Relationship Equity and Switching Behavior in the Adoption of New Telecommunication Services.

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This paper presents a model of relationship equity for business markets. It argues potential benefits of managing relationship equity have been largely ignored and that a general model and stream of relevant research questions could be useful to marketing practitioners. The model developed considers incumbent's key account management as antecedent, two different types of moderator variables, relationship equity as a perception by the buyer and switching behavior via adoption of new telecommunication services as a result of these perceptions. Propositions are defined and guidelines for managing relationship equity are provided.

Key words: Relationships Equity, Telecommunication Services.

Introduction:

The topic of inter-firm relationships is one of the major business-to-business marketing issues currently being addressed by marketing practitioners and academic researchers (e.g. Morgan and Hunt, 1994; Berry, 1995). As companies increase their efforts in pursuing a targeted share of the customer's business (Anderson and Narus, 1999), sustaining customer relationship has become very important. Indeed, the building of strong customer relationships has been suggested as a means for gaining a competitive advantage (McKenna 1991: Reichheld 1996), besides being a far more efficient way compared to a continuous search for new customers (Vavra, 1992). Vendors are also increasingly urged to establish customer relations that extend beyond individual market transactions (Berry and Parasuraman 1991; Dwyer et al. 1987) and to direct resources towards building and strengthening existing relations with current customers (Berry and Parasuraman 1991). In turn, suppliers that have a successful relationship with selected customers reaps the benefits of higher profitability through reduced marketing and administrative cost and a higher level of sales growth compared to supplier firms that use a transactional approach to servicing customers. (Kalwani and Narayandas, 1995).

Buyers themselves like to reduce choices by engaging in ongoing relationship with marketers (Sheth and Pravatiyar 1995), recognizing and formally rewarding differences based on their perceptions of how their suppliers have treated them (Dorsch et. al 1998; Jones & Sasser, 1995). Customers who perceive they are receiving value and feel valued by the supplier tend to spend more money with the firm on a per-year basis and stay with the firm for more years (Berry and Parasuraman, 1991) especially when there are learning costs associated with switching providers (Soellner, 1996). A strong business relationship also provides the customer with the freedom from having to make decisions (Gwinner et. al, 1998), thus saving the customer energy and allowing time for other things (Rosenblatt, 1977). Feelings of familiarity, personal recognition and social support (Barnes 1994; Berry 1995) are also factors why buyers like to engage in ongoing relationship with their suppliers.

Work in the area of sustaining buyer-seller relationship in business-to-business markets, especially on its drivers, has since surged in the past ten years. Building on and adapting theories from a variety of disciplines, relationship researchers have proposed, examined and provided substantial insights about how drivers such as trust, commitment and adaptation influence behavior in relationships. For example, buyers have been found to hold lower propensities to leave a relationship with a major supplier in the near future if they have stronger feelings about relationship commitment (Cook and Emerson 1978; Morgan and Hunt 1994, Anderson and Weitz 1992), with commitment representing the highest level of relational bonding (Dwyer et al. 1987). Buyer attitudes and behaviors towards suppliers have also found to be significantly influenced by trust (Schurr and Ozanne 1995; Bitner 1995; Barnes, 1994) such that it not only acts as central determinant of relationship dependence but it also reduces the perceived uncertainty and vulnerability of the exchange partners, and hence the need to enter into a new relationship. Others like Hakansson (1982) and Hallen, Johanson and Seyed – Mohamed (1991) note that adaptations which provide value to one or both parties to the extent that these investments reduce costs, increase revenues, also create dependence between the parties (Cannon and Perreault Jr. 1999).

Although there has been a rich tradition of scholarly research on relational drivers and relationship outcome, the literature and empirical study is deficient in one very important way. There has virtually been no research focus and evidence on the effects of relationship equity on buyer-seller relationship. Although one may get a sense of what relationship equity is, a comprehensive explanation, articulation, and its managerial implications and limitations, within the B2B literature is lacking somewhat. *This is surprising considering that in its original conception, equity was originally limited to business relationship* (Hinde, 1979). With roots in social exchange theory, sociologists have long thought about the role of equity in exchange relationships (e.g. Thibaut and Kelley, 1959; Blau, 1964).

An Overview of Relationship Equity:

Equity has been defined as the feeling of well-being, distributive justice, fair dealings, and as a feeling of getting what he/she deserves (Adams 1965; Homans, 1961; Walster, Walster and Berscheid, 1978, Swan and Mercer, 1981). The feeling or perception of dues or benefits may be immediate indicating a sense of fair dealings. Or it may be assurances that current shortfalls in expected benefits will be made up in the future, generating a feeling of sociological indebtedness among parties to the relationships (Axelrod, 1984). Equity also stresses benefits proportionate to one's inputs into the relationship (Kelley and Thibaut, 1978). However, what constitute "proportionate share of. "buyers" outputs" and the context in which it is constituted is less clear. We do know however that this is highly perceptive and subjective in nature.

According to equity theory, equity is in the eyes of the beholder (Hatfiled et al. 1979). What this does is that it lends itself to manipulation by other buyers where justification of equity is based on relativities or the need to maintain it compared with comparable buyers. It also lends itself to easy justification, with limited rationality, when the principle of fair comparisons is relied on. That is, while almost every buyer accepts automatically that rewards must be fair or reasonable, few are willing or able to offer substantive criteria of what is fair and equitable. This is where the need to restore status quo or maintain relativity comes in, by comparing with outcomes one has experienced earlier and one would normally expect (CL) (Thibaut and Kelley, 1959), or by comparing with the outcomes one could realize in alternative exchanges (Clalt) (ibid). The basic tenet underlying these comparisons is that change always, everywhere, in everything, requires justification. The strength of maintaining relativity in equity is that it justifies itself. The notion is not, in most cases, the basis for an explicit criticism or justification for relationship equity relativity but for an argument for the maintenance of this relativity. This, of course, takes for granted their moral propriety and has nothing to do with economic exchanges.

Equity theory posit the more equitable the relationship, the more satisfied the customers. An inequitable relationship on the other hand, causes distress and dissatisfaction and often leads to opportunistic behavior (Hatfield et al., 1979; Sollner, 1996). There is a heightened feeling of anxiety, and even betrayal, on the part of the aggrieved party. The longer such inequity exists, the greater is the likelihood that there is no longer a feeling of indebtedness. Buyers will start to differentiate between qualified vendors (Dorsch et al. 1998) and existing buyer-seller relationship become candidates for review. A dissatisfied customer might even end the relationship, although commitment (Storbacka, Strandvik and Gronroos (1994) and trust in the relationships (Bradach and Eccles, 1989; Ring and Van de Ven, 1994; Morgan and Hunt, 1994) are important mediating considerations.

The idea that buyer's rewards their suppliers on the basis of whether they have been treated equitably is logically appealing, particularly in the research context of telecommunication services in a deregulated environment, such as those found in Australia, China, India and Thailand. This is because of the high uncertainty that might exist in the market for which there are two kinds. First, rapidly changing non – proprietary technologies creates difficulties and confusion in the market place for the buyers as their consideration sets expand exponentially. Buyers then either have to continuously update their knowledge base or risk falling behind in making an informed decision on adoption of appropriate telecommunication technology. Second, these buyers often frequently face switching costs, as a result of earlier commitments to particular technologies or vendors (Jackson, 1985; Moriarty and Kosnik, 1989). These confusions again expands exponentially as buyers are faced not only with a bewildering array of technologies but business models that justifies continuous investment in existing technological platform or a migration path with minimal disruption to existing investments, hence discouraging any potential switching behavior. Buyers themselves have generally reacted to changes in the market by relying more and more heavily on the services of known, specialized vendors, a shift towards single sourcing of their telecommunications requirements or even delaying any further investment as a way to managing these uncertainties. Buyers attempts to objectively assessed these services is therefore fast becoming futile and almost impossible, especially with the bewildering array of telecommunication services being offered from both established and start-up companies.

Assuming an industry-wide technological and business model benchmarks exist, any decisions made will be influenced only partly by an objective assessment. Increasingly, and this is based on anecdotal evidence, these decisions are also partly made by a subjective assessment of how they have been ***treated*** by the incumbent with whom they presently have a relationship with or some combination thereof (emphasis added). Based on the author's intuitive reflections and anecdotal evidence gathered over the years, treatment here gives more than a strong hint on the importance of relationship equity. Indeed, given the heterogeneous and rapidly changing technologies seen in the telecommunication services market, and constant disagreement over industry - wide "hard data" comparisons on benchmarking standards, "soft data" comparisons in terms of relationship equity might well impact on the adoption of these new telecommunication services.

Figure 1 represents our proposed model of relationship equity from a business marketing perspective. Drawing on literature from buyer-seller relationship in business-to-business markets, the basic elements of the model are (a) seller variables/marketing efforts, (b) external environmental and internal buying firm factors, (c) relationship equity, and (d) relationship equity outcome in terms of switching behavior via adoption of new telecommunication services. This model shows relationship equity is the result of the seller's marketing effort primarily through its key account management programs. These efforts may be mitigated or attenuated by external environmental and internal buying firm's factors. Relationship equity will in turn impact impacts on buyer's switching behavior. Based on the model, propositions are developed, with suggested managerial implications.

Conceptual Framework:

1. Incumbent's Organization Selling Variable

A. Key Account Management: The Level of Customer Orientation

A selling organization has significant control over the creation and management of relationship equity through its formulation and management of key account programs. While its conceptualization has been treated with some ambiguity (Stevenson, 1981; Millman and Wilson, 1995; Boles et al., 1999), key account management programs are essentially aimed at the biggest and most important of one's customers. These customers are offered special treatment in the field of marketing, sales and service administration (Barret, 1986) because they offer the greatest revenue potential (Boles et al., 1999). From a behavioral perspective, key account management program centers on how KAM interact with buyer, hence the perceptions of the customer are essential. An important component of this perception is how customer orientated is the key account manager in formulating and administering these programs??

A key account manager is perceived to be customer oriented if he listens to his customers, is open to their concerns, provides accurate and relevant information and keeping promises made by both parties (Berry and Parasuraman, 1991). This includes focusing on what is most valuable to customers and doing as much as possible for them (Berry and Parasuraman, ibid). That is, the extent to which a sales representative is customer orientated is indicative of the extent to which a vending organization is perceived to treat its customers fairly or equitably (Swanson et al. 1997). This includes fostering a high level of sensitivity to the concerns of both parties, which enables them to engage in mutually satisfying exchanges (Swanson, ibid). Hence the proposition:

- ***Proposition 1: A positive perception by the buying organization of key account manager's customer orientation will have a positive impact on the manager's efforts in managing buyer – seller relationship equity. In contrast, a negative perception will lead to a negative impact on the manager's efforts in managing buyer-seller relationship equity.***

B. Key Account Management: Selling Major Accounts, Delivering Promises and Resolving Conflicts.

While KAM has all the hallmark of preferred treatment through assignment of one individual who acts as "one voice," he is in effect a facilitator. He/she is informed of what is happening between his/her organization and the customer's. Because of his/her complete awareness of the relations between the incumbent and the key account, he/she becomes a privileged informant. His role then is to administer a scheme whereby customers are singled out for preferred treatment on the basis of a buyer's stratification program. These programs rank customers on the basis of difference, often in buying pattern and quantity. On the basis of predetermined commitments and timeline, promises of rewards are formulated and agreed upon between the buying organization and the key account manager's organization. But as with many stratification systems (cf. Encyclopedia of Sociology 1974), buyer's stratification structures are believed to be open systems, in which buyer's can move from one status to another (Dorsch et al. 1998). Achievement of a particular buyer status is therefore not automatic, with status determined primarily by buyer's achievements of these commitments. Similarly, any seller's stratification structures are also open systems, where seller status as preferred vendor depends on their ability to delivered the promised rewards upon buyer's achievement of predetermined sales commitments.

The key account manager therefore has a delicate balancing act in managing the relationship between the organization he/she represents and the buying organization. But regardless of how he/she balances this act, its degree of customer orientation and its role as a facilitator, conflicts between key account managers and customer self-interest are common. Conflicts will always be an inevitable part of buyer-seller relationship in any key account management or buyer stratification programs since not all customers would be treated equally. The challenge for key account manager is to minimize the actual and potential conflicts as a result of this treatment. In minimizing these conflicts, research suggests that there is a hierarchy of problems that may be addressed within the KAM process (Wilson and Croom Morgan, 1994), beginning with product, process and ending with facilitation needs (Millman and Wilson, 1995). There is however nothing inevitable about KAM process. How far the process goes depends on the key account manager skills and contributions in handling these hierarchical problems as they arise. These skills may be immediate indicating a sense of fair dealings. Or it may be assurances that current shortfalls in expected benefits will be made up in the long-term, generating a feeling of sociological indebtedness among parties to the relationships (Axelrod, 1984).

In harmonizing conflicts, harmony can be sought via informal means and social interaction, or through formal, legal means or some combination thereof. If social norms dominates the value system of the buying organization, and previous conflicts between the key account manager's organization and the buying organization have been managed through social instead of formal, legal means, the key account manager's effort in managing relationship equity is likely to be reinforced. This is because strong social bonds add value to relation equity and impact positively on key account manager's effort in managing relationship equity. Conversely, if harmonization of conflict between the KAM and the buying organization has in the past been resolved primarily through formal, legal means, the incumbent's effort in building and managing equity attitude will be moderated and more often than not, perceived negatively. Hence, the following propositions:

- ***Proposition 2: The key account manager's skills in formulating, explaining and selling its organization key account management program will impact on its efforts in managing relationship equity with the buying organization.***

- ***Proposition 3: The key account manager's ability in delivering the promised treatments made by its organization will impact on its efforts in managing relationship equity. A failure to deliver these promises will impact negatively on its efforts in managing relationship equity with the buying organization.***

- ***Proposition 4: The key account manager's skill in resolving buyer – seller conflict will impact on its efforts in managing relationship equity. A positive perception of these skills by the buying organization will impact positively on its perceptions of the manager's efforts in managing relationship equity.***

- ***Proposition 5: Key account management conflicts resolved through formal, legal means would impact negatively on the manager's efforts in managing relationship equity. In contrast, conflicts resolved through social means would impact positively on the buying organization perceptions of the manager's efforts in managing relationship equity.***

2. Moderating Variables: Environmental and Technological Uncertainty

While a firm has the ability to control key account management sales and marketing efforts to create and manage relationship equity, there are two broad sets of variables that are likely to moderate the impact of these efforts: environmental variables and buying firm variables. Environmental factors consist of broad, largely uncontrollable external forces. Buying firm factors reflect the buying firm's internal environment, which are largely controllable.

A. Environmental Factors

Two issues will be examined in this paper: the intensity of market competition and the level of environmental uncertainty. Market competition intensity within the context of this article relates to a deregulated market characterized by new entrants and an increased heterogeneity of services. Environmental uncertainty relates to technological and economic uncertainty given an expanded consideration set of vendors and services.

- **Market Competition:**

Competition here is defined as the constant struggle of firms to develop, maintain or increase their differential advantages over other firms (Alderson 1957, p.102) at all time. Where there is minimal or no competition, incumbent's vendor task in creating these differential advantages and getting their customers to accept them is made easier since there are no alternative suppliers. This is true even in situations where an incumbent's vendor key account management program is perceived to be inequitable, since customers do not have an opportunity to seek redress, given that there are no available suppliers.

However, even where there are alternative suppliers, its attractiveness can only be judged if the buyer knows of their existence (Gemunden and Ritter, 1997) and their offerings. And even when these offerings are deemed far more superior compared with the incumbent vendor, it is not uncommon for the buyers to source all these services from the incumbent vendor for economic, social and political reasons. Alternatively, the buyers may choose to split their business between a few suppliers (Blois, 1997). Paradoxically for the incumbent vendor, the presence of competition may sometime signal a switch to more lucrative customers at the expense of customers that would otherwise be expensive to maintain. In all these scenarios, incumbent's vendor key account management efforts in developing and maintaining relationship equity becomes more than a simple case of market competition since it also now depends on the attitudes of the buyers towards these choices.

Buyer's attitudes in turn may impact on incumbent's vendor attempts in creating and managing relationship equity in three different ways:

- “The Break-Free Customers”: Here, relationship equity may not be an issue at all in buyer’s decision to source these telecommunication services from new vendors, regardless of the level of satisfaction or dissatisfaction with relationship equity. Instead, the mere presence of competing alternatives is sufficient justification to “break free” because choices are now available. This decision is reflective of a freedom of choice rather than one driven by economic rationality, provided of course competitive price differences stays within reasonable limits.

- “The Pay-Back Customers”: Here, relationship equity is a major issue where the presence of alternatives warrants serious switching behavior consideration. This behavior is driven primarily by economic considerations, in particular pricing which have hurt the buyer’s bottom line over a period of time. With telecommunication services absorbing an increasingly, significant portion of the buying organization’s operating cost, cost-savvy buyers would have no hesitation in switching to alternative suppliers, once the economic motivations in terms of better pricing exist.

- “The Apathetic Customers”: Here, relationship equity is not an issue, at least not consciously in the buyer’s mind. The presence of new alternatives may, however, invoke some investigation, albeit passively. This may be “initiated” as a matter of company policy or by the decision-maker spurred on by colleagues. In both instances, switching behavior is one of reluctance rather than an opportunity to try out new alternatives (The “Break-Free customers) or to get a better deal (The Pay-Back” Customers). This lack of interest may be attributed to difficulties in understanding technological uncertainties or concerns over switching costs. It may also be due to satisfaction with existing incumbent’s relationships.

Hence we propose:

- ***Proposition 6: Higher lever of competitive intensity will moderate the incumbent’s key account manager and its organization efforts in managing relationship equity. The greater the level of competition, the greater the difficulties in managing the buying organization perception of relationship equity. In contrast, a low level of competition will lead to lower difficulties in managing this relationship equity.***

- ***Proposition 7: “Pay – Back” customers are more likely to moderate the key account manager and its organization efforts in managing relationship equity compared with “break-free” customers.***

- ***Proposition 8: “Break – Free” customers are in turn more likely to moderate the key account manager and its organization efforts in managing relationship equity compared with “apathy” customers***

- **Technological Uncertainty:**

Environmental uncertainty reflects an inability to accurately assess the changes occurring in a firm's environment (Spekman and Stern, 1979) and this includes technological changes. Higher levels of technological changes and the accompanying uncertainty increase the risk that existing product, services or process technologies may become obsolete (Stump and Joshi, 1998) making any investment in existing technology or provisioning for migration path extremely difficult. Problems are compounded when customers have very limited or no experiences with new telecommunication services, or when technological and economic benchmarking between competitive services are difficult to establish. This creates difficulty for customers in developing their perceptions of service value, quality and pricing.

When buying firms are unable to foresee external technological changes, the adoption problem they face can be addressed by changing exchange partners in response to future conditions (Stump and Joshi, 1997). By not locking their investments given this technological uncertainty, buyers preserve their flexibility by retaining the ability to switch to another supplier with more appropriate technology (Heide and John, 1990). It is of course entirely conceivable given this uncertainty that a buyer may commit to a particular technology or supplier as a means of managing this uncertainty (Hamel, 1901; Frear and Metcalf, 1995). Regardless of how buyers manage this technological uncertainty, the incumbent's task in managing relationship equity becomes difficult leading to the following proposition:

- ***Proposition 9: Under high level of environmental uncertainty, the key account manager and its organization efforts in managing relationship equity will be moderated. In contrast, a low level of environmental uncertainty will enhance their efforts in managing relationship equity.***

B. Internal Buying Firm Factors:

- **Relationships Portfolio**

Just as no firm is an island, no firm has a relationship onto itself. Buying firms do not only have a focal relationship with a principal supplier but often they have a network of relationships with many other suppliers, even for the same industrial services. Given this portfolio of relationships, the buying organization's comparison of these relationships is an inevitable and important internal buying factor in determining relationship equity. The incumbent's vendor effort in managing relationship equity and buyer's perception of it is, therefore, moderated by comparison made between an existing focal relationship with other relationships in the portfolio.

In comparing these relationships, there is always the conception of the buyer continuing to reap the just rewards of his own spending which is deep-seated in any industrial buying selling relationship. Such subjectivity of just rewards in a buyer-seller relationship perhaps suggests that evaluation of equity is incapable of quantification. This lends itself to manipulation by the buyers and justification of equity based on relativities or the need to maintain it in three ways, by comparing outcome from the present relationships with: (a) past outcome from the same relationship; (b) outcome from relationships the buyer has with others in sourcing for similar services; (c) outcome from relationships with external others in sourcing other different services. These series of non-mutually exclusive actions lend itself to easy justification, albeit with limited rationality, when the principle of fair comparison is invoked. That is, while almost every buyer accepts automatically that rewards must be fair or reasonable, few are of course willing or able to offer substantive criteria of what is fair and equitable. This is where the need to restore status quo or maintain relativity comes in by comparing these relationships. This is because change always, everywhere, in everything, requires justification. The strength of maintaining relativity in equity is that it justifies itself.

The implication here is that buyers will rely on this claim to justify an increase in the reward comparable to those received in the past or from among its existing portfolio of relationships, hence restoring the customary relationships between rewards. The notion is not, in most cases, the basis for an explicit criticism or justification for relationship equity relativity but for an argument for the maintenance of this relativity in the buying organization's network of relationships. This takes for granted their moral propriety and might have absolutely nothing to do with the present economic exchanges. Hence the following propositions:

- ***Proposition 10: The buying organization comparison of outcomes from current relationship compared against previous outcomes, from the same relationship, will moderate on key account management efforts in managing relationship equity.***

- ***Proposition 11: The buying organization comparison of outcomes from current relationship compared with outcomes from relationships the buyer has with others, in sourcing for similar services, will moderate on the key account management efforts in managing relationship equity.***

- ***Proposition 12: The buying organization comparison of outcomes from current relationship compared with outcomes from relationships the buyer has with external others, in sourcing other different services, will moderate on the key account management efforts in managing relationship equity.***

- ***Proposition 13: The more intense these relationship comparisons are made by the buying organization in propositions one, two and three above, the more difficult it becomes for the key account manager and its organization in managing relationship equity.***

- **The Risk Factors**

While the buying organization is not completely unrestrained in making relationship comparison between vendors, any switching behavior would of course need to consider the risk factor inherent in such behavior. Perceived risk in a seller-buyer relationship can be viewed as having two major components: (a) consequences on the existing buyer-seller relationship as a result of any engagement of opportunistic behavior and (b) uncertainty of forming a potentially new relationship with a new vendor, as a result of this opportunistic behavior. This is because benefits which were once available to the buying organization might no longer be forthcoming from the incumbent vendor or any potential long – term benefits which might be forthcoming from the new vendor, might not eventuate until such time the buyer builds up its credibility, which warrants treatment as key account. These levels of perceived risks, in terms of relationships benefits and costs, are in turn closely linked to past and present relationship commitments and trusts when buyers assess these risks.

Specifically, there are benefits and costs of sourcing telecommunication services from one vendor and not from another. These benefits and costs extend to trusting one vendor and not trusting another. The “benefits” are feelings of credibility, security, and continuity with one vendor. The “costs” may be any hope of future benefits which are currently perceived to be inequitably distributed, may persist. Trust is then developed based on how perceived inequities are resolved. In the presence of short-term inequities, trust allows the partners to have confidence that these inequities will be resolved. If there are no resolutions, trust in the relationships will be reduced and buyers will be tempted to take advantage of alternatives that provide short-term benefits (Blois, 1997; Morgan and Hunt, 1994). Buyer’s perceived risk in engaging in switching behavior will then be minimized.

Similarly, there are also cost and benefits associated with re-evaluating existing relationship commitments and any subsequent changes to it. The perceived risk of committing further to a relationship can take the form whereby all gains and losses, or rewards and punishments in a relationship are added up (Morgan and Hunt, 1994). This might subsequently result in the curtailment of the pursuit of alternative relationships and the predictability of choice of partner (Cook and Emerson, 1978). Commitment in this way encourages the buyers to resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing vendors (Morgan and Hunt, 1994), where these benefits are not usually available to casual business partners (Crosby, Evans and Cowles, 1990). As a result of this commitment and expectation of benefits sometime in the future, buyer's perceived risk in engaging in switching behavior will be maximized. We therefore proposed:

- ***Proposition 14: The buying organization analysis of the perceived risks in changes to the exiting buying – selling relationship, would impact on any switching behavior as a result of any actual or perceived relationship inequity.***

- ***Proposition 15: Where perceived inequities are likely to be resolved, the buying organization is less likely to engage in switching behavior. In contrast, where perceived inequities are likely to persist, the buying organization is more likely to engage in switching behavior.***

Discussions and Managerial Issues:

The lack of attention on relationship equity may or may not be attributed to the observations that relationships equity do not exist in business markets, or if they do, they are not important, or if they are important, considerable difficulties exist in managing relationship equity. But because opportunistic behavior does exist, and an integral part of this is based on the buying organization's perception of how they have been treated, it therefore seem to suggest that relationship equity is important.

Relationship equity evolves over the course of a relationship during which time the buying organization will make comparisons in their dealings with its portfolio of vendors. How they have been treated often makes for easy justification in any attempts by new vendors to convince buyers to engage in switching behavior. This is because "quantifying and benchmarking" relationship equity that deals with here and now, is much easier, at least to verbalize compared with relationship construct such as commitment and trust.

Indeed, anecdotal evidence we have gathered from field interviews on inter-organizational buying relationships in the adoption of new telecommunication services often invariably revolves around unprompted discussions on relationship treatment, equitably or otherwise. In addition, customers have neither the means nor the knowledge to judge how good a particular new telecommunication service is and neither do buyers necessarily think and quantify in terms of technological and economic benchmarking. This is often true in cases when industry-wide benchmarking standards do not exist or when these benchmarks are subjugated to vendor's concoction, interpretation and reinterpretation. It seems clear therefore a combination of increased competition as a result of deregulation in the telecommunication sector and the resulting plethora of new telecommunication services offered by both the incumbent and new vendors, coupled with the absence of industry benchmarking, makes for fertile ground in engaging in switching behavior base on relationship equity.

From an operational perspective, the adoption of new telecommunication services as a result of perceived relationship equity can be seen in terms of the buying organization's intention to adopt these services. At any time in an incumbent vendor-buyer relationship, it is possible to ask these buyers about their future purchase/adoption intention of a new telecommunication services. Although their responses are simply indications of future purchase/adoption intention, and are not assurances, they have two important benefits. First, companies can "capture" this information when they measure relationship equity, making it relatively easy to link buying/adoption intentions and relationship equity for analytical purposes. Second, intention to purchase/adopt is a very strong indicator of future, actual purchase behavior.

In closing, the model we have presented here examine a relationship construct that has either been ignored or marginalized, in favor of more commonly accepted mainstream relationship constructs such as commitment and trust. The model therefore raises a number of questions, relating to relationship equity in general and its application as a predictor in the adoption of new industry services, and within the context of this article, new telecommunication services. The richness that comes with conceptualizing relationship equity, as an issue of relativity internally between similar buyers and externally gained from experiences in dealing with other vending organizations therefore holds several significant managerial ramifications.

Although the model can benefit from empirical validation, a task that is currently underway, we believe that it is intuitively logical and reflective of exiting trends in adoption of technological services such as telecommunications, for which existing benchmarks are complex and confusing. The model is sufficiently developed for inclusion by business marketing managers in their dealings and interactions with customers. Our hope is that it will stimulate future research on this seemingly simple but important topic at a time when so much resources have already been allocated to increasing the technological and business models in justifying the adoption of new telecommunication services.

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