THE MANAGEMENT OF LONG-TERM MARKETING RELATIONSHIPS IN BUSINESS-TO-BUSINESS FINANCIAL SERVICES

by

EDWIN THERON

Submitted in fulfilment of the requirements for the degree
PHILOSOPHIAE DOCTOR
(PhD)

STELLENBOSCH UNIVERSITY

Department of Business Management
Faculty of Economic and Management Science

Promoter: Prof. N.S. Terblanche
Co-promoter: Prof. C. Boshoff

December 2008

DECLARATION

By submitting this dissertation electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Date: December 2008

ACKNOWLEDGEMENTS

A number of individuals have contributed to the successful completion of this study. I would like to thank the following persons:

- My promoter, Prof. N.S. Terblanche, who shared his knowledge with the utmost professionalism. I thank him for all his patience and support – it was an honour to learn so much from him.

- My co-promoter, Prof. C. Boshoff. I have deep respect for his knowledge and thoroughness, especially in respect of the planning and executing of the empirical section of this study.

- Jackie Viljoen, who handled the language editing meticulously.

- My parents, who taught me the importance of making use of every opportunity.

- My wife, Thea, for making many sacrifices, and my three daughters, Eileen, Marlise and Theresa, who got used to the idea that their father was always working on his PhD.

But most importantly, I thank my Lord, Jesus Christ, who gave me the opportunity to fulfil this dream. I have once again experienced the meaning of Philippians 4:13:

"I can do all things through Him who strengthens me."

ABSTRACT

Since relationship marketing re-emerged as an approach to marketing, the concept was met with a great deal of interest. This interest resulted in relationship marketing being researched extensively, whilst businesses started to look for ways to build relationships with their clients. Relationships with clients can, however, only be managed if the dimensions contributing to the relationship are adequately identified. From an academic viewpoint, once all the relevant dimensions have been identified, these dimensions can be used to construct a model that can guide the management of long-term marketing relationships.

The aim of this study was to identify the dimensions that are important when long-term marketing relationships in business-to-business (B2B) financial services are managed. The study started with a comprehensive review of the marketing literature. The literature review was followed by two empirical studies. The first empirical study was conducted among relationship managers, while the second empirical study focused on both the relationship managers and clients of a leading South African financial services provider. Both the relationship managers as well as the clients were part of the afore-mentioned financial services provider's B2B domain. Phase 1 of the empirical research (the exploratory study) focused on an assessment of the perceptions of 75 relationship managers in respect of the importance of a number of pre-determined dimensions. A web-based approach was used and a questionnaire was developed according to the requirements of the Analytic Hierarchical Process (AHP) method. Based on the literature review and the results of the exploratory study, a set of 11 dimensions emerged as important for the management of long-term relationships in B2B financial services.

The second phase of the empirical research focused on the perceptions of both relationship managers (the relationship manager sample) and B2B clients (the client sample). In the case of the relationship manager sample, a web-based questionnaire was sent to 300 relationship managers, while 400 clients participated in the client study. Relationship manager data were analysed by means of regression analysis whereas the client data were analysed with the aid of Structural Equation Modelling (SEM). The LISREL 8.80 software program was used to fit both the measurement model and the SEM model.

The results of the study confirmed the important roles of especially *trust* and *commitment* on a person's *intention to stay* in a relationship. Furthermore, the study found that relationship managers and clients appear to view the process of relationship management as an intricate process. Although relationship managers and clients differ on the importance of some of the further dimensions, agreement existed for the importance of especially *satisfaction* and *communication*. It was also found that relationship managers appear to over-estimate their performance levels on some of the identified dimensions.

The uniqueness of the study lies in the simultaneous consideration of the perceptions of both relationship managers and clients. The most important contribution of the study is the construction of a model through which long-term marketing relationships in the B2B financial services industry can be managed.

OPSOMMING

Sedert die herverskyning van verhoudingsbemarking as bemarkingsbenadering heers daar groot belangstelling ten opsigte van die begrip. Hierdie belangstelling het daartoe gelei dat verhoudingsbemarking omvattend nagevors word, terwyl sakeondernemings begin soek het na nuwe maniere om verhoudinge met kliënte op te bou. Verhoudinge met kliënte kan egter slegs bestuur word indien die dimensies wat tot die verhouding bydra voldoende geïdentifiseer word. Vanuit 'n akademiese perspektief kan hierdie dimensies, nadat al die relevante dimensies geïdentifiseer is, gebruik word om 'n model te konstrueer waarvolgens langtermyn-bemarkingsverhoudinge bestuur kan word.

Die doel van hierdie studie was om die dimensies te identifiseer wat as belangrik geag word wanneer langtermynverhoudinge bestuur word. Die studie het 'n aanvang geneem met 'n omvattende oorsig oor die bemarkingsliteratuur, wat gevolg is deur twee empiriese studies. Die eerste empiriese studie is uitgevoer onder verhoudingsbestuurders van 'n finansiële instelling, terwyl die tweede empiriese studie op beide verhoudingsbestuurders en kliënte van 'n toonaangewende Suid-Afrikaanse finansiële diensteverskaffer gefokus het. Beide die verhoudingsbestuurders en die kliënte is geklassifiseer onder die finansiële diensteverskaffer se besigheid-tot-besigheid (B2B)-aktiwiteite. Fase 1 van die empiriese navorsing (die verkennende studie) het op 'n evaluering van die persepsies van 75 verhoudingsbestuurders ten opsigte van die belangrikheid van 'n aantal voorafbepaalde dimensies gefokus. 'n Internet-gebaseerde opname is gebruik en 'n vraelys is ontwikkel ooreenkomstig die vereistes van die Analitiese Hiërargiese Proses (AHP)-metode Op grond van die literatuuroorsig en die resultate van die verkennende studie het 'n stel van 11 dimensies na vore gekom wat belangrik is wanneer langtermynverhoudinge in B2B finansiële dienste bestuur word.

Die tweede fase van die empiriese navorsing het gefokus op die persepsies van beide verhoudingsbestuurders (die verhoudingsbestuurdersteekproef) en die B2B-kliënte (die kliëntesteekproef). Tydens die verhoudingsbestuurdersteekproef is 'n internet-gebaseerde vraelys aan 300 verhoudingsbestuurders gestuur terwyl 400 kliënte aan die kliëntesteekproef deelgeneem het. Die data ten opsigte van die verhoudingsbestuurdersteekproef is ontleed deur middel van regressie-ontleding

terwyl kliëntedata ontleed is deur van Structural Equation Modelling (SEM) gebruik te maak. Die LISREL-sagtewareprogram is gebruik vir die passing van beide die metingsmodel en die SEM model.

Die resultate van hierdie studie bevestig die belangrike rolle van veral vertroue (*trust)* en verbintenis *(commitment*) op 'n persoon se voorneme om in 'n verhouding te bly. Die studie het verder bevind dat verhoudingsbestuurders en kliënte die proses van verhoudingsbestuur as 'n ingewikkelde proses beskou. Ten spyte daarvan dat verhoudingsbestuurders en kliënte verskil ten opsigte van die belangrikheid van die verdere dimensies, is daar veral ooreenstemming wat betref die belangrikheid van tevredenheid (*satisfaction*) en kommunikasie (*communication*). Daar is ook bevind dat verhoudingsbestuurders hulle prestasievlakke op sekere van die geïdentifiseerde dimensies oorskat.

Die uniekheid van die studie lê in die gelyktydige oorweging van die persepsies van beide verhoudingsbestuurders en kliënte. Die belangrikste bydrae van die studie is die daarstelling van 'n model waarvolgens langtermynverhoudings in die B2B finansiële dienstebedryf bestuur kan word.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF ADDENDUMS

CHAPTER 1
INTRODUCTION

1.1 BACKGROUND

Over the years the marketing environment has continuously evolved. These significant changes have resulted in a renewed effort by marketing academics and practitioners to understand and serve the needs and wants of consumers. These renewed efforts have resulted in the development of several orientations to marketing, such as the production, product, selling, marketing and societal marketing orientations (Kotler, 2003:17-27).

The development of the service industry in the 1970s unlocked additional perspectives for marketers (Berry, 1983:25). As a result the academic field of services marketing gained impetus and the focus shifted to concepts such as service quality, customer retention and relationship marketing (Brown, Fisk & Bitner, 1994:35). Soon marketers started to realise the importance of customer satisfaction, and that profits could be realised through customer satisfaction rather than through sales volume (Bell & Emory, 1971:39).

Once practitioners and marketing academics became aware of the value that relationship marketing can add to marketing efforts (Adamson, Chan & Handford, 2003:350), the concept of relationship marketing was studied intensively. The concept *relationship marketing* became one of the most researched topics within the field of services marketing from the 1990s onwards. With the increased interest in a more relational approach to marketing, the focus was now on building long-term relationships with clients. This approach was in contrast with the traditional view of transactional marketing, where the emphasis was on single transactions (Lamb, Hair, McDaniel, Boshoff & Terblanche, 2000:190).

This new approach to marketing was met with enthusiasm, and represented according to Webster (1992:1), a “fundamental reshaping of the field”. Furthermore, some researchers started to refer to relationship marketing as a paradigm shift in marketing (Gummesson, 1997:271; Sheth & Parvatiyar, 1995:399). However, this notion of a paradigm shift was not shared by all, which caused Gummesson (1996:12) to ask whether relationship marketing is truly a paradigm shift or merely the “Emperor’s new clothes”, while Ballantyne (1996:3) referred to the “re-emergence” of relationship marketing, since the core of business transactions in early trade was based on a relational approach (Sheth & Parvatiyar, 2000:119).

Whatever the viewpoint in respect of the roots of the relationship approach to marketing, marketers soon started to focus on the value of the relationship-marketing concept. As the new concept gained popularity, the academic field of relationship marketing grew and marketing academics started to focus on ways in which long-term marketing relationships can be built and managed. One of the focal areas of building a marketing relationship is that the driving forces (dimensions) of relationship marketing are identified. Once these dimensions are identified, the relationship between the dimensions can be identified and a model can be constructed through which relationships and their positive outcomes are managed over the long-term.

Marketing literature appears to focus on especially three dimensions of a marketing relationship: *trust*, *commitment* and *intention to stay*. Support for the inclusion of *trust* as an important building block of a relationship is overwhelming (Sin, Tse, Yau, Chow, Lee & Lau, 2005; Andaleeb, 1996, 1995; Ganesan, 1994; Morgan & Hunt, 1994; Anderson & Weitz, 1989; Dwyer, Schurr & Oh, 1987). Although different definitions for the concept of *trust* exist, Morgan and Hunt (1994:23) provided a comprehensive view of the concept and indicated that *trust* exists when one party has confidence in an exchange partner’s reliability and integrity and is therefore an antecedent of relationship formation.

The general argument is that once *trust* is established in a relationship, the probability escalates that an exchange partner will remain in the relationship. *Trust* itself is, however, influenced by a variety of dimensions, such as *communication* (Kang, Jeon, Lee & Lee, 2005:306; MacMillan, Money, Money & Downing, 2005:814; Chen, Chen & Yeh, 2003:40), *satisfaction* (Leisen & Hyman, 2004:997; Costabile, Raimondo & Miceli, 2002:15; Walter, Mueller & Helfert, 2000:8), *shared values* (Kang et al., 2005:306; MacMillan et al., 2005:814; Morgan & Hunt, 1994:29) and *customisation* (Gill, Flaschner & Shachar, 2006:384), to mention a few.

Furthermore, a number of dimensions were found to be consequential of *trust*. Some of these consequences are *commitment* (Tellefsen & Thomas, 2005:32; Razzaque & Boon, 2003:41; Coote, Forrest & Tam, 2003:601), *satisfaction* (Bejou, Ennew & Palmer, 1998:174; Canary & Cupach, 1988:318) and *intention to stay* (De Ruyter, Moorman & Lemmink, 2001:280). It is therefore evident that some of the dimensions, such as *satisfaction*, can fulfil the role of both an antecedent and/or a consequence of *trust*.

The second important dimension of a long-term marketing relationship appears to be *commitment*, which refers to "an enduring desire to maintain a valued relationship" (Moorman, Zaltman & Deshpandé, 1992:316). Some of the major antecedents of *commitment* are *communication* (Adamson et al., 2003:350; Goodman & Dion, 2001:295; Sharma & Patterson, 1999:161), *relationship benefits* (MacMillan et al., 2005:814; Chen et al., 2003:40; Adamson et al., 2003:353) and *attractiveness of alternatives* (Sharma & Patterson, 2000:483). Some of the consequences of *commitment* are *intention to stay* (Gounaris, 2005:134; Garbarino & Johnson, 1999:80; Morgan & Hunt, 1994:29), *cooperation* (De Ruyter & Wetzels, 1999:68; Morgan & Hunt, 1994:29) and *goal congruence* (Batt, 2000:17). However, as with *trust*, some of these dimensions can be both an antecedent and a consequence of *commitment*.

Once *commitment* is established, an exchange partner's behaviour and attitude could change, resulting in an *intention to stay* in a relationship. This *intention to stay* is seen as the final building block of a marketing relationship, and is viewed as the result of such a relationship. By focusing on *trust* and *commitment*, a client's *intention to stay* in a relationship can be influenced and therefore managed. A number of studies were found in which further antecedents of *intention to stay* (other than *trust* and *commitment*) were empirically confirmed. Some of these antecedents include *satisfaction* (Abdul-Muhmin, 2005:625; Garbarino & Johnson, 1999:80; Selnes, 1998:316; Pattterson & Spreng, 1997:428), *cooperation* (De Ruyter & Wetzels, 1999:69), *switching costs* (Burnham, Frels & Mahajan, 2003:115) and *power* (Anderson & Weitz, 1989:319).

Although *trust*, *commitment* and *intention to stay* are deemed important dimensions of a marketing relationship, several further dimensions were found that could influence the management of a relationship. Some of these are *competence* (Coulter & Coulter, 2003:38), *dependence* (Tellefsen & Thomas, 2005:33; Razzaque & Boon, 2003:39; Goodman & Dion, 2001:297) and *relationship-specific investment* (Goodman & Dion, 2001:297; Hocutt, 1998:193). However, although these dimensions were identified in the marketing literature, it appears that their specific roles in marketing relationships have not been established beyond question.

The financial services industry has undergone significant changes since the 1980s, and the forces of dynamic changes are even more aggressively challenging today's financial institutions (Lee, 2002:239). As the financial services industry became more competitive, the need to manage customer relationships has also grown more important (Chiu, Hsieh, Li & Lee, 2005:1687). This resulted in financial services providers placing emphasis on creating value through relationships in an effort to maintain business in the business-to-business (B2B) industry (Adamson et al., 2003:349). Colgate and Hedge (2001:201) indicated that losing customers can have a negative effect on a financial services provider's market share and profit. Furthermore, advances in the field of information technology made it possible for financial services providers to build long-term relationships and profitability (Ryals & Payne, 2001:3).

In an effort to manage long-term relationships, it is important that marketers of financial services develop a clear understanding of the dimensions of such a relationship. It should therefore be clear which dimensions might influence a relationship, and insight concerning the nature of each dimension and the role it plays in a marketing relationship is necessary. In this way, a contribution can be made to marketers' efforts to build market share, sales and ultimately profitability.

1.2 PROBLEM STATEMENT

The emergence of relationship marketing led to a growing interest in the way in which long-term marketing relationships are managed. This led to several studies investigating the dimensions of such a relationship (Bodet, 2007; Palmatier, Scheer, Houston, Evans & Gopalakrishna, 2007; Chiu et al., 2005; Claycomb & Frankwick, 2005; Gao, Sirgy & Bird, 2005; Morgan & Hunt, 1994). Although a vast number of dimensions were identified, overwhelming support was found for the inclusion of *trust*, *commitment* and *intention to stay* as important building blocks of a relationship.

However, a review of the marketing literature revealed that the majority of the research on the dimensions of a marketing relationship focused on specific sections of the relationship, and not on the complete relationship. Gounaris and Venetis (2002), for instance, only focused on the relationship between *trust* and *relationship intentions*. Similarly, Ping (2003) investigated the drivers of *satisfaction*, but did not indicate the position of *satisfaction* relative to *intention to stay* (or any other behavioural consequence). In the same way, Bejou et al. (1998) investigated the antecedents of *trust*, and the relationship between *trust* and *satisfaction*, but did not research the consequences of *satisfaction*.

Long-term marketing relationships can only be managed once the dimensions of such relationships are comprehensively researched and identified. Once such a complete and generic list of possible dimensions is compiled, service providers from different industries may use the list to select the dimensions that are appropriate for their specific circumstances. As far as could be ascertained, no theoretical or empirical study has been conducted in which <u>all</u> the potential dimensions of a long-term marketing relationship were investigated in a single study or model.

Furthermore, an investigation of the B2B financial services literature indicated that no effort has yet been made to establish a comprehensive model through which long-term relationships in this industry can be managed. This finding is of particular interest since the B2B financial services industry is rooted in both the services industry and industrial marketing. Gill et al. (2006:387), Adamson et al. (2003:349) and De Ruyter and Wetzels (1999:57) all indicate the importance of establishing long-term relationships with B2B clients in the financial services industry. However, although there is awareness of the importance of relationships with clients, in-depth information on the essential ingredients of such a relationship is limited (De Ruyter & Wetzels, 1999:57).

Financial services providers must, more than ever before, understand their customers in order to satisfy their needs (Chiu et al., 2005:1681). It is against this background that the present study aims to contribute to the construction of a model through which marketing relationships can be managed in the long-term.

1.3 OBJECTIVES OF THE STUDY

The primary objective of this study is to construct a model through which long-term marketing relationships can be established and managed in the South African B2B financial services industry. To address this primary objective the following secondary objectives were formulated:

1. to identify by means of a literature review the dimensions relevant for the formation of a marketing relationship;

2. to assess the importance and relevance of each of the identified dimensions to the South African B2B financial services industry in establishing and managing relationships with customers;

3. to assess the perceptions of both relationship managers and B2B clients of a South African B2B financial services provider in respect of the dimensions that influence their long-term marketing relationship; and

4. to identify gaps in the perceptions of the relationship managers on the one hand (the services provider) and its clients on the other hand.

1.4 DEFINITIONS

The following definitions were used as key concepts of this study:

1.4.1 Relationship marketing

Relationship marketing refers to the marketing approach where emphasis is placed on the ways in which relationships are built with customers. This relational approach is in contradiction to transactional marketing, where the focus is on individual transactions and where it is not the objective to build relationships with customers.

1.4.2 Long-term marketing relationship

The rationale behind relationship marketing is to build long-term mutually beneficial relationships with clients. Within the context of this study, a *long-term marketing relationship* refers to an association between two exchange partners who share a desire to maintain their involvement in the future.

1.4.3 Dimensions

A long-term marketing relationship can only be managed once the factors contributing to such a relationship are identified. Marketing literature appears to use a number of concepts to describe such factors, such as *antecedents*, *consequences*, *driving forces*, *descriptors* and *factors*. For the purposes of clarity and uniformity, all the aforementioned concepts will be termed *dimensions* and this term will be used throughout this study.

1.4.4 The B2B industry

The B2B industry refers to all the individuals and organisations that are involved in the manufacturing of products and services, or to sell, rent or supply products and services to others. The "consumers" of these products and services are therefore those individuals and organisations that are not classified as final (end-) consumers.

1.4.5 B2B financial services

Financial services refer to the industry where a variety of role players (individuals and organisations) contribute to the provision of financial services. The roots of relationship marketing is found in industrial marketing (the so-called "B2B industry") and services marketing (refer to Chapter 3 of this study). By focusing on the South African B2B financial services industry, this study attemtps to address the perceptions of both the B2B and the services industries. The focus of this study was therefore the B2B services industry as opposed to the business-to-consumer (B2C) industry. B2B financial services respondents were selected from the business banking division of one of the leading South African B2B financial services providers.

1.4.6 The NFP

The NFP refers to the national financial provider that participated in this study.

1.4.7 Organisation

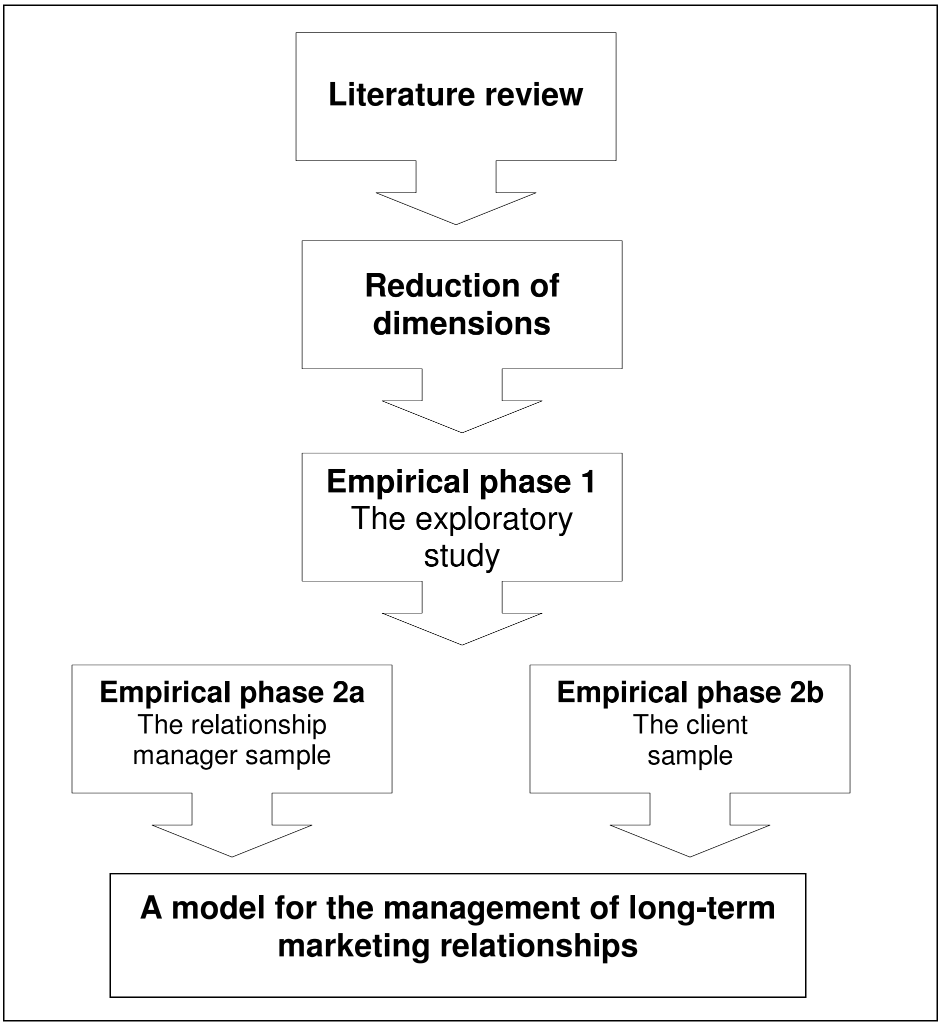
Within the context of the present study, the concept “organisation” refers to a group of people that pursue a certain objective. The concept “organisation” therefore include terms such as company, firm, business and enterprise.

1.5 STRUCTURE OF THE STUDY

The study will be executed in four distinct phases: a literature review and three empirical phases. The structure of the study appears in Figure 1.1.

Figure 1.1

Structure of the study



The study commenced with a comprehensive review of the marketing literature related to the management of business-related relationships. The focus is thus on relationship marketing and the dimensions that contribute to the establishment and management of long-term marketing relationships. The objective of the literature review is to identify a comprehensive and generic set of dimensions that might be applicable to different industries.

In order to make provision for possible respondent fatigue as well as restrictions that may be imposed by the statistical techniques to be employed during analysis of the data, the dimensions identified during the literature review had to be reduced. The two criteria that will be used to determine the relevance of a dimension are the *frequency* with which the dimension appears in the marketing literature, and the *relevance of the dimension* across different industries in different studies. Dimensions that meet the aforementioned two criteria will form the focal point during the three empirical phases.

The empirical research will be conducted in two phases: Firstly, an exploratory phase and secondly, a study amongst relationship managers and clients of the NFP. The objective of the exploratory study is to reduce the number of dimensions identified in the literature review, by subjecting such dimensions to an importance rating.

Based on the results of the exploratory study, the second phase of the empirical research will focus on the perceptions of both relationship managers and B2B clients from the same NFP that participated in the exploratory study. The data generated in the relationship manager and client studies (i.e., measurement of perceptions about particular dimensions) will be used to construct a model for the management of long-term marketing relationships. As far as could be ascertained, no similar study (i.e., the simultaneous measurement of the perceptions of both relationship managers and clients with the same instrument) has yet been conducted in the B2B financial services industry, and consequently no model for the management of long-term marketing relationships could be found.

1.6 HYPOTHESES

In order to address the objectives of the study, hypotheses were formulated to represent all the relationships that were included in the theoretical model. The 14 directional hypotheses were:

H^{1} There is a positive relationship between *satisfaction* and *trust*
H^{2} There is a positive relationship between *communication* and *trust*
H^{3} There is a positive relationship between *competence* and *trust*
H^{4} There is a positive relationship between *bonding* and *trust*
H^{5} There is a positive relationship between *customisation* and *trust*
H^{6} There is a positive relationship between *shared values* and *trust*
H^{7} There is a positive relationship between *trust* and *commitment*
H^{8} There is a positive relationship between *communication* and *commitment*
H^{9} There is a positive relationship between *shared values* and *commitment*
H^{10} There is a positive relationship between *attractiveness of alternatives* and *commitment*
H^{11} There is a positive relationship between *relationship benefits* and *commitment*
H^{12} There is a positive relationship between *commitment* and *intention to stay*
H^{13} There is a positive relationship between *satisfaction* and *intention to stay*
H^{14} There is a positive relationship between *trust* and *intention to stay*

Due to the extensiveness of the conceptual model, and against the background of the relatively small sample size, the model had to be split into three sub-models prior to data analysis. The three models, referred to as the *trust model*, the *commitment model* and the *intention to stay model*, appear (together with the hypotheses) in Figures 1.2, 1.3 and 1.4.

Figure 1.2

The *trust* model

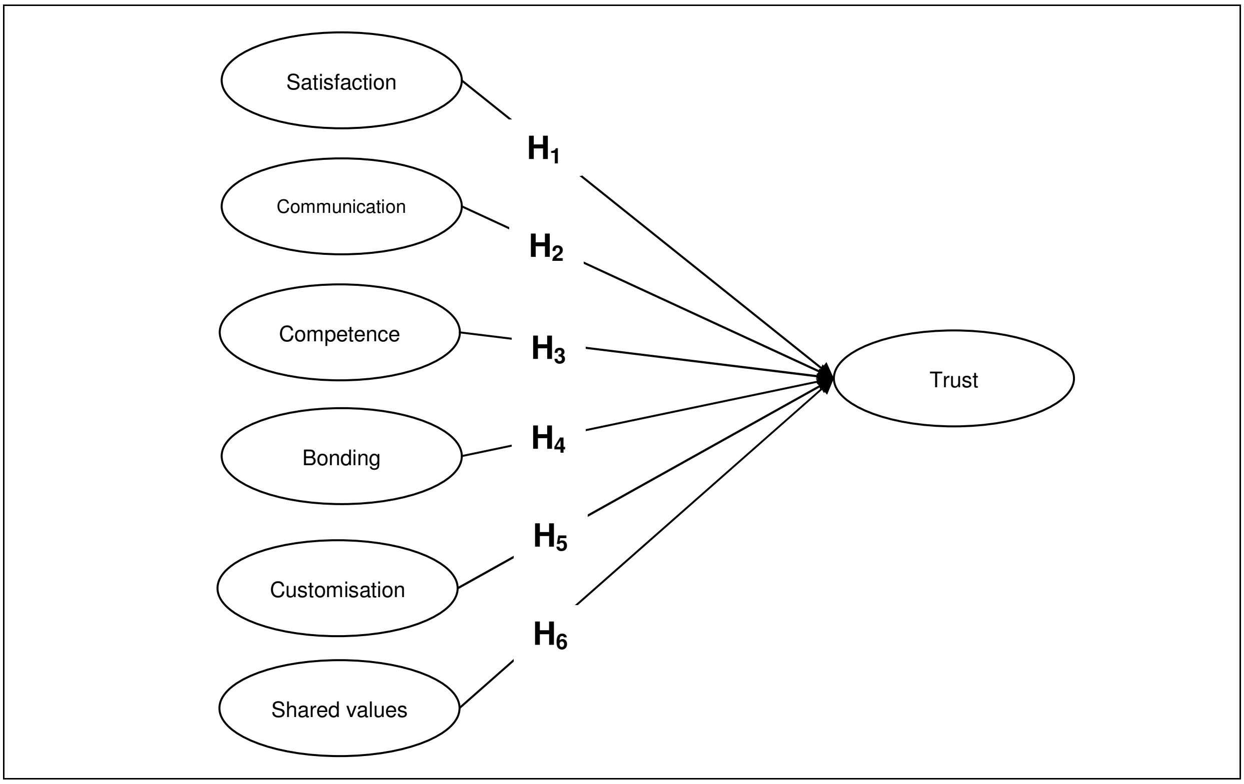


Figure 1.3

The *commitment* model

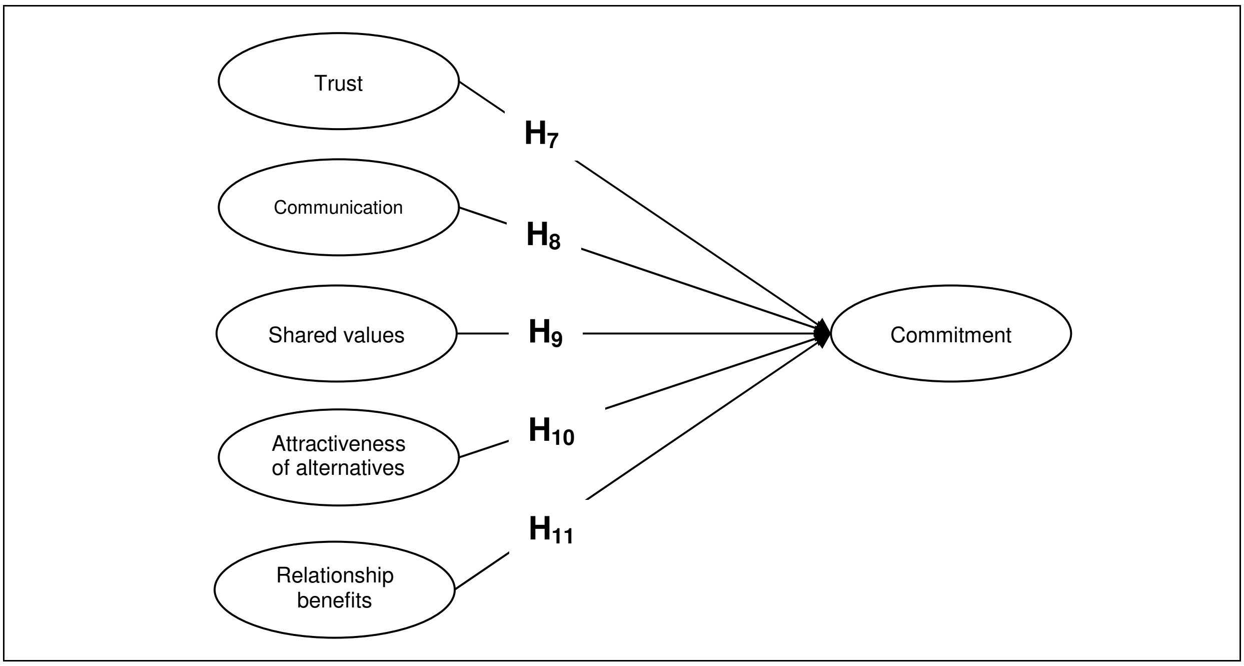
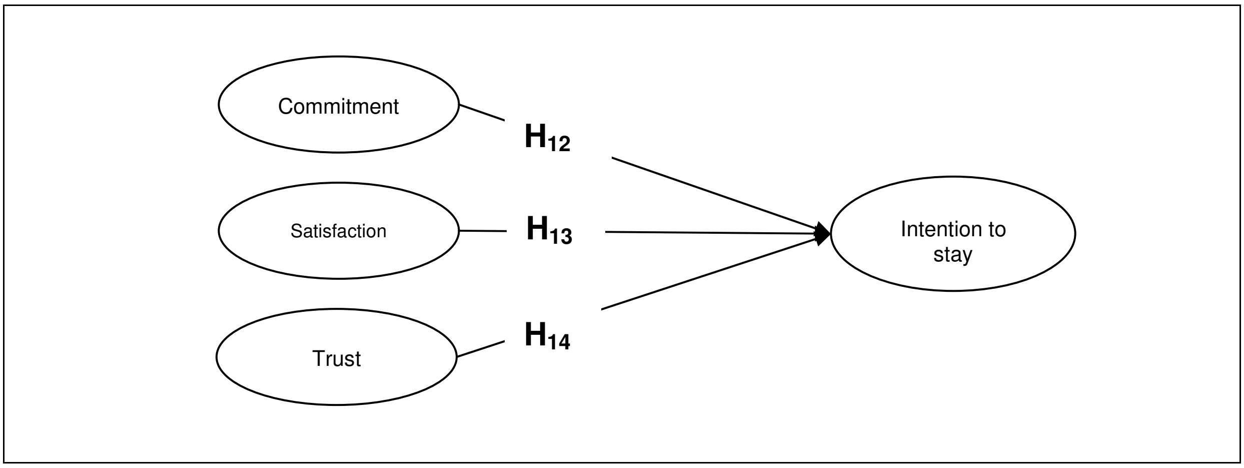


Figure 1.4

The intention to stay model



1.7 METHODOLOGY

The objectives of this study were addressed by following a rigorous research methodology. This section provides information on the sources of information, the population, the samples that were selected, the questionnaires that were used, the statistical techniques that were used to analyse the data and the interpretation of the results.

1.7.1 Sources of information

The primary and secondary sources consulted are dealt with in the paragraphs below.

1.7.1.1 Secondary sources

A comprehensive review of the marketing literature was conducted in an effort to identify the dimensions relevant for the management of long-term marketing relationships. The analysis of secondary sources concentrated on accessible publications, which include journal publications, conference papers and working papers.

The starting point for this analysis was an examination of the electronic and other databases of the University of Stellenbosch. Once this was completed, the focus shifted to a search of national and international databases, and included the Ebscohost, Emerald, ScienceDirect, SABINET and ABI/FORM databases. This section of the study concluded with a general Metalib search. Where material was indicated in the above-mentioned databases but not readily available, extensive use was made of the inter-library loan facilities of the University of Stellenbosch. Through an assessment of information provided by the searches on the above databases and as far as could be ascertained, no similar study was previously undertaken in South Africa.

1.7.1.2 Primary sources

The secondary sources provided an extensive list of the dimensions often used to manage long-term marketing relationships. However, in order to make provision for possible respondent fatigue as well as the restrictions imposed by the statistical techniques used during the analysis of the data and developing a measurement instrument that can be implemented, the dimensions had to be reduced. This reduction was achieved by means of an exploratory empirical phase. The reduced set of dimensions was then used to construct the conceptual model, which was assessed during the second and main empirical phase of this study.

The conceptual model was empirically tested in the South African B2B financial services industry. Three questionnaires were developed (based on the marketing literature) and each questionnaire was pre-tested amongst senior academics and representatives from the B2B financial services industry. The results of the pre-tests were used to make minor adjustments to the original questionnaires.

1.7.2 The population

The empirical research was executed in the South African financial services industry. Compared to world standards, this industry is well developed and sophisticated. The financial services industry can be divided into two sections, namely the personal division (aimed at individuals, often called the B2C industry), and the business division (which is usually sub-divided in various segments, and referred to as the B2B industry).

In order to address the objectives of the present study, the empirical phase focused on the B2B industry. The South African B2B financial services industry is dominated by a number of key role players, and one of these key role players was selected as the population for this study.

Although the NFP uses clients' annual turnover on accounts to classify B2B clients as either commercial or corporate segments, the present study did not make provision for this classification. All clients that were viewed by the NFP as either commercial or corporate clients subsequently had equal chances of being included in the sample. By focusing on all B2B clients, the population of the present study represented 42.36% of the NFP's total clients (McGregor BFA, 2008).

1.7.3 The sample

As indicated earlier, the empirical phase of this study consisted of three samples: an exploratory study/sample (Empirical Phase 1), a relationship manager sample (Empirical Phase 2a) and a client sample (Empirical Phase 2b). Clients listed on the databases of the NFP formed the basic unit of analysis of the present study.

The sample used for the exploratory study consisted of 75 relationship managers from the NFP's business banking segment, and was randomly selected. The sample included relationship managers from all the geographic areas of the NFP's business banking segment.

The relationship manager sample was drawn from relationship managers from the same NFP studied in the exploratory study. The total population consisted of 300 relationship managers (Phase 2a).

The final sample (the client sample, Phase 2b) included B2B clients from the participating NFP. A sample of 6 997 client names was randomly selected from a sampling frame provided by the NFP. From this sample, a smaller sample of 2 000 was randomly selected, and since a response rate of 20% was expected, it was estimated that a sample size of 2 000 would generate a response of between 300 and 400 completed questionnaires.

1.7.4 The questionnaires

Three questionnaires were developed and used during the three phases of the empirical research. During the exploratory phase, respondents had to rate the importance of the pre-selected dimensions. A questionnaire was developed according to the principles of the Analytic Hierarchical Process (AHP) method as proposed by Triantaphyllou (2000). The AHP technique emerged as an important approach to multi-criteria decision-making and appears to be specifically applicable to quantifiable and intangible criteria. The AHP technique has been widely used in a variety of disciplines, such as economics, politics, marketing, sociology and management (Lai, Trueblood & Wong, 1999:222). The questionnaire used in the exploratory phase consisted of 36 items.

The questionnaires used during empirical phases 2a and 2b of this study shared the same set of items. However, the set of questions were adapted to reflect the perceptions of relationship managers and clients respectively. Each of the latter two questionnaires consisted of 49 items.

1.7.5 Data analyses

The data of the exploratory study was analysed according to the AHP method. The AHP technique produced a list of dimensions in accordance with the importance rating of the relationship managers. The results of the exploratory phase of the research were used to execute the second phase of the study.

During the second phase (which consisted of both a relationship manager and a client sample), a number of statistical techniques were used to analyse the data. The data of the relationship manager sample were analysed with a regression analysis. Although structural equation modelling (SEM) would have been preferred as technique, the relative small sample size of 158 prohibited the use of SEM for this sample (Hair, Black, Babin, Anderson & Tatham, 2006:740).

The data of the client sample were analysed with SEM. SEM is a multivariate technique, which examines a series of dependence relationships simultaneously (Hair, Anderson, Tatham & Black, 1998:578). SEM was used instead of other multivariate techniques, such as regression analysis, on account of the potential of

SEM to present multiple relationships between a number of dependent variables and an independent variable at a time (Cooper & Schindler, 2006:626). Furthermore, the sample size of 400 complies with the considerations for appropriate sample sizes proposed by Hair et al. (2006:740).

1.7.6 Interpretation of results

The results of the second phase of the empirical study were used to construct the model that will enable the management of marketing relationships in the long run. Since the perceptions of both relationship managers and clients were investigated, it was possible to develop models for each of the group of respondents and to combine them to form the final model. By focusing on the differences (results) between the relationship managers and their clients, shortcomings in service delivery could be identified.

1.8 IMPORTANCE OF THE STUDY

The effective management of long-term relationships can only be realised once the dimensions (factors) contributing to the establishment of such relationships are identified. However, an examination of the marketing literature could not produce a comprehensive model to identify and manage the dimensions of relationship marketing.

Due to the fragmented nature of the relationship-marketing literature, the aim of the present study is to contribute to the marketing literature by constructing a comprehensive model through which long-term marketing relationships can be managed. The uniqueness of the model lies in the simultaneous consideration of the perceptions of both relationship managers and clients. As far as could be ascertained, a study of this nature has not yet been conducted in the B2B financial services industry.

1.9 STRUCTURE OF THE THESIS

The thesis is presented in eight chapters. Chapter 1 focuses on the orientation of the study, and consists of a number of key components. The background of the study is provided, followed by the problem statement and the objectives of the study.

The last section of this chapter explains the methodology used during the empirical phases of this study.

Chapter 2 provides a brief overview of the development of marketing thought. Emphasis is on the historical development of marketing as an academic field, the growth of the service industry, orientations to the market place as well as the role of technological development in marketing practices. The chapter concludes with a discussion on why marketing should be considered a science.

The theory of relationship marketing is investigated in Chapter 3. The focus is on the emergence of relationship marketing with specific reference to the disciplinary roots of the concept. The next section focuses on the debate whether relationship marketing should be viewed as a new marketing paradigm or not, as well as attempts to define the relationship-marketing concept. The remainder of the chapter concentrates on some further theoretical aspects, such as the outcomes and levels of relationship marketing.

Chapter 4 concentrates on the dimensions of relationship marketing. A total of 25 dimensions that are often used to develop marketing relationships were identified by means of a literature review, and the definitions and nature of the dimensions are explained.

Based on the literature review described in Chapter 4, a simplified framework for a marketing relationship is proposed in Chapter 5. The nature of the framework is discussed, and the relevance of the identified dimensions to the simplified framework is addressed. In this way, a preliminary model for managing long-term marketing relationships is developed. The second section of the chapter focuses on the refinement of the composite model in order to reflect on the nature of the South African B2B financial services industry. The chapter concludes with an identification of the dimensions that were used during the empirical phases of this study.

The methodology used during the empirical phases is discussed in Chapter 6. The different phases of the empirical research are firstly explained, after which details on the sampling procedure, questionnaire design and method of data collection are provided. The chapter concludes with a discussion of the different statistical techniques that were used during the different phases of the present study.

The empirical results of the study are presented in Chapter 7. Emphasis will firstly be on the results of the exploratory study, after which the empirical results of the relationship manager and client samples will be provided. This chapter concludes with a framework, which can be used to manage long-term marketing relationships.

The final chapter of this study, Chapter 8, addresses the summary, conclusions and recommendations of the study. Furthermore, the limitations of the study are discussed, after which some directions for further research are provided.

CHAPTER 2

AN OVERVIEW OF THE DEVELOPMENT OF MARKETING THOUGHT

2.1 INTRODUCTION

Since the earliest development of marketing and marketing thought, the discipline has metamorphosed from a humble system of self-sufficiency to a complex system where unlimited needs are balanced by limited resources. Furthermore, extensive changes in the marketing environment forced marketers to change their views regarding consumers and their needs over time.

The managerial focus of marketing evolved throughout the middle of the 20th century, when a number of key concepts were developed. The acceptance of the marketing concept in the early 1950s placed the consumer within the centre of marketing activities. Further cornerstones were the development of the marketing mix concept (1964), the emergence of non-profit marketing (the late 1960s), the growth of the services industry (late 1970s) and relationship marketing (early 1980s).

The aim of this chapter is to provide an overview of the development of marketing thought. This chapter is presented in six sections. The first section provides an historical overview on the development of marketing and marketing thought. Section 2 concentrates on the growth of the services industry, while the third section addresses the quality movement of the 1980s. The different orientations to marketing thought is the focus point of the fourth section, while the changes that took place in marketing organisations comprise the basis of the fifth section. The last section concentrates on the debate whether marketing could be regarded as a science.

2.2 A HISTORICAL OVERVIEW OF THE DEVELOPMENT OF MARKETING

2.2.1 The period up to 1910

The very early stage of human history was marked by economic self-sufficiency of small family units (Kotler, 1972b:6). By being self-sufficient, families could provide in all their basis needs, such as food, clothing and shelter. This self-sufficiency was characterised by the absence of monetary exchange.

The roots of marketing thought as a distinct discipline emerged from economics around the beginning of the 20th century. However, certain marketing activities can be traced back to 7000 BC when society was engaged in selling activities, specifically concerning agricultural products and art works (Sheth & Parvatiyar, 2000:119). As this is regarded as the earliest form of trade, the producer and the consumer came face to face, which suggested the establishment of a relationship between the two parties. Since the role of the producer was not separated from that of the trader, the trader was in a position to offer customised products to the customer. This customisation of products led to a situation of relational bonding that took place between the trader and the customer.

This process of relational bonding also occurred between traders since they engaged in activities only with those traders that could be regarded as trustworthy. In Africa, for instance, trading only took place between selected clans on a regular basis, resulting in the establishment of clan-relationships and subsequent entry barriers to stave off outsiders from the trade circle (Mwamula-Lubandi, in Sheth & Parvatiyar, 1995:403). These clan-relationships became prevalent and operated, amongst others, within the field of diamonds and other precious metals.

The old silk route that prospered between China, India and Afghanistan during the pre-colonial times provides further evidence of the ongoing business relationships between producers, traders and customers (Sheth & Parvatiyar, 1991:404). Relationships were formed on the basis of interdependence, where Indian weavers and silk craftsmen depended heavily on the supply of Chinese silk to produce products required by local kings and nobles (Sheth & Parvatiyar, 1995:404).

Distribution practices were developed by trading on open-air, weekly markets and bazaars (Sheth & Parvatiyar, 1995:404). Except for offering a common market place, these markets reduced nomadic trade and consequently swindling. Permanent retail shops were established by producers, which brought them in direct relationship with customers (McCarthy, 1960:23). Commercial transportation started to develop with the result that producers were further separated from their ultimate consumers (Grayson, 1971:7). This separation created the need for middlemen, which in turn led sellers to assemble geographically where towns sprouted around major trading centres.

For producers, it was necessary to form relationships (Kotler, 1972b:7). From the earliest development of marketing, a relationship context is evident. Although this context cannot be viewed as relationship marketing as it is practiced today, it formed the basis of relationship marketing. It may, therefore, be argued that the roots of relationship marketing could be found in the earliest development of the marketing discipline. Sheth and Parvatiyar (1995:405) indicate that this relationship orientation in marketing and trade continued into the early years of the Industrial Revolution and the emergence of capitalism. The concept of marketing at this stage centred around searching for new customers or markets and around moving products from producer to consumer for the purpose of the seller's gain (Kotler, 1972b:8).

In the early years of the Industrial Revolution, the focus was on market development, and fixed-location retail shops were established in Europe (Sheth & Parvatiyar, 1995:405). The intention was that these retail shops should draw the attention of local buyers and convince them to make repeat purchases. In this way, long-term relationships developed between traders and customers, which also implied accountability for each other's actions.

Relationships between traders and customers led to customisation, since traders started to sell custom-made products to individual customers (Sheth & Parvatiyar, 1995:405). Products were manufactured according to customer needs and demands, which emphasised the trustworthiness and commitment that prevailed within these relationships. The notion of reciprocity became apparent, since the producer had to rely on the creditworthiness of the consumer and on manufacturing products according to individual needs.

A further concept of marketing that could be traced back to this era is that of branding, which was derived from the marking of agricultural products (McCarthy, 1960:258). In order to distinguish their products from those of others, owners started to brand their products by using guild names as brands. In addition, the practice of branding enabled customers to form judgments on the quality of products and as a guarantee of satisfactory performance (Baker, 1974:55).

It became customary to attach family names to products offered, which indicated the personal involvement and commitment of the family to the products on offer. Sheth and Parvatiyar (1995:405) indicate that this practice continued in the early years of the industrial era in Europe (with brands such as Philips, Fiat and Daimler-Benz), in North America (Eli Lilly, Ford, Johnson & Johnson, Kellogg's, Procter & Gamble), and in Japan (Toyota, Honda, Matsushita).

With the advent of the Industrial Revolution towards the end of the 18th century, the relational approach to marketing evolved to a more transactional approach (Sheth & Parvatiyar, 1995:406). As mass production and mass consumption became a reality, a number of fundamental changes occurred in the market. One of the basic changes was that, as persons moved from small subsistence organisations to industrial towns, the need for organised retailers emerged. These retailers had to provide an assortment of basic convenience products.

The trends towards mass production and mass consumption gave rise to modern marketing practices, such as mass marketing and mass distribution (Gummesson, 2002:10). Most organisations had moved into a surplus-goods situation, in which immediate demand ran behind the industry's ability to produce (Bell, 1966:6). Filene (in Bell, 1966:6) summarised this situation as follows: "Mass production was the most economical form of production. It was the sort of production which was sure to dominate the market if only there was a large enough market to make mass production practical."

As economies of scale were realised, manufacturers were forced to find new markets for their excess products. This search for new markets resulted in the emergence of aggressive selling techniques as well as institutions that were willing to become involved in inventory ownership and storage (Sheth & Parvatiyar, 1995:406). By doing this the distribution concept was defined, since wholesalers, distributors and other marketing intermediaries came forward and started to fulfil the function of middlemen.

This era also saw the emergence of marketing activities, such as advertising (Grayson, 1971:7). This way, the mass market could be reached in a more cost-effective manner, resulting in a smaller emphasis on building ongoing relationships with individual customers.

The Great Depression of 1929 placed a further emphasis on the role of marketing as the oversupply of products necessitated new markets to be found to buy the products. This oversupply led to a situation where marketing was only deemed successful once a transaction took place (Sheth & Parvatiyar, 1995:406) and marketing performance was linked to sales and market share. Because of this increased pressure, extreme marketing practices of persuasive advertising, such as deceptive advertising and false claims, came into being. Both the increased importance of sales and the intensification in competition led to short-term orientations where the focus was on individual sales. The foundation for a short-term orientation was now established.

2.2.2 The period 1910 to early 1950s

The earliest roots of marketing (as an academic field) may be found in the period beginning around 1910 (Webster, 1992:1). The strong involvement of the Midwestern American land-grant universities with the agricultural industry, led to a growing concern about agricultural markets and products. The focus was on commodities and the institutions involved in moving the commodities from suppliers to consumers. Within this analysis, three separate schools evolved: the *commodities* themselves, the *institutions* (the intermediaries through which the commodities were transferred) and the *functions* performed by each of the institutions.

At this point in history, the role and function of marketing led to marketing being considered a system of social and economic processes, and marketing not having a managerial focus. However, over time the institutional and functional focus of marketing started to change. In 1948, the American Marketing Association accepted this definition of marketing (Webster, 1992:2): “The performance of business activities directed toward, and incident to, the flow of goods and services from producer to consumer or user.”

Acceptance of this definition led to a gradual shift from a functional approach to a marketing one where the function of marketing was seen as business activities. Webster (1992:2) believes that this shift in emphasis brought a new realism and relevance to the study of marketing. The focus now turned to the managerial function of marketing and concentrated on aspects such as problem solving, planning, implementation, and control in a competitive market.

However, due to increased competition (which resulted in industry mortality), uncertainty about future markets and the desire to maximise profits, two important developments occurred during the final stages of the industrial era (Sheth & Parvatiyar, 1995:407). Firstly, marketers started to realise the importance of repeat purchase by customers and the value of brand loyalty. Repeat purchase and brand loyalty drew the interest as early as World War II and led, amongst others, to the buyer behaviour theory formulated by Howard and Sheth (in Sheth & Parvatiyar, 1995:407). This theory examined both repeat purchase behaviour and brand loyalty. Emphasis was on increasing marketing effectiveness, and it gave rise to the emergence of marketing planning tools, such as market segmentation and targeting (Sheth & Parvatiyar, 1995:407). As competition intensified, marketers not only realised the value of concentrating on specific consumers, but also on the possibility of grouping consumers with similar needs together. Marketing programmes could now be tailored to the needs of the group (segment), which in turn could result in creating competitive advantages (Peterson, 1962:66). This tailoring of marketing programmes also formed the basis for a transition from one-off sales to ongoing, repeat purchasing.

The second development of this era was the emergence of administered vertical marketing systems (McCammon, 1965). These systems provided a dual opportunity to marketing: firstly, marketers gained control over channels of distribution, and secondly, the systems could be used to block competitors from entering the channel.

The emergence of direct marketing made it possible to maintain long-term relationships with customers (Sheth & Parvatiyar, 1995:408). However, the major orientation of this era was still largely transactional and the techniques for measuring marketing performance (such as market shares and sales revenues) underline the transactional approach.

2.2.3 The early 1950s to the late 1970s

A new managerial approach to marketing developed during the 1950s to 1960s and soon became the focus of researchers such as Alderson, Davis, Howard, Kotler and McCarthy (Webster, 1992:2). The focus of these researchers was on the decision-making and problem-solving processes of marketing, and relied on analytical frameworks from economics, psychology and statistics. Marketing was soon accepted as a business function and emphasis was on product planning and development, pricing, promotion and distribution.

One of the major events in the development of marketing thought was the introduction of the **marketing concept**. Towards the end of the 1940s, it was evident that production efficiencies were regarded as critical for achieving successful business activities. However, during the early 1950s, marketers became concerned about a lack of customer orientation, which resulted in the development of the marketing concept (Svensson, 2001:95). The earliest proponent for the marketing concept was Peter Drucker, who argued that the only valid definition of business purpose is to create satisfied customers (Drucker, 1957:29). Drucker's concept soon became the centre of marketing thought, and spurred many research articles regarding the marketing concept.

McKitterick (in Svensson, 2001:95) points to the fact that "the principal task of the marketing function in a management concept is not so much to be skilful in making the customer do what suits the interests of the business as to be skilful in conceiving and then making the business do what suits the interests of the customers".

The marketing concept, which is regarded as one of the most important and well-received concepts ever developed in marketing literature, focuses on three principles (Bell & Emory, 1971:39):

- **Customer orientation**. Products cannot be developed without a thorough knowledge of customer needs, wants and behaviour, which should be the focal point of all marketing action.
- **Integration of marketing activities**. Business activities should be integrated in order to satisfy consumer needs and wants. Felton (1959:55) defines the marketing concept accordingly as "A corporate state of mind that insists on

the integration and coordination of all of the marketing functions, which, in turn, are melded with all other corporate functions, for the basic objective of producing maximum long-range corporate profits".

- **Profit direction**. Profitability could increase by focusing on profit through customer satisfaction rather than on sales volume.

The first contributions to marketing literature on the subject of the marketing concept came from consultants and practitioners such as Alderson, Borch, Felton, Jewell, McKay and Keith (Bell & Emory, 1971:37).

The marketing concept constitutes an important milestone in the development of marketing thought since it suggested a shift in focus from production orientation to customer orientation. In this respect, Keith (1960:35) noted, "Our intention has shifted from problems of production to problems of marketing, from the product we can make to the product the consumer wants us to make, from the company itself to the marketplace".

Although the marketing concept was developed during the early 1950s, its roots can be traced to the beginning of the twentieth century. Shaw (1912:736, 708) indicates that "goods are being made to satisfy rather than to sell" and "Today the more progressive business man is searching out the unconscious needs of the consumer, and is then producing the goods to gratify them". This notion is shared by Copeland (1923:288) who argued that "one of the first steps to be taken by a manufacturer who is seeking to effect economies in selling his product, is to make an elementary analysis of the habits of consumers in buying articles of the sort he is producing".

Referring to the Pillsbury Company, Keith (1960:35) described the adoption of the marketing concept in an applied setting. He claims that marketing thought was experiencing a revolution and that this revolution may be noted in marketing practice. Keith expounded the Pillsbury Company's evolution through three managerial phases (production, sales and marketing orientations), and reaching a final stage, the so-called control phase. Houston (1986:82) argues that this article by Keith is one of the earliest and most popular articles on the marketing concept, as a result of the illustration of the way the concept is used in practice.

Within a relatively short period, the marketing concept was widely accepted, and by 1965, almost all introductory marketing texts included some discussion of the “new” marketing concept (Bell & Emory, 1971:39). Jolson (in Houston, 1986:81) remarked, “the marketing concept is so ubiquitous in the marketing classroom that the naïve student of marketing is generally led to believe that firms who fail to employ this philosophy are business criminals”.

As the marketing concept gained popularity, critics started to raise questions regarding the role of management in this concept. The marketing concept is sometimes interpreted that marketers should take their lead from the expressed needs and wants of customers. This is, however, untrue since the concept virtually ignores the creative abilities of the organisation (Kaldor, 1971:19). Based on this misunderstanding, the validity of the marketing concept was questioned. Kaldor (1971:19) noted, “The marketing concept is an inadequate prescription for marketing strategy, because it virtually ignores a vital input of marketing strategy – the creative abilities of the firm”. Kaldor argued that the customer does not always know what is “needed” and, therefore, has to depend on the input of the organisation.

However, the marketing concept does not urge the organisation to depend solely on marketing research (such as customer surveys), although the concept relies heavily on consumer needs and wants (Houston, 1986:86). Since consumers are often not in a position to express their future needs, it is the task of marketing to inform and persuade consumers to use a certain offering. So, when an innovative offering (which has the potential to satisfy needs and wants) is seen and developed by a marketer while keeping customer satisfaction in mind, the marketing concept is being used.

Bennett and Cooper (1981:52) highlighted the confusion that often arises between the significance of the marketing concept and its weak implementation:

> “Twenty years of adherence to the marketing concept may have taken its toll on American enterprise. The marketing concept has diverted our attention from the product and its manufacture; instead we have focused our strategy on responses to market wants and have become preoccupied

> with advertising, selling, and promotion. And in the process, product value has suffered."

Once a thorough understanding of the market concept prevails, one realises the misunderstanding inherent to this claim. The management practices criticised in this claim (advertising, selling and promotion) are not inherent to the marketing concept. In contrast, the marketing concept suggests a willingness to recognise consumer needs and wants and a willingness to incorporate these into a marketing mix. The marketing concept itself should, therefore, be distinguished from the implementation of the concept. The marketing concept is consequently often criticised, while the real problem actually lies with the implementation of the concept (and with not the concept itself).

The marketing concept is widely used in marketing thought and practice. Some authors, however, proposed that the concept should be broadened to include organisational activities (Day, 1994; Kotler & Levy, 1969). Day (1994:37) deems the marketing concept "more an article of faith than a practical basis for managing a business and does provide guidance on how organisational orientations could be improved towards their markets".

The managerial approach to marketing gained further momentum when Bordon (1964) introduced the **marketing mix concept** to the American Marketing Association in 1953. Based on Culiton's argument that the business executive is someone who combines different ingredients, Bordon described the marketing mix as "the mixture of elements useful in pursuing a certain market response" (Van Waterschoot & Van den Bulte, 1992:84). Initial research on the marketing mix identified a set of 12 influences on market responses that had to be considered by marketers (Bordon, 1964:9). Van Waterschoot and Van den Bulte (1992:84), argued that, although some more convenient classifications of marketing activities were developed, the scheme by McCarthy (1960) became the dominant design. The classification by McCarthy comprises *product*, *price*, *promotion* (which includes advertising, personal selling and publicity) and *place*. This model (commonly referred to as the Four P-model or the Four Ps of marketing) soon became widely accepted, and has since been described as "the unchallenged basic model of marketing" (Grönroos, 1994:4) and "the holy scriptures that were written in tablets of stone" (Kent,1986:146).

Soon after the concept was introduced, authors started to criticise it. The major problem was that, since the marketing mix is a list of categories of marketing variables, it does not make provision for every situation. The framework is consequently seen as too simplistic and misleading. Therefore, marketing academics often propose the expansion of the concept by adding more elements. Nickels and Jolson (1976:13) suggested the addition of *packaging* as the fifth P, while Mindak and Fine (in Rafiq & Ahmed, 1995:5) suggested the inclusion of *public relations* as the fifth P. Kotler (1986:117) expanded the list to six Ps by including *public relations* and *power* in the context of mega-marketing, while Payne and Ballantyne (in Rafiq & Ahmed, 1995:5) included *people*, *processes* and *customer service* for relationship marketing. Referring to industrial marketing Judd (in Rafiq & Ahmed, 1995:5) suggested the inclusion of *people* as a method of differentiation. Other frameworks include Robins' 4 Cs (*customers*, *competitors*, *capabilities* and *company*), Ohmae's 3 Cs (*customers*, *competitors* and *corporation*) and Bennett's five Vs (*value*, *viability*, *volume*, *variety* and *virtue*) (Bennett, 1997:151).

Some of the major criticism against the marketing mix emanated from the services industry, which argued that the original marketing mix is only applicable to physical products and is thus not applicable to services marketing. In order to accommodate the concerns of the services industry, Booms and Bitner (in Rafiq & Ahmed, 1995:4) extended the traditional 4 Ps framework by including another three items: *process*, *physical evidence* and *participants*. This extension of the marketing mix concept gained widespread acceptance in especially the services marketing literature and soon became known as the 7 Ps of marketing.

The popularity of the marketing mix concept led the American Marketing Association (AMA) in 1985 to refine its definition of marketing. The new definition read:

> "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange and satisfy individual and organisational objectives" (Coviello, Brodie & Munro, 1997:501).

However, Grönroos (1989:54) argued that this new definition did not propose any real shift in the views of what marketing is, except for the "execution" part, which was new to the definition from the 1948 version. It implied that the execution of marketing decision was regarded as having the same importance as "planning".

Grönroos (1994:6) argued that the problems with the marketing mix framework were not the conceptualisation of the decision variables (the number of Ps included in the framework) but the theoretical nature of the concept since it was based on a loose theoretical foundation. This critique was demonstrated by Van Waterschoot and Van den Bulte (1992:85) who concluded:

> "To our knowledge, the classification property(-ies) or rationale for distinguishing four categories labelled 'product', 'price', 'place' and 'promotion' have never been explicated … Though casual observation of practitioners, students, and textbooks suggest a general consensus to classify marketing mix elements in the same categories, the lack of any formal and precise specification of the properties or characteristics according to which marketing mix elements should be classified is a major flaw".

The marketing mix framework is widely used by marketing academics and the industry. However, critics argue that the use of the framework should be limited to introductory marketing and consumer marketing (Rafiq & Ahmed, 1995:13). It is especially in the field of services marketing and industrial marketing where the original marketing mix framework offers limited practical value.

2.2.4 The period after 1980

The era 1950 to the end of the 1970s was dominated by the introduction of two concepts: the marketing concept and the marketing mix. Both these concepts were extensively applied and tested in marketing theory, and continued to be used extensively. However, the middle 1980s saw a growing concern amongst certain academics that the 1985 AMA definition of marketing (which centres on especially the marketing mix concept) had to be reviewed.

Möller (in Coviello et al., 1997:501) argued that the AMA definition of marketing seemed to presume "primarily a stimulus-response relationship between the firm and its customers", where the customers consisted of passive, independent actors. Furthermore, academics such as Hakansson, Gummesson and Grönroos (in Brodie, Coviello, Brookes & Little, 1997:383) started to question the traditional view of marketing, arguing that the definition was outdated and relevant only to certain types of organisations and markets. Hakansson, Gummesson and Grönroos (in Brodie et al., 1997:383) argued that the traditional AMA perspective was too clinical and that it was based on short-term economic transactions, and they suggested that a "paradigm shift in marketing [was] needed if marketing [was] going to survive as a discipline".

Gummesson (1997:271) and Sheth and Parvatiyar (1995:399) see the emergence of relationship marketing in the late 1980s as the "paradigm shift" recommended by Brodie et al (1997). From a relationship marketing perspective, Grönroos (1994:9) defined the purpose of marketing as "to define and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of the partners involved are met, and this is achieved by a mutual exchange and fulfilment of promises". The concept of relationship marketing will be discussed in more detail in Chapter 3 of this study.

The next section focuses on the growth of the services industry, since relationship marketing has its disciplinary roots in services marketing (Möller & Halinen, 2000:32).

2.3 THE GROWTH OF THE SERVICES INDUSTRY

One of the most dominant trends in marketing that emerged during the 1950s was the growth of the services industry. This growth resulted in the emergence of services marketing in the 1970s, which soon became a separate area of marketing with its own concepts, models and body of knowledge (Grönroos, 1994:8). Throughout the world, but especially in Scandinavia and North America, researchers started to distinguish between the marketing of services and that of physical products.

In 1969, Johnson was the first author to ask whether goods and services are different from each other, which launched the goods versus services debate (Brown et al., 1994:25). According to Zeithaml, Parasuraman and Berry (1985:33), numerous studies were conducted in terms of the true difference between goods and services marketing, amongst others, by Lovelock (1983), Berry (1980), Bateson (1977), Shostack (1977) and Rathmell (1966). However, there appears to be concurrence on four distinctive characteristics of services that distinguished services clearly from goods, namely intangibility, inseparability of production and consumption, heterogeneity and perishability.

Regan (1963:57) saw this new trend in marketing as a "service revolution" while Judd (1964) created a services typology and redefined the concept of services (in Brown et al., 1994:25). Rathmell (1966:33) argued that marketing people should focus more on the services industry than on goods, and he argued that a distinction should be made between goods and services based on rented-goods services, owned-goods services and non-goods services.

The 1970s saw a surge in research on services marketing by many of the prominent services marketing authors (such as Bateson, Berry, Brown, Czepiel, Eiglier, George, Grönroos, Johnson, Langeard, Lovelock and Shostack) (Brown et al., 1994:23). A milestone for the development of services marketing was the American Marketing Association conference on marketing theory in 1979 that served as a special platform to emphasise the uniqueness of services marketing. Lovelock (in Brown et al., 1994:27) stated in 1979 that marketing concepts should be broadened to include services marketing.

During the 1980s, two major developments spurred the growth of the services industry and, therefore, services marketing. The first influence was the deregulation of service industries that forced organisations to cope with new rivals, and the resulting intensifying price competition and rising consumer expectations (Brown et al., 1994:28). This changing environment forced marketers to reconsider the role of marketing in their organisations, since marketing now became a vital function in the survival of the organisation.

A second development that spurred the emergence of services marketing was the growing interest shown in services marketing by the American Marketing Association (AMA). This interest of the AMA resulted in a series of services marketing conferences held during 1981, 1982, 1983 and 1985 (Brown et al., 1994:28), leading to a vast number of research projects and publications on the topic. Lovelock, for instance, developed a classification scheme for services in 1983, while Parasuraman, Zeithaml and Berry (1985:42) summarised the unique characteristics of services as intangibility, heterogeneity and inseparability.

A landmark in the development of service marketing theory was the introduction of the Gaps Model of service quality developed by Parasuraman, Zeithaml and Berry in 1985. The authors identified a set of five key discrepancies (gaps) emanating from executive perceptions of service quality and the tasks associated with service delivery to consumers (Parasuraman et al., 1985:44). This model led to service quality being deemed a core topic for services marketing.

The late 1980s saw an “explosive growth in the numbers of publications and increasing empirical and theoretical rigor in their content on services marketing” (Brown et al., 1994:31). There was a high level of agreement on the differences between services and physical products and these differences were generally accepted, and the debate changed its focus to specific marketing problems. Especially four areas of services marketing received special attention: service quality, service encounters/experiences, service design and customer retention, and relationship marketing (Brown et al., 1994:35). Of these four topics, service quality, customer retention and relationship marketing became the most researched topics within the field of service marketing from the 1990s onwards.

2.4 THE MOVEMENT TOWARDS QUALITY MANAGEMENT

Throughout services marketing literature, reference is made to service quality, and this interest parallels the focus on quality, total quality management and customer satisfaction (Brown et al., 1994:33).

Grönroos (1983) and Lehtinen and Lehtinen (1982) (they became known as the Nordic School of Services Marketing) are viewed as the earliest researchers on the subject of service quality. However, the most prominent contribution to services marketing theory came from Parasuraman, Berry and Zeithaml when they introduced their conceptual framework (the Gaps Model) in 1985, and the SERVQUAL instrument for measuring service quality in 1988. Through the SERVQUAL model, organisations could evaluate their level of service delivery by focusing on five dimensions: reliability, responsiveness, tangibles, assurance and empathy. Based on empirical tests with the instrument and on various theoretical considerations, Parasuraman, Zeithaml and Berry (1988) claimed both the reliability and the validity of the instrument and its applicability to a wide variety of service contexts.

The SERVQUAL model was the first framework through which service quality could be measured, and is still widely used as guidance by service practitioners in their quest for service quality excellence (Imrie, Cadogan & McNaughton, 2002:10). Robinson (1999:22) pointed out that the SERVQUAL model has been applied in a wide context, such as in terms of professional services, health, tourism, utilities and information systems.

Despite its popularity, the SERVQUAL model is criticised by a number of authors, especially by Teas (1993) and by Cronin and Taylor (1992), each of whom introduced their own model for measuring service quality. Cronin and Taylor, for instance, questioned the inclusion of expectations in the model since perceptions of service quality are best reflected by current performance. Consequently, these authors developed an own measurement instrument (the SERVPERF measure) which only focuses on performance (Robinson, 1999:22).

The relationship between service quality and satisfaction is adequately described in marketing literature (Bolton & Drew, 1991; Parasuraman et al., 1988). Service quality is described as a form of attitude related (but not equivalent) to satisfaction. The difference between these two concepts is important since service providers should have clarity on whether their aim should be to satisfy customers or to attain maximum levels of perceived service quality (Cronin & Taylor, 1992:56). This debate led to various publications in which the differences were addressed (Bolton & Drew 1991; Bitner, 1990; Parasuraman et al., 1985).

The quality movement of the 1980s provided the impetus for the development of the concept of client value (Terblanche, 2001:7). By focusing on the client value (and therefore quality), long-term relationships could be formed with customers, which in turn could be used for developing a competitive advantage.

2.5 THE INFLUENCE OF TECHNOLOGY ON MARKETING PRACTICES

The rapid development of information technology towards the end of the twentieth century has revolutionised just about every facet of business life. This trend also applies to the field of marketing in terms of major developments, such as the emergence of the internet and advances in the field of telecommunication, reshaping the marketing domain (Zineldin, 2000:12).

The implications of technological advances are that marketers were placed in a situation where they could be more attuned to the needs of customers. Furthermore, technology is viewed as a means to build competitive advantage (Lages, Lancastre & Lages, 2007:687). This notion led to a renewed interest in customer relationships. According to Crosby (2002:271), this renewed interest was activated by advances in data warehousing, increasingly sophisticated customers, a high level of market dynamism, intense competition and disintermediation (the elimination of intermediaries).

Possibly the most dramatic technological development was the emergence of the internet, which was launched by the US Department of Defence in 1969 (Zineldin, 2000:13). Although the original purpose of the internet was to link universities with government research facilities, it soon developed into a super network consisting of many lesser networks (Zineldin, 2000:13). As the internet grew in popularity, its potential as communicational tool became evident, with an ever-increasing number of businesses and individuals using this tool (McCollum, 1997:7). Trim (2002:261), for example, discussed the usefulness of the internet as medium through which suppliers and customers have access to each other.

The rapid development in information technology gave rise to a number of marketing practices, such as one-to-one marketing (Crosby, 2002:271), customer relationship management (CRM) (Park & Kim, 2003:652), database marketing (Schoenbachler, Gordon, Foley & Spellman, 1997:5) and self-service technologies (Meuter, Ostrom, Roundtree & Bitner, 2000:50).

2.6 ORIENTATIONS TO THE MARKET

Changes in the marketing environment led to new ways (orientations) to interact with the market. Especially five orientations emerged, namely the production, product, sales, marketing and societal orientations. Marketing as a function as it is known today, stems from the marketing orientation where the marketing concept forms the basis for the orientation. Although five different orientations to the market place may be identified, they should not necessarily be seen as an evolution over time. Different industries or organisations will follow different orientations. It could, for example, be argued that motor dealers selling second-hand vehicles could use the selling orientation and still be successful enterprises.

2.6.1 The production orientation

The production orientation developed during the earliest years of marketing, and can be traced to the 1600s with the colonisation of America (Skinner, 1994:12). As the industrial revolution gained impetus at the end of the 1700s, factors such as mass production and division of labour made it possible to manufacture products more efficiently. Technological advancements, new ways of using labour, an increasing demand for goods, and improved transportation systems led to production becoming a focal point for business managers (Skinner, 1994:13; Evans & Berman, 1994:13).

According to this orientation, consumers prefer products that are widely available and at suitably low prices (Kotler, 2003:17). Taking these primary consumer needs into consideration, the orientation focus lies on the organisation’s internal manufacturing capabilities, such as high production efficiency, low cost and mass distribution. According to this orientation, the focus is on the availability of a product, rather than on the availability of the consumer-preferred product. This orientation to the market was highly successful, especially during the Industrial Revolution. However, as consumer needs started to develop, a discrepancy developed between manufactured products and consumer needs. This situation resulted in an oversupply of products.

Kotler (2003:18) emphasises that the production orientation is still widely used amongst service organisations, such as the medical profession and government agencies.

2.6.2 The product orientation

The production orientation forced organisations to concentrate on production efficiency, with limited emphasis on the product itself. Business however started to realise that consumers would favour those products that offer the most quality, performance or innovative features (Kotler, 2003:18). Although products of improved quality and performance were now manufactured, they were based on the perceptions that organisations had of customer needs (and not on customer needs per se). Limited emphasis was placed on aspects such as market research and analysis of competitors.

Organisations practicing the product orientation should beware of marketing myopia, a concept developed by Levitt in the 1960s. According to this concept, businesses should beware of short-sightedness when defining the relevant product. As an example, Levitt pointed out that railroad organisations should not be railroad-oriented, but transportation-oriented (Levitt, 1960:45).

2.6.3 The sales orientation

As organisations became more efficient in their production processes, and as they increased the quality of their products, competition started to increase. Furthermore, increased production efficiency led to an oversupply of products that resulted in massive stockpiling. Ways had to be found to reduce inventory, which in turn led to the sales era. This era, which emerged during the mid-1920s and continued to the early 1950s, regarded sales as the major means of increasing profits (Skinner, 1994:13).

During the era of the sales orientation, the emphasis shifted from manufacturing to selling the product. The oversupply of products, which was the case in many of the developed economies in the 1930s, led to the development of sales techniques. The underlying philosophy of this orientation is that, if aggressive sales techniques are not utilised, the consumer would not buy or be satisfied with his/her existing purchases. Purchasing would only take place if the organisation could convince the consumer – through aggressive sales techniques – to buy. During the sales era, organisations began to advertise, and the growth of mass media (and especially the radio during the 1920s and 1930s) created new ways in which large groups of people could be reached (Skinner, 1994:13).

Many industries and organisations still continue to apply the sales orientation. Today, the motor vehicle, insurance, tobacco, health-related and cosmetics industries use advertising and sales to enhance their growth.

2.6.4 The marketing orientation

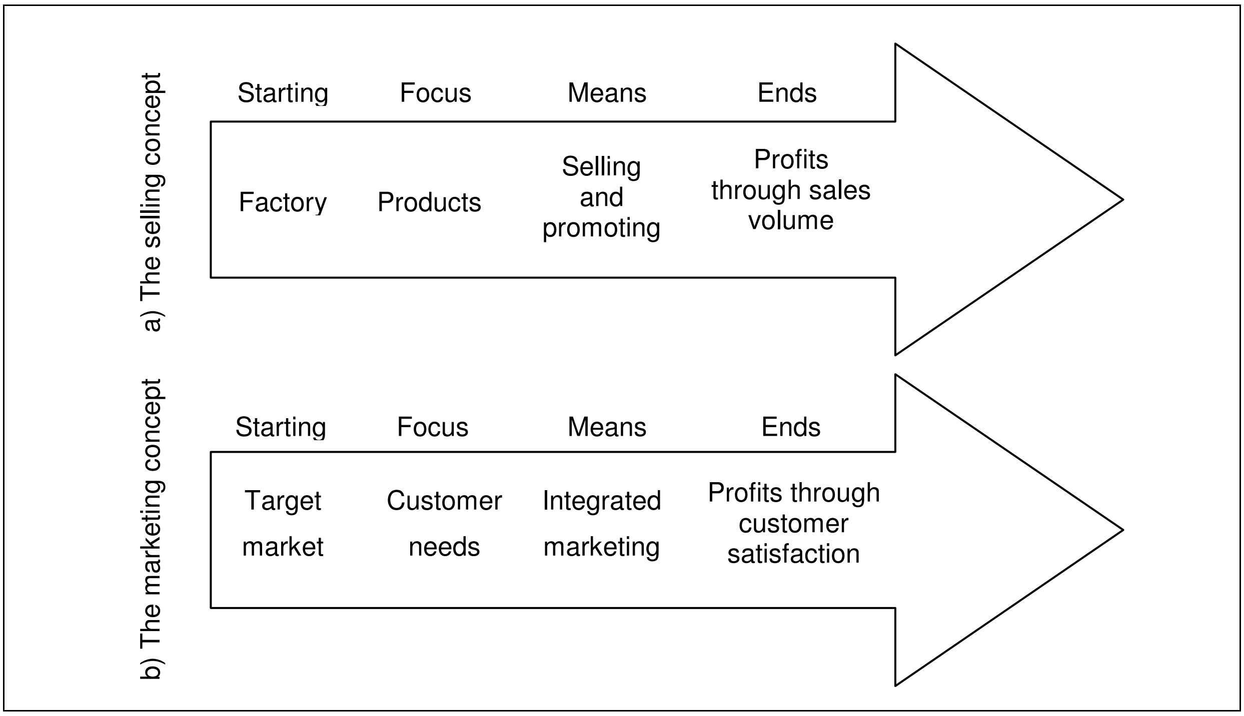
The major shortcoming of all the previous orientations was that products were placed on the market without taking into consideration consumers on their needs and wants. Although the sales orientation was successful and is still being used by many organisations, there was a growing realisation that many products were failing simply because they did not satisfy consumer needs. Instead of focusing on selling inventory, organisations had to realise that potential customer's wants and needs are of the utmost importance (Schoell & Guiltinan, 1995:6).

The marketing orientation coincided with the acceptance of the marketing concept in the early 1950s. The marketing concept holds that an organisation can only be successful once customer needs are identified and products delivered that satisfy those needs. According to Kotler (2003:20), the marketing concept rests on four pillars: target market, customer needs, integrated marketing and profitability. Jobber and Lancaster (2003:12) argue that the acceptance of this concept by an organisation implies a "revolution" in how an organisation thinks about its business activities as compared to the production or sales orientations.

The differences between the sales and the marketing orientations are illustrated in Figure 2.1.

Figure 2.1

The differences between the sales and marketing orientations



Source: Kotler (2003:20).

The selling concept attempts to generate profits by utilising aggressive sales techniques in order to promote products. These products are manufactured according to the perceptions that organisations have about customer needs, and not on customer needs per se. However, customer needs form the basis of the marketing concept, where profits are realised through customer satisfaction. Customer satisfaction itself is attained in an integrated marketing process where the needs of a specific target market are addressed.

The emergence of the marketing concept and its influence on the development of marketing was described in Section 2.2.3 of this chapter.

2.6.5 Societal marketing

The acceptance of the marketing concept brought two additional requirements: firstly, the society within which the organisation operates should benefit from the organisation's activities, and secondly, marketing should focus on long-term relationships between the organisation and the customer (Lamb et al., 2000:9).

By the 1970s, the marketing concept was well accepted and organisations continued to focus on consumer needs. However, producing need-satisfying products placed continued pressure on society's resources and could be environmentally harmful (Abratt & Sacks, 1989:26). Abratt and Sacks (1989:26) argue that the main problem could be the ambiguity of the term *customer satisfaction*, since it could imply either short-term customer desires or long-term consumer interest. Kotler (1972a:50) illustrated this argument by using cigarettes as a classic example: the product provides immediate satisfaction but may be harmful to consumers' health in the long term.

The societal marketing philosophy culminates in equilibrium in three policy areas: organisation profits, consumer satisfaction and public interest (Morgan, 1996:21).

2.7 CHANGES IN MARKETING ORGANISATION

The emergence of the managerial approach to marketing, which evolved in the 1950s to 1960s, called for a greater analytical approach to marketing (Webster, 1992:2). The foundation for this new approach appears to be the basic micro-economic paradigm where emphasis is on profit maximisation (Anderson, 1982:16). Within this microeconomic paradigm, transactions in a competitive market form the unit of analysis, and factors of production are controlled by fully integrated organisations (Arndt, 1979:70). Johnston and Lawrence (1988:98) pointed out that an organisation that applies the microeconomic paradigm, is connected with its customers and with other organisations through market transactions.

However, the emergence of the managerial focus on marketing suggested that the new focus of marketing should be focused on demand, cost and profitability as well as the use of traditional economic analysis (Webster, 1992:3). The new approach to marketing required specialists of various fields to integrate marketing efforts, such as sales, advertising and promotion, distribution and marketing research, managing customer service, marketing personnel and pricing.

Miles and Snow (1984:25) draw attention to the fact that large, bureaucratic, hierarchical organisations was the engine of economic activity for more than a century and, therefore, also during the emergence of the managerial focus of marketing during the 1950s and 1960s. In these hierarchical organisations, marketing departments were created, some of them as extensions of the old sales departments. According to Webster (1992:3), the microeconomic profit maximisation paradigm of marketing management fits well into this culture. Where the focus started to shift towards economies of scale and the manufacturing of highly standardised products, the task of the marketing function was firstly, to develop a thorough understanding of customer needs and secondly, to put an optimal product mix in place.

As a management function, marketing tended to be centralised at the corporate level well into the 1970s (Webster, 1992:4). However, this arrangement started to change in the late 1970s and into the 1980s as the concept *strategic business units* gained acceptance. This change resulted in marketing becoming a more decentralised business function.

Because of declining functional boundaries, organisations are increasingly accomplishing their work through cross-functional teams (Homburg, Workman & Jensen, 2000:461). In this regard, Achrol (1991:80) states, "the firm of the future will need to be very permeable across its departments. Its departments and hierarchy will be fuzzily defined, hierarchy will be minimal and indirect, and individuals will have much more autonomy".

Through the 1980s, the trend towards more flexible organisational forms emerged (Miles & Snow, 1984:11). The new organisational forms emphasised the need for partnerships between organisations, multiple types of ownership and partnering within the organisation. These partnerships are referred to as, amongst others, "networks" (Miles & Snow, 1986:62), "value-adding partnerships" (Johnston & Lawrence, 1988:94) and "alliances" (Ohmae, 1989:143). The emphasis of all these organisational forms is on relationship management instead of only on market transactions, and their purpose is to respond quickly and flexibly to changes in technology, competition and customer preferences (Webster, 1992:5).

2.8 MARKETING AS A SCIENCE

As marketing became an established business activity it also gained academic acceptance, and universities started to offer courses in marketing. As a subject of study, it was not long before marketing became the centre of academic debate. An article by Converse that appeared in the *Journal of Marketing* in 1945, sparked the so-called "Is marketing a science?" controversy. The debate intensified and was joined by many prominent authors, such as Bartels (1951), Hutchinson (1952), Baumol (1957), Buzzell (1963) and Taylor (1965). In order to determine whether or not marketing is a science, it is necessary to develop an understanding of the scope of marketing. In 1969, Kotler and Levy argued for the broadening of the concept of marketing, and suggested that non-business organisations should be included since these organisations also perform marketing activities. Lazer (1969:9) concurred with this view when he called for a definition of marketing that recognised the expanding societal dimensions of marketing.

It is generally assumed that the scope of marketing is exceptionally broad, and provision should thus be made to include all dimensions of the marketing phenomena. This perspective is demonstrated by Kotler's definition of marketing: "Marketing is the analysing, organising, planning, and controlling of the firm's customer-impinging resources, policies, and activities with a view to satisfying the needs and wants of chosen customer groups at a profit" (Hunt, 1991:15).

In order to be classified as a science, a phenomenon should express:

- a distinct subject matter;
- the description and classification of the subject matter; and
- the presumption that underlying the subject matter are uniformities and regularities which science seeks to discover, understand and control (Hunt, 1991:19).

In 1972, Kotler made some observations about the desirability of classifying marketing phenomena using the concepts *micro*, *macro*, *normative* and *positive* (Hunt, 1976:20). These observations provided the context for the development of the Three Dichotomies Model through which marketing phenomena, topics and issues could be classified using the three categorical dichotomies of profit industry/non-profit industry, micro/macro, and positive/normative.

The scope of marketing is recognised by most marketing practitioners and by some marketing academics within the profit/micro/normative cell of the Three Dichotomies Model (Hunt, 1991:15). However, to restrict the scope of marketing to one dimension (in this case the profit/micro/normative) is both unrealistic and undesirable. To make provision for the broad nature of marketing, all eight the dimensions of the model should be included.

By applying the Three Dichotomies Model to marketing, two issues are addressed. Firstly, it is possible to test marketing to the basic requirements, which a science should fulfil, and secondly, it is indicated that marketing is indeed a science. Hunt (1991:33) continues by arguing that the Model should be regarded as a general paradigm since it resolves some of the critical problems in marketing: proper inclusiveness, analytic usefulness, pedagogic soundness and conceptual robustness. Despite criticism against the model, Hunt (1991:34) concludes that “the paradigm [the Three Dichotomies Model of Marketing] has absorbed the blows with surprisingly little damage” and that marketing could indeed be regarded as a science.

2.9 SUMMARY AND IMPLICATIONS FOR THE STUDY

The development of marketing thought and practice is characterised by a number of key events that shaped the field of marketing. Especially two events changed the domain of marketing: the acceptance of the marketing concept in the 1950s and the marketing mix concept in 1964. For the first time consumers were placed at the centre of marketing practice and thought, and started to form the basis for managerial decision-making. It is during this time that marketing started to gain a managerial perspective.

A number of trends further spurred the development of the managerial approach to marketing, such as increased competition and globalisation. Both these trends necessitated marketers to rethink their marketing processes and practices, and the focus started to shift to marketing efficiency.

With the advent of services marketing during the late 1970s, the transaction focus of marketing started to change towards relationship marketing. Within a relative short time, relationship marketing gained widespread acceptance, with the concept being described by some as a new marketing paradigm. Furthermore, advances within the field of information technology allowed for a more relational approach to customers' needs.

The rationale for this study is to contribute to a greater understanding of relationship marketing and to develop tools that would enhance the effective application and measurement of relationship marketing in practice and theory. The emergence of relationship marketing, its nature and scope, will be addressed in the next chapter.

CHAPTER 3
THE THEORY OF RELATIONSHIP MARKETING

3.1 INTRODUCTION

The marketing environment has changed considerably over the past 50 years. The period from 1950 onwards saw increasing attempts from businesses to draw closer to their customers, with the emphasis away from a transaction-marketing orientation. Organisations started to realise the importance of customer value, and are up to the present continuously searching for new ways of attaining service excellence. One of the approaches that may be used in this respect is relationship marketing.

In essence, relationship marketing endeavours to establish and maintain a long-term relationship with a customer. Within relationship marketing, all marketing efforts are aimed at the building of relationships, resulting in numerous benefits for both the organisation and the customer.

This chapter focuses on the theory of relationship marketing and is organised as follows: The first section concentrates on the emergence of relationship marketing in marketing thought, with the second section focusing on the environmental changes that influenced the emergence of relationship marketing. The question whether relationship marketing should be consider as a new paradigm is addressed in the third section, after which the relationship-marketing concept will be defined. Following that, the differences between transaction and relationship marketing are addressed.

The appropriateness of certain industries for relationship marketing will be addressed in the next section, after which the outcomes of and levels on which relationship marketing could be applied, are dealt with. The latter sections of the chapter will concentrate on the stakeholders involved in relationship marketing and the differences between market-based and network-based relationship marketing. The chapter concludes with the major implications of this chapter for the remainder of the study.

3.2 THE EMERGENCE OF RELATIONSHIP MARKETING

The development of the marketing concept and the acceptance of the marketing mix forced organisations to reconsider their marketing practices. Although the focus towards the late 1960s was on the needs of the consumer, the transaction approach was still very prominent and not necessarily always in the best interest of consumers.

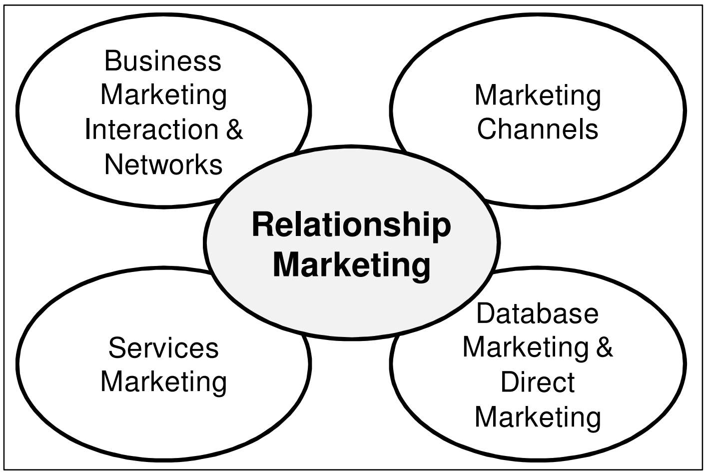
The early 1970s saw an alternative approach to marketing, emerging from two streams of research. The first stream emanated from Scandinavia and Northern Europe (the so-called Nordic School of Services) and analysed management and marketing from a service perspective (Grönroos, 1996:11). The second stream originated from the International Marketing and Purchasing Group (the IMP Group) and took a network and interaction approach on understanding industrial businesses (Ballantyne, 1996:4). A common denominator of these two schools is the principle that marketing should have a managerial perspective and that it should focus on managing relationships rather than transactions.

This new perspective on marketing was created as a counter-reaction to the traditional view that marketing is considered as the manipulation of the so-called 4 Ps. Within this new perspective, the importance of establishing, strengthening and developing customer relationships is stressed. The focus is, therefore, on long-term and enduring relationships.

In a comprehensive study, Möller and Halinen (2000:32) contended that relationship marketing is primarily derived from the four sources indicated in Figure 3.1.

Figure 3.1

The disciplinary roots of relationship marketing



Source: Möller and Halinen (2000:32).

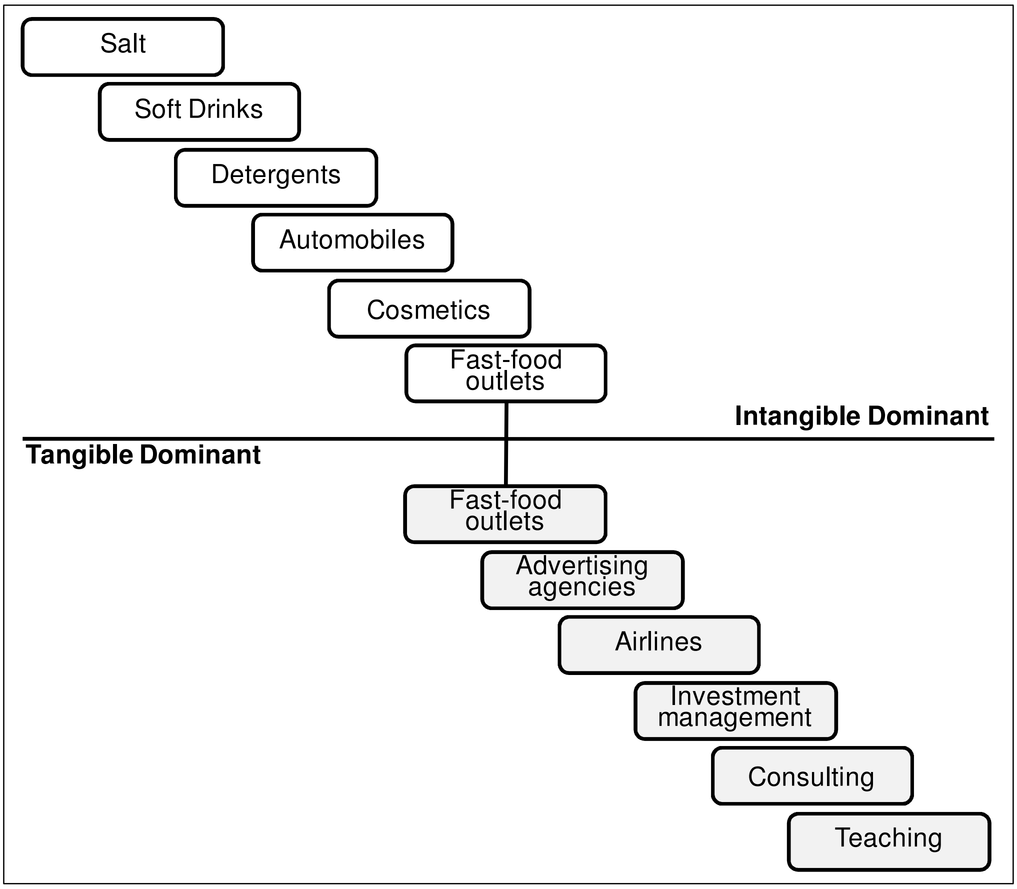
Although relationship marketing only became part of the academic debate from the early 1990s onwards, the roots of relationship marketing can be traced to the period before the Industrial Revolution, when a relational orientation to marketing existed (Sheth & Parvatiyar, 1995:414). This relational orientation lost ground with the advent of the Industrial Revolution, where the focus was on mass production and a subsequent transaction orientation. However, a growing interest in repeat purchasing and brand loyalty resulted in the re-emergence of the relational orientation, this time in the form of relationship marketing. This re-emergence led Ballantyne (1996:3) to refer to relationship marketing as a "new-old" concept, suggesting that creating value and loyalty in business dealings is as old as merchant trade itself.

The early roots of relationship marketing are often traced back to ancient trade, where the purpose was to earn clients' favour and loyalty by satisfying their wants and needs. In this respect, Grönroos (1994:18) cites a Middle Eastern proverb from ancient trade: "As a merchant, you'd better have a friend in every town". Gummesson (1997:268) argues for a distinction between the term *relationship marketing* and an understanding of the actual phenomenon. Although relationship marketing is a new concept, the phenomenon is old.

Services marketing, which could be viewed as the trigger for the re-emergence of relationship marketing, gained prominence in the early 1980s. Within this new field of marketing, the concept of relationship marketing first appeared in services-marketing literature when it was identified by Berry (1983:25). However, in the later seventies, Shostack (1977) published an article that dealt with tangibility as a basis to differentiate between services and physical products. The tangibility spectrum is presented in Figure 3.2.

Figure 3.2

The tangibility spectrum



Source: Shostack (1977:77).

Services marketers have long been sceptical of the 4 Ps as a planning framework within which resources can be allocated, resulting in a growing emphasis on services as an ongoing interactive process (Ballantyne, 1996:3). As opposed to traditional marketing thought, where the emphasis was on transactions, services marketing focuses on value creation amongst existing and new customers.

Berry (1983:25) defined relationship marketing as “attracting, maintaining and – in multi-service organisations – enhancing customer relationships”. The attraction of new customers was merely seen as an intermediate step in the marketing process, while solidifying the relationship, transforming indifferent customers into loyal ones, and serving customers as clients were also regarded as part of relationship marketing (Berry, 1995:236). Attracting new customers thus became less important, with the focus shifting to retaining existing customers. In his study, Berry (1995:236) outlined five strategy elements of practicing relationship marketing:

- a core service is to be developed around which a customer relationship should be build;
- the relationship should be customised around the needs of the individual customer;
- the core service should be augmented with extra services;
- customer loyalty should be encouraged through pricing and marketing to employees so that they, in turn, would perform well for customers; and
- by doing so, mutually beneficial relationships could be established.

A number of new viewpoints in services marketing were developed during the late 1980s and early 1990s. One of these views was that there is often no separation between production, delivery and consumption, and that the buyer-seller interaction should be considered part of the marketing task (Aijo, 1996:8). Gummesson (1997:268) indicates that over time, the concept of relationship marketing was studied under terms such as the *network and interaction approach*, marketing as *long-term interactive relationships* and *interactive marketing*. The widespread use of the concept, however, only emerged during the early 1990s (Murphy, Wood & Laczniak, 1996:25; Berry, 1995:236).

Möller and Halinen (2000:32) agree with the notion that relationship marketing is rooted in business (industrial) marketing and services marketing. Morris, Brunyee and Page (1998:359) indicate that a major shift occurred during the early 1980s in the way in which industrial organisations approached their customers and suppliers. At that time, organisations started to realise that, in order to establish a competitive advantage in the global economy, they had to enter networks or sets of strategic alliances with trusted participants (Morris et al., 1998:360).

Two contributions to the development of relationship marketing are identified: *Marketing channels* became increasingly important during the late 1970s, since researchers started to develop frameworks and theories focusing on dyad relationships between business buyers and sellers (Möller & Halinen, 2000:32). A further contribution came from the rapidly developing *information technology* industry, where the focus was on managing customer relationships through databases and direct marketing (Möller & Halinen, 2000:33). These technological advances allowed organisations to assemble and manipulate customer data that in turn led to the emergence of customer relationship management (CRM). Möller and Halinen (2000:33) argue that CRM provided the platform through which relationship marketing could be practiced.

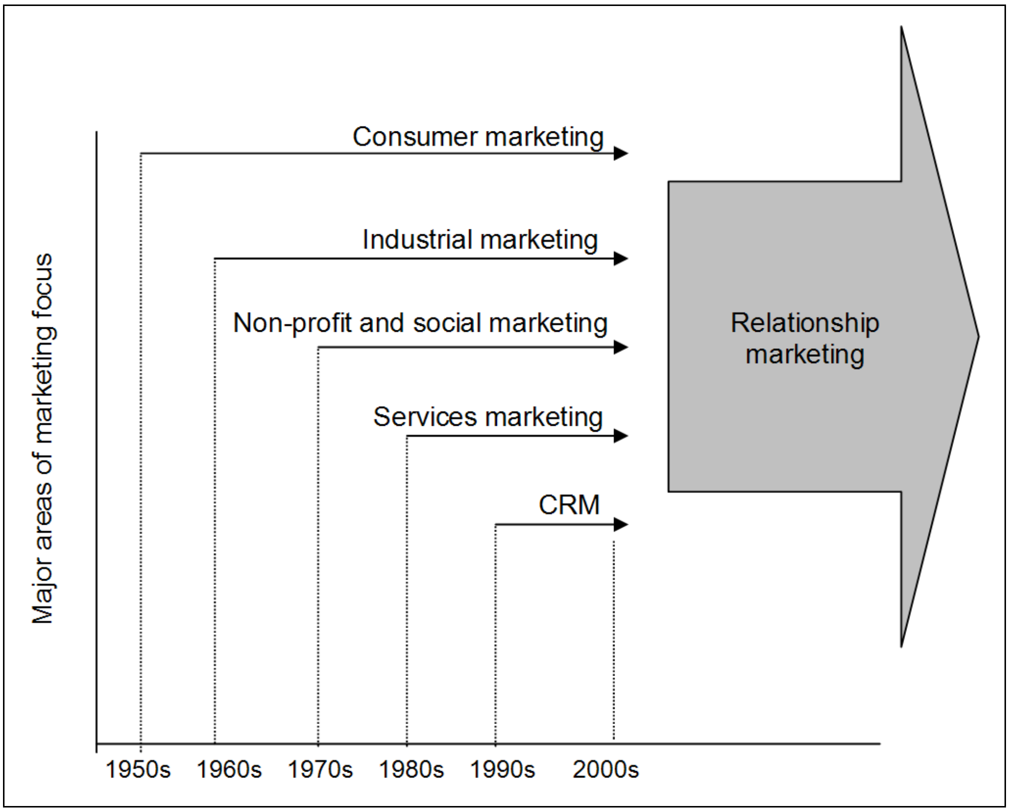
However, although relationship marketing has emerged from, amongst others, industrial marketing, it appears that limited attention was given to B2C relationship marketing (Gruen, 1995:447). Gruen argued that, although the value of customer relationships in consumer marketing is often proclaimed, little research has been conducted to examine the outcomes of building relationships with consumers. This situation, however, appears to have changed with the utilisation of relationship-marketing principles on consumer markets. The relationship-marketing programmes implemented by various retailers is evident of this notion.

The new relational perspective on marketing thought represents, according to Webster (1992:1), a "fundamental reshaping of the field", while Kotler (in Morgan & Hunt, 1994:20) even views this new perspective to be a genuine paradigm shift. Gordon (1998:9) defined marketing as "the process of identifying and satisfying customers' needs in a competitively superior manner in order to achieve the organisation's objectives", and argues that relationship marketing builds on this definition of marketing. However, relationship marketing is a more comprehensive concept.

The emergence of relationship marketing as a focus of marketing activities is illustrated in Figure 3.3.

Figure 3.3

The emergence of relationship marketing



Source: Christopher, Payne and Ballantyne (2002:xiv).

3.3 THE CHANGING BUSINESS ENVIRONMENT

The evolution of marketing strategies is characterised by a number of key eras (Gordon, 1998:84). The early 1990s were characterised by the contraction of many upscale markets, declining product differentiation, an intensification of global competition and cooperation and competition with rivals. These trends were addressed by the simplification of products, services and processes for offerings targeted at mass markets as well as mass customisation. The late 1990s saw the renewed expansion of upscale markets, a rapid increase in share prices and market valuations. Marketing strategies during this era focused on a managerial commitment towards growth and the management process. Other strategies also included co-venture partnerships, cost management and a focus on relationship marketing as a key approach to build profitable revenues.

An earlier factor that stimulated the emergence of relationship marketing was the energy crisis of the 1970s and the consequent economic stagflation, which resulted in excess capacity and the high cost of raw material (Sheth, 2002:590). As competition intensified globally, it became even more necessary for organisations to retain customers.

A number of basic changes in economies led to the marketing focus changing towards the pursuence of customer satisfaction (Van der Walt, 1997:6). These changes occurred within the fields of technology, globalisation and customer expectations. *Technological changes*, such as the possibility of shattering mass markets into splinter groups or micro segments, as well as the availability of computerised marketing databases, created opportunities for personalised and customised promotional strategies. An organisation's technological capabilities could therefore enable such an organisation to gain a competitive advantage in its marketing strategy as well.

Developments in telecommunications, trends in deregulation, as well as no-growth markets, which induce organisations to expand into foreign markets, are some of the major reasons for *globalisation* (Van der Walt, 1997:6). Increased product offerings and intensified competition have, amongst others, changed *customer expectations*. Payne, Christopher, Clark and Peck (1998:195) indicate that the search for quality is arguably the most important consumer trend of the 1980s since consumers are now demanding higher quality in products than ever before. These changes have resulted in the focus being shifted towards the individual customer, as opposed to mass marketing. Furthermore, Little and Marandi (2003:14) draw attention to a growing concern that customer satisfaction does not equal customer loyalty.

The fragmentation of the media is a further environmental consideration that stimulated the development of relationship marketing. Peppers and Rogers (1995:48) remark that potential customers are now scattered into a variety of media audiences and that the overall effectiveness of advertising is declining. Little and Marandi (2003:16) therefore argue that, in order to stay part of a customer's consideration set and to retain customers, methods other than mass advertising ought to be considered.

According to Gummesson (2002:11), research and practice since the early 1980s point particularly to the significance of relationships, networks and interaction, and also to the fact that research within the field of relationship marketing is emerging at an exponential rate. Gummesson also shows, however, that past research (with certain exceptions) is “mostly narrow, characterised by treating single issues in relationship marketing such as consumer loyalty, databases for smarter direct marketing, call centres, or customer clubs”. Literature on the theory of relationship marketing, therefore, lacks a coherent inclusive framework and needs further investigation.

Kandampully and Duddy (1999) argued that a number of environmental changes have contributed to the development and growth in the importance of relationship marketing. These factors are predominantly inherent to customers themselves, and include more demanding and sophisticated customers, increased fragmentation of consumer markets, and rapidly changing customer buying patterns (Kandampully & Duddy, 1999:319).

3.4 RELATIONSHIP MARKETING AS A NEW MARKETING PARADIGM

The marketing paradigm prominent in the period preceding the early 1980s has been criticised for its lack of ability to integrate marketing and sales with other departments and functions (Gummesson, 1998:243). Although the marketing mix management paradigm has dominated marketing thought during the second half of the twentieth century, some authors argue that the paradigm began to lose its appeal (Grönroos, 1994:4). Lehtinen (1996:44) found that the traditional exchange paradigm is gradually losing its relevance at both the theoretical and practical levels, and that the paradigm would eventually have to be replaced. Lehtinen proposed that the rapid development of different information networks and their impact on accessibility and marketing could result in a new paradigm. According to Gummesson (1998:243), relationship marketing can solve this problem and a greater realism in marketing thought could be established. In 1994, Grönroos (1994:4) was already of the opinion that a major shift in the perception of the fundamentals of marketing was taking place, and he viewed this shift to be of such a magnitude that it could lead to a paradigm shift as far as marketing principles were concerned.

The exchange paradigm has been very valuable in the development of marketing theory. However, Sheth and Parvatiyar (1995:412) point out that the concept has outlived its utility. While the exchange paradigm focuses on value distribution, the relational approach focuses on the creation of value. The important role of the consumer as co-manufacturer within the process of value creation is therefore emphasised. In this respect, the authors indicate that the roles of producers, sellers, buyers and consumers are blurring, since all parties become involved in the process of value creation. Furthermore, the concept of traditional exchange implies a short-term activity where one thing is given in return for another, whereas a relationship is a long-term concept that implies an association of two parties (Grönroos, 1996:11).

According to Grönroos (1994:6), the new thoughts on marketing still make provision for the marketing mix; but the emphasis has shifted to interactive marketing with the traditional marketing mix in a supporting role. Therefore, in assessing marketing success, measuring customer retention has become a yardstick, together with market share.

Webster (1992:10) summarised the new role for marketing as follows:

> "In focussing on relationships, we are now considering phenomena that have traditionally been the subject of study by psychologists, organisational behaviourists, political economists and sociologists. The focus shifts from products and firms as units of analysis to people, organisations and the social processes that bind actors together in on-going relationships".

However, Gummesson (1997:269) cautioned that relationship marketing should not be perceived as a promotional package to be sold to the customer, nor should it be regarded as a more effective way through which consumers can be manipulated by salespeople. In similar vein, Gordon (1998:79) pointed out that relationship marketing should rather be perceived as the key strategy by which value will be created.

Gummesson (1997:271) explained the major reasons why relationship marketing should be regarded as a new marketing paradigm. Firstly, the emergence of services marketing and the network approach to industrial marketing (as cornerstones of relationship marketing) both offer the same core variables: relationships, networks and interaction. Secondly, relationship marketing focuses on collaboration, which is needed for the dynamic balance of the marketing equilibrium. Finally, society may be regarded as a network of relationships in which interaction, which fits the underlying principles of relationship marketing, takes place. Sheth and Parvatiyar (1995:399) reason that relationship marketing is a clear paradigm shift from the exchange focus of the industrial era, and even refer to the "rebirth" of marketing practices.

Although a number of authors regard relationship marketing as a new marketing paradigm, Möller and Halinen (2000:29) argue that the concept does not form a general theory of marketing. According to Möller and Halinen (2000:30-31) the relationship-marketing concept is currently used to "cover a very fragmented set of ideas and theoretical frameworks" and that "many scholars have rushed to launch the relationship-marketing concept with only scant attention to its deeper meaning – the content and its relatedness to theory formation". Furthermore, Möller and Halinen cautioned about the use of the relationship-marketing concept, since two types of relationship theory could be distinguished, namely market-based and network-based relationship marketing. The differences between these concepts are addressed in Section 3.11.

In conclusion, one should be cautious to view relationship marketing as a new marketing paradigm. This claim cannot be made unless the theory of the concept is fully established. The practice of relationship marketing into the market might be more recent, but the underlying principles of the concept can be traced to the earliest forms of trade. Relationship marketing should, therefore, be regarded as one of the marketing tools available to organisations through which they are able to serve the needs and wants of their customers.

3.5 DEFINING RELATIONSHIP MARKETING

Marketing literature describes various attempts to define the concept *relationship marketing*. Each of these attempts is influenced and driven by the specific characteristics of the particular study, resulting in different definitions. According to Harker (1999:13), the reasons for these differences are twofold: Firstly, because of a relatively short lifetime, relationship marketing has had limited time to develop into a fully formed paradigm. Secondly, the authors who contributed to the debate stem from an extremely varied socio-political heritage and academic background (Harker, 1999:13).

Berry published the first definition of relationship marketing in 1983. According to this definition (Berry, 1983:25) relationship marketing is a strategy to attract, maintain and enhance customer relationships. The definition by Berry was expanded by Morgan and Hunt (1994:22), who claimed that "relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges". More recent studies used concepts such as *relational contracting*, *symbiotic marketing*, *strategic alliances*, *working partnerships*, *co-marketing alliances* and *long-term orientations* (Sharma & Sheth, 1997:87) to describe the concept of relationship marketing.

Gummesson (1996:7) pointed to the fact that existing definitions of relationship marketing often lacked comprehensiveness, and thus concentrated on only one or two relationship properties. Within Gummesson's definition of relationship marketing (1997:267), where "marketing [is] seen as relationships, networks and interaction", a set of 30 different relationships is specified. This is in accordance with Gummesson's argument for a radical new way of thinking (even a paradigm shift) about marketing thoughts and practice where relationship marketing offers such an opportunity.

Through a comprehensive investigation into relationship-marketing definitions that were published before 1999, Harker (1999:18) identified 26 definitions of the concept. Based on a content-analysis methodology, seven constructs appear to enjoy general support. These seven constructs appear in Table 3.1.

Table 3.1

The seven conceptual categories of relationship marketing

Primary construct	Other common constructs
Creation	Attracting, establishing, getting
Development	Enhancing, strengthening
Maintenance	Sustaining, stable, keeping
Interactive	Exchange, mutually, co-operative
Long-term	Lasting, permanent, retaining
Emotional content	Commitment, trust, promises
Output	Profitable, rewarding, efficiency

Source: Harker (1999:14).

Finally, Harker (1999:16) concludes that if these constructs are applied, the definition by Grönroos (1994:9) may be regarded as the most acceptable. Grönroos defined the purpose of relationship marketing as:

> "… to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilment of promises".

Despite these efforts, there still appears to be no universally agreed definition of relationship marketing. In this study, relationship marketing refers to the marketing approach where emphasis is placed on the ways in which relationships are built with customers.

3.6 TRANSACTION VERSUS RELATIONSHIP MARKETING

Although a relational approach was evident from the earliest years of the development of marketing thought, the transaction approach was dominant up to the end of the 1970s. The emphasis placed on the marketing concept and the subsequent marketing mix concept led organisations to concentrate on the mass market. However, with the emergence of relationship marketing, marketers started to realise the importance of customer loyalty and retention, which led to a more long-term approach. The major differences between the transaction orientation and a relationship orientation to marketing are summarised in Table 3.2.

Table 3.2

Differences between transaction marketing and relationship marketing

Transaction marketing	Relationship marketing
Focus on single sale	Focus on customer retention
Orientation on product features	Orientation on product benefits
Short time-scale	Long time-scale
Little emphasis on customer service	High customer service emphasis
Limited customer commitment	High customer commitment
Moderate customer contact	High customer contact
Quality is primarily a concern of production	Quality is the concern of all
Stand-alone product	Value added to a product
Yield from individual transactions	General profitability

Source: Adapted from Lamb et al. (2000:190).

In transaction marketing, focus is on product features, rather than on the advantages that these products offer to the consumer. Less emphasis is consequently placed on customer service, resulting in low levels of customer commitment. Since emphasis is on individual products, a yield is gained through individual transactions. Relationship marketing, however, focuses on the long-term retention of consumers, by adding value to product features and concentrating on product quality. Retention is created through, amongst others, customer commitment, resulting in customer loyalty. The purpose is to create a lasting relationship between a seller (the organisation) and the buyer (the customer), resulting in the construct of buyer-seller relationships (Lewin & Johnston, 1997:23). It should however be remembered that relationship marketing did not replace transactional marketing as such since there will always be certain products that are marketed according to the transactional approach.

According to Gummesson (2002:17), the major difference between the transaction and relationship approaches lies within the domain of loyalty. With transaction marketing, the fact that a customer has bought a product or service, does not imply anything in respect of future purchases. However, relationship marketing emphasises loyalty. Christopher et al. (2002:48) proposed the loyalty ladder, which refers to different levels of loyalty. This loyalty ladder is relevant for relationship marketing.

The emergence of relationship marketing does not imply that transaction marketing has become obsolete. Gummesson (2002:17) believes that certain products, such as standardised goods at low prices that fit a specified delivery time and grade of quality, could be marketed successful using the transaction approach.

The new relationship focus in marketing provides a "refreshed and expanded self concept" to marketing (Sheth & Parvatiyar, 1995:398). The authors' optimism stems from four observations:

- relationship marketing has caught the fancy of researchers in many parts of the world;
- the scope of relationship marketing is wide enough to cover the entire spectrum of marketing's sub-disciplines;
- marketing is an evolving discipline and has developed a body of knowledge; and
- many scholars who were previously investigating the exchange paradigm, are now intrigued by the relational aspects of marketing.

3.7 THE INDUSTRY CONTEXT OF RELATIONSHIP MARKETING

Since the renewed focus on relationship marketing during the late 1970s and early 1980s, various studies were conducted to identify the appropriateness of the relationship-marketing concept within different industries. As the concept developed largely from services and industrial marketing, the majority of the studies emanate from these fields.

Grönroos (1994) was one of the first researchers to investigate the suitability of different products or services for relationship marketing (Terblanche, 2003:31). Grönroos (1994:11) developed a continuum where a distinction is made between a *strategy* and a *product continuum*. By distinguishing between *transaction marketing* and *relationship marketing*, an indication may be obtained of the suitability of applying relationship marketing to a specific product. The marketing strategy continuum is outlined in Figure 3.4.

Figure 3.4

The marketing strategy continuum

The strategy continuum	**Transaction marketing**	**Relationship marketing**
	◄──────────	──────────►
Time perspective	Short-term focus	Long-term focus
Dominating marketing function	Marketing mix	Interactive marketing (supported by marketing mix activities)
Price elasticity	Customers tend to be more sensitive to price	Customers tend to be less sensitive to price
Dominating quality dimension	Quality of output (technical quality dimension) is dominating	Quality of interactions (functional quality dimension) grows in importance and may become dominating
Measurement of customer satisfaction	Monitoring market share (indirect approach)	Managing the customer base (direct approach)
Customer information system	*Ad hoc* customer satisfaction surveys	Real-time customer feedback system
Interdependency between marke-ing, operations and personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
The role of internal marketing	Internal marketing of no or limited importance to success	Internal marketing of substantial strategic importance to success
The product continuum	Consumer packaged goods ─► ◄─ Consumer durables ─►	◄─ Industrial goods ─► ◄─ Services
	◄──────────	──────────►

Source: Grönroos (1994:11).

Relationship marketing with its focus on building relationships with customers is placed at one end of the continuum. At the other end appears transaction marketing where the focus is on one transaction at a time. Grönroos (1994:10) indicates that, although various types of goods and services could be placed along the continuum, "the exact place and corresponding marketing approach cannot be located". By using the continuum, marketers are able to obtain clarity on the position where their products should be placed. On the one hand consumer-packaged goods, for example, have mass markets, which implies that a more transactional approach should be followed. On the other hand, consumer durables often cater for individual customers, which indicate a relational type of strategy.

The appropriateness of relationship marketing in the services industry originates from the multiple services that are delivered over several contacts (Buttle, 1996:10). Since the process of delivering certain services is inseparable from the manufacturing thereof, employees come face-to-face with customers, which in turn creates the platform for relationship development.

The applicability of relationship marketing within an industrial marketing context appears to be thoroughly researched (Ballantyne, 1996:4). Low (1996:24) points out that the movement of business exchange from a single transaction-oriented market perspective towards a buyer-seller relationship-based perspective is also taking place in industrial marketing. Some of the major reasons for the successful utilisation of relationship marketing in industrial marketing are:

- to avoid switching costs associated with changing suppliers;
- manufacturing technology and processes represent long-term commitments for producers; and
- relationships are made more secure through joint product-development programmes (Buttle, 1996:10).

According to De Wulf and Odekerken-Schröder (2001:74), “several authors” have indicated that marketing relationships are easier to form in certain types of consumer markets than in others. The implication is that certain consumer exchange situations are more “relationship-friendly” than others. However, De Wulf and Odekerken-Schröder (2001:74) argue that no critical assessment has been made of the role that relational theories could play in determining the relative “relationship-friendliness” of a specific situation.

In respect of organisational relationships, there are a number of conditions (contingencies), which are essential to the formation of the relationship (Blois, 1996:164). These conditions are summarised in Table 3.3.

Table 3.3

Conditions essential to the formation of relationships

Condition	Influence on formation of relationship
Asymmetry	Indicates a situation where one organisation has the ability to exercise power or influence over another. This causes the subservient organisation to seek to establish other links (thus relationships), which will lessen the other organisation’s ability to use that influence.
Stability	Minimises the cost and effects of uncertainty. Therefore, parties tend to enter long-term agreements in order to avoid uncertainty. Customers are effectively subcontracting the problem of dealing with uncertainty.
Legitimacy	Parties often enter into relationships since it may enhance their reputation, thus bringing legitimacy. For example, being known as a supplier to a well-known firm may become a key selling factor for the supplier.

Condition	Influence on formation of relationship
Necessity	Because of some laws and regulations, firms are in some instances compelled to use the services of other companies (for example in an internal audit). Because of this necessity and the closeness within which these services are rendered, a relationship may develop between the two parties.
Reciprocity	Many relationships between organisations exist as a result of reciprocity. Since parties work together towards common goals, they will tend to avoid any situations that can be harmful and thus seek mutual advantages.
Efficiency	Efficiency (in the broadest sense of the word) proposes that total transaction cost (including non-monetary costs) is being kept to a minimum. Consequently, in striving towards increased efficiency, a relationship might be formed with another party if the relationship reduces transaction costs.

Source: Compiled from Blois (1996:164-166).

Blois (1996:165) points out that, although single conditions may lead to the development of a relationship, better results could be achieved if the conditions in Table 3.3 are present. Research by Egan (2000) however, analysed the economic principles underlying relationship marketing, and found that not all industries would necessarily benefit from relationship marketing. In similar vein, Egan (2000:381) established that a relationship-marketing strategy is most appropriate for industries confronted by high “front-end” costs, and that fast-moving consumer goods (FMCG) retailing (which is associated with low acquisition and retention cost) would not benefit from a relationship-marketing strategy. These results were confirmed by Pressey and Mathews (2000:280) in a retail context.

3.8 THE OUTCOMES OF EFFECTIVE RELATIONSHIP MARKETING

One of the major reasons for the shift from transaction-based marketing to relationship marketing appears to be the growing realisation that relationship marketing could generate long-term financial benefits. Egan (2000:380) argues that the growth in interest in relationship marketing has been driven by so-called “relationship economics”. He proposed that “providing the profitability of relational strategies (over whatever time horizon can most practically be used) outweighs those of traditional transactional strategies then a strong argument exists for their introduction” (Egan, 2000:380). For the purpose of this study, a distinction was drawn between benefits to the organisation and benefits to the customer.

3.8.1 Benefits to the organisation

The driving force behind increasing shareholder value appears to be increased profitability. According to Gordon (1998:90), the new value from current customers would arise from three main areas: Firstly, cost reduction may be attained through improved logistics and more efficient processes, such as eliminating duplication. Secondly, marketing time can be reduced since customers are closely involved in all phases of the new product or service development process. Thirdly, the business risk may be reduced by engaging in long-term contracts with customers.

Research indicates that organisations could well improve their profitabilities by between 5% and 100% if they could succeed in retaining just 5% of their customers (Reichheld & Sasser, 1990:105). Although this figure varies between industries, it is evident that recruiting new customers is costly for many industries. It is therefore necessary to draw a distinction between direct costs and costs of unsuccessful prospecting. *Direct costs* refers to the expenses of converting a prospect into a customer (such as selling costs, product samples, and administrative costs), while *costs of unsuccessful prospecting* refers to the expenses of conversion failure.

In addition, Reichheld and Sasser (1990:110) found that reductions in customer defections normally lead to an increase in customer loyalty, which yields further advantages for the organisation. In an application to the credit card industry, Reichheld and Sasser (1990:107) found that lowering the defection rate from 20% to 10% resulted in an increase in the longevity of the average customer's relationship from 5 to 10 years. This increase resulted in a doubling of the net present value of the cumulative profit streams for this specific customer, from $135 to $300. If the defection rate could be lowered by a further 5%, the duration of the relationship would double once more, with profits increasing with 75% (from $300 to $525). Increased profitability stems from, amongst others, the notion that organisations could charge a premium for the customer's confidence in the business.

A study by Christy, Oliver and Penn (1996:184) identified the following commercial benefits of relationship marketing:

- increased customer loyalty;
- increased brand usage;

- establishment of a customer database which facilitates further marketing initiatives;
- an increase in the penetration of the supplier's own standards against those of competitors;
- opportunities to cross-sell other group products;
- opportunities to reduce mass-media promotional costs; and
- increased contact with end-users through which the balance of power in a distribution channel may be influenced.

Day, Dean and Reynolds (1998) conducted a comprehensive study in respect of the benefits of relationship marketing. The results of this study are presented in Table 3.4.

Table 3.4

A summary of marketing literature on the benefits of relationship marketing

Type of benefit	Source
Establishing a close relationship with customers	
Based on technological, knowledge-related, information-related or social factors, the company develops a competitive advantage.	Craig (1990) Grönroos (1990)
Once the consumer is educated in using the company's products, the customer will be reluctant to repeat the process with another supplier.	Clark and Payne (1994) Peppers and Rodgers (1994)
Improved customer satisfaction	
Customer satisfaction can be monitored as direct knowledge on how satisfied the customer is, may be obtained.	Grönroos (1990)
Communicating with the customer provides scope for custom-made products.	Clark and Payne (1994) Palmer (1994)
Companies are enabled to anticipate and meet the needs of their customers.	Craig (1990)
Financial benefits	
Relationship costs decrease over time.	Congram (1991) Grönroos (1990)
The customer will be willing to pay a premium for the product.	Clark and Payne (1994) Peppers and Rodgers (1994)
Loyal customers are more profitable than non-loyal customers.	Reichheld and Sasser (1990)
New prospects will be referred by existing customers.	Clark and Payne (1994)
The cost of attracting a new customer is considerably higher than servicing an existing customer.	Clark and Payne (1994)
Losing a customer leads to a decrease in the cash flow that could have been created over time.	Reichheld and Kenny (1990)
Improved customer retention also leads to increased employee retention.	Clark and Payne (1994)

Source: Adapted from Day et al. (1998:830).

A number of authors suggested methods for measuring the profitability of relationships between organisations and consumers (Storbacka, Strandvik & Grönroos, 1994; Reichheld & Sasser, 1990). In order to determine the profitability of the relationship, it is essential to calculate the customer's lifetime value. The concept of lifetime value will be addressed in Section 3.8.3.

3.8.2 Benefits to the customer

The benefits of relationship marketing to the customer mainly centre on the monetary and psychological advantages that are brought about by the relationship. Although many relationships emerge from financial (monetary) incentives, psychological influences play an increasing role in higher-level relationships.

The major reason why customers enter into a relationship is the potential value that they may receive. Zeithaml and Bitner (1996:173) argue that, assuming that customers have a choice, they would remain in relationships when they receive greater value relative to their expectations on competitive offerings. Furthermore, it should be taken into account that value represents a trade-off for the consumer between "giving" and "receiving" something in return. It thus appears that customers would stay in relationships when the "receiving" component (the specific benefits, quality, and satisfaction) exceeds the "giving" component (monetary and psychological).

A further reason for customers to become involved in relationships is their special needs that are taken care of. The long-term nature of relationships creates a sense of well-being and quality of life amongst customers. In this respect, Zeithaml and Bitner (1996:173) point out that a long-term relationship with a service provider could well reduce customer stress, special needs are accommodated and the customer learns what to expect. This view appears to be especially applicable to services with a complex nature (such as medical services), services with a high ego involvement (such as a health club), and those that require large monetary investments (such as insurance).

Another benefit of involvement in relationships is that customers can avoid switching costs (both psychological and time-related) (Dwyer et al., 1987:14). Since service providers customise offerings for those individuals in long-term relationships, switching to a competitive offer may be costly and time-consuming. For example, relocating to a new geographical area implies that new relationships with service providers, such as banks and retailers, need to be established. The cost of switching to new relationships may induce customers to prefer staying in existing relationships.

Relationship marketing offers the possibility for customers to simplify the decision-making process. Since service providers are well-informed about the needs of individual customers, the customer's future needs may be anticipated. The customer's decision-making process is therefore simplified, which frees up time for other concerns and priorities.

In certain relationships, service providers become part of the customer's social support system, which is important for the customer's quality of life. For example, medical doctors often become central figures in neighbourhood networks.

3.8.3 The lifetime value of a customer

The process of relationship marketing is often regarded as a process of exchanging value, and has become a cornerstone in new marketing thought. Contrary to traditional marketing, relationship marketing focuses on creating long-term bonds. The long-term bond with a customer can, in financial terms, be expressed as the customer lifetime value (CLV). Jackson (in Hoekstra & Huizingh, 1996:44) defined the *CLV* concept as “the net present value of a future stream of contributions to overheads and profit expected from the customer and allowing for the costs of delivering products, services promised, and rewards to the customer”.

Because of the complexity of measuring CLV, research in respect of the concept is limited. Although attempts have been made to develop models measuring CLV, serious shortcomings were experienced. However, Hoekstra and Huizingh (1996) developed a comprehensive model for the measurement of CLV. A key success factor in implementing the model is an understanding of the basic characteristics of CLV in relational marketing. These include (Hoekstra & Huizingh, 1996:46):

- the time frame has to be future-inclined;
- both the customer and the supplier serve as data providers;
- the level of aggregation is individual;

- forecasting is done by an analysis of developments and current; and
- new customers form the target customer group.

The proposed model by Hoekstra and Huizingh is outlined in Table 3.5.

Table 3.5

A model for determining a customer's lifetime value

Time frame	Measurement	
	Seller	**Customer**
Backward-looking	(A) Quality of customer	(B) Quality of relationship
Forward-looking	(C) Sales potential	(D) Purchase intention

Source: Adapted from Hoekstra and Huizingh (1996:48).

Explanation of elements of Hoekstra and Huizingh's (1996) CLV model:

(A) *Quality of customer* is calculated as the contribution to the sales volume to profits over a certain period of time.

(B) *Quality of relationship* is operationalised by means of factors such as commitment, trust, satisfaction, and switching costs.

(C) *Sales potential* is calculated through applying quantitative methods to historical data.

(D) *Purchase intention* is calculated by, amongst others, determining intended purchases of the product line and the relevant budget that might be spent at a specific seller.

According to Table 3.5, the concept of CLV should be forward-looking, since it represents the present value of a future stream of income expected from a customer. The model offers a comprehensive measure, since it represents the profit potential inherent to the customer. CLV could consequently be created by combining quadrants C and D, whereas A and B could give indications of the values of C and D.

Organisations do not necessarily want to retain all their customers, since the cost of serving certain customers may exceed their potential value (Christopher et al., 2002:62). In this respect, the CLV concept assists organisations in identifying their most profitable customers.

3.9 LEVELS OF RELATIONSHIP MARKETING

According to Berry and Parasuraman (1991:137), relationship marketing may be utilised on one of three levels, and each consecutive level of strategy implies a closer bond between the organisation and the customer. Although a specific product or service could be marketed on different levels to different customers, each customer can be reached through only one level. The level on which the organisation would wish to reach a customer, will depend on a number of variables, such as:

- the type and number of bonds that the organisation wishes to establish;
- whether the organisation is actively involved in niche marketing (in which case there may be fewer customers);
- whether the product or service can be customised; and
- the possibility of some potential for enduring competitive differentiation.

The three levels of relationship marketing as identified by Berry and Parasuraman (1991:137) are summarised in Table 3.6.

Table 3.6

The three levels of relationship marketing

Level	Type of bond(s)	Marketing orientation	Degree of service customisation	Primary marketing mix element	Potential for sustained competitive differentiation
One	Financial	Customer	Low	Price	Low
Two	Financial and social	Client	Medium	Personal communications	Medium
Three	Financial, social and structural	Client	Medium to high	Service delivery	High

Source: Berry and Parasuraman (1991:137).

3.9.1 Level-one relationship marketing

The purpose of a level-one relationship is to increase customer retention and increased sales through price incentives. Therefore, this level of relationship marketing is often referred to as either "frequency" or "retention" marketing. Level-one relationships are often based on the reduction of prices for greater volume purchases or lower prices for customers who have been with the organisation for an extended period of time.

Since the concept of relationship marketing is relatively new, many organisations enter into level-one relationships with customers. Examples of level-one relationships are, amongst others, the airline and accommodation industries. “Frequent flyer” programmes of airline companies are based on offering financial incentives and rewards for customers who bring more of their business to a particular airline. Although it is assumed that “frequent flyer” programmes generate more business for airline companies, not all of these programmes are successful (Zeithaml & Bitner, 1996:190).

Since level-one relationships are based on financial incentives, it is often difficult to differentiate between competing programmes. Since many travellers belong to several frequent flyer programmes, they appear not to hesitate in trading them off against each other. Thus, programmes could easily be imitated, resulting in difficulty in obtaining a long-term competitive advantage. It is consequently more appropriate if a bond is based on more than financial incentives only.

3.9.2 Level-two relationship marketing

In level-two relationships, bonds are based on more than mere financial incentives. Although the importance of price incentives is not disregarded, organisations seek to build closer relationships with customers resulting in the establishment of social bonds on top of financial bonds. Services are customised to fit individual needs while marketers search for ways of staying in touch with their customers. Social bonds are thereby developed between the organisation and its customers.

According to Zeithaml and Bitner (1996:191), social bonds are customary amongst service providers (such as lawyers, accountants and teachers) and their clients as well as amongst personal care providers (such as hairdressers, counsellors and health care providers) and their clients. Although social bonds are not sufficient to overcome price significance, it may encourage clients to remain in a relationship in the absence of reasons to shift to another service provider. Social bonds thus provide the opportunity to rethink the current relationship and investigate competitive relationships before the client may consider defecting.

A literature study by Rao and Perry (2002:601) indicates that trust, commitment and interdependence are the most frequently mentioned social bonds in literature. The study also refers to the importance of reciprocity, which constitutes one of the basic norms of social exchange. The influence of technological advances on the establishment of level-two relationships is considerable. The possibility of compiling databases on existing clients, for example, opens the prospect of marketing to individuals. Hereby frequent clients' needs may be anticipated and some elements of the service can be customised accordingly.

Social bonds, in contrast with level-one relationships, are more difficult for competitors to imitate, since such bonds are customised for individual needs. In combination with financial bonds, social bonds may encourage clients to remain in a specific relationship and are therefore generally regarded as more effective than financial bonds used in isolation.

3.9.3 Level-three relationship marketing

By providing services that are valuable to clients and not readily available from competitors, structural bonds are developed. These bonds, which are created in addition to financial and social bonds, are often technology-based and intend to increase clients' productivity. In this regard, Turnbull and Wilson (Berry & Parasuraman, 1991:140) argue:

> "Social bonding between all of the buyers and sales people may be high, but social bonding will not maintain the sales relationships in the face of large price differences. Professional buyers must justify price premiums and good personal relationships may only justify a small premium. It is easier for buyers to resist a lower price from a competitor who does not offer the technical service that the buyer requires. The structural bond that is created by the seller investing in technical support binds the medium sized customer to the seller."

On the site of an exclusive conference centre, some partners with an accounting organisation in an investment intend building a training facility. This serves as an example of structural bonding. Building the training facility on the premises of the conference centre, it could be customised to the needs of the accounting organisation. A lasting relationship may consequently be developed, which would offer considerable advantages to each of the parties involved.

Due to the level of customisation, structural relationships are extremely difficult to imitate, resulting in an almost zero defection rate by clients. However, clients may be cautious to become involved in level-three relationships, since they may fear that tying themselves too closely to one provider only may not allow them enough freedom to respond positively to offers from competitive providers.

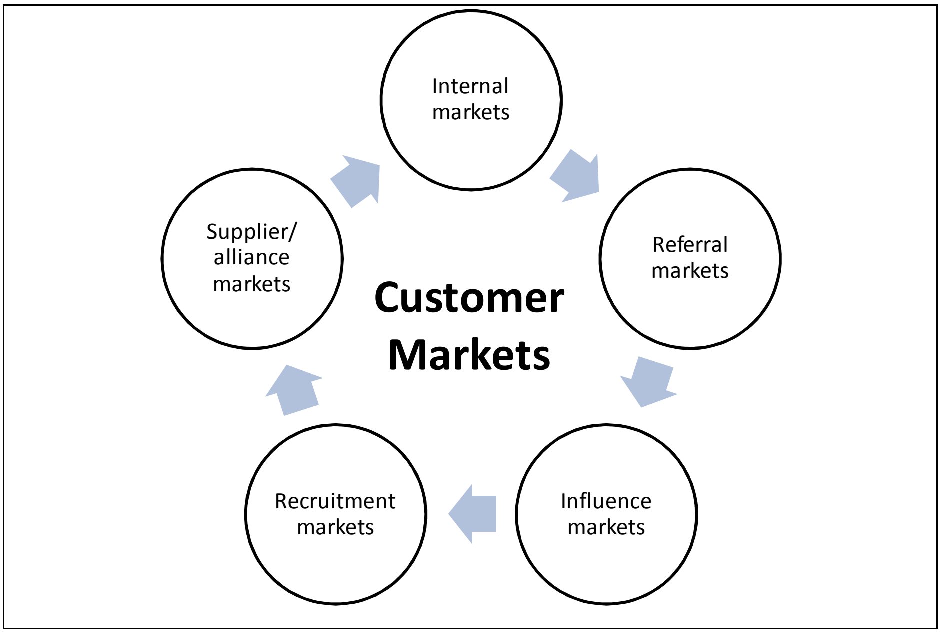
Structural bonds have been successfully used by well-known companies such as Federal Express, UPS and Allegiance Healthcare (Zeithaml, Bitner & Gremler, 2006:199).

3.10 STAKEHOLDERS INVOLVED IN RELATIONSHIP MARKETING

In order to improve its usefulness, the philosophy of relationship marketing needs to be converted into tangible relationships for it to be included in an organisation's marketing plan. A number of studies have described the nature and scope of relational exchanges. The "six-market model", as proposed by Christopher et al. (2002:79), addressed this challenge by identifying the major stakeholders or market domains as: customer, internal, referral, influence, recruitment and supplier markets. According to these authors, the organisational success in implementing marketing planning is partly determined by the relationships with some of these markets. The six-market model is outlined in Figure 3.5.

Figure 3.5

The six-market model



Source: Christopher et al. (2002:80).

An important characteristic of the six-market model is that provision is made for the involvement of internal stakeholders, such as employees. This six-market model was built on research by Morgan and Hunt (1994:21), who found that partnerships within a relational exchange may be categorised in four distinct groups: supplier partnerships, lateral partnerships, internal partnerships and buyer partnerships.

Gummesson (1994:11) offers a more comprehensive view on the stakeholders involved in relationship marketing and he identified a set of 30 relationships in defining relationship marketing as "marketing seen as relationships, network and interactions". This approach became commonly known as the 30R model.

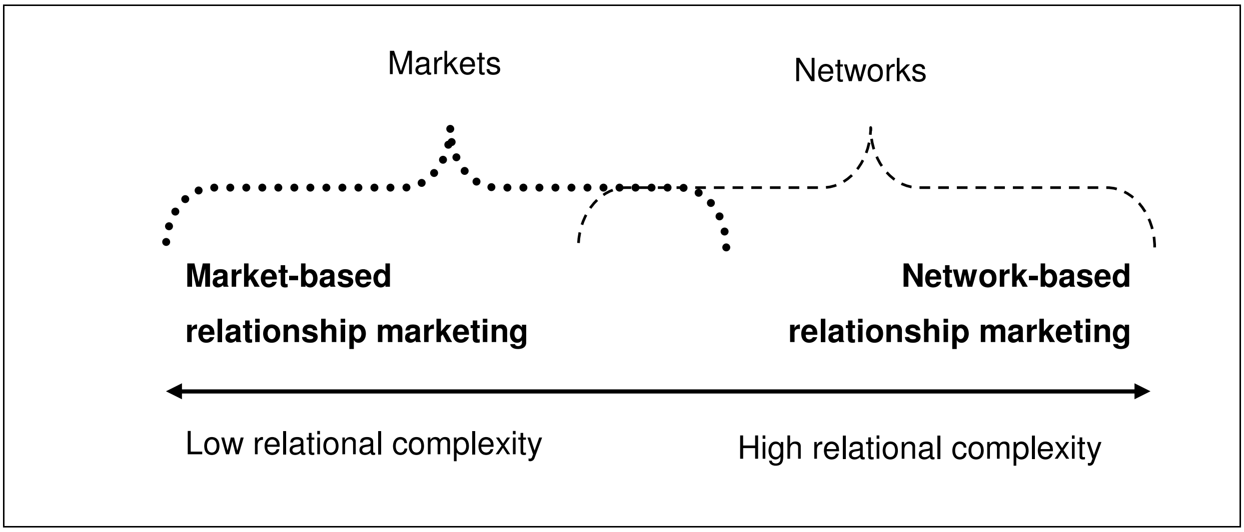
Although the concept *stakeholder* is often used in the theory of relationship marketing, new notions, such as associates or partners, have emerged. However, all these notions culminate in the creation of long-term relationships, alliances, and/or partnerships. Levitt (in Buttle, 1996:4) gave an interesting description of a marketing relationship: "… the relationship between a seller and buyer seldom ends when the sale is made … the sale merely consummates the courtship. Then the marriage begins."

3.11 MARKET-BASED RELATIONSHIP MARKETING VERSUS NETWORK-BASED RELATIONSHIP MARKETING

Möller and Halinen (2000:43) argue that one should be cautious to refer to a single "relationship-marketing theory" since it might portray a misleading depiction of the real situation. The authors point out that one should preferably distinguish between two major types of relationship marketing, namely market-based relationship marketing and network-based (interorganisational) relationship marketing. The two relationship marketing types are:

Figure 3.6

Relationship marketing types



Source: Möller and Halinen (2000:43).

Market-based relationship marketing deals with fairly simple exchange relationships and assumes a market context, whereas *network-based* relationship marketing examines complex relationships and presumes a network-like business environment (Möller & Halinen, 2000:43). A further dividing factor is the complexity of the relationship, which in turn refers to the number of actors involved in exchange, their interdependence and intensity and the nature of interaction. The basic assumptions underlying consumer-related and network-related (interorganisational) relationship marketing are outlined in Table 3.7.

Table 3.7

Consumer-related versus network-related relationships

Consumer relationships: Low relational complexity	**Network (interorganisational) relationships: High relational complexity**
The focus is on marketer-individual customer relationships.	The focus is on (i) supplier-buyer dyads, and (ii) exchange within focal nets.
A large number of customers.	A small number of actors, ranging from profit/non-profit-organisations to governmental organisations and key persons.
Low interdependence since resources (relationships, products, information, etc.) are substitutable. Switching is relatively easy.	Mutual interdependence through resource ties; resources are relatively heterogeneous, making switching difficult.
The seller is primarily active.	Any actor can be active.
The focus is on few episodes – seldom on long-term relationships.	Transactions are episodes in long-term relationships.
The emphasis is on managerial, economic, and psychological views of exchange.	The emphasis is on resource, social and inter-functional exchange relationships.

Source: Möller and Halinen (2000:40).

The assumption in respect of the level of interdependence appears to be the major differentiating characteristic between the two types of relationship marketing. In consumer relationship marketing, both buyers and sellers have many alternatives from which to choose, since all resources may be substituted. In contrast, in interorganisational relationships, the buyer and the seller are interdependent on each other since there are fewer potential partners and resources tend to be heterogeneous. Relationship switching is thus more difficult.

3.12 THE CURRENT STATE OF RELATIONSHIP-MARKETING THEORY

Despite the more than ten years of academic and practitioner interest in relationship marketing, the basic assumptions that underpin the concept have hitherto not been tested or challenged in any meaningful way (O'Malley & Tynan, 2000:809). There is consequently a need for methodologies that are commensurate with the objectives of theory development rather than theory testing. Yau, McFetridge, Chow, Lee, Sin and Tse (2000:1112) support the findings of O'Malley and Tynan (2000) and maintain that the exact nature of relationship marketing and its constituent components has not been studied. Yau, McFetridge et al. (2000:1112) found a lack of psychometric properties of scales through which the concept may be measured.

Eiriz and Wilson (1999:1) contributed to the debate by stating that the concept of relationship marketing still lacks clarification and, depending on the theoretical background adopted, it is often used indiscriminately to refer to different meanings. The current state of relationship marketing was summarised by Fournier (1998:343) as follows: “The field [of relationship-marketing theory] has leapt ahead to application of relationship ideas and the assumption of relationship benefits without proper development of the core construct involved.”

Rich (2000:174) argues that research has revealed a gap between broad support for relationship marketing among managers and the actual behaviours that are necessary for the implementation of the concept. It is further indicated that organisations in general lack the integration of business functions and that most organisations have only applied modest infrastructure changes. This is in accordance to the study by O’Malley and Prothero (2004:1292), which indicates that, although marketers may use the terminology of relationship marketing, they appear not to have changed their marketing processes. However, the most significant shortcoming of relationship marketing appears to be lack of a general theory of the concept (Too, Souchon & Thirkell, 2001:288; Möller & Halinen, 2000:30).

A number of antecedents were responsible for the popularity of relationship marketing. Although the contribution of these factors to the emergence of relationship marketing has been established in marketing literature, Sheth (2002:591) specifies three new antecedents that are likely to change the course of relationship marketing in future.

The first antecedent is the rapid growth of information technology, which enables organisations to install customer relationship management programmes. Sheth maintains that the focus would shift towards tactical marketing, such as loyalty programmes, affinity marketing and campaign marketing. De Wulf and Odekerken-Schröder (2001:74) claim that technological advances would stimulate the growth of relationship marketing in consumer markets as consumers are brought in more direct contact with resellers and manufacturers.

The second antecedent is that of relationship marketing selectivity, which implies that organisations should be selective in the use of relationship marketing. Relationship-marketing programmes should only be implemented once organisations are certain about the profitability of market segments. By using the marketing strategy continuum of Grönroos (1994), organisations are able to distinguish between transaction-inclined customers and relationship-inclined customers. In this regard, El-Ansary (Sheth, 2002:591) suggests that relationship marketing should not be a universal philosophy, but just one of several marketing relationships.

The third antecedent is the outsourcing of customers. Since a large section of an organisation's customers may be unprofitable in the long run, it may well be worthwhile to outsource these customers to other services providers.

3.13 SUMMARY AND IMPLICATIONS FOR THE STUDY

The re-emergence of relationship marketing during the late 1980s and early 1990s has changed the scope of marketing thought. Emerging from primary services marketing and industrial marketing, the relationship-marketing concept has grown to a widely accepted and acclaimed marketing construct. Despite some authors' claims that relationship marketing can be regarded as a paradigm shift in marketing, one should be cautious in reaching this conclusion. As indicated, relationship marketing should be viewed as one of the managerial tools to be used in attaining customer retention.

This chapter provided an overview of the perspectives on relationship marketing and the role of relationship marketing in marketing strategy. Attention was also given to the different outcomes when a relationship-marketing strategy is applied, as well as to the different levels on which relationship marketing could be applied. The chapter concluded with a section on the current state of relationship-marketing theory.

However, it appears that relationship marketing still lacks a general theory and that many of the areas within the concept have not been researched properly. For example, a general accepted definition of relationship marketing still has to be established. Furthermore, the construct of relationship marketing is often misrepresented, since no differentiation is made between market-based relationship marketing and network-based relationship marketing.

Within the limitations of current research on relationship marketing, many opportunities are open for further exploration. One of the major current shortcomings in the field is the need for a comprehensive study in respect of the nature and components of relationship marketing. Although a number of studies were conducted in this regard, they tend to focus on specific elements of the construct. This particular deficiency forms the point of departure for the next chapter.

CHAPTER 4
THE DIMENSIONS OF RELATIONSHIP MARKETING

4.1 INTRODUCTION

The emergence of relationship marketing as an academic field of study has resulted in the subject being researched extensively (Wong & Sohal, 2002; Morgan & Hunt, 1994). According to De Ruyter and Wetzels (1999:57), marketing literature now focuses on the pay-off from buyer-seller relationships in terms of profitability, market share and customer satisfaction.

The creation of long-term relationships can only be pursued once there is certainty about the dimensions (factors) contributing to the establishment of the relationship. This chapter focuses on the dimensions that are essential for the establishment and maintenance of long-term marketing relationships. Although there is no agreement on the exact number of dimensions, research has shown that especially trust and commitment play an undisputed role in creating and maintaining relationships (Morgan & Hunt, 1994:22).

The purpose of this chapter is to identify, by means of a literature review, the dimensions that have proved to have an influence on the management of long-term marketing relationships. Although a vast number of dimensions were found in the marketing literature, certain dimensions emerge more often than others. Specific emphasis will be placed on trust and commitment, since it appears that the influence of these two dimensions is thoroughly researched.

4.2 DIMENSIONS OF RELATIONSHIP MARKETING

An examination of marketing literature reveals a lack of comprehensiveness in terms of the predictors or dimensions of relationship marketing. Although numerous empirical studies were conducted, they tend to focus on specific circumstances in specific industries only. Due to this high level of fragmentation, one should, therefore, be cautious of applying the findings of these studies to marketing relationships in general.

A study by Sin et al. (2005:185) noted that relationship marketing is traditionally characterised by reciprocal, interdependent, committed, long-term orientations between sellers and buyers. This notion implies that relationship marketing could be attained through implementing reciprocity, dependence and commitment in the long term. However, Sin et al. (2005:187) argue that a relationship marketing orientation should be driven by the following six dimensions: trust, bonding, communication, shared values, empathy and reciprocity. Although there appears to be concurrence regarding the impact of these variables, it should not be seen as a complete set of variables influencing relationship marketing. Pressey and Mathews (2000:273) contend that "whatever the industry, it is important to build trust and commitment, have a long time horizon and facilitate information exchange if a relationship is to be the end goal".

Table 4.1

Variables influencing buyer-seller relationships

Variable	Definition
Commitment	An implicit or explicit pledge of relational continuity between exchange partners.
Trust	A willingness to rely on an exchange partner in whom one has confidence.
Cooperation	Similar or complementary co-ordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time.
Mutual goals	The degree to which partners share goals that can only be accomplished through joint actions and the maintenance of the relationship.
Interdependence/ power imbalance	Power is closely tied to the interdependence of the partners in a relationship; power imbalance is the ability of one partner to get the other partner to do something he/she would not normally do.
Performance satisfaction	The degree to which the business transaction meets the business performance expectations of the partner.
Structural bonds	The vector of forces that create impediments to the termination of the relationship.
Comparison level of the alternative	The quality of the outcome available from the best available relationship partner.
Adaptation	The alteration that is done to a partner's processes or the item exchanged in order to accommodate the other partner.
Nonretrievable investments	The relationship-specific commitment of resources that a partner invests in the relationship.
Shared technology	The degree to which one partner values the technology contributed by the other partner to the partnership.
Social bonds	The degree of mutual personal friendship and liking shared by the buyer and seller.

Source: Compiled from Wilson (1995:337-339).

A comprehensive study by Wilson in 1995 identified 13 variables that influence the success of marketing relationships. Wilson (1995:337) argues that these variables should not be regarded as exhaustive, and that more variables could be identified by other researchers to reflect situational factors. However, Wilson (1995) points out that the variables in Table 4.1 represent those that have both theoretical and empirical support.

There appears to be concurrence on the roles of both trust and commitment in the management of long-term relationships (Sin et al., 2005; Garbarino & Johnson, 1999; Morgan & Hunt, 1994; Moorman et al., 1992; Dwyer et al., 1987). Wong and Sohal (2002:34) contend that increased levels of trust and commitment in a relationship are associated with higher levels of customer retention and, inevitably, organisational profitability.

However, in B2B markets Gounaris (2005:126) found that, despite the importance of trust and commitment, inquiry on the issue is impeded in three ways. Firstly, there appears to be a lack of academic research to empirically document the factors that affect trust and commitment in marketing exchange relationships. Secondly, studies fail to distinguish between trust and related factors (for example, antecedents and consequences of trust). A third limitation identified by Gounaris, is the conflicting evidence in terms of the directionality of the relationship between trust and commitment.

Apart from trust and commitment, a vast number of additional variables may be used to predict the success of marketing relationships. However, although there appears to be relative agreement on the nature of these variables, researchers differ on the specific position of each of the variables in a marketing relationship. Commitment, for example, may well be both an antecedent (Medlin, Aurifeille & Quester, 2005:220) and a consequence (Morgan & Hunt 1994:29; Moorman et al., 1992:316) of trust.

It is important to realise the difference in importance of the identified variables, since some variables could be more important in certain circumstances. Furthermore, it should be taken into consideration that relationships vary over time, resulting in what may have been effective in the past to foster a relationship, not being successful at present (Pervan & Johnson, 2000:955).

The following section presents a discussion of those dimensions of relationship marketing that appear most frequently in the marketing literature and the reasons why each of these dimensions is important in the management of long-term relationships.

4.2.1 Trust

The inclusion of trust as a central variable in a relationship exchange has been widely examined in marketing literature (Wang, 2007; Sin et al., 2005; Andaleeb, 1996 & 1995; Ganesan, 1994; Morgan & Hunt, 1994; Anderson & Weitz, 1989; Dwyer et al., 1987). Trust plays a dominant role in both marketing theory and practice and is regarded as an essential ingredient for successful relationships (Garbarino & Johnson, 1999:71). Ganesan and Hess (1997:439) argue that trust (along with commitment) is a "key" to cooperative behaviour essential for the success of interfirm alliances.

Leisen and Hyman (2004:991) see trust as "the universally accepted basis for any human interaction". Geyskens and Steenkamp (1995:357) found that trust is a key construct in the areas of marital relations, social psychology and interpersonal bargaining, international joint ventures, and organisational decision-making.

An understanding of the way in which trust affects consumer behaviour provides insight into the role of this concept in purchasing decisions. A number of sociological reviews provide sufficient evidence for the importance of trust in shaping the behaviour of individuals towards each other (Swan, Trawick, Rink & Roberts, 1988:1). Both Barber (1983:8) and Lewis and Weigert (1985:967) point out that trust is necessary for social order to exist through the emergence and endurance of stable relationships between individuals over time.

In the marketing literature, trust is treated in one of two distinct ways. Firstly, research shows that trust could be regarded as a feature or an aspect of relationship quality, and secondly, there is evidence to regard trust as a determinant of relationship quality (Moorman et al., 1992:315).

4.2.1.1 Definition of trust

Although the importance of trust in interorganisational relationships is generally agreed to, there appears to be a lack of consensus on a suitable conceptualisation of the concept (Ganesan & Hess, 1997:439). Moorman, Deshpandé and Zaltman (1993:92) maintain that the traditional view of trust adopted in marketing has been based on a purely psychological approach. However, a comprehensive study by Moorman et al. (1993) shows that this view of trust should be extended to include sociological theories.

Morgan and Hunt (1994:23) see trust as a key construct in their model of relationship marketing, and suggest that trust exists when one party has confidence in an exchange partner's reliability and integrity. This definition parallels that of Moorman et al. (1993:82) that trust is "a willingness to rely on an exchange partner in whom one has confidence". This definition of trust covers the two general approaches to trust in marketing literature. Firstly, considerable research in marketing views trust as a belief, confidence, or expectation about an exchange partner's trustworthiness that results from the partner's expertise, reliability, or intentionality (Moorman et al., 1993:82). Secondly, trust has been viewed as a behavioural intention or behaviour that is reflected in a reliance on a partner and requires uncertainty and vulnerability on the part of the trustor (Coleman, 1990:91). According to Moorman et al. (1993:82), both the belief and behavioural intention components need to be present for trust to exist. Both the definitions by Morgan and Hunt (1994) and by Moorman et al. (1993) highlight the importance of confidence and reliability in the conception of trust.

Doney and Cannon (1997:36) define trust as the "perceived credibility and benevolence of a target of trust". Here perceived credibility refers to the expectancy that a partner's word or written statement can be relied on, while benevolence refers to the degree to which one partner is sincerely interested in the other partner's well-being and a willingness to seek joint gain.

Anderson and Narus (1990:45) define trust as "the firm's belief that another organisation will perform actions that will result in positive outcomes for the organisation, as well as not take unexpected actions that would result in negative outcomes for the firm". Anderson and Narus (1990:45) contend that the strength of this belief may lead the organisation to make a trusting response or action, whereby the organisation commits itself to a possible loss depending upon the subsequent actions of the other organisation.

Halliday (2004:46) argues that relationship marketing researchers have been tempted to adopt a somewhat impoverished perspective on trust since they rely on literature relating specifically to economics. In order to include the concept of embeddedness, Halliday (2004:46) refers to the richer definition provided by Hosmer in 1995: "Trust is the reliance by one person, group or firm upon a voluntarily accepted duty on the part of another person, group or firm to recognise and engaged in a joint endeavour or economic exchange".

In their literature review, Geyskens, Steenkamp and Kumar (1998:225) contend that there is no one definition of trust, and that there is some confusion since the concepts of trust, satisfaction and commitment are not sufficiently conceptually distinct, but rather interchangeably.

Trust has further been defined in terms of shared values (Morgan & Hunt, 1994), mutual goals (Wilson, 1995), opportunistic behaviour (De Ruyter & Wetzels, 1999; Morgan & Hunt, 1994) and uncertainty (Crosby, Evans & Cowles, 1990).

This study uses the definition of Moorman et al. (1993), namely that trust is a willingness to rely on an exchange partner in whom one has confidence.

4.2.1.2 The components of trust

Morgan and Hunt (1994:24) point out the importance of confidence in the establishment of trust when they argue that "the confidence of the trusting partner results from the firm belief that the trustworthy party is reliable and has high integrity, which are associated with such qualities as consistent, competent, honest, fair, responsible, helpful and benevolent". Walter et al. (2000:3) contribute to the debate by indicating that trust has three essential components: benevolence, honesty and competence. Coulter and Coulter (2003:32) added ability to customise solutions, reliability, promptness, empathy, similarity and politeness as essential characteristics (components) in the establishment of trust.

Andaleeb (1996:79) sees trust as one partner's confidence in the other's goodwill, and argues that trust involves future contingencies in which the partner, in whom trust is placed, has a certain degree of freedom to disappoint the expectation of the trusting party. Consequently, Friman, Gärling, Millett, Mattsson and Johnston (2002:405) contend that trust is the belief that one's partner is reliable, stands by his or her words, fulfils promised obligations, and is honest.

Galli and Nardin (2003:3) empirically distinguish between the cognitive and emotional dimensions of trust. In cognitive dimensions, Galli and Nardin distinguish the components of honesty, experience (expertise and competence), reputation, warmth and credibility (2003:5). In the same study, benevolence was identified as an emotional component of trust.

Seppänen, Blomqvist and Sundqvist (2007) conducted a comprehensive literature study regarding the components of trust. The major findings of this study are represented in Table 4.2.

Table 4.2

The components of trust

Author	Type of relationship	Conceptualisation	Components
Ganesan (1994)	Retail buyers and vendors from department store chains	Trust is the willingness to rely on an exchange partner in whom one has confidence.	Credibility and benevolence
Aulakh, Kotabe and Sahay (1996)	Interorganisational relationships	Degree of confidence the individual partners have on the reliability and integrity of each other.	Reliability and integrity
Chow and Holden (1997)	Buyer-seller in circuit board industry	The level of expectation or degree of certainty in the reliability and trust/honesty of a person or thing.	Salesperson trust Company trust
Doney and Cannon (1997)	Buyer and seller in manufacturing	Perceived credibility and benevolence of a target of trust.	Credibility and benevolence
Nooteboom, Berger and Noorderhaven (1997)	Manufacturer-supplier in microelectronics	Trust as a significant source of cooperation, along with coercion and self-interest.	Institutionalisation and habitualisation
Smith and Barclay (1997)	Selling partnerships in computer industry	Trust is the critical factor differentiating effective from ineffective selling partner relationships.	Honesty/integrity Reliability/dependability Responsibility Likeability Judgement

Author	Type of relationship	Conceptualisation	Components
Sako and Helper (1998)	Supplier-manufacturer relationships in auto industry	An expectation held by an agent that its trading partner will behave in a mutually acceptable manner.	Goodwill trust Contract trust Competence trust
Zaheer, McEvily and Perrone (1998)	Supplier-manufacturer relationships in electronics	Expectation that an actor can be relied on to fulfil obligations, will behave in a predictable manner, and will act fairly when the possibility for opportunism is present.	Reliability Predictability Fairness
Plank, Reid and Pullins (1999)	B2B	Trust is a global belief on the part of the buyer that the salesperson, product and company will fulfil their obligations as understood by the buyer.	Salesperson trust Product trust Company trust
Young-Ybarra and Wiersema (1999)	Strategic alliances in information technology	Trust is based on three components: dependability (expectation that the partner will act in the alliance's best interests), predictability (consistency of actions), and faith (partner will not act opportunistically).	Dependability Predictability Faith

Source: Adapted from Seppänen et al. (2007:252-254).

Although the studies indicated in Table 4.2 used different components to describe trust, a number of key components are evident. For example, the concept of credibility may be generalised to include other concepts, such as integrity, reliability, responsibility and faith, while benevolence could be operationalised to include likeability. Because of the number of possible dimensions that may be applicable to the present study, trust was regarded as an uncomplicated construct (which includes credibility and benevolence).

4.2.1.3 The role of trust in the management of relationships

As indicated earlier in this chapter, the role of trust in the management of long-term marketing relationships appears to be well reported. A review of marketing literature produced a vast variety of studies in which the antecedents and consequences of trust are confirmed. For example, the position of trust relative to commitment (Gounaris, 2005), satisfaction (Andaleeb, 1996), communication (Geyskens et al., 1998), dependence (Tellefsen & Thomas, 2005), shared values (Morgan & Hunt, 1994), bonding (Gounaris & Venetis, 2002) and conflict (Anderson & Narus, 1990) have been reported in the marketing literature. A detailed discussion of the antecedents and consequences of trust in a relational approach will be provided in Chapter 5.

Dwyer et al. (1987:12) suggest that collaborative relationships rely on relational forms of exchange characterised by high levels of trust. These levels of trust, which are characteristic of relational exchange, enable the relevant parties to focus on the long-term benefits of the relationship (Ganesan, 1994:3). Doney and Cannon (1997:35) point out that marketing research on trust primarily focuses on two types of trust, namely trust in supplier organisations and trust in sales persons. Schurr and Ozanne (1985:940) argue that trust is important in an exchange relationship since it leads to constructive dialogue and cooperative problem-solving.

Sin et al. (2005:187) theorise that the higher the level of trust between buyer and seller, the greater the probability of continuance or long-term existence of the relationship. Anderson and Weitz (1989:312) concur with this notion when they emphasise that trust plays an important role in the development of long-term relationships because of the short-term inequities that are inevitable in relationships.

Fontenot and Hyman (2004:1213) confirm that trust encourages organisations to wave formal contractual agreements. These authors found that in a relationship, trust reduces the risks of interdependency and is related to the uncertainty level, adequacy of information for making decisions, predictability of decision consequences and decision confidence.

Trust also appears to relate to the focal organisation's intention to rely on its exchange partner (Batt & Purchase, 2004:170). Ganesan (1994:3) prefers to call this notion *benevolence* since it is based on the extent to which the focal organisation believes that its partner has intentions and motives beneficial to the organisation.

The development of trust appears to be closely related to the duration of a relationship as well as to the ethical code by which sales personnel operate (Bejou et al. 1998:170). These authors contend that the conditions under which trust is built are as such that it is plausible that ethics should affect perceptions of trust (Bejou et al., 1998:172).

4.2.2 Commitment

Commitment appears to be one of the most common dependent variables used in buyer-seller relationships with relationship marketing literature reporting extensively on commitment (Gounaris, 2005:127). Venetis (1997:45) found that commitment is not only regarded as important for the continuation of the relationship, but it is also related to increasing relationship benefits, competitive power, profitability and marketing success. Gundlach, Achrol and Mentzer (1995:78) argue that committed partners are willing to invest in valuable assets specific to an exchange, demonstrating that such partners can be relied upon to perform essential functions in future.

By establishing long-term relationships, both parties intend to decrease the levels of uncertainty. Commitment is important as it deals with the reduction of uncertainty about the future of the relationship (Denize & Young, 1996:169). Garbarino and Johnson (1999:73) contend that together with trust, commitment is a key mediating construct in successful relational exchanges.

Morgan and Hunt (1994:23) proposed that relationship commitment is central to relationship marketing, and, although the concept is relatively new in discussions of interorganisational relationships, commitment has long been central in the social exchange literature. Berry and Parasuraman (1991:139) maintain that "relations are built on the foundation of mutual commitment".

Based on a literature review, Morgan and Hunt (1994:23) point out that commitment is central to all the relational exchanges between the organisation and its various partners.

4.2.2.1 Definition of commitment

Commitment may be defined as "the desire for continuity manifested by the willingness to invest resources into a relationship" (Gounaris, 2005:127). A comprehensive definition was provided by Morgan and Hunt (1994:23) when they described commitment as "the belief of an exchange partner that the ongoing relationship with another is so important as to warrant maximum efforts at maintaining it". This definition is similar to that proposed by Moorman et al.

(1992:316) who define commitment as "an enduring desire to maintain a valued relationship". The "enduring desire to maintain" component of this definition implies that a committed partner would like the relationship to endure indefinitely and that the partner is, therefore, willing to put in some effort in order to maintain the relationship. The "valued relationship" concept implies that commitment would only exist if partners agree to the importance of the relationship.

Simpson and Mayo (1997:211) argue that, despite the definition by Moorman et al. (1992) of commitment as "an enduring desire to remain in a valued relationship", commitment is not a static concept. This viewpoint is based on the notion that the degree of commitment to an exchange relationship could be affected by the manner in which one party attempts to influence the other party.

Furthermore, Kelley and Davis (in Tax, Brown & Chandrashekaran, 1998:64) point out that the need for customer participation in the delivery process makes the concept of commitment especially relevant to services.

For the purpose of this study, commitment is defined as the enduring desire to maintain a valued relationship.

4.2.2.2 The components of commitment

Gundlach et al. (1995:79) contend that commitment has three basic components: an instrumental component (some form of investment), an attitudinal component (which refers to psychological attachment) as well as a component that refers to relationships existing over time.

A study by Gounaris (2005:127) proposes the existence of two types of commitment: affective and calculative commitment. Gounaris contends that both types are relatively stable attitudes and beliefs regarding the relationship, but that they originate from different motivations for maintaining a relationship. The motive for affective commitment appears to be a generalised sense of positive regard for and attachment to the other party, while calculative commitment stems from an anticipation of high termination or switching costs associated with ending the relationship. Trust leads to a high level of affective commitment since trust leads relationship partners to concentrate on "positive" motivation and this may be the stimulus to focus less on calculative reasons for attachment to a supplier organisation (Gounaris, 2005:128).

Gounaris (2005:128) found that the more the client trusts the service provider, the more affectively committed the customer becomes to the provider. Similarly, Gounaris reported a negative relation between trust and calculative commitment. These findings reported by Gounaris are similar to those by Geyskens et al. (1998:228) and De Ruyter and Wetzels (1999:68). De Wulf, Odekerken-Schröder and Schumacher (2000:11) conclude that "strong empirical evidence exists for a positive path from trust to relationship commitment".

Dwyer et al. (1987:19) were of the opinion that commitment could only exist once three measurable criteria exist: inputs, durability and consistency. Inputs, which could be of an economic, communication and/or emotional nature, are important since the parties use inputs to form the association between them. Durability is important since parties are searching for an association over time, while consistency refers to the constant way in which inputs are contributed to the relationship (Dwyer et al., 1987:19).

A literature review by Denize and Young (1996:170) pointed out that both attitudinal and behavioural components influence commitment.

Attitudinal determinants include:

- the ongoing orientation, which is the recognition of the benefits that are likely to occur in the relationship;
- effort – the intangible inputs (such as motivations) which are invested in the relationship; and
- mutual orientation, which refers to the extent to which both parties conduct business with a concern for the other party's interest.

Behavioural determinants consist of:

- the investment (in terms of time, money and personnel, which are allocated to the relationship);

- adaptation, which is the structural changes that occur over the long run in the relationship which are inevitable in sustaining the relationship;
- the mode of relationship management; and
- the information that is exchanged and how it is exchanged between buyer and seller.

4.2.2.3 The role of commitment in the management of relationships

Overwhelming empirical support was found for the positive influence of trust in the management of commitment (Friman et al., 2002:405; De Wulf & Odekerken-Schröder, 2000:14; Geyskens & Steenkamp, 1995:358; Morgan & Hunt, 1994:29; Moorman et al., 1992:321). Ganesan and Hess (1997:440) found that commitment to a relationship is the most frequently examined consequence of trust.

The importance of trust as antecedent of commitment is summarised by Morgan and Hunt (1994:24) as "relationships characterised by trust are so highly valued that parties will desire to commit themselves to such relationships. Indeed, because commitment entails vulnerability, parties will seek only trustworthy partners." Geyskens and Steenkamp (1995:358) found that the underlying theme in marketing literature dealing with the topic of trust is that trusting one's partner to be honest and benevolent brings about a feeling of security, which reduces uncertainty and creates a perceived supportive climate.

A study by Moorman et al. (1992:321) amongst the users of market research found that commitment to a relationship is significantly affected by the users' level of trust in the relationship.

Wong and Sohal (2002:37) emphasised that trust is an important construct in relational exchange since a relationship that is characterised by trust is so highly valued that parties would desire to commit themselves to such relationship. Furthermore, since commitment encompasses vulnerability, parties would seek only trustworthy partners, and having a positive relationship, contributes to positive relationship outcomes such as trust and intentions to continue a relationship.

A study by Anderson and Weitz (1989:312) found that through trust, confidence in a relationship is developed that in the long run would yield a long-term benefit. Morgan and Hunt (1994:22) argued that trust allows parties to take risks since one's partner is not expected to act opportunistically while the trusting party does not have to engage extensively in activities such as monitoring the other partner in the relationship. Morgan and Hunt assessed the level of customer trust and commitment by measuring the strategy outcomes of acquiescence, propensity, functional conflict, uncertainty and cooperation. The effect of trust on commitment was empirically tested by Coote et al. (2003:601) who reported a positive relationship between the two dimensions, trust and commitment.

Simpson and Mayo (1997:211) found that commitment in a relationship suggests a long-term orientation and assumes that the relationship is stable and will continue long enough for channel members to realise the long-term benefits. This finding is similar to a study by Mohr and Spekman (1994:137) where it was found that commitment suggests a future orientation in which partners attempt to build a relationship that could weather unanticipated problems.

Empirical data supporting the role of commitment and trust in relationship marketing were provided by Morgan and Hunt (1994:25): "First, acquiescence and propensity to leave directly flow from relationship commitment. Second, functional conflict and uncertainty are the direct results of [lack of] trust. Third, and most importantly … co-operation arises directly from both relationship commitment and trust."

One of the key characteristics of relationship commitment is the committing party's purposeful and consistent engagement of resources to maintain the relationship over an extended period of time (Gao et al., 2005:399). Gao et al. point out that reciprocal or joint commitment may lead to stable long-term relationships through aligning participants' incentive structures and enhancing their confidence in each other's behaviours.

A detailed explanation of the different antecedents and consequents of commitment will be provided in Chapter 5.

4.2.3 Satisfaction

The role of satisfaction in relationship marketing is well-documented in literature, and could be defined as "an overall evaluation based on the total purchase and consumption experience with a good or service over time" (Garbarino & Johnson, 1999:71). This definition builds on an earlier definition by Anderson and Narus (1990:45) who claimed that satisfaction is "a positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm". Sheth and Parvatiyar (2000:253) argue that performance satisfaction is an important variable in business relationships and partners should deliver high-level satisfaction during each business transaction.

It is important to differentiate between the constructs *overall satisfaction* and *transaction-specific customer satisfaction*. As opposed to overall satisfaction, transaction-specific customer satisfaction is based on a judgement that is made immediately after the purchase had taken place (Garbarino & Johnson, 1999:71). Likewise, judgement is formed by an affective reaction to the most recent transactional experience with the organisation. Garbarino and Johnson (1999:71) point out that overall satisfaction is a cumulative construct, where the satisfaction with specific products and services of the organisation is calculated by taking into account various facets of the organisation, such as physical facilities. Bodet (2008:157) argue that these two perspectives on satisfaction should be viewed as complementary rather than competitive, and they should therefore be investigated simultaneously.

A study by Leuthesser and Kohli (1995:222) not only researched the determinants of buyer satisfaction, but also focused on the consequences of buyer satisfaction. The study provided empirical evidence for a number of generally assumed satisfaction linkages, as well as the influence of buyer satisfaction on, amongst others, shares of business.

The influence of relationship satisfaction was also studied by Ganesan (1994:5), who contended that, in a continuing relationship, satisfaction with past outcomes points to equity in the exchange. This equity in exchange provides confidence that parties are concerned about the other's welfare in the relationship. Ganesan argued that trust could only develop once confidence is established.

Odekerken-Schröder, Van Birgelen, Lemmink, De Ruyter and Wetzels (2000:111) observed that satisfaction has to be fulfilled for building trust between partners in a relationship and for increasing the intention to continue the relationship. The study also investigated the influence of critical incidents on trust and satisfaction and it was found that critical incidents appear to have no impact on the level of trust customers have in their service providers. Furthermore, the study found that, since trust may be considered a long-term relationship-oriented consequence of service quality, it is not likely to be affected by one single incident (Odekerken-Schröder et al., 2000:120-121).

The marketing literature supports the positive relationship influence of satisfaction on trust (Leisen & Hyman, 2004; Costabile et al., 2002; Walter et al., 2000; De Wulf & Odekerken-Schröder, 2000; Matanda, Schroder & Mavondo, 2000; Bendapudi & Berry, 1997; Anderson & Narus, 1990). Walter et al. (2000:5) found that the more satisfied the customer has been with the supplier in the past, the more he/she would trust the supplier for the future of the relationship. These results concur with the findings of De Wulf and Odekerken-Schröder (2000:17).

Marketing literature also supports a positive relationship between trust and satisfaction (Razzaque & Boon, 2003:27) since the presence of trust raises levels of performance and causes greater satisfaction (Andaleeb, 1996:86; Kumar, 1996:98; Anderson & Narus, 1990:44). Andaleeb (1996:80) contributes to the discussion by contending that, when the focal party trusts the source, it would feel secure by way of an implicit belief that the actions of the source would result in positive outcomes or at least not result in negative outcomes, and that this evaluation should lead to higher satisfaction. Leisen and Hyman (2004:993) believe that satisfaction develops in the initial stages of marketing relationships, while trust develops in the intermediate stages. Ganesan (1994:5) adds to this by saying that satisfaction with past outcomes nurtures trust because it increases customers' confidence that they would be treated fairly and that the seller cares about their welfare.

Miyamoto and Rexha (2004:314) investigated the influence of satisfaction on the different types of trust. The study operationalised trust as a concept consisting of contractual, competence as well as goodwill trust. The positive effect that satisfaction has on each of these types of trust was empirically confirmed in this study.

As indicated in the preceding paragraphs, the majority of research on the relationship between trust and satisfaction appears to focus on the positive effect of trust on satisfaction. However, evidence exists that satisfaction precedes trust (Costabile et al., 2002:15; Geyskens, Steenkamp & Kumar, 1999:226). Empirical evidence was therefore found for the positive effect of trust on satisfaction, as well as for the positive effect of satisfaction on trust.

4.2.4 Communication

Simpson and Mayo (1997:210, 212) argue that communication is a key variable at the beginning of any relationship and that specifically the relationship between trust and communication is becoming increasingly important in marketing channels literature. The positive influence of communication as an antecedent of trust is well established (De Ruyter et al., 2001; Raimondo, 2000; Batt, 2000; Smith & Barclay, 1997; Mohr, Fisher & Nevin, 1996; Morgan & Hunt, 1994; Anderson & Narus, 1990; Anderson & Weitz, 1989).

Communication was defined by Anderson and Narus (1990:44) as “the formal as well as informal sharing of meaningful and timely information between firms”. Anderson and Narus (1990:45) suggest that “building and sustaining working partnerships is an iterative process. Meaningful communication between organisations in a working partnership is a necessary antecedent of trust. In subsequent periods, however, this accumulation of trust leads to better communication”. Central to this definition, is the accuracy, relevance and timeliness of the information that is exchanged, rather than its volume or frequency (Coote et al., 2003:597). De Ruyter et al. (2001:274) contend that customers’ perceptions of trust in a relationship reflect a *present* state, whereas the perceived communication refers to *past* behaviour.

An earlier study by Anderson and Weitz (1989:315) pointed to the important role of communication since it improves trust by resolving disputes and misunderstandings and by aligning perceptions and expectations. This viewpoint is in agreement with the study by Friman et al. (2002:405), which indicated that communication of high quality (i.e., relevant, timely and reliable) would result in greater trust between two parties.

Batt (2001:2) suggests that communication facilitates other elements of the interaction process, such as adaptations by suppliers and customers to the design and application of a product, or the modification of production, distribution and administrative systems by either party.

Goodman and Dion (2001:291) argue that the significance of effective communication for social and business relationships has universal acceptance, while Coote et al. (2003:597) consider the quality of communication and information exchange one of the most important characteristics of business relationships. Communication is not only deemed an important determinant of relationship effectiveness, but it is also described as “the glue that holds industrial marketing relationships together” (Coote et al., 2003:597).

Morgan and Hunt (1994:26) emphasise that communication has a positive and indirect impact on a retailer-supplier relationship commitment in the motor vehicle tyre industry, while Anderson and Narus (1990:45) stress the important role of communication in partnerships for the establishment of cooperation and trust.

From an industrial perspective, Anderson and Weitz (1989:313) contend that intensive communication should lead to better informed parties, which in turn should increase the parties’ confidence in the relationship and willingness to keep communication alive. These authors identify five factors that influence the level of unpleasantness of communication in a relationship: the size of each partner’s stake in the relationship, cultural similarity, competence of liaison personnel, age of relationship, and trust.

The significance and acceptance of effective communication in relationships was illustrated in Section 4.2.4 of this chapter. Goodman and Dion (2001:291) argue that, although not every commitment model proposed has included communication as a determinant, the majority of studies emphasise the importance of effective communication. Goodman and Dion (2001:291) therefore contend that a relationship that provides high measures of communication factors should enhance commitment. Morgan and Hunt (1994:24) found that communication directly influences trust, and through trust, indirectly influences commitment.

Anderson and Weitz (1989:315) argue that informal communication behind the scenes greatly enhances trust and coordinative behaviour.

4.2.5 Dependence

Dependence is defined by Gao et al. (2005:399) as the extent to which there is no equivalent or better alternatives available in the market. In other words, the study by Gao et al. (2005) found that, since supplier dependence forces the supplier to work closely with the buyer, supplier dependence may have a positive effect on buyer's trust. Referring to the level of dependence, Anderson and Narus (1990:43) distinguish between low and high dependency relationships. Low dependency relationships do not warrant either time or effort for close interactions, which may reduce the development of mutual trust between exchange partners. On the contrary, high and mutual dependency relationships normally involve extensive personal interactions and resource integration, which provide opportunities for mutual trust to emerge and develop.

The dependence between a buyer and a seller in an exchange relationship plays an important role in the strength of the relationship (Blenkhorn & MacKenzie, 1996:27). In this study, the roles of absolute and relative dependence (or interdependence) between parties were examined in the context of relational exchange.

Referring to working partnerships, Anderson and Narus (1990:43) point out the importance of relative dependence, which refers to the organisation's dependence relative to its partner's dependence on the relationship. Anderson and Narus add that this concept of relative dependence is supported by previous conceptual and empirical work.

An empirical study by Ganesan (1994) on buyer-seller relationships investigated the influence of uncertainty on dependence. This study argues for a distinction between two dimensions of environmental uncertainty: volatility (the extent to which market and demand changes are rapid) and diversity (the extent to which there is uncertainty in the environment) (Ganesan, 1994:6). The results of the study by Ganesan emphasise a significant negative effect of retailer's dependence on the vendor, while environmental volatility does not have a significant impact on this level of dependence.

Dependence is seen by various researchers as central to explaining interorganisational relationships and exchanges and is defined as "the extent to which a target organisation needs the source firm to achieve its goal" (Andaleeb, 1995:159). Anderson and Narus (1990:43) summarised dependence as "outcomes given comparison level for alternatives", and dependence is a measure that represents the overall quality of outcomes available to the focal organisation from the best alternative exchange relationship.

Batt (2000:8) adds that dependence in an exchange relationship may make one organisation more susceptible to the power and influence of another organisation, while Heide and John (1988:26) point out that the more powerful partner may be in a position to create more favourable terms of trade for itself. However, in an agricultural application (more specifically the supply of seed), Batt (2000:16) noted a significant positive relationship between trust and a partner's dependence on a specific supplier.

Andaleeb (1996:79) argues that, since an organisation's objective with a relationship is to achieve certain goals, the organisation needs to become dependent on certain parties. This need leads to dependence, which is considered to be central to explaining channel sentiments and behaviours. Andaleeb (1996:79) concludes by indicating that, although dependence is important, it is proposed that there is a qualitative difference in the nature of the dependence relationship with and without trust. It is, therefore, proposed that (high-low) dependence perceptions would interact with (high-low) trust perceptions to define qualitatively different types of relationships that should influence satisfaction and commitment in different ways (Andaleeb, 1996:80).

The findings of Andaleeb (1996) are in accordance to those of Gao et al. (2005:399), which indicate that a low dependence may reduce the development of trust between exchange partners, while high and mutual dependency relationships provide opportunities for the emergence and development of mutual trust.

However, Handfield and Bechtel (2002:371) found that, in situations where there are a few suppliers of an important commodity in a local market, increased levels of perceived buyer dependence on the supplier have a negative impact on buyer trust.

Andaleeb (1996:82) remarked that, when a partner is dependent, he/she values the relationship and wants to maintain it, which forms the basis for a party's commitment to the relationship. The influence of dependence on commitment was empirically assessed by Andaleeb (1996), who reported that an increased level of dependence of a buyer on a supplier would increase the buyer's commitment to the relationship.

In distributor-manufacturer relationships, Goodman and Dion (2001:292) reported that, whatever the source of dependence, distributors who perceive themselves as dependent on particular manufacturers would display an increased level of commitment to those manufacturers' products and programmes.

De Ruyter and Wetzels (1999:61) researched the relationship between (inter)dependence and the different types of commitment. In audit services, De Ruyter and Wetzels (1999) found a positive relationship between interdependence and affective commitment. However, De Ruyter and Wetzels (1999) could not confirm a relationship between interdependence and calculative commitment.

4.2.6 Shared values

Morgan and Hunt (1994:25) identified shared values and norms in exchange relationships as "the extent to which partners have beliefs in common about what behaviours, goals and policies are important or unimportant, appropriate or inappropriate and right or wrong". Referring to this argument, De Ruyter and Wetzels (1999:60) pertain that, in terms of content, relationships may be governed by several types of norms and values (such as shared values pertaining to quality, profitability and ethics).

Morgan and Hunt (1994:25) argue that shared values contribute positively to the development of affective commitment. Referring to mutual goals, Fontenot and Wilson (1997:6) maintain that the more committed partners are to the relationship, the better the chance for each organisation to achieve its individual and mutual goals without the overshadowing risk of engaging in opportunistic behaviour.

The establishment of shared technology appears to be an obstacle during the early stages of relationship development, but it contributes to a stronger relationship when technology is in use (Sheth & Parvatiyar, 2000:255). Furthermore, Perry, Cavaye and Coote (2002:84) found that benevolence (as part of trust) has a strong positive influence on technological investment.

4.2.7 Balanced power

Power is described by Hunt and Nevin (1974:186) as "the ability of one individual or group to control or influence the behaviour of another". Duarte and Davies (2000:2) contend that, although researchers have increasingly incorporated trust in models of channel relationships, the relationship between power and trust has been neglected so far.

Duarte and Davies (2000:5) argue that power structure and power influence strategies are important antecedents of trust and that empirical research in marketing channels has investigated the impact of power asymmetry and the use of coercive and non-coercive power on trust. It was confirmed in their study that both coercive power and power asymmetry have a negative effect on trust, while a positive effect exists between non-coercive power and trust (Duarte & Davies, 2000:2).

When one party possesses excessive leverage over the other, the weaker party becomes mistrustful, and apprehensive about the stronger party's intentions (Anderson & Weitz, 1989:315). Anderson and Weitz maintain that this situation may result in a power imbalance since stronger parties often exploit the dependence of their partners and, therefore, diminish the level of trust in a channel dyad.

Simpson and Mayo (1997) empirically researched the impact of coercive and non-coercive power. According to Simpson and Mayo (1997:215), coercive power is negatively related to trust, while non-coercive power is positively related to trust.

4.2.8 Conflict

De Ruyter et al. (2001:274) point out that conflict may occur as a result of disagreement or perceived impediment of the attainment of mutual goals and objectives. Research by Anderson and Weitz (1992:22) showed that conflict may have a negative effect on relationships, while Geyskens et al. (1999:231) empirically confirmed that conflict has a diminishing effect on trust. However, De Ruyter et al. (2001:274) argue that solving conflict constructively may actually strengthen interorganisational relationships and lead to greater trust and also affective commitment.

Conflict is often regarded as a consequence of trust (Duarte & Davies, 2000; Anderson & Narus, 1990). Anderson and Narus (1990:44) defined conflict as the overall level of disagreement in the working partnership, and found that conflict is determined by the frequency, intensity, and duration of disagreements. Duarte and Davies (2000:2) reported a negative relationship between trust and conflict in marketing channel behaviour.

Geyskens et al. (1999:226) contributed to the debate by providing evidence that postulates that trust is a consequence of conflict, since high levels of conflict has a negative influence on trust. Through an empirical investigation, Coote et al. (2003:601) found a negative and direct relationship between conflict and trust. Research by Anderson and Narus (1990:45) reported a negative relationship between trust and functionality of conflict, which is defined as an evaluative appraisal of the results of recent efforts to resolve disagreements. In this respect, Anderson and Narus (1990:45) point out that organisations that have developed strong trust in a relationship are more likely to work out their disagreements and to accept some level of conflict as being “just another part of doing business”.

4.2.9 Bonding

Bonding is defined as the component of a relationship that results in two parties (the buyer and seller) acting in a unified manner toward a desired goal (Sin et al., 2005:187). Yau, McFetridge et al. (2000:1113) noted that there are various kinds of bonds between parties, and these indicate different levels of relationships. The purpose of bonding is not only to control social and business behaviour in society, but it also contributes to remove doubt, create trust and form close relationships.

The marketing literature tends to distinguish between two broad categories of bonds: structural and social bonds (Gounaris, 2005:129). Structural bonds refer to ties at corporate level that, if served, incur considerable costs for the responsible party. This type of bond is based on economic, technical, time-based, knowledge or other similar factors. On the other hand, social bonds are regarded as inevitable by-products of any business exchange, and include feelings of likeness, acceptance, friendship and social interactivity (Gounaris, 2005:129). Empirical evidence points to the fact that both structural and social bonds are always present in a successful relationship (Gounaris, 2005:130).

Empirical studies researching the influence of bonding on relationship marketing appear to be limited. Among the few in this area is the study by Wilson and Mummalaneni in 1986, (in Sin et al., 2005:187) which indicates that stronger personal bonds between buyers and sellers lead to a greater commitment to maintaining a relationship. An empirical study by Gounaris and Venetis (2002:637) reported that an integrated bonding strategy would result in a greater level of trust in the relationship.

Yau, McFetridge et al. (2000:1113) point out that bonding, as far as a relationship marketing context is concerned, comprises the developing and enhancement of consumer and brand loyalty, while Levitt (1983:92) described bonding in the context of a long-term relationship with the seller.

Gounaris (2005:129) noted that uncertainties about the outcome of a relationship could be reduced by efficient customer bonding techniques. This reduction takes place since customer bonding is the process through which the buyer and the provider build a relationship to the benefit of both parties (Gounaris, 2005:129).

Wilson (1995:339) conceptualises that buyers and sellers who have a strong personal relationship with each other are more committed to maintaining the relationship than less socially bonded partners. Empirical evidence has shown that both structural and social bonds are always present in a successful relationship, and that an integrated bonding strategy increases the level of trust in the relationship (Gounaris, 2005:130; Gounaris & Venetis, 2002:642).

4.2.10 Cooperation

Cooperation is defined as "similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time" (Anderson & Narus, 1990:45).

De Ruyter et al. (2001:280) provided empirical evidence about the impact of relationship characteristics (which include cooperation) on trust. The study by De Ruyter et al. (2001) conceptualises that through cooperation partners try to achieve mutual outcomes with expected reciprocity. The role of cooperation in relationships was also investigated by Kang et al. (2005), Razzaque and Boon (2003), Duarte and Davies (2000), De Ruyter and Wetzels (1999), Andaleeb (1995) and Morgan and Hunt (1994).

Although empirical research consistently reports on the positive relationship between trust and cooperation, the causal ordering of trust and cooperation is a controversial issue (Duarte & Davies, 2000:6). Anderson and Narus (1990:50) contend that cooperation is an antecedent of trust, while Andaleeb (1995:160) and Morgan and Hunt (1994:26) posit cooperation as a consequence of trust.

Furthermore, Anderson and Narus (1990:45) propose that once trust is established, organisations learn that coordinated joint efforts will lead to outcomes that exceed what the organisation would achieve if it acted solely in its own best interests.

Andaleeb (1995:160) argues that higher levels of trust should reduce the complexity, uncertainty and perceived vulnerability associated with the business partner's actions and that these situations should lead to a greater inclination to cooperate. However, Andaleeb (1995:160) emphasises that the effect of trust on intentions to cooperate are different for different levels of dependence, since a buyer's intention to cooperate with a supplier on whom it is not dependent would be very sensitive to different levels of trust. A study by Bendapudi and Berry (1997:29) found that the trust fostered in dedication-based relationship maintenance is conducive to coordinated, cooperative behaviours.

4.2.11 Customisation

Although the influence of customisation appears not to be as thoroughly researched as some of the other dimensions, a number of studies indicated the importance and necessity of customising products to the needs of individual customers (Coulter & Coulter, 2003; Doney & Cannon, 1997). It appears that different studies use different terminology to describe the concept of customisation, such as *flexibility* (Medlin et al., 2005; Yilmaz, Sezen & Ozdemir, 2005; Homburg, Giering & Menon, 2003), *adaptations* (Batt, 2000) and *differentiation* (De Wulf & Odekerken-Schröder, 2000).

The key construct behind customisation appears to be "the extent to which the supplier is willing to make changes to accommodate the customer's changing needs" (Homburg et al., 2003:43). This is in agreement with the study by Yilmaz et al. (2005) where it was found that suppliers should be willing to act responsively and make adaptations when specific requests are made. Homburg et al. (2003) pointed out that, as a relationship progresses, the flexibility characteristics of a supplier can help to expand and solidify the relationship.

In a financial services industry, Gill et al. (2006:391) contended that customisation in a relationship is dependent on the competence of staff, since individual clients' needs can only be identified by people who are competent to do so. The study also contends that customisation is often linked by empathy.

4.2.12 Relationship-specific investment

The influence of relational (transaction)-specific investments on the management of relationships has been researched thoroughly (Batt, 2000). Wilson (1995:339) refers to these investments as "nonretrievable investments" and defines the construct as "the relational specific commitment of resources which a partner invests in the relationship". A literature review by Pervan and Johnson (2000:955) found a relationship between relationship-specific investments and a party's willingness to customise.

Batt (2000:1) argued that especially four factors determine the investment that a party makes in a specific relationship: adaptation, communication, product education and training and reciprocal buying. As far as *adaptation* is concerned, Hallén, Johanson and Seyed-Mohamed (1991:29) show that where individuals interact with one another for more than short periods, they often adapt to each other's needs. Hallén et al. (1991) point out that adaptations may result in modified production processes, the use of alternative logistical systems and the adoption of quality management to meet the demands of a customer. Batt (2000:15) found that the more a supplier adapts to the needs of a customer, the greater the relationship satisfaction. This view is shared by Sheth and Parvatiyar (2000:254), who argued that adaptations tend to bond the buyer and seller in a tighter relationship and create barriers to entry for competing suppliers.

Product education and training includes the broad set of activities that a supplier performs to help the buyer get an innovation up and running (Athaide, Meyers & Wilemon, 1996:415). The influence of product education and training as antecedent of trust was researched by Batt (2000) who found that the provision of education and training programmes by a supplier will increase customer satisfaction.

According to Ganesan (1994:5), one party's perception of the other party's specific investment in a relationship provides a signal that the first party can be trusted. Ganesan (1994:12) also points out that trust in the relationship can be enhanced when parties make one-sided commitments towards each other.

Claycomb and Frankwick (2005:1663) argue that buyers may even tolerate some problems or concerns with suppliers due to the realisation that relationship discontinuation would reduce the value of their relationship-specific investment.

4.2.13 Opportunistic behaviour

De Ruyter and Wetzels (1999:62) described opportunistic behaviour as that behaviour of a party which endangers a relationship for the purpose of taking advantage of a new opportunity. Morgan and Hunt (1994:25) contended that "self-interest seeking with guile" is possibly an appropriate definition of the concept, and argues that, when an exchange partner believes that the other partner engages in opportunistic behaviour, this perception might have a decreasing effect on trust. Furthermore, Morgan and Hunt (1994:25) reason that such opportunistic behaviour might have a negative effect on commitment since the partners believe they can no longer trust each others.

The specific role of opportunistic behaviour in the management of a relationship was researched in a number of studies, each producing different findings. Morgan and Hunt (1994:29) as well as Gutiérrez, Cillán and Izquierdo (2004:361) confirmed the influence of trust on opportunistic behaviour, while De Ruyter and Wetzels (1999) researched the relationship between affective and calculative commitment on opportunistic behaviour. This finding is similar to an earlier study by Gundlach et al. (1995:81), which researched the possible influence of commitment on the propensity for opportunistic behaviour.

Unlike earlier studies, MacMillan et al. (2005:809) included the concept *non-opportunistic behaviour* as opposed to *opportunistic behaviour* in their study. The role of opportunistic behaviour in relationships was also studied by Batt (2000) and Abdul-Muhmin (2005). However, Abdul-Muhmin (2005:624) failed to confirm a relationship between satisfaction and opportunistic behaviour.

4.2.14 Relationship benefits

Morgan and Hunt (1994:24) argued that competition requires organisations to continually seek for products, processes and technologies that add value to their products. Morgan and Hunt (1994) contend that those exchange partners that deliver superior benefits to relationships, will be highly valued. Morgan and Hunt pointed out that once these exchange partners valued each other's contribution, they will commit themselves to establishing, developing and maintaining their relationships with such partners. This argument is similar to that of Chen et al. (2003:38), who maintained that, from the viewpoint of customer retention, it is important that customers receive superior benefits from their partnerships with service providers.

Adamson, Chan and Handford (2003:353) investigated the influence of relationship benefits on commitment, and found that the two concepts are positively related. De Wulf and Odekerken-Schröder (2000) and De Wulf et al. (2000) studied the influence of rewards on relationship building, and specifically referred to the "extent to which a seller offers tangible reward benefits" in return for the exchange partner's loyalty to a relationship (De Wulf & Odekerken-Schröder, 2000:5).

MacMillan et al. (2005:808) followed a more refined approach to investigating relationship benefits when they researched the influence of material and non-material benefits on both commitment and trust in the non-profit industry. The influence of economic outcomes on trust was researched by Geyskens et al. (1998:241), who found that economics exert a significant effect on trust.

4.2.15 Duration of the relationship

Anderson and Weitz (1989:313) found that the duration (age) of a relationship has a positive effect on trust since relationships that have lasted long are more likely to continue than younger relationships. Anderson and Weitz (1989:314) indicate that older relationships breed trust since the older the relationship, the greater the likelihood that it has passed through a critical "shakeout" period of conflict, and that the foundation is now laid for personal trust.

The relationship between duration of the relationship and trust was empirically tested by Batt (2000:14) in the agricultural industry, but no significant relationship between the two constructs could be found. Batt (2000:2) argues that organisations establish and manage relationships in order to achieve stability, predictability and dependability in their relationships with others, and that these goals are achieved as the duration of the relationship increases.

Gounaris and Venetis (2002:642) found that trust develops over time as the parties involved in the relationship acquire experience between them and come to know what to expect from each other. Gounaris and Venetis argue that the length of the relationship between the service provider and the client has a moderating effect on the degree of trust that the client places in the provider.

The influence of duration of a relationship was also researched by Bejou et al. (1998), Doney and Cannon (1997) and Mohr et al. (1996) who found that the duration of a relationship has an significant effect on the management of relationships.

4.2.16 Switching costs

Burnham et al. (2003:110) defined switching costs as the "onetime costs that customers associate with the process of switching from one provider to another". Burnham et al. (2003:110) continued by distinguishing between the different components of switching costs, and contended that these costs become salient and evident when consumers have to consider whether they should switch, or not.

Chen et al. (2003:37) investigated the influence of switching costs on relationship commitment, and argued that an exchange partner may be interested in maintaining the quality of a relationship if high switching costs are anticipated. This viewpoint is similar to an argument by Patterson and Smith (2001b:92) that switching costs may drive customers to forego the opportunity of trying a new relationship. This notion was considered by Ping (2003:240) who argued that, as the perceived costs that are associated with alternative relationships increase, this should reduce the possible attractiveness of alternatives. De Ruyter et al. (2001:275) broadened the viewpoint by referring to the link between switching costs and switching risks, the latter which are the costs expressed as time, efforts, money and financial risk associated with switching suppliers.

Patterson and Smith (2001a) researched the influence of psychological switching costs and specifically referred to the probability of switching costs to contribute to the continuation of a long-term relationship (Patterson & Smith, 2001a:430). The study confirmed that switching costs are correlated with relational outcomes, thus indicating that switching costs do have an impact on relationship strength (Patterson & Smith, 2001a:436).

4.2.17 Uncertainty

Noordewier, John and Nevin (1990:82) described uncertainty as the unanticipated changes in the circumstances surrounding an exchange. According to Batt (2000:5), these unanticipated changes may arise from a number of causes: need uncertainty, input market uncertainty, market uncertainty, transaction uncertainty, uncertainty in the output industry and environmental uncertainty. Jevons and Gabbott (2000:622) argue that uncertainty is a direct result of a lack of trust.

Crosby et al. (1990:70) emphasise the importance of trust in relational context where individuals seek predictable and obligatory behaviour on the part of their relational partners so that a relatively high degree of certainty is attached to future rewards. Crosby et al. (1990:70) indicate that buyer's trust is particularly important where uncertainty and risk are inherent, and contracts and warranties are often absent. Garbarino and Johnson (1999:71) examined customer's trust in an organisation, as measured through customer confidence in the quality and reliability of the services offered. Claycomb and Frankwick (2005:1665) argue that relationships can absorb uncertainty by providing steady resource flows and stabilising costs associated with such flows.

4.2.18 Competence

Competence appears to have a significant effect when marketing relationships are being established, with a number of studies indicating the importance of this dimension (Coulter & Coulter, 2003:35; Anderson & Weitz, 1989:315; Canary & Cupach, 1988:310). Perry et al. (2002:79) defined the concept as "the degree to which business transactions meet performance expectations".

Canary and Cupach (1988:310) pointed out that a substantial relationship between the perceived competence of an exchange partner and one's own satisfaction was previously reported. Selnes (1998:309) researched the concept of competence, and contended that a distinction should be made between (a) technical expertise regarding products and production methods, and (b) knowledge of customers' organisations, markets, competitors and the industry. Selnes (1998:317) demonstrated that competence has a positive effect on communication, which leads to a reduction in uncertainty levels, resulting in increased trust amongst exchange partners.

Perry et al. (2002:79) contributed to the debate by arguing that competent parties would be viewed more favourably by their exchange partners if the relevant partner has the required knowledge and skills.

4.2.19 Empathy

Empathy refers to that component of a business relationship that enables parties to see the situation from each other's perspective (Sin et al., 2005:187), and could be defined as "seeking to understand the desires and goals of somebody else" (Yau, McFetridge et al., 2000:1113). Berry, Zeithaml and Parasuraman (1990:29) used the component of empathy in 1988 in developing the SERVQUAL instrument for service quality, while Smith and Johnson (in Sin et al., 2005:187) included empathy as an independent variable in explaining franchisor-franchisee working relationships. Yau, McFetridge et al. (2000:1113) suggest that empathy is a necessary condition to foster a positive relationship between two parties.

Yau, Lee, Chow, Sin and Tse (2000:19) contend that empathy may be applied in several ways in a relationship marketing approach, such as understanding the other party's position, desires, needs and wants, knowing the other party's business, strengths, weaknesses, and personality, and possessing a general appreciation for the other party. Yau, Lee et al. (2000:19) indicate that in relationships, empathy is an important partner to reciprocity since it is through the actions of empathy that reciprocity can have full meaning in a relationship.

The role of empathy is apparent in the marketing literature, and Yau, McFetridge et al. (2000:1113) regard the construct as a necessary condition to foster a positive relationship between two parties.

4.2.20 Reciprocity

Bagozzi (in Merrilees & Miller, 1999:269) sees reciprocity as the core of marketing relationships. Sin et al. (2005:187) conceptualise reciprocity as "the component of a business relationship that causes either party to provide favours or make allowances for the other in return for similar favours or allowances at a later stage".

According to Yau, McFetridge et al. (2000:1113), reciprocity includes a bilateral contingency, interdependence for mutual benefit and equality of exchanged values aspects of social action between two individuals. Yau, McFetridge et al. point out that reciprocity and bonding are linked in that a reciprocal arrangement is indicative of cooperation, and reciprocity and empathy are linked to relationship marketing and exchange.

Houston, Gassenheimer and Maskulka (in Sin et al., 2005:188) explored the link between reciprocity and relationship marketing as a basis for the boundary between exchange transactions and marketing activities. Sin et al. (2005:188) emphasised that reciprocity is an essential component of a relationship marketing orientation.

4.2.21 Attractiveness of alternatives

Attractiveness of alternatives is defined as the client's estimate of the likely satisfaction available in an alternative relationship (Sharma & Patterson, 2000:475). Sharma and Patterson show that, in situations where a lack of attractive alternative suppliers exist, or where an exchange partner is unaware of attractive alternatives, a client may remain in a relationship, even if the relationship is perceived as less satisfactory. This finding is in agreement with a later study by Patterson and Smith (2001a:431) where it was found that there should be a negative relationship between attractiveness of alternatives and propensity of an exchange partner in order to remain in a relationship.

Ping (2003:245) studied the influence of satisfaction on alternative attractiveness and found that satisfaction reduces alternative attractiveness, as well as the inverse effect where alternative attractiveness reduces satisfaction. The influence of alternative attractiveness on relationship commitment was investigated by Patterson and Smith (2001b:104), who found that alternative attractiveness has a weakly negative influence on relationship commitment.

4.2.22 Goal congruence

A major requirement for trust is the ability of one party to interpret the other's true intentions (Gounaris, 2005:129). O'Reilly (in Gounaris, 2005:129) pointed out that the accuracy of these interpretations usually reflects shared business and personal life experiences as well as common rules of conduct developed during the socialisation process.

Wilson (1995:338) defined mutual goals (goal congruence) as the degree to which partners share goals that could only be accomplished through joint action and the maintenance of the relationship. Shared values is a broader concept than mutual goals, and Morgan and Hunt (1994:25) define shared values as “the extent to which partners have beliefs in common about what behaviors, goals and policies are important, unimportant, appropriate or inappropriate, and right or wrong”.

The role of goal congruence as antecedent of trust has been thoroughly researched (Anderson & Weitz, 1989; John & Reve, 1982). John and Reve (1982:521) empirically found that goal compatibility is an antecedent of trust. This relationship was confirmed by Anderson and Weitz (1989:314), who also indicated that “one of the most difficult and pervasive problems in channel management is disagreement over goals, particularly in respect to growth objectives”. Stern and El-Ansary (in Anderson & Weitz, 1989:314) pointed out that, when a dyad agrees on goals, conflict is minimised and trust can develop. Morgan and Hunt (1994:33) found a positive relationship between shared values and trust.

4.2.23 Service quality

The influence of service quality on the development of marketing thought was discussed in Chapter 3. Gounaris (2005:129) studied the importance of service quality in the establishment of trust and, according to the findings of his study, research regarding trustworthiness identified a number of cues (such as reputation and reliability) that may also be linked to specific elements of service quality. De Ruyter et al. (2001:273) contributed to the debate by finding that the higher levels of service quality increase the likelihood for the development of trustworthiness. This relationship was empirically confirmed by Gounaris (2005:135).

In relationship marketing research, Odekerken-Schröder et al. (2000:111) mention the existence of scientific consensus about the crucial role that trust plays in establishing and maintaining relationships between industrial partners in the long-term. This study also refers to the role of satisfaction and trust as consequences of service quality.

Both Fullerton (2005:105) and De Ruyter and Wetzels (1999:67) confirmed the important role of service quality on the establishment of affective customer commitment.

4.2.24 Coordination

Mohr et al. (1996:105) define coordination as the extent to which different parties in a relationship work well together to accomplish a collective set of tasks. These authors contend that coordination is in essence a matter of exchange partners' activities being synchronised for effective interfacing.

In a relationship setting it was found that successful working partnerships are characterised by coordinated actions directed at achieving mutual objectives, and that stability in an uncertain environment could be achieved through increased coordination (Mohr & Spekman, 1994:138).

4.2.25 Behavioural intentions

The degree to which a long-term relationship has been established is indicated by the partners' perception of the likelihood that the relationship will continue (Anderson & Weitz, 1989:311). The majority of studies on buyer-seller relationships, therefore, appear to include some form of continuity in the relationship in their research.

Abdul-Muhmin (2005:621) argues that satisfaction and commitment are thought to lead to desirable relational outcomes like cooperation, long-term orientation and propensity to leave. Anderson and Weitz (1989:311) developed their model of marketing relationships by pointing out that perceived continuity of the relationship as the end result, and that continuity is directly influenced by trust, age of the relationship, power imbalance, negative reputation and communication. This finding is similar to a study by De Ruyter and Wetzels (1999:63) where continuance intention was identified as the final outcome of their research.

Morgan and Hunt (1994:22) included the concept *propensity to leave* in their research and confirmed a direct negative relationship between relationship commitment and propensity to leave. This finding concurs with that of Abdul-Muhmin (2005:621).

Although behavioural intentions appear to be a key construct in the final stages of buyer-seller relationships, the exact phrasing of the concept, as illustrated by the following descriptions, differs. Crosby et al. (1990:69) refer to "anticipation of future interactions", while Venetis (1997:63) made use of "relationship intentions". Gounaris (2005:133) refers to "behavioral intentions" (which includes both investment and maintenance of the relation). A study by Gounaris and Venetis (2002:637) combined the work of Crosby et al. (1990) with that of Venetis (1997), and indicated both "relationship maintenance" and "investment" in a relationship as the intentions of the relationship. Gabarino and Johnson (1999:74) used the concept *future intentions*, while De Ruyter et al. (2001:278) identify "loyalty intention" as the final stage of their conceptual model. In order to incorporate the multiple views on this topic, the present study uses the concept *intention to stay*.

Through empirical research, Anderson and Weitz (1989) identified a number of factors that influence the perceived continuity of the relationship. The identified factors appear in Table 4.3.

Table 4.3

Factors influencing perceived continuity of the relationship

Factor	Direct or indirect influence	Nature of influence
Trust	Direct	Positive
Age of relationship	Direct Indirect through trust	Positive Positive
Communication	Direct	Positive
Stakes	Direct Indirect through communication	Positive Positive
Power imbalance	Direct Indirect through trust	Negative Negative
Negative reputation	Direct Indirect through trust	Negative Negative
Support provided	Indirect through trust	Positive
Goal congruence	Indirect through trust	Positive
Cultural similarity	Indirect through trust Indirect through communication	Positive Positive
Perceived competence	Indirect through communication	Positive

Source: Compiled from Anderson and Weitz (1989:311-316).

The purpose of relationship marketing in buyer-seller relationships is to establish and maintain long-term relationships. Against this framework, commitment plays an important role in the continuity of a relationship through the concepts *acquiescence* and *propensity to leave* (Morgan & Hunt, 1994:25). De Ruyter et al. (2001:275) emphasise that commitment becomes meaningful only when it develops consistently over time, and that this continuity may result in reduced customer turnover and partners being more inclined to work together to achieve mutual goals.

For the purpose of the present study it was decided to use *intention to stay* to describe the end result of the process of relationship development. This description is used since it includes the concepts *continuity* and *maintenance of the relationship*.

4.3 SUMMARY AND IMPLICATIONS FOR THE STUDY

This chapter provided an overview of those dimensions that are known to have an effect on the management of marketing relationships. However, one should remember that not all of the dimensions identified in this chapter are necessarily applicable in all situations and industries.

Marketing literature shows that trust and commitment play a key role in the decision whether an exchange partner intends to remain in a relationship, or not. Consequently, specific emphasis was placed on these two dimensions in order to develop an understanding of the way in which marketing relationships are established. The contribution of this chapter lies in the provision of a comprehensive list of all dimensions that could influence someone's decision to develop a relationship.

In the next chapter, the focus shifts to those dimensions that were identified through empirical research in marketing literature. The focus will once again be on *trust* and *commitment* as key dimensions, but *intention to stay* will be added as the end result of a relationship, thereby suggesting the basic format of a marketing relationship. The remainder of the dimensions identified in this chapter will then be linked to these three key dimensions. This step will contribute to the composite model, after which the composite model will be refined in order to reflect the nature of the industry in which the present study will be empirically tested.

CHAPTER 5
A COMPOSITE MODEL FOR MANAGING LONG-TERM MARKETING RELATIONSHIPS

5.1 INTRODUCTION

Chapter 4 provided insight into the different dimensions that influence the management of long-term marketing relationships, and was based on an analysis of existing marketing literature. It appears, however, that some of these dimensions and their relationship(s) with each other are based on conceptual considerations and not necessarily on empirical research.

In order to develop a model to examine long-term marketing relationships, it is firstly necessary to conduct a review of the marketing literature to find those dimensions already identified and the relationships among these. The focus will be on the relationships that have already been proved previously. These findings form the basis for the development of the composite model recommended in the latter part of this chapter. The aim of this chapter is however not only to identify the empirically reported dimensions of relationship marketing, but also to investigate the nature and direction of these relationships.

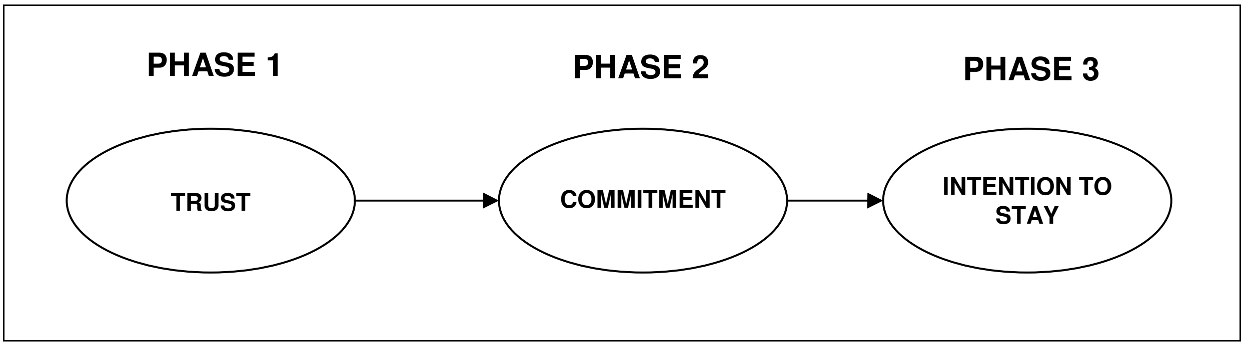
This chapter is divided into three sections. The first section identifies the appropriate dimensions that form the basis for the composite model identified in the next section. In the section following that, the composite model is refined through the exclusion of certain dimensions. Reasons for the exclusion of these dimensions are provided and the chapter ends with a summary of the final set of dimensions that will be included in the remainder of this study and which will be empirically assessed.

5.2 EMPIRICALLY REPORTED DIMENSIONS OF RELATIONSHIP MARKETING

Based on the theory discussed in Chapter 4, it is evident that marketing relationships tend to develop over time. Furthermore, it became clear that the formation of a long-term relationship appears to centre on three basic factors: *trust*, *commitment* and *behavioural intentions*. The reason for focusing on these three factors is the frequency with which they appear in marketing literature. The incidence of especially *trust* and *commitment* have been researched extensively and subsequently confirmed (Sections 4.2.1 and 4.2.2). The position of *behavioural intentions* as final dimension was discussed in Section 4.2.25. Justification for the use of the term *intention to stay* in the remainder of this study was also provided. The term *intention to stay* will be used to describe the outcome of a marketing relationship.

A simplified framework on how marketing relationships are managed is depicted in Figure 5.1.

Figure 5.1
A simplified framework for the management of marketing relationships



As indicated in Chapter 4, the establishment of *trust* is important in the formation of long-term relationships and various empirical studies were conducted that confirmed this contention. Furthermore, the relationship between *trust* and *commitment* is equally well confirmed, with considerable empirical evidence supporting this relationship. Since *trust* is generally accepted as an antecedent of *commitment*, these two dimensions are regarded as distinct phases in the management of a relationship. The third phase, as indicated in Figure 5.1, concentrates on the outcome of *trust* and *commitment*, which is regarded as the end result of the process of relationship marketing. In this framework, *intention to stay* is conceptualised as the most frequently cited behavioural consequence.

The remainder of this section focuses on the empirical research conducted to support the development of the simplified framework with its three phases. Research that focused on conceptual work only was excluded from the remainder of the discussion in the present study. However, after analysing the complete set of dimensions, it became clear that all the conceptually established dimensions were already included in the final set of dimensions that was identified by the empirical studies, thus proving that it was fit to look at the empirical studies only.

A total of 83 studies were found which identified one or more of the dimensions of a marketing relationship through empirical research. Addendum A provides a detailed list of the 83 empirical studies, and information is provided on the specific industry in which this dimension was reported. Addendum B offers a breakdown of the empirical studies per dimension. Addendum B also provides insight into the reliability scores that were achieved during the empirical phase of each study. Where applicable, Addendum B also reflects remarks on the specific construct that was studied. For example, a study by Abdul-Muhmin (2005) investigated the influence of benevolence and credibility (which were indicated in Chapter 4 as components of *trust*).

It should be kept in mind that a vast number of empirical studies were conducted on the different dimensions of relationship marketing, and that each of these studies was conducted within a certain set of circumstances. In order to limit the number of dimensions, only those dimensions that were identified through multiple empirical studies were included. Dimensions identified in only one study were, therefore, excluded.

Furthermore, not all empirical studies that appear in Addendum B are included in the discussion to follow (Sections 5.2.1 to 5.2.3), since these paragraphs focus on those studies that empirically assessed dimensions relative to the simplified framework indicated in Figure 5.1. For example, Ping (2003) emphasised the importance of *switching costs,* but the study failed to assess the influence of *switching costs* as antecedent to and/or consequence of the three key dimensions in Figure 5.1 (*trust*, *commitment* and *intention to stay*).

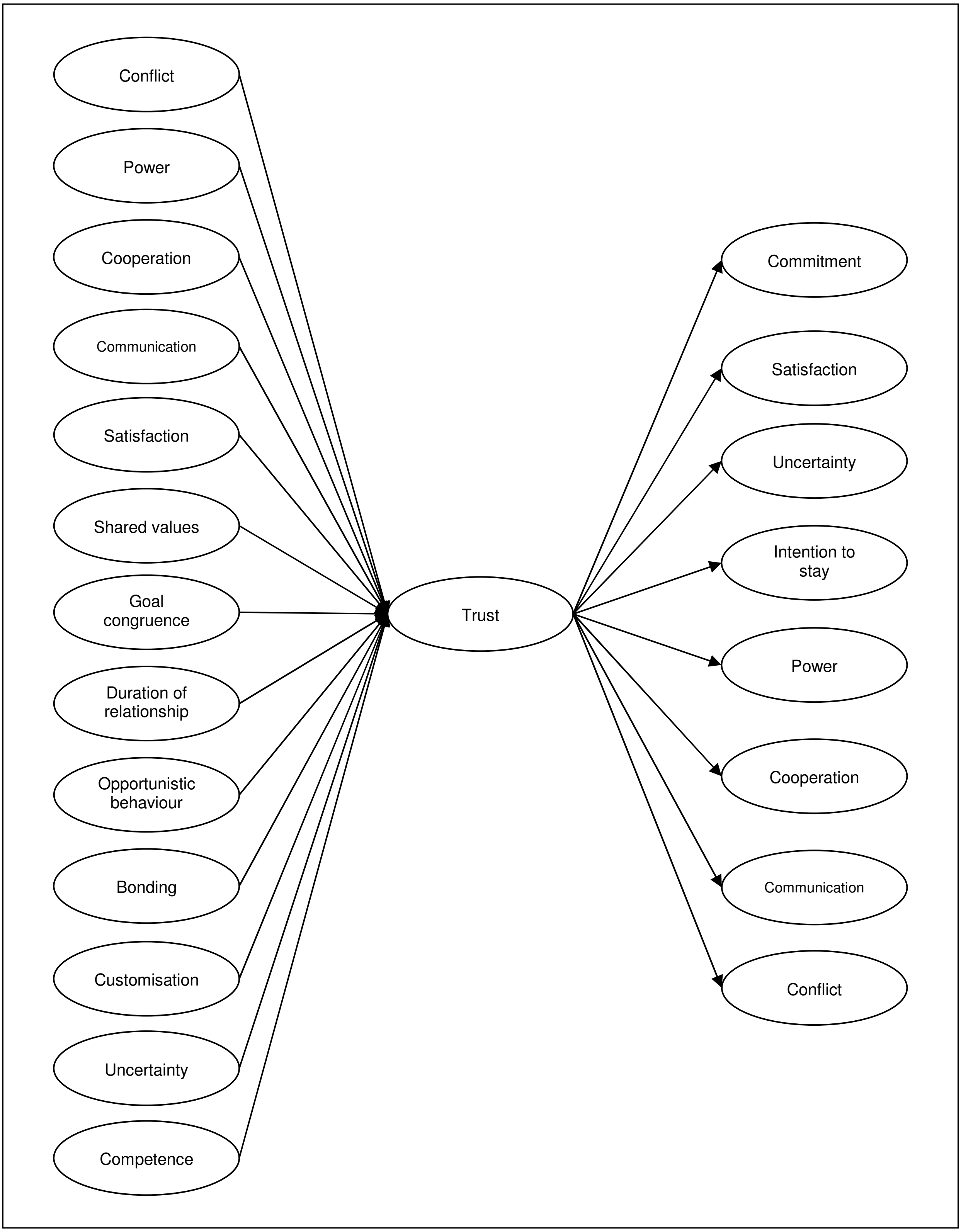
As indicated earlier in this study, the dimensions of marketing relationships that are identified towards the end of this chapter will be empirically tested in the B2B financial services industry. The relevance of each dimension to the identified industry will therefore also play an important role when deciding upon the final dimensions that should be included in the conceptual model.

5.2.1 *Trust*

Trust is a fundamental building block in a relationship model, and it appears to be included in most studies dealing with the dimensions of marketing relationships. Although the strength of the relationship between *trust* and some of the other building blocks appears to vary, the importance of *trust* in building a long-term relationship is seldom questioned. Various studies researched the relationship between *trust* and other dimensions of relationships. Figure 5.2 illustrates the major antecedents and consequences of *trust* that were reported in empirical research. The theoretical basis for the inclusion of each of these dimensions relative to *trust* will follow in the section directly following Figure 5.2.

Figure 5.2

Empirically reported antecedents and consequences of *trust*



5.2.1.1 Antecedents of *trust*

The influence of *conflict* on *trust* was researched by Kang et al. (2005), Coote et al. (2003), Duarte and Davies (2000) and Geyskens et al. (1999). Kang et al. (2005:306), Coote et al. (2003:601) and Geyskens et al. (1999:231) all confirmed the negative influence of *conflict* on *trust*. Referring to *power*, Duarte and Davies (2000:10) however reported a positive relationship between non-coercive *power* and *trust* whilst a negative relationship between coercive *power* and *trust* was found. Kang et al. (2005:306) found a positive relationship between balanced *power* and *trust*. Doney and Cannon (1997:44) were however not able to establish any relationship between *power* and *trust*.

Cooperation appears to be both an antecedent and a consequence of *trust*. De Ruyter et al. (2001:280) found that *cooperation* (as a relationship characteristic) is positively related to *trust*. This finding concurs with an earlier finding by Anderson and Narus (1990:53). However, a number of studies focused on the effect of *trust* on *cooperation*. Kang et al. (2005:308), Razzaque and Boon (2003:40), Duarte and Davies (2000:10), Morgan and Hunt (1994:29) and Andaleeb (1995:167) all found that *trust* has a positive effect on *cooperation*.

The effect of *communication* on the formation of *trust* is well reported and various empirical studies indicate a positive relationship between these two dimensions (Kang et al., 2005:306; MacMillan et al., 2005:814; Chen et al., 2003:40; Adamson et al. 2003:353; Coote et al., 2003:601; Batt, 2000:16; Sharma & Patterson, 1999:161; Geyskens et al., 1998:241; Selnes, 1998:316; Morgan & Hunt, 1994:29; Anderson & Weitz, 1989:320). Empirical findings reflect the positive effect of *communication* on *trust* and *communication* is, therefore, regarded as an important dimension of a marketing relationship. Canary and Cupach (1988:318) found a positive relationship between *satisfaction* in the level of *communication* and *trust*. However, Anderson and Weitz (1989:320) also found that *communication* may be deemed a consequence of *trust*, as an increased level of *trust* is associated with increased *communication*.

Satisfaction appears to be a further dimension that contributes to the management of long-term relationships, and various researchers emphasise the effect of *satisfaction* on *trust* and vice versa. Leisen and Hyman (2004:997), Costabile et al. (2002:15), Walter et al. (2000:8), De Wulf and Odekerken-Schröder (2000:17), Batt (2000:15), Selnes (1998:316), Garbarino and Johnson (1999:80) as well as Anderson and Narus (1990:53) confirmed that an increased level of *satisfaction* leads to increased *trust* between the relevant parties in a relationship. Research by Miyamoto and Rexha (2004:316) not only confirmed this relationship, but also indicated a positive link between *satisfaction* and the three different types of *trust* (contractual, competence and goodwill *trust*). A study by Abdul-Muhmin (2005:624) found that customers' *satisfaction* relates positively with perceptions of suppliers' benevolence and credibility (which are seen as components of *trust*). Geyskens et al. (1999:231) confirmed a relationship between non-economic *satisfaction* and *trust*. However, a study by Ganesan (1994:10) failed to establish the expected relationship between *satisfaction* and a partner's benevolence and credibility (as building blocks of *trust*).

The opposite of this relationship was found by Razzaque and Boon (2003:38), Duarte and Davies (2000:10), Geyskens et al. (1998:242) and Andaleeb (1996:86), who found that *satisfaction* is a consequence of *trust*. Hocutt (1998:192) argued that, in a relationship dissolution model, *trust* directly influences *commitment*. However, the relationship between *trust* and *commitment* is also mediated by both *satisfaction* with the service provider and relative *dependence*.

Johnson and Grayson (2005:505) distinguished between cognitive and affective *trust* and reported a positive relationship between *satisfaction* with previous interactions and cognitive *trust*. However, the authors failed to empirically find a relationship between *satisfaction* and affective *trust*.

The influence of *shared values* on *trust* was empirically confirmed by Kang et al. (2005:306), MacMillan et al. (2005:814), Morgan and Hunt (1994:29) and Anderson and Weitz (1989:319). These studies confirm that, if the relevant party's goals are in congruence, it will result in increased levels of *trust*. Research by Anderson and Weitz (1989:319) identified the positive effect of *goal congruence* (a more confined concept than *shared values*) and *trust*. Johnson and Grayson (2005:505) reported a relationship between similarity and affective *trust*.

The *duration of a relationship* appears to have a significant influence on the formation of *trust*. Anderson and Weitz (1989:320) reported that, as the length of a relationship increases, so *trust* between the relevant parties increases. This finding is in accordance with a later study by Gounaris and Venetis (2002:647), who found that the *duration of a relationship* has a moderating effect on the formation of *trust*. However, in an agricultural setting, Batt (2000:16) could find no empirical evidence for the relationship between *duration of a relationship* and *trust*.

The negative influence of *opportunistic behaviour* on the formation of *trust* was confirmed by Morgan and Hunt (1994:29). This finding concurs with a later study by MacMillan et al. (2005:814), who found that non-*opportunistic behaviour* has a positive effect on *trust*.

The influence of *bonding* on the formation of *trust* was researched by Gounaris (2005:135) who found that *bonding* is positively related to *trust*. Hocutt (1998:192) pointed out that individuals may develop strong personal friendships (e.g., salespeople) that tend to hold relationships together. The latter is in accordance with a definition proposed by Wilson (1995:339), who defined social *bonding* as "the degree of mutual personal friendship and liking shared by the buyer and seller".

The influence of *customisation* on *trust* was investigated by Gill et al. (2006:384). According to this study, *customisation* (as part of offer-related service characteristics) has a positive influence on *trust* (Gill et al., 2006:401).

The relationship between *uncertainty* and *trust* was confirmed by Morgan and Hunt (1994:29) who indicated that as *uncertainty* increases so *trust* will reduce. The same relationship was confirmed by Geyskens et al. (1998:241).

The influence of *competence* on the establishment of *trust* in a relationship was studied by Coulter and Coulter (2003), Perry et al. (2002), Canary and Cupach (1988) as well as by Selnes (1998). These studies (with the exception of Selnes) confirmed the positive influence that *competence* has on the creation of *trust*.

5.2.1.2 Consequences of *trust*

Commitment appears to be the most frequently cited consequence of *trust* with various studies empirically indicating the positive effect of *trust* on the formation of *commitment* (Tellefsen & Thomas, 2005:32; Razzaque & Boon, 2003:41; Coote et al., 2003:601; Wong & Sohal, 2002:43; Goodman & Dion, 2001:295; Sharma & Patterson, 2000:481; De Wulf & Odekerken-Schröder, 2000:14; Walter et al., 2000:8; Geyskens et al., 1999:231; Garbarino & Johnson, 1999:79; Andaleeb, 1996:86; Morgan & Hunt, 1994:29; Moorman et al., 1992:321). Furthermore, Gounaris (2005:135), De Ruyter et al. (2001:280), De Ruyter and Wetzels (1999:68), Geyskens, Steenkamp, Scheer and Kumar (1996:313) and Geyskens and Steenkamp (1995:365) found that *trust* has a positive effect on affective *commitment*. These studies also found that *trust* has a negative influence on calculative *commitment*.

Wetzels, De Ruyter and Van Birgelen (1998:417) reported positive relations between *trust* (benevolence) and affective *commitment*, and between *trust* (honesty) and affective *commitment*. Although this study also found a negative relationship between *trust* (honesty) and calculative *commitment*, the expected negative relationship between *trust* (benevolence) and calculative *commitment* could not be established. In an organisational setting, Ganesan and Hess (1997:447) found that interpersonal credibility and organisational benevolence are both crucial predictors of *commitment*.

Bejou et al. (1998:174) reported a positive relationship between *trust* and *satisfaction*. These authors also found that *trust* has an important influence on the overall *satisfaction* that a partner has with a relationship. This finding is in agreement with a study by Canary and Cupach (1988:318).

Referring to *intention to stay*, De Ruyter et al. (2001:280) emphasise that an increased level of *trust* has a positive effect on *intention to stay*. Sirdeshmukh, Singh and Sabol (2002:29) as well as Costabile et al. (2002:15) found a positive relationship between *trust* and loyalty.

The position of *uncertainty* as a consequence of *trust* was researched by Gutiérrez et al. (2004 361). This study found that *trust* has a negative influence on *uncertainty*, which implies that as the level of *trust* increased, so *uncertainty* starts to decline.

Cooperation, *satisfaction* and *communication* have been found to be both antecedents as well as consequences of *trust*, and these relationships were discussed in Section 5.2.1.1.

Simpson and Mayo (1997:215) found a positive relationship between *trust* and the use of non-coercive influence (*power*) strategies, while a negative relationship exists between *trust* and the use of coercive influence strategies.

Morgan and Hunt (1994:29) found that *trust* has a positive influence on functional *conflict*, while Anderson and Narus (1990:53) confirmed a negative relationship between *trust* and *conflict*.

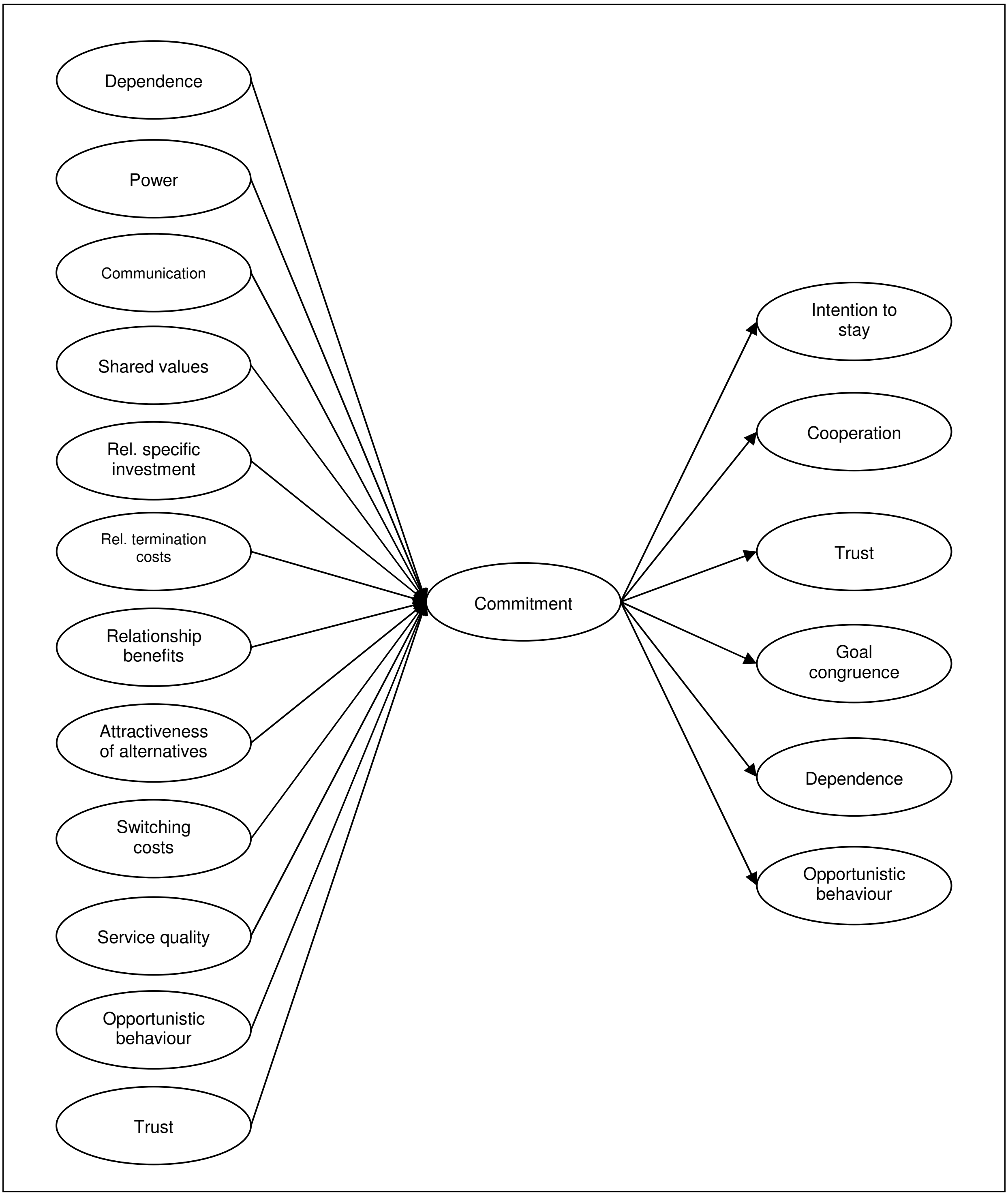
5.2.2 *Commitment*

The importance of *commitment* in marketing relationships was described in Chapter 4. Morgan and Hunt (1994:23) found that relationship *commitment* is a key characteristic associated with successful marketing relationships while Berry and Parasuraman (1991:139) argue, "relationships are built on the foundation of mutual *commitment*". Hocutt (1998:195) argued that the *commitment* level has been found to be the strongest predictor of voluntary decisions to remain in a relationship.

Wilson (1995:337) emphasises that *commitment* is the most common dependent variable used in buyer-seller relationships. Earlier studies on *commitment* appeared to focus on a broader understanding of the concept, and empirical research therefore measured relationships between the antecedents and consequences of *commitment* in general. However, more recent studies distinguish between affective and calculative *commitment* and investigate the effect of various dimensions on each of these two constructs. The major empirically reported antecedents and consequences of *commitment* are indicated in Figure 5.3, after which each of these dimensions, together with their relationship with *commitment*, will be discussed.

Figure 5.3

Empirically reported antecedents and consequences of *commitment*



5.2.2.1 Antecedents of *commitment*

Andaleeb (1996:86) found that when an exchange partner's *dependence* on another partner increases, so the *commitment* between the two partners increases accordingly. This finding appears to be in line with a number of studies confirming this positive relationship (Tellefsen & Thomas, 2005:32; Razzaque & Boon, 2003:41; Goodman & Dion, 2001:295; Wetzels et al., 1998:417). Hocutt (1998:193) argues that the higher the level of relative *dependence* on the service provider, the higher the level of *commitment* to the relationship. An interesting finding was reported by Geyskens et al. (1996:313), namely the confirmation of positive relationships between in*dependence* and both affective and calculative *commitment*.

Geyskens et al. (1995:365) found that *dependence* has a positive effect on affective *commitment*, and also that there is a negative relationship between *dependence* and calculative *commitment*. The opposite of this relationship was reported by Gutiérrez et al. (2004:361), who found that *dependence* has a negative influence on affective *commitment*.

Goodman and Dion (2001) investigated the influence of *power* on *commitment*. The results of their study revealed a negative relationship between coercive *power* and *commitment*, while a positive relationship between non-coercive *power* and *commitment* was also established (Goodman & Dion, 2001:295). Simpson and Mayo (1997:215) found strong support for the positive influence of non-coercive influence strategies on *commitment*, and the negative influence of coercive influence strategies on *commitment*.

The relationship between *communication* and *commitment* was studied by Adamson et al. (2003:350), Goodman and Dion (2001:295) and Sharma and Patterson (1999:161). These studies all showed that, as the level of *communication* between two partners increases, so it exerts a positive influence on *commitment*. A relationship between *communication* and *commitment* was consequently reported.

Morgan and Hunt (1994:29) reported a positive relationship between *shared values* and *commitment*. This study found that, when partners *share values*, it has a positive effect on their level of *commitment*. This finding was confirmed by a study by MacMillan et al. (2005:814).

Hocutt (1998:193) contends that the development and maintenance of a relationship necessitates the *investment* of some time and energy. According to Hocutt, the nature of this *investment* could include emotions, money or other possibly irretrievable resources. In respect to the *investment* by a party in a specific relationship, Goodman and Dion (2001:295) found a positive relationship between these *investments* and someone's *commitment* to a relationship.

Morgan and Hunt (1994:29) investigated the influence of *relationship termination cost*, and found that high levels of *termination cost* exert a positive influence on someone's *commitment* to a relationship. Chen et al. (2003:40) confirmed this finding, and reported a positive relationship between the *benefits* someone receives in a relationship and that person's *commitment* to the relationship. This relationship between *benefits received* and *commitment* was confirmed by MacMillan et al. (2005:814) and Adamson et al. (2003:353).

The influence of *attractiveness of alternatives* was studied by Sharma and Patterson (2000), who confirmed the relationship between *alternative attractiveness* and *commitment* (2000:483). The same study confirmed the relation between *switching costs* and *commitment* (2000:482).

De Ruyter and Wetzels (1999:67) found that *service quality* has a positive effect on affective *commitment*. This finding was confirmed by Fullerton (2005:105).

The influence of *opportunistic behaviour* on *commitment* was studied by Gutiérrez et al. (2004:361), who found that perceptions of opportunism have a negative influence on affective *commitment*.

The influence of *trust* on *commitment* was discussed earlier in this chapter.

5.2.2.2 Consequences of *commitment*

The most prominent consequence of *commitment* appears to be the partner's *intention to stay* in a relationship, or the continuance of the relationship. Morgan and Hunt (1994:29) point out that *commitment* has an effect on intention to remain through the dimensions of acquiescence and propensity to leave. The study found that *commitment* has a positive effect on acquiescence, and a negative effect on propensity to leave the relationship. This negative influence of *commitment* on propensity to leave was confirmed by Abdul-Muhmin (2005:625). Garbarino and Johnson (1999:80) empirically confirmed that *commitment* has a positive influence on future intentions, while Gounaris (2005:134) reported that the greater the customer's affective *commitment* in a relationship, the more the customer is inclined to remain in the relationship.

The distinction between calculative and affective *commitment* and their influences on *intention to stay* was investigated by Gounaris (2005), De Ruyter et al. (2001) and Wetzels et al. (1998). All three these studies confirmed that both calculative and affective *commitment* have a positive influence on *intention to stay*.

Morgan and Hunt (1994:29) indicated that *commitment* has a positive influence on *cooperation*. This finding is similar to the findings by De Ruyter and Wetzels (1999:68), which emphasise that increased levels of calculative *commitment* results in increased *cooperation*. De Ruyter and Wetzels (1999:69) found that affective *commitment* results in decreased *opportunistic behaviour*.

As indicated at various stages of this study, there is a strong positive relationship between *trust* and *commitment*. However, the inverse of this relationship appear to be less apparent. Gao et al. (2005:401) confirmed that a supplier's *commitment* to an organisational buyer has a positive effect on the establishment of *trust*. This result is similar to that of a previous study by Miyamoto and Rexha (2004:316), where it was found that *commitment* is positively related to contractual and goodwill *trust*. Although the general relationship between *trust* and *commitment* is well reported, Medlin et al. (2005:220) found that *commitment* has a significant influence on *trust*.

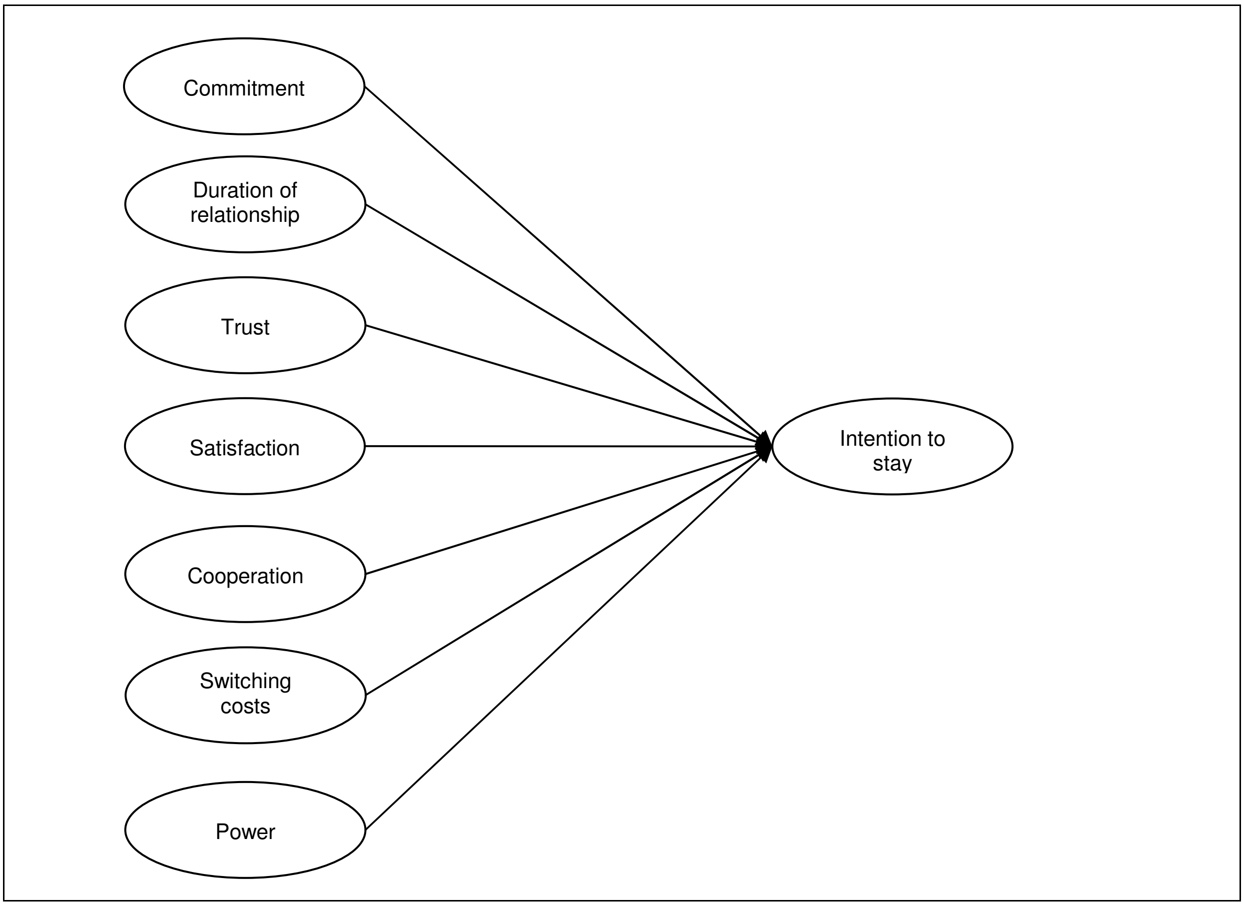
A study by Batt (2000:17) reported a significant positive relationship between *commitment* and both mutuality and *goal* compatibility (*congruence*). Batt's study also found a significant negative relationship between *commitment* and *opportunistic behaviour*.

The relationship between *commitment* and *dependence* was discussed earlier in this chapter.

5.2.3 *Intention to stay*

The third phase of the basic structure of a marketing relationship refers to the behavioural consequences/*intentions* that follow *trust* and *commitment*. An analysis of empirical research revealed that *intention to stay* is the most important behavioural consequence in a marketing relationship. Figure 5.4 summarises the major empirically reported antecedents of *intention to stay*.

Figure 5.4
Empirically reported antecedents of *intention to stay*



The positive effect of *commitment* on *intention to stay* as well as the different influences of affective and calculative *commitment* were addressed in Section 5.2.2.2. Anderson and Weitz (1989:319) investigated the link between the *duration of a relationship* and a partner's *intention to stay* in that relationship, and found that, as a relationship becomes of age, so a partner's *intention to stay* in that relationship increases accordingly.

In terms of *trust*, De Ruyter et al. (2001:280) as well as Garbarino and Johnson (1999:80) found a direct positive relationship between *trust* and *intention to stay*. This finding was confirmed by Gounaris and Venetis (2002:646). There is, in addition, a positive indirect influence of *trust* on *commitment* and, therefore, *intention to stay*. A study by Johnson and Grayson (2005:505) not only reported a relationship between *trust* and anticipation of future interactions, but also found that both cognitive and affective *trust* in a service provider are positively related to a customer's anticipation of future interactions.

The importance of *satisfaction* as antecedent and consequence of *trust* was attended to in Sections 5.2.1.1 and 5.2.1.2. Referring to *intention to stay*, Burnham et al. (2003:117) found that *satisfaction* is positively associated with a consumer's *intention to stay* in a relationship. This finding concurs with a study by Selnes (1998:316) who found a positive relationship between *satisfaction* and continuance of the relationship, and findings by Garbarino and Johnson (1999:80) as well as by Patterson and Spreng (1997:428) who all reported a positive relationship between *satisfaction* and future intentions.

Abdul-Muhmin (2005:625) emphasised the importance of *satisfaction* as an antecedent of *intention to stay*. Abdul-Muhmin also found that when *satisfaction* increases, so a partner's propensity to leave decreases accordingly. Since propensity to leave is the inverse of *intention to stay*, *satisfaction* is by implication positively related to *intention to stay*. It is interesting to note that Wetzels et al. (1998:417) could not empirically confirm a relationship between *satisfaction* and *intention to stay*. However, since this latter study was conducted in one specific industry (office equipment) only, it is possible that this finding may be industry-specific.

Cooperation, which was previously indicated as a consequence of both *trust* and *commitment*, was found to be an antecedent of *intention to stay* (De Ruyter & Wetzels, 1999:69). De Ruyter and Wetzels (1999:69) also found that, if the cooperation between parties increase, so the *intention to stay* would increase accordingly.

Burnham et al. (2003:115) researched the influence of *switching costs* on *intention to stay* and argued that the extent to which consumers perceive *switching costs* or barriers to leave a provider, could influence their decision to stay with a provider. This study (Burnham et al., 2003:117) also reported significant positive relationships between procedural, financial and relational *switching costs* on the one hand and *intention to stay* on the other hand.

In a study on the influence of *power* on the continuity of a relationship, Anderson and Weitz (1989:319) found that continuity would increase as the *power* in the relationship becomes more balanced.

5.3 THE COMPOSITE MODEL

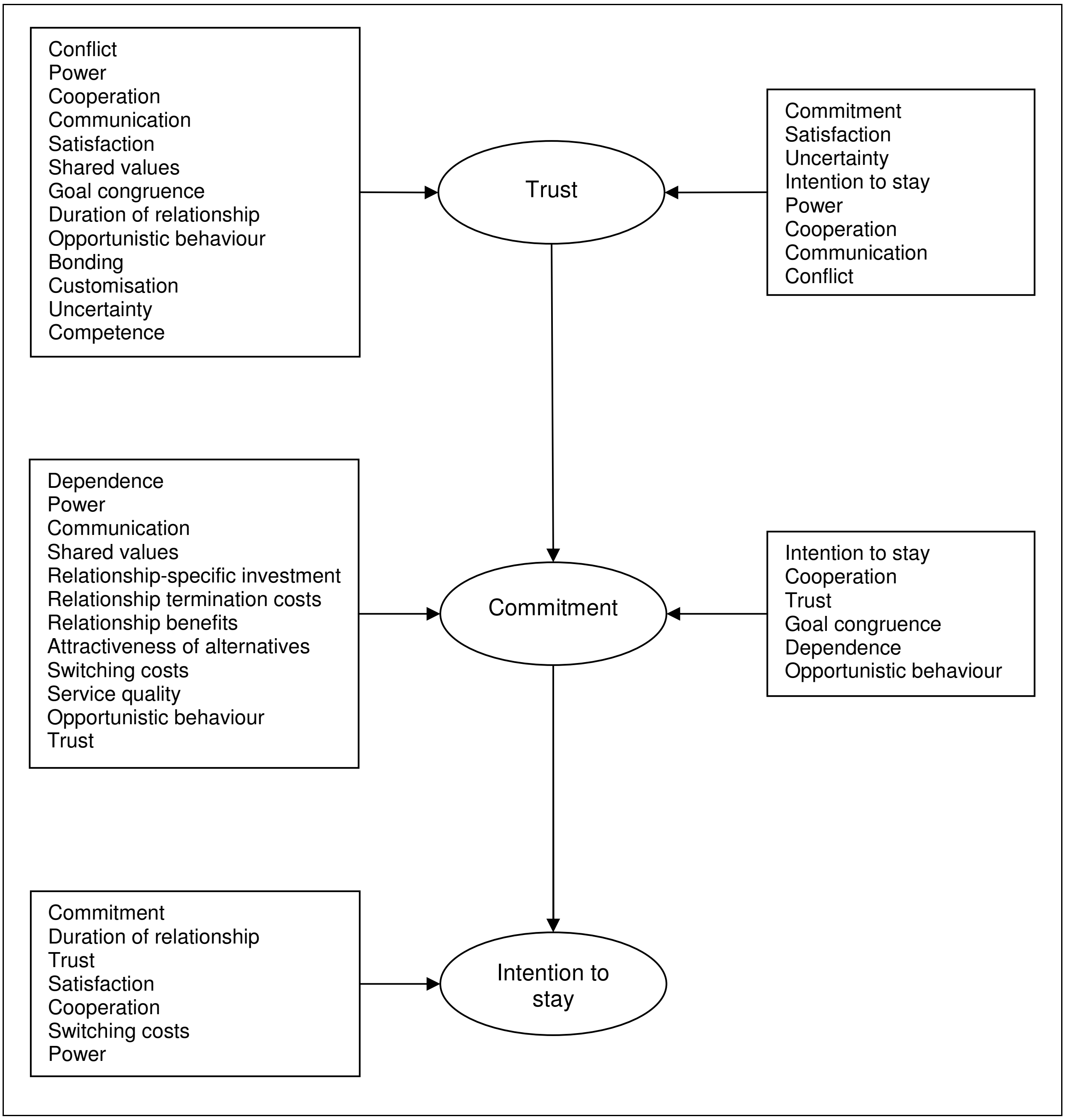
The findings of the empirical research on the management of marketing relationships, which were discussed in the preceding paragraphs, were used to compile a model representative of all these relationships. This composite model is shown in Figure 5.5.

The model presented in Figure 5.5 combines the dimensions of relationship formation, which were identified in the marketing literature. It should be borne in mind that each of these studies was conducted in a specific market and a specific industry. As the purpose of the present study is to develop a generalised model for establishing long-term marketing relationships, each of the relationships in Figure 5.5 should be evaluated in order to determine its general applicability.

The next section focuses on refining the composite model illustrated in Figure 5.5. This will be done by motivating the dimensions considered desirable for inclusion in the proposed conceptual model.

Figure 5.5

The composite model



5.4 REFINING THE COMPOSITE MODEL

The model presented in Figure 5.5 needs to be refined for a number of reasons. Firstly, not all dimensions are equally important when establishing marketing relationships. Dimensions should, therefore, be categorised according to their general applicability in a variety of industries. Secondly, the number of dimensions included in the conceptual (final) model is limited by the restrictions imposed by statistical analytic techniques as well as possible respondent fatigue if too long a measuring instrument (questionnaire) is to be used to collect the data.

Two major criteria were used to refine the model that appears in Figure 5.5. Firstly, the frequency with which dimensions appear in empirical research on creating long-term marketing relationships provides insight into the relative importance of each dimension. Dimensions that are cited most often in empirical research are regarded as sufficiently important to be included in the conceptual model.

Secondly, the different industries in which each of the empirical studies was conducted is examined in order to identify those dimensions that were empirically tested in a variety of industries. Dimensions that were tested in several industries are again regarded as important enough to be included in the conceptual model.

In order to conduct this analysis, previous empirical research on the establishment and maintenance of marketing relationships was studied. The analysis concentrated on publications that were accessible and included journal publications, conference papers and working papers. A total of 83 studies were found that empirically identified the dimensions of marketing relationships.

5.4.1 Criterion 1: The frequency of appearance of the dimensions

The frequency with which dimensions appear in empirical studies is regarded as an important criteria for refining the composite model. The 83 studies that were analysed, addressed the dimensions in various ways: Although some of the studies investigated a variety of dimensions, the majority of empirical studies only focused on a few selected dimensions at a time. It appears that the majority of empirical research focuses on specific areas of marketing relationships, and only identified the dimensions applicable to those areas. Since this analysis concentrated on the identification of all possible dimensions, as far as could be ascertained no model that represented all the dimensions in Figure 5.5 could be found.

Furthermore, the dimensions identified in this section are more comprehensive than those of the composite model in Figure 5.5. The reason is that the composite model is based on the three dimensions of *trust*, *commitment* and *intention to stay*, and all other dimensions are expressed according to their influence on these three basic dimensions. Where empirical research failed to confirm relationships between other dimensions and these three basic dimensions, the other dimensions were excluded from the composite model. For example, certain dimensions (such as *empathy* and *reciprocity*) were identified through empirical research as dimensions of a marketing relationship, but they were excluded from Figure 5.5 since their connection with *trust*, *commitment* and/or *intention to stay* could not be confirmed in studies investigated during the literature review.

As indicated earlier, only those dimensions that were identified in multiple empirical studies were included in the present study. Those dimensions that were identified in only one study were, therefore, excluded. The frequency with which the dimensions are reported in the 83 empirical studies appears in Table 5.1.

Table 5.1

Frequency of dimensions reported in relationship marketing studies

Dimensions of marketing relationships	**Number of times included in research**
Trust	67
Commitment	42
Satisfaction	34
Communication	24
*Intention to stay**	21
Dependence	20
Conflict	12
Shared values	12
Power	11
Customisation	10
Bonding	9
Cooperation	9
Relationship-specific investment	8
Relationship benefits	7
Opportunistic behaviour	7
Duration of relationship	7
Switching costs	6
Uncertainty	5
Competence	5
Empathy	4
Reciprocity	4
Attractiveness of alternatives	4
Goal compatibility/goal congruence	3
Service quality	3
Coordination	2

* Note: As indicated earlier in this chapter, the term *intention to stay* will be used in the remainder of the study (rather than *behavioural consequences*).

A breakdown per category of the frequency of dimensions as reported in Table 5.1, appears in Table 5.2.

Table 5.2

Frequency distribution of dimensions

	Number of occurrences			
Category	**Least frequent**	**Less frequent**	**More frequent**	**Most frequent**
Frequency of times cited	5 and less	6 to 10	11–30	30 and above
Number of dimensions	8	8	6	3
Dimensions in each category	*Uncertainty* *Competence* *Empathy* *Reciprocity* *Attractiveness of alternatives* *Goal compatibility* *Service quality* *Coordination*	*Customisation* *Bonding* *Cooperation* *Relationship-specific investment* *Relationship benefits* *Opportunistic behaviour* *Duration of relationship* *Switching costs*	*Communication* *Intention to stay* *Dependence* *Conflict* *Shared values* *Power*	*Trust* *Commitment* *Satisfaction*

From Table 5.2 it is evident that the marketing literature provides overwhelming empirical support for the inclusion of both *trust* and *commitment* in a model for establishing long-term marketing relationships. Three out of every four empirical studies included *trust* as dimension, while one out of every two studies included *commitment*. These findings provide evidence for the central role of *trust* and *commitment*, as discussed in Chapter 4 as well as the first section of Chapter 5. As far as the basic framework for marketing relationships (see Figure 5.1) is concerned, there is thus substantial evidence for the inclusion of these two dimensions as the first two phases of the basic framework.

Based on the information in Tables 5.1 and 5.2, the inclusion of *satisfaction* appears to be certain. This notion confirms the important role of *satisfaction* suggested in Chapter 4 and earlier paragraphs of this chapter. As pointed out earlier, it appears that many empirical studies deem *satisfaction* the end result of a marketing relationship. Although the importance of *satisfaction* is not questioned, this dimension may also be regarded as one of the dimensions of a marketing relationship. The specific position of *satisfaction* (as antecedent or as consequence) in the management of a marketing relationship will be examined by means of empirical research.

Substantial empirical evidence was found for the inclusion of *intention to stay* as third phase of the basic framework presented in Figure 5.1. It should be borne in mind that for the purposes of this study the dimension *intention to stay* is regarded as the end result of a marketing relationship, and concepts such as *continuance of the relationship*, *future intentions* and *propensity to leave* are regarded as synonymous concepts. In the present study, these concepts are consequently all integrated to form the dimension *intention to stay*. The total of 21 studies indicating the importance of *intention to stay* might appear to be low. However, it was found that not all studies view *intention to stay* as the end result of a marketing relationship. For example, some studies perceive *satisfaction* as the end result, whereas others only examined certain aspects of the relationship and not the complete relationship, therefore, excluding the "final outcome".

Together with *intention to stay*, the dimensions *communication*, *dependence*, *conflict*, *shared values* and *power* fall in the category "more frequently" cited in Table 5.2. This finding coincides with the theory addressed in Chapter 4 and in the first section of Chapter 5. The incidence of *power* and *conflict* presents an interesting situation: although these two dimensions are reported separately, they are closely related since balanced (and imbalanced) *power* appears to have a direct effect on *conflict*. When the number of studies confirming the importance of *conflict* is added to the number of studies referring to *power*, a much higher importance for *power* emerges. Based on the first criterion, *power* (which includes *conflict*) could be included as a dimension of a marketing relationship.

The remainder of dimensions appears in the "less" and "least frequently" cited categories in Table 5.2, which indicates that they were researched on ten or less occasions in published empirical studies.

Although the frequency with which dimensions appear in marketing research is especially useful in identifying the dimensions that should be included in the final conceptual model, this frequency should only serve as a guideline. Supplementary to this criterion is the possibility that the industries in which each of these dimensions were investigated could be used to develop a more exact understanding of the dimensions of marketing relationships. Such analysis could be of value in understanding the utilisation of the various dimensions in different industries.

5.4.2 Criterion 2: The industries in which the empirical studies were conducted

As indicated in Chapter 3, the reincarnation of relationship marketing has its roots in services marketing and purchasing (which is indicative of the B2B industry). It is, therefore, to be expected that the empirical research in respect of the management of marketing relationships appears to focus on these two industries.

In analysing the industries where the dimensions of relationship marketing were investigated, two aspects were considered: firstly, whether the dimension was researched in a B2B setting or in a B2C environment, and secondly, the specific industry in which the dimensions were investigated. The latter was done by firstly identifying the major categories of industries (such as financial services and purchasing), and secondly, the sub-categories of industries where the 83 empirical studies were categorised according to underlying similarities. Where studies were conducted in a variety of industries (such as visitors to shopping malls) they were listed in the sub-category of "differentiated industries". In total, 17 categories (industries) and 45 sub-categories were identified. The results of this analysis appear in Addendum C, of which the major findings are summarised in Table 5.3.

Table 5.3

The prominence of the purchasing and services industries in empirical studies

	B2B industries	**B2C industries**	**Total**
Total number of studies	56	25	81*
Studies in the field of purchasing	11	2	13
Studies in the field of services	18	11	29

* B2B and B2C industries do not add to 83 since two studies were done utilising meta-analysis and, therefore, no specific industries were indicated.

Table 5.3 provides insight in two areas. Firstly, it is evident that almost 50% of the empirical studies included in this study were tested in the purchasing and services industries. This finding is in agreement with the results of the literature review in

Chapters 3 and 4. Secondly, Table 5.3 provides support for the notion that relationship marketing evolved from B2B marketing, because more than two thirds of the empirical studies were tested in B2B industries.

In order to identify those dimensions that were more widely tested, Table 5.4 provides information in respect of the number of different industries in which each of the 25 dimensions identified earlier were investigated.

Table 5.4

The industry context of relationship marketing studies

Dimensions	Number of industries	Number of sub-categories
Trust	16	38
Satisfaction	14	22
Commitment	13	29
Intention to stay	11	17
Communication	10	18
Cooperation	9	9
Dependence	8	14
Conflict	8	10
Power	7	8
Shared values	7	9
Opportunistic behaviour	6	7
Relationship-specific investment	6	7
Customisation	6	7
Bonding	5	6
Duration of relationship	5	5
Relationship benefits	4	5
Switching costs	4	6
Uncertainty	3	4
Attractiveness of alternatives	4	4
Service quality	3	3
Reciprocity	2	2
Competence	2	3
Goal compatibility	2	2
Empathy	1	1
Coordination	1	1

A breakdown per category of the number of industries reported in Table 5.4 appears in Table 5.5.

Table 5.5

Frequency distribution of relationship marketing dimensions per industry

	Number of occurrences			
Category	**Least frequent**	**Less frequent**	**More frequent**	**Most frequent**
Number of industries	1 to 4	5 to 8	9–12	13 and above
Number of dimensions	10	8	4	3
Dimensions in each category	*Relationship benefit* *Switching costs* *Uncertainty* *Attractiveness of alternatives* *Service quality* *Reciprocity* *Competence* *Goal compatibility* *Empathy* *Coordination*	*Dependence* *Conflict* *Power* *Shared values* *Opportunistic behaviour* *Relationship-specific investment* *Customisation* *Bonding* *Duration of relationshi*	*Intention to stay* *Communication* *Cooperation*	*Trust* *Commitment* *Satisfaction*

It is interesting to note that the information in Table 5.5 is very similar to that in Table 5.2, suggesting a similarity between the frequency of appearance of dimensions in marketing literature and their spread over industries. For example, *trust*, *commitment* and *satisfaction* appear in the top three positions in both tables, with the rest of the dimensions at nearly similar positions.

5.4.3 The dimensions to be included in the conceptual model

Sections 5.4.1 and 5.4.2 provided insight into the two criteria used to provide guidance on which of the original 25 dimensions should be included in the remainder of the conceptual model. Throughout this study, it is evident that especially *trust* and *commitment* are important in managing marketing relationships. These two dimensions ranked in the top three respectively in terms of both the frequency and industry criteria (see Tables 5.1 and 5.4).

Substantial evidence, therefore, exists to regard *trust* and *commitment* as the two most important building blocks of a marketing relationship, which coincides with the first two phases of the basic framework presented in Figure 5.1. The inclusion of *satisfaction* in a model for establishing long-term marketing relationships is not negotiable. Earlier in this study, it was indicated that *satisfaction* appears to be important for maintaining a long-term relationship, and that *satisfaction* is often regarded as the end result of such a relationship. Furthermore, the criteria utilised earlier in this chapter indicated the importance of this dimension (see Tables 5.1 and 5.4).

Although *intention to stay* appears to be of a lesser importance than *trust* and *commitment*, the utilisation of the two criteria (frequency and industry) supports the inclusion of this dimension as one of the key dimensions of a marketing relationship. The reasons for the relative lower importance of *intention to stay* were discussed earlier in this chapter. Based on marketing literature as well as the importance indicated by the two criteria, there is consequently ample evidence to include *intention to stay* as the end result of a marketing relationship. There is thus ample empirical support in the literature for the basic framework presented in Figure 5.1.

Since it is the purpose of the present study, amongst others, to identify the dimensions of a marketing relationship to be researched in a particular industry, the remaining 21 dimensions in Table 5.1 should be examined in order to establish whether they should be included in the conceptual model, or not. At this stage, the elements for inclusion are identified only, and no provision is made for the specific position or direction that each of them will occupy in the conceptual model.

Communication appears to have a significant influence on the management of marketing relationships. Not only is *communication* frequently cited in empirical studies but it is also applied in a wide variety of industries. This finding is in agreement with the findings in the marketing literature that were discussed in Chapter 4. The position of *dependence* appears to be unclear. Although *dependence* has received a relatively high score on the first criterion, the score on the second criteria is below average (utilised in only eight industries). It is further interesting to note that only one of the 20 empirical studies (see Table 5.1) was conducted in the financial services industry. Furthermore, since the present study focuses on the B2B industry (where exchange partners' responsibilities are contractually determined), it was decided to exclude *dependence* from the remainder of this study.

Power will be operationalised to include *conflict*, and the dimension will be labelled *power*.

The remainder of the dimensions in Table 5.1 needs closer consideration, since they did not achieve a high ranking based on either of the criteria. It was therefore necessary to focus on those elements that appear to be insignificant for the purpose of the present study and which could, therefore, be excluded from further consideration. The following four aspects were considered when deciding on the position of the remainder of the dimensions:

(1) the dimension's score on the two criteria identified earlier in this chapter;
(2) the necessity to reduce the number of dimensions (because of possible restrictions imposed by statistical techniques as well as potential respondent fatigue);
(3) the lesser importance of some of the dimensions since they are contractually determined; and
(4) the nature of the B2B financial services industry.

The dimensions that appear in the "least frequent" categories of Tables 5.2 and 5.5 were arrived at as follows: in order to be placed in these categories, the dimensions should have been cited less than six times in empirical research and investigated in fewer than five industries.

Based on the above criteria, the following dimensions were included in the remainder of the study: *shared values*, *bonding*, *cooperation*, *customisation*, *relationship benefits*, *switching costs, competence* and *attractiveness of alternatives*. *Duration of the relationship* will be included by means of a qualifying question, while the remainder of the dimensions will accordingly be excluded.

Based on the analysis earlier in this chapter, the initial 25 dimensions of marketing relationships as identified in Table 5.1 are reduced to the 14 dimensions that appear in Table 5.6.

Table 5.6

Dimensions of relationship marketing included in the conceptual model

Trust
Commitment
Intention to stay
Satisfaction
Communication
Power
Shared values
Bonding
Cooperation
Customisation
Relationship benefits
Switching costs
Competence
Attractiveness of alternatives

The 14 dimensions in Table 5.6 will form the basis for the conceptual model of relationship marketing to be developed and empirically tested in Chapter 6. By identifying these 14 dimensions, the first secondary objective of the present study was addressed.

5.5 SUMMARY AND IMPLICATIONS FOR THE STUDY

Long-term marketing relationships can only be established once there is certainty on the dimensions of a marketing relationship. This chapter focused on those dimensions that were reported in the marketing literature and which were subjected to empirical research.

The first section of this chapter focused on those dimensions for which empirical relationships with *trust*, *commitment* and *intention to stay* were found. In this way, support was found for a simplified framework for the development of marketing relationships. The identification of antecedents of and consequences for the elements of the simplified framework led to the establishment of a composite model for the management of long-term marketing relationships. In total, 25 dimensions were identified this way. However, a number of reasons were identified for limiting these 25 dimensions. Firstly, since the present study focuses on the dimensions of *trust*, *commitment* and *intention to stay*, the emphasis is on those dimensions that are related to these three dimensions. Secondly, it appears that empirical studies tend to concentrate on a number of "key" dimensions of marketing relationships, and that some of the 25 dimensions were included to reflect specific circumstances. Furthermore, the number of dimensions included in the conceptual (final) model is limited by the restrictions imposed by statistical analytic techniques.

With the latter as point of departure, two criteria were utilised in order to limit the initial 25 dimensions: firstly, the frequency with which the elements appear in research on marketing relationships, and secondly, the industries where the dimensions were empirically tested. The use of these two criteria, together with a consideration of the B2B financial services industry (the industry in which the conceptual model was tested) led to the reduction of the initial pool of 25 dimensions to 14. These 14 dimensions will form the basis for the conceptual model to be empirically tested in the remainder of this study.

The next chapter provides insight into the methodology of the empirical study through which the conceptual model will be tested.

CHAPTER 6
METHODOLOGY

6.1 INTRODUCTION

The research problem addressed in this study relates to the identification of the dimensions relevant for the establishment and maintenance of long-term marketing relationships in the B2B financial services industry. In Chapters 4 and 5, dimensions from the marketing literature were identified, which were believed to reflect the dimensions that appear to be relevant for the B2B financial services industry.

The purpose of this chapter is to describe the research methodology that was followed during the empirical phases of the study. Firstly, the focus will be on the methods used to assess the importance of each of the dimensions, subsequent to which the emphasis will shift to the techniques used to evaluate the impact of each of the appropriate dimensions. The final section of the chapter will focus on the statistical techniques and procedures used to analyse the empirical data.

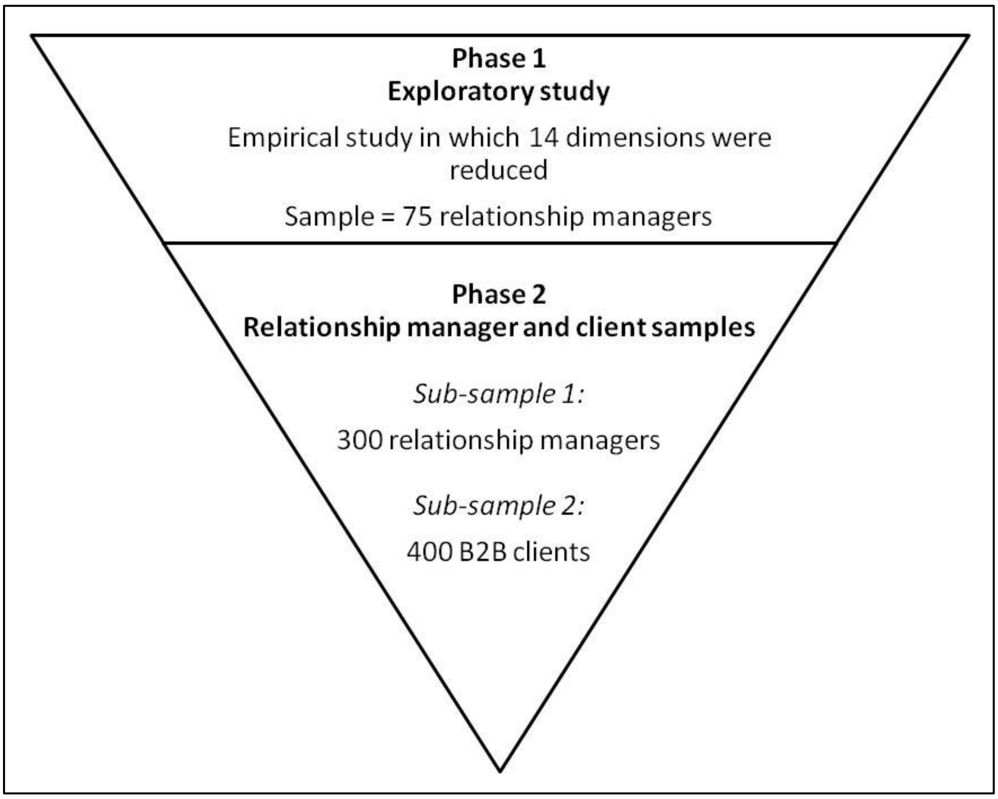
6.2 THE STRUCTURE OF THE EMPIRICAL RESEARCH

As indicated in Chapter 1, the empirical research for the present study consisted of two phases. The nature of these two phases is presented in Figure 6.1.

The purpose of Phase 1 (Figure 6.1) was to reduce the 14 dimensions that were identified in the literature (Chapters 4 and 5) according to their relevance to the B2B financial services industry. This objective was achieved through an empirical study amongst relationship managers of a South African B2B financial services provider.

Figure 6.1

Graphical representation of the empirical study



Once the relevant dimensions were identified, each of these dimensions was empirically evaluated (Phase 2). Since the objective of the present study is to develop a comprehensive model for the management of long-term marketing relationships, the perceptions of both the service provider (relationship managers, sub-sample 1) and clients (clients from B2B financial services, sub-sample 2) were considered in this second phase of the study.

6.3 PHASE ONE: THE EXPLORATORY STUDY

6.3.1 Objective

The objective of this phase of the study was to assess the importance of (and, therefore, the relevance to) each of the dimensions identified in Chapter 5 for the South African B2B financial services industry from the perspective of a service provider.

6.3.2 Sampling procedure

This phase of the study comprised a survey amongst relationship managers of a major South African B2B financial services provider. A national financial provider (NFP) agreed to participate in the study, and a sample of 75 relationship managers from the NFP's business banking segment was randomly selected. This sample represented all the geographic areas of the NFP's business segment, including the Eastern Cape, Free State and Central, Gauteng East, Gauteng North, Gauteng South West, KwaZulu-Natal, Limpopo, Mpumalanga, North West, Tshwane and the Western Cape.

Information on the respondents' personal details, e-mail addresses and regions in which the relationship managers are classified by the NFP, was provided. For the purpose of follow-up, a unique code was assigned to each of the 75 respondents comprising the sample. Respondents were allowed a two-week period to complete the questionnaire. To increase the possible response rate, a reminder e-mail was sent to all respondents, and they were allowed a further two weeks to complete the questionnaire. This phase of the study was, therefore, completed in four weeks.

6.3.3 Dimensions considered

In Chapter 5, an initial set of 25 dimensions that may have an influence on the management of long-term marketing relationships were identified. These dimensions, together with a remark on the position of each dimension, appear in Table 6.1.

Table 6.1

Potential 25 dimensions of a long-term marketing relationship

Number	Dimension	Remark
1.	*Trust*	Overwhelming support was shown in Chapter 5 for the importance of these four dimensions. Therefore, there is no need to evaluate their importance again.
2.	*Satisfaction*	
3.	*Commitment*	
4.	*Communication*	

Number	Dimension	Remark
5.	*Shared values*	Support emerged for the importance of dimensions 5-13. However, the support was not as overwhelming as for dimensions 1-4. These dimensions were, therefore, included in Phase 1 of the empirical study.
6.	*Power balance*	
7.	*Bonding*	
8.	*Cooperation*	
9.	*Switching costs*	
10.	*Attractiveness of alternatives*	
11.	*Relationship benefits*	
12.	*Customisation*	
13.	*Competence*	
14.	*Dependence*	Dimensions 14-20 are often contractually determined. They were, therefore, excluded.
15.	*Relationship-specific investment*	
16.	*Opportunistic behaviour*	
17.	*Uncertainty*	
18.	*Empathy*	
19.	*Reciprocity*	
20.	*Goal compatibility/congruence*	
21.	*Service quality*	This dimension was excluded, since the individual components of service quality are already incorporated in the remainder of the dimensions.
22.	*Coordination*	This dimension is contractually determined, and was therefore excluded.
23.	*Conflict*	Conflict is operationalised as part of power balance.
24.	*Duration of relationship*	This dimension was excluded from Phase 1, but included in Phase 2 by means of a qualifying question.
25.	*Behavioural intentions*	This dimension will be regarded as the end result of the relationship, and it was therefore only included in the second phase of the empirical study.

A total of 14 dimensions were thus included for analysis in the remainder of this study. However, since the importance of *trust, satisfaction, commitment and communication* were well confirmed in the marketing literature (see Chapter 5), these four dimensions were excluded from the next phase of the study, but included in the second empirical phase. The importance of the remaining ten dimensions was consequently determined during this first phase of the empirical study.

6.3.4 Operationalisations of dimensions

The remaining 14 dimensions were operationalised to reflect the understanding of the concepts in the context of the present study. The complete set of operationalisations appears in Table 6.2.

Table 6.2

Operationalisations of dimensions

Nr	Dimension	Definition(s)	Source	Operationalisation
1.	*Attractiveness of alternatives*	The client's estimate of the likely satisfaction available in an alternative relationship.	Ping (2003) (in Sharma and Patterson, 2000)	The client's estimate of the likely satisfaction available in an alternative relationship.
2.	*Intention to stay*	The inclination to maintain the relationship (continuance intentions). The customer's motivation to continue the relationship (continuance intentions).	De Ruyter and Wetzels (1999) De Ruyter et al. (2001)	The client's intention to continue a relationship.
3.	*Bonding*	The (psychological) process through which the buyer and the provider build a relationship to the benefit of both parties.	Gounaris (2005)	The process through which the buyer and the provider build a relationship to the benefit of both parties.
4.	*Commitment*	The desire for continuity manifested by the willingness to invest resources into a relationship. The belief of an exchange partner that the ongoing relationship with another is so important as to warrant maximum efforts at maintaining it. An enduring desire to maintain a valued relationship.	Gounaris (2005) Morgan and Hunt (1994) Moorman et al. (1992)	An enduring desire to maintain a valued relationship.
5.	*Communication*	The formal as well as informal sharing of meaningful and timely information between firms.	Anderson and Narus (1990)	The sharing of meaningful, trustworthy and timely information.
6.	*Competence*	The buyer's perception of the supplier's technological and commercial competence.	Selnes (1998)	The perception of an exchange partner's competence.
7.	*Cooperation*	Similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time.	Anderson and Narus (1990)	Coordinated actions taken by exchange partners to achieve mutual outcomes.
8.	*Customisation*	The extent to which a seller uses knowledge about a buyer to tailor his offerings to the buyer.	De Wulf and Odekerken-Schröder (2000)	The extent to which a seller uses knowledge about a buyer in order to tailor offerings to a buyer.
9.	*Power balance*	The ability of one partner to get the other partner to do something they would not normally do (imbalanced power).	Anderson and Weitz (1989)	The perception that one partner has the ability to influence the other party to do something he would not normally do.

Nr	Dimension	Definition(s)	Source	Operationalisation
10.	*Relationship benefits*	Partners that deliver superior benefits will be highly valued, and firms will commit themselves to establishing, developing and maintaining relationships with such partners.	Morgan and Hunt (1994)	The benefits an exchange partner receives from a relationship to which he/she is committed.
11.	*Satisfaction*	A positive affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm. An overall evaluation based on the total purchase and consumption experience with a good or service over time.	Anderson and Narus (1990) Garbarino and Johnson (1999)	An overall positive evaluation over time of all aspects of a relationship.
12.	*Shared values*	The extent to which partners have beliefs in common about what behaviours, goals and policies are important, unimportant, appropriate or inappropriate, and right or wrong.	Morgan and Hunt (1994)	The extent to which partners have common beliefs about what is important, unimportant, appropriate or inappropriate, and right or wrong.
13.	*Switching costs*	The perception of the magnitude of the additional costs required to terminate the current relationship and to secure an alternative.	Porter (1980)	The perceived cost of ending a relationship and securing a new relationship.
14.	*Trust*	A willingness to rely on an exchange partner in whom one has confidence. The perceived credibility and benevolence of a target of trust. The firm's belief that another company will perform actions that will result in positive outcomes for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm.	Moorman et al. (1993) Doney and Cannon (1997) Anderson and Narus (1990)	The perceived credibility of an exchange partner in whom one has confidence.

The operationalisations in Table 6.2 were based on the relevant definitions in the literature sources indicated. In some cases, operationalisations were slightly adapted to reflect the objectives of the present study or the industry under study.

The next step was to describe each of the dimensions in the context of B2B financial services. These descriptions (which are based on the operationalisations in Table 6.2) appear in Table 6.3.

Table 6.3

Descriptions of dimensions

Dimension	Description
Attractiveness of alternatives	The possibility that a NFP client could switch to and be satisfied by another bank or establish an account with an additional bank.
Behavioural intentions	A client's intention to continue its relationship with the NFP.
Bonding	The establishment of relationships that result from personal and social ties between the NFP and its clients.
Commitment	The ongoing desire by a client to maintain a valued relationship with the NFP.
Communication	The NFP shares meaningful, trustworthy and timely information with its clients.
Competence	The NFP is regarded as technologically and commercially capable to meet clients' needs.
Cooperation	Joint actions by the NFP and its clients to achieve individual or joint business/financial goals.
Customisation	The use of knowledge regarding clients to adjust the NFP's services to meet their needs.
Power balance	Whether the NFP can influence its clients to do something (in a business sense) they would not normally do.
Relationship benefits	The NFP and its clients receive superior and valuable benefits from their relationship with one another.
Satisfaction	An overall positive evaluation over time of all aspects of a relationship between the NFP and its clients.
Shared values	Whether the NFP and its clients have similar business interests and values.
Switching costs	The additional costs to the client of ending a relationship with the NFP and starting one with another bank.
Trust	Whether the NFP and its clients perceived each other as credible and have confidence in each other.

The descriptions in Table 6.3 formed the basis of the formulation of questions (items) used in the questionnaire that served as measurement instrument in the relationship manager and client samples.

6.3.5 Questionnaire development

A questionnaire was developed where relationship managers had to indicate the importance of the nine dimensions (excluding *trust, commitment*, *satisfaction* and *communication*, as well as *intention to stay*, which is the dependent variable) relative to each of the remaining dimensions. The technique used a process of pair-wise comparisons by respondents between two variables at a time. For the present study, the technique comprised a process where respondents had to evaluate the importance of each of the dimensions relative to the remainder of the dimensions.

For example, the importance of the *trust*-dimension had to be evaluated relative to the other eight dimensions in this study.

The following formula was used to determine the number of questions that the questionnaire had to consist of to reflect the nine dimensions in the study:

Chance to reflect nine dimensions:
$n! / ((n – 2)! 2!)$ where $n! = 1 \times 2 \times 3 \times 4....xn$
If n=9; then
$9! / ((9 – 2)! 2!) = 36$ questions

6.3.6 Data collection

A web-based approach was used to distribute the questionnaire to relationship managers. This method was regarded as appropriate since all relationship managers had access to the NFP's website. Each respondent received an e-mail containing a direct link to the NFP's website where the questionnaire was hosted. This e-mail was preceded by a letter (also by e-mail) from top management in which the reasons for the study were explained, and respondents were encouraged to participate in the study. Two weeks after the initial questionnaire was sent to the respondents, a follow-up was done by sending a reminder notice to all 75 respondents. In total, the respondents were therefore allowed four weeks to complete the questionnaire.

The questionnaire was developed in such a way that the respondents could not continue with the next question unless an answer was provided for the previous question. This arrangement contributed to the fact that no non-useable questionnaires were received.

6.3.7 Data analysis

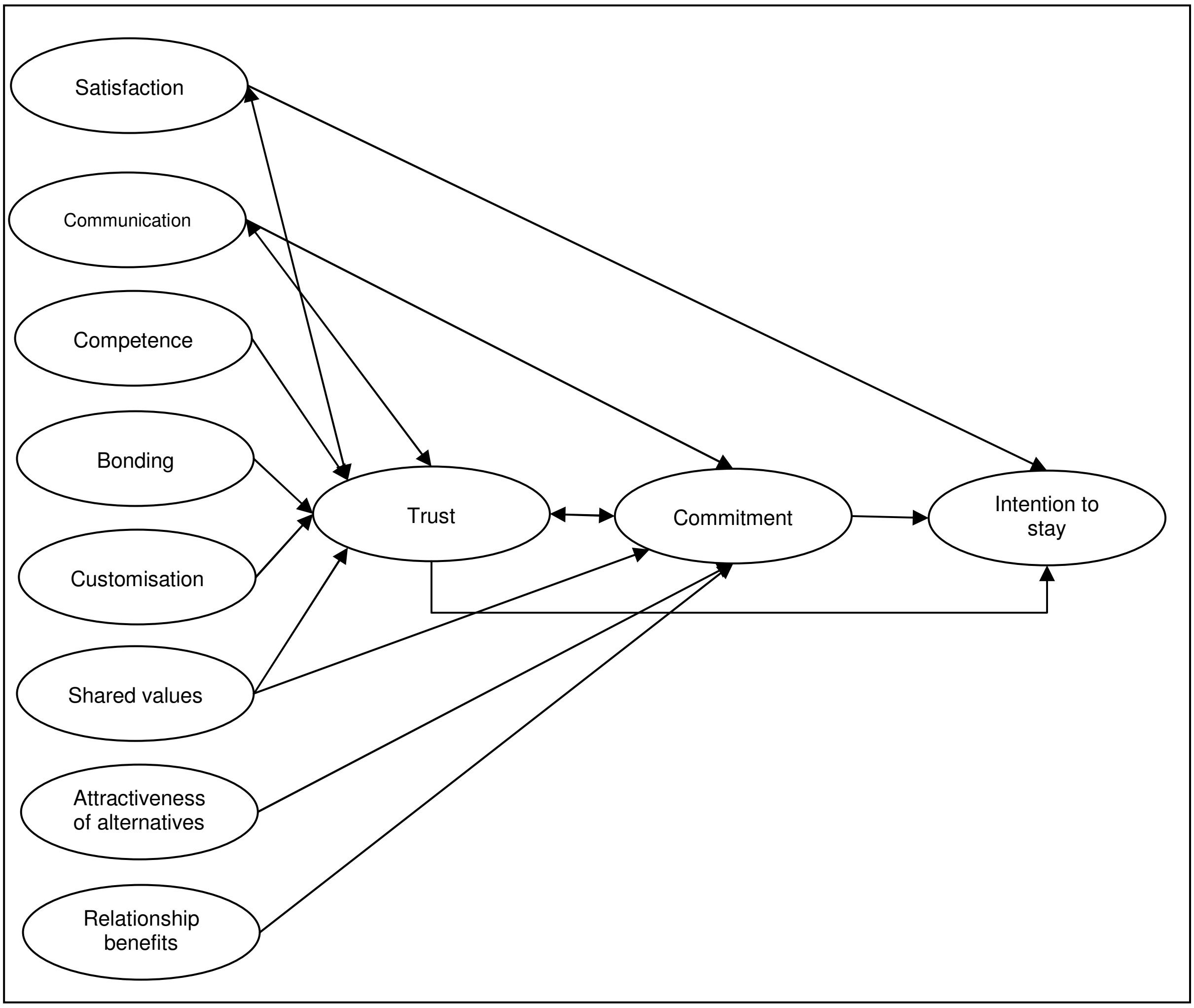
The data were analysed according to the principles of the Analytic Hierarchical Process (AHP) method as proposed by Triantaphyllou (2000). The AHP technique emerged as an important approach to multi-criteria decision-making and appears to be specifically applicable to quantifiable and intangible criteria. Saaty (1990:259) argues that the technique assists in the decision-making process by decomposing a complex problem into a multi-level hierarchic structure. A study by Lai, Trueblood and Wong (1999:222) reported that the technique had been used in a variety of disciplines, such as economics, politics, marketing, sociology and management.

6.4 THE CONCEPTUAL MODEL

Based on the evidence from Chapter 5 (Figure 5.5) as well as the results from the exploratory study (Section 7.2 in Chapter 7), a conceptual model for the management of long-term marketing relationships was constructed. This conceptual model formed the focal point of the next phase of the empirical study and was evaluated by both relationship managers (the relationship manager sample) and B2B clients (the client sample).

Figure 6.2

The conceptual model



The conceptual model in Figure 6.2 uses the composite model (see Figure 5.5) as basis. Because of the overwhelming support in the marketing literature for the inclusion *of trust, commitment* and *intention to stay*, these three dimensions initially served as the focus of the study. The remaining dimensions are then indicated relative to the aforementioned three dimensions.

Although a relationship is expected between the *duration of a relationship* and *trust*, it was decided to capture information concerning the duration of a relationship directly from the NFP's database. Items relating to the dimension of *duration of a relationship* were not included in the measurement instrument used in the next (empirical) phase of the present study.

6.5 PHASE TWO: THE RELATIONSHIP MANAGER AND CLIENT SAMPLES

6.5.1 Objective

The objective of this second phase of the study was to assess the influence of the dimensions on client decision-making.

6.5.2 Questionnaire development

Two questionnaires were developed to conduct this phase of the study: one to be completed by relationship managers and one for B2B clients. A summary of the items used to measure the dimensions is given in Addendums E and F.

6.5.2.1 Number of items

In deciding on the number of items to be included in the questionnaire, a balance firstly had to be found between two contrasting issues: potential respondent fatigue and restrictions imposed by the techniques to be used to perform statistical analyses. In other words, possible respondent fatigue was addressed by aligning the potential number of items with the number of items used during the exploratory study. Secondly, discussions with senior academics in the field of marketing research indicated that 49 items (the number of items in the final questionnaire) are appropriate for conducting the required statistical techniques, given the likely sample size.

Table 6.4 shows the number of items per dimension included in the questionnaire in the second phase of the study.

Table 6.4

Number of items per dimension

	Dimension	Number of items
1.	*Trust*	4
2.	*Satisfaction*	5
3.	*Commitment*	4
4.	*Communication*	4
5.	*Competence*	4
6.	*Relationship benefits*	4
7.	*Bonding*	5
8.	*Attractiveness of alternatives*	4
9.	*Customisation*	4
10.	*Shared values*	4
11.	*Intention to stay*	7
Total number of items		**49**

The 49 items referred to in Table 6.4 were randomly presented in both questionnaires used for both the relationship managers and client samples. The next section explores the origin of the 49 items utilised in the second phase of the study.

6.5.2.2 Source of questionnaire items

As indicated earlier, several studies identified the important dimensions driving the success of relationship marketing. An analysis of the questionnaires utilised by these studies produced a detailed list of the items used to measure the dimensions relevant to the present study. The complete list of items appears in Addendum D.

It should, however, be noted that the items listed in Addendum D were used in a variety of industries, and not all were necessarily suitable for research in the financial services industry. The items in Addendum D were, where necessary, reformulated in order to be applicable to financial services. In some instances, items were self-generated to have sufficient items to measure a dimension.

Table 6.5 provides information on the source of each item included in the second phase of the study.

Table 6.5

Origins of questionnaire items

Dimension	Code	Item	Source
Trust	TRUS1	I trust my financial services provider.	Yau, McFetridge et al. (2000)
	TRUS2	I have confidence in my financial services provider.	Coote et al. (2003)
	TRUS3	My financial services provider can be regarded as credible.	Coote et al. (2003)
	TRUS4	My financial services provider demonstrates a high level of integrity.	Morgan and Hunt (1994)
Satisfaction	SAT1	I am very satisfied with my financial services provider.	Sharma and Patterson (2000)
	SAT2	If I had to do it all over again, I would choose my financial services provider again.	Homburg et al. (2003)
	SAT3	I am satisfied with my financial services provider's products and services.	Abdul-Muhmin (2005)
	SAT4	My financial services provider's service meets my expectations.	Self-generated item
	SAT5	It is a pleasure to do business with my financial services provider.	Leuthesser and Kohli (1995)
Commitment	COMIT1	I am very committed to my financial services provider.	Coote et al. (2003)
	COMIT2	I really care to maintain my relationship with my financial services provider.	Morgan and Hunt (1994)
	COMIT3	I am willing to invest time and other resources to maintain my relationship with my financial services provider.	Walter et al. (2000)
	COMIT4	I am willing to travel the extra mile to maintain my relationship with my financial services provider.	De Wulf et al. (2000)
Communication	COMM1	My financial services provider keeps me very well informed.	Sharma and Patterson (1999)
	COMM2	My financial services provider provides frequent communication about issues that are important to me.	MacMillan et al. (2005)
	COMM3	My financial services provider provides timely information.	Kang et al. (2005)
	COMM4	My financial services provider provides accurate information.	Self-generated item
Competence	COMTENT1	My financial services provider is an expert financial services provider.	Coulter and Coulter (2003)
	COMTENT2	My financial services provider is an experienced financial services provider.	Coulter and Coulter (2003)
	COMTENT3	My financial services provider is knowledgeable about the provision of sophisticated financial services.	Selnes (1998)
	COMTENT4	My financial services provider staff is very competent.	Self-generated item

Dimension	Code	Item	Source
Relationship benefits	RBEN1	My financial services provider provides innovative solutions to my financial needs.	MacMillan et al. (2005)
	RBEN2	I benefit from my relationship with my financial services provider.	MacMillan et al. (2005)
	RBEN3	My relationship with my financial services provider enhances my income/revenue.	Morgan and Hunt (1994)
	RBEN4	My relationship with my financial services provider helps me to utilise business opportunities.	MacMillan et al. (2005)
Bonding	BOND1	My financial services provider is concerned about my needs.	Chiu et al. (2005)
	BOND2	My financial services provider and I work in close co-operation.	Yau, McFetridge et al. (2000)
	BOND3	My financial services provider and I exchange information about financial products and services.	Gounaris and Venetis (2002)
	BOND4	I have a close personal relationship with my financial services provider.	Sin et al. (2005)
	BOND5	My financial services provider and I constantly share information.	Chiu et al. (2005)
Attractiveness of alternatives	ALT1	The fees charged by my financial services provider are less than that of other banks.	Sharma and Patterson (2000)
	ALT2	My financial services provider offers a wider range of products and services than other banks.	Sharma and Patterson (2000)
	ALT3	There are not really worthwhile alternatives to my financial services provider.	Patterson and Smith (2001a)
	ALT4	It is questionable whether other banks can offer me a better service than my financial services provider.	Self-generated item
Customisation	CUSTOM1	My financial services provider is flexible enough to accommodate unforeseen problems I may experience.	Homburg et al. (2003)
	CUSTOM2	My financial services provider can tailor-made its products/services to meet unexpected changes in my needs.	Homburg et al. (2003)
	CUSTOM3	My financial services provider will quickly assist me if my needs change.	Homburg et al. (2003)
	CUSTOM4	My financial services provider strives to offer me a customised service.	Self-generated item
Shared values	SHV1	My financial services provider respects my business values.	MacMillan et al. (2005)
	SHV2	My financial services provider and I share the same views about most business practices.	Sin et al. (2005)
	SHV3	My financial services provider has business values and beliefs similar to mine.	Coulter and Coulter (2003)
	SHV4	My financial services provider and I have a mutual understanding of each other's business values.	Coote et al. (2003)

Dimension	Code	Item	Source
Intention to stay	INT1	I expect to continue working with my financial services provider for a long time.	Johnson and Grayson (2005)
	INT2	I intend to sustain my relationship with my financial services provider indefinitely.	Gutiérrez et al. (2004)
	INT3	I intend to continue to do business with my financial services provider.	Johnson & Grayson (2005)
	INT4	We expect to expand our business with this supplier.	Homburg et al. (2003)
	INT5	Even if another bank charges me lower fees I will not switch banks.	Self-generated item
	INT6	I do not have plans to switch banks in the near future.	Homburg et al. (2003)
	INT7	I shall recommend my financial services provider's products and services to others.	Self-generated item

Some of the items reported in the original literature sources were adapted to some extent to reflect the nature of the B2B financial services industry. However, these changes were made in such a way that the original meanings of the items were not changed. Where sufficient items for the measurement of a dimension could not be found, items were self-generated. The latter items were tested with senior marketing academics for face validity purposes.

The items included in Table 6.5 were used to measure clients' perceptions of relationship management at a financial institution. Since the purpose of the present study is also to measure the perceptions of the NFP regarding the service to its clients, the 49 items were reformulated resulting in the generation of a second questionnaire. The final items in the two questionnaires appear in Addendums E and F.

6.5.2.3 Context of the questions and structure of the questionnaires

Although the questions in the relationship manager sample and client sample questionnaires are essentially identical, they were phrased differently to reflect the two different contexts. The relationship manager questionnaire focused on the way relationship managers think their clients perceive the NFP. The client questionnaire, however, focused directly on the perceptions of clients of the NFP. For example, as part of the *trust* dimension, relationship managers had to react on the item "Our clients trust the NFP" while clients had to answer the question "I trust the NFP".

Both questionnaires started with an explanation of the reason for the study, which was followed by the instructions for the completion of the questionnaires. The instructions were followed by the 49 Likert-type questions measuring the 11 dimensions of relationship building identified in Table 6.5.

The client questionnaire, however, included a qualifying question at the beginning of the questionnaire. In answering this question, respondents had to specify which bank they consider to be their main bank. Respondents had to choose between the four major South African banks, and a fifth option made provision for those respondents who use an "other" bank as their main bank. The reason for the inclusion of this screening question was to ensure that only data of those respondents whose major business is with the bank participating in the present study, are included.

It was noted earlier that the *length of relationship*-dimension would be included by means of a qualifying question. In order to retrieve this information automatically from the bank's database, each respondent was allocated a unique number by which the respondent was identified in the NFP's database.

Both the questionnaires used a 7-point Likert scale, where 1 represented "Strongly disagree" and 7, "Strongly agree".

6.5.3 Sampling procedure

Since two samples were drawn, the sampling procedures used to draw the samples are discussed separately.

6.5.3.1 Relationship manager sample

During this part of the study, relationship managers from the same NFP studied in Phase 1 of the study were surveyed. The total population of 300 relationship managers were included, which precluded the need to draw a sample.

6.5.3.2 Client sample

A sample of 6 997 client names was randomly selected from a sampling frame provided by the NFP. As the number of responses appropriate for statistical techniques, such as SEM and exploratory factor analysis, are often large (greater than 300) and an estimated 20% response rate was expected, it was estimated that a sample size of 2 000 would generate a response of between 300 and 400 completed questionnaires.

6.5.4 Method of data collection

Since the method of data collection differed between the two samples, they are addressed separately.

6.5.4.1 Relationship manager sample

Data from the relationship manager sample were once again collected by means of a web-based questionnaire posted on the NFP's website. This technique was deemed appropriate, since all relationship managers had access to the NFP's website. The questionnaire was accompanied by a letter from senior management of the NFP in which the purpose of the study was stated, and respondents were requested and encouraged to participate in the study.

6.5.4.2 Client sample

The initial aim was to collect data through a web-based questionnaire. However, since some B2B clients did not have internet facilities, it was decided to conduct this phase of the study by way of a telephone survey. Before the survey commenced, relationship managers were informed about the forthcoming study which placed them in a position to answer possible clients' enquiries about the study, if necessary.

The data collection took place over a four-week period which included time for follow-up. Respondents were greeted and informed about the objective of the study. It was also mentioned that the study was done on behalf of the University of Stellenbosch and that it was approved by top management of the NFP. A telephone number was provided should the individual respondents have further enquiries.

The following difficulties were experienced with the list of names provided by the NFP:

- The list with respondents' information was often incomplete and these inaccuracies resulted in wrong telephone numbers or telephone numbers that were no longer in existence.
- Some of the respondents indicated that the specific NFP was no longer regarded as the respondent's main financial services provider.
- Where changes were made on client level in respect of the person responsible for the account with the NFP, these changes were not always reflected in the database.

The above difficulties were applicable to about 60% of the sample and were overcome by selecting new respondents from the sampling frame. The refusal rate on the interviews was relatively low (estimated at about 20%). In a few instances, respondents did not understand the questions fully, whilst others could not or did not want to answer some of the questions. In both these cases, the data were coded as a missing value in the data set.

6.5.5 Missing values

Section 6.5.4.2 discussed the reasons why some of the respondents were unable to answer certain questions. Different approaches can be used to address missing values, but the present study employed the mean-replacement approach. Using this approach a mean score is calculated for each item, and that all missing values for a specific item are replaced by the mean score for that item (Cooper & Schindler, 2006:504).

6.6 HYPOTHESES TO BE TESTED

The conceptual model presented in Figure 6.2 reflects the marketing literature on the management of long-term marketing relationships. In this conceptual model, provision was made for 17 relationships: 14 direct relationships and three recursive relationships (those between *trust* and *satisfaction,* between *trust* and *communication,* and between *commitment* and *trust*). However, the recursive relationships were found to have no practical and managerial significance in a B2B study and were therefore removed from the conceptual model. This reduction in the number of relationships led to the removal of the three relationships as mentioned, and the subsequent reduction in the possible hypotheses from 17 to 14.

The 14 directional hypotheses to be tested in the second phase of the study appear in Table 6.6.

Table 6.6

The directional hypotheses

H^1	There is a positive relationship between *satisfaction* and *trust*
H^2	There is a positive relationship between *communication* and *trust*
H^3	There is a positive relationship between *competence* and *trust*
H^4	There is a positive relationship between *bonding* and *trust*
H^5	There is a positive relationship between *customisation* and *trust*
H^6	There is a positive relationship between *shared values* and *trust*
H^7	There is a positive relationship between *trust* and *commitment*
H^8	There is a positive relationship between *communication* and *commitment*
H^9	There is a positive relationship between *shared values* and *commitment*
H^{10}	There is a positive relationship between *attractiveness of alternatives* and *commitment*
H^{11}	There is a positive relationship between *relationship benefits* and *commitment*
H^{12}	There is a positive relationship between *commitment* and *intention to stay*
H^{13}	There is a positive relationship between *satisfaction* and *intention to stay*
H^{14}	There is a positive relationship between *trust* and *intention to stay*

Each of the 14 hypotheses in Table 6.6 was empirically tested in the second phase of the study.

The conceptual model depicted in Figure 6.2 resulted in a high number of parameters that needed to be estimated. Against the background of the relative small sample size, the model had to be split into three sub-models prior to data analysis. In other words, the decision to split the models into sub-models prior to empirical assessment was taken to avoid violating the observations/parameters rule of thumb (Hair et al., 2006:741). These three sub-models are depicted in Figure 6.3 (the *trust* model), Figure 6.4 (the *commitment* model) and Figure 6.5 (the *intention to stay* model).

Figure 6.3

The *trust* model

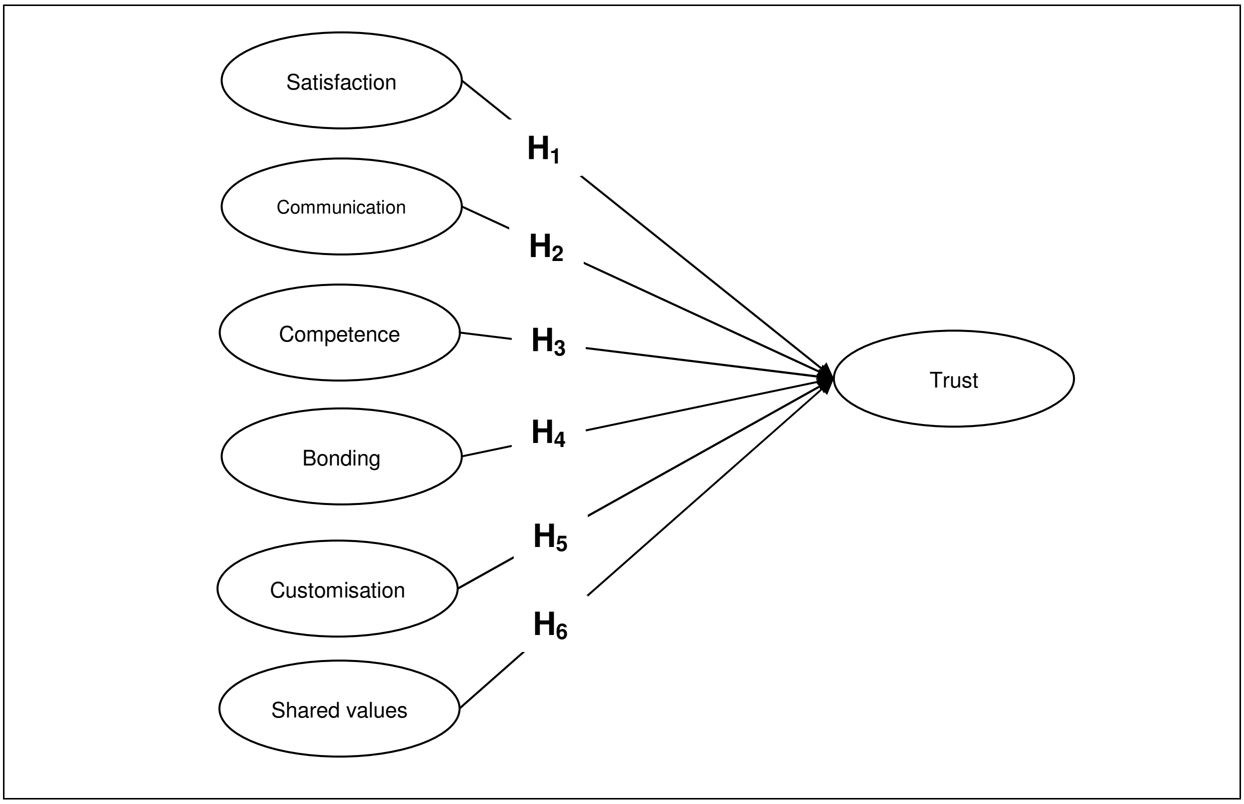


Figure 6.4

The *commitment* model

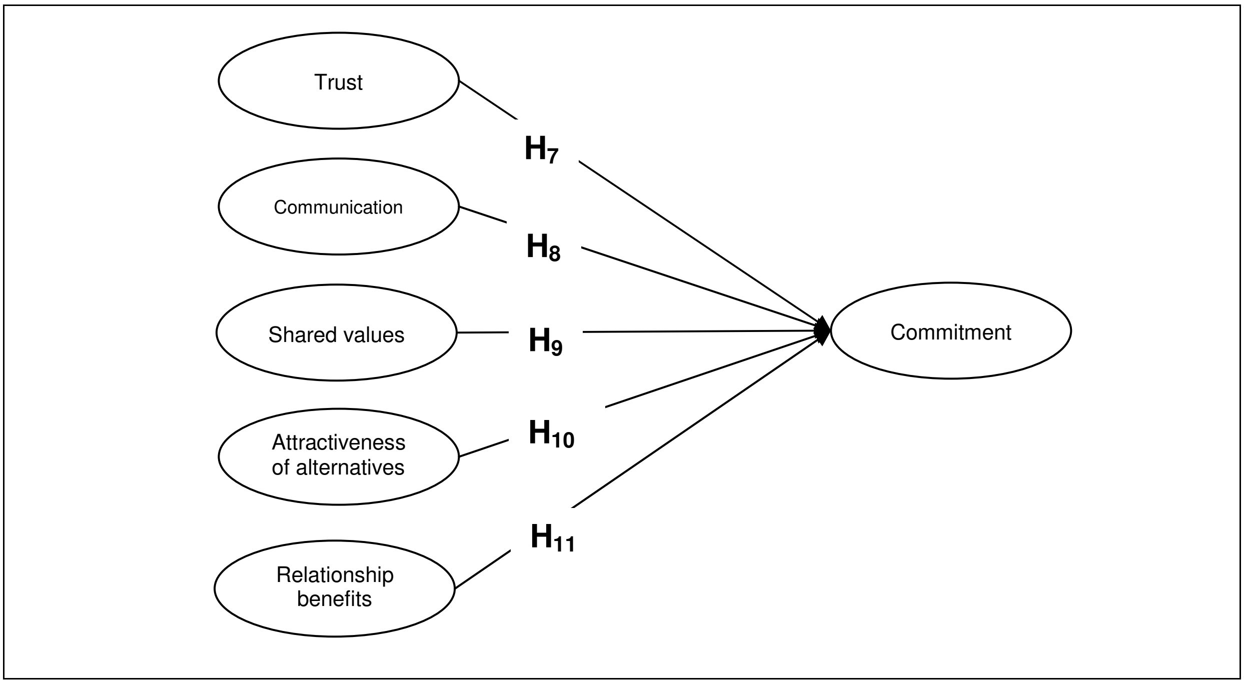
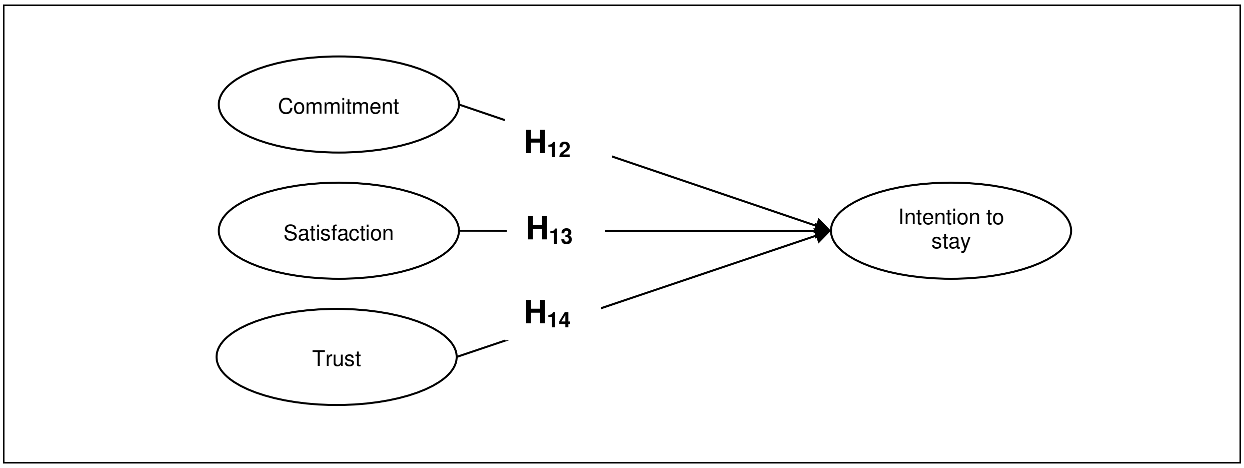


Figure 6.5

The *intention to stay* model



6.7 STATISTICAL TECHNIQUES

This section provides an overview of the statistical techniques used in the present study. The measurements to assess the reliability and validity of the data are discussed, followed by a discussion of the techniques used to empirically assess the conceptual model in Figure 6.2.

6.7.1 Reliability of the questionnaire

The reliability of the questionnaire used in any study ought to be evaluated to assess whether the questions are homogeneous and whether they reflect the same underlying constructs. Although different approaches may be used to test the reliability of an instrument, the present study relied on Cronbach alpha (α) coefficients. The justification for using Cronbach coefficients was based on the general acceptability in the marketing literature for the use of this type of analysis (Hair et al., 1998:118)

A Cronbach alpha indicates the percentage of variance in the observed scores that is explained by the variance in the true scores. For example, a Cronbach alpha of 0.70 indicates that 70% of the variance in the actual scores can be ascribed to the variance in the true scores. The value of α varies between 0 and 1, and a value of 0.6 or less generally indicates unsatisfactory internal consistency (Malhotra, 2004:268). Although there appears to be no prescribed standards for Cronbach alpha coefficients, a value of 0.70 is the generally agreed-upon lower limit for Cronbach alphas (Hair et al., 1998:118).

Analyses were also conducted to determine the influence of low-correlated questions on total α-coefficients. The purpose of this approach was to improve total α-coefficients by removing questions that were poorly correlated with the remaining items. If items were identified that were poorly correlated with the other items in a scale, they were removed to enhance the Cronbach alpha.

6.7.2 Validity of the questionnaire

The validity of a questionnaire is to be assessed to evaluate whether the questionnaire in fact measures what it is supposed to measure. Three different categories of validities could be assessed: content (face) validity, criterion validity and construct validity (Zikmund, 2000:282).

Content or *face validity* refers to a subjective but systematic evaluation of how well the content of a scale represents the measurement task at hand (Malhotra, 2004:269). By assessing content validity it is, therefore, considered whether the questionnaire covers the entire domain of the construct that is being measured. However, content validity is often regarded as a more informal and even weak assessment of validity.

The purpose of *criterion validity* is to determine whether the data correlate with other data measuring the same construct. Two different types of criterion validity exist, namely *concurrent* and *predictive validity*. Zikmund (2000:283) argues that the two measures differ only on the basis of a time dimension. According to Tull and Hawkins (1993:318), *concurrent validity* is the extent to which one measure of a variable may be used to estimate an individual's current score on a different measure of the same, or a closely related, variable. *Predictive validity* is assessed by investigating the possibility that the questionnaire predicts or correlates with a criterion measure which is administered at a later stage.

The questionnaire used in the present study was based on the literature review that indicates relationships or associations between the constructs. If relationships in a hypothesised model could be proved, it would be regarded as evidence of content validity and criterion validity.

The focus of the present study was on the assessment of *construct validity*. When construct validity is evaluated, both theory and the data are evaluated. According to Malhotra (2004:269), construct validity requires a sound theoretical knowledge of the nature of the construct being measured and the way it relates to other constructs. Here Tull and Hawkins (1993:318) argue that construct validity involves more than just knowing how well a given measure works, as it also indicates why the measure works.

Three different types of construct validity are often assessed: *convergent validity* (the measure correlates positively with other measures), *discriminant validity* (the measure does not correlate with other constructs from which it is supposed to differ) and *nomological validity* (the degree to which the measure correlates in theoretically predicted ways with measures of different but related constructs). By focusing on discriminant validity in the present study, the purpose was, therefore, to use questionnaire items that would discriminate sufficiently between the different constructs measured in this study.

The assessment of the questionnaire's discriminant validity was done by way of confirmatory factor analysis, which is discussed in the next section.

6.7.3 Confirmatory factor analysis (CFA)

Factor analysis is a multivariate statistical method by which the underlying structure in a data matrix is defined (Hair et al., 1998:90). This underlying structure can be determined by performing either an exploratory factor analysis (EFA) or a CFA.

Through an EFA, patterns among variables are discovered based on the assumption that an underlying combination of the original variables (a factor) can summarise the original set (Cooper & Schindler, 2006:533). According to Malhotra (2004:560), an EFA is primarily used for data reduction and to provide summaries.

However, since the structure amongst the variables of the present study was derived from the literature review, this structure had to be confirmed. An EFA would, therefore, not have been appropriate, and a CFA was conducted instead. The purpose of a CFA is to confirm pre-specified relationships. The technique thus assesses the degree to which the data fit the theoretically derived model.

6.7.4 Regression analysis

Regression analysis was used to analyse the relationship between the dependent (*intention to stay*) and the independent variables (the dimensions of relationship management) in the relationship manager sample. This technique was used because of the relatively small sample size of this (the relationship manager) study. Based on the considerations for appropriate sample sizes proposed by Hair et al. (2006:740), it was decided that regression analysis had to be used rather than SEM.

When relationships are analysed by using regression analysis, it is possible to assess whether the independent variables explain a significant proportion of the variation in the dependent variable, or not. In other words, a regression analysis allows an analyst to determine both whether a statistically significant relationship exists as well as the strength of the relationship.

6.7.5 Structural equation modelling (SEM)

The final analysis (the client sample) made use of SEM to assess the hypothesised relationships in the theoretical model. SEM is a multivariate technique which examines a series of dependence relationships simultaneously (Hair et al., 1998:578). SEM is a powerful alternative to other multivariate techniques, such as regression analysis, which are limited since these techniques present only single relationships between a dependent and an independent variable at a time (Cooper & Schindler, 2006:626).

Hair et al. (2006:711) emphasise that all SEM models are distinguished by three characteristics:

(1) estimation of multiple and interrelated dependence relationships;

(2) the ability to represent unobserved (latent) concepts in these relationships and account for measurement error in the estimation process; and

(3) defining a model to explain the entire set of relationships.

Characteristic 1: Estimation of interrelated dependence relationships

Multivariate models use separate relationships for each set of dependent variables. However, SEM differs from other multivariate models since it estimates a series of separate but interdependent multiple regression equations simultaneously. This estimation is done by specifying a structural model which is used by the statistical model (Hair et al., 2006:711). The focal point is to draw upon relevant theory by which hypothesised relationships are identified, therefore, deciding on which independent variables influence the dependent variable. Since SEM estimates each of the relationships between the different independent variables and the dependent variable simultaneously, the technique allows for a situation where a dependent variable can become an independent variable in other relationships in the same model. For each dependent variable, the proposed relationships are translated into a series of structural equations.

Characteristic 2: Ability to represent latent concepts

Latent concepts are hypothesised and unobserved variables that could be represented by observable or measurable variables (such as questionnaire items) and are included on both practical and theoretical justifications (Hair et al., 2006:712). The key reasons for inclusion of latent variables are their assistance in improving statistical estimation, giving a better representation of theoretical concepts and a direct account for measurement error.

Characteristic 3: Defining a model

The conventional model in SEM consists of two components (Hair et al., 2006:714):

- the measurement model (depicting the way in which measured variables come together to represent a construct); and

- a structural model (indicating how constructs are associated with each other).

Once certainty is achieved regarding the above three characteristics, SEM may be implemented through a series of steps. Hair et al. (2006:734-759) provide a detailed exposition of the six stage decision process to be used. These six steps are discussed below.

Step 1: Defining individual constructs

Useful results from SEM cannot be obtained without a thorough analysis of relevant theory on the subject of the different variables and constructs as well as their interrelations. Chapters 4 and 5 of the present study provided insight into (a) the different dimensions that may have an influence on the management of long-term marketing relationships, and (b) the possible relationship between these dimensions and the key dimensions of *trust*, *commitment* and *intention to stay* in the relationship (the dependent variable). Based on these theoretical relationships as well as the results of the exploratory study, a number of relationships were hypothesised that were tested in the second phase of the empirical study.

As part of this first step in implementing SEM, constructs had to be operationalised (Table 6.2) and a measurement instrument had to be proposed (Addendums E and F).

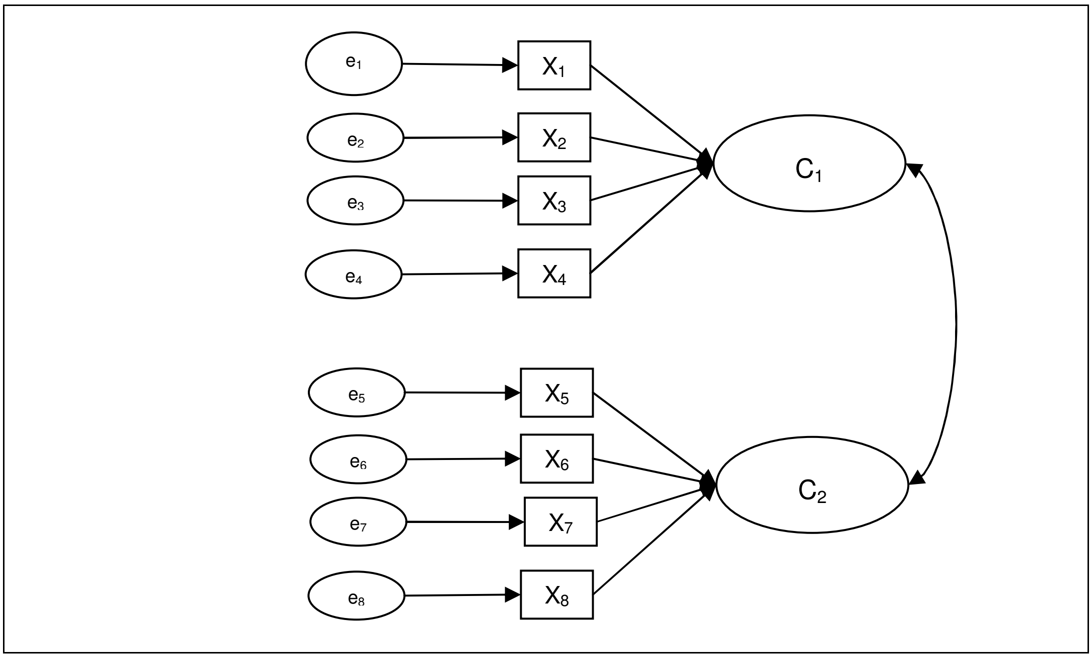
Step 2: Developing and specifying the measurement model

The second SEM step entails the specification of the measurement model in a formal way. This is done by (a) identifying and including each latent construct, and (b) assigning measured indicator variables (items) to latent constructs.

An example of a two construct, four indicators associated with each construct, and a correlational relationship between the two constructs appears in Figure 6.6.

Figure 6.6

A visual representation of a measurement model



Source: Adapted from Hair et al. (2006:736).

Seventeen estimated parameters are indicated in Figure 6.6: eight loading estimates, eight error estimates and one inter-construct estimate. The figure also shows two latent variables (C_1 and C_2), which are measured by eight manifest variables (X_1 to X_8). C_1 and C_2 are both considered endogenous latent variables since they are predicted by other constructs. X_1 to X_8 are referred to as the manifest variables. The linkages between each of the constructs (C_1 and C_2) and the manifest variables (X_1-X_8) refer to the loading estimates, which provide insight into the degree to which the items are related to each construct.

An example of a structural equation can, therefore, be depicted as follows:

$C_1 \quad = \quad e_1X_1 + e_2X_2 + \in$

Where	C_1	=	the endogenous latent construct (e.g., *trust*)
	e_1, e_2	=	measurement errors
	X_1, X_2	=	exogenous variables
	$\in$	=	the specification error

By using the above example, structural equations were developed for each of the possible estimated parameters in the measurement model.

Step 3: Designing a study to predict empirical results

During this step, issues related to both research design and model estimation were addressed. Research design entails that a decision should be made about the type of data that will be analysed (covariances or correlations). Hair et al. (2006:738) recommend the use of covariances whenever possible. Since several software packages make it possible to select between types of data, covariances are recommended because of their flexibility.

Sample size is a further consideration, since SEM in general requires a larger sample relative to other multivariate approaches. A number of considerations could influence the required sample size, but the general viewpoint is that larger samples generally produce more stable solutions, and that these solutions are also more likely to be replicable. A number of guidelines for the influence of sample size on the utilistion of SEM were proposed by Hair et al. (2006:742). These guidelines will be addressed in Chapter 7.

Model estimation is addressed by focusing on model structure, estimation techniques and the computer software being used. Model structure refers to determining the theoretical model structure and communicating it to the specific program that is being used. The next step is to select the way in which the model will be estimated and, although a number of options are available to do this, Maximum Likelihood Estimation (MLE) is seen as the most widely used approach and is in any event the default in most SEM programs (Hair et al., 2006:743). In this study Robust Maximum Likelihood (RML) was used as there was evidence that the data violated the assumption of multivariate normality which is a requirement for the uses of MLE (Jöreskog & Sörbom, 2004 as cited in SSI, 2008).

Although a number of statistical packages are available by which SEM can be performed, LISREL was selected for the present study. The reason for this decision is the flexibility of the package, which means that the technique may be used with a variety of different applications. Hair et al. (2006:743) indicate that LISREL has become almost synonymous with SEM. Other statistical packages that could be used include EQS (an abbreviation for equations) and AMOS (Analysis of Moment

Structures). LISREL version 8.80 was used to conduct the data analysis in this study.

Step 4: Assessing measurement model validity

Model validity can be assessed by calculating the goodness-of-fit for the measurement model, which could be regarded as evidence of construct validity. Goodness-of-fit is calculated to determine the degree to which the data used in the study represents the theoretical foundation. This is done by comparing the estimated covariance matrix (Σ_k) and the actual observed covariance (S). The best model fit is achieved if these two values are as close as possible to each other. The chi-square (χ^2) is generally used as measurement of fit and is calculated as the difference between (S) and (Σ_k). A small χ^2 is, therefore, indicative of a model that fits the data well. However, due to the non-normality of the data (as indicated in Chapter 7) and the subsequent use of the RML for model estimation, the Satorra-Bentler chi-square was used as a fit index as opposed to the normal chi-square test (Satorra & Bentler, 1988 & 1994).

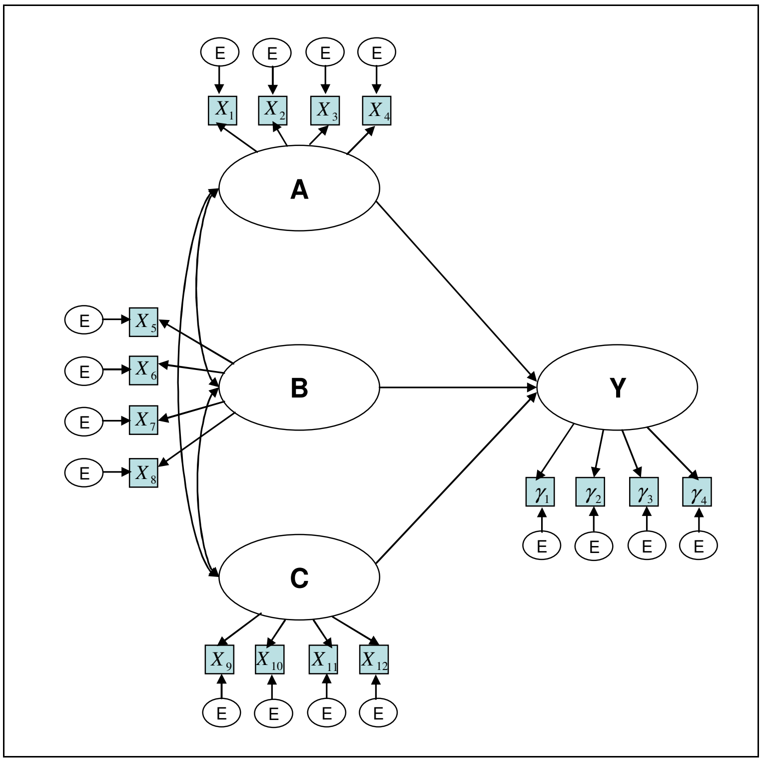
Together with Satorra-Bentler chi-square, the present study will also use the following indices to assess model fit: root mean square error of approximation (RMSEA), the expected cross-validation index (ECVI) and the normed fit index (NFI). The results of these measures will be presented in Chapter 7.

Step 5: Specifying the structural model

The hypothetical measurement model presented in Figure 6.6 did not include any structural relationships among the constructs, since all constructs were regarded as exogenous and correlated. However, by specifying a structural model (by assigning relationships between each of the constructs based on the proposed theoretical model) so-called “key” influencing factors are identified. This process is depicted in Figure 6.7.

Figure 6.7

A hypothetical structural model



Source: Hair et al. (2006:755).

Figure 6.7 shows that (based on theoretical considerations) relationships between the latent variables A, B, and C and Y are proposed. The structural model in Figure 6.7 thus (1) provides a complete set of constructs and indicators in the measurement model, and (2) imposes the structural relationships among the constructs. The model presented in Figure 6.7 is now ready for estimation.

Step 6: Assessing the structural model validity

The final step in SEM is to assess the validity of the structural model. The goodness-of-fit of the structural model is determined (as in the case of the measurement model) by calculating the chi-square value (χ^2). Once again, the closer the structural model goodness-of-fit approximates the measurement model, the better the fit.

6.8 SUMMARY AND IMPLICATIONS FOR THE STUDY

This chapter described the methodology used during the different phases of the empirical study. Focus was firstly on the methods used during the exploratory phase of the empirical research, where the initial 25 dimensions (identified through the literature review) were reduced to reflect the nature of the South African B2B financial services industry. Emphasis was placed on, amongst others, sampling procedure, questionnaire development and data collection and analysis.

The second part of this chapter focused on the methodology used during the second phase of empirical study. The discussion was divided into two sections: the methods used during the relationship manager study, and those used during the client study. In each instance, information was provided in respect of sampling procedures, questionnaire development and data collection and analysis.

The different statistical techniques discussed towards the end of this chapter were used to analyse the results obtained during the empirical study. The empirical findings of the study will be presented in Chapter 7.

CHAPTER 7
EMPIRICAL FINDINGS

7.1 INTRODUCTION

The previous chapter described the statistical methods and analyses used to be employed during the empirical phases of this study. The purpose of this chapter is to illustrate how the methodology discussed in Chapter 6 was implemented to generate the empirical results.

The chapter will firstly focus on the results of the first phase of the empirical research where the AHP technique was used to determine the importance of the dimensions included in the second phase of the study. The second part of the chapter focuses on the empirical results of the second phase where the important dimensions (as identified in Phase 1) were evaluated by relationship managers and B2B clients. The results of this second phase of the study will be presented in the form of path diagrams with indications of all the relationships that were empirically confirmed.

In the final section of this chapter, the results of the relationship manager and client samples will be combined to establish a final model for the management of long-term marketing relationships in B2B financial services.

7.2 RESULTS OF THE FIRST PHASE OF THE EMPIRICAL STUDY

The first phase of the empirical study consisted of an empirical evaluation of the importance of the dimensions identified, based on a literature review. As indicated in Chapter 5, 25 dimensions of importance in a long-term marketing relationship were initially identified by way of a literature study. Because of a number of reasons these 25 dimensions were, however, reduced to 14, of which nine were subjected to empirical assessment. The data collection for the empirical assessment was done by means of a web-based questionnaire sent to relationship managers of a NFP.

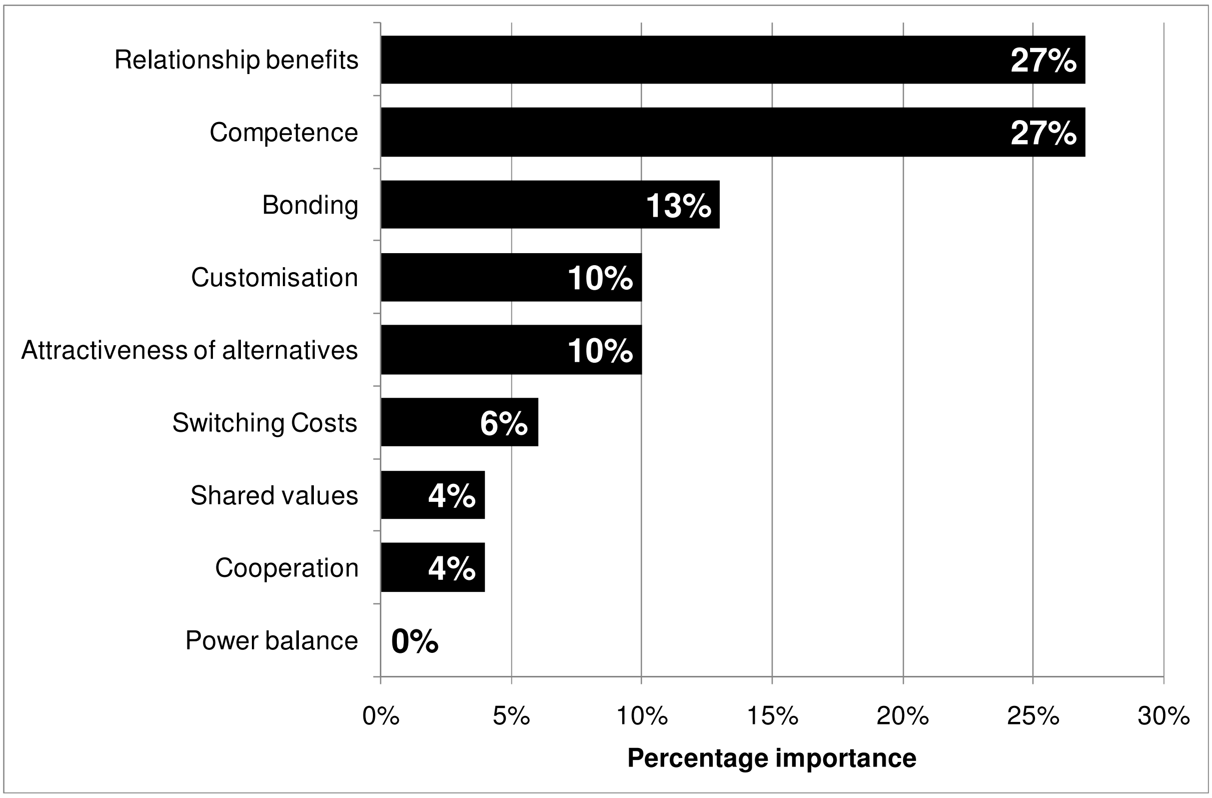
7.2.1 Response rate

Questionnaires were sent to 75 relationship managers from a NFP. A total of 52 questionnaires from a possible 75 were returned, resulting in a response rate of 69.3%. The fact that the questionnaire was developed in such a way that respondents could not continue with the next question unless an answer was provided to the previous question, contributed to the relatively high response rate.

7.2.2 Importance of dimensions

Implementing the AHP technique resulted in the following importance ratings of the nine dimensions depicted in Figure 7.1.

Figure 7.1
The importance of dimensions

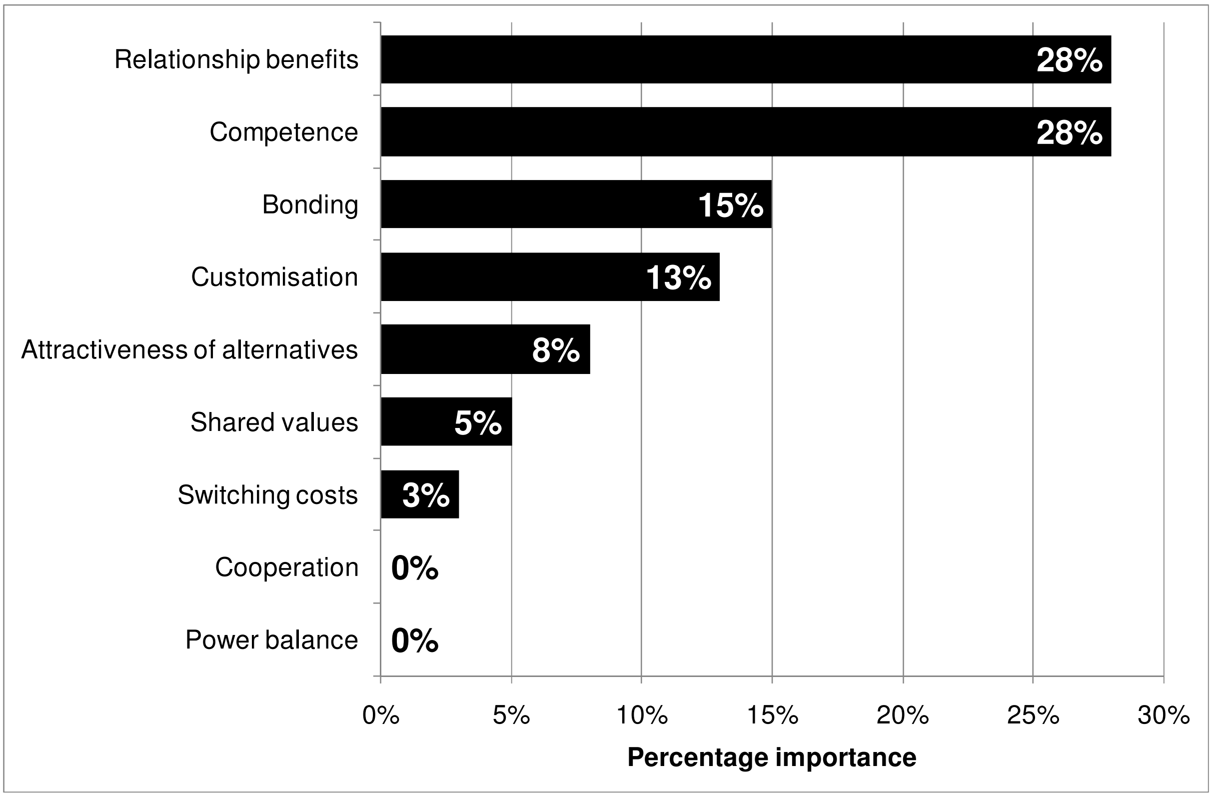


According to Figure 7.1, *competence* and *relationship benefits* (with support levels of 27% each) were rated as those dimensions that were regarded by relationship managers as most important when a long-term marketing relationship is to be established. In third position was *bonding* (13%) and joint fourth were *attractiveness* *of alternatives* and *customisation* (10%). The remainder of the dimensions received relatively little support, and only one dimension (*power balance*) received no support.

The AHP technique furthermore made it possible to measure the respondents' consistency levels by determining how consistent respondents were when they made their pair-wise comparisons (Triantaphyllou, 2000:9). A 0.4 consistency level was used since this level provided a balance between the number of respondents included in the survey and respondents' consistency. The utilisation of the 0.4 consistency level resulted in the inclusion of 39 of the initial 52 responses (75%) in the assessment of the final analysis. The results are shown in Figure 7.2.

Figure 7.2

The importance of dimensions based on consistency levels



The results presented in Figure 7.2 appear to be consistent with the results in Figure 7.1, especially those involving the dimensions with the higher importance. The differences in importance between the two tables are presented in Table 7.1.

Table 7.1

Consistency of AHP results

Position	Importance without considering consistency level	Importance on 0.4 consistency level
1.	*Competence, relationship benefits*	*Relationship benefits, competence*
2.	*Bonding*	*Bonding*
3.	*Customisation, attractiveness of alternatives*	*Customisation*
4.	*Switching costs*	*Attractiveness of alternatives*
5.	*Shared values, cooperation*	*Shared values*
6.	*Power balance*	*Switching costs*
7.		*Cooperation, power balance*

In both Figures 7.1 and 7.2, *competence*, *relationship benefits* and *bonding* are identified as the three most important dimensions in relationship management (according to relationship managers), which supports the inclusion of these three dimensions in the second phase of this study. Although *attractiveness of alternatives*, *customisation* and *shared values* were not ranked in the same order in the two tables, they are still deemed important and all three were, therefore, included in the second phase of the study.

The position of especially *power balance* appears to be clear since both tables showed no support for the inclusion of this dimension in the next phase of the study. The position of *switching costs* and *cooperation* appeared to be unclear. However, based on these three dimensions' ranking when considering the consistency of respondents' ratings, as well as the necessity to reduce the total number of dimensions, it was decided to exclude all three of these dimensions from the second phase of this study.

The dimensions to be included in the second phase of the study are presented in Table 7.2.

Table 7.2

The retained dimensions

Dimensions included based on the overwhelming support in marketing literature (excluded from Phase 1 of the empirical study)	*Trust* *Satisfaction* *Commitment* *Communication*
Dimensions included based on the results of Phase 1 of the empirical study	*Competence* *Relationship benefits* *Bonding* *Customisation* *Attractiveness of alternatives* *Shared values*
The dependent variable	*Intention to stay*

Table 7.2 shows that 11 dimensions will be included in the remainder of this study. Four of these eleven dimensions are included based on the support that was indicated in the marketing literature, six dimensions will be included based on the results of Phase 1 of the empirical study, while *intention to stay* is the dependent variable. In this way, the second secondary objective of the present study was addressed.

7.3 RESULTS OF THE SECOND PHASE OF THE EMPIRICAL STUDY

As indicated in Chapter 6, the second phase of the empirical study required that the perceptions of both the NFP's relationship managers and their B2B clients had to be evaluated. Relationship managers were asked to identify how they think their clients rated the NFP in respect of the retained dimensions (Table 7.2). This is different from the client sample, where the clients were required to indicate their perceptions of the NFP's performance in respect of the retained dimensions. In both samples, the dependant variable was the likelihood that clients will stay in a relationship.

This measurement was done using a web-based questionnaire sent to relationship managers of the participating bank (the NFP) and a telephone survey amongst the NFP's B2B clients.

The results of this phase will be presented in three sections. Firstly, the reliability of both the questionnaires (relationship managers and clients) will be assessed, after which the results of the relationship manager sample and the B2B client sample will be discussed.

7.3.1 Reliability of the two questionnaires

As indicated in Chapter 6, the reliability of a questionnaire could be assessed by quantifying the degree of consistency between the multiple measurements of the same variable. Reliability scores were calculated by means of Cronbach alphas for each of the dimensions that were included in this part of the study. The reliability scores of the questionnaires of both samples (relationship manager and client questionnaire) are presented in Table 7.3.

Table 7.3

Reliability scores of the measured variables

Dimension	Reliability scores (α)	
	Relationship manager sample	Client sample
Trust	0.865	0.903
Satisfaction	0.911	0.929
Commitment	0.883	0.908
Communication	0.859	0.885
Competence	0.780	0.885
Relationship benefits	0.840	0.898
Bonding	0.884	0.934
Attractiveness of alternatives	0.571	0.765
Customisation	0.878	0.916
Shared values	0.896	0.929
Intention to stay	0.910	0.925

Except for *attractiveness of alternatives* (relationship manager sample), all reliability scores are well above the generally accepted norm of 0.70 (Hair et al., 1998:118), and the data were consequently regarded as reliable.

The position of the variable *attractiveness of alternatives* needed further consideration. Although the reliability score of this dimension is below the generally accepted norm of 0.70 in the case of the relationship manager sample, its level of 0.765 in the client sample is acceptable. The low reliability score for the *attractiveness of alternatives* dimension (relationship manager sample) should be seen as a limitation of this study.

Although techniques exist by which the Cronbach alphas could be improved by assessing the correlation of an item to the total reliability score, such techniques were not used. All reliability scores (except for *attractiveness of alternatives* in respect of the relationship manager sample) were well above the 0.70 margin. *Attractiveness of alternatives* was, however, retained as its deletion would not permit a direct comparison of the results of the client sample if it were to be removed.

7.3.2 Results of the relationship manager sample

In this section, the empirical results of the study that focused on the perceptions of relationship managers were considered. The response rate was addressed as well as the results of the regression analyses.

7.3.2.1 Response rate

A web-based approach was used to send the questionnaire to 300 randomly selected relationship managers from the NFP. A total of 158 completed responses were returned, resulting in a response rate of 52.67%. Factors that appeared to have contributed to this response rate were:

- The questionnaire was posted on the NFP's website, which implied that respondents did not experience problems when accessing the website.
- A letter by top management in which the purpose of the study was explained and respondents encouraged to participate in the study, was sent to the relationship managers prior to the posting of the questionnaire on the website.
- The questionnaire was structured in such a way that respondents could not continue with the next question unless an answer was provided to the previous question.

7.3.2.2 Regression analyses

The conceptual model (Figure 6.2) to be empirically tested was based on the results of a literature review as well as the results of the previous phase of the empirical study (Section 7.2.2). In the conceptual model, a number of relationships were proposed, which in turn were translated into 14 hypotheses. In this section, the results of the regression analyses (which were utilised to assess relationship manager data) are presented.

Regression analysis was selected as method of analysis because of the relatively limited number of responses (158). SEM would have been the statistical technique of choice, but, based on the requirements for minimum sample size needed for the use of SEM, regression analysis was used. In other words, the number of parameters in the model to be estimated was too many, given the number of observations in the sample.

In order to assess all 14 relationships indicated in the conceptual model, three regression analyses had to be conducted. By assessing the coefficient of determination (R^2), a measure is provided of the proportion of the variance of the dependent variable that is explained by the set of independent variables (Hair et al., 2006:170).

The multicollinearity of the data also had to be assessed in order to determine whether there may be excessive levels of correlation between the independent variables. Hair et al. (2006:228) contend that the impact of multicollinearity is to reduce a single independent variable's predictive power by the extent to which it is associated with the other independent variables. The degree of multicollinearity may be determined by an assessment of the variable inflation factor (VIF) which indicates the effect of the other independent variables on a regression coefficient (Cooper & Schindler, 2006:620). Cooper and Schindler reasoned that VIF values of 10.0 and above suggest a high level of multicollinearity.

The possible occurrence of multicollinearity may furthermore be determined by assessing tolerance values, described by Hair et al. (1998:191) as the amount of variability of the selected independent variable not explained by the other independent variables. Hair et al. suggested 0.10 as a cut-off threshold for tolerance, implying that, if tolerance levels are below 0.10, multicollinearity might be a problem.

A 95% significance level was used when the 14 hypotheses were tested in the present study. Regression coefficients with an associated p-value above the significance level of 0.05 were consequently regarded as non-significant. Furthermore, beta-values (β) were assessed as an indication of the extent to which each of the independent variables explains the variance in the dependent variable.

7.3.2.2.1 Regression analysis (a): The *trust* model, relationship manager sample

The first regression analysis to be conducted was for the *trust* model, where *trust* was specified as the dependent variable. The six independent variables were *satisfaction, communication, competence, bonding, customisation* and *shared values*. The results of the regression analysis for the *trust* model are depicted in Table 7.4.

Table 7.4

Results of regression analysis (a): The *trust* model, relationship manager sample

Independent variables	**Beta coefficients**	**t-values**	**Level of significance**	**VIF level**	**Tolerance level**	**Remarks**
Satisfaction	0.451	4.585	0.000	5.163	0.194	***
Communication	0.044	0.533	0.595	3.616	0.277	N.S.
Competence	0.324	4.801	0.000	2.431	0.411	***
Bonding	0.068	0.606	0.545	6.649	0.150	N.S.
Customisation	-0.188	-2.304	0.023	3.569	0.280	*
Shared values	0.219	2.269	0.025	4.988	0.200	*
R^2 = 0.717						

Remarks:

N.S. not significant
* $p < 0.05$
*** $p < 0.001$

Based on the significance levels and the β-values indicated in Table 7.4, three of the six relationships of the *trust* model were found to be significant and positively related to *trust* (the dependent variable). The relationship between *satisfaction* and *trust* was confirmed at the 0.001 level, and the β-value of 0.451 indicated that a relatively large amount of the variance in *trust* is explained by *satisfaction*. The relationships between *competence* and *trust* (significance level 0.001; β-value 0.324) and between *shared values* and *trust* (significance level 0.05, β-value 0.219) were also found to be significant. Hypotheses H^1, H^3, and H^6 were thus accepted.

The negative relationship between *customisation* and *trust* appear to be of specific interest. This negative relationship was found to be significant on a 0.05 level with a corresponding β-value of -0.188. This result implies that *trust* decreases when the NFP customises its products and services. Although the relationship was confirmed at the 0.05 level, hypothesis H^5 could not be accepted since a positive relationship could not be found. The implications of this negative relationship will be addressed in Chapter 8.

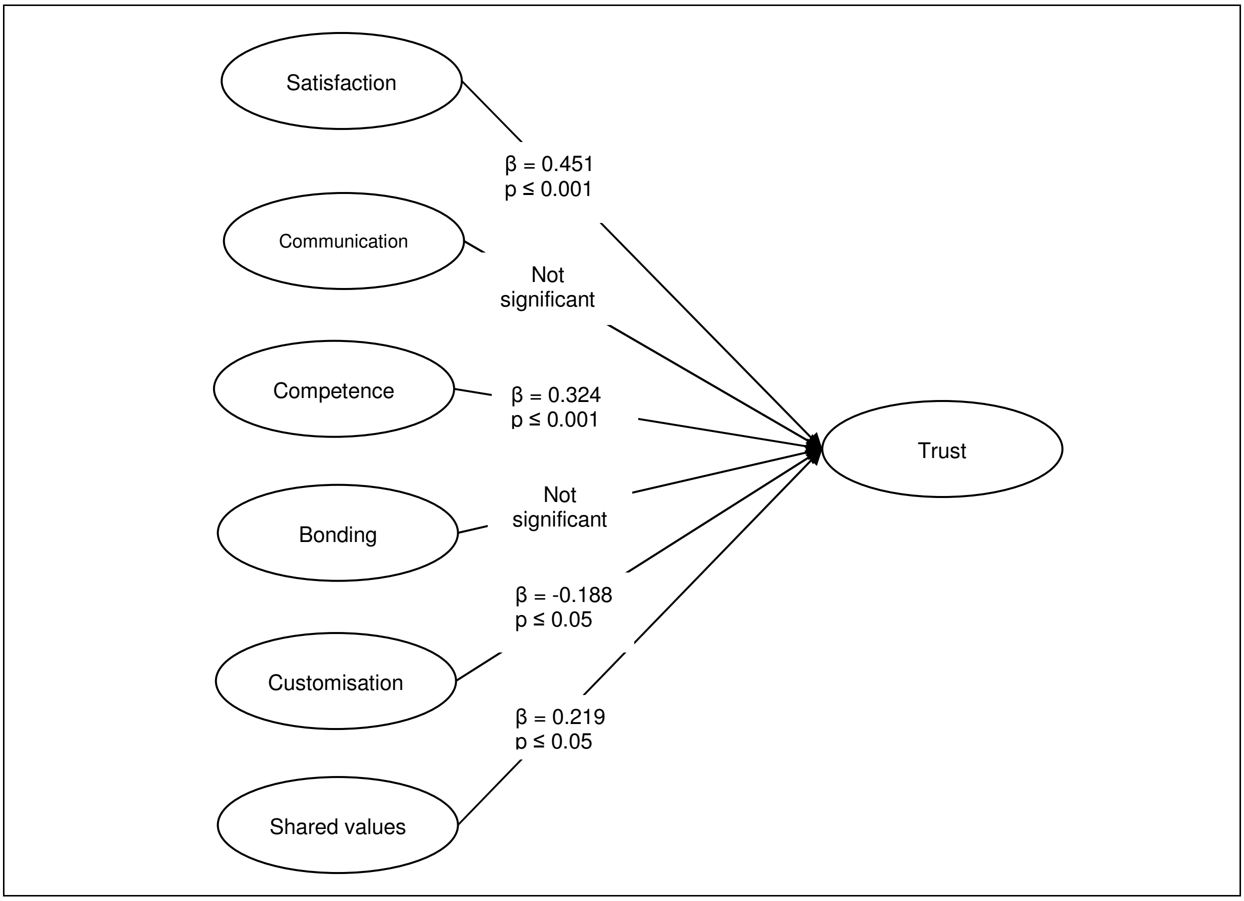
Two relationships in the *trust* model could not be confirmed on a 0.05 significance level: the relationship between *communication* and *trust* and that between *bonding* and *trust*. Based on these empirical results, hypotheses H^2 and H^4 were rejected.

All the VIF index and tolerance levels depicted in Table 7.4 were within the generally accepted margins. It thus appeared that multicollinearity among the independent variables was not a problem in the relationship manager sample. Furthermore, the R^2 value of 0.717 implies that the independent variables explained a considerable amount (71.7%) of the variation in the *trust* model.

Figure 7.3 provides a summary of the results of the regression analysis for the *trust* model, and relates the results to each of the hypotheses stated in Table 6.6.

Figure 7.3

The *trust* model, relationship manager sample



7.3.2.2.2 Regression analysis (b): The *commitment* model, relationship manager sample

The second regression analysis conducted was for the *commitment* model. In this analysis, *commitment* was the dependent variable, with five independent variables. The independent variables were *trust, communication, shared values, attractiveness* *of alternatives* and *relationship benefits*. The results of the regression analysis with *commitment* as dependent variable are presented in Table 7.5.

Table 7.5

Results of regression analysis (b): The *commitment* model, relationship manager sample

Independent variables	Beta coefficients	t-values	Level of significance	VIF level	Tolerance level	Remarks
Trust	0.122	1.598	0.112	2.862	0.349	N.S.
Communication	0.173	2.204	0.029	3.032	0.330	*
Shared values	0.183	2.046	0.043	3.937	0.254	*
Attractiveness of alternatives	0.130	2.397	0.018	1.456	0.687	*
Relationship benefits	0.346	3.834	0.000	4.013	0.249	***
R^2 = 0.692						

Remarks:

N.S. not significant
* $p < 0.05$
*** $p < 0.001$

Based on the β-value of 0.346, it was found that the dimension of *relationship benefits* contributed most to the variance in *commitment.* Three further relationships were found to be significant: between c*ommunication* and *commitment* (β-value 0.173), between *shared values* and *commitment* (β-value 0.183) and between *attractiveness of alternatives* and *commitment* (β-value 0.130). All three these relationships were found to be significant on at least the 0.05 level and positively related to *commitment*.

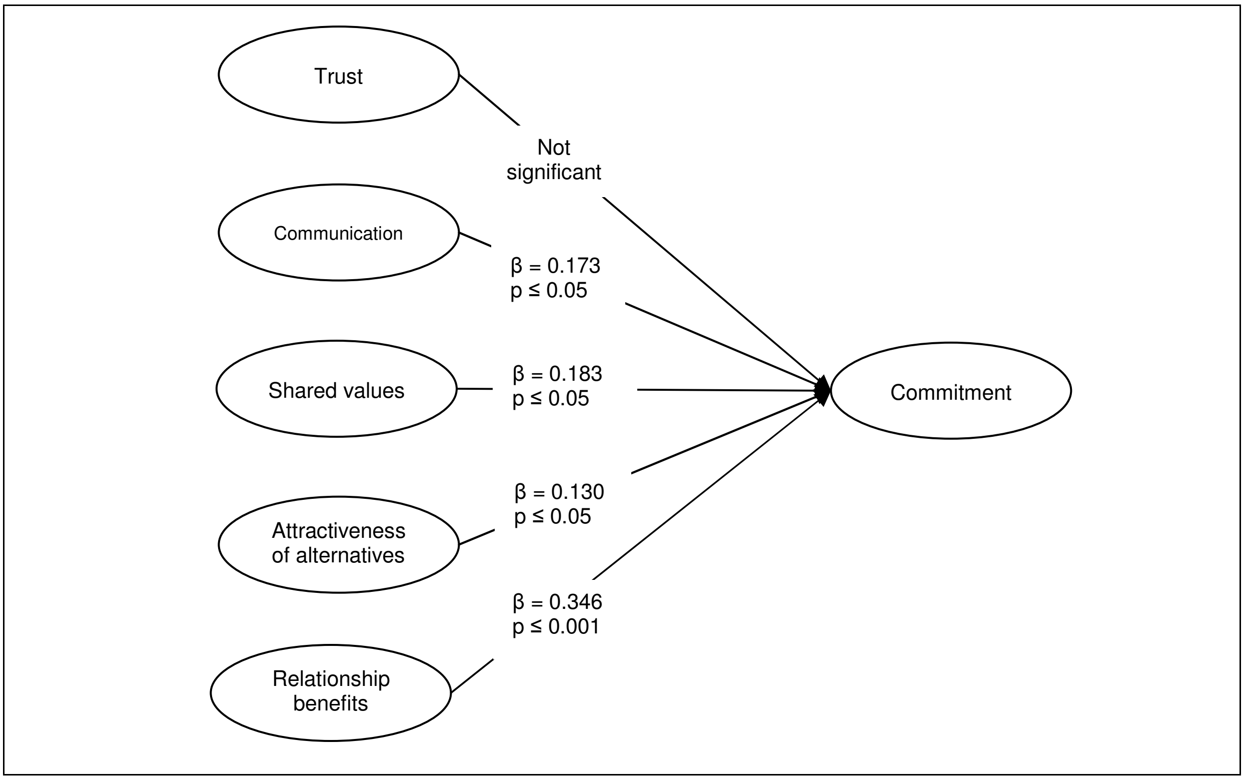
Only one relationship (that between *trust* and *commitment*) could not be confirmed. The results of this regression analysis consequently indicated support for four of the hypotheses (H^8 to H^{11}) while hypothesis H^7 had to be rejected.

Based on the results in Table 7.5, multicollinearity once again did not appear to be a problem within the *commitment* model, since both the VIF and tolerance levels were within the generally accepted margins. Furthermore, the R^2 value of 0.692 indicated that a considerable amount (69.2%) of the variance of the dependent variable is explained by the independent variables.

The results of the regression analysis for the *commitment* model are summarised in Figure 7.4.

Figure 7.4

The *commitment* model, relationship manager sample



7.3.2.2.3 Regression analysis (c): The *intention to stay* model, relationship manager sample

The last section of the conceptual model to be investigated is the *intention to stay* model. *Commitment*, *satisfaction* and *trust* were proposed as antecedents of *intention to stay*, consequently leading to hypotheses H^{12}, H^{13} and H^{14}. The results of the regression analysis with *intention to stay* as dependent variable appear in Table 7.6.

Table 7.6

Results of regression analysis (c): The *intention to stay* model, relationship manager sample

Independent variables	**Beta coefficients**	**t-values**	**Level of significance**	**VIF level**	**Tolerance level**	**Remarks**
Commitment	0.286	4.388	0.000	4.221	0.237	***
Satisfaction	0.535	7.046	0.000	5.700	0.175	***
Trust	0.151	2.940	0.004	2.607	0.384	**
$R^2 = 0.845$						

Remarks:

** $p < 0.01$
*** $p < 0.001$

Satisfaction is the most important predictor of *intention to stay*, based on the β-value 0.535 (significance level 0.001). Furthermore, the relationships between *commitment* and *intention to stay* (significance level 0.001; β-value 0.286) and between *trust* and *intention to stay* (significance level 0.01; β-value 0.151) were found to be significant.

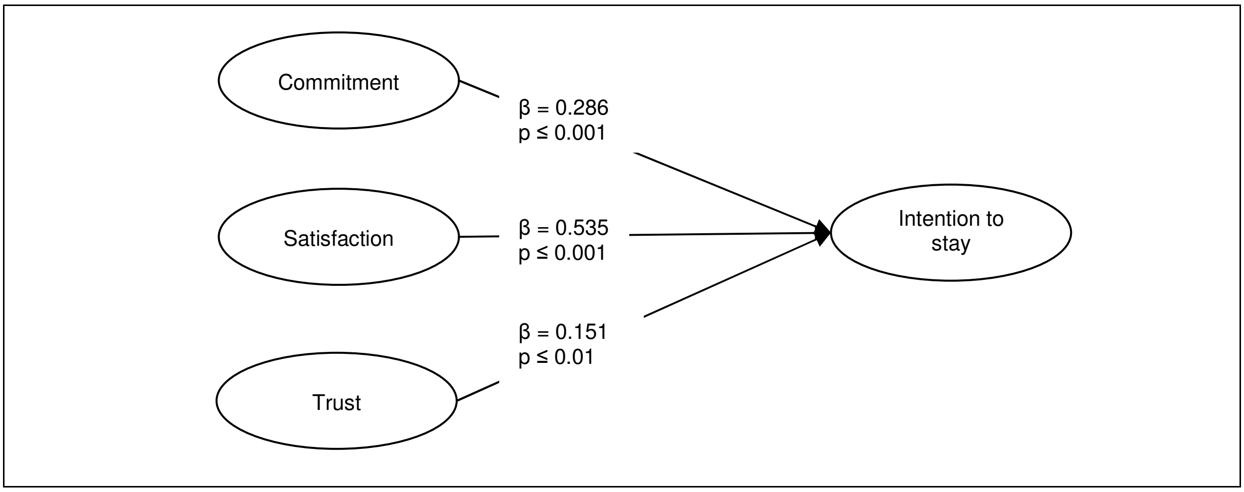
The results of the *intention to stay* regression analysis led to the support of all three the hypotheses (H^{12}, H^{13} and H^{14}).

VIF and tolerance levels were once again within the generally accepted levels, which implied that multicollinearity was not a problem. Furthermore, the R^2 value of 0.845 implies that a substantial amount (84.5%) of the variance in the dependent variable is explained by the three independent variables.

The results of the regression analysis of the *intention to stay* model are summarised in Figure 7.5

Figure 7.5

The *intention to stay* model, relationship manager sample



7.3.2.3 Hypotheses testing

Of the 14 relationships hypothesised in the conceptual model, 11 were found to be significant amongst relationship managers. A summary of the hypotheses that were supported or not supported in this section of the study appears in Table 7.7. The only three paths that could not be confirmed were *communication* → *trust*, *bonding* → *trust*, and *trust* → *commitment*.

Table 7.7

Summary of hypotheses tested, relationship manager sample

Hypotheses		Supported or not supported
H^1	There is a positive relationship between *satisfaction* and *trust*	Supported
H^2	There is a positive relationship between *communication* and *trust*	Not supported
H^3	There is a positive relationship between *competence* and *trust*	Supported
H^4	There is a positive relationship between *bonding* and *trust*	Not supported
H^5	There is a positive relationship between *customisation* and *trust*	Supported
H^6	There is a positive relationship between *shared values* and *trust*	Supported
H^7	There is a positive relationship between *trust* and *commitment*	Not supported
H^8	There is a positive relationship between *communication* and *commitment*	Supported
H^9	There is a positive relationship between *shared values* and *commitment*	Supported
H^{10}	There is a positive relationship between *attractiveness of alternatives* and *commitment*	Supported
H^{11}	There is a positive relationship between *relationship benefits* and *commitment*	Supported
H^{12}	There is a positive relationship between *commitment* and *intention to stay*	Supported
H^{13}	There is a positive relationship between *satisfaction* and *intention to stay*	Supported
H^{14}	There is a positive relationship between *trust* and *intention to stay*	Supported

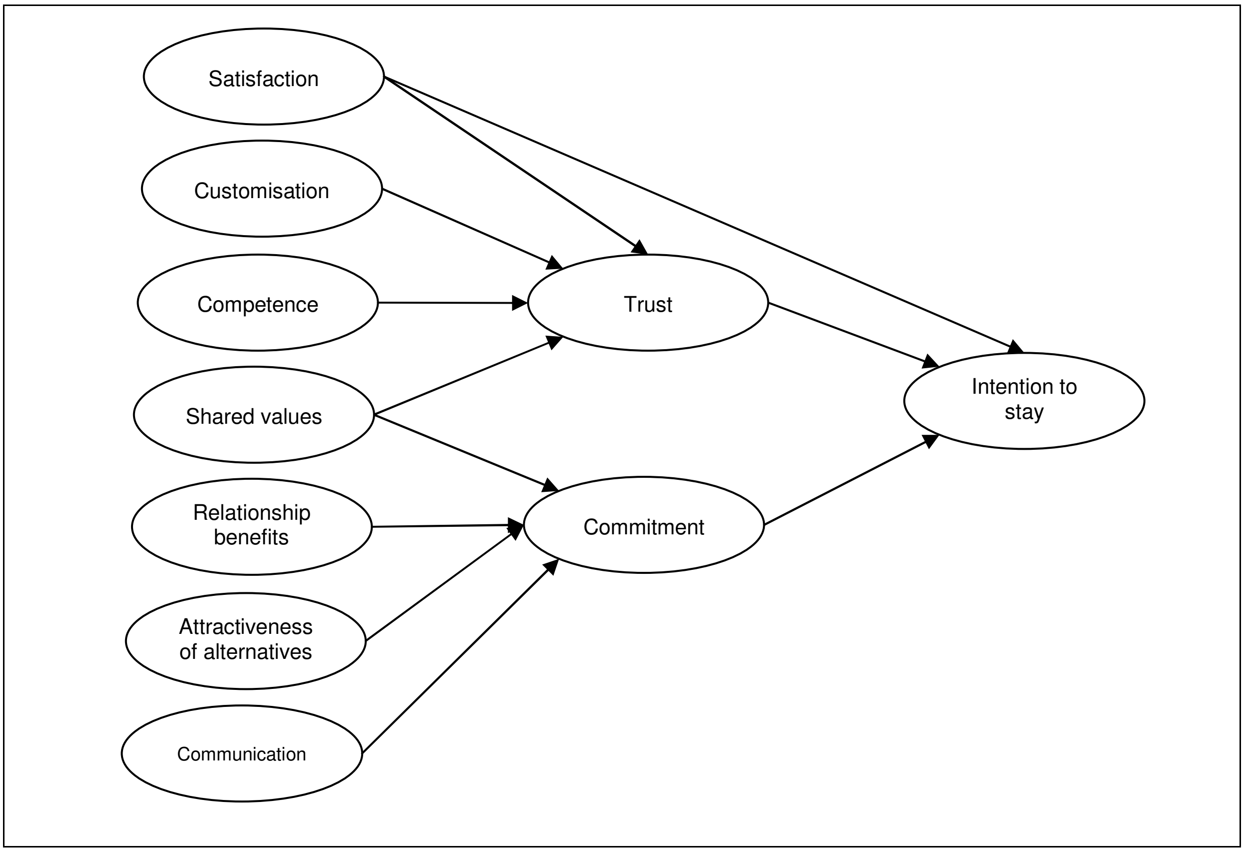
The support or non-support that was found for the hypotheses indicated in Table 7.7, contributed to the accomplishment of the third secondary objective of the present study.

7.3.2.4 Summary of confirmed relationships, relationship manager sample

The 11 hypotheses that were supported during this phase of the empirical study is summarised in Figure 7.6. However, it should be borne in mind that this summary was based on the perceptions of relationship managers regarding their B2B clients only.

Figure 7.6

Summary of the empirical findings, relationship manager sample



The main objective of this study (as set out in Chapter 1) was to develop a model by which long-term marketing relationships could be established and managed in B2B markets. It was also pointed out that the contribution of the present study is to develop the model on such a basis that the perceptions of both the service provider (the relationship managers) and clients (B2B clients) are incorporated into the final model. This final model can serve as future guideline for financial institutions interested in building long-term relationships with their B2B clients.

The previous section of the empirical study focused on the perceptions of the relationship managers. In order to address the primary objective of this study, the perceptions of B2B clients will be assessed in the next section.

7.3.3 Results of the client sample

The discussion of the results of the client sample is presented in four parts. Firstly the sampling procedure will be explained, which will be followed by a discussion of the demographic details of the respondents. The third section will focus on an assessment of the univariate and multivariate normality of the data, while the results of the SEM analyses will be discussed in the fourth section.

7.3.3.1 Sampling procedure

The client sample was drawn from the South African B2B financial services industry. The industry consists of four major role-players, and the B2B clients of one of the four major role-players served as the population for the study. A randomly drawn list of 6 997 names, supplied by the participating financial provider, served as a sampling frame. Based on the view of Hair et al. (2006:742) that SEM models containing five or less constructs (each with more than three items) may be adequately estimated with samples as small as 100-150, a quota sample of 400 bank client respondents was decided upon. A combination of convenience, random and quota sampling was thus used. Although 400 responses were received, 336 of them indicated the NFP as their main bank. The remainder of this study therefore includes the responses of 336 respondents.

7.3.3.2 Demographic details of respondents

In view of the sensitivity of information, an agreement was signed with the NFP that it would only provide information on the length of clients' relationships with the NFP, the size of their accounts (expressed as annual turnover) as well as the number of products that the respondents have with the NFP. Upon completion of the questionnaire, this information was automatically captured from the NFP's database.

As pointed out in Chapter 6, it was required that respondents indicate which bank they regard as their main bank.

This section, therefore, includes three sets of biographical details: the length of clients' relationships with the NFP, the size of their accounts and the number of products held with the NFP.

7.3.3.2.1 Duration of the relationship

In Chapters 4 and 5, it was emphasised that the *duration of a relationship* may exert an influence on the likelihood that long-term marketing relationships could be cultivated. In order to limit the length of the questionnaire, it was decided to retrieve data on the length of respondents' relationships directly from the NFP's database.

Through the automatic retrieval of data from the NFP's database, it was possible to access the exact date that each of the respondents became affiliated with the bank. The results are presented in Table 7.8.

Table 7.8

Length of bank client relationships

Length of relationship in years	Frequency	%
Less than 1 year	19	5.65
1 year	62	18.45
2 years	72	21.43
3 years	31	9.23
4 years	23	6.85
5 years	21	6.25
6 to 8 years	36	10.71
9 to 10 years	18	5.36
11 to 15 years	28	8.33
16 to 20 years	20	5.95
20 to 30 years	6	1.79
Total	**336**	**100.00**

Table 7.8 shows that the majority of respondents (54.76%) had a relationship of three years and less with the NFP. The mean was 5.29 years. In only 5.65% of the cases, it was found that the relationship was established during the current year,

which is indicated in Table 7.14 as “less than 1 year”. Only a limited number of respondents (16.07%) had a relationship with the NFP of longer than 10 years.

7.3.3.2.2 Number of products

Information provided by the NFP was classified according to the number of products offered by the bank to its clients, such as a current account (which includes an overdraft facility), savings account, insurance, and any form of debt. Each of the different types of products was scored as a single product, for example a respondent holding a current account with an overdraft facility attached to it, was still regarded as one product.

The number of products held by respondents is presented in Table 7.9. According to Table 7.9, approximately 63% of respondents had only one product with the NFP, with the mean at 1.55 products per client.

Table 7.9

Number of banking products

Number of products	Frequency	%
1	214	63.69
2	67	19.94
3	17	5.06
4	13	3.87
5	8	2.38
6	1	0.30
Missing values	16	4.76
Total	**336**	**100.00**

7.3.3.2.3 Annual turnover

A frequency distribution of the size of respondent’s accounts in terms of annual turnover is provided in Table 7.10.

Table 7.10

Size of client accounts (annual turnover)

Annual turnover	Frequency	%
Up to R250 000	104	30.95
R250 001 – R500 000	32	9.52
R500 001 – R1 million	26	7.74
R1 000 001 – R1.5 million	17	5.06
R1 500 001 – R2 million	13	3.87
R2 000 001 – R5 million	20	5.95
R5 000 001 – R10 million	12	3.57
R10 000 001 – R40 million	11	3.27
R40 000 001 and above	8	2.38
Missing values	93	27.68
Total	**336**	**100.00**

The average account size was R3 805 885 per client while almost 53% of the respondents' annual turnover is less than R1.5 million per annum (Table 7.10).

7.3.3.3 Assessment of the normality of the data

As the estimation technique used in SEM is dependent on the distributional properties of the data, the first step in the analysis of the client data was to assess the multivariate normality of the data. The normality of the data was assessed by means of both a test of (a) univariate and (b) multivariate normality.

7.3.3.3.1 Assessment of univariate normality

The following hypotheses were formulated to assess the univariate normality of the data:

H_0^1 The distribution of the data is not skewed.

H_a^1 The distribution of the data is skewed.

H_0^2 The distribution of the data is normal (kurtosis).

H_a^2 The distribution of the data is not normal (kurtosis).

To address these two hypotheses, the z-values were calculated to assess skewness (measurement of symmetry) and kurtosis (measurement of peakedness or flatness) of the data. Chi-square (χ^2) values were calculated by assessing total skewness and kurtosis. Both the z-values and the chi-square (χ^2) values were used to determine the relevant p-values. The results of this analysis are presented in Table 7.11.

Table 7.11

Results of the test of univariate normality

Variable	Skewness		Kurtosis		Skewness and kurtosis	
	Z-score	P-value	Z-score	P-value	Chi-square	P-value
TRUS1	-8.035	0.000	3.040	0.002	73.807	0.000
SAT1	-6.849	0.000	1.312	0.189	48.632	0.000
COMT1	-6.791	0.000	1.272	0.203	47.732	0.000
COMM1	-5.231	0.000	-1 .224	0.221	28.857	0.000
COMP1	-5.824	0.000	-0.216	0.829	33.962	0.000
RBEN1	-4.639	0.000	-2.017	0.044	25.587	0.000
BOND1	-3.350	0.001	-7.475	0.000	67.095	0.000
ALT1	0.345	0.730	-1.416	0.157	2.124	0.346
CUST1	-4.298	0.000	-3.404	0.001	30.060	0.000
SHV1	-5.777	0.000	-0.271	0.786	33.450	0.000
INT1	-7.484	0.000	2.083	0.037	60.348	0.000
TRUS2	-7.266	0.000	1.777	0.076	55.949	0.000
SAT2	-6.452	0.000	-0.646	0.518	42.051	0.000
COMT2	-8.422	0.000	3.736	0.000	84.877	0.000
COMM2	-4.969	0.000	-3.279	0.001	35.440	0.000
COMP2	-6.007	0.000	0.527	0.598	36.357	0.000
RBEN2	-5.006	0.000	-1.880	0.060	28.598	0.000
BOND2	-4.615	0.000	-2.872	0.004	29.545	0.000
ALT2	-3.905	0.000	1.575	0.115	17.726	0.000
CUST2	-4.015	0.000	-2.062	0.039	20.371	0.000
SHV2	-4.773	0.000	-0.834	0.404	23.477	0.000
INT2	-6.046	0.000	0.411	0.681	36.725	0.000
TRUS3	-7.948	0.000	3.519	0.000	75.553	0.000
SAT3	-6.044	0.000	0.712	0.477	37.040	0.000
COMT3	-5.079	0.000	-1.129	0.259	27.065	0.000
COMM3	-5.500	0.000	-0.037	0.970	30.253	0.000
COMP3	-5.727	0.000	1.291	0.197	34.468	0.000
RBEN3	-2.256	0.024	-6.019	0.000	41.311	0.000
BOND3	-3.364	0.001	-4.142	0.000	28.473	0.000
ALT3	-3.513	0.000	-2.733	0.006	19.812	0.000
CUST3	-4.518	0.000	-1.982	0.048	24.337	0.000
SHV3	-5.247	0.000	-0.573	0.566	27.858	0.000
INT3	-7.305	0.000	2.629	0.009	60.279	0.000
TRUS4	-8.022	0.000	3.681	0.000	77.898	0.000
SAT4	-5.403	0.000	-0.235	0.814	29.245	0.000
COMT4	-5.190	0.000	-2.033	0.042	31.064	0.000
COMM4	-7.077	0.000	2.692	0.007	57.332	0.000
COMP4	-4.480	0.000	-2.275	0.023	25.248	0.000
INT4	-6.511	0.000	0.829	0.407	43.076	0.000
RBEN4	-3.644	0.000	-5.468	0.000	43.176	0.000
BOND4	-3.695	0.000	-7.347	0.000	67.635	0.000
ALT4	-4.194	0.000	-1.085	0.278	18.766	0.000
CUST4	-4.178	0.000	-3.289	0.001	28.269	0.000
SHV4	-4.460	0.000	-3.232	0.001	30.338	0.000

Variable	Skewness		Kurtosis		Skewness and kurtosis	
	Z-score	P-value	Z-score	P-value	Chi-square	P-value
INT5	-2.893	0.004	-9.901	0.000	106.390	0.000
SAT5	-5.599	0.000	-0.563	0.573	31.665	0.000
BOND5	-2.389	0.017	-7.348	0.000	59.697	0.000
INT6	-6.116	0.000	-0.766	0.444	37.998	0.000
INT7	-4.571	0.000	-5.166	0.000	47.575	0.000

The two hypotheses were tested by assessing the relevant z-values after which these scores were transformed into the p-values. As shown in Table 7.11, all the p-values (except for ALT1) are below the 0.05 level, implying that the data are skew and not normally distributed. This leads to the rejection of both the null hypotheses (H_0^1 and H_0^2) and the acceptance of the two alternate hypotheses (H_a^1 and H_a^2). Thus, the conclusion could be reached that the data did not demonstrate sufficient evidence of normality.

7.3.3.3.2 Assessment of multivariate normality

Once the data were tested for univariate normality, the multivariate normality of the data was assessed. The following hypotheses were formulated:

H_0 The distribution of the data is multivariate.
H_a The distribution of the data is not multivariate.

The above hypotheses were evaluated by assessing the skewness and the kurtosis of the data while the chi-square (χ^2) value was used to determine the relevant p-value. The results of the test of multivariate normality are depicted in Table 7.12.

Table 7.12

Results of the test of multivariate normality

Skewness			Kurtosis			Skewness and kurtosis	
Value	Z-score	P-value	Value	Z-score	P-value	Chi-square	P-value
856.961	97.823	0.000	3 341.399	30.496	0.000	10 499.390	0.000

Based on the p-value of 0.000 for the skewness and kurtosis, it was concluded that the data did not meet the requirements of multivariate normality. The null hypothesis was thus not supported and the alternative hypothesis supported at a 0.001 significance level.

This meant that the often-used maximum likelihood technique could not be utilised, and the RML estimation technique had to be used in all subsequent CFA and SEM analyses (Jöreskog & Sörbom, 2004 as cited in SSI, 2008).

7.3.3.4 Results of the SEM

The statistical technique SEM was selected to empirically test the theoretical relationships depicted in Figures 6.3, 6.4 and 6.5. SEM as a technique for multivariate analysis, as well as the six steps that have to be followed when conducting an SEM, were discussed in Chapter 6. The first step of the process is the identification and definition of the different constructs to be used in the study. This step was completed in Chapters 5 and 6. The remaining five steps indicated below will be discussed in the next section of this chapter.

STEP 2: Developing and specifying the measurement model

STEP 3: Designing a study to predict empirical results

STEP 4: Assessing measurement model validity

STEP 5: Specifying the structural model

STEP 6: Assessing the structural model validity

7.3.3.4.1 Developing and specifying the measurement model

A measurement model was developed by identifying the latent constructs and assigning measurement variables (also called manifest variables) to each of the latent constructs. Chapter 6 provided a motivation for the split of the conceptual model in three separate models, therefore creating three separate latent constructs (*trust*, *commitment* and *intention to stay*). The three measurement models are indicated in Figures 7.7, 7.8 and 7.9.

Figure 7.7

Measurement model (a): The *trust* model

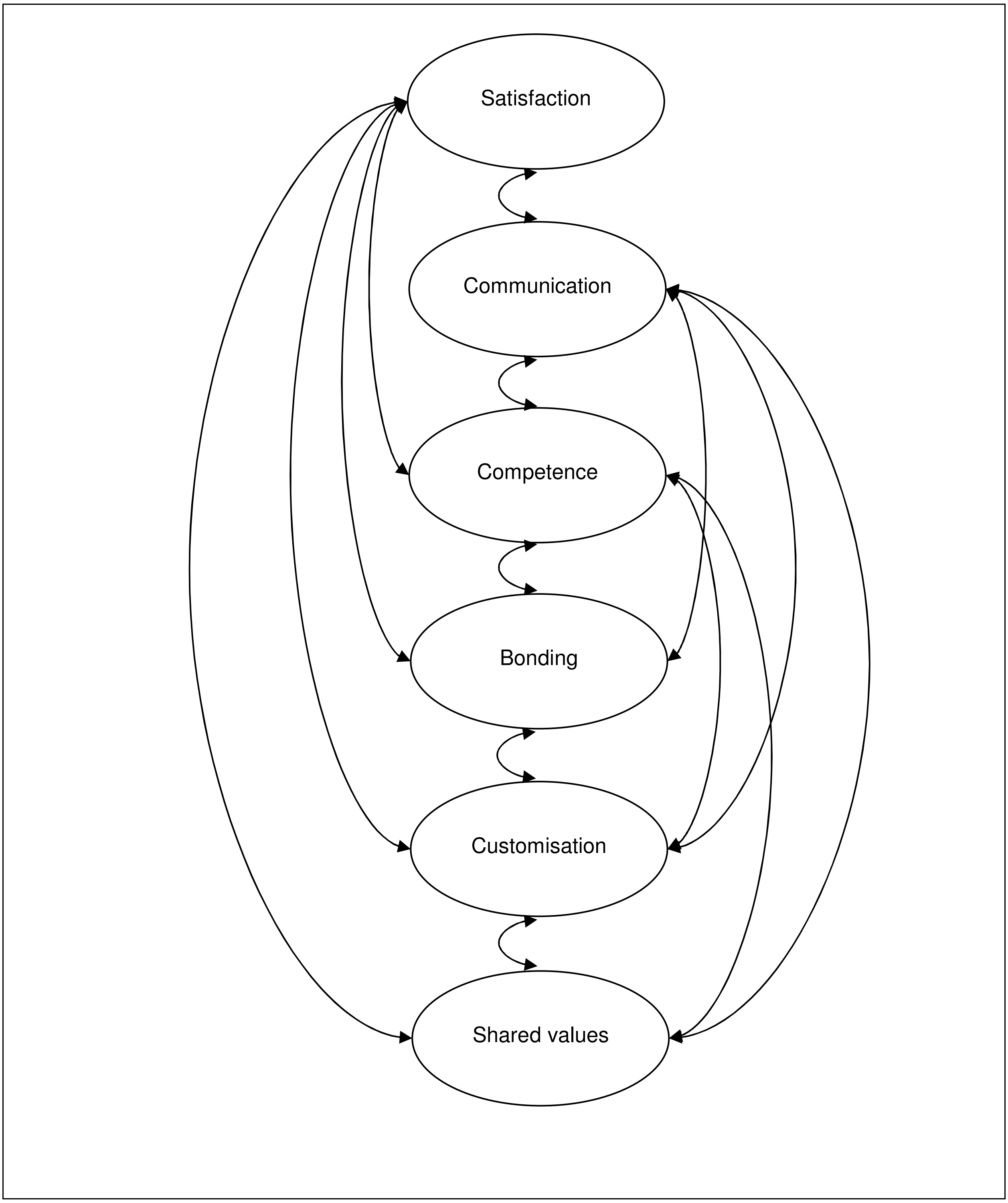


Figure 7.8

Measurement model (b): The *commitment* model

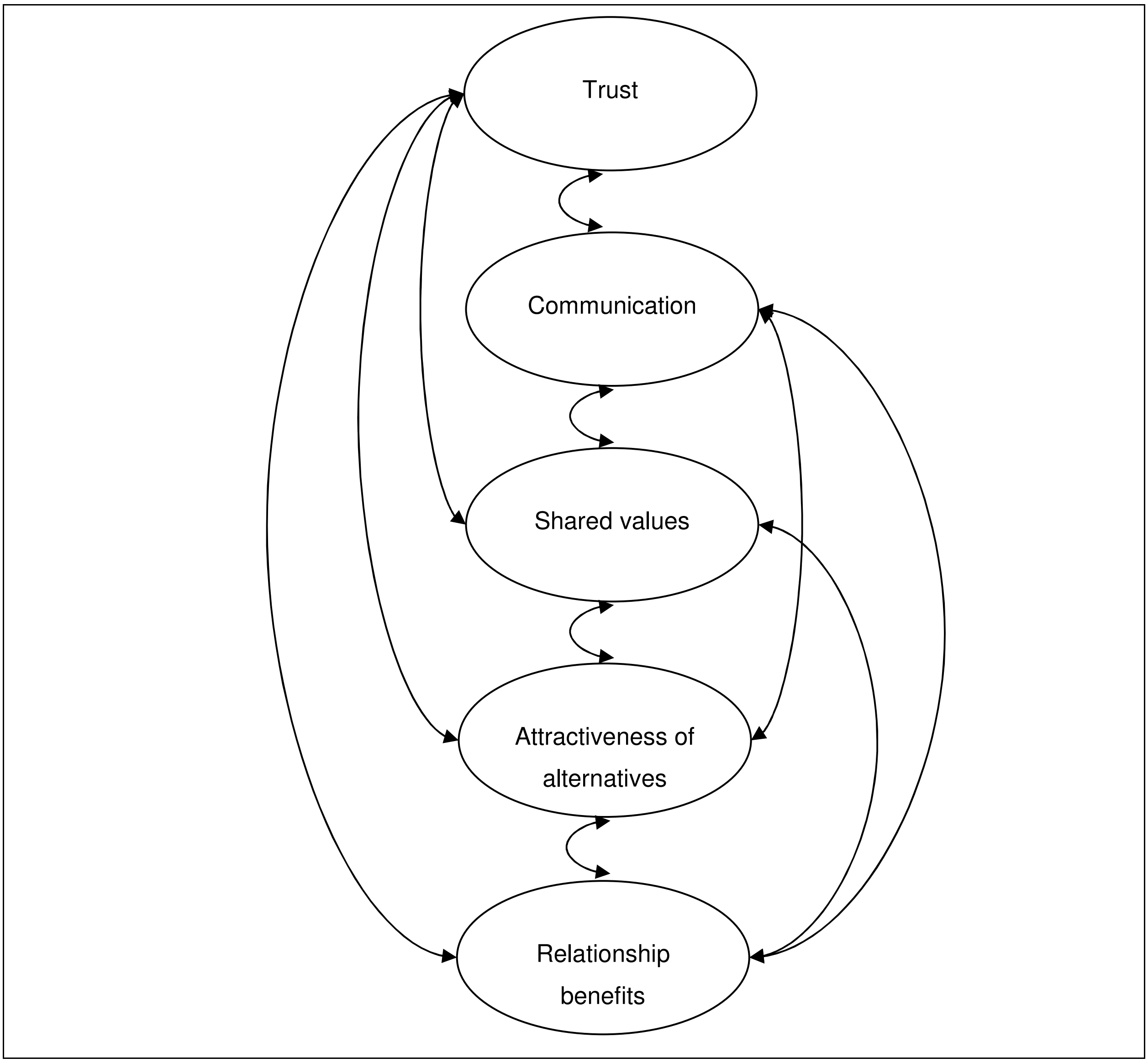
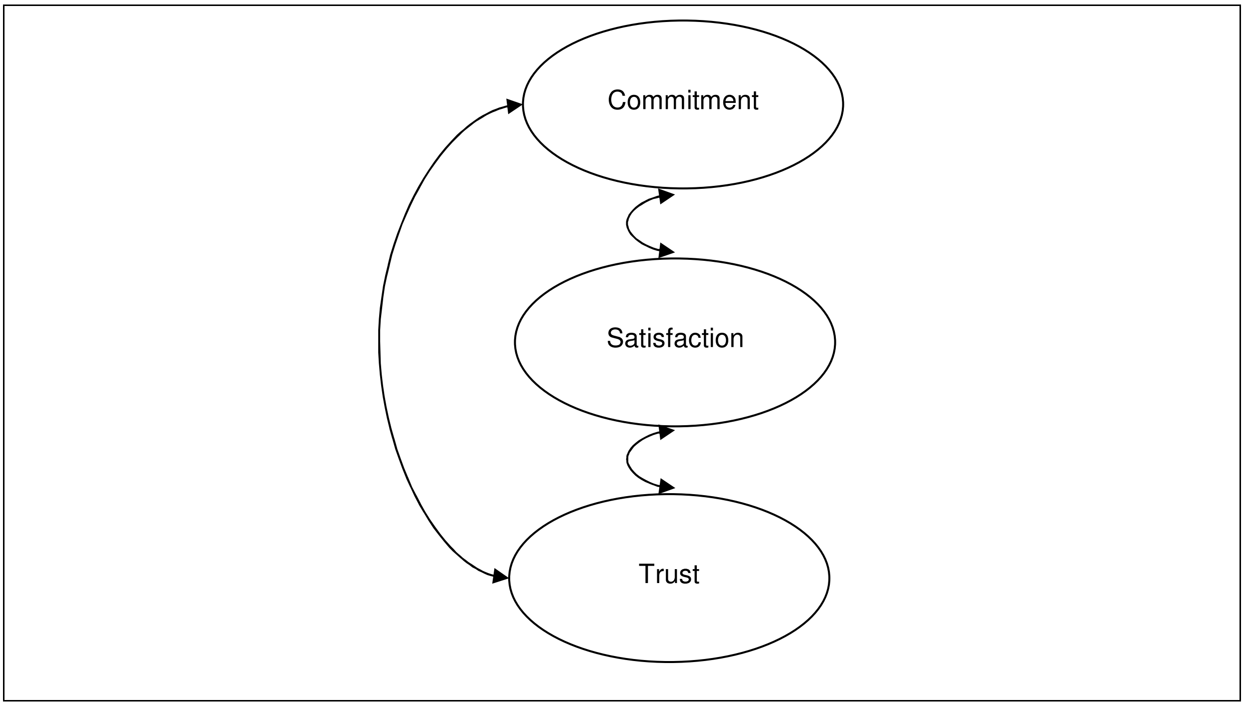


Figure 7.9

Measurement model (c): The *intention to stay* model



The measurement models depicted in Figures 7.7, 7.8 and 7.9 were specified as confirmatory factor analyses (CFAs) or measurement models. Since the data were not normally distributed, RML was specified as estimation technique through which estimates, standard deviations and z-values were obtained. Although ML is often used to improve parameter estimates, RML becomes the preferred technique because of the violation of the assumption of multivariate normality.

Since three measurement models had to be estimated, three separate CFAs were conducted. The complete results of the CFA's appear in Addendum G.

The hypotheses stated were:

H_0 The factor loading is zero.
H_a The factor loading is not zero.

Based on the results of the three CFA's, all items were found to be above the critical value of 2.58, which indicated acceptance at the 0.05 significance level. Sufficient evidence was consequently found for not supporting the null hypotheses (all three models) and the support of the alternative hypotheses.

7.3.3.4.2 Designing a study to predict empirical results

Decisions now had to be made concerning the issues of research design and model estimation. Research design is addressed by focusing on the type of data used, missing value procedure and sample size.

It was pointed out in Chapter 6 that the LISREL program (which was used in the client sample) prescribes the use of covariances, which resulted in the use of this data type in the SEM analyses. Since covariances were used as data type, the asymptotic co-variance matrix was analysed.

Hair et al. (2006:742) addressed the problem of sample size by proposing the following four suggestions:

- SEM models containing five or fewer constructs, each with more than three items (observed variables), and with high-item communalities (0.6 of higher), could be adequately estimated with samples as small as 100-150.
- If any communalities are modest (0.45 to 0.55), or the model contains constructs with fewer than three items, then the required sample size should be in the order of 200.
- If the communalities are lower or if the model includes multiple under-identified (less than three items) constructs, then minimum sample sizes of 300 are needed to be able to recover population parameters.
- When the number of variables is larger than six, some of which use less than three measured items as indicators, and multiple low communalities are present, sample size requirements may exceed 500.

Since the first three suggestions above appear to be significant to the present study, it was decided that a sample size of 400 would be appropriate. In this way, sufficient provision was made to address the first three guidelines. The fourth suggestion was, however, of less importance since none of the three models contained more than six latent variables.

7.3.3.4.3 Input matrix

A variance-covariance matrix of all the indicators employed in the model was used as input in the SEM model. Once this matrix was compiled the measurement model (Figures 7.7, 7.8 and 7.9) specifies which indicators correspond to which construct. The complete observed covariance matrixes appear in Addendum H, while Table 7.13 presents an example of the observed input covariance matrix for the *trust* model.

Table 7.13

Example extracted from the observed covariance matrix for the *trust* model

	TRUS1	TRUS2	TRUS3	TRUS4	SAT1	SAT2	SAT3	SAT4
TRUS1	2.528							
TRUS2	1.965	3.062						
TRUS3	1.445	1.852	2.087					
TRUS4	1.555	2.059	1.657	2.376				
SAT1	2.009	2.167	1.550	1.786	2.863			
SAT2	1.641	2.676	1.843	1.936	2.215	3.820		
SAT3	1.594	2.156	1.574	1.757	2.041	2.178	2.718	
SAT4	1.551	2.185	1.512	1.842	2.142	2.220	2.105	2.870
SAT5	1.799	2.570	1.754	2.110	2.238	2.649	2.301	2.425
COMM2	1.576	2.321	1.593	1.842	1.884	2.391	2.140	2.111
COMM3	1.359	2.072	1.551	1.628	1.530	2.002	1.838	1.799
COMM4	1.268	1.748	1.368	1.594	1.526	1.852	1.732	1.720

The example of the covariance matrix in Table 7.13 and the complete covariance matrix in Addendum H provides details about the relationships between the different variables. For example, the strength of the relationship between SAT1 and TRUS1 is 2.009, while the relationship between SAT2 and TRUS1 (a covariance of 1.641) shows a weaker relationship as between SAT1 and TRUS1.

The next step is to compare the observed covariance matrix to the estimated covariance matrix, after which the degree to which the estimated covariance matrix fits the observed matrix is assessed by means of fit indices.

7.3.3.4.4 Assessment of multicollinearity

After inspecting the standardised residuals of the *trust* model, it appeared that multicollinearity among the independent variables perhaps presented a problem. An inspection of the completely standardised solution (the GAMMA and BETA matrices) revealed several estimates greater than one. This result suggested that the solution was inadmissible. In addition, the sign in front of the latent variable *bonding* was, contrary to expectations and the literature, negative. These results suggested that there was maybe an excessive level of correlation (multicollinearity) between *bonding* and the other latent independent variables.

The recommended procedure to handle multicollinearity in structural equation modelling is to identify the offending independent variables and to remove each one individually in a series of repeated analyses. In the first model, *bonding* was removed as an independent variable and the resultant solution proved to be admissible. *Bonding* was then again specified as an independent variable while one of the other independent variables (c*ustomisation* in the first instance) was removed. This procedure of removing one independent variable at a time and re-running the model revealed that in all cases (six models were run), *bonding* returned a negative relationship with the dependent variable *trust*. In all cases, the solution proved to be inadmissible.

The conclusion was that the independent variable *bonding* was the cause of the multicollinearity that occurred in the analysis. As a result, the variable *bonding* was permanently removed from the *trust* model, which implied that hypothesis H^4 could no longer be tested empirically.

An inspection of the standardised residuals of the *commitment* model showed that multicollinearity was once again a problem. An assessment of the completely standardised solution (the GAMMA and BETA matrices) once again revealed several estimates greater than one. This result suggested that the solution was unacceptable and suggested an excessive level of correlation (multicollinearity) between *relationship benefits* and the other latent independent variables.

The recommended process described earlier was again used to assess the reason for the multicollinearity problem. The end result was that the independent variable *relationship benefits* was identified as the cause of the multicollinearity that occurred during the analysis. The variable *relationship benefits* could, therefore, not be used any further.

By removing *bonding* and *relationship benefits*, the two severe cases of multicollinearity were removed. However, an inspection of the correlation coefficients of the independent variables revealed that some of the variables are highly correlated. The problem of high correlations between variables has been thoroughly discussed in the marketing literature, and all the studies aim to provide solutions to the problem of multicollinearity (Hair et al., 2006; Grewal, Cote & Baumgartner, 2004; Mason & Perreault, 1991; McDaniel, 1981). All these studies suggest an inspection of the correlation coefficients, and the deletion of the highly correlated variables.

As suggested by Hair et al. (2006:227), highly correlated variables were identified by using a 0.90 cut-off level. Once these highly correlated variables were identified, the procedure suggested by Mason and Perreault (1991) was used as solution to the problem of multicollinearity. The procedure entails that the highly correlated variables are specified as separate paths, and that individual SEM analyses are conducted for each path. For example, in the original *trust* model, it was found that *communication* and *satisfaction* were highly correlated, therefore suggesting possible multicollinearity. The implication was that individual paths had to be specified between *communication* and *trust* and between *satisfaction* and *trust*. The remaining paths that were specified in the original *trust* model remained. The utilisation of this procedure resulted in the original *trust* model being separated into three different models. Similarly, the *commitment* model was separated into three models, while the *intention to stay* model had to be split into two models.

7.3.3.4.5 Assessing measurement model validity

Different types of validities were discussed in Chapter 6, and a theoretical discussion followed on the role of confirmatory factor analysis (CFA) as a means to assess construct validity. CFAs were conducted for each of the three sub-models depicted in Figures 6.3, 6.4 and 6.5, and the results were discussed in Section 7.3.3.4.1. The next step was to assess the goodness-of-fit indices for the three models and to inspect the associated modification indices. The modification indices were used to improve the fit of the measurement models.

7.3.3.4.5.1 Construct validity of the ***trust*** model

Hair et al. (2006) proposed a number of indices that could be used to assess model fit, and the present study made use of the following measures: degrees of freedom (df), Satorra-Bentler scaled chi-square, Root Mean Square Error of Approximation (RMSEA), Expected Cross-Validation index (ECVI) and the Normed Fit index (NFI).

Because of the violation of the assumption of multivariate normality referred to earlier, and the resultant use of RML as estimation technique, the reporting of fit indices, such as the Goodness-of-Fit Index (GFI) and the Adjusted Goodness-of-Fit index (AGFI), is not appropriate.

In order to assess the fit of the *trust* model, the goodness-of-fit statistics illustrated in Table 7.14 were calculated.

Table 7.14

The goodness-of-fit indices for the *trust* model, client sample

Measurement	Index
df	384
Satorra-Bentler scaled chi-square	1303.067
RMSEA	0.0847
90% confidence interval for RMSEA	0.0796; 0.0897
ECVI	4.386
NFI	0.978

The fit indices in Table 7.14 provided evidence of a fairly poor fit since the RMSEA is above the generally accepted margin of 0.08 (Hair et al., 1998:656). The figure of 0.0897 for the upper bound of the 90% confidence interval for the RMSEA provided further evidence of a poor fit. Based on these goodness-of-fit indices, the modification indices were inspected and a number of adjustments were made.

The modification indices of the CFA further suggested that the removal of certain items could improve the goodness-of-fit indices for the *trust* model. Based on the modification indices three items, namely COMM1, COMTENT4 and CUSTOM3 were removed from the model subjected to empirical assessment.

Once the *bonding* dimension was completely removed from the *trust* model as well as COMM1, COMTENT4 and CUSTOM3, the CFA was repeated and goodness-of-fit indices were again inspected. The improved goodness-of-fit indices appear in Table 7.15.

Table 7.15

The improved goodness-of-fit indices for the *trust* model, client sample

Measurement	Index
df	194
Satorra-Bentler scaled chi-square	487.827
RMSEA	0.0673
90% confidence interval for RMSEA	0.0599; 0.0748
ECVI	1.814
NFI	0.985

The goodness-of-fit indices depicted in Table 7.15 show a significant improvement in the fit of the *trust* model. The RMSEA of 0.0673 provides evidence of a reasonable fit (Hair et al., 1998:656) which is further supported by the 0.0748 level for the upper bound of the 90% confidence level of the RMSEA. The fit statistics thus provide some evidence of construct validity for the *trust* model.

7.3.3.4.5.2 Construct validity of the *commitment* model

The procedure followed in Section 7.3.3.4.5.1 was repeated to conduct a CFA for the *commitment* model. The goodness-of-fit statistics for the *commitment* model appear in Table 7.16.

Table 7.16

The goodness-of-fit indices for the *commitment* model, client sample

Measurement	Index
df	237
Satorra-Bentler scaled chi-square	558.215
RMSEA	0.0637
90% confidence interval for RMSEA	0.0569; 0.0706
ECVI	2.049
NFI	0.982

Although the RMSEA of 0.0637 provided evidence of a reasonable fit, the modification indices were inspected in an effort to improve the fit indices further.

An inspection of the modification indices also suggested that the removal of the items COMM1 and COMIT1 from the data was advisable. Once these adjustments were made, the CFA was repeated and the goodness-of-fit statistics depicted in Table 7.17 were obtained.

Table 7.17

The improved goodness-of-fit indices for the *commitment* model, client sample

Measurement	Index
df	125
Satorra-Bentler scaled chi-square	319.321
RMSEA	0.0682
90% confidence interval for RMSEA	0.0590; 0.0775
ECVI	1.232
NFI	0.981

Although the RMSEA was slightly higher, removing the said items led to a considerably lower chi-square value. The RMSEA is still within the margins of a reasonable fit, which is supported by the upper bound of the 90% confidence level for the RMSEA. Based on the goodness-of-fit indices, some evidence of construct validity emerged for the *commitment* model.

7.3.3.4.5.3 Construct validity of the *intention to stay* model

The same procedures that were followed in the preceding paragraphs to complete CFAs for the *trust* and the *commitment* models were repeated for the assessment of construct validity of the *intention to stay* model. The goodness-of-fit indices for the *intention to stay* model appear in Table 7.18.

Table 7.18

The goodness-of-fit indices for the *intention to stay* model, client sample

Measurement	Index
df	164
Satorra-Bentler scaled chi-square	628.760
RMSEA	0.0921
90% confidence interval for RMSEA	0.0846; 0.0998
ECVI	2.158
NFI	0.977

The RMSEA in Table 7.18 provided evidence of a poor fit, and the modification indices were inspected in an effort to improve the fit of the *intention to stay model*. An inspection of the modification indices suggested the removal of the items COMIT1, INT1, INT5 and INT7 from the data. The improved goodness-of-fit indices for the *intention to stay model* appear in Table 7.19.

Table 7.19

The improved goodness-of-fit indices for the *intention to stay* model, client sample

Measurement	Index
df	84
Satorra-Bentler scaled chi-square	271.927
RMSEA	0.0818
90% confidence interval for RMSEA	0.0711; 0.0928
ECVI	1.030
NFI	0.983

Although the RMSEA in Table 7.19 improved from 0.0921 to 0.0818 as a result of the removal of items COMIT1, INT1, INT5 and INT7, it still remained outside the margin of 0.080 as suggested by Hair et al. (1998:656). However, the Satorra-Bentler scaled chi-square decreased significantly from 628.760 to 271.927. This significant decline in the chi-square value (together with the slight improvement in the RMSEA) suggested some evidence of construct validity for the *intention to stay* model.

Based on an assessment of the RML results, it was concluded that the variables under investigation related significantly to their specified constructs. In other words, there was sufficient evidence of construct validity for all three measurement models.

7.3.3.4.6 Specifying the structural model

In the previous phase of the study (dealing with the relationship manager sample), the original conceptual model (see Figure 6.2) was divided into three sections (and depicted as path diagrams) in order to reflect the antecedents of each of the three dimensions of *trust*, *commitment* and *intention to stay* (see Figures 6.3, 6.4 and 6.5). Within these figures, the original hypotheses were stated and these were tested in the previous phase.

The same three path diagrams are applicable to this phase of the study (dealing with the client sample), since the study had to be "replicated" in order to assess the perceptions of B2B clients. The three path diagrams now have to be specified in a more formal way by linking the different latent variables with the specific items used to measure each of the latent variables. An outline of the exogenous predictor latent variables (dimensions) used to predict each of the endogenous latent variables is presented in Table 7.20.

Table 7.20

Endogenous and exogenous variables

Endogenous latent variables	**The exogenous/endogenous latent variables**
Trust	*Satisfaction, communication, competence, bonding, customisation, shared values*
Commitment	*Trust, communication, shared values, attractiveness of alternatives, relationship benefits*
Intention to stay	*Commitment, satisfaction, trust*

It was pointed out earlier that, because of the complexity of the model (Section 6.6), it was subdivided into three smaller models: the *trust* model, the *commitment* model and the *intention to stay* model. Since these three models are interrelated, some of the endogenous variables are also used as exogenous predicting variables for some of the other endogenous variables in subsequent models (such as *trust* as endogenous variable becoming a predicting variable for *commitment*).

The next step was to transform the endogenous and exogenous variables in Table 7.20 in such a way that the specific items (manifest variables) used to measure each of the variables (endogenous as well as exogenous) would be included. The measures used for this purpose appear in Table 7.21.

The manifest variables provided in Table 7.21 were used to measure the latent variables in the three structural models.

Table 7.21

Manifest variables

Dimensions (latent variables)	**Code**	**Items (Manifest variables)**
Trust	TRUS1	I trust my financial services provider.
	TRUS2	I have confidence in my financial services provider.
	TRUS3	My financial services provider can be regarded as credible.
	TRUS4	My financial services provider demonstrates a high level of integrity.
Satisfaction	SAT1	I am very satisfied with my financial services provider.
	SAT2	If I had to do it all over again, I would choose my financial services provider again.
	SAT3	I am satisfied with my financial services provider's products and services.
	SAT4	My financial services provider's service meets my expectations.
	SAT5	It is a pleasure to do business with my financial services provider.

Dimensions (latent variables)	Code	Items (Manifest variables)
Commitment	COMIT2	I really care to maintain my relationship with my financial services provider.
	COMIT3	I am willing to invest time and other resources to maintain my relationship with my financial services provider.
	COMIT4	I am willing to travel the extra mile to maintain my relationship with my financial services provider.
Communication	COMM2	My financial services provider provides frequent communication about issues that are important to me.
	COMM3	My financial services provider provides timely information.
	COMM4	My financial services provider provides accurate information.
Competence	COMTENT1	My financial services provider is an expert financial services provider.
	COMTENT2	My financial services provider is an experienced financial services provider.
	COMTENT3	My financial services provider is knowledgeable about the provision of sophisticated financial services.
Attractiveness of alternatives	ALT1	The fees charged by my financial services provider are less than that of other banks.
	ALT2	My financial services provider offers a wider range of products and services than other banks.
	ALT3	There are not really worthwhile alternatives to my financial services provider.
	ALT4	It is questionable whether other banks can offer me a better service than my financial services provider.
Customisation	CUSTOM1	My financial services provider is flexible enough to accommodate unforeseen problems I may experience.
	CUSTOM2	My financial services provider can tailor-made its products/services to meet unexpected changes in my needs.
	CUSTOM4	My financial services provider strives to offer me a customised service.
Shared values	SHV1	My financial services provider respects my business values.
	SHV2	My financial services provider and I share the same views about most business practices.
	SHV3	My financial services provider has business values and beliefs similar to mine.
	SHV4	My financial services provider and I have a mutual understanding of each other’s business values.
Intention to stay	INT2	I intend to sustain my relationship with my financial services provider indefinitely.
	INT3	I intend to continue to do business with my financial services provider.
	INT4	I hope to do more business with my bank in future.
	INT6	I do not have plans to switch banks in the near future.

A. Structural model (a): The *trust* model

In this section, the structural model with *trust* as dependent variable, will be specified. The five independent variables that were used were *satisfaction, communication, competence, customisation* and *shared values*. Due to a multicollinearity problem, the initial *trust* model was split into three separate models and individual SEM analyses were conducted for each of the three models. The empirical results of the SEM analyses conducted in respect of the *trust* model are summarised in Table 7.22.

Table 7.22

Results of the SEM analysis: *trust* model, client sample

Model	Paths	t-values	Path coefficients	Remark	RMSEA
1.	*Satisfaction → trust*	12.64	0.96	***	0.0642
2.	*Communication → trust*	12.67	0.96	***	0.0656
3.	*Competence → trust*	3.99	0.24	***	0.0660
	Customisation → trust	2.03	0.12	*	
	Shared values → trust	6.90	0.63	***	

Remarks:

* $p < 0.05$
*** $p < 0.001$

The results in Table 7.22 made provision for five relationships, which were indicated as the hypotheses to be tested in the *trust* model. All five the relationships in Table 7.22 were confirmed in the present study.

The relationship between *satisfaction* and *trust* was found to be significant, which resulted in support for hypothesis H^1. The t-value of 12.64 was well above the critical value of 3.30, which indicates support on the 0.001 significance level. The corresponding path coefficient was 0.96. Hypothesis H^2 was also confirmed on the 0.001 significance level, which indicated support for the relationship between *communication* and *trust*. The t-value of 12.67 for H^2 was above the acceptable threshold, and the path coefficient was 0.96.

The third relationship that was confirmed was between *competence* and *trust*. By confirming this relationship, support was found for the acceptance of H^3. The relationship was confirmed on the 0.001 significance level, the t-value was 3.99 and the corresponding path coefficient was 0.24.

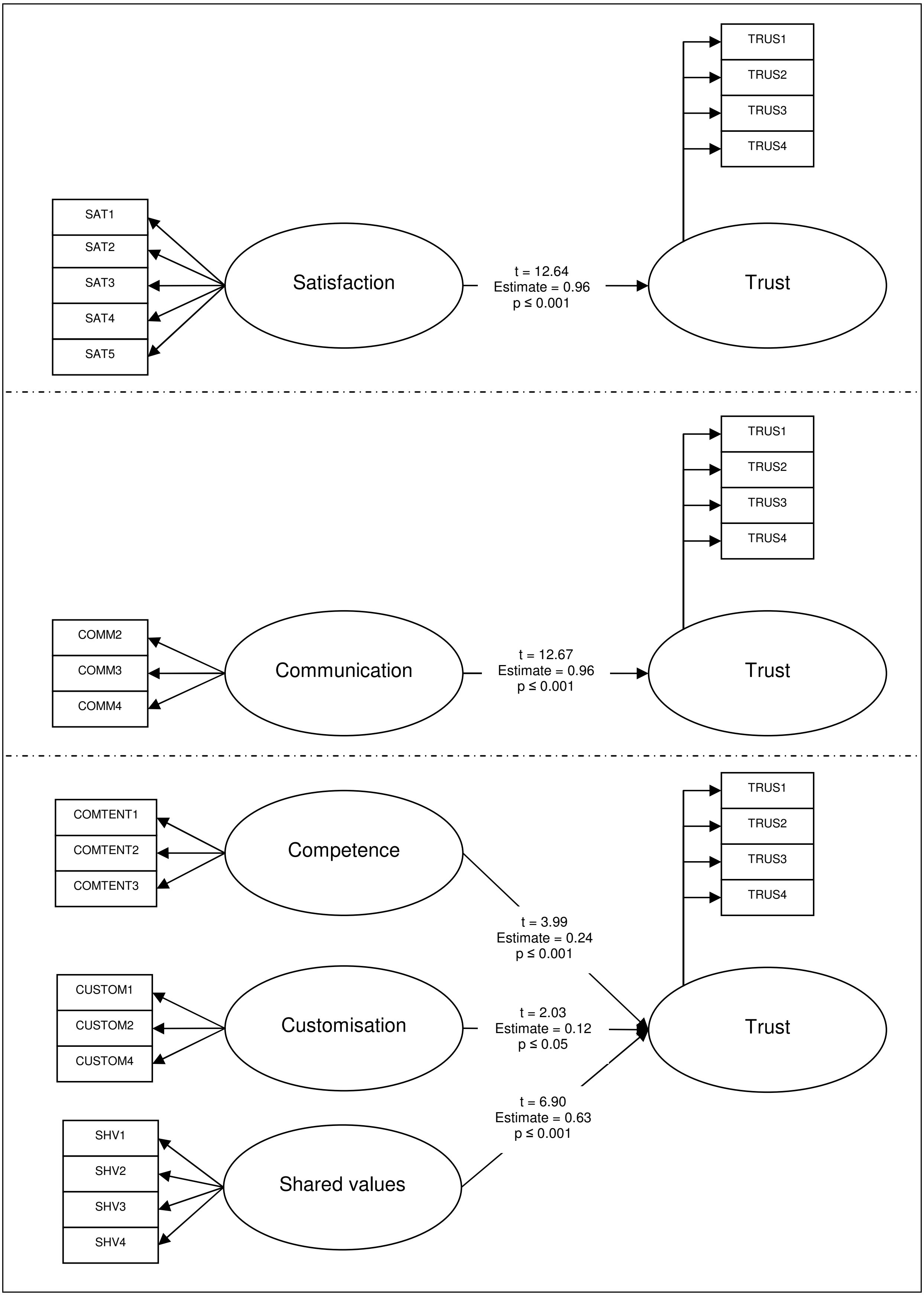
H^4 was confirmed on the 0.05 significance level, thereby supporting the hypothesised relationship between *customisation* and *trust*. The t-value was 2.03 and the path coefficient was 0.12. The final hypothesis of the *trust* model that was tested (H^5), was the relationship between *shared values* and *trust*. Support was found for this relationship on the 0.001 significance level, with a t-value of 6.90 and the path coefficient of 0.63.

The comparison between the relationships that was found to be significant in the client sample and that which was significant in the relationship manager sample, will be presented in Chapter 8.

The empirical results emanating from the empirical assessment of the *trust* model appear in Figure 7.10. The relationships in this figure are specified with arrows that are connected to the dependent variable *trust*.

Figure 7.10

Structural model (a): The *trust* model, client sample



B. Structural model (b): The *commitment* model

The second structural model to be specified is the *commitment* model. In this model, dependent variable *commitment* is specified with the four independent latent variables *trust*, *communication*, *shared values* and *attractiveness of alternatives*. The possible occurrence of multicollinearity resulted in the original *commitment* model being separated into three individual models. The results of the SEM analyses conducted for the *commitment* model appear in Table 7.23.

Table 7.23

Results of the SEM analysis: *commitment* model, client sample

Model	Paths	t-values	Path coefficients	Remark	RMSEA
1.	*Trust→ commitment*	10.14	0.84	***	0.0707
2.	*Communication → commitment*	11.00	0.88	***	0.0707
3.	*Shared values → commitment*	5.02	0.54	***	0.0712
	Attractiveness of alternatives → commitment	3.72	0.37	***	

Remark:

*** $p < 0.001$

Table 7.23 provides empirical support for all four the hypothesised relationships. Evidence was found for the acceptance of H^7, the relationship between *trust* and *commitment*. The t-value of 10.14 is well above the critical value of 3.30; therefore, indicating support for this relationship on the 0.001 significance level. The corresponding path coefficient was 0.84.

Support was also found for H^8, the relationship between *communication* and *commitment*. The relationship was confirmed on the 0.001 significance level, the t-value was 11.00 and the path coefficient was 0.88.

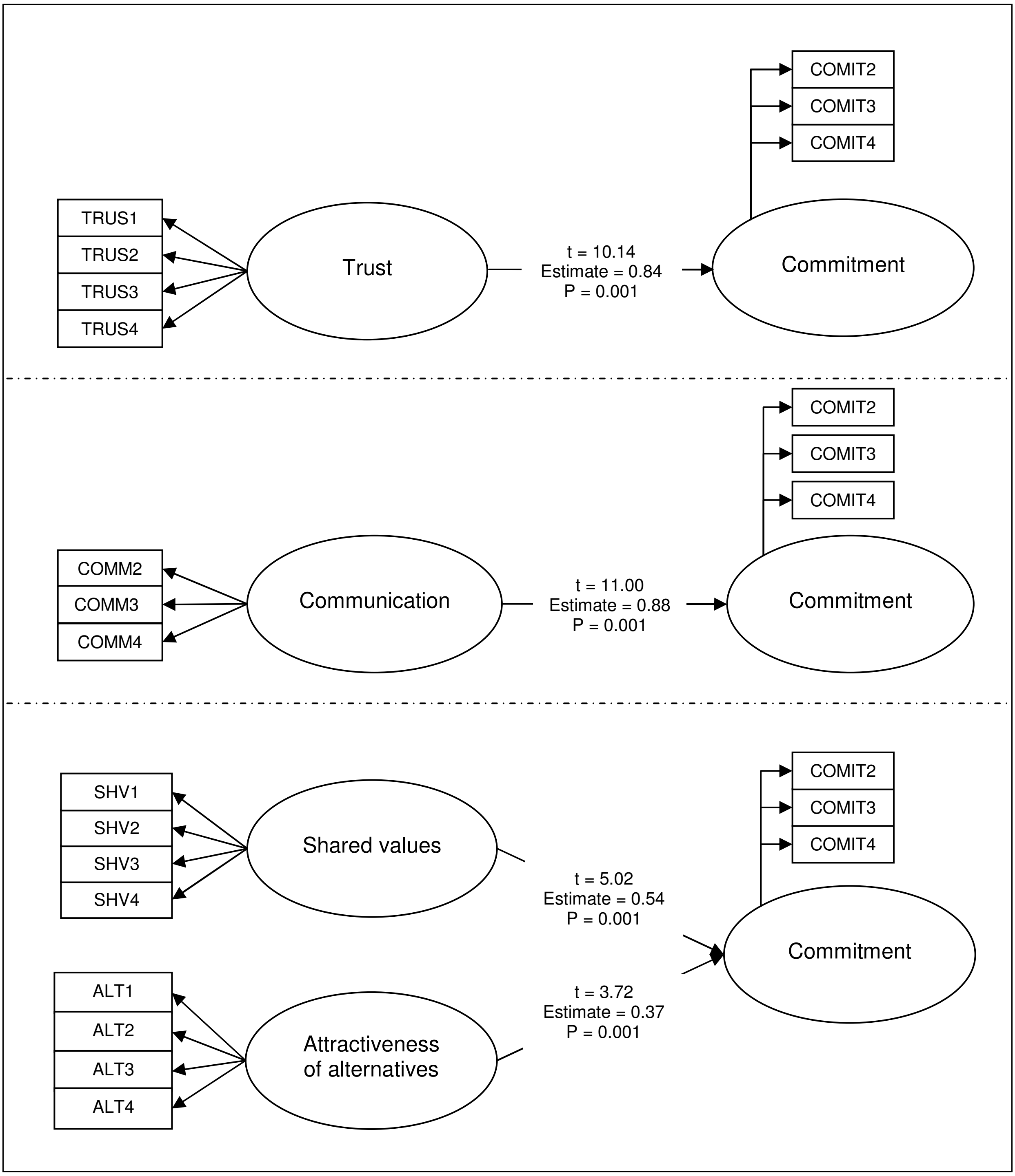
The third relationship of the *commitment* model that was confirmed in the present study, was H^9, thereby indicating support for the relationship between *shared values* and *commitment*. Based on the t-value of 5.02, the hypothesis was supported on the 0.001 significance level, and the path coefficient was 0.54.

Table 7.23 further provides evidence of a relationship between *attractiveness of alternatives* and *commitment*. Based on the empirical results hypothesis H[10] was supported on the 0.001 significance level (t-value 3.72 and path coefficient 0.37).

The empirical results were used to construct the structural model for the *commitment* model depicted in Figure 7.11.

Figure 7.11

Structural model (b): The *commitment* model, client sample



C. Structural model (c): The *intention to stay* model

The third structural model to be specified is the *intention to stay* model. In this model, *intention to stay* is the dependent variable while *commitment*, *satisfaction* and *trust* are indicated as independent latent variables. Due to the multicollinearity problem discussed earlier, the initial *intention to stay* model was split into two smaller models. The results of the SEM analyses for the split *intention to stay* model are depicted in Table 7.24.

Table 7.24

Results of the SEM analysis: *intention to stay* model, client sample

Model	Paths	t-values	Path coefficients	Remark	RMSEA
1.	*Commitment → intention to stay*	3.72	0.33	***	0.0674
	Satisfaction → intention to stay	7.33	0.64	***	0.0676
2.	*Trust → intention to stay*	17.88	0.93	***	

Remark:

*** $p < 0.001$

Three relationships were tested in the analysis of the *intention to stay* model, which were translated into three hypotheses (H^{12}, H^{13} and H^{14}). The first relationship investigated was the influence of *commitment* on *intention to stay*. Based on a t-value of 3.72 and a path coefficient of 0.33, support was found on the 0.001 significance level for the acceptance of hypothesis H^{12}.

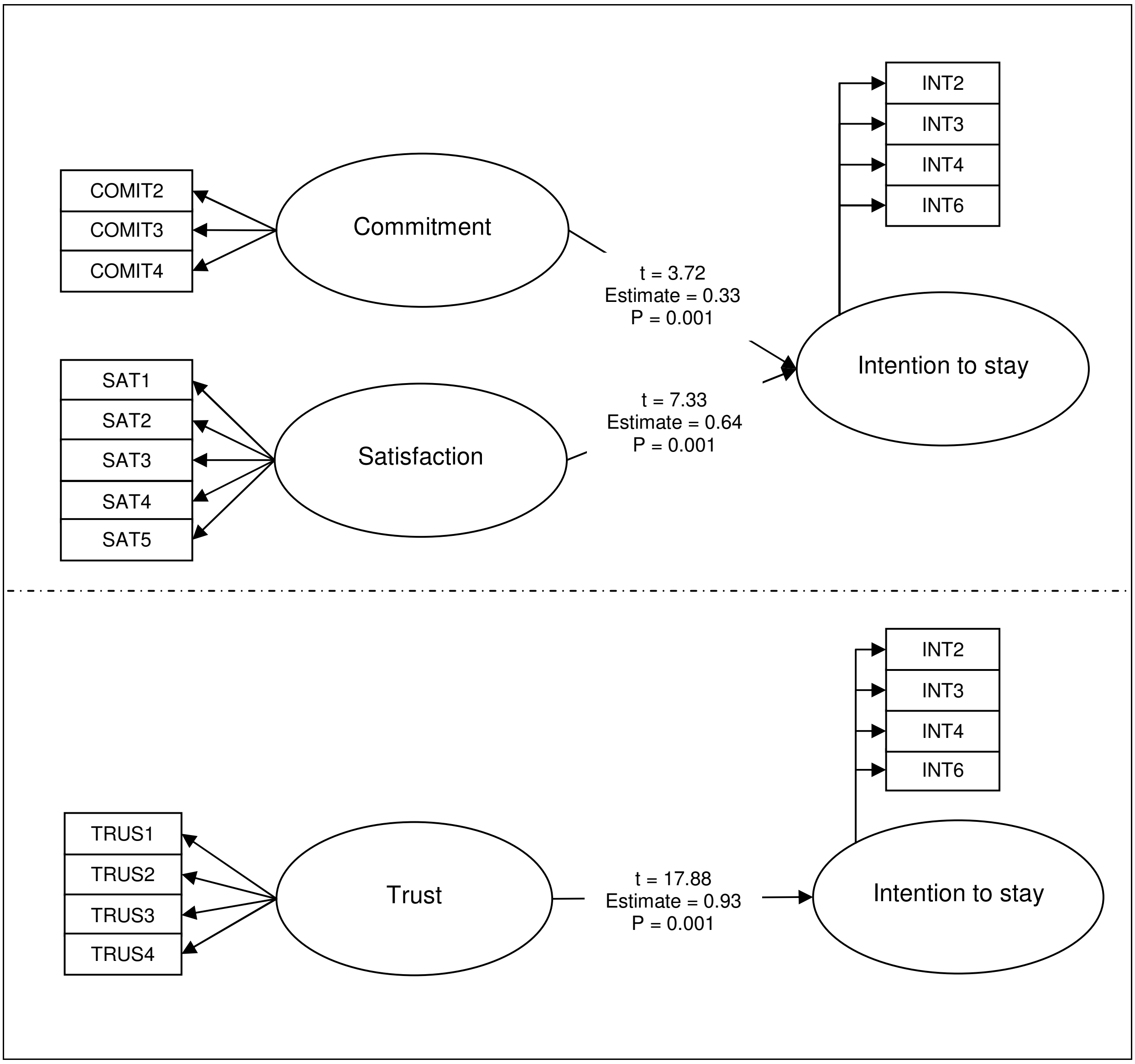
The second relationship that was confirmed in the present study was the positive relationship between *satisfaction* and *intention to stay*. The t-value of 7.33 exceeds the critical value of 3.30, which indicates support on the 0.001 significance level. The corresponding path coefficient was 0.64. Support was therefore found for the acceptance of H^{13}.

The third relationship for which support was found was the influence of *trust* on *intention to stay*. The t-value of 17.88 is well above the critical value of 3.30, which confirmed the relationship on the 0.001 significance level. The accompanying path coefficient was 0.93. Support was subsequently found for the acceptance of hypothesis H^{14}.

The structural model for the *intention to stay* model is depicted in Figure 7.12.

Figure 7.12

Structural model (c): The *intention to stay* model, client sample



7.3.3.4.7 Assessing the structural model validity

The same fit indices used to assess the validity of the measurement models were employed to assess the fit of the three structural models. The fit indices appear in Tables 7.25 to 7.27. Note that, as the RML estimation was used to estimate the *trust, commitment* and *intention to stay* models, reporting of the GFI and AGFI indices is inappropriate. The Satorra-Bentler scaled chi-square measurement was used instead.

Table 7.25

The fit indices for the structural model: *trust*, client sample

Fit indices	Model 1	Model 2	Model 3
df	899	899	897
Satorra-Bentler scaled chi-square	2 135.483	2 190.225	2 202.512
RMSEA	0.0642	0.0656	0.0660
90% confidence interval for RMSEA	0.0607-0.0677	0.0621-0.0691	0.0625-0.0695
ECVI	7.208	7.372	7.421
NFI	0.982	0.982	0.982

Remarks:

1. Path included in Model 1: *Satisfaction → trust*
2. Path included in Model 2: *Communication → trust*
3. Paths included in Model 3: *Competence → trust, customisation → trust, shared values → trust*

Table 7.26

The fit indices for the structural model: *commitment*, client sample

Fit indices	Model 1	Model 2	Model 3
df	703	703	702
Satorra-Bentler scaled chi-square	1 875.027	1 875.027	1 889.923
RMSEA	0.0707	0.0707	0.0712
90% confidence interval for RMSEA	0.0668-0.0745	0.0668-0.0745	0.0673-0.0751
ECVI	6.314	6.314	6.365
NFI	0.981	0.981	0.981

Remarks:

1. Path included in Model 1: *Trust → commitment*
2. Path included in Model 2: *Communication → commitment*
3. Paths included in Model 3: *Shared values → commitment, attractiveness of alternatives → commitment*

Table 7.27

The fit indices for the structural model: *intention to stay*, client sample

Fit indices	Model 1	Model 2
df	898	899
Satorra-Bentler scaled chi-square	2 262.357	2 272.704
RMSEA	0.0674	0.0676
90% confidence interval for RMSEA	0.0640-0.0709	0.0642-0.0711
ECVI	7.594	7.619
NFI	0.981	0.981

Remarks:

1. Path included in Model 1: *Commitment → intention to stay, satisfaction – intention to stay*
2. Paths included in Model 2: *Trust → intention to stay*

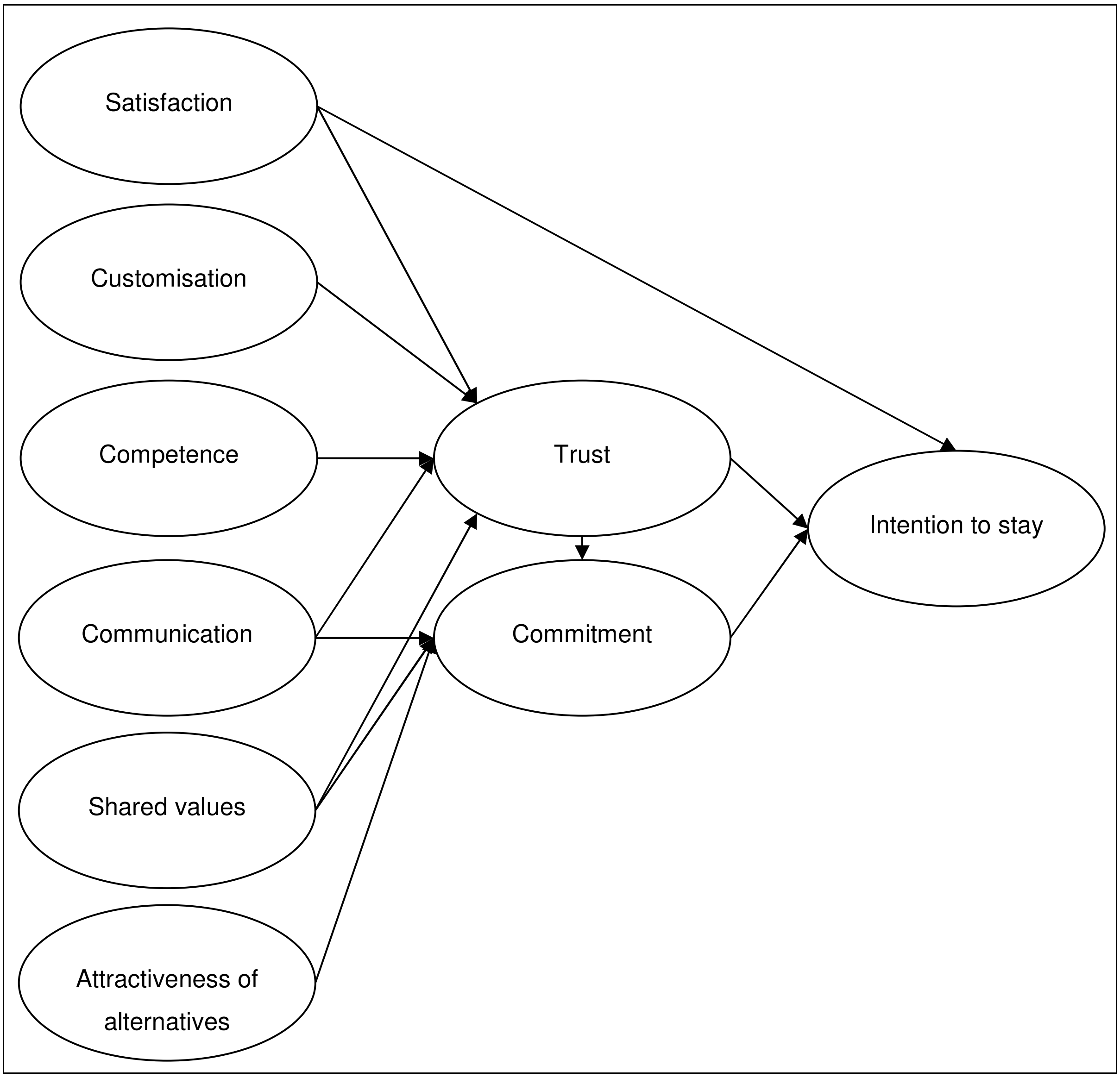
The fit indices for all the structural models provided evidence of reasonable fit. Especially the RMSEA levels (which are all below the level of 0.08) support the argument of a reasonable fit. This conclusion is further supported by the upper bound of the 90% confidence interval for the RMSEAs, which were all below the level of 0.08.

7.3.3.4.8 Summary of confirmed relationships, client sample

Figures 7.10, 7.11 and 7.12 provided evidence for the existence of an empirical relationship between several latent variables. These relationships are summarised in Figure 7.13.

Figure 7.13

Summary of the empirical findings, client sample



The findings presented in Figure 7.13 will be used to construct the final model.

7.3.3.4.9 Influence of duration of a relationship

Chapters 4 and 5 provided evidence for the inclusion of the *duration of a relationship* as a dimension where client relationships are developed. The data on the *duration of the relationship* were directly retrieved from the NFP's database (see justification for this in Section 7.3.3.2.1). *Duration of a relationship* was, therefore, excluded from all SEM analyses, and a regression analysis had to be conducted to assess the influence of *duration of a relationship* as independent variable on *trust* (the dependent variable).

As indicated in Chapters 4 and 5, research on the influence of *duration of a relationship* appears to focus on the key role of the dimension in the establishment of *trust* (Gounaris & Venetis, 2002; Batt, 2000; Anderson & Weitz, 1989). In order to assess the influence of *duration of a relationship* on the establishment of *trust*, a regression analysis was conducted with *duration of a relationship* as independent variable and *trust* as dependent variable. The relationship between these two dimensions could, however, not be confirmed on a 0.05 significance level. Although the literature review did not indicate a relationship between the *duration of a relationship* and *commitment,* and between *duration of a relationship* and *intention to stay*, it was nevertheless decided to conduct regression analyses to assess each of these two additional relationships. In both events, none of these additional relationships could be confirmed.

7.3.3.4.10 Summary of hypotheses testing, client sample

A summary of the hypotheses tested during the client sample study appears in Table 7.28.

Table 7.28

Summary of hypotheses tested, client sample

Hypotheses		Supported or not supported
H^1	There is a positive relationship between *satisfaction* and *trust*	Supported
H^2	There is a positive relationship between *communication* and *trust*	Supported
H^3	There is a positive relationship between *competence* and *trust*	Supported

Hypotheses		Supported or not supported
H^4	There is a positive relationship between *bonding* and *trust*	Not tested because of multicollinearity
H^5	There is a positive relationship between *customisation* and *trust*	Supported
H^6	There is a positive relationship between *shared values* and *trust*	Supported
H^7	There is a positive relationship between *trust* and *commitment*	Supported
H^8	There is a positive relationship between *communication* and *commitment*	Supported
H^9	There is a positive relationship between *shared values* and *commitment*	Supported
H^{10}	There is a positive relationship between *attractiveness of alternatives* and *commitment*	Supported
H^{11}	There is a positive relationship between *relationship benefits* and *commitment*	Not tested because of multicollinearity
H^{12}	There is a positive relationship between *commitment* and *intention to stay*	Supported
H^{13}	There is a positive relationship between *satisfaction* and *intention to stay*	Supported
H^{14}	There is a positive relationship between *trust* and *intention to stay*	Supported

The support or non-support findings of the different hypotheses set out in Table 7.28 addressed the third secondary objective of the present study.

7.3.4 Assessment of sample differences

The fourth secondary objective of the present study is to identify gaps in the perceptions of the relationship managers on the one hand (the services provider) and its clients on the other hand. In order to attend to this objective, a t-test was conducted.

The purpose of a t-test is to assess the statistical significance of the difference between two independent sample means for a single dependent variable (Hair et al., 2006:388). Within the framework of this study, a t-test was consequently conducted to assess the statistical significance of the differences between the relationship manager sample and the client sample for each of the dimensions indicated in Table 7.2. The results of the t-test appear in Table 7.29.

Table 7.29

T-test statistics for the relationship manager and client samples

Dimensions and descriptions	Mean: relationship manager sample	Mean: client sample	Mean difference	Statistical significance
Trust The perceived credibility of an exchange partner in whom one has confidence.	5.8734	5.5582	0.3152	*
Satisfaction An overall positive evaluation over time of all aspects of a relationship.	5.2380	5.1307	0.10723	N.S.
Commitment An enduring desire to maintain a valued relationship.	5.2342	5.2194	0.01477	N.S.
Communication The sharing of meaningful, trustworthy and timely information.	5.3085	5.0515	0.25705	*
Competence The perception of an exchange partner's competence.	5.6899	5.0940	0.59584	**
Relationship benefits The benefits an exchange partner receives from a relationship to which he/she is committed.	5.4541	4.5858	0.86829	**
Bonding The process through which the buyer and the provider build a relationship to the benefit of both parties.	5.3747	4.5206	0.85409	**
Attractiveness of alternatives The client's estimate of the likely satisfaction available in an alternative relationship.	4.4810	4.5396	-0.05854	N.S.
Customisation The extent to which a seller uses knowledge about a buyer in order to tailor offerings to a buyer.	5.0111	4.6172	0.39391	*
Shared values The extent to which partners have common beliefs about what is important, unimportant, appropriate or inappropriate, and right or wrong.	5.3813	4.8433	0.53805	**
Intention to stay The customer's intention to continue a relationship.	5.1781	5.1139	0.06426	N.S.

Remarks:

N.S. non-significant
* $p < 0.05$
** $p < 0.01$

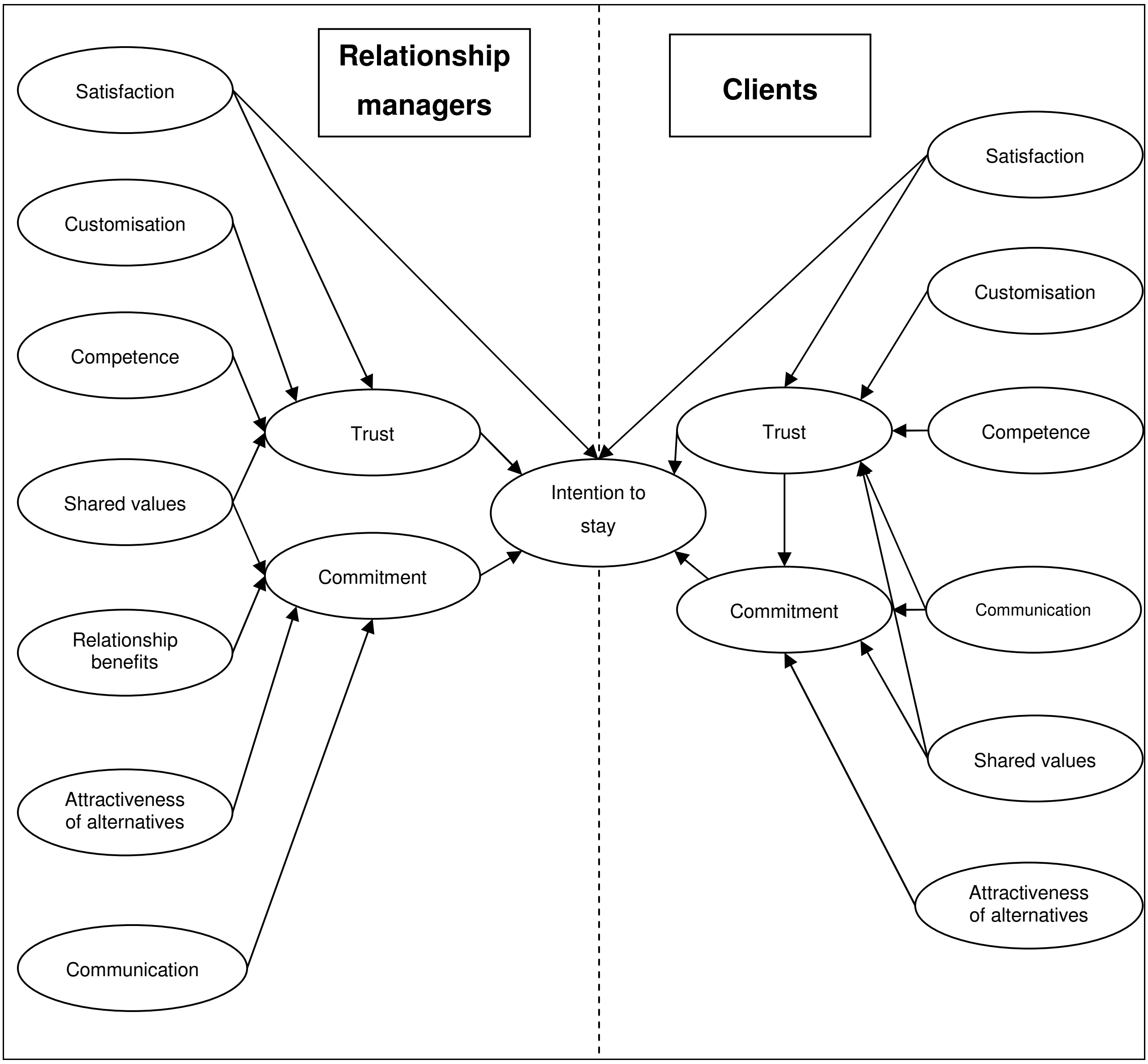
The results reported in Table 7.29 indicate significant differences between the relationship manager sample and the client sample in respect of seven of the 11 dimensions. Support on a 0.05 significance level was found for *trust*, *communication* and *customisation*, while support for *competence*, *relationship benefits*, *bonding* and *shared values* was found on a 0.01 significance level. An assessment of the results showed that in all seven cases of significant difference, the relationship managers' ratings exceeded those of the clients. If compared to the client data, it thus appeared that relationship managers overestimated their ratings of clients' perceptions on seven of the 11 identified dimensions.

7.3.5 Comparison of relationship manager and client samples

The purpose of this study was, amongst others, to assess the perceptions of both relationship managers and clients about the way in which long-term relationships with clients are developed in B2B financial services. By using a number of statistical techniques to analyse data from both the relationship manager and the client samples, two summarised models were generated: the relationship manager model (Figure 7.6) and the client model (Figure 7.13). In order to address the research problem of this study, the next step was to combine these two models to establish the final model. Figure 7.14 provides a graphical illustration of all the relationships confirmed in this study.

Figure 7.14

Graphical illustration of all the relationships confirmed



A number of conclusions can be drawn from Figure 7.14. Firstly, 11 relationships were confirmed in the relationship manager sample whereas 12 were confirmed in the client sample. The confirmation of the relationships provides support for the majority of the hypothesised relationships in the conceptual model (Figure 6.2). Secondly, 10 relationships were confirmed in both the relationship manager sample and the client sample. These 10 relationships are *satisfaction* → *trust*, *competence* → *trust*, *customisation* → *trust*, *shared values* → *trust*, *communication* → *commitment*, *shared values* → *commitment*, *attractiveness of alternatives* →

commitment, *commitment* → *intention to stay*, *satisfaction* → *intention to stay,* and *trust* → *intention to stay*.

Furthermore, Figure 7.14 shows that only two relationships (*communication* → *trust*; *trust* → *commitment*) could not be confirmed in the manager sample, although they were supported in the client sample. This is in addition to the relationship between *bonding* and *trust* that was also not confirmed in the relationship manager sample, but could not be assessed in the client sample due to multicollinearity. A similar situation was experienced with the relationship between *relationship benefits* and *commitment*. This relationship was confirmed in the relationship manager sample, but could not be assessed in the client sample (due to multicollinearity). The implications of the difference in findings will be discussed in Chapter 8.

7.4 CONCLUSIONS AND IMPLICATIONS FOR THE STUDY

This chapter presented the empirical findings of the study and was organised in three sections. The first section focused on the reduction of the initial set of dimensions and presented the results of an empirical study conducted amongst relationship managers of the NFP. The remainder of the chapter focused on the empirical evaluation of each of the identified dimensions amongst relationship managers (second section) and B2B clients (third section).

In the first section, justification was given for the reduction of the initial 25 dimensions to 11. Furthermore, the hypotheses formulated in Chapter 6 were reformulated and the conceptual model was divided into three individual models (the *trust* model, the *commitment* model and the *intention to stay* model). These models formed the basis for the empirical evaluations conducted in the remainder of the present study. Results were obtained through the use of regression analysis (for the relationship manager sample) and SEM (the client sample).

The empirical results discussed in this chapter were used to construct a framework for the management of long-term marketing relationships. The uniqueness of this framework is to be found in the simultaneous consideration of the perceptions of both the service provider and its clients.

The implications of the empirical results will be addressed in the next chapter. Furthermore, Chapter 8 will provide recommendations about the manner in which long-term marketing relationships in a South-African B2B financial services context can be managed.

CHAPTER 8
SUMMARY OF THE EMPIRICAL RESULTS AND MANAGERIAL IMPLICATIONS

8.1 INTRODUCTION

Chapter 7 provided insight into the empirical results of the study. Several of the relationships in the relationship manager and client samples were confirmed. The chapter concluded with a summary of two different models suitable for the management of long-term marketing relationships in B2B financial services. Increased competition necessitates financial services providers to focus on customer retention, and the use of this framework model can assist them to achieve this important objective.

This chapter commences with a short summary of the empirical study, after which the results obtained in the empirical study will be assessed in two ways. Firstly, the results will be compared to previous research in order to assess whether the results concur with the marketing literature. Secondly, the results will be interpreted in order to provide managerial implications in respect of the future management of long-term marketing relationships. In this way, B2B financial services providers can achieve the objective of customer retention.

The chapter concludes with a discussion of the major limitations of the study and a number of suggestions for future research.

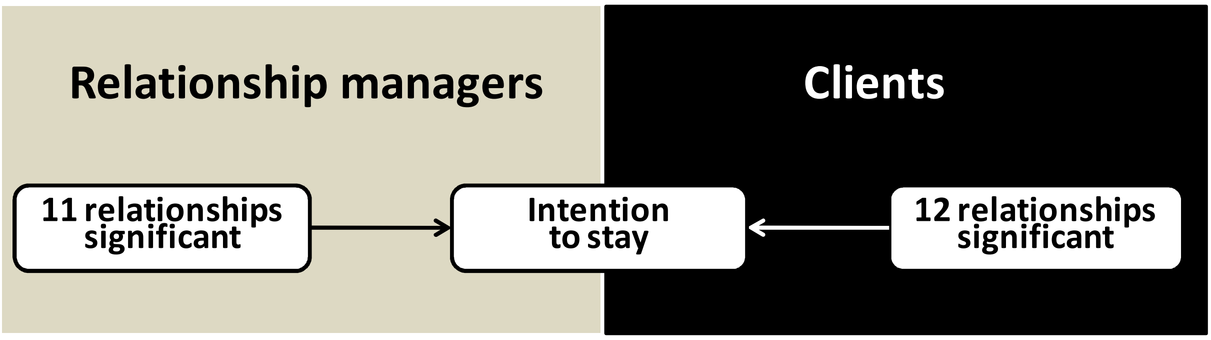
8.2 SUMMARY OF THE EMPIRICAL RESULTS

The empirical research was conducted in the South African B2B financial services industry. In order to assess the perceptions of both the financial services provider and the clients in respect of the NFP's performance on the dimensions, two samples were drawn: Sample 1 focused on the perceptions of relationship managers in respect of their clients (the so-called “relationship manager sample”) while the second sample concentrated on the perceptions of B2B clients from the same financial services provider (the so-called “client sample”).

The results of the empirical research were used to construct a framework through which marketing relationships can be established and managed. The framework (with all the confirmed relationships) appeared in Figure 7.14. From Figure 7.14 it is evident that 11 relationships were confirmed in the relationship manager sample, while 12 relationships were confirmed in the client sample. The empirical results of the present study is summarised in Figure 8.1.

Figure 8.1

Summary of empirical results



The association between the empirical results of the present study and the marketing literature will be discussed in the next section.

8.3 RESULTS OF THIS STUDY IN CONTEXT

In this section the association between the results of the present study and the marketing literature will be addressed. The section will be presented in four sections: Firstly, focus will be on those relationships that were confirmed in both the relationship manager and the client samples. Secondly, those relationships that were confirmed in the relationship manager sample but not in the client sample will be discussed. The third section will focus on the relationship confirmed in the client sample but not in the relationship manager sample, while the fourth section will concentrate on those relationships that were not confirmed at all. Note that this section will focus on the association of the findings of the present study with the marketing literature only, and not on the interpretations of the findings. The interpretations are dealt with in Section 8.4.

8.3.1 Relationships confirmed in both samples

Ten of the original 14 hypothesised relationships were confirmed in both the relationship manager and the client samples. The association of these confirmed relationships to the marketing literature will now be discussed individually.

8.3.1.1 The positive relationship between *satisfaction* and *trust*

The necessity to include both *trust* and *satisfaction* as important dimensions of a long-term marketing relationship was reported in Chapters 4 and 5. Chapter 5 in particular indicated overwhelming empirical support in the literature for the positive relationship between *satisfaction* and *trust*.

In a B2B environment, the influence of *satisfaction* on *trust* is confirmed in a variety of industries, such as primary health care (Leisen & Hyman, 2004), purchasing (Walter et al., 2000), food supplies (Selnes, 1998) and wholesaling (Anderson & Narus, 1990).

The empirical findings of the present study (for both the relationship manager sample and the client sample) are therefore in accordance with the marketing literature.

8.3.1.2 The positive relationship between *competence* and *trust*

A positive effect of *competence* on *trust* was reported in the present study. It can therefore be concluded that *trust* in a relationship can be enhanced if an exchange partner is perceived as competent in performing his/her duty.

This finding is in agreement with a study by Perry et al. (2002) who found that in franchise agreements, *competence* influences *trust* in a positive way. This finding was supported by Coulter and Coulter (2003) in a study amongst small business owners. In a consumer environment, the positive influence of *satisfaction* on *trust* was confirmed by Canary and Cupach (1988) who studied technology students.

The findings of the present study confirm the relationship between *competence* and *trust* in the B2B financial services industry found in the marketing literature.

8.3.1.3 The positive relationship between *customisation* and *trust*

Although the marketing literature supports the role of *customisation* when marketing relationships are established, the influence of *customisation* on *trust* has not been researched extensively. Gill et al. (2006) confirmed that an exchange partner's ability (or willingness) to vary its service (or the products offered) positively influences the establishment of *trust*. It was therefore expected that a positive relationship between *customisation* and *trust* would be found in the present study.

However, this did not realise in the relationship manager sample. In fact, the opposite of the expected relationship was confirmed. The empirical results indicated (relationship manager sample) that *customisation* has a negative influence on *trust*, in other words relationship managers think that clients' *trust* in financial services providers will decrease if the provider custom-makes its products and services. It therefore appears that relationship managers are of the opinion that service offerings should not be adapted to satisfy the needs of individual clients.

This finding was unexpected, and no support could be found in the marketing literature for this negative relationship. It can be deduced that relationship managers are of the opinion that clients do not want any deviations from standard products or services. Clients (in the view of relationship managers) apparently feel uncertain about products/services that are not standardised. The implications of this finding will be discussed in Section 8.5.3.

The expected positive relationship between *customisation* and *trust* was, however, confirmed in the client sample.

8.3.1.4 The positive relationship between *shared values* and *trust*

The confirmed positive effect of *shared values* on *trust* is in agreement with the marketing literature. In a B2B environment this relationship was confirmed in the non-profit industry (MacMillan et al., 2005), amongst airline crews (Kang et al., 2005:306) and in the vehicle tyre industry (Morgan & Hunt, 1994). Anderson and Weitz (1989) confirmed the existence of this relationship in the electronic industry.

Johnson and Grayson (2005) confirmed the positive effect of *shared values* on *trust* in the financial services industry. However, this study was performed in the B2C industry (as opposed to the B2B industry). The results of the present study are therefore not directly comparable to that of Johnson and Grayson.

The empirical finding of the present study that *shared values* has a positive influence on the establishment of *trust* in a relationship, is therefore in agreement with the marketing literature.

8.3.1.5 The positive relationship between *communication* and *commitment*

The importance of *communication* in a B2B relationship was highlighted by Coote et al. (2003:597), who described *communication* as "the glue that holds industrial marketing relationships together". Furthermore, in Chapter 5 of the current study, support was found in the marketing literature for the positive effect of *communication* on *commitment*. Adamson et al. (2003) and Sharma and Patterson (1999) confirmed a positive relationship between *communication* and *commitment* in the financial services industry, although the study by Sharma and Patterson was done in a B2B environment and that by Adamson et al. in the B2C environment. The findings of these two studies, however, were similar, and confirmed that *trust* in a marketing relationship can be increased by fostering the level of *communication*.

It was therefore not unexpected to find that, in the present study, *communication* has a positive effect on *commitment*. This finding implies that *commitment* in a relationship can be enhanced by increasing the level of relevant *communication* in a relationship. The results of the present study therefore are in tune with findings in the marketing literature.

8.3.1.6 The positive relationship between *shared values* and *commitment*

Shared values was described in Chapter 4 as "the extent to which partners have beliefs in common about what behaviours, goals and policies are important or unimportant, appropriate or inappropriate and right or wrong" (Morgan & Hunt, 1994:25). Morgan and Hunt (1994) further commented that, in the vehicle tyre industry, *shared values* has a positive effect on *commitment*. MacMillan et al. (2005) confirmed this finding in the non-profit industry.

The present study found support in both samples for the positive effect of *shared values* on *commitment*. By focusing on the alignment of business values, financial services providers can increase an exchange partner's *commitment* in a relationship. This finding is therefore in agreement with the marketing literature.

8.3.1.7 The positive relationship between *attractiveness of alternatives* and *commitment*

A study by Sharma and Patterson (2000) that was executed in the B2B financial services industry, found a positive relationship between *attractiveness of alternatives* and *commitment* in a relationship. Sharma and Patterson (2000:475) also found that clients may remain in a relationship even if the relationship is perceived as less than satisfactory.

The results of the present study confirmed this relationship, and *commitment* should therefore be fostered if clients perceive the service of the financial services provider as superior to that of other financial services providers.

8.3.1.8 The positive relationship between *commitment* and *intention to stay*

Chapter 5 indicated that *intention to stay* appears to be the most frequently cited consequence of *commitment* in the marketing literature. The positive effect of *commitment* on *intention to stay* was previously confirmed in the industrial component industry (Abdul-Muhmin, 2005), a variety of industries (Gounaris, 2005:134), electronic copier suppliers (De Ruyter et al., 2001), a non-profit environment (Garbarino & Johnson, 1999), office equipment suppliers (Wetzels et al., 1998) and the vehicle tyre industry (Morgan & Hunt, 1994).

Gounaris (2005:134) reported that the greater the client's affective *commitment* in a relationship, the more the client is inclined to remain in that relationship. The present study (both samples) confirmed the positive influence of *commitment* on *intention to* *stay*. It was therefore found that once *commitment* in a relationship is established, it contributes to an exchange partner's intention to remain in a relationship.

8.3.1.9 The positive relationship between *satisfaction* and *intention to stay*

The relationship between *satisfaction* and *intention to stay* is well-documented in the marketing literature, especially amongst B2B industries. For example, Abdul-Muhmin (2003) confirmed this relationship amongst suppliers of industrial components, Burnham et al. (2003) in the telephone and insurance industries, Selnes (1998) amongst food suppliers and Patterson and Spreng (1997) in the consultancy industry.

The present study (both samples) confirmed the relationship between *satisfaction* and *intention to stay*. It was therefore found that an exchange partner's *intention to stay* in a relationship depends on that person's *satisfaction* with the relationship.

8.3.1.10 The positive relationship between *trust* and *intention to stay*

The important role of *trust* as building block of a marketing relationship was emphasised in Chapters 4 and 5. This importance of *trust* led to numerous hypotheses to be formulated and tested in the present study. One of these hypothesised relationships was the positive influence of *trust* on *intention to stay*. The hypothesised relationship was confirmed in the present study. It was therefore found that an exchange partner's decision to maintain a relationship can be positively influenced if there is *trust* in the relationship.

This finding is in agreement with a number of previous empirical studies in which the positive effect of *trust* on *intention to stay* was confirmed. In a B2B environment, the said relationship was confirmed in the office equipment industry (De Ruyter et al., 2001) and in a variety of other industries (Gounaris & Venetis, 2002).

8.3.2 Relationship confirmed in the relationship manager sample, but not in the client sample

As a result of possible multicollinearity, the relationship between *relationship benefits* and *commitment* could not be assessed in the client sample. The relationship was, however, confirmed in the relationship manager sample.

Support was found in the marketing literature for a positive relationship between *relationship benefits* and *commitment*. In the B2B environment, this relationship was confirmed in the non-profit industry (MacMillan et al., 2005:814) and in the manufacturing industry (Miyamoto & Rexha, 2004:316).

The support that was found in the present study for the relationship between *relationship benefits* and *commitment* (relationship manager sample) is therefore in agreement with the marketing literature. This finding implies that in a financial services environment, clients will (according to relationship managers) be committed to a relationship if they perceive their relationship with the financial services provider as beneficial.

8.3.3 Relationships confirmed in the client sample, but not in the relationship manager sample

Two of the hypothesised relationships were confirmed in the client sample, while no support could be found for these relationships in the relationship manager sample. These were the positive relationship between *communication* and *trust*, and the positive relationship between *trust* and *commitment*.

8.3.3.1 The positive relationship between *communication* and *trust*

Based on the marketing literature, it was hypothesised that *trust* between two partners in a relationship can be increased if the level of *communication* is increased. The present study (client sample) confirmed this relationship, and found that *communication* is a requirement for the establishment of *trust* in a relationship. This finding is in agreement with the findings by Sharma and Patterson (1999), Selnes (1998), Morgan and Hunt (1994) and Anderson and Weitz (1989), to mention a few.

The fact that no relationship between *communication* and *trust* could be found in the relationship manager sample was in particular unanticipated, since overwhelming support was found in the marketing literature for the support of this hypothesis.

The reason why the relationship between *communication* and *trust* could not be confirmed may lie in the relationship managers' possible perception of the nature of their relationships with clients. In the B2B financial services industry, relationships are mostly managed according to the conditions of pre-determined contracts. One of these conditions is often that frequent *communication* has to take place (such as monthly account statements and annual statements for tax purposes), which probably make it unnecessary for relationship managers to provide further *communication*. During the negotiations to involve clients of the NFP, it was mentioned that many clients made it clear that they do not want any further *communication* than account statements unless called for.

8.3.3.2 The positive relationship between *trust* and *commitment*

Confirmation was found in the client sample for the relationship between *trust* and *commitment*. This finding was in agreement with the overwhelming support found in the marketing literature for the positive effect of *trust* on the establishment of *commitment* (Tellefsen & Thomas, 2005:32; Wong & Sohal, 2002:43; Sharma & Patterson, 2000:481; Geyskens et al., 1999:231; Garbarino & Johnson, 1999:79; Morgan & Hunt, 1994:29; Moorman et al., 1992:321). The support in the marketing literature was so strong that this relationship was included in the basic structure of a marketing relationship (as depicted in Figure 5.1). The finding of the present study (client sample) is therefore in agreement with the marketing literature.

It was surprising to note that the relationship between *trust* and *commitment* was not confirmed in the relationship manager sample. A possible reason for not confirming the relationship between *trust* and *commitment* in the present study might lie in the nature of developing *trust* in the B2B financial services industry. In their conceptualisation of the concept, Morgan and Hunt (1994:23) defined *trust* in terms of the confidence in an exchange partner's reliability and integrity. This is similar to the viewpoint of Moorman et al. (1993:82) that *trust* constitutes a willingness to rely on an exchange partner in whom one has confidence. Based on these two conceptualisations, *trust* is established once an exchange partner's reliability and integrity had been confirmed. However, the question arises whether reliability and integrity of an exchange partner are really important in the B2B financial services industry. In this particular study, a bank is the service provider. Banks in South Africa are generally perceived as conservative, and their actions are in the interest of their clients. For example, since the relationships between financial services providers and B2B clients are usually contractually determined, these contracts and the conservative image of the bank may fulfil the role of *trust*.

8.3.4 Relationship investigated but not confirmed in any of the samples

The relationship manager sample failed to support the relationship between *bonding* and *trust*, while this relationship could not be assessed in the client sample due to possible multicollinearity.

The reason behind not confirming the positive effect of *bonding* on *trust* might lie in the nature of *bonding*. Hocutt (1998:192), for example, described *bonding* in terms of the personal friendships that hold a relationship together, while Wilson (1995:339) portrayed *bonding* as "the degree of mutual personal friendship and liking shared by the buyer and seller". The present study operationalised *bonding* as "the process through which the buyer and the provider build a relationship to the benefit of both parties". The purpose of this operationalisation was to focus on the B2B environment. It is, however, possible that relationship managers interpreted *bonding* in a psychological context, therefore not viewing this dimension as important (and subsequently not confirming the relationship between *bonding* and *trust*). On a practical note, it should be pointed out that *bonding* requires time to develop – a scarce resource in today's environment and therefore managed very diligently.

The finding of the present study in respect of the relationship between *bonding* and *trust* (relationship manager sample) is therefore in contrast to the marketing literature.

8.4 INTERPRETATION OF RESULTS

A comparison of the results of the relationship manager and the client samples revealed two important characteristics:

(1) both relationship managers and clients view the process of relationship management as a fairly intricate process; and

(2) relationship managers and clients appear to agree on the importance and relevance of certain dimensions when relationships are managed.

8.4.1 The complexity of the relationship-management process

The fact that 11 relationships were confirmed in the relationship manager sample and 12 in the client sample indicates that both groups perceive business relationships to consist of numerous components. The afore-mentioned perceptions suggest that relationship managers and clients consider the management of business relationships an intricate process.

The results of this study imply that decision-making theories, such as the Gestalt theory and heuristics, might offer explanations for the findings of this study. The Gestalt theory, for example, has as basis that a person's perceptions or experiences are made up of configurations of individual perceptions and experiences (Hoyt, 1944:81). The relevance of the Gestalt theory to the present study is expressed in the multicollinearity that was evident amongst some of the independent variables. It can therefore be argued that during a service experience clients tend to disregard individual elements of such a service (in this case, individual dimensions) but regroup the individual dimensions to establish new configurations of dimensions. For example, the multicollinearity that was experienced with the *bonding* dimension could have been configured together with *communication.* Although *bonding* could therefore not be evaluated separately, *bonding* could have been included indirectly as part of *communication*. While the relationship between *bonding* and *trust* could not be confirmed, the relationship between *communication* and *commitment* could be confirmed in both the relationship manager and the client samples.

The multicollinearity that was evident in the client sample also raised the possibility that heuristics could be relevant to this study. Heuristics refers to the information-processing strategies, so-called “mental shortcuts” or “rules of thumb” which are used systematically but often unconsciously to simplify decision-making (Jordan & Kaas, 2002:131). When consumers are faced with complex decision-making situations and/or when they are under time pressure, consumers tend to use decision heuristics to simplify the task (Lee & Marlowe, 2003:55). Van Bruggen, Smidts and Wierenga (1998:645) argue that heuristics are used in an attempt to reduce the mental effort involved in decision-making.

The decision to enter into a long-term relationship with a B2B financial services provider is a complex decision because of the costs and contractual obligations involved. In order for B2B clients to simplify the decision-making process for themselves, such clients may make use of heuristics to aid them. This way, clients distinguish between more and less important dimensions in an attempt to reduce the mental effort demanded for decision-making.

8.4.2 Agreement on dimensions

There seems to be little doubt about the importance and relevance of the ten relationships confirmed in both the relationship manager and client samples for the management of relationships in the B2B financial services industry.

An interpretation of the results of the relationship manager sample produced two further perspectives. Firstly, increased competition in the South African B2B financial services industry has required financial institutions to focus on the improvement of productivity and cost reduction. One of the approaches followed to give effect to improvement of productivity and cost reduction was downsizing. This process of downsizing has put pressure on relationship managers to reach pre-determined financial targets as they have less time available for the management of client relationships. Discussions with relationship managers from financial institutions other than the financial services provider studied, confirmed this situation.

Secondly, an inspection of the t-values (through which the differences between the relationship manager and the client samples were assessed) suggested an over-estimation of relationship managers’ ratings of clients’ perceptions on seven of the

11 dimensions (the remaining four dimensions were found to be non-significant). This over-estimation might be caused by relationship managers' fear of neglecting certain important dimensions.

8.5 MANAGERIAL IMPLICATIONS

The primary objective of this study was to develop a model through which relationships in the B2B financial services industry can be managed. It was not possible to construct a model which represented all the relationships studied. However, a framework was developed which represents all the relationships confirmed in this study. Each of the confirmed relationships (whether it was reported in the relationship manager sample or the client sample) has significant implications for management. This section focuses on the implications that each of the confirmed relationships has on managerial decision-making. An understanding of the way in which the confirmed relationships can be enhanced should enable decision-makers to manage their relationships with their clients better.

8.5.1 *Trust*

The present study confirmed the important role of *trust* when marketing relationships are managed. It was found that *satisfaction, communication, competence, customisation* and *shared values* are positively related to *trust*, while *commitment* and *intention to stay* were found to be consequences of *trust*.

Trust should develop when financial services providers understand that clients view credibility and integrity as the key drivers of *trust*. Credibility and integrity can be built by financial services providers by focusing on essential elements such as honesty (which is associated with sincerity), acting responsible, being concerned about the business of a client, being helpful when possible problems arise with clients' accounts and focusing on being fair. Financial services providers should also focus on the reliability of their services, which in principle constitutes that promises should be kept.

8.5.2 *Commitment*

The important contribution of *commitment* when marketing relationships are managed was confirmed in the present study. It was found that *trust, communication, shared values, attractiveness of alternatives* and *relationship benefits* are all positively related to *commitment*, while *commitment* was found to be an antecedent of *intention to stay*.

Financial services decision-makers should focus on the ways in which *commitment* can be managed. It was found that an important component of an exchange partner's *commitment* to a relationship is the willingness of both parties to maintain the relationship. *Commitment* implies that both the financial services provider and the clients are willing to invest time and other resources to continue and maintain the relationship. However, clients will only invest in a relationship if they (the clients) perceive the relationship with the financial services provider as beneficial. A beneficial relationship is (from the viewpoint of a financial services client) characterised by a service provider's willingness to invest in the relationship, as well as the enthusiasm with which a service provider is willing to travel the "extra mile" to maintain the relationship.

Long-term marketing relationships in B2B financial services cannot be managed unless both parties are committed to the relationship. Together, *trust* and *commitment* form the two key dimensions of a marketing relationship.

8.5.3 *Satisfaction*

In the present study, *satisfaction* was found to be a significant antecedent of both *trust* and *intention to stay*, which confirms the important role of *satisfaction* when relationships are managed in B2B financial services. *Satisfaction* can be managed if financial services providers are familiar with clients' expectations. One of the ways in which expectations can be met, is by offering a product and service range that fulfil clients' needs. Once expectations are met, financial services providers can start focusing on exceeding clients' expectations, thereby creating service excellence. In the current study, the purpose of *satisfaction* was to positively contribute to an exchange partner's general evaluation of the service and thereby enhancing the possibility that an exchange partner will maintain a relationship.

8.5.4 *Communication*

The importance of *communication* in relationship management was confirmed in the present study, and the dimension was found to be an antecedent of both *trust* and *commitment*. From the viewpoint of B2B financial services clients, the purpose of effective *communication* is, amongst others, to reduce uncertainty and subsequently risk. In order to accomplish this objective, relationship managers should keep clients well informed on issues that are important to such clients.

Effective *communication* can firstly be achieved by focusing on the quality of *communication*. In terms of annual turnover, B2B clients are often viewed as more valuable to financial services providers than B2C clients, which implies that the quality of *communication* with these clients are very important. Financial services providers should make an effort to share relevant information with clients by, for example, inviting clients to informational meetings (such as quarterly economic outlooks). A client contact programme could also be instituted through which both the financial services provider and the clients can take initiative to keep in touch about the problems that may arise. In this way, possible misunderstandings can be avoided or resolved. It goes without saying that the quality of information is directly influenced by the accuracy of, for example, monthly statements.

Secondly, financial services providers should focus on the timeliness of *communication*. Financial services providers should keep in mind that B2B clients often work on tight time schedules, and financial services providers should deliver a service that supports these schedules. Relationship managers should therefore be knowledgeable about clients' schedules, and where required, regular follow-up should be done.

Thirdly, financial services providers should emphasise the *communication* channels through which they communicate with B2B clients. Electronic resources are becoming increasingly important and B2B clients' increased mobility necessitates the use of electronic devices. However, these devices should be used without losing focus of the importance of individual clients. Electronic resources can hardly replace the role of relationship managers, and emphasis should be placed on the quality of human interactions. Relationship managers who are open in their dealings with clients, easy to talk to, showing patience when necessary and being able to communicate in a language that is appropriate to the needs of the client (for example, free of jargon), remain key components of *communication*.

Fourthly, B2B clients should only receive relevant information to ensure that important *communication* do not end up as junk mail. Less is more might be an important principle in this instance.

8.5.5 ***Competence***

The positive effect of *competence* on *trust* was confirmed in both the relationship manager and the client samples. It might be argued that a B2B client will only engage in a relationship with a financial services provider if the services provider is being viewed as generally competent.

The specific focus of the present study was on the perceived *competence* of the services provider's staff. Staff members (and specifically relationship managers) are viewed as competent if they are observed as experts in their fields, as knowledgeable and as having sufficient experience in the field of financial services. B2B clients are becoming more sophisticated in terms of their knowledge about market trends, opportunities and challenges in the financial environment. Emphasis should therefore be placed on the continuous training and development of relationship managers in relevant areas (such as the interpretation of legislation and the relevance thereof for their clients).

Clients' perceptions of relationship bankers' experience is pertinent when they assess the *competence* of relationship managers. It could therefore be valuable for financial services providers to assign more experienced relationship managers to valuable clients.

8.5.6 ***Customisation***

One of the unexpected findings of the present study (and more specifically, in terms of the relationship manager sample) was that *customisation* has a negative effect on *trust*. The implication of this finding is that (according to relationship managers) financial services providers do not need to offer customised solutions to their clients.

Relationship managers therefore think that clients do not seem to have a need for customised products and services and that clients are satisfied with the “standard” products and services.

The managerial implication of this finding is that, contrary to the marketing literature and popular belief, financial services providers feel that they need not be too flexible when offering solutions to clients’ problems. Changes in clients’ needs should therefore be addressed in ways other than changing products and services. This does not mean that *customisation* is not relevant; changes in clients’ needs may warrant *customisation* to meet new demands. *Customisation* may yield other benefits (such as *satisfaction* and certainty) but will not directly enhance the changes of staying in a relationship.

The opposite of the findings for this relationship was however confirmed in the client sample, where it was found that clients expect financial services providers to customise their products and services to fulfil the changing needs of B2B clients. Service offerings can, however, only be customised if financial services providers have sufficient knowledge of their clients and the financial providers’ systems, procedures and policies allow deviations. In order to develop a comprehensive view of B2B clients’ needs, proper research should be conducted. Financial services providers should be flexible to accommodate unforeseen problems that clients may experience, and services should be tailor-made to accommodate unexpected changes in clients’ needs. Personalised attention should be provided to B2B clients, which will enable financial services providers to recommend financial solutions that are deemed appropriate for specific clients.

It should be kept in mind that a B2B client has selected a specific financial services provider based on the fact that this services provider offers, amongst, others, the “best fit” for the client’s business needs. By customising products and services, the service provider can influence the building of *trust* and *satisfaction* between the financial services provider and its clients.

8.5.7 *Shared values*

The study found that *shared values* is an antecedent of both *trust* and *commitment* (both samples), which implies that clients prefer that the financial services provider's business values should be in agreement with that of their own.

When *shared values* are addressed, financial services providers should ensure that the parties have respect for each other's business values. In turn, respect can be built if exchange partners have the same views about business practices. However, establishing *shared values* is more than having similar beliefs; it also involves a process through which financial services providers and clients develop a true understanding of each other's business values.

South African financial services providers should take specific notice of the cultural differences amongst B2B clients. It might be valuable for relationship managers to consider and understand the business values that might be important for the different cultural groups. The provision of financial services to a specific religious group by one of the major South African role players, serves as an example in this respect.

Furthermore, multi-national financial services providers should be cautious to exchange relationship managers between countries, since their staff members are often not familiar with local circumstances and therefore business values. It should be kept in mind that relationship management is delayed if time and effort is wasted on working out differences between a relationship manager and a client.

By incorporating *shared values* in intentions to build *trust* and *commitment*, a financial services provider influences a client's *intention to stay* in the relationship with the financial services provider.

8.5.8 *Attractiveness of alternatives*

Attractiveness of alternatives was found to be a significant antecedent of *commitment* (both samples). The implication of this finding is that B2B clients will reconsider their *intention to stay* in a marketing relationship if worthwhile alternatives to the existing relationship are detected.

The level of competition in the South African B2B financial services industry necessitates financial services providers to be aware of the alternatives available to clients. For example, it was found that B2B clients compare the fees of their current financial services providers to those offered by competing providers. Financial services providers should therefore be aware of the fee structures of competitors, and these fees should be kept in mind when decisions are taken in respect of annual increases in fees. Although B2B clients might be less sensitive to price increases, the fees charged by services providers are important considerations for clients.

B2B clients also consider the width and service range of the financial services provider as an indicator of the *attractiveness of alternatives*. A client might select a financial services provider based on the fact that the selection of products and services on offer fits the client's specific needs. With the increased emphasis on the creation of value, B2B clients continuously search for business partners that may be partnering them in the co-creation of value. If B2B clients find a selection of services that might create better value for them (the clients) than the existing provider, they might reconsider their intentions to stay in a relationship.

8.5.9 *Relationship benefits*

The relationship between *relationship benefits* and *commitment* was confirmed in the relationship manager sample. This implies that financial services providers firstly have to identify the type of benefits that are sought after by B2B clients carefully, and secondly, that these benefits should be delivered in such a way that they contribute positively to the management of the relationship. B2B clients increasingly focus on value, which is primarily (but not exclusively) measured in financial terms. Relationships with financial services providers therefore have to contribute to improved performances of the businesses of clients.

Relationship benefits are often categorised in terms of extrinsic benefits (the material or financial benefits that are exchanged in a relationship) and intrinsic benefits (non-material or indirect, such as social benefits). Due to the nature of the B2B financial services industry, financial services providers should mainly focus on extrinsic benefits. In order to achieve this objective, *relationship benefits* can be managed in a number of ways. Firstly, financial services providers should be innovative in their service offerings, since clients prefer cutting-edge solutions to their financial needs. If a South African financial services provider achieves the reputation of being an innovative provider, it might attract more clients and existing clients may decide to remain in their relationships.

Secondly, relationship managers should also assist clients to pursue business opportunities. Financial services providers should not only fulfil the role of providing financial services, but should play a more supportive role in clients' businesses. This role can be fulfilled, amongst others, by informing clients of new opportunities and by providing assistance on the assessment of each opportunity.

8.6 CONTRIBUTION OF THE PRESENT STUDY

As far as could be ascertained, the present study is the first in its kind to consider the perceptions of both the financial services provider and his/her clients simultaneously. Although some studies were found in which relationship management models were developed, such studies were often based either on the perceptions of the financial services provider or on those of his/her clients. Furthermore, models often appear to focus on a sub-section of the complete model (therefore assessing only certain relationships). It was therefore found that the marketing literature appears to be fragmented in terms of the way in which marketing relationships should be managed. Given this fragmented body of knowledge, this study is the first to suggest a summary of confirmed relationships for the management of long-term relationships in the B2B financial services industry.

Published empirical research on relationship management in the South African B2B financial services industry is limited. Where research is available, it focuses on either general B2B industries and/or service industries in general, but not on the B2B financial services industry as such. Through this study, a contribution is made to the body of knowledge in respect of the South African B2B financial services industry.

A further contribution of the present study is the development of a scale that can be used by financial services providers to assess the perceptions of both relationship managers and B2B clients. Both the reliability and the validity of the scale were confirmed.

A secondary objective of the study was met and a valuable contribution was made by identifying a comprehensive set of 25 dimensions that are often used to manage long-term marketing relationships. Since the identification of these dimensions was done across different industries, the set of dimensions is generic and particular combinations thereof can be useful to analyse relationships in particular industries.

The findings of the study indicated that it might be invalid to concentrate on the perceptions of one of the parties (either the relationship manager or the client) only. Although it was not the objective of this study to assess which of the two parties' perceptions are more accurate, the research did indicate that relationship managers appear to overestimate that which is relevant and important in service delivery.

The differences in the perceptions that emerged from the two samples point to a gap between the financial institutions and its clients. This might be especially applicable to situations where service offerings are based on relationship manager perceptions rather than on client perceptions. This is very similar to the first provider gap (not knowing what clients expect) of the GAPS model of service delivery discussed in Chapter 2.

8.7 LIMITATIONS OF THE PRESENT STUDY

The present study reported that some of the dimensions were highly correlated, which led to the problem of multicollinearity. In the client sample, an inspection of the correlation coefficients of the independent variables revealed that multicollinearity was a problem especially amongst two of the variables, namely *bonding* and *relationship benefits*. These two dimensions subsequently had to be removed.

Due to the relatively small number of respondents (52) participating in the first empirical phase of this study, the results of this first phase might to a certain degree be regarded as of an exploratory nature. A larger sample size might have produced different findings. However, the financial services provider participating in the present study specified restrictions in respect of the number of relationship managers that were allowed to participate in each phase of the research.

A further limitation was the reliability of the *attractiveness of alternatives* dimension, which was below the generally accepted Cronbach value of 0.70 in the case of the relationship manager sample. This implies that the items used in connection with *attractiveness of alternatives* did not measure this particular dimension very well.

8.8 FUTURE RESEARCH

This study provided a new perspective on the dimensions relevant for establishing and managing relationships in the B2B financial services industry. However, the study also presents opportunities for further research in a number of ways.

It could be of value to assess the degree to which the findings of this study correlate with those of similar studies in the B2C (as opposed to the B2B industry). It can only be assumed that B2C clients might use a different set of dimensions when assessing their relationships with their financial institutions than B2B clients. For example, it is expected that B2C might use a less rational approach to relationship management than B2B clients.

Although it is outside the scope of the present study, it would have been noteworthy to assess the influence of client demographics on relationship management. Especially the influence of culture on the establishment of relationships might be useful for managing relationships of this nature.

The study also presents the opportunity to be replicated in different industries. For example, replication can be performed amongst other South African B2B financial services providers as well as South African service providers in industries other than B2B financial services. A further possibility is that the present study can be replicated in an international context in order to assess the differences between different countries' financial services industries.

The prominence of the role that nongovernmental organisations (NGOs) in South Africa gained in addressing numerous challenges raises the question whether the results of this study can be generalised to non-profit organisations. The concept of relationship marketing appears to be less well established in the non-profit industry, with only a limited number of studies addressing this industry. It is envisaged that the importance of the management of relationships in NGOs will increase and, in such an event, the findings of the present study could be of value.

This study is a further step towards building a generic model through which relationships in the B2B industry can be managed.

8.9 CONCLUSIONS

The re-emergence of relationship marketing provided marketers with the opportunity to manage long-term relationships with clients. From the literature review of this study, it became evident that almost all industries can gain by utilising a relationship marketing approach. As pointed out in Chapter 3, the roots of relationship marketing lie in service marketing and industrial (B2B) marketing, and within this context, the B2B financial services industry is no exception.

The findings of the present study provided a summarised model through which the financial services industry can build relationships with B2B clients in the long run. The uniqueness of this model lies in the simultaneous consideration of the perceptions of both relationship managers and B2B clients. By doing so, so-called “gaps” in service delivery could be identified. Through focusing on these gaps in service delivery, as well as on the way in which long-term relationships can be managed, B2B financial services providers can realise an increase in the effectiveness of their marketing activities through improved customer retention.

REFERENCES

Abdul-Muhmin, A.G. (2005). Instrumental and interpersonal determinants of relationship satisfaction and commitment in industrial markets. *Journal of Business Research*, 58(5):619-628.

Abratt, R. & Sacks, D. (1989). Perceptions of the societal marketing concept. *European Journal of Marketing*, 23(6):25-33.

Achrol, R.S. (1991). Evolution of the marketing organization: new forms for turbulent environments. *Journal of Marketing*, 55(4):77-93.

Adamson, I., Chan, K. & Handford, D. (2003). Relationship marketing: customer commitment and trust as a strategy for the smaller Hong Kong corporate banking sector. *International Journal of Bank Marketing*, 21(6/7):347-358.

Aijo, T.S. (1996). The theoretical and philosophical underpinnings of relationship marketing: environmental factors behind the changing marketing paradigm. *European Journal of Marketing*, 30(2):8-18.

Andaleeb, S.S. (1995). Dependence relations and the moderating role of trust: implications for behavioural intentions in marketing channels. *International Journal of Research in Marketing*, 12(2):157-172.

Andaleeb, S.S. (1996). An experimental investigation of satisfaction and commitment in marketing channels: the role of trust and dependence. *Journal of Retailing*, 72(1):77-93.

Anderson, J.C. & Narus, J.A. (1990). A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54(1):42-58.

Anderson, E. & Weitz, B. (1989). Determinants of continuity in conventional industrial channel dyads. *Marketing Science*, 8(4):310-323.

Anderson, E. & Weitz, B. (1992). The use of pledges to build and sustain commitment in distribution channels. *Journal of Marketing Research*, 29(1):18-34.

Anderson, P.F. (1982). Marketing, strategic planning and the theory of the firm. *Journal of Marketing,* 46(2):15-26.

Arndt, J. (1979). Toward a concept of domesticated markets. *Journal of Marketing*, 43(4):69-75.

Athaide, G.A., Meyers, P.W. & Wilemon, D.L. (1996). Seller-buyer interactions during the commercialization of technological process innovations. *Journal of Product Innovation Management*, 13(5):406-421.

Aulakh, P.S., Kotabe, M. & Sahay, A. (1996). Trust and performance in crossborder marketing partnerships: a behavioral approach. *International Business Studies*, 27(5):1005-1032.

Baker, M.J. (1974). *Marketing: an introductory text.* 2nd edition. London: Macmillan.

Ballantyne, D. (1996). Getting your way in business. *Asia-Australia Marketing Journal*, 4(1):3-6.

Barber, B. (1983). *The logic and limits of trust*. New York: Rutgers.

Bartels, R. (1951). Can marketing be a science? *Journal of Marketing*, 15(3):319-328.

Bateson, J.E.G. (1977). Do we need service marketing? *Marketing Consumer Services: New insights*. Marketing Science Institute Report:77-115.

Batt, P.J. (2000). Modelling buyer-seller relationships in agribusiness in South East Asia. *Proceedings of the 16th Annual Conference of the Industrial Marketing and Purchasing Group*. Bath, England, 7-9 September 2000.

Batt, P.J. (2001). Building trust in the fresh produce industry. *Proceedings of the Annual Conference of the Australian and New Zealand Marketing Academy*. Auckland, New Zealand, 1-5 December 2001.

Batt, P.J. & Purchase, S. (2004). Managing collaboration within networks and relationships. *Industrial Marketing Management*, 33(3):169-174.

Baumol, W.J. (1957). On the role of marketing theory. *Journal of Marketing*, 21(4):413-418.

Bejou, D., Ennew, C.T. & Palmer, A. (1998). Trust, ethics and relationship satisfaction. *International Journal of Bank Marketing*, 16(4):170-175.

Bell, M.L. (1966*). Marketing: concepts and strategy*. London: MacMillan.

Bell, M.L. & Emory, C.W. (1971). The faltering marketing concept. *Journal of Marketing*, 35(4):37-42.

Bendapudi, N. & Berry, L.L. (1997). Customer's motivations for maintaining relationships with service providers. *Journal of Retailing*, 73(1):15-37.

Bennett, A.R. (1997). The five Vs – a buyer's perspective of the marketing mix. *Marketing Intelligence and Planning*, 15(3):151-156.

Bennett, R.C. & Cooper, R.G. (1981). The misuse of marketing: an American tragedy. *Business Horizons*, 24(6):51-61.

Berry, L.L. (1980). Service marketing is different. *Business*, 30(May-June):24-29.

Berry, L.L. (1983). Relationship marketing, in L.L. Berry, G.L. Shostack & G. Upah (eds.). *Emerging perspectives on services marketing.* Chicago: American Marketing Association.

Berry, L.L. (1995). Relationship marketing of services – growing interest, emerging perspectives. *Journal of the Academy of Marketing Science*, 23(4):236-245.

Berry, L.L. & Parasuraman, A. (1991). *Marketing services*: *competing through quality*. New York: Free Press.

Berry, L.L., Zeithaml, V.A. & Parasuraman, A. (1990). Five imperatives for improving service quality. *Sloan Management Review*, 31(4):29-38.

Bitner, M.J. (1990). Evaluating service encounters: the effects of physical surroundings and employee responses. *Journal of Marketing*, 54(2):69-82.

Blenkhorn, D.L. & MacKenzie, H.F. (1996). Interdependence in relationship marketing. *Asia-Australia Marketing Journal*, 4(1):25-30.

Blois, K.J. (1996). Relationship marketing in organizational markets: when is it appropriate? *Journal of Marketing Management*, 12(1-3):161-173.

Bodet, G. (2007). Customer satisfaction and loyalty in service: two concepts, four constructs, several relationships. *Journal of Retailing and Consumer Services*, 15(3):156-162.

Bolton, R.N. & Drew, J.H. (1991). A longitudinal analysis of the impact of service changes on customer attitudes. *Journal of Marketing*, 55(1):1-9.

Bordon, N.H. (1964). The concept of the marketing mix. *Journal of Advertising Research*, 4(2):7-12.

Bove, L.L. & Robertson, N.L. (2005). Exploring the role of relationship variables in predicting customer voice to a service worker. *Journal of Retailing and Consumer Services*, 12(2):83-97.

Brodie, R.J., Coviello, N.E., Brookes, R.W. & Little, V. (1997). Towards a paradigm shift in marketing? An examination of current marketing practices. *Journal of Marketing Management*, 13(5):383-406.

Brown, S.W., Fisk, R.P. & Bitner, M.J. (1994). The development and emergence of services marketing thought. *Industrial Journal of Service Industry Management,* 5(1):21-48.

Burnham, T.A., Frels, J.K. & Mahajan, V. (2003). Consumer switching costs: a typology, antecedents, and consequences. *Journal of the Academy of Marketing Science*, 31(2):109-121.

Buttle, F. (1996). *Relationship marketing: theory and practice*. London: Paul Chapman Publishing.

Buzzell, R.D. (1963). Is marketing a science? *Harvard Business Review*, 41(1):32-40.

Canary, D.J. & Cupach, W.R. (1988). Relational and episodic characteristics associated with conflict tactics. *Journal of Social and Personal Relationships*, 5(3):305-325.

Chen, H-G, Chen, E.T. & Yeh, A. (2003). The effects of relationship commitment and trust on business to consumer electronic commerce – the case of Taiwan. *Communications of the International Information Management Association*, 3(1):35-45.

Chow, S. & Holden, R. (1997). Toward an understanding of loyalty: the moderating role of trust. *Journal of Managerial Issues*, 9(3):275-298.

Christopher, M., Payne, A. & Ballantyne, D. (2002). *Relationship marketing: creating stakeholder value*. Oxford: Butterworth Heinemann.

Christy, R., Oliver, G. & Penn, J. (1996). Relationship marketing in consumer markets. *Journal of Marketing Management*, 12(1-3):175-187.

Chiu, H-C., Hsieh, Y-C., Li, Y-C. & Lee, M. (2005). Relationship marketing and consumer switching behaviour. *Journal of Business Research*, 58(12):1681-1689.

Clark, M. & Payne, A. (1994). Achieving long-term customer loyalty: a strategic approach. *Proceedings of the Annual Marketing Education Group Conference*. Ulster.

Claycomb, C. & Frankwick, G.L. (2005). The dynamics of buyers' perceived costs during a relationship development process: an empirical assessment. *Journal of Business Research*, 58(12):1662-1671.

Colgate, M. & Hedge, R. (2001). An investigation into the switching process in retail banking services. *International Journal of Bank Marketing*, 19(5):201-212.

Coleman, J.S. (1990). *Foundations of social theory*. Cambridge: Harvard University Press.

Congram, C.A. (1991). Building relationships that last, in C.A. Congram & M.L. Friedman. *The AMA handbook for marketing for the service industries*. New York: American Management Association. 263-279.

Converse, P.D. (1945). The development of a science of marketing. *Journal of Marketing*, 10(1):14-23.

Cooper, D.R. & Schindler, P.S. (2006). *Marketing research*. New York: McGraw-Hill.

Coote, L.V., Forrest, E.J. & Tam, T.W. (2003). An investigation into commitment in non-Western industrial marketing relationships. *Industrial Marketing Management*, 32(7):595-604.

Copeland, M.T. (1923). Relation of consumer's buying habits to marketing methods. *Harvard Business Review*, 1(3):282-289.

Costabile, M., Raimondo, M.A. & Miceli, G. (2002). A dynamic model of customer loyalty. *Proceedings of the 31st Annual Conference of the European Marketing Academy*. Braga, Portugal, 28-31 May 2002.

Coulter, K.S. & Coulter, R.A. (2003). The effects of industry knowledge on the development of trust in service relationships. *International Journal of Research in Marketing*, 20(1):31-43.

Coviello, N.E., Brodie, R.J. & Munro, H.J. (1997). Understanding contemporary marketing: development of a classification scheme. *Journal of Marketing Management*, 13(6):501-522.

Craig. S.R. (1990). How to enhance customer connections. *Journal of Business Strategy*, 11(4):22-26.

Cronin, J.J. & Taylor, S.A. (1992). Measuring service quality: a re-examination and extension. *Journal of Marketing*, 56(3):55-68.

Crosby, L.A. (2002). Exploding some myths about customer relationship management. *Managing Service Quality*, 12(5):271-277.

Crosby, L.A., Evans, K.R. & Cowles, D. (1990). Relationship quality in services selling: an interpersonal influence perspective. *Journal of Marketing*, 54(3):68-81.

Day, G.S. (1994). The capabilities of market-driven organizations. *Journal of Marketing*, 58(4):37-52.

Day, J., Dean, A.A. & Reynolds, P.L. (1998). Relationship marketing: its key role in entrepreneurship. *Long Range Planning*, 31(6):828-837.

De Ruyter, K., Moorman, L. & Lemmink, J. (2001). Antecedents of commitment and trust in customer-supplier relationships in high technology markets. *Industrial Marketing Management*, 30(3):271-286.

De Ruyter, K. & Wetzels, M. (1999). Commitment in auditor-client relationships: antecedents and consequences. *Accounting, Organizations and Society*, 24(1):57-75.

De Wulf, K. & Odekerken-Schröder, G. (2000). The influence of seller relationship orientation and buyer relationship proneness on trust, commitment, and behavioural loyalty in a consumer environment. Unpublished working paper, University of Ghent: Belgium.

De Wulf, K., Odekerken-Schröder, G. & Schumacher, P. (2000). Why it takes two to build successful buyer-seller relationships. Unpublished working paper, University of Ghent: Belgium.

De Wulf, K. & Odekerken-Schröder, G. (2001). A critical review of theories underlying relationship marketing in the context of explaining consumer relationships. *Journal for the Theory of Social Behaviour*, 31(1):73-101.

Denize, S. & Young, L. (1996). Measuring commitment in business service relationships. *Proceedings of the International Conference on Relationship Marketing*. Berlin, Germany, 29-31 March 1996.

Doney, P.M. & Cannon, J.P. (1997). An examination of the nature of trust in buyer-seller relationships. *Journal of Marketing*, 61(2):35-51.

Drucker, P. (1957). *The practice of management*. Melbourne: Heinemann.

Duarte, M. & Davies, G. (2000). Trust as a mediating variable in a complex model of channel member behaviour. *Proceedings of the 16th Annual Conference of the Industrial Marketing and Purchasing Group.* Bath, England, 7-9 September 2000.

Dwyer, F.R., Schurr, P.H. & Oh, S. (1987). Developing buyer-seller relationships. *Journal of Marketing*, 51(2):11-27.

Egan, J. (2000). Drivers to relational strategies in retailing. *International Journal of Retail & Distribution Management*, 28(8):379-386.

Eiriz, V. & Wilson, D. (1999). Theoretical foundations and research priorities in relationship marketing. *Proceedings of the 28th Annual Conference of the European Marketing Academy*. Berlin, Germany, 11-14 May 1999.

Evans, J.R. & Berman, B. (1994). *Marketing.* 6th edition. New York: Macmillan.

Felton, A.P. (1959). Making the marketing concept work. *Harvard Business Review*, 37(4):55-65.

Fontenot, R.J. & Hyman, M.R. (2004). The antitrust implications of relationship marketing. *Journal of Business Research*, 57(11):1211-1221.

Fontenot, R.J. & Wilson, E.J. (1997). Relational exchange: a review of selected models for a prediction matrix of relationship activities. *Journal of Business Research*, 39(1):5-12.

Fournier, S. (1998). Consumers and their brands: developing relationship theory in consumer research. *Journal of Consumer Research*, 24(4):343-373.

Friman, M., Gärling, T., Millet, B., Mattsson, J. & Johnston, R. (2002). An analysis of international business-to-business relationships based on the commitment-trust theory. *Industrial Marketing Management*, 31(5):403-409.

Fullerton, G. (2005). The service quality-loyalty relationship in retail services: does commitment matter? *Journal of Retailing and Consumer Services*, 12(2):99-111.

Galli, G. & Nardin, G. (2003). Choice under uncertainty: the role of trust. *Proceedings of the Annual Conference of the Industrial Marketing and Purchasing Group.* Lugano, Switzerland, 4-6 September 2003.

Ganesan, S. (1994). Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing*, 58(2):1-19.

Ganesan, S. & Hess, R. (1997). Dimensions and levels of trust: implications for commitment to a relationship. *Marketing Letters*, 8(4):439-448.

Gao, T., Sirgy, M.J. & Bird, M.M. (2005). Reducing buyer decision-making uncertainty in organizational purchasing: can supplier trust, commitment, and dependence help? *Journal of Business Research*, 58(4):397-405.

Garbarino, E. & Johnson, M.S. (1999). The different roles of satisfaction, trust and commitment in customer relationships. *Journal of Marketing*, 63(2):70-87.

Geyskens, I. & Steenkamp, J-B.E.M. (1995). An investigation into the joint effects of trust and interdependence on relationship commitment. *Proceedings of the 24th Annual Conference of the European Marketing Academy*. Paris, France, 16-19 May 1995.

Geyskens, I., Steenkamp, J-B.E.M., Scheer, L.K. & Kumar, N. (1996). The effects of trust and interdependence on relationship commitment: a trans-Atlantic study. *International Journal of Research in Marketing*, 13(4):303-317.

Geyskens, I., Steenkamp, J-B.E.M. & Kumar, N. (1998). Generalizations about trust in marketing channel relationships using meta-analysis. *International Journal of Research in Marketing*, 15(3):223-248.

Geyskens, I., Steenkamp, J-B.E.M. & Kumar, N. (1999). A meta-analysis of satisfaction in marketing channel relationships. *Journal of Marketing Research*, 36(2):223-238.

Gill, A.S., Flaschner, A.B. & Shachar, M. (2006). Factors that affect the trust of business clients in their banks. *International Journal of Bank Marketing*, 24(6):384-405.

Goodman, L.E. & Dion, P.A. (2001). The determinants of commitment in the distributor-manufacturer relationship. *Industrial Marketing Management*, 30(3):287-300.

Gounaris, S.P. (2005). Trust and commitment influences on customer retention: insights from business-to-business services. *Journal of Business Research*, 58(2):126-140.

Gounaris, S.P. & Venetis, K. (2002). Trust in industrial service relationships: behavioural consequences, antecedents and the moderating effect of the duration of the relationship. *Journal of Services Marketing*, 16(7):636-655.

Gordon, I.H. (1998). *Relationship marketing: new strategies, techniques and technologies to win the customers you want and keep them forever*. Toronto: John Wiley.

Grayson, R.A. (1971). *Introduction to marketing: a practical approach*. New York: Appleton-Century-Crofts.

Grewal, R., Cote, J.A. & Baumgartner, H. (2004). Multicollinearity and measurement error in structural equation models: implications for theory testing. *Marketing Science*, 23(4):519-529.

Grönroos, C. (1983). *Strategic management and marketing in the service sector*. Boston: Marketing Science Institute.

Grönroos, C. (1989). Defining marketing: a market-oriented approach. *European Journal of Marketing*, 23(1):52-60.

Grönroos, C. (1990). Relationship approach to marketing mix in service contexts: the marketing and organization behaviour interface. *Journal of Business Research*, 20(1):3–11.

Grönroos, C. (1994). From marketing mix to relationship marketing: towards a paradigm shift in marketing. *Management Decision*, 32(2):4-20.

Grönroos, G. (1996). Relationship marketing logic. *Asia-Australia Marketing Journal*, 4(1):7-18.

Gruen, T.W. (1995). The outcome set of relationship marketing in consumer markets. *International Business Review*, 4(4):447-469.

Gummesson, E. (1994). Making relationship marketing operational. *International Journal of Service Industry Management*, 5(5):5-20.

Gummesson, E. (1996). Relationship marketing: the emperor's new clothes or a paradigm shift? Research Methodologies for the New Marketing. *ESOMAR Publication Series*, 204:3-21.

Gummesson, E. (1997). Relationship marketing as a paradigm shift: some conclusions from the 30R approach. *Management Decision*, 35(3/4):267-272.

Gummesson, E. (1998). Implementation requires a relationship marketing paradigm. *Journal of the Academy of Marketing Science*, 26(3):242-249.

Gummesson, E. (2002). *Total relationship marketing: marketing management, relationship strategy and CRM approaches for the network economy*. Oxford: Butterworth Heinemann.

Gundlach, G.T., Achrol, R.S. & Mentzer, J.T. (1995). The structure of commitment in exchange. *Journal of Marketing*, 59(1):78-92.

Gutiérrez, S.S., Cillán, J.G. & Izquierdo, C.C. (2004). The consumer's relational commitment: main dimensions and antecedents. *Journal of Retailing and Consumer Services*, 11(6):351-367.

Hair, J.F., Anderson, R.E., Tatham, R.L. & Black, W.C. (1998). *Multivariate data analysis.* 5th edition. New Jersey: Prentice Hall.

Hair, J.F., Black, W.C., Babin, B.J., Anderson R.E. & Tatham, R.L. (2006). *Multivariate data analysis.* 6th edition. New Jersey: Pearson Prentice Hall.

Hallén, L., Johanson, J. & Seyed-Mohamed, N. (1991). Interfirm adaptation in business relationships. *Journal of Marketing*, 55(2):29-37.

Halliday, S.V. (2004). How "placed trust" works in a service encounter. *Journal of Services Marketing*, 18(1):45-59.

Hallowell, R. (1996). The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study. *International Journal of Service Industry Management*, 7(4):27-42.

Handfield, R.B. & Bechtel, C. (2002). The role of trust and relationship structure in improving supply chain responsiveness. *Industrial Marketing Management*, 31(4):367-382.

Harker, M.J. (1999). Relationship marketing defined? An examination of current relationship marketing definitions. *Marketing Intelligence & Planning*, 17(1):13-20.

Heide, J.B. & John, G. (1988). The role of dependence balancing in safeguarding transaction-specific assets in conventional channels. *Journal of Marketing*, 52(1):20-35.

Heide, J.B. & John, G. (1992). Do norms matter in marketing relationships? *Journal of Marketing*, 56(2):32-44.

Hocutt, M-A. (1998). Relationship dissolution model: antecedents of relationship commitment and the likelihood of dissolving a relationship. *International Journal of Service Industry Management*, 9(2):189-200.

Hoekstra, J.C. & Huizingh, E.K.R.E. (1996). The lifetime value concept: its use for relationship marketing. Research Methodologies for the New Marketing. *ESOMAR Publication Series*, 204:41-65.

Homburg, C., Giering, A. & Menon, A. (2003). Relationship characteristics as moderators of the satisfaction-loyalty link: findings in a business-to-business context. *Journal of Business-to-Business Marketing*, 10(3):35-62.

Homburg, C., Workman, J.P. & Jensen, O. (2000). Fundamental changes in marketing organization: the movement toward a customer-focused organizational structure. *Journal of the Academy of Marketing Science*, 28(4):459-478.

Houston, F.S. (1986). The marketing concept: what it is and what it is not. *Journal of Marketing*, 50(2):81-87.

Hoyt, E.E. (1944). The place of Gestalt theory in the dynamics of demand. *American Journal of Economics and Sociology*, 4(1):81-85.

Hunt, S.D. (1976). The nature and scope of marketing. *Journal of Marketing*, 40(3):17-28.

Hunt, S.D. (1991). *Modern marketing theory: critical issues in the philosophy of marketing science*. Cincinnati: South-Western.

Hunt, S.D. & Nevin, J.R. (1974). Power in a channel of distribution: sources and consequences. *Journal of Marketing Research*, 11(2):186-193.

Hutchinson, K.D. (1952). Marketing as a science: an appraisal. *Journal of Marketing*, 16(1):286-293.

Imrie, B.C., Cadogan, J.W. & McNaughton, R. (2002). The service quality construct on a global stage. *Managing Service Quality*, 12(1):10-18.

Ivens, B.S. & Pardo, C. (2003). Are key account relationships different? Empirical results on supplier strategies and customer reactions. *Proceedings of the 19th Annual Conference of Industrial Marketing and Purchasing Group.* Lugano, Switzerland, 4-6 September 2003.

Jevons, C. & Gabbott, M. (2000). Trust, brand equity and brand reality in internet business relationships: an interdisciplinary approach. *Journal of Marketing Management*, 16(6):619-634.

Jobber, D. & Lancaster, G. (2003). *Selling and sales management.* 6th edition. Essex: Prentice-Hall.

John, G. & Reve, T. (1982). The reliability and validity of key informant data from dyadic relationships in marketing channels. *Journal of Marketing Research*, 19(4):517-524.

Johnson, D. & Grayson, K. (2005). Cognitive and affective trust in service relationships. *Journal of Business Research*, 58(4):500-507.

Johnston, R. & Lawrence, P.R. (1988). Beyond vertical integration – the rise of the value-adding partnership. *Harvard Business Review*, 66(4):94-101.

Jordan, J. & Kaas, K.P. (2002). Advertising in the mutual fund business: the role of judgemental heuristics in private investors' evaluation of risk and return. *Journal of Financial Services Marketing*, 7(2):129-140.

Kandampully, J. & Duddy, R. (1999). Relationship marketing: a concept beyond the primary relationship*. Marketing Intelligence & Planning*, 17(7):315-323.

Kang, I., Jeon, S., Lee, S. & Lee, C-K. (2005). Investigating structural relations affecting the effectiveness of service management. *Tourism Management*, 26(3):301-310.

Kaldor, A.G. (1971). Imbricative marketing. *Journal of Marketing*, 35(2):19-25.

Keith, R.J. (1960). The marketing revolution. *Journal of Marketing*, 24(3):35-38.

Kent, R.A. (1986). Faith in four Ps: an alternative. *Journal of Marketing Management*, 2(2):145-154.

Kirchmajer, L. & Patterson, P.G. (1998). Interpersonal communication, social bonding and relationship commitment in small professional service enterprises: a client perspective. *Proceedings of the Annual Conference of the Australian and New Zealand Marketing Academy.* Otago, New Zealand, 30 November-2 December 1998.

Kotler, P. (1972a). A generic concept of marketing. *Journal of Marketing*, 36(2):46-54.

Kotler, P. (1972b). *Marketing management: analysis, planning and control.* 2nd edition. New Jersey: Prentice-Hall.

Kotler, P. (1986). Megamarketing. *Harvard Business Review*, 64(2):117-124.

Kotler, P. (2003). *Marketing management.* 11th edition. New Jersey: Prentice-Hall.

Kotler, P. & Levy, S.J. (1969). Broadening the concept of marketing. *Journal of Marketing*, 33(1):10-15.

Kumar, N. (1996). The power of trust in manufacturer-retailer relationships. *Harvard Business Review*, 74(6):92-106.

Lages, L.F., Lancastre, A. & Lages, C. (2008). The B2B-RELPERF scale and scorecard: bringing marketing theory into business-to-business practice. *Industrial Marketing Management*, 37(6):686-697.

Lai, V.S., Trueblood, R.P. & Wong, B.K. (1999). Software selection: a case study of the application of the analytical hierarchical process to the selection of a multimedia authoring system. *Information & Management*, 36(4):221-232.

Lamb, C.W., Hair, J.F., McDaniel, C., Boshoff, C. & Terblanche, N.S. (2000). *Marketing.* South African Edition. Cape Town: Oxford University Press.

Lazer, W. (1969). Marketing's changing social relationships. *Journal of Marketin*g, 33(1):3-9.

Lee, K. (2002). A key to marketing financial services: the right mix of products, services, channels and customers. *Journal of Services Marketing*, 16(3):238-258.

Lee, J. & Marlowe, J. (2003). How consumers choose a financial institution: decision-making criteria and heuristics. *International Journal of Bank Marketing*, 21(2):53-71.

Lehtinen, J.R. & Lehtinen, U. (1982). Service quality: a study of quality dimensions. Unpublished working paper, Service Management Institute, Helsinki.

Lehtinen, U. (1996). Our present state of ignorance in relationship marketing. *Asia-Australia Marketing Journal*, 4(1):43-51.

Leisen, B. & Hyman, M.R. (2004). Antecedents and consequences of trust in a service provider. The case of primary care physicians. *Journal of Business Research*, 57(9):990-999.

Leuthesser, L. & Kohli, A.K. (1995). Relationship behavior in business markets: implications for relationship management. *Journal of Business Research*, 34(3):221-233.

Levitt, T. (1960). Marketing myopia. *Harvard Business Review*, 38(4):45-56.

Levitt, T. (1983). After the sale is over. *Harvard Business Review*, 61(5):87-93.

Lewin, J.E. & Johnston, W.J. (1997). Relationship marketing theory in practice: a case study. *Journal of Business Research*, 39(1):23-31.

Lewis, J.D. & Weigert, A. (1985). Trust as a social reality. *Social Forces*, 63(4):967-985.

Little, E. & Marandi, E. (2003). *Relational marketing management*. London: Tomson Learning.

Lovelock, C.H. (1983). Classifying services to gain strategic marketing insights. *Journal of Marketing*, 47(3):9-20.

Low, B.K.H. (1996). Long-term relationship in industrial marketing. *Industrial Marketing Management*, 25(1):23-35.

MacMillan, K., Money, K., Money, A. & Downing, S. (2005). Relationship marketing in the not-for-profit sector: an extension and application of the commitment-trust theory. *Journal of Business Research*, 58(6):806-818.

Malhotra, N.K. (2004*). Marketing research: an applied orientation.* 4th edition. New Jersey: Pearson Prentice Hall.

Mason, C.H. & Perreault, W.D. (1991). Collinearity, power, and interpretation of multiple regression analysis. *Journal of Marketing Research*, 28(3):268-280.

Matanda, M., Schroder, B. & Mavondo, F. (2000). The impact of business-business relationships on channel member satisfaction. *Proceedings of the Annual Conference of the Australian and New Zealand Marketing Academy*. Queensland, Australia, 29 November-1 December 2000.

McCammon, B. (1965). The emergence and growth of contractually integrated channels in the American economy, in P.D. Bennett (ed.). *Economic Growth, Competition, and World Markets.* Chicago: American Marketing Association. 496-515.

McCarthy, E.J. (1960). *Basic marketing: a managerial approach.* Fourth printing. Illinois: Richard D. Irwin.

McCollum, T. (1997). Making the internet work for you. *Nation's Business*, 85(3):6-13.

McDaniel, S.W. (1981). Multicollinearity in advertising-related data. *Journal of Advertising Research*, 21(3):59-63.

McGregor BFA (Pty.) Ltd. (2008). McGregor BFA Version 04.211.

Medlin, C.J., Aurifeille, J-M. & Quester, P.G. (2005). A collaborative interest model of relational coordination and empirical results. *Journal of Business Research*, 58(2):214-222.

Merrilees, B. & Miller, D. (1999). Direct selling in the west and east: the relative roles of product and relationship (Guanxi) drivers. *Journal of Business Research*, 45(3):267-273.

Meuter, M.L., Ostrom, A.L., Roundtree, R.I. & Bitner, M.J. (2000). Self-service technologies: understanding customer satisfaction with technology-based service encounters. *Journal of Marketing*, 64(3):50-64.

Miles, R.E. & Snow, C.C. (1984). Fit, failure and the hall of fame. *California Management Review*, 26(3):10-28.

Miles, R.E. & Snow, C.C. (1986). Organizations: new concepts for new forms. *California Management Review*, 28(3):62-73.

Miyamoto, T. & Rexha, N. (2004). Determinants of three facets of customer trust: a marketing model of Japanese buyer-supplier relationship. *Journal of* Business Research, 57(3):312-319.

Mohr, J., Fisher, R.J. & Nevin, J.R. (1996). Collaborative communication in interfirm relationships: moderating effects of integration and control. *Journal of Marketing*, 60(3):103-115.

Mohr, J. & Spekman, R. (1994). Characteristics of partnership success: partnership attributes, communication behavior, and conflict resolution techniques. *Strategic Management Journal*, 15(2):135-152.

Möller, K. & Halinen, A. (2000). Relationship marketing theory: its roots and direction. *Journal of Marketing Management*, 16(1-3):29-54.

Moorman, C., Deshpandé, R. & Zaltman, G. (1993). Factors affecting trust in market research relationships. *Journal of Marketing*, 57(1):81-101.

Moorman, C., Zaltman, G. & Deshpandé, R. (1992). Relationships between providers and users of market research: the dynamics of trust within and between organizations. *Journal of Marketing Research*, 29(3):314-328.

Morgan, R.E. (1996). Conceptual foundations of marketing and marketing theory. *Management Decision*, 34(10):19-26.

Morgan, R.M. & Hunt, S.D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3):20-38.

Morris, M.H., Brunyee, J. & Page, M. (1998). Relationship marketing in practice: myths and realities. *Industrial Marketing Management*, 27(4):359-371.

Murphy, P.E., Wood, G. & Laczniak, G.R. (1996). Relational marketing = ethnical marketing, Research Methodologies for the New Marketing. *ESOMAR Publication Series*, 204:21-40.

Nickels, W.G. & Jolson, M.A. (1976). Packaging – the fifth “p” in the marketing mix? *Advanced Management Jou*rnal, 41(1):13-21.

Noordewier, T.G., John, G. & Nevin, J.R. (1990). Performance outcomes of purchasing arrangements in industrial buyer-vendor relationships. *Journal of Marketing*, 54(4):80-93.

Nooteboom, B., Berger, H. & Noorderhaven, N.G. (1997). Effects of trust and governance on relational risk. *Academy of Management Journal*, 40(2):308-338.

Odekerken-Schröder, G., Van Birgelen, M., Lemmink, J., De Ruyter, K. & Wetzels, M. (2000). Moments of sorrow and joy: an empirical assessment of the complementary value of critical incidents in understanding customer service evaluations. *European Journal of Mark*eting, 34(1/2):107-125.

Ohmae, K. (1989). The global logic of strategic alliances. *Harvard Business Review*, 67(2):143-154.

O'Malley, L. & Prothero, A. (2004). Beyond the frills of relationship marketing. *Journal of Business Research*, 57(11):1286-1294.

O'Malley, L. & Tynan, C. (2000). Relationship marketing in consumer markets: rhetoric or reality? *European Journal of Marketing*, 34(7):797-815.

Palmatier, R.W., Scheer, L.K., Houston, M.B., Evans, K.R. & Gopalakrishna, S. (2997). Use of relationship marketing programs in building customer-salesperson and customer-firm relationships: differential influences on financial outcomes. *International Journal of Research in Marketing*, 24(3):210-223.

Palmer, A. (1994). *Principles of service marketing*. London: McGraw-Hill.

Parasuraman, A., Zeithaml, V.A. & Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4):41-50.

Parasuraman, A., Zeithaml, V.A. & Berry, L. (1988). SERVQUAL: multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1):12-40.

Park, C-H. & Kim, Y-G. (2003). A framework of dynamic CRM: linking marketing with information strategy. *Business Process Management Journal*, 9(5):652-671.

Patterson, P.G. & Smith, T. (2001a). Relationship benefits in service industries: a replication in Southeast Asian context. *Journal of Services Marketing*, 15(6/7):425-443.

Patterson, P.G. & Smith, T. (2001b). Modeling relationship strength across service types in an Eastern culture. *International Journal of Service Industry Management*, 12(2):90-113.

Patterson, P.G. & Spreng, R.A. (1997). Modelling the relationship between perceived value, satisfaction and repurchase intentions in a business-to-business, services context: an empirical examination. *International Journal of Service Industry Management*, 8(5):414-434.

Payne, A., Christopher, M., Clark, M. & Peck, H. (1998). *Relationship marketing for competitive advantage: winning and keeping customers*. Oxford: Butterworth-Heinemann.

Peppers, D. & Rodgers, M. (1994), in H. Schlossberg. The only business to be in is the business of keeping customers. *Marketing News,* 28(3):6.

Peppers, D. & Rogers, M. (1995). A new marketing paradigm: share of customer, not market share. *Managing Service Quality*, 5(3):48-51.

Perry, C., Cavaye, A. & Coote, L. (2002). Technical and social bonds within business-to-business relationships. *Journal of Business & Industrial Marketing*, 17(1):75-88.

Pervan, S. & Johnson, L. (2000). *Reciprocity as a fundamental building block of relationship marketing. Proceedings of the Annual Conference of the Australian and New Zealand Marketing Academy.* Queensland, Australia, 29 November-1 December 2000.

Petersen, P.G. (1962). Conventional wisdom and the sixties. *Journal of Marketing*, 26(2):63-67.

Ping, R.A. (2003). Antecedents of satisfaction in a marketing channel. *Journal of Retailing*, 79(4):237-248.

Plank, R.E., Reid, D.A. & Pullins, B.E. (1999). Perceived trust in business-to-business sales: a new measure. *Journal of Personal Selling & Sales Management*, 19(3):61-71.

Porter, E.M. (1980). *Competitive strategy*. New York: Academic Press.

Pressey, A.D & Mathews, B.P. (2000). Barriers to relationship marketing in consumer retailing. *Journal of Services Marketing*, 14(3):272-286.

Rafiq, M. & Ahmed P.K. (1995). Using the 7Ps as a generic marketing mix: an exploratory survey of UK and European marketing academics. *Marketing Intelligence & Planning*, 13(9):4-15.

Raimondo, M.A. (2000). The measurement of trust in marketing studies: a review of models and methodologies. *Proceedings of the 16th Annual Conference of the Industrial Marketing and Purchasing Group.* Bath, England, 7-9 September 2000.

Rao, S. & Perry, C. (2002). Thinking about relationship marketing: where are we now? *Journal of Business & Industrial Marketing*, 17(7):598-614.

Rathmell, J.M. (1966). What is meant by services? *Journal of Marketing*, 30(4):32-36.

Razzaque, M.A. & Boon, T.G. (2003). Effects of dependence and trust on channel satisfaction, commitment and cooperation. *Journal of Business-to-Business Marketing*, 10(4):23-45.

Regan, W.J. (1963). The service revolution. *Journal of Marketing*, 27(3):57-62.

Reichheld, F.F. & Kenny, D.W. (1990). The hidden advantages of customer retention. *Journal of Retail Banking*, 13(4):19-23.

Reichheld, F.F. & Sasser, W.E. (1990). Zero defections: quality comes to services. *Harvard Business Review*, 68(5):105-111.

Rich, M.K. (2000). The direction of marketing relationships. *Journal of Business & Industrial Marketing*, 15(2/3):170-179.

Robinson, S. (1999). Measuring service quality: current thinking and future requirements. *Marketing Intelligence and Planning,* 17(1):21-32.

Ryals, L. & Payne, A. (2001). Customer relationship management in financial services: towards information-enabled relationship marketing. *Journal of Strategic Marketing*, 9(1):3-27.

Saaty, T.L. (1990). An exposition of the AHP in reply to the paper “Remarks on the analytic hierarchy process”. *Management Science*, 36(3):259-268.

Sako, M. & Helper, S. (1998). Determinants of trust in supplier relations: evidence from the automotive industry in Japan and the United States. *Journal of Economic Behavior & Organization*, 34(3):387-417.

Satorra, A. & Bentler, P.M. (1988). Scaling corrections for chi-square statistics in covariance structure analysis. *Proceedings of the Business and Economic Statistics Section of the American Statistical Association*. Alexandria, VA: American Statistical Association.

Satorra, A. & Bentler, P.M. (1994). Corrections to test statistics and standard errors in covariance structure analysis, in A. von Eye & C.C. Clogg. *Latent variable analysis: applications to developmental research*. California: Sage Publications. 399-419.

Schoell, W.F. & Guiltinan, J.P. (1995). *Marketing.* 6th edition. New Jersey: Prentice-Hall.

Schoenbachler, D.D., Gordon, G.L., Foley, D. & Spellman, L. (1997). Understanding consumer database marketing. *Journal of Consumer Marketing*, 14(1):5-19.

Schurr, P.H. & Ozanne, J.L. (1985). Influences on exchange processes: buyers' preconceptions of a seller's trustworthiness and bargaining toughness. *Journal of Consumer Research*, 11(4):939-953.

Scientific Software International. (2008). *Non-normal data*. [Online]. Available: http://www.ssicentral.com/lisrel/resources.html, 2008, 17 March.

Selnes, F. (1998). Antecedents and consequences of trust and satisfaction in buyer-seller relationships. *European Journal of Marketing*, 32(3/4):305-322.

Seppänen, R., Blomqvist, K. & Sundqvist, S. (2007). Measuring inter-organizational trust – a critical review of the empirical research in 1990-2003. *Industrial Marketing Management,* 36(2):249-265.

Sharma, N. & Patterson, P.G. (1999). The impact of communication effectiveness and service quality on relationship commitment in consumer professional services. *The Journal of Services Marketing*, 13(2):151-170.

Sharma, N. & Patterson, P.G. (2000). Switching costs, alternative attractiveness and experience as moderators of relationship commitment in professional consumer services. *International Journal of Service Industry Management*, 11(5):470-490.

Sharma, A. & Sheth, J.N. (1997). Relationship marketing: an agenda for inquiry. *Industrial Marketing Management*, 26(2):87-89.

Shaw, A. (1912). Some problems in market distribution. *Quarterly Journal of Economics*, 26(4):703-765.

Sheth, J.N. (2002). The future of relationship marketing. *Journal of Services Marketing*, 16(7):590-592.

Sheth, J.N. & Parvatiyar, A. (1995). The evolution of relationship marketing. *International Business Review*, 4(4):397-418.

Sheth, J.N. & Parvatiyar, A. (2000). *Handbook of relationship marketing*. California: Sage Publications.

Shostack, G.L. (1977). Breaking free from product marketing. *Journal of Marketing*, 41(2):73-80.

Simpson, J.T. & Mayo, D.T. (1997). Relationship management: a call for fewer influence attempts? *Journal of Business Research*, 39(3):209-218.

Sin, L.Y.M., Tse, A.C.B., Yau, O.H.M., Chow, R.P.M., Lee, J.S.Y. & Lau, L.B.Y. (2005). Relationship marketing orientation: scale development and cross-cultural validation. *Journal of Business Research*, 58(2):185-194.

Sirdeshmukh, D., Singh, J. & Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. *Journal of Marketing*, 66(1):15-37.

Skinner, S.J. (1994). *Marketing.* 2nd edition. Boston: Houghton Mifflin.

Smith, J.B. & Barclay, D.W. (1997). The effects of organizational differences and trust on the effectiveness of selling partner relationships. *Journal of Marketing*, 61(1):3-21.

SSI *vide* Scientific Software International.

Storbacka, K., Strandvik, T. & Grönroos, C. (1994). Managing customer relationships for profit: the dynamics of relationship quality. *International Journal of Service Industry Management*, 5(5):21-38.

Svensson, G (2001). Re-evaluating the marketing concept. *European Business Review*, 13(2):95-100.

Swan, J.E., Trawick, I.F., Rink, D.R. & Roberts, J.J. (1988). Measuring dimensions of purchaser trust of industrial salespeople. *Journal of Personal Selling & Sales Management*, 8(1):1-9.

Tax, S.S., Brown, S.W. & Chandrashekaran, M. (1998). Customer evaluations of service complaint experiences: implications for relationship marketing. *Journal of Marketing*, 62(2):60-76.

Taylor, W.J. (1965). "Is marketing a science?" *Journal of Marketing*, 29(3):49-53.

Teas, R.K. (1993). Expectations, performance evaluation, and consumers' perceptions of quality. *Journal of Marketing*, 57(4):18-34.

Tellefsen, T. & Thomas, G.P. (2005). The antecedents and consequences of organizational and personal commitment in business service relationships. *Industrial Marketing Management*, 34(1):23-37.

Terblanche, N.S. (2001). *'n Oorsig van bemarkingspraktyke en -denkstrome: op pad na 'n alternatiewe fokus in die kleinhandel.* Professorial inauguration speech, University of Stellenbosch, South Africa.

Terblanche, N.S. (2003). Relationship marketing, consumer exchange situations and loyalty programmes: a review. *Management Dynamics*, 12(4):27-38.

Too, L.H.Y., Souchon, A.L. & Thirkell, P.C. (2001). Relationship marketing and customer loyalty in a retail setting: a dyadic exploration. *Journal of Marketing Management*, 17(3/4):287-319.

Triantaphyllou, E. (2000). *Multi-criteria decision making methods: a comparative study*. Dordrecht: Kluwer Academic Publishers.

Trim, P.R.J. (2002). Corporate intelligence and transformational marketing in the age of the internet. *Marketing Intelligence & Planning*, 20(5):259-268.

Tse, A.C.B., Sin, L.Y.M., Yau, O.H.M., Lee, J.S.Y. & Chow, R. (2003). Market orientation and business performance in a Chinese business environment. *Journal of Business Research*, 56(3):227-239.

Tull, D.S. & Hawkins, D.I. (1993). *Marketing research: measurement & method.* 6th edition. New York: Macmillan.

Van Bruggen, G.H., Smidts, A. & Wierenga, B. (1998). Improving decision making by means of a marketing decision support system. *Management Science*, 44(5):645-658.

Van der Walt, P.D. (1997). Customer retention through a relationship marketing strategy. MBA dissertation. Stellenbosch: Stellenbosch University.

Van Waterschoot, W. & Van den Bulte, C. (1992). The 4P classification of the marketing mix revisited. *Journal of Marketing*, 56(4):83-93.

Venetis, K. (1997). Service quality and customer loyalty in professional business service relationships. PhD dissertation. Maastricht: University of Maastricht.

Walter, A., Mueller, T.A. & Helfert, G. (2000). The impact of satisfaction, trust, and relationship value on commitment: theoretical considerations and empirical results. *Proceedings of 2the 16th Annual Conference of the Industrial Marketing and Purchasing Group.* Bath, England, 7-9 September 2000.

Wang, C.L. (2007). Guanxi vs. relationship marketing: exploring underlying differences. *Industrial Marketing Management*, 36(1):81-86.

Webster, F.E. (1992). The changing role of marketing in the corporation. *Journal of Marketing*, 56(4):1-17.

Wetzels, M., De Ruyter, K. & Van Birgelen, M. (1998). Marketing service relationships: the role of commitment. *Journal of Business & Industrial Marketing*, 13(4/5):406-423.

Wilson, D.T. (1995). An integrated model of buyer-seller relationships. *Journal of the Academy of Marketing Science*, 23(4):335-345.

Wong, A. & Sohal, A. (2002). An examination of the relationship between trust, commitment and relationship quality. *International Journal of Retail & Distribution Management*, 30(1):34-50.

Yau, O.H.M., Lee, J.S.Y., Chow, R.P.M., Sin, L.Y.M. & Tse, A.C.B. (2000). Relationship marketing the Chinese way. *Business Horizons*, 43(1):16-24.

Yau, O.H.M., McFetridge, P.R., Chow, R.P.M., Lee, J.S.Y., Sin, L.Y.M. & Tse, A.C.B. (2000). Is relationship marketing for everyone? *European Journal of Marketing*, 34(9/10):1111-1127.

Yilmaz, C., Sezen, B. & Ozdemir, O. (2005). Joint and interactive effects of trust and (inter)dependence on relational behaviors in long-term channel dyads. *Industrial Marketing Management*, 34(4):235-248.

Young-Ybarra, C. & Wiersema, M. (1999). Strategic flexibility in information technology alliances: the influence of transaction cost economics and social exchange theory. *Organization Science*, 10(4):439-459.

Zaheer, A., McEvily, B. & Perrone, V. (1998). Does trust matter? Exploring the effect of interoganizational and interpersonal trust on performance. *Organization Science*, 9(2):141-159.

Zeithaml, V.A. & Bitner, M.J. (1996). *Services Marketing*. New York: McGraw-Hill.

Zeithaml, V.A., Bitner, M.J. & Gremler, D.D. (2006). *Services marketing: integrating customer focus across the firm*. New York: McGraw-Hill.

Zeithaml, A., Parasuraman, A. & Berry, L.L. (1985). Problems and strategies in services marketing. *Journal of Marketing*, 49(2):33-46.

Zikmund, W.G. (2000). *Business research methods.* 6th edition. Orlando: Dryden Press.

Zineldin, M. (2000). Beyond relationship marketing: technologicalship marketing. *Marketing Intelligence & Planning*, 18(1):9-23.

ADDENDUM A

LIST OF EMPIRICAL STUDIES

	Author	Year	B2B / B2C	Industry
1.	Abdul-Muhmin	2005	B2B	Suppliers of industrial components and raw materials
2.	Adamson et al.	2003	B2C	Financial services organisations
3.	Andaleeb	1995	B2C	Students and sales/purchasing personnel
4.	Andaleeb	1996	B2C	Sales/purchasing managers
5.	Anderson and Narus	1990	B2B	5 000 member firms of national wholesaler-distributor association
6.	Anderson and Weitz	1989	B2B	Independent sales agents from electronic industry
7.	Anderson and Weitz	1992	B2B	Variety of manufacturing businesses
8.	Batt	2000	B2C	Agriculture in South-East Asia
9.	Bejou et al.	1998	B2C	Financial services
10.	Bove and Robertson	2005	B2C	Hairdressing
11.	Burnham et al.	2003	B2B	Telephone and insurance industries
12.	Canary and Cupach	1988	B2C	Students at university of technology
13.	Chen et al.	2003	B2C	Responses on Web site
14.	Chiu et al.	2005	B2C	Taiwan bank customers
15.	Claycomb and Frankwick	2005	B2B	Organisations with purchasing background
16.	Coote et al.	2003	B2B	1 000 international Chinese-owned businesses
17.	Costabile et al.	2002	B2C	Telephone services
18.	Coulter and Coulter	2003	B2B	Business owners in variety of industries
19.	Crosby et al.	1990	B2C	Life insurance
20.	De Ruyter et al.	2001	B2B	High-volume copiers
21.	De Ruyter and Wetzels	1999	B2B	Audit firms
22.	De Wulf and Odekerken-Schröder	2000	B2C	Visitors to European shopping malls
23.	De Wulf et al.	2000	B2C	Visitors to German shopping mall
24.	Doney and Cannon	1997	B2B	Industrial manufacturing
25.	Duarte and Davies	2000	B2B	Financial services
26.	Fullerton	2005	B2C	Customers of clothing and grocery stores
27.	Galli and Nardin	2003	B2C	Students
28.	Ganesan	1994	B2B	Retail buyers and their vendors

	Author	Year	B2B / B2C	Industry
29.	Ganesan and Hess	1997	B2B	Retail buyers from department store chains
30.	Gao et al.	2005	B2B	2000 members of the National Association of Purchasing Management
31.	Garbarino and Johnson	1999	B2C	Customers of a non-profit theatre organisation
32.	Geyskens and Steenkamp	1995	B2B	Automobile dealers from two countries
33.	Geyskens and Steenkamp	1996	B2B	Automobile dealers from two countries
34.	Geyskens et al.	1998	N/a	Meta-analysis
35.	Geyskens et al.	1999	N/a	Meta-analysis
36.	Gill et al.	2006	B2B	Small business owners
37.	Goodman and Dion	2001	B2B	Differentiated product distributors
38.	Gounaris	2005	B2B	280 organisations – various industries
39.	Gounaris and Venetis	2002	B2B	Advertising agencies and their clients
40	Gundlach et al.	1995	B2B	Micro-computer industry
41.	Gutiérrez et al.	2004	B2C	Auto repair services
42.	Hallowell	1996	B2C	Financial services
43.	Handfield and Bechtel	2002	B2B	Purchasing managers
44.	Heide and John	1992	B2B	Purchasing manufacturers and suppliers
45.	Homburg et al.	2003	B2B	2 000 members of the National Association of Purchasing Management
46.	Ivens and Pardo	2003	B2B	Purchasing managers for packaging goods
47.	Johnson and Grayson	2005	B2C	Financial services
48.	Kang et al.	2005	B2B	Airline crews
49.	Kirchmajer and Patterson	1998	B2C	Clients of accountants
50.	Leisen and Hyman	2004	B2B	Primary health care
51.	Leuthesser and Kohli	1995	B2B	800 purchasing professionals
52.	MacMillan et al.	2005	B2B	Non-profit organisation funders
53.	Matanda et al.	2000	B2B	Managers of horticulture retailers
54.	Medlin et al.	2005	B2B	Computer software export firms
55.	Miyamoto and Rexha	2004	B2B	Variety of manufacturing organisations
56.	Mohr et al.	1996	B2B	Personal computer industry
57	Mohr and Spekman	1994	B2B	Computer dealers
58.	Moorman et al.	1993	B2B	Research users
59.	Moorman et al.	1992	B2B	Users of market research information
60.	Morgan and Hunt	1994	B2B	Automobile tyre retailers
61.	Odekerken-Schröder et al.	2000	B2C	Customers of manufacturer of office equipment

	Author	Year	B2B / B2C	Industry
62.	Patterson and Smith	2001a	B2C	Final consumers in a wide variety of industries
63.	Patterson and Smith	2001b	B2C	Clients from services organisations
64.	Patterson and Spreng	1997	B2B	Consultancy firms
65.	Perry et al.	2002	B2B	Franchisor-franchisee agreements
66.	Ping	2003	B2B	Hardware retailers
67.	Razzaque and Boon	2003	B2B	120 managers from a broad spectrum of industries
68.	Selnes	1998	B2B	Food suppliers to restaurants (institutional)
69.	Sharma and Patterson	1999	B2B	Financial planners
70.	Sharma and Patterson	2000	B2B	Financial services firms
71.	Simpson and Mayo	1997	B2B	Beer distributors
72.	Sin et al.	2005	B2B	1 200 organisations in Hong Kong with operations in both HK and China
73.	Sirdeshmukh et al.	2002	B2C	Randomly chosen in all industries
74.	Smith and Barclay	1997	B2B	Computer industry
75.	Swan et al.	1988	B2B	Employees of purchasing organisations
76.	Tellefsen and Thomas	2005	B2B	Market research managers
77.	Tse, Sin, Yau, Lee, and Chow	2003	B2B	4 000 organisations in Hong Kong with operations in both HK and China
78.	Venetis	1997	B2B	Clients of advertising agencies
79.	Walter et al.	2000	B2B	Purchasing professionals
80.	Wetzels et al.	1998	B2B	Office equipment
81.	Wong and Sohal	2002	B2C	Shoppers at department stores
82.	Yau, McFetridge et al.	2000	B2B	4 000 organisations in Hong Kong with operations in both HK and China
83.	Yilmaz et al.	2005	B2B	Automobile dealerships in Turkey

Total number of empirical studies: 83

ADDENDUM B

FREQUENCY OF APPEARANCE OF ITEMS IN EMPIRICAL STUDIES IN MARKETING LITERATURE

TRUST						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Abdul-Muhmin	B2B	Suppliers of industrial components and raw materials	Journal of Business Research	2005	0.90	Benevolence
					0.82	Credibility
Adamson et al.	B2B	Financial services organisations	International Journal of Bank Marketing	2003	Not reported	
Andaleeb	B2C	Students and sales/purchasing personnel	International Journal of Research in Marketing	1995	0.961-0.962	
Andaleeb	B2C	Sales/purchasing managers	Journal of Retailing	1996	0.82	
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	0.84	
Anderson and Narus	B2B	Member firms of national wholesaler-distributor association	Journal of Marketing	1990	Not reported	
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.795	
Bejou et al.	B2C	Financial services	International Journal of Bank Marketing	1998	Not reported	
Bove and Robertson	B2C	Hairdressing	Journal of Retailing & Consumer Services	2005	0.83	Benevolence
					0.92	Credibility
Canary and Cupach	B2C	Students at university of technology	Journal of Social and Personal Relationships	1988	0.89	
Chen et al.	B2C	Responses on Web site	Communication of the International Informational Management Association	2003	Not reported	
Coote et al.	B2B	International Chinese-owned businesses	Industrial Marketing Management	2003	0.88	
Costabile et al.	B2C	Telephone services	EMAC Conference Paper	2002	Not reported	
Coulter and Coulter	B2B	Small business owners	International Journal of Research in Marketing	2003	0.90	
De Ruyter et al.	B2B	High-volume copiers	Industrial Marketing Management	2001	Not reported	
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.83	

TRUST						
De Wulf and Odekerken-Schröder	B2C	Visitors to European shopping malls	Working paper	2000	0.804	
De Wulf et al.	B2C	Visitors to German shopping mall	Working paper	2000	0.92	
Doney and Cannon	B2B	Industrial manufacturing	Journal of Marketing	1997	0.94	Trust of supplier firm
					0.90	Trust of salesperson
Duarte and Davies	B2B	Financial services	IMP Conference Paper	2000	0.92	
Galli and Nardin	B2C	Students	IMP Conference Paper	2003	0.129-0.857	9 Individual elements of trust
Ganesan	B2B	Retail buyers and their vendors	Journal of Marketing	1994	0.76-0.88	Benevolence
					0.80-0.90	Credibility
Ganesan and Hess	B2B	Retail buyers from department store chains	Marketing Letters	1997	0.72	Interpersonal credibility
					0.68	Interpersonal benevolence
					0.75	Organizational credibility
					0.87	Organizational benevolence
Gao et al.	B2B	Members of the National Association of Purchasing Management	Journal of Business Research	2005	0.82	Buyer's trust
					0.85	Buyer's perceived supplier trust
Garbarino and Johnson	B2C	Customers of non-profit theatre organisation	Journal of Marketing	1999	0.73	
Geyskens and Steenkamp	B2B	Automobile dealers two countries	EMAC Conference Paper	1995	0.81-0.85	Honesty
					0.90-0.93	Benevolence
Geyskens et al.	B2B	Automobile dealers two countries	International Journal of Research in Marketing	1996	0.81-0.85	Honesty
					0.90-0.93	Benevolence
Geyskens et al.	N/a	Meta-analysis	International Journal of Research in Marketing	1998	0.871	
Geyskens et al.	N/a	Meta-analysis	Journal of Marketing Research	1999	Not reported	
Gill et al.	B2B	Financial institutions	International Journal of Bank Marketing	2006	0.84	
Goodman and Dion	B2B	Differentiated product distributors	Industrial Marketing Management	2001	0.93	

TRUST						
Gounaris	B2B	Organisations – various industries	Journal of Business Research	2005	0.808	
Gounaris and Venetis	B2B	Advertising agencies and their clients	Journal of Services Marketing	2002	0.7931	
Gutiérrez et al.	B2C	Auto repair services	Journal of Retailing & Consumer Services	2004	0.8270	Trust in capacity and competence
					0.9148	Trust in intentions and values
Handfield and Bechtel	B2B	Purchasing managers	Industrial Marketing Management	2002	0.92	
Homburg et al.	B2B	Members of the National Association of Purchasing Management	Journal of Business-to-Business Marketing	2003	0.92	
Ivens and Pardo	B2B	Purchasing managers for packaging goods	IMP Conference paper	2003	0.8539	
Johnson and Grayson	B2C	Financial services	Journal of Business Research	2005	0.90	Affective trust
					0.80	Cognitive trust
Kang et al.	B2B	Airline crews	Tourism Management	2005	0.730	
Kirchmajer and Patterson	B2C	Clients of accountants	Anzmac Conference Paper	1998	Not reported	
Leisen and Hyman	B2C	Primary health care	Journal of Business Research	2004	Not individually reported	Used 10 aspects of trust
MacMillan et al.	B2B	Non-profit organisation funders	Journal of Business Research	2005	0.87*	
Matanda et al.	B2B	Managers of horticultural retailers	Anzmac Conference paper	2000	0.67	
Medlin et al.	B2B	Computer software export firms	Journal of Business Research	2005	Not reported	
Miyamoto and Rexha	B2B	Variety of manufacturing organisations	Journal of Business Research	2004	0.79	Contractual trust
					0.68	Competence trust
					0.76	Goodwill trust
Mohr and Spekman	B2B	Computer dealers	Strategic Management Journal	1994	0.75	
Moorman et al.	B2B	Research users	Journal of Marketing	1993	0.84	
Moorman et al.	B2B	Users of market research information	Journal of Marketing Research	1992	0.84	
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	0.949	

TRUST						
Odekerken-Schröder et al.	B2C	Customers of manufacturer of office equipment	European Journal of Marketing	2000	0.92	
Perry et al.	B2B	Franchisor agreements	Journal of Business & Industrial Marketing	2002	Not reported	
Razzaque and Boon	B2B	Managers from a broad spectrum of industries	Journal of Business-to-Business Marketing	2003	Not reported	
Selnes	B2B	Food suppliers to restaurants (institutional)	European Journal of Marketing	1998	Not reported	
Sharma and Patterson	B2B	Financial planners	Journal of Services Marketing	1999	0.90	
Sharma and Patterson	B2B	Financial services firms	Journal of Service Industry Management	2000	0.90	
Simpson and Mayo	B2B	Beer distributors	Journal of Business Research	1997	0.79	
Sin et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2005	0.683-0.882	
Sirdeshmukh et al.	B2C	Randomly chosen in all industries	Journal of Marketing	2002	0.96-0.97	
Swan et al.	B2B	Employees of purchasing organisations	Journal of Professional Selling & Sales Management	1988	0.86	Overall trust
Tellefsen and Thomas	B2B	Market research managers	Industrial Marketing Management	2005	0.83	Personal trust
					0.81	Organizational trust
Tse et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2003	0.91	
Venetis	B2B	Clients of advertising agencies	PhD dissertation	1997	0.76	
Walter et al.	B2B	Purchasing professionals	IMP Conference paper	2000	0.86	
Wetzels et al.	B2B	Office equipment	Journal of Business & Industry Marketing	1998	0.92	Benevolence
					0.80	Honesty
Wong and Sohal	B2C	Shoppers at department stores	International Journal of Retail & Distribution Management	2002	0.90	Combined salesperson and store trust
Yau, McFetridge et al.	B2B	Organisations in Hong Kong with operations in both HK and China	European Journal of Marketing	2000	0.908	
Yilmaz et al.	B2B	Automobile dealerships in Turkey	Industrial Marketing Management	2005	0.95	

Total number of empirical studies on this dimension: 67

COMMITMENT						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Abdul-Muhmin	B2B	Suppliers of industrial components and raw materials	Journal of Business Research	2005	0.86	
Adamson et al.	B2B	Financial services organisations	International Journal of Bank Marketing	2003	Not reported	
Andaleeb	B2C	Sales/purchasing managers	Journal of Retailing	1996	0.92	
Anderson and Weitz	B2B	Variety of manufacturing business	Journal of Marketing Research	1992	0.83-0.90	
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.882	Commitment: support
					0.984	Commitment: continuity
Bove and Robertson	B2C	Hairdressing	Journal of Retailing & Consumer Services	2005	0.88	
Chen et al.	B2C	Responses on Web site	Communication of the International Informational Management Association	2003	Not reported	
Coote et al.	B2B	International Chinese-owned businesses	Industrial Marketing Management	2003	0.91	
De Ruyter et al.	B2B	High-volume copiers	Industrial Marketing Management	2001	Not reported	Affective commitment
					Not reported	Calculative commitment
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.80	Affective commitment
					0.73	Calculative commitment
De Wulf and Odekerken-Schröder	B2C	Visitors to European shopping malls	Working paper	2000	0.809	
De Wulf et al.	B2C	Visitors to German shopping mall	Working paper	2000	0.76	
Fullerton	B2C	Customers of clothing and grocery stores	Journal of Retailing & Consumer Services	2005	0.97-0.98	Affective commitment
					0.97-0.98	Continuance commitment

COMMITMENT						
Gao et al.	B2B	Members of the National Association of Purchasing Management	Journal of Business Research	2005	0.74	
Garbarino and Johnson	B2C	Customers of non-profit theatre organisation	Journal of Marketing	1999	0.82	
Geyskens and Steenkamp	B2B	Automobile dealers two countries	EMAC Conference Paper	1995	0.81-0.85	Affective commitment
					0.80-0.81	Calculative commitment
Geyskens et al.	B2B	Automobile dealers two countries	International Journal of Research in Marketing	1996	0.81-0.85	Affective commitment
					0.80-0.81	Calculative commitment
Geyskens et al.	N/a	Meta-analysis	Journal of Marketing Research	1999	Not reported	
Goodman and Dion	B2B	Differentiated product distributors	Industrial Marketing Management	2001	0.84	
Gounaris	B2B	Organisations – various industries	Journal of Business Research	2005	0.795	Affective commitment
					0.871	Calculative commitment
Gundlach et al.	B2B	Employees of micro-computer industry involved in partnerships	Journal of Marketing	1995	0.82-0.86	
Gutiérrez et al.	B2C	Auto repair services	Journal of Retailing & Consumer Services	2004	0.9437	Behavioural commitment
					0.8025	Affective commitment
					0.8266	Temporal commitment
Ivens and Pardo	B2B	Purchasing managers for packaging goods	IMP Conference paper	2003	0.8392	
MacMillan et al.	B2B	Non-profit organisation funders	Journal of Business Research	2005	0.94*	
Medlin et al.	B2B	Computer software export firms	Journal of Business Research	2005	Not reported	
Miyamoto and Rexha	B2B	Variety of manufacturing organisations	Journal of Business Research	2004	0.70	
Mohr and Spekman	B2B	Computer dealers	Strategic Management Journal	1994	0.81	

COMMITMENT						
Mohr et al.	B2B	Computer stores	Journal of Marketing	1996	0.80	
Moorman et al.	B2B	Users of market research information	Journal of Marketing Research	1992	0.78	
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	0.895	
Patterson and Smith	B2C	Final consumers in a wide variety of industries	Journal of Services Marketing	2001a	0.87-0.91	
Perry et al.	B2B	Franchisor agreements	Journal of Business & Industrial Marketing	2002	Not reported	
Razzaque and Boon	B2B	Managers from a broad spectrum of industries	Journal of Business-to-Business Marketing	2003	Not reported	
Selnes	B2B	Food suppliers to restaurants (institutional)	European Journal of Marketing	1998	0.886	
Sharma and Patterson	B2B	Financial planners	Journal of Services Marketing	1999	0.85	
Sharma and Patterson	B2B	Financial services firms	Journal of Service Industry Management	2000	0.85	
Simpson and Mayo	B2B	Beer distributors	Journal of Business Research	1997	0.78	
Tellefsen and Thomas	B2B	Market research managers	Industrial Marketing Management	2005	0.91	Personal commitment
					0.81	Organizational commitment
Venetis	B2B	Clients of advertising agencies	PhD dissertation	1997	0.90	Affective commitment
					0.82	Calculative commitment
Walter et al.	B2B	Purchasing professionals	IMP Conference paper	2000	0.86	
Wetzels et al.	B2B	Office equipment	Journal of Business & Industry Marketing	1998	0.95	Affective commitment
					0.87	Calculative commitment
Wong and Sohal	B2C	Shoppers at department stores	International Journal of Retail & Distribution Management	2002	0.94	Combined salesperson and store commitment

Total number of empirical studies on this dimension: 42

SATISFACTION						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Abdul-Muhmin	B2B	Suppliers of industrial components and raw materials	Journal of Business Research	2005	0.82	
Andaleeb	B2C	Sales/purchasing managers	Journal of Retailing	1996	0.95	
Anderson and Narus	B2B	Member firms of national wholesaler-distributor association	Journal of Marketing	1990	Not reported	
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.822	Satisfaction: Stability
Bejou et al.	B2C	Financial services	International Journal of Bank Marketing	1998	Not reported	
Burnham et al.	B2B	Telephone and insurance industries	Journal of the Academy of Marketing Science	2003	Not reported	
Canary and Cupach	B2C	Students at University of Technology	Journal of Social and Personal Relationships	1988	0.89	Relational satisfaction
Costabile et al.	B2C	Telephone services	EMAC Conference Paper	2002	Not reported	
De Wulf et al.	B2C	Visitors to German shopping mall	Working paper	2000	0.83	Satisfaction
Duarte and Davies	B2B	Financial services	IMP Conference Paper	2000	0.78	
Ganesan	B2B	Retail buyers and their vendors	Journal of Marketing	1994	0.94	
Garbarino and Johnson	B2C	Customers of non-profit theatre organisation	Journal of Marketing	1999	0.63	
Geyskens et al.	N/a	Meta-analysis	International Journal of Research in Marketing	1998	0.864	
Geyskens et al.	N/a	Meta-analysis	Journal of Marketing Research	1999	Not reported	Economic satisfaction
					Not reported	Non-economic satisfaction
Hallowell	B2C	Financial services	International Journal of Service Industry Management	1996	Not reported	
Homburg et al.	B2B	Members of the National Association of Purchasing Management	Journal of Business-to-Business Marketing	2003	0.89	
Ivens and Pardo	B2B	Purchasing managers for packaging goods	IMP Conference paper	2003	0.8680	Economic satisfaction
					0.9173	Social satisfaction

SATISFACTION						
Johnson and Grayson	B2C	Financial services	Journal of Business Research	2005	0.95	Satisfaction with previous interaction
Leisen and Hyman	B2C	Primary health care	Journal of Business Research	2004	Not individually reported	
Leuthesser and Kohli	B2B	Purchasing professionals	Journal of Business Research	1995	0.95	
Matanda et al.	B2B	Managers of horticultural retailers	Anzmac Conference paper	2000	0.75	
Miyamoto and Rexha	B2B	Variety of manufacturing organisations	Journal of Business Research	2004	0.76	
Mohr and Spekman	B2B	Computer dealers	Strategic Management Journal	1994	0.80	Satisfaction with support
					0.63	Satisfaction with profit
Mohr et al.	B2B	Computer stores	Journal of Marketing	1996	0.85	
Odekerken-Schröder et al.	B2C	Customers of manufacturer of office equipment	European Journal of Marketing	2000	N/a	
Patterson and Spreng	B2B	Consultancy firms	International Journal of Service Industry Management	1997	0.85	
Ping	B2B	Hardware retailers	Journal of Retailing	2003	0.943	
Razzaque and Boon	B2B	Managers from a broad spectrum of industries	Journal of Business-to-Business Marketing	2003	Not reported	
Selnes	B2B	Food suppliers to restaurants (institutional)	European Journal of Marketing	1998	Not reported	
Sharma and Patterson	B2B	Financial services firms	International Journal of Service Industry Management	2000	0.94	
Simpson and Mayo	B2B	Beer distributors	Journal of Business Research	1997	0.73	
Smith and Barclay	B2B	Sales representatives in computer industry	Journal of Marketing	1997	0.60-0.70	Mutual satisfaction
Walter et al.	B2B	Purchasing professionals	IMP Conference paper	2000	0.86	Customer satisfaction
Wetzels et al.	B2B	Office equipment	Journal of Business & Industry Marketing	1998	0.87	Calculative commitment

Total number of empirical studies on this dimension: 34

COMMUNICATION						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Adamson et al.	B2B	Financial services organisations	International Journal of Bank Marketing	2003	Not reported	
Anderson and Narus	B2B	Member firms of national wholesaler-distributor association	Journal of Marketing	1990	Not reported	
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	0.87	
Anderson and Weitz	B2B	Variety of manufacturing business	Journal of Marketing Research	1992	0.83-0.84	
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.896	Kept informed
					Below 0.5-excl	Ease of contact
					Below 0.5-excl	Advice
Canary and Cupach	B2C	Students at University of Technology	Journal of Social and Personal Relationships	1988	0.87	Communication satisfaction
Chen et al.	B2C	Responses on Web site	Communication of the International Informational Management Association	2003	Not reported	
Claycomb and Frankwick	B2B	Managers of organisations with purchasing background	Journal of Business Research	2005	Not reported	Communication quality
Coote et al.	B2B	International Chinese-owned businesses	Industrial Marketing Management	2003	0.85	
De Ruyter et al.	B2B	High-volume copiers	Industrial Marketing Management	2001	Not reported	
De Wulf and Odekerken-Schröder	B2C	Visitors to European shopping malls	Working paper	2000	0.797	
De Wulf et al.	B2C	Visitors to German shopping mall	Working paper	2000	0.90	
Geyskens et al.	N/a	Meta-analysis	International Journal of Research in Marketing	1998	0.844	
Goodman and Dion	B2B	Differentiated product distributors	Industrial Marketing Management	2001	0.78	
Kang et al.	B2B	Airline crews	Tourism Management	2005	0.752	
Kirchmajer and Patterson	B2C	Clients of accountants	Anzmac Conference Paper	1998	Not reported	
Leisen and Hyman	B2C	Primary health care	Journal of Business Research	2004	Not individually reported	
MacMillan et al.	B2B	Non-profit organisation funders	Journal of Business Research	2005	0.88*	

COMMUNICATION						
Mohr and Spekman	B2B	Computer dealers	Strategic Management Journal	1994	0.91	Communication quality
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	Not reported	
Selnes	B2B	Food suppliers to restaurants (institutional	European Journal of Marketing	1998	0.846	
Sharma and Patterson	B2B	Financial planners	Journal of Services Marketing	1999	0.89	
Sin et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2005	0.596-0.754	
Smith and Barclay	B2B	Sales representatives in computer industry	Journal of Marketing	1997	0.56	Communication openness

Total number of empirical studies on this dimension: 24

BEHAVIOURAL INTENTIONS (Intention to stay)						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Abdul-Muhmin	B2B	Suppliers of industrial components and raw materials	Journal of Business Research	2005	0.81	Propensity to terminate
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	0.65	Continuation
Burnham et al.	B2B	Telephone and insurance industries	Journal of the Academy of Marketing Science	2003	Not reported	Intention to stay
Chen et al.	B2C	Responses on Web site	Communication of the International Informational Management Association	2003	Not reported	Propensity to leave
Crosby et al.	B2C	Life insurance	Journal of Marketing	1990	0.82	Future interaction
De Ruyter et al.	B2B	High-volume copiers	Industrial Marketing Management	2001	Not reported	Loyalty intention
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.67	Continuance intentions
De Wulf and Odekerken-Schröder	B2C	Visitors to European shopping malls	Working paper	2000	0.745	Relationship proneness
De Wulf et al.	B2C	Visitors to German shopping mall	Working paper	2000	0.89	Relationship proneness
Fullerton	B2C	Customers of clothing and grocery stores	Journal of Retailing & Consumer Services	2005	0.94-0.98	Switching intentions
Garbarino and Johnson	B2C	Customers of non-profit theatre organisation	Journal of Marketing	1999	0.58	Future intentions
Gounaris	B2B	Organisations – various industries	Journal of Business Research	2005	0.916	Intention to invest
					0.876	Intention to stay
Gounaris and Venetis	B2B	Advertising agencies and their clients	Journal of Services Marketing	2002	0.7821	Investment in the relationship
					0.8862	Continuation of the relationship
Gundlach et al.	B2B	Employees of micro-computer industry involved in partnerships	Journal of Marketing	1995	0.84-0.92	Long-term commitment intentions

BEHAVIOURAL INTENTIONS (Intention to stay)						
Homburg et al.	B2B	Members of the National Association of Purchasing Management	Journal of Business-to-Business Marketing	2003	0.93	Intention to repurchase
					0.85	Intention to expand
Johnson and Grayson	B2C	Financial services	Journal of Business Research	2005	0.91	Anticipation of future interactions
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	Not reported	Propensity to leave
Patterson and Spreng	B2B	Consultancy firms	International Journal of Service Industry Management	1997	0.93	
Selnes	B2B	Food suppliers to restaurants (institutional)	European Journal of Marketing	1998	Not reported	Continuity
Venetis	B2B	Clients of advertising agencies	PhD dissertation	1997	0.91	
Wetzels et al.	B2B	Office equipment	Journal of Business & Industry Marketing	1998	0.77	Intention to stay

Total number of empirical studies on this dimension: 21

DEPENDENCE						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Andaleeb	B2C	Students and sales/purchasing personnel	International Journal of Research in Marketing	1995	0.912-0.913	
Andaleeb	B2C	Sales/purchasing managers	Journal of Retailing	1996	0.91	
Anderson and Narus	B2B	Member firms of national wholesaler-distributor association	Journal of Marketing	1990	Not reported	
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.930	Interdependence
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.67	Interdependence
Ganesan	B2B	Retail buyers and their vendors	Journal of Marketing	1994	0.85-0.94	
Gao et al.	B2B	Members of the National Association of Purchasing Management	Journal of Business Research	2005	0.77	
Geyskens and Steenkamp	B2B	Automobile dealers two countries	EMAC Conference paper	1995	Not reported	
Geyskens et al.	B2B	Automobile dealers two countries	International Journal of Research in Marketing	1996	Not reported	Dealer dependence
					Not reported	Supplier dependence
Geyskens et al.	N/a	Meta-analysis	International Journal of Research in Marketing	1998	0.826	Own dependence
Geyskens et al.	N/a	Meta-analysis	Journal of Marketing Research	1999	Not reported	Own dependence
Goodman and Dion	B2B	Differentiated product distributors	Industrial Marketing Management	2001	0.73	
Gutiérrez et al.	B2C	Auto repair services	Journal of Retailing & Consumer Services	2004	0.4102	Dependence
Handfield and Bechtel	B2B	Purchasing managers	Industrial Marketing Management	2002	0.67	Buyer dependence
Matanda et al.	B2B	Managers of horticultural retailers	Anzmac Conference paper	2000	0.74	
Mohr and Spekman	B2B	Computer dealers	Strategic Management Journal	1994	0.26	Interdependence

DEPENDENCE						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Razzaque and Boon	B2B	Managers from a broad spectrum of industries	Journal of Business-to-Business Marketing	2003	Not reported	
Tellefsen and Thomas	B2B	Market research managers	Industrial Marketing Management	2005	0.83	Personal dependence
					0.78	Organizational dependence
Wetzels et al.	B2B	Office equipment	Journal of Business & Industry Marketing	1998	0.80	
Yilmaz et al.	B2B	Automobile dealerships in Turkey	Industrial Marketing Management	2005	0.95	Dealer dependence

Total number of empirical studies on this dimension: 20

CONFLICT						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Anderson and Narus	B2B	Member firms of national wholesaler-distributor association	Journal of Marketing	1990	Not reported	Conflict
					Not reported	Functionality of conflict
Anderson and Weitz	B2B	Variety of manufacturing business	Journal of Marketing Research	1992	0.81-0.85	
Coote et al.	B2B	International Chinese-owned businesses	Industrial Marketing Management	2003	0.80	
De Ruyter et al.	B2B	High-volume copiers	Industrial Marketing Management	2001	Not reported	Harmonisation of conflict
Duarte and Davies	B2B	Financial services	IMP Conference Paper	2000	0.83	
Geyskens et al.	N/a	Meta-analysis	Journal of Marketing Research	1999	Not reported	
Ivens and Pardo	B2B	Purchasing managers for packaging goods	IMP Conference paper	2003	0.7365	Conflict resolution
Kang et al.	B2B	Airline crews	Tourism Management	2005	0.922	
Mohr et al.	B2B	Computer stores	Journal of Marketing	1996	0.79	
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	Not reported	Functional conflict
Perry et al.	B2B	Franchisor agreements	Journal of Business & Industrial Marketing	2002	Not reported	
Selnes	B2B	Food suppliers to restaurants (institutional)	European Journal of Marketing	1998	0.929	Conflict handling

Total number of empirical studies on this dimension: 12

SHARED VALUES						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	Not reported	Similarity (cultural)
Coote et al.	B2B	International Chinese-owned businesses	Industrial Marketing Management	2003	0.88	Similarity
Coulter and Coulter	B2B	Small business owners	International Journal of Research in Marketing	2003	0.93	Similarity
Crosby et al.	B2C	Life insurance	Journal of Marketing	1990	0.77	Similarity
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.72	Shared norms and values
Doney and Cannon	B2B	Industrial manufacturing	Journal of Marketing	1997	0.90	Salesperson similarity
Ivens and Pardo	B2B	Purchasing managers for packaging goods	IMP Conference paper	2003	0.8691	Mutuality
Johnson and Grayson	B2C	Financial services	Journal of Business Research	2005	0.87	Similarity
Kang et al.	B2B	Airline crews	Tourism Management	2005	0.835	
MacMillan et al.	B2B	Non-profit organisation funders	Journal of Business Research	2005	0.84 *	
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	0.871	
Sin et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2005	0.693-0.726	

Total number of empirical studies on this dimension: 12

POWER						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Andaleeb	B2C	Students and sales/purchasing personnel	International Journal of Research in Marketing	1995	0.670-0.831	
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	0.58	Imbalance of power
Bove and Robertson	B2C	Hairdressing	Journal of Retailing & Consumer Services	2005	0.93	Coercive power
Canary and Cupach	B2C	Students at university of technology	Journal of Social and Personal Relationships	1988	0.85	Control mutuality
Doney and Cannon	B2B	Industrial manufacturing	Journal of Marketing	1997	0.90	Salesperson power
Duarte and Davies	B2B	Financial services	IMP Conference Paper	2000	0.72	Coercive power
					0.86	Non-coercive power
					0.77	Power asymmetry
Geyskens et al.	N/a	Meta-analysis	International Journal of Research in Marketing	1998	0.818	Coercive power use
Geyskens et al.	N/a	Meta-analysis	Journal of Marketing Research	1999	Not reported	Partner's use of threats
					Not reported	Partner's use of non-coercive influence strategies
Goodman and Dion	B2B	Differentiated product distributors	Industrial Marketing Management	2001	0.72	Coercive power
					0.81	Non-coercive power
Kang et al.	B2B	Airline crews	Tourism Management	2005	0.892	
Simpson and Mayo	B2B	Beer distributors	Journal of Business Research	1997	0.98	Coercive influence
					0.79	Non-coercive influence

Total number of empirical studies on this dimension: 11

CUSTOMISATION						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.818	Adaptations
Coulter and Coulter	B2B	Small business owners	International Journal of Research in Marketing	2003	0.94	Customisation
De Wulf and Odekerken-Schröder	B2C	Visitors to German shopping mall	Working paper	2000	0.88	Differentiation
De Wulf et al.	B2C	Visitors to German shopping mall	Working paper	2000	0.84	Personalisation
Doney and Cannon	B2B	Industrial manufacturing	Journal of Marketing	1997	Not reported	Willing to customise
Gill et al.	B2B	Financial institutions	International Journal of Bank Marketing	2006	0.79	Customisation
Heide and John	B2B	Purchasing agents and suppliers	Journal of Marketing	1992	Not reported	Flexibility norm
Homburg et al.	B2B	Members of the National Association of Purchasing Management	Journal of Business-to-Business Marketing	2003	0.93	Flexibility
Medlin et al.	B2B	Computer software export firms	Journal of Business Research	2005	Not reported	Flexibility
Yilmaz et al.	B2B	Automobile dealerships in Turkey	Industrial Marketing Management	2005	Not reported individually	Flexibility (as part of dealer relational behaviours)

Total number of empirical studies on this dimension: 10

BONDING						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Chiu et al.	B2C	Taiwan bank customers	Journal of Business Research	2005	0.83	Financial bonds
					0.92	Social bonds
					0.85	Structural bonds
Gounaris	B2B	Organisations – various industries	Journal of Business Research	2005	0.847	Social bonds
					0.902	Structural bonds
Gounaris and Venetis	B2B	Advertising agencies and their clients	Journal of Services Marketing	2002	0.7643	Interpersonal bonds
					0.5835	Integration bonds
					0.8155	Contractual bonds
Kirchmajer and Patterson	B2C	Clients of accountants	Anzmac Conference Paper	1998	Not reported	
Matanda et al.	B2B	Managers of horticultural retailers	Anzmac Conference paper	2000	0.67	Structural bonding
Sin et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2005	0.658-0.728	
Tse et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2003	0.91	
Venetis	B2B	Clients of advertising agencies	PhD dissertation	1997	0.85	Social bonding
Yau, McFetridge et al.	B2B	Organisations in Hong Kong with operations in both HK and China	European Journal of Marketing	2000	0.852	

Total number of empirical studies on this dimension: 9

COOPERATION						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Andaleeb	B2C	Students and sales/purchasing personnel	International Journal of Research in Marketing	1995	0.931	
Anderson and Narus	B2B	Member firms of national wholesaler-distributor association	Journal of Marketing	1990	Not reported	
De Ruyter et al.	B2B	High-volume copiers	Industrial Marketing Management	2001	Not reported	
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.71	
Duarte and Davies	B2B	Financial services	IMP Conference Paper	2000	0.91	
Kang et al.	B2B	Airline crews	Tourism Management	2005	0.893	
Matanda et al.	B2B	Managers of horticultural retailers	Anzmac Conference paper	2000	0.73	
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	Not reported	
Razzaque and Boon	B2B	Managers from a broad spectrum of industries	Journal of Business-to-Business Marketing	2003	Not reported	

Total number of empirical studies on this dimension: 9

RELATIONSHIP SPECIFIC INVESTMENT						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Anderson and Weitz	B2B	Variety of manufacturing business	Journal of Marketing Research	1992	0.79-0.81	
Claycomb and Frankwick	B2B	Managers of organisations with purchasing background	Journal of Business Research	2005	Not reported	
Ganesan	B2B	Retail buyers and their vendors	Journal of Marketing	1994	0.66-0.71	Transaction specific investment
Goodman and Dion	B2B	Differentiated product distributors	Industrial Marketing Management	2001	0.78	
Miyamoto and Rexha	B2B	Variety of manufacturing organisations	Journal of Business Research	2004	0.62	
Ping	B2B	Hardware retailers	Journal of Retailing	2003	0.919	Investments
Smith and Barclay	B2B	Sales representatives in computer industry	Journal of Marketing	1997	0.64	
Yilmaz et al.	B2B	Automobile dealerships in Turkey	Industrial Marketing Management	2005	0.72	

Total number of empirical studies on this dimension: 8

RELATIONSHIP BENEFITS						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Adamson et al.	B2B	Financial services organisations	International Journal of Bank Marketing	2003	Not reported	Relationship benefits
Chen et al.	B2C	Responses on Web site	Communication of the International Informational Management Association	2003	Not reported	Relationship benefits
De Wulf and Odekerken-Schröder	B2C	Visitors to European shopping malls	Working paper	2000	0.593	Rewarding
De Wulf et al.	B2C	Visitors to German shopping mall	Working paper	2000	0.86	Rewarding
Geyskens et al.	N/a	Meta-analysis	International Journal of Research in Marketing	1998	0.898	Economic outcomes
MacMillan et al.	B2B	Non-profit organisation funders	Journal of Business Research	2005	0.86*	Non-material benefits
					0.87*	Material benefits
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	Not reported	Relationship benefits

Total number of empirical studies on this dimension: 7

OPPORTUNISTIC BEHAVIOUR						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Abdul-Muhmin	B2B	Suppliers of industrial components and raw materials	Journal of Business Research	2005	0.83	Opportunism
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	Below 0.5-excl	
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.83	
					0.81	
Gundlach et al.	B2B	Employees of micro-computer industry involved in partnerships	Journal of Marketing	1995	0.92-0.95	Opportunism
Gutiérrez et al.	B2C	Auto repair services	Journal of Retailing & Consumer Services	2004	0.8801	Perception of opportunism
MacMillan et al.	B2B	Non-profit organisation funders	Journal of Business Research	2005	0.88 *	Non-opportunistic behaviour
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	Not reported	

Total number of empirical studies on this dimension: 7

DURATION OF RELATIONSHIP						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	Not reported	
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.838	
Bejou et al.	B2C	Financial services	International Journal of Bank Marketing	1998	Not reported	Length
Doney and Cannon	B2B	Industrial manufacturing	Journal of Marketing	1997	Not reported	Length of relationship
Goodman and Dion	B2B	Differentiated product distributors	Industrial Marketing Management	2001	Not reported	Continuity in years
Gounaris and Venetis	B2B	Advertising agencies and their clients	Journal of Services Marketing	2002	0.7931	
Mohr et al.	B2B	Computer stores	Journal of Marketing	1996	N/a	

Total number of empirical studies on this dimension: 7

SWITCHING COSTS						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Burnham et al.	B2B	Telephone and insurance industries	Journal of the Academy of Mark Science	2003	Not reported	Procedural switching cost
					Not reported	Financial switching cost
					Not reported	Relational switching cost
Chen et al.	B2C	Responses on Web site	Communication of the International Informational Management Association	2003	Not reported	Switching costs
De Ruyter et al.	B2B	High-volume copiers	Industrial Marketing Management	2001	Not reported	Switching costs
Patterson and Smith	B2C	Final consumers in a wide variety of industries	Journal of Service Marketing	2001a	0.77-0.80	Switching costs
Ping	B2B	Hardware retailers	Journal of Retailing	2003	0.941	Switching cost
Sharma and Patterson	B2B	Financial services firms	International Journal of Service Industry Management	2000	0.80	Switching costs

Total number of empirical studies on this dimension: 6

UNCERTAINTY						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.789	Product uncertainty
					0.887	Input market uncertainty
Claycomb and Frankwick	B2B	Managers of organisations with purchasing background	Journal of Business Research	2005	Not reported	Uncertainty
Geyskens et al.	N/a	Meta-analysis	International Journal of Research in Marketing	1998	0.726	Environmental uncertainty
Gutiérrez et al.	B2C	Auto repair services	Journal of Retailing & Consumer Services	2004	0.7622	Uncertainty
Morgan and Hunt	B2B	Automobile tyre retailers	Journal of Marketing	1994	Not reported	Uncertainty

Total number of empirical studies on this dimension: 5

COMPETENCE						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	0.90	
Canary and Cupach	B2C	Students at university of technology	Journal of Social & Personal Relationships	1988	0.92	
Coulter and Coulter	B2B	Small business owners	International Journal of Research in Marketing	2003	0.87	
Perry et al.	B2B	Franchisor agreements	Journal of Business & Industrial Marketing	2002	Not reported	
Selnes	B2B	Food suppliers to restaurants (institutional	European Journal of Marketing	1998	0.856	

Total number of empirical studies on this dimension: 5

EMPATHY						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Coulter and Coulter	B2B	Small business owners	International Journal of Research in Marketing	2003	0.91	
Sin et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2005	0.849	
Tse et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2003	0.91	
Yau, McFetridge et al.	B2B	Organisations in Hong Kong with operations in both HK and China	European Journal of Marketing	2000	0.764	

Total number of empirical studies on this dimension: 4

RECIPROCITY						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.795	
Sin et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2005	0.581-0.803	
Tse et al.	B2B	Organisations in Hong Kong with operations in both HK and China	Journal of Business Research	2003	0.91	
Yau, McFetridge et al.	B2B	Organisations in Hong Kong with operations in both HK and China	European Journal of Marketing	2000	0.779	

Total number of empirical studies on this dimension: 4

ATTRACTIVENESS OF ALTERNATIVES						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Patterson and Smith	B2C	Final consumers in a wide variety of industries	Journal of Services Marketing	2001a	0.77-0.89	Alternative attractiveness
Patterson and Smith	B2C	Financial planning	International Journal of Service Industry Management	2001b	0.77-0.89	Alternative attractiveness
Ping	B2B	Hardware retailers	Journal of Retailing	2003	0.929	Alternative attractiveness
Sharma and Patterson	B2B	Financial services firms	International Journal of Service Industry Management	2000	0.75	Attractiveness of alternatives

Total number of empirical studies on this dimension: 4

GOAL CONGRUENCE						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Anderson and Weitz	B2B	Members of electronic association	Marketing Science	1989	0.80	Congruence of goals
Batt	B2C	Agriculture in South-East Asia	IMP Conference paper	2000	0.828	Goal compatibility
					0.612	Mutuality
Ivens and Pardo	B2B	Purchasing managers for packaging goods	IMP Conference paper	2003	0.8691	Mutuality

Total number of empirical studies on this dimension: 3

SERVICE QUALITY						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
De Ruyter and Wetzels	B2B	Audit firms	Accounting, Organization & Society	1999	0.82	Service quality
Fullerton	B2C	Customers of clothing and grocery stores	Journal of Retailing & Consumer Services	2005	0.97-0.98	Overall service quality
Odekerken-Schröder et al.	B2C	Customers of manufacturer of office equipment	European Journal of Marketing	2000	0.96	Overall service quality

Total number of empirical studies on this dimension: 3

COORDINATION						
Author(s)	**B2B / B2C**	**Industry**	**Source**	**Year**	**Reliability (α)**	**Remark (if any)**
Mohr and Spekman	B2B	Computer dealers	Strategic Management Journal	1994	0.68	
Mohr et al.	B2B	Computer stores	Journal of Marketing	1996	0.75	

Total number of empirical studies on this dimension: 2

Remarks to Addendum B:

B2B: Business-to-business

B2C: Business-to-consumer

* Fornell and Larcker reliability was used in this study (not the Cronbach alpha).

ADDENDUM C

INDUSTRIES WHERE DIMENSIONS WERE TESTED EMPIRICALLY

Industry	Sub-category	Trust		Commitment		Satisfaction		Communication		Intention to stay		Dependence		Conflict		Shared values		Power	
		B	C	B	C	B	C	B	C	B	C	B	C	B	C	B	C	B	C
Advertising	Agencies	2		1						2									
Agriculture	Seed supplies		1		1		1		1				1						
Airlines	Crew members	1						1						1		1		1	
Automobile	Dealerships	3		2								3							
	Repair services		1		1								1						
	Tyre retailers	1		1				1		1				1		1			
Business services	Consultancy					1				1									
Distribution	Beer	1		1		1												1	
	Differentiated products	1		1				1				1						1	
	Food supplies	1		1		1		1		1				1					
	Members of association	1				1		1				1		1					
Electronics	Computers	1		3		3		2		1		1		1					
	Copiers	1		1				1		1		1		1					
	Members of association	1						1		1						1		1	
	Software	1		1															
Financial services	Accounting	1	1	1					1	1		1				1			
	Life insurance										1						1		
	Planning	1		1				1											
	Service organisations	3	2	2		2	3	1			1			1			1	1	
Health care	Primary		1				1		1										
Industrial	Components	1		1		1				1									
	Manufacturing	2		2		1		1								1		1	
Non profit	Funding	1		1												1			
	Theatre		1		1		1		1		1								
Office equipment	Manufacturing	1	1	1		1	1			1									
Personal care	Hairdressing		1		1														1
Purchasing	Agents and suppliers																		
	Employees	1																	
	Managers	3	1	1	1	1	1	1				1		2		1			
	Members of association	2		1		1				1		1							
	Professionals	1		1		2													
	Retail buying	2				1						1							
	Students		1										2						1
Research	Managers	1		1								1							
	Users	2		1															
Retailing	Clothing and groceries				1						1								
	Hardware					1													
	Horticulture	1				1						1							

Differentiated industries	**Managers**	1		1		1						1							
	Students		2				1		1										1
	Telephone and insurance		1			1	1			1									
	Variety of products																		
	Various	7	1	3	1			2		1				2		3			
	Visitors to malls/stores		3		3		1		2		2								
	Web-site responses		1		1				1		1								
Totals for business and consumer		46	19	30	11	21	11	15	8	14	7	14	4	11	0	10	2	6	3
Number of meta analyses		2		1		2		1		0		2		1		0		2	
Total frequency		67		42		34		24		21		20		12		12		11	

Remarks:

B = B2B
C = B2C

ADDENDUM C (CONTINUED)

Industry	Sub-category	Customisation		Bonding		Cooperation		Relationship-specific investment		Relationship benefits		Opportunistic behaviour		Duration of relationship		Switching costs		Uncertainty	
		B	C	B	C	B	C	B	C	B	C	B	C	B	C	B	C	B	C
Advertising	Agencies													1					
Agriculture	Seed supplies		1										1		1				1
Airlines	Crew members					1													
Automobile	Dealerships	1						1											
	Repair services												1						1
	Tyre retailers					1				1		1						1	
Business services	Consultancy																		
Distribution	Beer																		
	Differentiated products							1						1					
	Food supplies																		
	Members of association					1													
Electronics	Computers							1				1		1					
	Copiers					1										1			
	Members of association													1					
	Software	1																	
Financial services	Accounting				1	1						1							
	Life insurance																		
	Planning																		
	Service organisations	1			1	1				1					1	1			
Health care	Primary																		
Industrial	Components											1							
	Manufacturing	1						2						1					
Non profit	Funding									1		1							
	Theatre																		
Office equipment	Manufacturing																		
Personal care	Hairdressing																		
Purchasing	Agents and suppliers	1																	
	Employees																		
	Managers							1										1	
	Members of association	1																	
	Professionals																		
	Retail buying							1											
	Students						1												
Research	Managers																		
	Users																		
Retailing	Clothing and groceries																		
	Hardware							1								1			
	Horticulture			1		1													

Differentiated industries	**Managers**																		
	Students																		
	Telephone and insurance															1			
	Variety of products																		
	Various	1		4		1											1		
	Visitors to malls/stores		2								2								
	Web-site responses										1						1		
Totals for business and consumer		7	3	7	2	8	1	8	0	3	3	5	2	5	2	4	2	2	2
Number of meta analyses		0		0		0		0		1		0		0		0		1	
Total frequency		10		9		9		8		7		7		7		6		5	

Remarks:

B = B2B
C = B2C

ADDENDUM C (CONTINUED)

Industry	Sub-category	Competence		Empathy		Reciprocity		Attractivness of alternatives		Goal congruence		Service quality		Coordination	
		B	C	B	C	B	C	B	C	B	C	B	C	B	C
Advertising	Agencies														
Agriculture	Seed supplies						1				1				
Airlines	Crew members														
Automobile	Dealerships														
	Repair services														
	Tyre retailers														
Business services	Consultancy														
Distribution	Beer														
	Differentiated products														
	Food supplies	1													
	Members of association														
Electronics	Computers													2	
	Copiers									1					
	Members of association	1													
	Software														
Financial services	Accounting											1			
	Life insurance														
	Planning								1						
	Service organisations							1							
Health care	Primary														
Industrial	Components														
	Manufacturing														
Non profit	Funding														
	Theatre														
Office equipment	Manufacturing												1		
Personal care	Hairdressing														
Purchasing	Agents and suppliers														
	Employees														
	Managers									1					
	Members of association														
	Professionals														
	Retail buying														
	Students														
Research	Managers														
	Users														
Retailing	Clothing and groceries												1		
	Hardware							1							
	Horticulture														
Differentiated industries	Managers														
	Students														
	Telephone and insurance	1													
	Variety of products														
	Various	1		4		3			1						
	Visitors to malls/stores														
	Web-site responses														
Totals for business and consumer		4	1	4	0	3	1	2	2	2	1	1	2	2	0
Number of meta analyses		0		0		0		0		0		0		0	
Total frequency		5		4		4		4		3		3		2	

Remarks:

B = B2B
C = B2C

ADDENDUM D

ITEMS FOUND IN MARKETING LITERATURE TO MEASURE THE DIFFERENT DIMENSIONS INCLUDED IN THIS STUDY

Note: The items that appear in this Addendum are organised according to the sequence in which the dimensions appear in Chapter 7 Table 7.2. Furthermore, where questions were applied within the financial services industry, the questions are extracted and indicated at the beginning of each dimension.

1. TRUST

Empirical studies within the financial services industry:

Johnson and Grayson (2005)

Affective trust: α = 0.90
I would feel a sense of personal loss if I could no longer use my financial adviser.
If I share my problems with my financial adviser, I feel he or she would respond caringly.
My financial adviser displays a warm and caring attitude towards me.
I can talk freely with my financial adviser about my problems at work and know that he or she will want to listen.
My financial adviser is only interested in selling me products (R).

Cognitive trust: α = 0.80
Given my financial adviser's track record, I have no reservations about acting on his/her advice.
Given my financial adviser's track record, I have good reason to doubt his or her competence (R).
I can rely on my financial adviser to undertake a thorough analysis of the situation before advising me.
I have to be cautious about acting on the advice of my financial adviser because his or her opinions are questionable (R).
I can not confidently depend on my financial adviser since he/she may complicate my affairs by careless work (R).

Abdul-Muhmin (2005)

Benevolence: α = 0.90

Overall, our major supplier is a good company to do business with.

All in all, our major supplier's policies and programs benefit us.

Credibility: α = 0.82

When we make agreements with our major supplier we can always rely on them to fulfil all requirements.

Informal agreements between our major supplier and us are as good as written contracts.

In the relationship with our major supplier, there have never been instances where we have felt deceived.

We can always count on our major supplier to be sincere.

Andaleeb (1995) α = 0.961–0.962
….. is very dependable.
….. is not sincere about keeping its commitments.
….. cannot be counted on to be helpful.
….. is not very reliable.

Andaleeb (1996) α = 0.82
….. should be cautious in dealing with …..
….. should not hesitate to make important purchase decisions based on ….. suggestions.

Batt (2000) α = 0.795
I have confidence in my seed supplier.
I believe in the information provided by my preferred seed supplier.
My preferred seed supplier always keeps his promises.
I believe that my seed supplier has the necessary expertise to provide good quality seed.
My supplier has a good reputation for being honest.

Bove and Robertson (2005)
Benevolence: α = 0.83
This hairdresser is like a friend.
This hairdresser always tries to squeeze me in when fully booked.
This hairdresser responds caringly when I share my problems with her/him.

Credibility: α = 0.92
This hairdresser approaches her/his job with professionalism and dedication.
The hair cut or colour I receive from this hairdresser always meets my expectations.
This hairdresser is skilled at her/his trade.

Coote et al. (2003) α = 0.88
My supplier is honest and truthful.
Promises made by my supplier are reliable.
My supplier is open in dealing with me.
I have great confidence in my supplier.
My supplier has a high degree of integrity.

Coulter and Coulter (2003) α = 0.90

My service provider is ...

Trustworthy.

Keeps my dealings with him confidential.

Is honest.

Has a great deal of integrity.

Brings high standards to his/her work.

Is a person with principles.

De Wulf and Odekerken-Schröder (2000) α = 0.804-0.821

This store provides its regular customers with a feeling of trust.

This store leaves a very confident impression with its regular customers.

This store only wants the best for its regular customers.

De Wulf et al. (2000) α = 0.92

This store gives me a feeling of trust.

I have trust in this store.

This store gives me a trustworthy impression.

Doney and Cannon (1997)

Trust of supplier firm: α = 0.94

This supplier keeps promises it makes to our firm.

This supplier is not always honest with us.

We believe the information that this vendor provides us.

This supplier is genuinely concerned that our business succeeds.

When making important decisions, this supplier considers our welfare as well as its own.

We trust this vendor keeps our best interests in mind.

This supplier is trustworthy.

We find it necessary to be cautious with this supplier.

Trust of salesperson: α = 0.90

This salesperson has been frank in dealing with us (R).

This salesperson does not make false claims (R).

We do not think this salesperson is completely open in dealing with us.

This salesperson is only concerned about himself/herself (R).

This salesperson does not seem to be concerned with our needs (R).

The people at my firm do not trust this salesperson (R).

This supplier is trustworthy.

This salesperson is not trustworthy (R).

Ganesan and Hess (1997)

Interpersonal credibility: α = 0.72

This resource's representative has been frank in dealing with us.

Promises made by this resource's representative are reliable.

If problems such as shipment delays arise, the resource's representative is honest about the problems.

This resource's representative is always on top of things related to his/her job.

This resource's representative is knowledgeable regarding his/her products.

This resource's representative does not make false claims.

This resource's representative is not open in dealing with us.

Interpersonal benevolence: α = 0.68

This resource's representative cares for us.

We feel the resource's representative cares for us.

We feel the resource's representative has been on our side.

This resource's representative has often gone out of his/her way to help us.

This resource's representative has made sacrifices for us in the past.

In times of shortage, this resource's representative has gone out on a limb for us.

The resource's representative is like a friend.

Organisational credibility: α = 0.75

Promises made by this resource are reliable.

This resource has been frank in dealing with us.

If problems such as shipment delays arise, this resource is honest about the problems.

This resource has been consistent in terms of their policies.

Organisational benevolence: α = 0.87

This resource cares for us.

This resource considers our interest when problems arise.

This resource has gone out of its way to help us out.

This resource has made sacrifices for us in the past.

Gao et al. (2005)

Buyer's trust: α = 0.82

The supplier is capable of providing quality products and services to us.

Generally speaking, this supplier is trustworthy.

When making important decisions, this supplier considers our best interests as well as its own.

Sometimes the supplier does not follow through on commitments to us.

Buyer's perceived supplier trust: α = 0.85

This supplier sees us as a trustworthy business partner.

This supplier believes that promises made by as are reliable.

This supplier believes that when making important decisions, we consider their best interests as well as our own.

This supplier believes in our ability to serve their specific needs well.

Garbarino and Johnson (1999) α = 0.73

The performances at this theatre always meet my expectations.

This theatre can be counted on to produce a good show.

I cannot always trust performances at this theatre to be good (reverse scored).

This theatre is a reliable off-Broadway theatre company.

Geyskens et al. (1996)

Honesty: α = 0.81–0.85

Even when the supplier gives us a rather unlikely explanation, we are confident that they are telling the truth.

The supplier has often provided us information which has later proven to be inaccurate.

The supplier usually keeps the promises that they make to our firm.

Whenever the supplier gives us advice on our business operations, we know that they are sharing their best judgment.

Our organisation can count on the supplier to be sincere.

Benevolence: α = 0.90–0.93

Though circumstances change, we believe that the supplier will be ready and willing to offer us assistance and support.

When making important decisions, the supplier is concerned about our welfare.

When we share our problems with the supplier, we know that they will respond with understanding.

In the future, we can count on the supplier to consider how its decisions and actions will affect us.

When it comes to things which are important to us, we can depend on the supplier's support.

Gounaris (2005) α = 0.808

No checking is necessary.

Have our best interests at heart.

No need questioning their motives.

Important decisions are taken without us.

Job done right even without us.

Gounaris and Venetis (2002) α = 0.7931
Job done even without control.
Important decisions without us.
No questioning motives.
Best interest at heart.
No check of work necessary.
Overall trust.

Gutiérrez et al. (2004)
Trust in capacity and competence: α = 0.827
Trust in ….. 's professional competence.
Belief that ….. has excellent technical resources.
Belief that ….. has highly qualified personnel.

Trust in intentions and values: α = 0.9148
Trust in …..'s good intentions.
Belief that ….. fulfils its promises.
….. concerns about customer's satisfaction.
….. makes an effort to give personal attention.
….. gives detailed information to its customers without being requested.
…..'s working style is the one I like.

Homburg et al. (2003) α = 0.92
This supplier keeps promises it makes to our company.
We believe the information that this supplier provides us.
This supplier is genuinely concerned that our business succeeds.
When making important decisions, this supplier considers our welfare as well as its own.
We trust this supplier keeps our best interests in mind.
This supplier is trustworthy.
We find it necessary to be cautious when dealing with this supplier.

Ivens and Pardo (2003) α = 0.8539
This supplier keeps promises it makes to our firm.
This supplier is not always honest with us (R).
We believe in information this supplier provides us.
This supplier is truly interested in our own success.
This supplier is trustworthy.
We find it necessary to be cautious with this supplier.

Kang et al. (2005) α = 0.730

I believe in the information that cabin crews provide me.

When making important decisions, cabin crews consider my welfare.

Cabin crews have the attributes necessary to do my job.

Cabin crews have been frank in dealing with me.

MacMillan et al. (2005) Fornell and Larcker reliability = 0.87

The NPO (not-for-profit organisation) are very unpredictable. I never know how they are going to act from one day to the next.

I can never be sure what the NPO are going to surprise us with next.

I am confident that the NPO will be thoroughly dependable, especially when it comes to things that are important to my organisation.

In my opinion, the NPO will be reliable in the future.

Though times may change and the future is uncertain, I know that the NPO will always be willing to offer my organisation the support it may need (e.g. even if we had not funded them recently).

The NPO would not let us down, even if they found themselves in an unforeseen situation (e.g., competition from other funders, changes in government policy).

Moorman et al. (1992) α = 0.84

If I or someone from my department could not be reached by our researcher, I would be willing to let my researcher make important research decisions without my involvement.

If I or someone from my department were unable to monitor my researcher's activities, I would be willing to trust my researcher to get the job done right.

I trust my researcher to do things I can't do myself

I trust my researcher to do things my department can't do for itself.

I generally do not trust my researcher.

Morgan and Hunt (1994) α = 0.949

In our relationship, my major supplier (anchors: Strongly agree/Strongly disagree).

….. cannot be trusted at times.

….. is perfectly honest and truthful.

….. can be trusted completely.

….. can be counted on to do what is right.

….. is always faithful.

….. is someone that I have great confidence in.

….. has high integrity.

Sharma and Patterson (1999) α = 0.90

My adviser can be relied on to keep his/her promises.

There are times when I find my adviser to be a bit insincere (reversed coded).

I find it necessary to be cautious in dealing with my adviser (reverse coded).

My adviser is trustworthy.

I suspect that my adviser has sometimes withheld certain pieces of critical information that might have affected my decision-making (reverse coded).

I have confidence in my adviser.

I generally do not trust my adviser.

Sin et al. (2005) α = 0.683-0.882

We trust each other.

They are trustworthy on important things.

According to our past business relationship, my company thinks that they are trustworthy persons.

My company trusts them.

Tellefsen and Thomas (2005)

Personal trust: α = 0.83

This person has been frank in dealing with us.

This person is concerned with our needs.

This person does not make false claims.

This person is trustworthy.

Organisational trust: α = 0.81

This firm keeps the promises it makes to my company.

This research firm is trustworthy.

I believe the information that this research firm provides me.

Tse et al. (2003) α = 0.91

He/she is trustworthy on important things.

I trust him/her.

We trust each other.

According to our past relationship, I think he/she is a trustworthy person.

Venetis (1997) α = 0.76

We trust our agency to get the job done right, even if we do not review their work.

If I or my associates cannot be reached, we are willing to let our agency make important decisions without our involvement.

We accept our agency’s advice without questioning their motives.

We trust that our agency has our best interest at heart and will not undertake actions that will harm us.

We have to check our agency's work to make sure that the work is done correctly.

In general, we can trust our agency.

Walter et al. (2000) α = 0.86

When making important decisions, the supplier is concerned about our welfare.

When we have an important requirement, we can depend on the supplier's support.

We are convinced that this customer performs its tasks professionally.

The supplier is not always honest to us.

We can count on the supplier's promises made to our firm.

Yau, McFetridge et al. (2000) α = 0.908

He/she is trustworthy on important things.

I trust him/her.

We trust each other.

According to our past business relationship, I think he/she is a trustworthy person.

Yilmaz et al. (2005) α = 0.95

This supplier …

Cannot be trusted at times.

Is perfectly honest and truthful.

Can be trusted completely.

Can be counted on to do what is right.

Can be counted on to get the job done right.

Is always faithful.

Is a business partner that I have great confidence in.

Have a high integrity.

2. SATISFACTION

Empirical studies within the financial services industry:

Hallowell (1996) α = Not reported

How satisfied are you with ….. (the bank) staff in each of the following areas?

Never being too busy to respond to your requests.
Following through on their promises.
Doing things right the first time.
Properly handling any problems that arise.
Letting you know when things will be done.
Knowledge of bank products and services
Ability to answer your questions.
Understanding your specific needs for financial services.

How satisfied are you with ….. (the bank) in each of the following areas?

Providing easy access to needed information.
Providing easy-to-read and understandable bank statements.
Providing error-free bank statements.
Maintaining clean and pleasant branch office facilities.
Paying competitive interest rates on deposits.
Charging reasonable service fees.
Charging competitive interest rates on loans.
Providing you with a good value in banking products and services.
Offering convenient banking hours.
Providing convenient branch locations.

How satisfied are you with the manner in which you are treated by ….. (the bank) staff in each of the following areas?

Friendliness.
Willingness to help.
Having a concerned and caring attitude.
Providing prompt customer service.
Being capable and competent.
Giving you their undivided attention.
Being consistently courteous.
Maintaining a professional appearance.
Keeping your transactions confidential.

Johnson and Grayson (2005) α = 0.95
Taking everything into consideration, how do you feel about the service you have received from your financial adviser so far?
1. Pleased – Displeased.
2. Sad – Happy.
3. Contented – Disgusted.
4. Dissatisfied – Satisfied.

Sharma and Patterson (2000) α = 0.94
I am very satisfied with my current choice of financial adviser.
If I had to do it all over again, I would choose the same provider.
I feel good about my decision to choose this adviser.

Abdul-Muhmin (2005) α = 0.82
In general, we are very satisfied with the relationship with our major supplier.
We are satisfied with the products and services we get from our major supplier.

Andaleeb (1996) α = 0.95
The relationship between ….. and ….. does not seem to reflect a happy situation.
The relationship between the two companies is very positive.
….. should be very satisfied with …..

De Wulf et al. (2000) α = 0.83
As a regular customer, I have a high-quality relationship with this store.
I am happy with the efforts this store is making towards regular customers like me.

Garbarino and Johnson (1999) α = 0.63
How would you rate your overall satisfaction with this theatre company?
How would you rate this theatre compared with other off-Broadway companies on the overall satisfaction?

Homburg et al. (2003) α = 0.89
Overall, our company is very satisfied with this supplier.
Our company is not completely happy with this supplier.
If we had to do it all over again, we would still choose this supplier for this product.
We are very pleased with our relationship with this supplier.
Our experience with this supplier has not been good.

Ivens and Pardo (2003)
Economic satisfaction: α = 0.868
The supplier's order handling.
The quality of the supplier's products.
The price-quality-ratio of the supplier's products.
The supplier's service orientation.

Social satisfaction: α = 0.9173
The supplier's friendliness.
The supplier's interest in you as a person.
The supplier's respect for your work.

Leuthesser and Kohli (1995) α = 0.95

We are delighted with our overall relationship with them.

We wish more of our suppliers were like this one.

We would like our relationship with them to continue in the coming years.

It is a pleasure dealing with this supplier.

There is always some problem or another with this supplier.

Mohr et al (1996) α = 0.85

How satisfied are you with the following aspects of the relationship with this manufacturer? (very dissatisfied/very satisfied):

Personal dealings with manufacturer’s sales representatives.

Assistance in managing inventory.

Cooperative advertising.

Promotional support (coupons, rebates, displays).

Off-invoice promotional allowances.

Profit on sales of manufacturer’s product.

Walter et al. (2000) α = 0.86

Satisfaction with the supplier’s product development:

Employee’s knowledge about conditions of use.

Creativity of R&D (research and development) personnel.

Openness of R&D personnel to new product ideas.

Attention of R&D personnel for our technical problems.

Satisfaction with the supplier’s technical service:

Competence of service personnel.

Availability of service.

Technical quality of service.

Satisfaction with the supplier’s product:

Reliability of the products.

Operating efficiency of the products.

Fulfilment of technical demands.

Satisfaction with the supplier’s order processing:

Time-to-order confirmation.

Adherence of delivery dates.

Management of order process.

3. COMMITMENT

Empirical studies within the financial services industry:
Sharma and Patterson (1999; 2000) α = 0.85
I am very committed to the relationship with my adviser.
I intend to maintain the relationship indefinitely.
I should put maximum effort into maintaining my relationship with my present adviser.
I have a strong sense of loyalty towards my financial adviser.
I am always on the look-out for an alternative adviser (reverse coded).

Abdul-Muhmin (2005) α = 0.86

The relationship with our major supplier means very much to us.

We will never do anything to jeopardise the relationship with our major supplier.

Andaleeb (1996) α = 0.92

….. should further strengthen its ties with …..

….. should consider committing itself to a longer-term involvement with ….. for its suppliers of …..

….. relationship with ….. should be broken off.

….. should not switch to a new supplier yet.

Batt (2000)

Commitment: support α = 0.882

My preferred seed supplier is willing to share the risks of crop failure.

My preferred seed supplier is willing to help me grow potatoes.

When seed is scarce, my preferred seed supplier does everything possible to satisfy my needs.

My preferred seed supplier provides financial assistance during difficult times.

Commitment: continuity α = 0.984

I expect to continue to interact with my preferred seed supplier in the future.

I expect my relationship with my preferred seed supplier to continue.

Bove and Robertson (2005) α = 0.88

I am prepared to wait to make another appointment so that this hairdresser serves me.

My continued association with this hairdresser is important to me.

I am very committed to this hairdresser.

Coote et al. (2003) α = 0.91

Maintaining a long-term orientation with my supplier is important to me.

My relationship with my supplier is something I intend to maintain.

I expect to continue working with my supplier for a long time.

I am very committed to the relationship with my supplier.

The relationship with my supplier will be profitable over the long run.

De Wulf and Odekerken-Schröder (2000) α = 0.727-809

I consider myself a regular customer of this store.

I have a strong feeling of loyalty towards this store.

Even if this store would be more difficult to reach, I would still buy from it.

I am prepared to make efforts in order to keep buying from this store.

De Wulf et al. (2000) α = 0.76

I am willing to go the extra mile to remain a customer of this store.

I feel loyal towards this store.

Even if this store would be more difficult to reach, I would still keep buying there.

Gao et al. (2003) α = 0.74

This supplier wants to stay in the exchange relationship with us.

If another company gives this supplier a better offer, it would most certainly take them on, even if it meant dropping us.

If we switched to a competing supplier, this supplier would have lost a lot of the investment they have made in us.

Garbarino and Johnson (1999) α = 0.82

I am proud to belong to this theatre.

I feel a sense of belonging to this theatre.

I care about the long-term success of this theatre.

I am a loyal patron of this theatre.

Geyskens et al. (1996)

Affective commitment: α = 0.81–0.85

Even if we could, we would not drop the supplier because we like being associated with them.

We want to remain a member of the supplier's network because we genuinely enjoy our relationship with them.

Our positive feelings towards the supplier are a major reason we continue working with them.

Calculative commitment: α = 0.80–0.81
Staying with the supplier is a matter of necessity.
It would be too expensive for us to terminate our relationship with the supplier.
We continue to represent the supplier because we have no other viable option.

Gounaris (2005)
Affective commitment α = 0.795
Stay while relationship is efficient.
Stay while enjoy working together.
Stay while philosophy matches.
Stay while we think positively.
Stay while we are loyal.

Calculative α = 0.871
Hard to break the relationship.
No worthwhile alternatives.
High costs to change.

Gutiérrez et al. (2004)
Behavioural commitment: α = 0.9437
Percentage of times the customer attended ….. the previous year.
Percentage of expenditure in …..the previous year.

Affective commitment: α = 0.8025
Intensity of the relationship with …..
Feeling of loyalty to …..
Positive evaluations of the relationship with …..
Recommendation of …..
Friendship level in relationship with …..
Feeling of affection to …..

Temporal commitment: α = 0.8266
Intention of continuance with …..
Desire of continuity of the relationship with …..
Desire for the relationship with …..

Ivens and Pardo (2003) α = 0.8392

We intend to maintain our relationship with this supplier as long as possible.

We do all we can not to threaten the relationship with this supplier.

We are ready to invest more than usual into this relationship.

Our cooperation with this supplier is frictionless.

From time to time we seek for alternatives to the products we buy from this supplier.

MacMillan et al. (2005) Fornell and Larcker reliability = 0.94

The relationship my organisation has with … is something we intend to maintain in the long term (e.g., over the next 2 years, possibly beyond).

The relationship my organisation has with … is something that we will put a lot of effort into maintaining in the future.

The relationship my organisation has with … is something we are very committed to.

The relationship my organisations has with … is very important to us.

Mohr et al. (1996) α = 0.80

We are very committed to carrying this manufacturer's products.

We would like to discontinue carrying this manufacturer's products (R).

We have minimal commitment to this manufacturer (R).

Moorman et al. (1992) α = 0.78

I am committed to my relationship with my researcher.

I consider my researcher to be a part of my department.

I really care about the fate of my working relationship with my researcher.

Morgan and Hunt (1994) α = 0.895

The relationship that my firm has with my major supplier:

….. s something we are very committed to.

….. is very important to my firm.

….. is of very little significance to us.

..… is something my firm intends to maintain indefinitely.

….. is very much like being family.

….. is something my firm really cares about.

.…. deserves our firm's maximum effort to maintain.

Patterson and Smith (2001a) α = 0.87-0.91

I am committed to my relationship with my doctor/hairdresser/etc.

I wish to maintain the relationship with my ……………….

I am patient with my ……………… if he/she makes a mistake.

I am not looking out for another …………………… to replace the present one.

The relationship is important to maintain.

Selnes (1998) α = 0.886

The supplier makes adjustments to meet my needs.

The supplier tailor-makes its products to our needs.

This supplier is flexible when our product offering is changed.

The supplier is flexible when our production process (formula) is changed.

Tellefsen and Thomas (2005)

Personal commitment: α = 0.91

Maintaining a long-term business relationship with this person is important to me.

My business relationship with this person is enduring.

I expect to be working with this person for a long time.

I am committed to my relationship with this person.

Organisational commitment: α = 0.81

We have a strong sense of loyalty to this research firm.

We expect to use this research firm for some time.

We are not very committed to this research firm.

Our relationship with this firm is a long-term alliance.

Venetis (1997)

Affective commitment: α = 0.90 / Calculative commitment: α = 0.82

(questionnaire does not distinguish between affective and calculative)

We feel a strong sense of loyalty towards our agency.

It is questionable what another agency has to offer; therefore we stay with this agency.

If it would be very easy, we would like to replace this agency.

Right now it is a matter of necessity for us to keep working with this agency.

We do not want to leave this agency because we benefit a lot from them.

We desire to keep on working with this agency because we truly believe in and sympathise with their philosophy and goals.

It will cost us too much time, money and effort to switch to another agency that is why we stay at this agency.

We stay with this agency because the costs of breaking with them would not outweigh the uncertain benefits another agency can provide.

We stay with this agency because it is pleasant to work with them.

We remain a client of this agency because we genuinely enjoy the relationship with them.

Walter et al. (2000) $\alpha = 0.86$

We focus on long-term goals in this relationship.

We are willing to invest time and other resources into the relationship with this supplier.

We put the long-term cooperation with this customer before our short-term profit.

We expand our business with this supplier in the future.

We defend this supplier when an outsider criticises the company.

4. COMMUNICATION

Empirical studies within the financial services industry:

Sharma and Patterson (1999) α = 0.89

My adviser keeps me very well informed about what is going on with my investments.

My adviser explains financial concepts and recommendations in a meaningful way.

My adviser never hesitates to give me as much information as I like to have.

My adviser does not hesitate to explain to me the pros and cons of the investments he/she recommends to me.

Batt (2000)

Kept informed: α = 0.896

My preferred seed supplier keeps me well informed on technical matters.

My preferred seed supplier keeps me well informed of prices in the ware market.

My preferred seed supplier regularly meets with our farmer group.

The majority of communication between myself and my preferred seed supplier occurs through written communication.

My preferred seed supplier often advises me of potential supply problems.

Ease of contact: α = below 0.5 therefore excluded

Its relatively easy to contact my preferred seed supplier.

Advice: α = below 0.5 therefore excluded

I look to my preferred supplier for advice on what variety to grow.

Coote et al. (2003) α = 0.85

I keep my supplier informed about changes in my business.

My supplier and I make it a point to keep each other informed.

My supplier and I exchange information that may benefit one another.

My supplier and I keep each other informed about events and changes.

De Wulf and Odekerken-Schröder (2000) α = 0.797-0.880

This store regularly sends folders to its regular customers.

This store frequently communicates with its regular customers through brochures.

This store regularly informs its regular customers on novelties.

De Wulf et al. (2000) α = 0.90

This store often sends mailing to regular customers.

This store keeps regular customers informed through mailings.

This store often informs regular customers through brochures.

Kang et al. (2005) α = 0.752

We talk candidly with each other.

We provide each other with timely information.

Leisen and Hyman (2004) α = 0.96

My physician …..
Listens actively.
Acknowledges my concerns.
Explains his (her) diagnosis completely and honestly.
Answers my questions about my health.
Communicates directly to me.
Is sensitive.
Is relaxed and calm.

MacMillan et al. (2005) Fornell and Larcker reliability = 0.88
Staff who talk with passion and experience about the work of …
The opportunity to work with knowledgeable professional and approachable staff.
The NPO keeps me informed about new developments that are relevant to us.
The NPO provides frequent communication about issues that are important to us.
Even when things don't go quite according to plan, the NPO does its best to listen to us (e.g., my own and my organisation's ideas, concerns and suggestions).
Whatever the circumstances, the NPO usually takes notice of the suggestions I make about my organisation's work with them.

Morgan and Hunt (1994) α = not reported
In our relationship, my major supplier:
..… keeps us informed of new developments.
….. provides us with frequent positive feedback on our performance.
….. offers us very poor recognition programmes.
...... communicates well his expectations for our firm's performance.

Selnes (1998) α = 0.846
The supplier provides information that can be trusted.
The supplier provides information if delivery problems occur.
The supplier provides information if there are quality problems.
The supplier fulfils promises.

Sin et al. (2005) α = 0.596-0.754
We communicate and express our opinions to each other frequently.
We can show our discontent towards each other through communication.
We can communicate honestly.

Smith and Barclay (1997) α = 0.56
Both devoted time and energy.
Effort to increase time together.
Equity built up in relationship.

Effort to demonstrate interest.
Discuss accounts and opportunities.
Share confidences.
Provide timely information.

5. COMPETENCE

Empirical studies within the financial services industry:
None

Coulter and Coulter (2003) α = 0.87
My service provider …
Is an expert in his/her field.
Is extremely experienced in his/her business.

Selnes (1998) α = 0.856
The supplier has knowledge about the market and market trends.
The supplier provides me with advice about how to operate my business
This supplier helps me to plan sales promotion activities.
The supplier contributes with sales promotion activities.

6. RELATIONSHIP BENEFITS

Empirical studies within the financial services industry: One, but no measurement instrument provided

De Wulf et al. (2000)
Rewarding: α = 0.86
This store rewards regular customers for their patronage.
This store really cares about keeping regular customers.

MacMillan et al. (2005)
Nonmaterial benefits: Fornell and Larcker reliability = 0.86
The chance to support programmes that will have a good long-term impact on society.
Innovative and cutting-edge solutions to the problems it faces (e.g., crime-related issues and opportunities in South Africa).
The knowledge that our support is used in an ethical way (e.g., good accounting systems, staff who do not waste money).
The opportunity to target our support to issues that we care about.
Being able to see that our support has an impact on the people for whom it is really intended.

Material benefits: Fornell and Larcker reliability = 0.87
Opportunities to be involved with projects that tie in with our company's vision (funding something that in some way matches our strengths, builds our reputation).
An efficient use of our support (whatever form this takes).
Being able to support programmes that ultimately also benefit my organisation and its staff (e.g., creating a society that is good for our business and our people and their families).

Morgan and Hunt (1994): α = not reported
If you could not buy your stock from your present major supplier, you would likely be purchasing from some other major supplier (we'll call this the "alternate supplier"). Please compare your major supplier with this alternate supplier concerning the following items: (anchors: Present supplier is much better / Present supplier is much worse).

Gross profit provided:
Gross profit provided by a product line common to both suppliers.
Customer satisfaction provided by a product line common to both suppliers.
Product performance provided by a product line common to both suppliers.

7. BONDING

Empirical studies within the financial services industry:

Chiu et al. (2005)
Financial bonds: α = 0.83
The bank provides cumulative points programmes.
The bank offers free gifts for regular transactions.
The bank offers additional rebates if I trade beyond a certain amount.

Social bonds: α = 0.92
The bank keeps in touch with me and has established a good relationship.
The bank is concerned with my needs.
The bank helps me resolve problems regarding my account.
The bank asks my opinions about services.
The bank sends me greeting cards or gifts on special days.

Structural bonds: α = 0.85
The bank offers a variety of ways to get information more efficiently.
The bank provides me with news, study reports, or transaction information that I need.
The bank provides products or services from other sources to resolve my problems.

Gounaris (2005)
Social bonding: α = 0.847
Knowledge sharing.
Investment by the consultant.
Consultant adjusted.
Personalised relationship.

Structural bonding: α = 0.902
Invested effort and time.
Tied by internal policies.
Switch cost new relationship.
Contact frequency.

Gounaris and Venetis (2002)
Interpersonal bonds: α = 0.7643
Agency adjusts to client's needs.
Knowledge exchange.
Investment of the agency.
Classified information.
Personal relationship.
Personality match.

Integration bonds: α = 0.5835
Contact frequency.
Intensity contact.

Contractual bonds: α = 0.8155
Contractual agreements.
Tied by internal policies.
Invested effort/time.

Sin et al. (2005) α = 0.658-0.728
We rely on each other.
We both try very hard to establish a long-term relationship.
We work in close cooperation.
We keep in touch constantly.

Tse et al. (2003) α = 0.91
My enterprise achievement builds on our reliance on each other.
We keep in touch constantly.
We work in close cooperation.
We both try very hard to establish a long-term relationship.

Yau, McFetridge et al. (2000) α = 0.852
My enterprise achievement builds on our reliance on each other.
We keep in touch constantly.
We work in close cooperation.
We both try very hard to establish a long-term relationship.

8. CUSTOMISATION

Empirical studies within the financial services industry:
None

De Wulf and Odekerken-Schröder (2000)
Differentiation: α = 0.88
This store treats its regular customers differently than non-regular customers.
This store provides a faster service to its regular than to non-regular customers.
This store dedicates more efforts to its regular than to non-regular customers.
This store offers a better service level to its regular than to non-regular customers.

De Wulf et al. (2000)
Differentiation: α = 0.84
This store treats its regular customers differently than non-regular customers.
This store provides a faster service to its regular than to non-regular customers.
This store dedicates more efforts to its regular than to non-regular customers.
This store offers a better service level to its regular than to non-regular customers.

Homburg et al. (2003)
Flexibility: α = 0.93
This supplier is flexible enough to handle unforeseen problems.
This supplier handles changes well.
This supplier can really adjust its inventories to meet changes in our needs.
This supplier is flexible in response to requests we make.

9. ATTRACTIVENESS OF ALTERNATIVES

Empirical studies within the financial services industry:

Sharma and Patterson (2000) α = 0.75
All mechanics are much the same, so it would not really matter if I changed.
The price charged by motor mechanic service companies is similar.
All motor mechanics give a similar level of service to customers.
All mechanics offer a similar range of products and services.
All things considered, most motor mechanic service companies are similar.

Patterson and Smith (2001a, 2001b) α = 0.77–0.80
The fees charged by (doctors/hairdressers/auto mechanics, etc.) are similar.
All ……………. offer a similar range of services.
All things considered, most …………… are similar.
All ……………. are much the same, so it would not really matter if I changed.

10. SHARED VALUES

Empirical studies within the financial services industry:

Johnson and Grayson (2005)
Similarity: α = 0.87
My financial adviser and I have similar interests.
My financial adviser and I have similar values.
My financial adviser and I are similar in many ways.

Coote et al. (2003)
Similarity: α = 0.88
My supplier is very similar to me.
My supplier has a similar ethnic background to me.
My supplier has a similar economic background to me.
My supplier has a similar social background to me.
We have a mutual understanding of each other's role.
We have a mutual understanding of remedies for failure to perform.
We have a mutual understanding of how disagreements will be resolved.
We have a mutual understanding of how contingencies will be handled.
We have a mutual understanding of how benefits and burdens will be divided.

Coulter and Coulter (2003)
Similarity: α = 0.93
My service provider …..
Has values and beliefs similar to mine.
Has tastes and preferences similar to mine.
Is quite a bit like me.

Kang et al. (2005) α = 0.835
We have similarity in interests.
We have similarity in values.
We have similarity in thoughts.

MacMillan et al. (2005) Fornell and Larcker reliability = 0.84
In general, their opinions and values are a lot like ours.
We like and respect their values.
We share a very similar set of values (e.g., in terms of their beliefs about the way staff should be treated).

Morgan and Hunt (1994) α = 0.868
Please indicate the degree to which you believe that –

(1) your supplier would agree with the following statements, and
(2) you would agree with the following statements:

To succeed in this business, it is often necessary to compromise one's ethics.
Top management in a business must let it be known in no uncertain terms that unethical behaviours will not be tolerated.

If an employee is discovered to have engaged in unethical behaviour that results primarily in personal gain (rather than corporate gain), he or she should be promptly reprimanded.
If an employee is discovered to have engaged in unethical behaviour that results primarily in corporate gain (rather than personal gain), he or she should be promptly reprimanded.
Employers should assure that their employees are behaving in a business-like manner.

Sin et al. (2005) α = 0.693-0.726
We share the same worldview.
We share the same opinion about most things.
We share the same feelings toward things around us.
We share the same values.

11. INTENTION TO STAY

Empirical studies within the financial services industry:

Crosby et al. (1990)
Anticipation of future interaction: α = 0.82
Please indicate the changes that you will engage in each of these actions sometime in the next year:
Will discuss the value of this whole life policy with the agent responsible for servicing it.
Working with the agent responsible for his policy, will restructure my life insurance programme to better serve my needs.

Johnson and Grayson (2005)
Anticipation of future interactions: α = 0.91
Please indicate how likely you are to engage in the following activities sometime in the next 18 months:
Purchase from your financial adviser again.
Continue doing business with your financial adviser.
Use your financial adviser if you need to make further investments.
Use your financial adviser to manage your investments to better suit your needs.

Abdul-Muhmin (2005)
Propensity to terminate relationship: α = 0.81
If we had to do it over again, we would not do business with our major supplier.
If we find a better supplier we will stop the current relationship with our major supplier.

De Wulf and Odekerken-Schröder (2000)
Relationship proneness: α = 0.645-0.745
I am looking for personal contact with the personnel of this store.
I make efforts in order to be treated in a special way by this store.

De Wulf et al. (2000)
Buyer relationship proneness: α = 0.890
Generally, I am someone who likes to be a regular customer of an apparel store.
Generally, I am someone who wants to be a steady customer of the same apparel store.
Generally, I am someone who is willing to “go the extra mile” to purchase at the same apparel store.

Garbarino and Johnson (1999)
Future intentions: α = 0.58
I plan to attend future performances at this theatre.
I plan to subscribe to this theatre in the future.
I would consider donating my time or money to this theatre.

Gounaris (2005)
Intention to invest: α = 0.916
Willing to strive solve problems with consultant.
Willing to invest in the relationship.
Willing to provide extra budget if asked.

Intention to stay: α = 0.876
Looking for alternatives.
Willing to assign similar assignments.
Willing to assign new assignments.

Gounaris and Venetis (2002)
Investment in the relationship: α = 0.7821
Willingness to resolve problems in the relationship.
Willingness to invest in the relationship.
Willingness to increase budget if asked by …..

Continuation of the relationship: α = 0.8862
Continue relation with similar assignments.
Continue relation with new assignments.
Intention to stay at least for two more years.

Gundlach et al. (1995)
Long-term commitment intentions: α = 0.84-0.92
Intend to share confidential information in the future.
Plan to commit more decisions to partner in future.
Intend to allocate more resources to this relationship in the future.

Homburg et al. (2003)
Intention to repurchase: α = 0.93
It is probable that our relationship with this supplier will continue.
We will purchase from this supplier again.
We intend to stay loyal to this supplier.
We expect this supplier to be working with us for a long time.

Intention to expand: α = 0.85
In the future, this supplier will receive a larger share of our business.
We expect to expand our business with this supplier.
Over the next few years, this supplier will be used more than it is now.

Morgan and Hunt (1994)
Propensity to leave: α = not reported
What do you think are the chances of your firm terminating this relationship …..
…. Within the next six months?
…. Within the next one year?
…. Within the next two years?

Patterson and Spreng (1997) α = 93
If your organisation requires the services of a management consulting firm in the near future, for a similar type of assignment, would you use the same consulting firm?
Very probable/not probable.
Impossible/Very possible.
No chance/certain.

Venetis (1997)

Behavioural intentions: α = 0.91

Comparable communication assignments in the future, we will certainly assign to this agency.

Completely new communication assignments we will certainly assign to this agency.

It is highly likely that we will continue the relationship within the next two years.

We are looking for other agencies and alternatives, to reduce the activities by this agency.

We want to involve our agency more into our marketing and communication policy.

We are willing to put effort in maintaining the relationship with this agency.

If this agency makes errors we will start to negotiate with another agency.

We intend to assign more assignments, activities or product lines to this agency.

We want to replace this agency in the near future.

ADDENDUM E

COMPLETE SET OF ITEMS USED TO EVALUATE PERCEPTIONS OF RELATIONSHIP MANAGERS

Trust:

TRUS1	Our clients trust the NFP.
TRUS2	Our clients have confidence in the NFP.
TRUS3	The NFP can be regarded as credible.
TRUS4	The NFP demonstrates a high level of integrity.

Satisfaction:

SAT1	Our clients are satisfied with the NFP.
SAT2	If our clients have to do it all over again, they would choose the NFP again.
SAT3	Our clients are satisfied with the NFP's products and services.
SAT4	The NFP's service meets clients' expectations.
SAT5	It is a pleasure for clients to do business with the NFP.

Commitment:

COMIT1	Our clients are committed to the NFP.
COMIT2	Our clients really care to maintain their relationships with the NFP.
COMIT3	Our clients are willing to invest time and other resources to maintain their relationships with the NFP.
COMIT4	NFP clients are willing to travel the extra mile to maintain their relationships with the NFP.

Communication:

COMM1	The NFP keeps clients well informed.
COMM2	The NFP provides frequent communication about issues that are important to clients.
COMM3	The NFP provides timely information.
COMM4	The NFP provides accurate information.

Competence:

COMTENT1	The NFP is an expert financial services provider.
COMTENT2	The NFP is an experienced financial services provider.
COMTENT3	The NFP is knowledgeable about the provision of sophisticated financial services.
COMTENT4	NFP staff are competent.

Relationship benefits:

RBEN1	The NFP provides innovative solutions to clients' financial needs.
RBEN2	Our clients benefit from their relationships with the NFP.
RBEN3	Our clients' relationships with the NFP enhance their income/revenue.
RBEN4	The NFP's relationships with their clients help them to take advantage of business opportunities.

Bonding:

BOND1	The NFP is concerned about clients' needs.
BOND2	The NFP works in close co-operation with its clients.
BOND3	The NFP and its clients exchange information about financial products and services.
BOND4	The NFP has close personal relationships with its clients.
BOND5	The NFP and its clients constantly share information.

Attractiveness of alternatives:

ALT1	The fees charged by the NFP are less than those of other banks.
ALT2	The NFP offers a wider range of products and services than other banks.
ALT3	There are not really worthwhile alternatives to the NFP for our clients.
ALT4	It is questionable whether other banks can offer clients a better service than the NFP.

Customisation:

CUSTOM1	The NFP is flexible enough to accommodate any unforeseen problems that clients may experience.
CUSTOM2	The NFP can tailor-make its products/services to meet unexpected changes in clients' needs.
CUSTOM3	The NFP will quickly assist its clients if their needs change.
CUSTOM4	The NFP strives to offer clients a customised service.

Shared values:

SHV1	The NFP respects its clients' business values.
SHV2	The NFP and its clients share the same views about most business practices.
SHV3	The NFP has business values and beliefs similar to those of its clients.
SHV4	The NFP and its clients have a mutual understanding of each other's business values.

Intention to stay:

INT1	We expect our clients to continue working with the NFP for a long time.
INT2	Our clients intend to sustain their relationships with the NFP indefinitely.
INT3	Our clients intend to continue to do business with the NFP.
INT4	Our clients hope to do more business with the NFP.
INT5	Even if another bank offered our clients lower fees, they will not switch banks.
INT6	Our clients do not have plans to switch banks in the near future.
INT7	Our clients will recommend the NFP's products and services to others.

ADDENDUM F

COMPLETE SET OF ITEMS USED TO EVALUATE PERCEPTIONS OF CLIENTS

Trust:

TRUS1	I trust my financial services provider.
TRUS2	I have confidence in my financial services provider.
TRUS3	My financial services provider can be regarded as credible.
TRUS4	My financial services provider demonstrates a high level of integrity.

Satisfaction:

SAT1	I am very satisfied with my financial services provider.
SAT2	If I had to do it all over again, I would choose my financial services provider again.
SAT3	I am satisfied with my financial services provider's products and services.
SAT4	My financial services provider's service meet my expectations.
SAT5	It is a pleasure to do business with my financial services provider.

Commitment:

COMIT1	I am committed to my financial services provider.
COMIT2	I really care to maintain my relationship with my financial services provider.
COMIT3	I am willing to invest time and other resources to maintain my relationship with my financial services provider.
COMIT4	I am willing to travel the extra mile to maintain my relationship with my financial services provider.

Communication:

COMM1	My financial services provider keeps me well informed.
COMM2	My financial services provider provides frequent communication about issues that are important to me.
COMM3	My financial services provider provides timely information.
COMM4	My financial services provider provides accurate information.

Competence:

COMTENT1	My financial services provider is an expert financial services provider.
COMTENT2	My financial services provider is an experienced financial services provider.
COMTENT3	My financial services provider is knowledgeable about the provision of sophisticated financial services.
COMTENT4	My financial services provider's staff are competent.

Relationship benefits:

RBEN1	My financial services provider provides innovative solutions to meet my financial needs.
RBEN2	I benefit from my relationship with my financial services provider.
RBEN3	My relationship with my financial services provider enhances my income/revenue.
RBEN4	My relationship with my financial services provider helps me to take advantage of business opportunities.

Bonding:

BOND1	My financial services provider is concerned about my needs.
BOND2	My financial services provider and I work in close co-operation.
BOND3	My financial services provider and I exchange information about financial products and services.
BOND4	I have a close personal relationship with my financial services provider.
BOND5	My financial services provider and I constantly share information.

Attractiveness of alternatives:

ALT1	The fees charged by my financial services provider are less than that of other banks.
ALT2	My financial services provider offers a wider range of products and services than other banks.
ALT3	There are not really worthwhile alternatives to my financial services provider.
ALT4	It is questionable whether other banks can offer me a better service than my financial services provider.

Customisation:

CUSTOM1	My financial services provider is flexible enough to accommodate any unforeseen problems I may experience.
CUSTOM2	My financial services provider can tailor-made its products/services to meet unexpected changes in my needs.
CUSTOM3	My financial services provider will quickly assist me if my needs change.
CUSTOM4	My financial services provider strives to offer me a customised service.

Shared values:

SHV1	My financial services provider respects my business values.
SHV2	My financial services provider and I share the same views about most business practices.
SHV3	My financial services provider has business values and beliefs similar to mine.
SHV4	My financial services provider and I have a mutual understanding of each other's business values.

Intention to stay:

INT1	I expect to continue working with my financial services provider for a long time.
INT2	I intend to sustain my relationship with my financial services provider indefinitely.
INT3	I intend to continue to do business with my financial services provider.
INT4	I hope to do more business with my bank.
INT5	Even if another financial services provider offered me lower fees I would not switch financial services providers.
INT6	I do not have plans to switch banks in the near future.
INT7	I shall recommend my financial services provider's products and services to others.

ADDENDUM G

CONFIRMATORY FACTOR ANALYSES

1. The *trust* model

	Trust	Satisfaction	Communication	Competence	Bonding	Customisation	Shared values
TRUS1	1.180	-	-		-	-	-
TRUS2	1.614 (0.092) 17.538	-	-	-		-	-
TRUS3	1.170 (0.096) 12.200	-	-	-	-		-
TRUS4	1.318 (0.092) 14.399	-	-	-	-	-	-
SAT1	-	1.377 (0.083) 16.595	-	-	-	-	
SAT2	-	1.624 (0.082) 19.889	-	-	-	-	-
SAT3	-	1.404 (0.075) 18.611	-	-	-	-	-
SAT4	-	1.438 (0.075) 19.132	-		-	-	-
SAT5	-	1.652 (0.071) 23.190	-	-		-	-
COMM2			1.640 (0.073) 22.399	-	-	-	-

	Trust	Satisfaction	Communication	Competence	Bonding	Customisation	Shared values
COMM3	-	-	1.440 (0.081) 17.781	-	-		-
COMM4	-	-	1.176 (0.089) 13.166	-	-	-	-
COMTENT1	-	-	-	1.702 (0.072) 23.790	-	-	
COMTENT2	-	-	-	1.654 (0.076) 21.811	-	-	-
COMTENT3	-	-	-	1.077 (0.082) 13.199	-	-	-
BOND1	-	-	-	-	1.633 (0.071) 23.119	-	-
BOND2	-		-	-	1.587 (0.076) 20.924	-	-
BOND3		-	-	-	1.497 (0.071) 21.189	-	-
BOND4	-	-	-	-	1.760 (0.067) 26.256	-	-
BOND5	-	-	-	-	1.193 (0.090) 13.275	-	
CUSTOM1	-	-	-	-	-	1.809 (0.064) 28.201	-
CUSTOM2	-	-	-		-	1.702 (0.065) 26.246	-

	Trust	Satisfaction	Communication	Competence	Bonding	Customisation	Shared values
CUSTOM4	-	-	-	-		1.357 (0.087) 15.653	-
SHV1		-	-	-	-	-	1.427 (0.082) 17.386
SHV2	-	-	-	-	-	-	1.563 (0.070) 22.345
SHV3	-	-	-	-	-	-	1.609 (0.069) 23.223
SHV4	-	-	-	-	-	-	1.622 (0.071) 22.709

2. The *commitment* model

	Commitment	Trust	Communication	Shared values	Attractiveness of alternatives	Relationship benefits
COMIT2	1.201	-	-		-	-
COMIT3	1.678 (0.127) 13.254	-	-	-		-
COMIT4	1.790 (0.135) 13.230	-	-	-	-	
TRUS1		1.193 (0.090) 13.306	-	-	-	-
TRUS2	-	1.604 (0.082) 19.514	-	-	-	-
TRUS3	-	1.170 (0.086) 13.618	-	-	-	-
TRUS4	-	1.322 (0.092) 14.402	-	-	-	-
COMM2	-		1.614 (0.074) 21.900		-	-
COMM3	-		1.419 (0.081) 17.436	-		-
COMM4			1.176 (0.088) 13.335	-	-	-
SHV1	-	-		1.432 (0.082) 17.546	-	

	Commitment	Trust	Communication	Shared values	Attractiveness of alternatives	Relationship benefits
SHV2	-	-		1.560 (0.070) 22.236	-	-
SHV3	-	-	-	1.609 (0.069) 23.196	-	-
SHV4	-	-	-	1.626 (0.071) 22.874	-	-
ALT1	-	-	-		1.050 (0.082) 12.812	-
ALT2	-	-	-	-	1.114 (0.077) 14.500	-
ALT3	-		-	-	1.125 (0.105) 10.766	-
ALT4		-	-	-	0.918 (0.094) 9.776	-
RBEN1	-	-	-	-		1.444 (0.078) 18.515
RBEN2	-	-	-	-		1.549 (0.077) 20.079
RBEN3	-	-	-	-	-	1.558 (0.072) 21.664
RBEN4	-	-	-		-	1.663 (0.070) 23.744

3. The *intention to stay* model

	Intention to stay	Commitment	Satisfaction	Trust
INT2	1.516	-	-	
INT3	1.342 (0.070) 19.048	-	-	-
INT4	1.590 (0.098) 23.377	-	-	-
INT6	1.277 (0.088) 14.593	-	-	-
COMIT2	-	1.231 (0.096) 12.840	-	-
COMIT3	-	1.669 (0.069) 24.170	-	-
COMIT4	-	1.784 (0.071) 25.049	-	-
SAT1	-		1.387 (0.083) 16.766	
SAT2	-		1.607 (0.083) 19.396	-
SAT3			1.407 (0.076) 18.559	-

	Intention to stay	Commitment	Satisfaction	Trust
SAT4	-	-	1.450 (0.075) 19.385	-
SAT5	-	-	1.660 (0.071) 23.444	-
TRUS1	-	-	-	1.181 (0.090) 13.104
TRUS2	-	-	-	1.611 (0.082) 19.709
TRUS3	-	-	-	1.174 (0.085) 13.776
TRUS4	-	-	-	1.321 (0.092) 14.427

ADDENDUM H

COVARIANCE MATRIXES

***TRUST* MODEL**

	TRUS1	TRUS2	TRUS3	TRUS4	SAT1	SAT2	SAT3	SAT4	SAT5	COMM2	COMM3	COMM4	COMTENT1	COMTENT2	COMTENT3	BOND1	BOND2	BOND3
TRUS1	2.528																	
TRUS2	1.965	3.062																
TRUS3	1.445	1.852	2.087															
TRUS4	1.555	2.059	1.657	2.376														
SAT1	2.009	2.167	1.550	1.786	2.863													
SAT2	1.641	2.676	1.843	1.936	2.215	3.820												
SAT3	1.594	2.156	1.574	1.757	2.041	2.178	2.718											
SAT4	1.551	2.185	1.512	1.842	2.142	2.220	2.105	2.870										
SAT5	1.799	2.570	1.754	2.110	2.238	2.649	2.301	2.425	3.281									
COMM2	1.576	2.321	1.593	1.842	1.884	2.391	2.140	2.111	2.459	3.678								
COMM3	1.359	2.072	1.551	1.628	1.530	2.002	1.838	1.799	2.188	2.472	2.924							
COMM4	1.268	1.748	1.368	1.594	1.526	1.852	1.732	1.720	1.888	1.765	1.694	2.405						
COMTENT1	1.426	2.109	1.425	1.639	1.778	2.183	1.808	1.871	2.120	2.210	1.867	1.559	3.152					
COMTENT2	1.481	2.087	1.438	1.661	1.857	2.037	1.813	1.926	2.016	2.202	1.775	1.584	2.826	2.978				
COMTENT3	1.136	1.688	1.340	1.495	1.397	1.685	1.590	1.600	1.812	1.800	1.724	1.395	1.798	1.733	2.281			
BOND1	1.762	2.420	1.595	1.865	2.084	2.567	2.110	2.234	2.593	2.684	2.218	1.698	2.301	2.224	1.790	3.915		
BOND2	1.441	2.078	1.481	1.732	1.696	2.140	1.942	1.995	2.388	2.256	1.951	1.572	2.018	1.883	1.733	2.571	3.427	
BOND3	1.171	1.902	1.407	1.609	1.460	1.920	1.755	1.752	2.210	2.135	2.033	1.596	1.709	1.587	1.709	2.230	2.232	3.038
BOND4	1.567	2.369	1.554	1.883	1.956	2.314	2.153	2.314	2.771	2.500	2.199	1.825	2.075	1.945	1.917	2.753	3.132	2.489
BOND5	1.322	2.119	1.483	1.713	1.667	2.189	2.012	2.007	2.534	2.498	2.238	1.746	2.055	1.820	1.834	2.778	2.601	2.926
CUSTOM1	1.626	2.313	1.559	1.805	1.876	2.403	2.086	2.014	2.339	2.288	1.982	1.689	1.932	1.925	1.492	2.489	2.047	1.885
CUSTOM2	1.529	2.178	1.443	1.669	1.767	2.302	1.905	1.848	2.230	2.089	1.777	1.534	1.849	1.824	1.365	2.359	2.014	1.744
CUSTOM4	1.399	2.260	1.496	1.860	1.907	2.337	2.162	2.174	2.558	2.426	2.110	1.719	2.116	2.000	1.819	2.622	2.539	2.302
SHV1	1.627	2.277	1.677	1.921	1.936	2.192	2.078	2.117	2.259	2.232	1.891	1.750	1.914	1.907	1.527	2.409	2.218	1.872
SHV2	1.540	2.016	1.563	1.900	1.915	2.113	1.989	2.017	2.348	2.093	1.827	1.662	1.806	1.718	1.554	2.415	2.147	1.917
SHV3	1.646	2.178	1.627	1.945	1.946	2.103	2.006	2.099	2.435	2.211	1.941	1.695	1.779	1.792	1.603	2.505	2.185	2.036
SHV4	1.598	2.252	1.540	1.927	1.875	2.362	2.091	2.132	2.600	2.461	1.993	1.672	2.095	1.977	1.742	2.734	2.715	2.286

	BOND4	BOND5	CUSTOM1	CUSTOM2	CUSTOM4	SHV1	SHV2	SHV3	SHV4
BOND4	3.996								
BOND5	2.997	3.663							
CUSTOM1	2.374	2.102	3.513						
CUSTOM2	2.246	1.991	3.093	3.112					
CUSTOM4	2.850	2.626	2.382	2.244	3.453				
SHV1	2.389	2.162	2.450	2.167	2.382	3.106			
SHV2	2.367	2.243	2.092	1.980	2.259	2.117	2.918		
SHV3	2.345	2.271	2.178	2.013	2.369	2.185	2.680	2.998	
SHV4	2.861	2.690	2.231	2.149	2.790	2.343	2.435	2.554	3.460

***COMMITMENT* MODEL**

	COMIT2	COMIT3	COMIT4	TRUS1	TRUS2	TRUS3	TRUS4	COMM2	COMM3	COMM4	SHV1	SHV2	SHV3	SHV4	ALT1	ALT2	ALT3	ALT4
COMIT2	2.584																	
COMIT3	1.966	3.178																
COMIT4	2.090	3.028	3.612															
TRUS1	1.323	1.338	1.453	2.528														
TRUS2	2.093	2.116	2.263	1.965	3.062													
TRUS3	1.641	1.490	1.624	1.445	1.852	2.087												
TRUS4	1.659	1.740	1.926	1.555	2.059	1.657	2.376											
COMM2	1.838	2.257	2.398	1.576	2.321	1.593	1.842	3.678										
COMM3	1.547	1.898	2.023	1.359	2.072	1.551	1.628	2.472	2.924									
COMM4	1.657	1.804	1.896	1.268	1.748	1.368	1.594	1.765	1.694	2.405								
SHV1	1.807	2.081	2.220	1.627	2.277	1.677	1.921	2.232	1.891	1.750	3.106							
SHV2	1.602	1.891	2.067	1.540	2.016	1.563	1.900	2.093	1.827	1.662	2.117	2.918						
SHV3	1.622	2.032	2.187	1.646	2.178	1.627	1.945	2.211	1.941	1.695	2.185	2.680	2.998					
SHV4	1.713	2.257	2.408	1.598	2.252	1.540	1.927	2.461	1.993	1.672	2.343	2.435	2.554	3.460				
ALT1	1.060	1.289	1.395	1.028	1.196	0.913	0.968	1.173	0.986	0.978	1.116	1.212	1.285	1.255	2.591			
ALT2	1.121	1.406	1.574	1.060	1.394	1.011	1.241	1.294	1.200	1.162	1.262	1.454	1.399	1.529	1.232	2.033		
ALT3	1.101	1.374	1.473	0.662	1.182	0.897	0.993	1.284	1.099	0.924	1.141	1.303	1.299	1.476	1.097	1.142	2.937	
ALT4	0.820	1.042	1.176	0.677	0.895	0.628	0.893	1.002	0.917	0.862	0.975	0.926	0.941	1.037	0.926	0.912	1.545	2.625

RBEN1	1.636	1.953	2.011	1.551	2.198	1.512	1.702	2.353	2.061	1.531	2.071	1.927	1.953	2.111	1.322	1.331	1.359	0.954
RBEN2	1.704	2.226	2.351	1.690	2.322	1.446	1.789	2.454	2.077	1.675	2.184	1.996	2.102	2.410	1.195	1.328	1.297	1.117
RBEN3	1.599	2.335	2.450	1.471	2.037	1.473	1.725	2.237	1.942	1.519	2.249	2.065	2.266	2.435	1.331	1.457	1.411	1.083
RBEN4	1.808	2.389	2.545	1.526	2.294	1.565	1.903	2.410	2.094	1.669	2.294	2.307	2.465	2.755	1.220	1.624	1.453	1.086

	RBEN1	**RBEN2**	**RBEN3**	**RBEN4**
RBEN1	3.321			
RBEN2	2.236	3.397		
RBEN3	2.129	2.414	3.562	
RBEN4	2.247	2.556	2.820	3.669

INTENTION TO STAY **MODEL**

	INT2	**INT3**	**INT4**	**INT6**	**COMIT2**	**COMIT3**	**COMIT4**	**SAT1**	**SAT2**	**SAT3**	**SAT4**	**SAT5**	**TRUS1**	**TRUS2**	**TRUS3**	**TRUS4**
INT2	2.978															
INT3	2.121	2.536														
INT4	2.346	2.108	3.057													
INT6	2.193	1.739	1.932	3.612												
COMIT2	2.090	2.000	2.279	1.866	2.584											
COMIT3	2.036	1.764	2.402	1.665	1.966	3.178										
COMIT4	2.205	1.899	2.592	1.815	2.090	3.028	3.612									
SAT1	1.891	1.647	1.924	1.487	1.757	1.733	1.848	2.863								
SAT2	2.521	2.233	2.392	2.117	2.334	2.194	2.317	2.215	3.820							
SAT3	2.001	1.771	2.016	1.707	1.829	1.869	2.073	2.041	2.178	2.718						
SAT4	2.003	1.660	2.088	1.559	1.727	1.984	2.106	2.142	2.220	2.105	2.870					
SAT5	2.301	1.966	2.530	1.930	2.053	2.297	2.526	2.238	2.649	2.301	2.425	3.281				
TRUS1	1.436	1.318	1.517	1.074	1.323	1.338	1.453	2.009	1.641	1.594	1.551	1.799	2.528			
TRUS2	2.251	2.095	2.324	1.728	2.093	2.116	2.263	2.167	2.676	2.156	2.185	2.570	1.965	3.062		
TRUS3	1.695	1.415	1.717	1.471	1.641	1.490	1.624	1.550	1.843	1.574	1.512	1.754	1.445	1.852	2.087	
TRUS4	1.775	1.641	1.973	1.484	1.659	1.740	1.926	1.786	1.936	1.757	1.842	2.110	1.555	2.059	1.657	2.376