DRIVERS OF ONE-STOP SHOPPING BEHAVIOUR AMONG BUSINESS CUSTOMERS IN THE FINANCIAL INDUSTRY

ABSTRACT

Purpose of the paper and literature addressed: This paper investigates the extent of and the key determinants for financial service provider usage by business customers from the small to medium-sized enterprise (SME) sector in Finland with the aim to identify the drivers of one-stop shopping behaviour in this customer segment. Literature on cross-buying and one-stop shopping of financial services are addressed in the study.

Research method: A qualitative research approach was employed in the study. The data was collected through semi-structured interviews among key decision makers from 22 SMEs within one country. Content analysis was used to systematically evaluate the interview data.

Research findings: Split banking, i.e. use of more than one bank, appears to be norm in the SME segment, whereas insurances are dominantly purchased from a single provider. On the contrary, the level of switching between insurance companies is notably higher than among banks. Personal relationships and service-orientation are strongly associated with using a particular bank, as competitive prices and the overall insurance coverage are key determinants in the primary choice of an insurance company.

Majority of the SMEs seem to prefer having separate providers for their banking and insurance services, although some indication towards growing interest on cross-buying was identified in the study. Image conflicts, non-existent customer loyalty programs, unfavourable pricing of the total offering and switching costs were identified as the main factors limiting one-stop shopping behaviour among small business customers.

Main contributions: By describing the dimensions based on which SMEs discriminate among competing service providers, this study offers important marketing implications for financial institutions operating in business-to-business context in Finland and comparable European markets. Our results show that in order to succeed in the cross-selling of banking and insurance services, financial service providers need to pay special attention to the recognition of customer requirements, such as receiving loyalty benefits from one-stop shopping, to adequately serve the needs of their small business customers.

Keywords: Cross-buying, one-stop shopping, financial services, SMEs

INTRODUCTION

Cross-selling, and consequently cross-buying, is receiving considerable attention in research and management in the financial industry (e.g. Verhoef et al., 2001; Harrison & Ansell, 2002; Li et al., 2005, Soureli et al., 2008). A number of studies have demonstrated the benefits of successful cross-selling, such as decreased customer acquisition expenditures (Reicheld & Sasser 1990, p106; Vyas & Math 2006, p124), lowered customer resistance to further sales propositions (Ngobo 2004, p1129) and higher levels of customer retention, revenues, share of wallet, and/or greater profits (Vyas & Math 2006, p124; Reinartz et al. 2008, p6), to financial service providers. As a result, an increasing amount of research has been focused on the efficient identification of cross-selling opportunities among retail customers (e.g. Kamakura et al., 1991; 2003; Harrison & Ansell, 2002; Knott et al., 2002; Verhoef & Donkers, 2005).

As cross-selling requires wider customer acceptance of buying different services from the same provider (Ngobo 2004, p. 1130), cross-buying has been studied among retail customers in relation to the different facets of customer satisfaction and customer loyalty (e.g. Verhoef et al., 2001; 2002; Li et al., 2005; Liu & Wu, 2007; Soureli et al., 2008). Considering cross-buying as a consequence of behavioural loyalty, these studies have yielded various results on the effects of trust, commitment, customer satisfaction, payment equity and relationship age on cross-buying. As the impact of these antecedents on cross-buying is to a large extent clear, less is known about the individual factors that make customers buy additional services from the existing provider (Reinartz & Kumar 2003, p81; Ngobo 2004, p1130), and although some attention has been paid on the drivers of customers' cross-buying intentions (Ngobo, 2004; Jeng, 2008; Soureli et al., 2008), knowledge on the issue is still limited.

Even though one-stop shopping of banking and insurance services has become an established practice in the financial industry (Kamakura et al. 2003, p52; Korhonen & Voutilainen 2006, p1288), aside from few examples (Verhoef, 2001; 2002; Lymberopoulos et al., 2004; Ngobo, 2004) data on cross-buying has mainly been collected within banking or insurance sectors, ignoring the issue of cross-sectoral cross-buying. Perhaps due to the extensive focus on retail context, it is somewhat commonly believed that customers prefer one-stop shopping and are willing to purchase different types of financial services from a single provider (Benoist 2002, p299; Lee & Marlowe 2003, p53; Vyas & Math, 2006, p124). As multiple customer benefits have been suggested in relation to one-stop shopping (e.g. Ngobo 2004, pp1156-1157; Vyas & Math 2006, p124; Liu & Wu 2007, pp134-135), factors that limit the purchase of bank and insurance services from a single provider have received less attention literature.

Given the orientation to the retail segment, business customers, who have been suggested to offer great profit opportunities (Zineldin 1995, p30), and especially small and medium-sized enterprises (SMEs), implied as one of the most profitable and growing customer segment for banks (Connolly 2000, p8), have been underemphasized in the research in this sector (Lam et al. 2009, p430). Nonetheless, drivers of one-stop shopping behaviour are especially intriguing in the business-to-business context, where studies have shown conflicting results on SME banking loyalty (Trayler et al., 2000; Lam & Burton, 2005; 2006), and suggested SMEs to actively choose not to use exclusively one bank (Lam et al., 2009). Thus, we focus our research on business customers by investigating the SME sector in Finland, where as many as 99.8 % of all businesses are SMEs (Statistics Finland 2010, p6), making the topic of critical interest to b-to-b service providers. Among business customers, SMEs are particularly appropriate for our research purposes, as the business owner typically controls the choice of service providers in contrast to larger organizations where multiple decision makers make investigating the reasons for choice of providers more problematic (Lam et al. 2006, p38).

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Contributing to the previous research, this study examines the drivers of cross-sectoral cross-buying among small business customers. The purpose of this paper is to investigate the extent of and the key determinants for financial service provider usage by SMEs with the aim to identify the drivers of one-stop shopping behaviour in this customer segment. Focusing on customer perceptions, our results describe the dimensions based on which SMEs discriminate among service providers, and thus create basis for financial institutions to better recognize their small business customers' expectations and requirements related to one-stop shopping of banking and insurance services in Finland and comparable European markets.

The paper is structured as follows. First we address literature on cross-buying and one-stop shopping in the financial industry. After this, we describe our research methodology and present the results of the study. Finally, we discuss the implications of our research and conclude by outlining study limitations and an agenda for further research.

LITERATURE REVIEW
Cross-buying in the financial industry

A growing emphasis is placed on cross-selling and cross-buying in the financial industry. In this context, cross-selling is defined as the practice of promoting additional products to existing customers in addition to the ones that a customer already has (Butera 2000, p14), or as the efforts to increase the number of products that a customer uses within a firm (Kamakura et al. 2003, pp46-47). Correspondingly, cross-buying is referred as the buying of different products from the existing provider in addition to the ones the customer currently has (Ngobo 2004, p1129) or as the number of products acquired from the same provider over time (Verhoef et al. 2001, p219; Soureli et al. 2008, p. 361; Liang & Chen 2009, p6). As this study is conducted from the customer viewpoint, we focus on literature on cross-buying and use the term in relation to buying both banking and insurance products from the same provider. Table 1 summarizes the existing research on cross-buying in the financial industry.

Table 1. Literature review of studies of cross-buying in the financial industry

STUDY	FOCUS	DATA SPECIFICATION	FINDINGS
Verhoef et al. (2001)	• The impact of customer satisfaction and payment equity on cross-buying	• Satisfaction, payment equity, relationship duration, marketing instruments, demographics (IV) • Cross-buying (DV)	• The effect of satisfaction differs depending on relationship length • Payment equity negatively affects cross-buying in long customer relationships
Hitt & Frei (2002)	• Value sources of online distribution channels for service providers	• Cross-buying (IV) • Customer buying behaviour (asset and liability adoption, number of products) (DV)	• Customers adopting PC banking are more profitable, principally due to unobservable character-istics extant before the adoption
Verhoef et al. (2002)	• The effect of relational constructs on cross-buying	• Trust, commitment, satisfaction, payment equity, relationship age (IV) • Cross-buying (DV)	• Impact of satisfaction and commitment on cross-buying increases with relationship age
Ngobo (2004)	• Drivers of customers' cross-buying intentions for services	• Service quality, perceived value and convenience, satisfaction, switching costs, repurchase intention, image, previous experiences (IV) • Cross-buying intentions (DV)	• Perceived one-stop shopping convenience and image conflicts the most important predictors of cross-buying potential • Previous service experience has marginal effect on cross-buying
Li et al. (2005)	• The sequential acquisition patterns of financial services	• Satisfaction, switching costs, ownership and transaction data, demographics (IV) • Cross-buying sequence (DV)	• Customer satisfaction and switching costs have significant influence on cross-buying

Verhoef & Donkers (2005)	• The impact of acquisition channels on customer loyalty and cross-buying	• Acquisition channel, buying behaviour, customer characteristics (IV) • Loyalty, cross-buying (DV)	• The effect of used acquisition channel is weak on cross-buying • Cross-buying mainly affected by marketing efforts during relationship
Liu & Wu (2007)	• An integrated model for the antecedents of customer retention and cross-buying	• Locational and one-stop shopping convenience, satisfaction, trust, firm reputation and expertise, relationship length (IV) • Retention, cross-buying (DV)	• One-stop shopping convenience, firm reputation and firm expertise as well as trust significantly impact cross-buying
Jeng (2008)	• Customer trade-offs in cross-buying consideration	• Corporate reputation, personal relationships, competitor's prices, product variety (IV) • Cross-buying intention (DV)	• Corporate reputations and interpersonal relationships contribute significantly to cross-buying intention
Soureli et al. (2008)	• Equation model of factors affecting cross-buying	• Perceived value, satisfaction, image, trust (IV) • Cross-buying intention (DV)	• Image and trust are central in the formation of cross-buying intention
Liang & Chen (2009)	• The influence of online relationship marketing on customer-provider relationships	• Financial, social and structural bonds, relationship satisfaction and commitment (IV) • Relationship length, depth, and breadth (DV)	• Financial bond is the most important attribute in enhancing relationship length, whereas structural bond contributes to relationship depth and breadth

Notes: IV = independent variable, DV = dependent variable

All in all, cross-buying has been widely discussed in relation to customer satisfaction and customer loyalty. Although some debate remains as to whether cross-buying is an antecedent or a consequence of behavioural loyalty (e.g. Reinartz et al., 2008), research in the financial industry seems to have the tendency to investigate it as a consequence of such behaviour. Given contextual choices, all the studies have been completed on retail settings. Additionally, cross-buying is mainly investigated within an individual financial sector, i.e. either within banking, insurance or securities, and only few studies employ data on customer attitudes towards buying insurances from banks (Ngobo, 2004; Lymberopoulos et al., 2004) or vice versa (Verhoef et al., 2001; 2002; Verhoef & Donkers, 2005).

Drivers of one-stop shopping

One-stop shopping, defined as offering customer as many banking and insurance products as possible at one place during one service event with the aim to compose a comprehensive 'total' solution for all the customer's financial service needs (Korhonen & Voutilainen 2006, p1288), has become a trend in the financial industry (e.g. Kamakura et al. 2003, p52; Ngobo 2004, p1129; Voutilainen 2006, p8). Perhaps due to the extensive focus on retail customers in the domain, it is somewhat commonly believed that customers prefer one-stop shopping and are willing to purchase different types of financial services from the same provider (Benoist 2002, p299; Lee & Marlowe 2003, p53; Vyas & Math, 2006, p124).

Research on cross-buying intentions in retail settings (Ngobo, 2004; Vyas & Math, 2006; Liu & Wu, 2007; Jeng, 2008; Soureli et al., 2008) explains this phenomenon through creation of customer value. In industrial markets, customer perceived value is often defined as the trade-off between the benefits and costs/sacrifices of the provider's offering perceived by key decision makers in the customer's organization (Ravald and Grönroos 1996, p24; Ulaga and Chacour 2001, p530). As multiple benefits, presented in Table 2, were identified in relation to one-stop shopping in the retail context, costs or sacrifices limiting customers' one-stop shopping behaviour have received less attention in the literature. The identified costs are

mainly linked to image conflicts of banks selling insurances and perceived switching costs including geographic distance and lost customer benefits (Ngobo 2004, pp1156-1157).

Table 2. Benefits of one-stop shopping

Study	Benefits
Ngobo (2004, pp1156-1157)	Service quality, competitive pricing, time savings (everything at the same place), one single provider for banking and insurance services
Vyas & Math (2006, p124)	One-stop solution, reduced cost and risk of transactions, additional benefits (for example preferential pricing), reduced formalities and paper work (customers do not need to prove credentials for every new product bought)
Liu & Wu (2007, pp134-135, 142)	Locational convenience (time and effort savings), one-stop shopping convenience (time, effort and pricing savings), firm expertise, ability to satisfy majority of the customer's needs, wide selection of services provided through one-stop shopping
Jeng (2008, pp16-17)	Corporate reputation, interpersonal relationships
Soureli et al. (2008, p11)	Competitive deposit and loan interest rates, competitive terms

As the described benefits have been proposed in retail settings, they provide little evidence on the drivers of one-stop shopping behaviour among SMEs. However, focusing on banking loyalty and share of wallet among business customers, SME bank selection and usage has been recently investigated in several countries (Trayler et al., 2000; Lam & Burton, 2005; Lam et al., 2006; 2009). Based on these studies, it can be argued that preference towards one-stop shopping cannot be taken for granted among small business customers, as they show conflicting results on SMEs' bank usage behaviour (Trayler et al. 2000, p78; Lam & Burton 2005, p209; 2006, p45) and suggest SMEs to actively not to use exclusively one service provider (Lam et al. 2009, p439). Table 3 summarizes the results of the studies.

Table 3. Bank usage among SMEs in Australia, USA and Hong Kong

	Trayler et al. (2000)		Lam et al. (2006)
Source of information	**Australia**	**USA**	**Hong Kong**
Sample size	614	115	32
Single bank (%)	88	70	28
Two or more banks (%)	12	30	72
% firms that have changed banks in the last three years	17	17	40

Comparison of these results shows a notably high proportion of split banking (use of more than one bank) and bank switching behaviour by the Hong Kong SMEs when compared to Australia and USA. The factors that SMEs consider in selecting banks are however quite similar across the countries, as willingness to accommodate credit needs, efficiency in the daily operations, personal banking relationship and convenient location were identified as key determinants of bank selection in all countries (Lam & Burton 2005, p208). In addition to these factors, the ability to provide a long term relationship and competitive prices are valued in Australia and USA (Trayler et al. 2000, p80), as staff servicing attitudes and flexibility in structuring bank products are important in Hong Kong (Lam et al. 2006, pp42-43).

RESEARCH METHODOLOGY

Due to the explorative nature of the study, we employed a qualitative research approach and collected data through interviews among SMEs located in Southern Finland. In this study, we classify SMEs based on their annual revenue as micro ($\leq$ 2 M), small ($\leq$ 10 M) and medium-sized ($\leq$ 50 M) enterprises (European Commission 2011, p14). SMEs were contacted through the Federation of Finnish Enterprises, an organization which has the largest membership of all business-related federations in Finland, consisting of SMEs of all sizes and encompassing the entire business spectrum. The sampling process ceased when saturation was reached, which was indicated by information redundancy. Congruent with sample sizes recommended

by scholars for exploratory research purposes (McCracken 1988, p17), our final sample consisted of 25 participants in 22 SMEs. Table 4 describes the target firms and interviewees.

Table 4. Target firms and interviewees

Target companies	- Micro company (7 companies)
	- Small company (11 companies)
	- Medium-sized company (4 companies)
Average years of business	26,8 (SD 15,2 years)
Industry	- Manufacturing industry (11 companies)
	- Service industry (11 companies)
No. of interviews	25 (1-2 per company; 1-2 persons each)
Interviewees	- Entrepreneur (3)
	- Financial manager (5)
	- General manager / managing director (17)
Interview durations	27 - 70 minutes (avg. 53 min.)

The size of the participating SMEs, who had been in business between 2 and 56 years, ranged from micro to medium-sized enterprises. Our final sample consisted of manufacturing and service companies from a variety of industries, such as engineering, excavating, retailing, consulting, accounting, cleaning and software. The interviews were held with key informants, who were chosen on the basis of having the authority to select and monitor the company's relationships with the financial service provider/s.

A semi-structured interview protocol composed of three sections was used in the interviews. In the first section, we asked the respondents about their company's bank selection and usage. The second section covered the companies' insurance provider selection and usage. In the third part, we asked the respondents to describe how providers create value for their company through one-stop shopping of bank and insurance services. In these question areas, the interviewees were allowed to tell their own story of the firm's current ways of operating, and interviewers prompted with more detailed questions upon need. To facilitate the process, participants were asked to describe activities between the provider and their company, which in turn allowed the interviewer to probe the different benefit and cost dimensions perceived in the relationship/s. All interviews were conducted face-to-face in the interviewee's job location. They lasted on average 53 minutes, and were tape-recorded and fully transcribed.

The data analysis was carried out using traditional steps in the analysis of qualitative data (Miles & Huberman 1994, p10). First, the interview transcripts were reviewed to highlight important issues and patterns in data. Next, data extracts were gathered into an initial categorization table, relating to the structure of the interview protocol and adhering to new themes that emerged in the interviews. Finally, content analysis was used to systematically evaluate the content of the transcripts (Kolbe & Burnett 1991, p243) in order to identify core consistencies and meanings (Patton 2002, p453). A number of themes were identified from analyzing the interviews, and they were then coded. The codes were grouped under a number of categories using the approach suggested by Miles and Huberman (1994, p58).

RESULTS
The extent of and the key determinants for financial service provider usage
The interviewees were asked to provide information relating to the number of financial service providers their company is currently using, and the key reasons for them to stay with their main provider/s, banks and insurance companies alike. The service provider usage behaviour of the interviewees' companies is summarized in Table 5.

Table 5. Financial service provider usage behaviour

Information on bank usage	
Single bank (%)	23% (5)
Two or more banks (%)	77% (17)
Average time with main bank (years)	15,5 (SD 14,5 years)
% of firms that have changed banks in the last three years	27% (6)
Information on insurance provider usage	
Single insurance provider (%)	86% (19)
Two or more insurers (%)	14% (3)
Average time with main insurance company (years)	9,3 (SD 10,9 years)
% of firms that have changed insurer in the last three years	46% (10)
Cross-buying of banking and insurance services	
% of firms having independent bank and insurance service providers	63% (14)
% of firms acquiring life insurances through their main bank	23% (5)
% of firms acquiring all financial services from a single provider	14% (3)

Perhaps the most notable finding is the difference in the usage behaviour of banks and insurance companies among the sample companies. Considering bank usage, only five out of 22 SMEs (23 per cent) use only one bank, with the rest of the respondents dividing their banking activity between two to three banks. As shown in Table 5, there is a significant difference in this percentage when compared to insurance provider usage, where the majority (86 per cent) of the interviewed SMEs uses a single insurance provider, and only three out of the 22 companies divide their insurance coverage between multiple providers.

The customer-financial provider relationships among the sample had been in place between 1 and 46 years in the banking sector and between 1 and 41 years in the insurance sector. While shared banking, i.e. use of more than one bank, is clearly preferred in our sample, the level of switching behaviour is notably lower among banks compared to insurers. Nearly 30 per cent of the interviewed SMEs (six out of 22) have changed the extent to which they use banks or switched to other banks in the last three years. In contrast, although use of one insurer is the norm in this group, the level of switching among insurers is high: as many as 46 percent of the SMEs (ten out of 22) have changed their main insurance provider in the last three years.

Considering cross-buying practices, tendency towards having separate providers for banking and insurance is visible among the interviewed SMEs, as 14 out of the 22 SMEs (63 per cent) prefer having independent providers for these services. Although majority of the interviewees appreciated keeping banking and insurance services as separate, nearly fourth of the SMEs perceived purchasing life insurer's services from the company's main bank as a favourable way to increase the extent of usage of the bank's services. In addition, three companies (14 per cent) acquired all their financial services as a total solution from a single provider.

The interviewees were also asked about the key determinants of the choice of, and retention of, their main financial service provider/s. Table 6 shows that these reasons differ to some extent between banks and insurance companies.

Table 6. Factors considered when selecting financial service providers

Bank selection	Insurance company selection
1. Personal relationship with the account manager	1. Competitive prices
2. The service-orientation of the bank's personnel	2. Personal relationship with the account manager
3. Relationships in multiple levels of bank organization	3. The overall content of the insurance coverage
4. The bank's efficiency in its daily operations	4. The availability of the account manager
5. The quality of the bank's electronic services	5. The efficiency of the claim handling process

Factors relating to personal relationships, service-orientation of the personnel and multi-level relationship were identified as key in the SME-bank relationships. Close relationship with the account manager was perceived to ensure that the provider is familiar with the company's history and future strategy and no extra effort or explanations are needed, leading to efficient and functional relationship. Service-orientated personnel and a wide array of contacts (from product experts to account and bank managers) within the bank were valued to assure timely answers and advisory services when needed. In addition, factors relating to the quality of e-services, such as online and mobile banking services and e-invoicing, particularly in terms of service availability, usability and functionality, were identified as important by the SMEs.

While relationship related issues were the most common reasons for using a particular bank, personal relationships and availability of the account manager were valued also in the SME-insurance provider relationship. However, in contrast to bank selection, competitive prices were identified as the key determinant of the primary choice of an insurer. The overall content of the insurance coverage was also recognized as important due to elimination of blind spots and product overlaps in the total insurance coverage. In both banking and insurance, efficiency in the daily operations was perceived as having and effortless and well-functioning relationship with the provider. As bank efficiency was linked to quick processing of service needs, insurer's efficiency was closely associated to the claim handling processes.

Drivers of one-stop shopping behaviour

Altogether 119 statements regarding drivers of one-stop shopping behaviour were identified from the data. The themes that emerged from analyzing the interviews were summarized and classified into five sources of customer value: company value, relationship value, service value, account manager value and offering/product value. Summarizing the drivers of each value source in the frequency of occurrence, Table 7 shows how SME customers perceive the benefits and costs of one-stop shopping. Interestingly, only one fourth of the drivers pertain to benefits of one-stop shopping, as nearly 75 per cent of the identified drivers relate to costs. The relative importance of the value sources and the most important value drivers, defined as being mentioned by more than half of the interviewees, are briefly discussed below.

Table 7. Value drivers of one-stop shopping

Sources of value	Value dimensions	
	Benefits	**Costs**
Company value	• The financial service provider is: - international (operations, network) - familiar with customer's industry - customer-oriented - of good reputation	• Image conflicts - single provider unable to fulfil all needs - best expertise through specialized providers - combining different sectors unnecessary
Relation-ship value	• Strong customer negotiation power • Efficient information transfer • High trust and partnership	• Non-existent customer loyalty programs - total customership not realized in practice • Dependence on a single provider • Weak customer negotiation power • Loss of competitive settings • Conflicts of interest between sectors
Service value	• Time and effort savings • Service needs considered as an entity • Simultaneous comparability of options	• Exhausting customer negotiation processes - separate negotiations more efficient
Account manager value	• One, joint account manager - one point of contact - acts as a link to product experts • Mutual contacts for all service needs	• One, joint account manager unfeasible - direct contacts to product experts required • Weak communication between the sectors

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Offering/ product value	• Competitive pricing of total offering
	• Comprehensive total offering
	  - no overlap in products
	  - blind spots minimized
	• Consideration of customer needs
	  - product customization / tailoring
	  - development of new products
	• Switching part/s of offering possible
		• Unfavourable pricing of total offering
		• High switching costs
		  - limit one-stop shopping possibilities
		• Non-transparent offering packages
		  - individual product details unclear
		  - comparison between providers difficult
		  - excess products included in the packages

Out of the five value sources, company value contains most (nearly 30 per cent) value driver statements as a whole. Majority of these drivers relate to image conflicts of bank providing insurances or vice versa. Most interviewees perceive banking and insurance as independent business lines, and prefer acquiring these from separate, specialized providers. On the individual value driver level, the interviewees raised serious concerns on a single provider's ability to fulfil all their company's service needs, and felt that combining these two sectors under one roof is neither necessary nor beneficial in the business customer context.

Based on the data, relationship value is the second most important source of value for SMEs, closely followed by product/offering value. There was remarkable commonality across interviewees when they discussed the role of customer loyalty benefits. The participants consistently emphasized the importance of receiving benefits such as favourable pricing from using a single provider for their all their company's service needs, and indicated that customer loyalty programs, which are practically non-existent among corporate customers at the moment, should be developed to in order to realize loyalty benefits in the business customer segment. In accordance, the importance of competitive pricing of the total offering was stressed in the interviews. These two value drivers comprised altogether nearly 30 per cent of the identified statements. High switching costs were also frequently mentioned as an obstacle for one-stop shopping, as they tied the company to the existing service provider/s.

Considering service as a source of value, the study participants invariably emphasized time and effort savings from using a single provider. These benefits are closely linked to the value of the account manager; the interviewees linked mutual contacts and one joint account manager for all financial services to reduced formalities and paper work.

CONCLUSIONS

This study focused on investigating the extent of and the key determinants for financial service provider usage by business customers from the small to medium-sized enterprise (SME) sector in Finland with the aim to analyze the drivers of one-stop shopping behaviour in this customer segment. For these purposes, we conducted a literature review on cross-buying and one-stop shopping in the financial services industry, and collected data through semi-structured interviews among 22 SMEs. This study contributes to the ongoing discussion by extending the retail customer and single sector based view on cross-buying into the context of business customers and cross-selling across banking and insurance sectors.

Based on our data, use of more than one bank appears to be the norm among SME customers, as insurances are dominantly purchased from a single provider. In contrast, the level of switching between insurance companies was found to be notably higher than among banks. While personal relationships and service-orientation were the most common reasons for using a particular bank, competitive prices and the overall content of the insurance coverage were identified as key determinants in the primary choice of an insurance company.

Most SMEs seem to prefer separate providers for banking and insurance services, although some indication towards growing interest on cross-buying was identified in the study. Partly reflecting the cross-buying behaviour of the sample, only one fourth of the identified drivers of one-stop shopping pertain to benefits, as nearly 75 per cent of the drivers were related to perceived costs. Time and effort savings and joint account manager for all financial services were perceived as the main one-stop shopping benefits. In contrast, image conflicts, non-existent customer loyalty programs, unfavourable pricing of the total offering and switching costs were the main factors limiting the use of one-stop shopping among SMEs.

By describing the dimensions based on which SMEs discriminate among competing providers, this study offers important marketing implications for broad-based financial service providers operating in business-to-business financial services in Finland and comparable European markets. As the first paper to study the reasons underlying one-stop shopping behaviour among SMEs, the results show that in order to succeed in cross-selling banking and insurance services, financial service providers should not underestimate the importance of customer loyalty benefits in the smaller business customer segment.

This study was purposefully focused on business-to-business financial services and bound to SME customers, limiting the generalizability of the findings. As the findings are based on a sample of companies within one country, the value attributes found in this study may vary in other markets or countries. As a methodological choice, we employed a qualitative approach, and used interviews as the main source of data. The approach is limited by the choice of firms, choice and number of informants, and the semi-structured interview method. In order to improve validity of the findings, we have discussed the context and choices, described the interview approach as transparently as possible, and used a systematic, structured approach to the data analysis.

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