.

All interviews indicated that distant banking has affected consumers' exchange patterns a lot. As expected, the number of personal contacts has decreased sharply since many customers today use the branch network more seldom than before (see Table 1). Cases when this still occurs, for Internet customers, is mostly when they need financial advice regarding financing and loan applications, investments, insurance savings and taxation. However, the total number of contacts, including contacts on the Internet, telephone and WAP, was said to have increased significantly. Most other kinds of services, such as payments, stock trading, buying and selling of mutual funds, deposits, registration for issues of stocks and other kinds of financial instruments, investment information etc. is mainly done through Internet. All banks also confirmed that Internet customers are much more transaction intensive and active than other customers. An interesting consequence of this is that people tend to use a larger number of different financial products, as they become Internet customers. The banks' own investigations have indicated that this mainly is explained by the good overview and the increased access that Internet offers.

**Table 1.** Changing exchange pattern as consumers start to use Internet-based services

Change as a result of distant banking	Consumers
Total number of contacts with the bank	++
Number of personal contacts	--
Personal contacts regarding transactions	--
Personal contacts regarding financial advices	0
Number of transactions	++
Number of types of used financial products	+

A point of departure for this study has been that the introduction of Internet as a distribution channel may affect how the exchange is coordinated and thus the character of business

relationships. The changed exchange pattern is therefore expected to influence the strength of relationships and the activities carried out within them.

One notion was that Internet banking involves adaptations by the individual customer that ties the customer closer to the bank and prevents change of supplier. In order to use Internet services the customer needs a security device or has to download a certificate on his computer to enter his own Internet-pages. He also has to learn how to use the banks different services, to find everything he needs and to use different informational services. It was also believed that most banks gives the customer a few possibilities make own adjustments, such as registration of regular automatic payments or money transfers and registration of giro-numbers that are used regularly. The consumer then makes efforts and gains experience of the bank's Internet services which increases his commitment to the particular bank. This would make it more difficult and burdensome for customers to change bank. This notion therefore contains both a technical and a cognitive aspect.

All the banks responded that their Internet services to some extent created technical adaptations by consumers (Table 1). Although the banks intended to tie the consumer closer to the bank, all responded that this force so far had been perceived as quite weak. At the time of the interviews the banks had made only few – and not very far-reaching - special adaptations for individual customers or groups of customers. This was limited to registration of regularly used account numbers. In a few banks some customers had access to particular web sites, for instance for investment services and investment information. A wealthy private banking customer, with a lot of investments, thus had the same web-site as all other kinds of customers, and a few additional pages to which other customers had no access. As a consequence the banks perceived it as quite easy, from a technical point of view, for customers to change Internet bank.

One interesting development reported by the banks was that customers, once they had got access to an Internet bank, started to change their behaviour and to change/increase their expectations on the service-offer. This is most obvious in investment services where market prices of different assets, news, reports, portfolio- and transaction information, stop-loss functions etc. are offered that used to be impossible to offer to a large number of customers before the Internet. This gives an opportunity for financial firms to create services that tie the customer closer to the bank since the customer may start to use a large number of related services and functions. This makes it possible to for the banks to make more unique offers, maybe where several services are linked to each other, which ties the customer closer to the bank especially if this will make it more difficult to learn and understand another bank's service offer. However, just offering a simple trading service does not create any strong ties.

All banks were planning, as the next step, to try and strengthen relationships through more customer adaptations. This is intended to be done in two different ways: segmentation and individual adaptations. All banks intended to make customer segmentation, in the sense that a certain customer group will have a sight especially designed for that group. Banks planned to do this according to characteristics such as age, level of wealth, financial behaviour etc. It would then be possible to create informational services and marketing especially suited for each particular customer group. It was expected that this would achieve a better fit between the design, functions, offers and information made available and each customer's needs. Some banks are also planning to introduce several informational services related to the basic services. However, at the time of the study no banks had done this on a larger scale.

A few banks also planned – in addition - to extend the possibilities for customers to make their own adaptations of their individual Internet bank pages. These also were planning to extend the possibilities to direct interaction on the Internet through chat-functions, e-mail or telephone with advisors or support staff. Although technical ties today are perceived as relatively weak, though stronger than before, this was expected to be very important in the future.

**Table 1** *Change in relationships character as a result of distant banking*

	<b>Consumers</b>
Technical ties	+
Cognitive ties	0
Number of changes of financial supplier	+
Number of financial relationships per customer	+
Focus on personal relationships	+
New services as a result of Internet banking	+
Possibilities of individual adaptations of the Internet bank	No
Number of price negotiations for loans	++

Another interesting effect of distant banking is that customers more seldom visit bank branches since most transactions are made through Internet or telephone. The ambition has then been to increase time spent on giving financial advice and more active selling. This development has in its turn increased the emphasis on the few occasions when customers actually visit the bank. This has also increased the importance of alternative ways of approaching the customer, i.e. through mail and telephone. A problem with this probably is that the bank partly loses its exclusive position vis-à-vis the customer. Although it had been the ambition to increase time spent on advise and selling the banks responded that this had yet only been partly achieved.

The question is then if banks' customer relationships have been destabilised by Internet and if this has increased change of financial supplier and the number of supplier used by each consumer. This question could not be cleared answered since the banks' actually can not know for certain if a customer has other financial relationships, and if so, how many other relationships they have. The reason why customer mobility could be expected is that Internet increases the possibilities to access alternative suppliers. It is also makes easier to get information about prices and services offered. A decade ago a consumer had only a few possible alternatives, i.e. banks that had branches near by. This has changed. This has also been accompanied increased information in the press about interest rates, prices etc.

All banks responded that the development all together had changed the competitive situation a lot. This was particularly obvious regarding mortgage loans, where the customers often negotiate with more than one bank. In most cases the "old" bank gets the deal, but after having cut the price. Also banks without branch networks have been successful and have used the opportunity of improved possibilities to serve many customers without personal interaction. The banks responded, despite the changed competitive situation, that the tendency for customers leave was rather low and had remained the same for many years. Although a few of the banks thought that little had changed some banks had experienced that its more active customers increasingly tended use other suppliers, particularly Internet based stockbrokers.

To sum up the introduction of Internet banking has partly increased the technical ties between banks and consumers. This has, however, been counter acted by the changed environment and competitive situation, for which Internet banking has banking has been rather important. Although this has changed the character of relationships it is difficult to judge from this investigation whether this has stabilised or destabilised relationships or not. This will be closely investigated in the future banking customer survey.

## **Experience**

Earlier research and our model suggests that experience gained through interaction is important in development of both the products and services involved and the relationship as such. In business relationships, experience is often developed as a result of interaction and cooperation where the parties are actively involved. Through activities where parties are engaging experience about each other, the exchange and the products/services involved and thus increase the parties' commitment to the relationship. The supplier then is aware about the particular counter-party's individual needs and opinions, and can act on that knowledge. In consumer markets products are generally more standardised and the possibilities to change the design of the particular product, its development and how it can be distributed is limited and generally separated from each particular relationship. Instead consumers' views are for practical reasons often handled through separate customer support units (Grönroos 2000).

This was also the case for all the studied banks, where customers views on Internet services, design, functions, needs etc. were channelled to a separate support unit. Even in cases where customers expressed their views in when they met staff at branches, the staff channelled this to the support unit. All banks also underlined that the support unit was a major source of information when improving and changing Internet services. For most banks this marked a change since this, before the introduction of distant banking, mainly had been handled at the bank's branches and has therefore become more centralised.

There are obvious signs that the experience factor has been very important for banks and their development of distant services. After having carried out services on the Internet for a few years the way of thinking about it has changed a lot. At the outset the perspective was that customers should be able to do what they already did but from their home PCs whenever they wanted. Customer views and interaction has certainly been a major force in this, but this has not been handled within each relationship and thus not directly influenced these through mutual commitment.

Regarding customer experience one of the conclusions Carlson and Zmuds' (1999) study was that experience of the channel had a threshold shape, i.e. that experience is important for the perceived channel richness up to a certain level. Above that level experience had no effect on perceived channel richness. This aspect has not been closely investigated in this study. We have neither asked customers about perceived channel richness, nor their experience of Internet. However, the development of Internet banking in Sweden indicates that lack of experience has not prevented a very fast development. One possible explanation to this is that many customers already had past the threshold level and thus easily could adapt to Internet banking. If this is the case and perceived channel richness has a threshold shape this could have important bearing on banks possibilities to tie customers closer to the bank technically and through understanding of its service interface. In order to change this banks could try to

make more unique and personally adapted web sites, i.e. to build a new cognitive threshold in the form of new kinds of services that the consumer has to learn about. This could tie the customer closer to the bank. The interviews clearly indicated that some banks worked in this direction.

## **Understanding**

Customers understanding of Internet-based financial services is crucial for the possibilities to manage relationships through Internet. Based on earlier research we would expect that customers would continuously learn about this through exchanges and use of services and the experience this creates. This could gradually change the understanding of and the way of thinking about financial services, which would then possibly change coordination, i.e. the exchange pattern, the use of services, the demand for development and thus the character of relationships.

The Swedish banks' Internet services are very much alike, both concerning services offered, design and related services. For most customers it is therefore relatively easy to change bank, from a cognitive point of view. This might be a reflection of how Internet banking was introduced. This was done in a hurry in order not to fall behind competitors. Focus was then primarily to deliver the banks existing portfolio of services through a new channel. The basic idea was then that customers most of all would appreciate the possibilities to access the bank at non-office hours and without visiting the banks premises. This was partly the case, but what customers most of all have appreciated is the good overview of all its financial holdings, debt, payments, pension- and insurance savings, financial information etc. through one single interface. The banks responded that this to some extent has stimulated concentration and thus has counter acted change of supplier.

An impression from the interview series is that there are some indications that Internet banking customers change their way of thinking about financial services. This seems to be most obvious regarding the stock trading services. Before Internet-based trading was introduced customers holding and trading with shares gave their buying or selling orders at the bank branch or through telephone. They also got regular information about their total holdings and transactions made. When this is carried out on the Internet customers have easy access to the stock-market and can make transactions – at lower costs than before - in just a few moments. Customers also have information about their earlier transactions, portfolio composition, funds available etc. They also have instant access to stock market prices, historical prices, new and old news and analytical reports. Customers have started to use this information actively, to trade much more and to demand additional services. The development in this area has been rapid, not least as a consequence of customer demand for additional services. Many of the stock-trading customers are active and well informed and put pressure on their banks/brokers to provide at least the same services as the banks competitors. The gradually increasing understanding of the possibilities given by Internet therefore promotes development of new services, which in its turn affects understanding. This is very different from the time when at stock actually was a “paper” stored and – in case of buying or selling of shares – physically moved by the bank.

This could be explained as a shift physical perspective, where the service is partly thought of as physical product, to an integrated perspective where the whole picture is easy to access and where everything shall be possible to move from one form of asset/liability to another anytime. Financial products that used to be associated with certain physical documents, is

increasingly perceived or handled as just information without any physical limitations. A payment or a transaction of any kind, for instance of a financial instrument, is after all only a debit at one account and a credit to another account and are increasingly becoming handled like this by customers. This has sure been promoted by distant banking for which it is necessary to minimise the use of physical elements. This is important for consumer marketing since affects strength and character of customer relationships and customer mobility.

## Conclusions

This paper has found that there is reason to explain how a consumer market works by studying experience, coordination, and understanding in relationships. Experience is the parties' history of exchange, and this is expected to determine how they coordinate with, and understand services. Experience comes from coordination of activities and understanding, which refers to their cognitive understanding of the exchange in the relationship. Consequently, experiences are made both in terms of coordination and understanding of a relationship.

In Internet banking, coordination may concern technical linkages, such as data transfer, Internet software, bank website layout, and customisation of the Internet website. It is also likely that the customer's exchange with the bank via other channels, such as phone banking and branches are part of the coordination. Both the bank and the customer are likely to coordinate their relationship with other relationships. Banks typically outsource service software and hardware, and customers have financial relationships to other actors. Since the service exchange in banking consists of a heterogeneous set of services, this is likely to be quite a complex net of interrelated activities taking place in the interconnected relationships.

Understanding of this complex net of interrelated relationships is not going to be easy for either the bank or the customer. In addition to the understanding the coordination taking place, their past habits of interaction, such as they way in which they mentally combine different services will have a great influence on how they make sense of their situation in the network. How service producers and consumers make sense of their exchange situation is therefore likely to be a major determinant for the relationship.

Coordination and understanding are interrelated, but they are also very distinct entities. In Internet banking, coordination can be seen as the technical platform for exchange, and understanding as the existing relationship exchange patterns. There is a great need to further research how these two influence each other. Current research has not clarified this yet (Griffith 1999, Mick and Fournier 1998), so this project will remedy this by making deeper empirical examination of the model that has been outlined in this paper. The presented interview series has also clearly shown that Internet banking has already given rise to changes fundamental to banks' relationship management.

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