TOWARDS A UNIVERSAL CONCEPT OF RELATIONSHIP MARKETING: A REALITY OR A MYTH? - THE PRACTITIONERS VIEW

Competitive paper – 23rd IMP Conference 2007

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Abstract

Despite being debated for more than 3 decades, a number of unresolved issues still underpin the concept of Relationship Marketing. One such area of great controversy is the applicability and implementation of the concept in different contexts: Some academics argue that relationships are evident not only in business but also in consumer markets, while others have highlighted that it is a function of the industry sector.

The paper aims at addressing this controversy by reporting the results of both secondary research and 12 in-depth interviews with bank employees of the three main banks in Cyprus. The results reveal that a generic concept of Relationship Marketing cannot exist; albeit it appears to be applicable in both a business and a retail context but a clear distinction between both its conceptualisation and implementation exists.

In particular, the paper is organised around three themes: (a) are relationships applicable in both retail and business banking? (b) what constitutes such relationships? (c) how do they evolve? Firstly it is presented that the often-used dichotomy between consumer and business relationships is simplistic and a further classification of business customers, based on company size, turnover level and facilities granted, is employed. In addition, it is argued that banks have always utilised a relational approach with their medium and large business customers, but it was the advances in the technological environment and the resulting emergence of Database and Direct Marketing which have been instrumental in solidifying their efforts in pursuing relationships with their retail and small business customers (handled at branch level). Key relationship variables identified for customers serviced at a branch level include competitive service packages (designed at headquarter level) coupled by excellent service quality which is underpinned by efficiency and personal attention whereas moving towards corporate customers adaptation, relationship pricing, closeness, bonds, trust, frequency, reason and content of communication and care and interest (manifested through the bank's involvement in the business' operations) become critical. Finally, the results which illustrate that relationships do not develop in a linear manner, suggest that both the mode of relationship development and the deepening of the different types of banking relationships which exist, are influenced by environmental factors, customer-bank related factors, the mode of interaction, critical events, outcome-related factors, and experience and knowledge. Yet both the factors and the evolutionary processes, which underline how relationships develop, are quite distinct for the various forms.

Introduction

The philosophy and practice of forming, cementing and maintaining relationships with stakeholders is not new. In fact, researchers have explicitly and actively addressed this for more than three decades[1], with a substantial body of research centring on customers relationships. In particular, a number of research streams, such as the IMP group and the Nordic School, have undertaken substantial work in the area and have shed light on a plethora of issues, but have been less successful with regard to two fundamental pillars of the concept, namely its applicability and implementation, where great controversy resides.

Specifically, the first area, which has not as yet been reconciled, relates to the applicability of business relationships in various contexts. Relationships and their relevance and presence in a multitude of business-to-business markets have been mainly researched by the IMP and the Channel Management tradition which have revealed that such relationships are an integral part of doing business in this context. In addition, given the characteristics of services, and the notion that they are as a consequence inherently relational (Berry, 1983), considerable work in consumer service industries has been undertaken by the Nordic School, the N. American and the Anglo-Australian schools.

Nevertheless, a number of academics (e.g. Barnes, 1995; Zolkiewski, 2004) assert that relationships are not ubiquitous in every business-to-business and in every service context. Consequently, in light of this on-going controversy with respect to the applicability of business relationships, a number of studies have been developed (e.g. Berry, 1983; Pressey and Mathews, 2000) which propose those conditions that enable business relationships to commence and flourish.

In addition, even when consensus on the applicability of relationships in particular contexts is reached, further ambiguity exists vis-à-vis the effective implementation of the concept in specific contexts. Similarly, to this end and despite the plethora of models that have been produced that propose relationship dimensions and developmental paths (e.g. see for example, Anderson and Narus, 1984; Barnes and Howlett, 1998; Dwyer et al, 1987; Ford, 1980; Morgan and Hunt, 1994), consensus has not been reached.

This paper adopts a context-specific approach, and examines by considering the service provider's perspective, whether a universal concept of Relationship Marketing exists. The paper is part of a wider study which addresses the potentially generic nature of the Relationship Marketing concept through the investigation of both sides of the dyad. Given the space limitation, however, this paper examines only the one side, where pertinent literature is reviewed, the research objectives are outlined and the employed methodology is presented. Finally, the findings of exploratory research, comparing the perception of bank employees in Cyprus with regard to their conceptualisation of relationship building in the retail and business market, and their relational efforts to this end are discussed.

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[1] A body of academics asserts that relationships have been evident for many years, even before they were explicitly recognised (e.g. Worthington and Horne, 1998)

Literature Review

This section presents an overview of the debate on the applicability and implementation of business relationships in various contexts. Such considerations include the distinction between business and consumer markets, the applicability of the relationship concept in certain sectors and under different conditions, as well as in different cultural settings.

As Dabholkar and Neeley (1998) argue, businesses do not operate in isolation and even those engaged in vertical integration, have to establish and cement relationships with important suppliers. In fact, buyer-seller relationships have become an integral part of the operating strategies of companies (Wilson, 1995) and as a consequence, relationships have become the philosophical cornerstone of the IMP Group which, since the mid 1970s, has produced a plethora of research evidence on both the relevance and applicability of relationships in a business-to-business context (see for example Ford, 2002; Ford et al, 2003). In addition, further substantial evidence as to the applicability of relationships in a business-to-business environment has been provided by the Channel Management research tradition (see for example, Anderson and Narus, 1984 and 1990).

Nevertheless, not all the relationships that a business nurtures are equally important: as suggested by Dabholkar and Neeley (1998), for example, businesses have relationships with their most important suppliers, while Zolkiewski (2004) extends this by arguing that there is a limit to the number of close relationships that a company may be involved in. It has therefore been suggested that business-to-business relationships assume different forms, and this has led some academics into stressing that what matters is not having a relationship but what form the relationship takes (Blois, 1998).

Within a services context, research, which centers mainly at a consumer level, has been mainly conducted by the Nordic School of Services (e.g. Gronroos, 1991, 1994, 2000), the N. American school (e.g. Berry, 1983) and the Anglo-Australian school (e.g. Christopher et al, 1991). These research traditions argue that business relationships are both relevant and evident in consumer service industries, but their assertion has been repeatedly attacked. Specifically, it has been suggested that the relevance of relationships in consumer services may well be a function of the specific industry under consideration, with Zolkiewski (2004) questioning, for example, whether they are evident in a high street retail banking context as opposed to that of a patient with his/her physician, while Barnes (1995) developed to that end, a conceptual continuum on the potential intensity of relationships in various industries. Further, more recently, researchers (e.g. O'Malley and Tynan, 2000) have also extended the applicability of the concept to mass consumer markets.

As a result, the controversy on the relevance and applicability of business relationships in various contexts, has led a number of academics, from all research traditions, (e.g. Berry, 1983, Halinen, 1994, Pressey and Mathews, 2000) in proposing those conditions conducive to relationship development, to include among others: complementary needs and resources, awareness of the other party's goals needs and resources, availability of alternatives, balance of power and common interest in building the relationship. Such studies however, have only paved the way, as the controversy remains unresolved.

The second fundamental pillar of business relationships, i.e. their implementation, is a further area of controversy. In particular, academics both between and within the various research traditions do not consent as to what constitutes a relationship. A number of relationship dimensions have been proposed, both within a business-to-business context, e.g. adaptation, bonds, trust and commitment (see for example, Anderson and Narus, 1984; Wilson, 1995; Morgan and Hunt, 1994); but also within a consumer services context, e.g. service quality, emotional tone, trust (see for example, Barnes and Howlett 1998; Christopher et al, 1991). Nevertheless, confusion exists as to which are antecedents and outcomes, there is disagreement on the composition of such dimensions as well as the interrelations between them.

Further, there is ambiguity as to the developmental path of business relationships. In fact, the dynamics of relationships need further attention (Ford and Hakansson, 2006; Halinen, 1994; Zolkiewski and Turnbull, 2006) since existing models, albeit notable (e.g. Dwyer et al, 1987; Ford, 1980; Halinen, 1994) are only a few and, in their majority, fail to address the impact that the contextual influences have on the resulting relationship development.

On the whole, it can be argued that the various assertions on the 'applicability-implementation debate' have been arrived at, to a great extent, through the comparison of the findings of different studies. These studies have been conducted at different time periods and have employed different methodologies and samples.

Finally, the multitude of studies pertaining to the applicability and implementation of business relationships have mainly been conducted in the same cultural settings. Nevertheless, given the effect of culture on all areas of marketing activity, there have been a number of calls (e.g. Palmer, 1995 and 1997; Veludo et al, 2002) stressing the need to incorporate the cultural dimension in the investigation of business relationships. It would therefore, be beneficial to acknowledge cultural variability and to extend the research base to alternative cultures which have not, to date, been addressed. This will shed more light in understanding whether a generic model of Relationship Marketing really exists.

Research Objectives

The present paper, which is part of a larger study, explores the existence of a universal concept of Relationship Marketing by investigating the supplier's perspective. The Cypriot banking industry is used as an empirical base. Through the employment of the same research design and a direct comparison between retail and corporate relationships (as suggested by O'Malley and Tynan, 2000), the research aims at:
(a) Examining the applicability of relationships in the banking sector
(b) Establishing what constitutes relationships in the banking industry, and
(c) Explaining the developmental path of banking relationships

Therefore, the research will shed more light in the 'applicability and implementation controversy' by examining three different contexts: in a particular *industry* (banking), the similarities and differences between *business and consumer markets*, as well as in an under researched *culture*.

Methodology

It is well documented in the literature that relationships are not only a complex but also a sensitive research area, suggesting that a qualitative methodology would be more appropriate in investigating such phenomena[2]. This sensitive nature of buyer-seller relationships is exemplified in the Cypriot banking arena, which is underpinned by intensive competition and a very aggressive behaviour on behalf of the financial institutions, and as such, it is argued that a highly structured approach would have been ineffective in collecting pertinent data[3]. This, coupled with the research's objectives, which underline the contextual nature of relationships both between industries and cultures, calls for the adoption of a less rigid methodology, which would allow not only a more in-depth exploration, but also allow participants to use their own terminology without forcing received theory on the investigated phenomena (Gummesson, 1994).

Consequently, the said reasons led to the employment of a qualitative research design and specifically, in-depth interviewing. In-depth interviews emerged as a better alternative because they can be adapted (Hannabus, 1996) to the personality, level and position of each bank employee interviewed.

At a first level, however, the research utilised secondary data (e.g. literature and published reports of the banks), which enabled the construction of some initial guiding questions and concepts addressed at the interviews (Trochim, 2005). Twelve, in-depth semi-structured interviews were conducted with bank employees at various levels – managers, front-line employees and a couple of backstage employees (details presented in Table 1), so as to ensure that a holistic view was obtained. The interviews, which investigated the employees' perception of relationship building, its value and their relational efforts, were conducted in November 2006 and covered the three main banks of Cyprus. The interviews were transcribed and analysed in accordance with Miles and Huberman's Interactive Model (1994).

Table 1: Research participants

Retail Banking:	
Manager of Retail Banking Operations (Manager1)	Male
Branch Manager (BM)	Male
Personal Banker (PB1)	Male
Personal Banker (PB2)	Female
Problems and complains officer (PCO)	Male
E-banking officer (EBO	Female
Back office (BC)	Female
Business Centre:	
Banker (B)	Female
Back office (BBC)	Female
Corporate Banking:	
Manager of Corporate Banking Operations (Manager2)	Male
Corporate Banker (CB1)	Male
Corporate Banker (CB2)	Female

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[2] It is therefore, not surprising that two of the founding and most prominent research traditions in the area, namely The IMP Group and the Nordic School, are keen supporters of qualitative research.

[3] other than that which is already presented in the published material (e.g. websites, reports) of the institutions

Research Findings
Applicability of Relationships
It has been argued that great controversy exists with regard to the applicability of the relationship concept where a substantial body of researchers argue that relationships are relevant and evident not only in business but also in consumer markets. The research focuses on addressing this issue within a banking context, but, at a first level, it appears that a further refinement of this distinction need to made. Specifically, the findings suggest that this often-used dichotomy is simplistic, and the banks differentiate between the various business customers, suggesting that a generic Relationship Marketing concept may not even exist when considering the same unit of analysis (i.e. business markets) within the same industry. The further classification of business customers, which is made on the basis of the company's size, turnover level, facilities granted or a combination of these, divides business customers into three subgroups, handled at distinct centres.

-- Retail banking
Retail relationships are handled at a branch level. Interestingly, bank employees argue that identifying customer needs and providing added value has always been in their agenda, but suggest that they have recently (last 2-3 years) moved towards a more customer-oriented approach, solidifying their efforts in pursuing relationships with customers, as a result of external factors. Such factors include increasing competition and customer sophistication as well as advancements in IT. To this effect, the manager of retail banking operations notes that they have only recently embraced the philosophy of relationship management due to IT, while before "*transactions and the relationship we had with the customer was there, on paper, but we were not really using them. And then with IT our philosophy in retail banking changed*". In addition, the fact that customers are becoming more and more sophisticated and competition is intensifying, makes the branch manager assert that "*nowadays we have no other option than to be customer-focused and build long-term, good relationships with customers*".

In particular, the advances in the technological environment, which have resulted in the emergence and use of database marketing, enable personal bankers to understand customers better "*something which I would not be in a position to do by myself*" (Personal Banker, PB2) given the large number of customers (average 500) attributable to each personal banker.

In spite of the banks' claims in becoming, over the years more customer-focused and in pursuing long-term relationships with customers (with the use of databases), it seems an oxymoron that the institutions have not as yet developed a further, more refined classification of their retail customers. In this respect, there seems to be no agreement within the institutions as to a further segmentation of the customer base, since no formal guidelines or suggestions exist. Therefore, some employees differentiate between retail customers on the basis of their profitability (income stream to the bank), others use the occupation of the customer, and yet others on whether the customer is an exclusive client or not. Given, however, that service packages are designed at headquarter level, a more focused segmentation of this customer base would have considerably enhanced value[4], and as such their relational efforts.

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[4] value as a central concept in relationships (see for example, Blois, 1996; Peterson, 1995).

More importantly, it is evident that the banks' relational efforts do not involve the customer as an active partner (a common phenomenon in consumer markets as suggested by Moller and Halinen, 2000), where the customer is still kept at a distance. Therefore, in view of the opportunities emanating from database marketing, banks seem to embrace relationship building, with the customer treated as an object, i.e. they do things to the customer.

-- Business banking

Within a business-to-business context a different picture is presented. Corporate clients (comprising large corporations and organisations) have always been dealt with on a one-to-one basis[5], forming relationships based on added value and trust. Such efforts, however, have been explicitly termed so (i.e. practice of Relationship Marketing), have benefited and have been further enhanced in the past decade with the help of IT. That is, through the utilisation of a credit risk system which enables bankers to base their relational efforts not only on the financial performance of the client and the credibility and trustworthiness of their shareholders, but more so on a combination of these and additional financial measures, such as the riskiness of the sector in which the client engages and the bank's exposure.

Similarly, with medium customers, banking institutions have always adopted a relational, albeit less rigorous approach. More recently, however, with advancements in IT, intensified competing forces and increasing sophistication of the clients' management team, such relationships are more actively pursued, placing emphasis on providing outstanding value. Nevertheless, as argued by bank employees at the business centres (i.e. B and BBC), the relatively simple organisational structure of these companies and the fact that many of them are family businesses (owned and run by the shareholders), reduces to some extent rationalism and professionalism in customer decision-making, influencing the resulting relationship type.

On the contrary, smaller customers have been largely addressed with the use of mass marketing techniques, in a similar manner to retail customers. Consequently, small businesses are handled at a branch level by personal bankers and just as with retail customers, relationships within this segment are seen as achievable and pursuable only with the use of database marketing.

As consequence, in addition to the first classification of banking customers into retail, small business, medium business and corporate, the findings suggest that in effect, the banks structure their operations and treat relationships with retail and small business customers in a relatively similar manner, while they approach medium business and corporate relationships differently. Therefore, even though it appears that the banks value relationship building, embrace the relational philosophy and perceive that business relationships are both evident and applicable in the sector, with all customers, the variability in their relational efforts[6], suggests that, in line with extant literature, business relationships are driven by value delivery (Ford, 2002). In other words, as the benefits that accrue from relationships increase and a customer becomes more valuable, the relational efforts would be further strengthened.

In fact, the findings provide further support to the notion that business relationships are greatly affected by the underlying exchange conditions (Halinen, 1994): the institutions aim at

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[5] Feasible, given that each Corporate Banker is responsible, on average, for 5 companies.
[6] vis-à-vis the various customer classes

developing quite distinct types of relationships (see for example, Darlymple et al, 2004; Liljander and Roos, 2002; Wilkinson and Young, 1994) across the different customer classes, where banks move from a more encompassing, balanced approach to highly one-sided efforts which fail to place the necessary attention on the customer perspective, casting a serious doubt as to the existence of a universal concept of Relationship Marketing.

What constitutes relationships?
-- Retail and Small Business Relationships
Following the limp conceptualisation of relationships in the retail and small business markets, it is postulated by the banks that relationships can be achieved through a competitive service package and excellent service quality, focusing especially on efficient delivery, personal attention and advising.

To this end, and to deal with the multiplicity of customers to be serviced by each personal banker, standardised product packages with different options regarding the terms and conditions are designed at headquarter level, and with the use of technology, the package (within the available option ranges) is customised for each client. In addition, technology enables the efficient delivery of the services, customer consultation on financial matters, offers alternative channels through which the customer may be serviced, as well as enabling the personal banker to be aware of relevant customer information (such as birthday reminders). A number of bankers, however, feel the need to personally know all of their customers to enhance personal touch and social bonds, which they stress is a must for the Cypriot culture; but do recognise that this could take years to be achieved.

On the customer's side, the banks suggest a limited involvement of behalf of the customer and note that in order for the relationship to flourish, customers need to be systematic towards their repayments (i.e. customer solvency). Nevertheless, banks do acknowledge the general scepticism, which exists towards them and curbs relationship building. This stems from the fear of a potential exploitation on behalf of the bank, "*a perception which has passed from one generation to the other*" (Manager of retail banking operations).

-- Medium Business and Corporate Relationships
As the significance of the customer intensifies, so does the deepening of the relationship. Consequently, in this context, a number of factors become critical in fostering business relationships. In the simplest form, relationships are seen to result from adaptation (to include the product, pricing and other terms and conditions), service quality with emphasis on efficiency, and economic, structural and social bonds. Moving towards very deep and close relationships (e.g. with a large group of companies, were the bank is the sole financier), relationships dimensions are extended to knowing the customer very well (knowledge bonds) and being close to the customer. The corporate banker achieves this by becoming involved in the client's business operations through daily contacts. In addition, the active involvement of the customer is crucial in this respect, where the company needs to supply the bank on a systematic basis, with all the relevant information and documents (such as accounts and projections) and to "*be open and honest just as they are with their doctor*" (Corporate Banker, CB1). Honesty and credibility are central and they relate to the customer keeping promises at

all levels, from meeting repayments promptly to disclosing truthful information even at times of distress. As such, open communication becomes a vital criterion since it enables the banker to obtain a comprehensive and thorough understanding of the client's business. In turn, the banker can remain focused on the customer's needs, his/her ability to adapt the package and advice the customer as to how to file a bankable financing request is improved, and it is also ensured that further consultation can be provided on an on-going basis. Such consultation may take the form of potential weaknesses identified in the business' operations and suggested remedial action or consultation on risky investments.

Daily contacts are considered instrumental in relationship building and take place over the phone, with frequent visits, both at the bank's premises but especially at the client's premises, as well as with lunch and dinner meetings. Consequently, it has been repeatedly stressed by participants that the relationship between the corporate banker and the client is critical and of utmost importance and the social bonds created act as a determinant factor (due to cultural reasons). Nevertheless, in this context, contacts and social bonds need to be extended to higher levels, where the bank's managing team also meets with the company's directors and key personnel.

As a result, the bank-client relationship will be based on trust and respect. Interestingly, however, all the participants seem to concur that the bank needs to assume the leading role to this effect, being the first to show to the customer that it is trusted, on preferably more than one occasion. This could be in the form of bending the rules so as to meet a particular request of the client.

Overall, the presented findings foster the notion that a universal concept of Relationship Marketing is a myth: As discussed in the applicability section, the value differences amongst banking customers seem to affect the resulting perceived nature of the relationship, where different faces of the relationship may be assumed. Indeed, the results of the present section reiterate this point by illustrating the distinct implementation of business relationships among the different customer classes. Table 2 compares the identified relationship variables with existing studies. In addition to the emerged differences across the different units of analysis (i.e. consumer and business-to-business markets), it seems that differences also exist between the banking industry and other industries as well as between the Cypriot banking sector and other banking sectors.

Specifically, it appears that even though the identified dimensions compare well with existing literature, the contextual forces affect the resulting relationship (Halinen, 1994). As a consequence, service quality which is an integral variable across all customer classes, is conceptualised distinctly: in the retail–small business customer context, banks perceive its pillars to be efficiency and personal attention, while in the medium business and corporate contexts, service quality relates mainly to efficiency and deep social and institutional bonds. Further, in view of the industry under investigation, a new variable, namely customer solvency, emerged while adaptation (of the elements and/or the process of exchange), a central concept in the IMP approach (Hakansson, 1982), seems to break down into further sub-categories e.g. adapted product, relationship pricing, on-going consultation. Other concepts that are considered critical in relationship development, such as commitment (Morgan and Hunt, 1994), have not

been reported by the participants. Finally, a number of variables discussed in the literature also seem to be relevant but are conceptualised and labelled differently, e.g. customer scepticism. Customer scepticism emanates from the perceived power imbalance (cf. power-dependence), which exists between the two exchange parties and it appears to be a culture-specific variable that has emerged from hearsay from generation to generation.

Table 2: Comparison of Findings with Extant Literature

Retail Customers & Small Businesses	Medium & Corporate Customers
Context: Unit of Analysis	
Competitive Packages (e.g. Lovelock, 1994) **Service Quality** – Table 4 (e.g. Christopher et al, 1991) **Advising** (e.g. Claycomb and Martin, 2001) **Personal approach** (e.g. Claycomb and Martin, 2001) **Customer Solvency** **Customer as object** (e.g. Moller and Halinen, 2000) **Customer skepticism (due to power imbalance)**	**Adapted product** (e.g. Ford, 2002) **Service Quality** (e.g. Zolkiewski and Lewis, 2003) **On-going consultation** **Employee related factors – Social Bonds** (e.g. Dwyer et al, 1987; Wilson, 1995) **Closeness** (e.g. Ford, 2002) **Honesty & Trustworthiness** **Engagement of both parties** (e.g. Moller and Halinen, 2000) **Openness**
       Satisfaction (e.g. Buttle, 1996)	**Economic bonds** (e.g. Dwyer et al, 1987) **Structural bonds** (e.g. Wilson, 1995) **Knowledge bonds** (e.g. Dwyer at al, 1987) **Trust** (e.g. Morgan and Hunt, 1994) **Satisfaction** (e.g. Wilson, 1995)
Context: Industry (Banking)	
Competitive Packages (e.g. Bahia and Natel, 1998; Ioannou et al, 2003) **Service Quality** (e.g. Christopher et al, 1991) **Advising** **Personal approach** (e.g. Barnes and Howlett, 1998; Colgate and Stewart, 1998) **Customer Solvency** **Customer as an object** **Customer skepticism** (e.g. Ioannou et al, 2003) **Satisfaction** (e.g. Wray et al, 1994)	**Adapted product** (e.g. Zineldin, 1996) **Relationship pricing** (e.g. Chan and Ma, 1988) **Service Quality** **On-going Consultation** (e.g. Watson, 1986) **Banker related factors** (e.g. Chan and Ma, 1988; Moriarty et al, 1983; Watson, 1986) **Closeness** (e.g. Zineldin, 1995) **Honesty & Trustworthiness** **Engagement of both parties** (e.g. Watson, 1986; Zineldin, 1995, 1996) **Openness** (e.g. Moriarty et al, 1983) **Bonds and Trust** (e.g. Zineldin, 1996) **Satisfaction** (e.g. Zineldin, 1996)

Evolution of Relationships

Relationships are dynamic and develop over time (Ford et al, 2003). The process of development can be categorised under various perspectives, with the most holistic being a processual perspective, where the order and sequence of events over time is documented and explains how and why an entity changes and develops (Van de Ven, 1992).

When questioned on the evolution of the relationships, irrespective of the context, all participants agreed that "*relationships have their ups and downs*" (Corporate Banker, CB1) and they seldom develop in a liner manner – a thesis supported by the literature (see for example, Bell, 1995; Halinen, 1994).

-- Developing Customer Relationships at a Branch Level

Retail and small business relationships are perceived to follow a similar developmental path. Specifically, the evolution is influenced by environmental factors, bank-client related factors, the mode of interaction (to include contacts and everyday episodes), critical events, outcome-related factors and experience (Figure 1).

-- Medium Business and Corporate Relationships

Similarly, medium business and corporate relationships are perceived to follow a similar developmental path to the above, where the path is influenced by environmental factors, bank-client related factors, the mode of interaction (to include contacts and everyday episodes), outcome-related factors, experience and consultation and to a lesser extent by critical events (Figure 1).

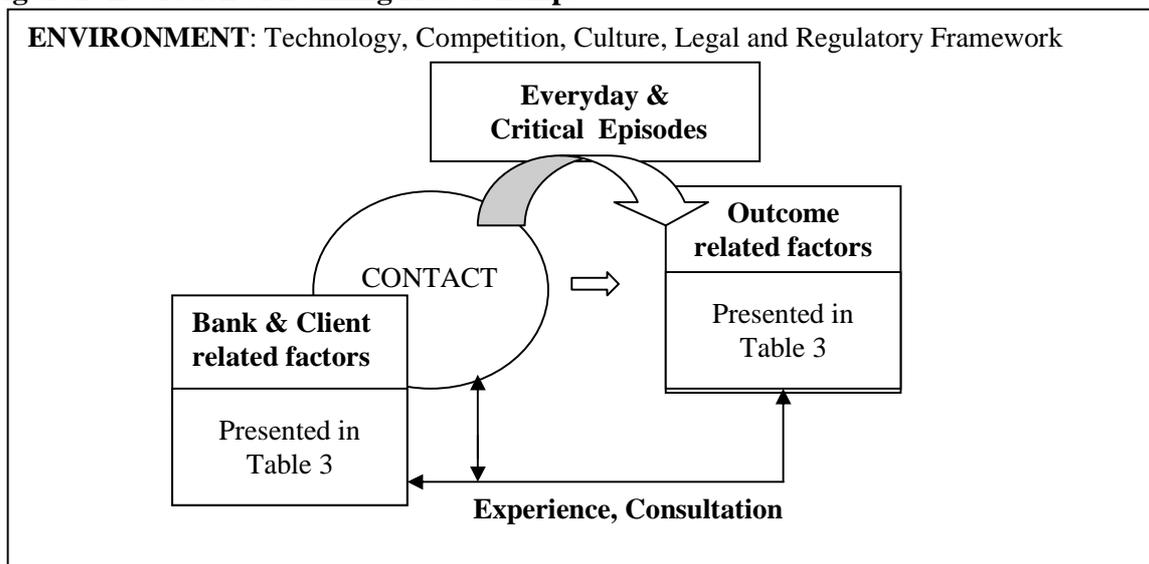**Figure1: Evolution of Banking Relationships**

Figure 1 presents the various relationship influencers and variables (explained below) as well as the sequence of activities and events that shape the developmental path.

o **Environmental factors**: In line with the work of the IMP group (Hakansson, 1982), the findings suggest that relationships are influenced by the wider environment in which they operate, and in particular, by Competition (comparison level of alternatives), the Legal and Regulatory framework (i.e. Central Bank regulations), Culture (where social bonds play an instrumental role) and the Technological environment which has made the pursuit of relationships at a branch level possible, while concurrently enhanced further the banks' relational efforts in the other contexts.

o **Contact and Communication:** The IMP tradition postulates that central to relationships lies the Interaction Approach, where each interaction is an episode in the total relationship (Ford et al, 1999; Hakansson, 1982), which is affected by and affects it (Turnbull et al 1996). In addition, services marketing highlights the interactive nature of services, with service encounters being at the heart of the service (Gronroos, 2000). The findings support the importance of each episode or encounter (as explained below). What is interesting, however, is the fact that the instance of meeting and/or communicating with the customer has been termed, by all interviewees, as "Contact" as opposed to "Interaction" which would reveal the active involvement and the acting together of the two parties at those encounters. This could substantiate the deeply rooted attitudes pertaining to the nature of retail and small business relationships and the myopic view which is adopted in this level, but seems surprising for medium and especially corporate relationships.

o **Everyday and critical episodes**: Bank employees in different contexts attach a different level of importance on each of these types of episodes. In particular, within a retail and small business context, both everyday and critical episodes are considered important, but critical episodes are perceived to have a significant impact on relationship building. On the contrary, in a medium and especially corporate context, it is suggested that relationships develop largely through the everyday encounters. To this effect, the corporate bankers note that "*you explore on the way and you build step by step every day*" – "*it is highly unlikely that you will do something in one day and the customer will say, that is, now I trust them*". They substantiate their argument with one of them asserting that in the last three years only one such episode can be recalled while the other corporate banker quotes only three critical events in a five-year period. The distinction between the various contexts could be explained by the distinct nature of the relationships, with the development of medium and corporate relationships underpinned by a high, even daily interaction frequency.

o **Bank-client and outcome related factors:** Have been presented in the section "What constitutes relationships?" above and are outlined in Table 3.

o **Experience and Consultation:** The importance of experience in relationship building is widely acknowledged in the literature with Turnbull et al (1996) and Ford et al (1999), for example, stressing that the attitudes and behaviour (of both the purchasing and selling agent) are largely influenced by their previous experience. Indeed, bank employees at all levels and contexts, suggest that increasing experience is fundamental in the evolution of relationships, were the performance of both parties is tested. In addition, medium business and corporate relationships can positively progress through sincere consultation.

Table 3: Bank-client and outcome related factors

Bank related factors	Client related factors
Retail Customers & Small Businesses	**Retail Customers & Small Businesses**
Competitive Packages Service Quality (emphasis on Efficiency, Personal attention and banker acts as advisor)	Customer Solvency
Outcome: Satisfaction	
Medium & Corporate Customers	**Medium & Corporate Customers**
Adapted product Closeness & Involvement in client operations On-going Consultation (extending to business Operations – not only financial aspects) Service Quality (emphasis on responsiveness)	Openness and Honesty Engagement in the relationship through a continuous stream of information and documents Trustworthiness (incl. Customer Solvency)
Outcome: Economic, Structural and Knowledge Bonds, Trust, Satisfaction	

Conclusion and Future Research

On the whole, the research findings suggest that a generic concept of Relationship Marketing does not exist, not even within a particular service industry, as illustrated in Table 4. In fact, it is evident that relationships are conceptualized and implemented distinctly vis-à-vis different customers and the contextual element has a casting vote, as it affects both the nature and the evolution of any perceived relationships. Specifically, in a nutshell the results reveal that:

o The often used-dichotomy of consumer versus business markets is myopic, where a further refinement needs to be made. In particular, the results highlight that banks became interested in forming relationships with retail and small business customers only once technology had given them the tools, but have always acknowledged the value of relationship building with medium and especially large businesses.

o Consequently, in line with the distinct underlying characteristics of each context, the banking institutions pursue different types of relationships. Such characteristics include the value of each customer, the size of each market in customer numbers, and as such, the number of customers serviced by each banker, the nature of communication (see for example, Anderson and Narus, 1984; Halinen, 1994), including both the form, the frequency but also the level and tone.

o Therefore, even though practitioners perceive that the Relationship Marketing concept is applicable in all banking contexts, their relational efforts underline a clear distinction

between both its conceptualisation and implementation. That is, the only perceived common roots are satisfaction and service quality, albeit there is a substantial difference as to the composition of service quality amongst the various relationship types.

o   Further, it is evident that the resulting relational complexity is heterogonous. A number of researchers have addressed this, among which are Moller and Halinen (2000). In particular, certain corporate banking relationships evolve through a highly complex process, where a high and close interrelationship among dimensions exists and ultimately result in high interdependencies between the two firms.

However, the exploratory nature of the research is highlighted, and it is argued that the results are not generalisable. The small, convenience sample employed and the semi-structured methodology followed, suggest that the results are merely indicative. In addition, the paper reports the perspective of only one side of the dyad but given the duality of the bank-client relationship it is acknowledged that the discussion would have significantly benefited from the consideration of the customer's perspective as well. This would have included an evaluation as to whether both parties of the relationship mutually perceive it to exist (Barnes and Howlett, 1998) and assume an active role (Gummesson, 1994, Moller and Halinen, 2000), as well as of their perceptions as to what constitutes the bank-client relationship and what underpins its development. Finally, given that the research was conducted at a particular point in time (i.e. a cross sectional study) it would have been highly valuable, especially in investigating the development of relationships, if the research had adopted a real time methodology.

Consequently, future research could capitalize on the particular limitations by testing, using a more structured approach with a probability sample, the findings preferably at different time intervals as well as by incorporating the perspective of both parties.

Notwithstanding the above, the research findings have shed light on the controversy pertaining to the applicability and implementation of business relationships. In particular, through the utilisation of the same research design and base, the results highlight the contextuality of exchange relationships by illustrating that the existence of a universal concept of Relationship Marketing is highly questionable. In fact, the desirability and nature of relationships is conditioned by the underlying differences in the exchange conditions: Relationships are therefore, a function of the industry, the unit of analysis and the culture under investigation and as such, researchers and practitioners are urged to pay particular attention to the effect of these forces. Consequently, where prior and recent qualitative data does not exist, the need to include it as an integral step in the research process is highlighted.

Table 4: The Findings at a Glance: Relationship Banking – The Bank's Perspective

	Retail Customers & Small Businesses	Medium & Corporate Customers
Handled at:	Branch level	Each at a different level
Relational efforts	Have intensified and RM has become part of their strategy recently with advanced in ICT.	Have always been exerted, but further enhanced and explicitly termed so in recent years
Product packages	Standardised - with multiple options (Developed at headquarter level)	Custom-made packages / Adaptation (Developed by sales team)
Pricing	Pre-determined	Relationship Pricing
Level and nature of Interaction	Interaction intensity ranges from infrequent to daily	Daily interactions both at working & sociable hours with multiple individuals
Customer knowledge	Very difficult to personally know all	Inter-firm knowledge
Service quality	Key pillars efficiency and personal attention (incl. advice)	Key pillars efficiency and deep social and institutional bonds
Relationships achieved through:	Competitive Packages Service Quality and the help of IT	Adaptation, Closeness, Involvement their business operations, Consultation, Mutual understanding, Service Quality Openness, Bonds and building of Trust
Relationship Development through:	Everyday & critical episodes, Experience	Mainly everyday episodes. To a lesser degree, critical episodes Experience and Consultation

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