Industrial Marketing Management xxx (xxxx) xxx–xxx

Contents lists available at ScienceDirect

Industrial Marketing Management

journal homepage: www.elsevier.com/locate/indmarman

Target and position article

The impact of relational versus technological resources on e-loyalty: A comparative study between local, national and foreign branded banks

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ARTICLE INFO

Keywords:
Business-to-business marketing
Relationship marketing
Online technologies
Branding
Banks
SME customers

ABSTRACT

The emergence of online and mobile technologies has necessitated the need to re-examine the viability of relationship marketing in nurturing business-to-business service relationships. By drawing upon the resource-based view (RBV), social exchange (SE) theory and socio-technical systems (STS) theory, this research explores the differences in the process by which local, national and foreign branded banks are able to integrate their online platforms into their relational efforts. Data from a sample of 336 small and medium-sized business customers in the New Zealand banking industry shows that both offline and online service quality affect satisfaction with their e-banking services, which in turn affect the trust and commitment towards the bank and loyalty towards e-banking. In addition, the effect of trust and commitment on loyalty towards e-banking is significantly stronger for the local and national branded banks compared to foreign branded banks. Our findings extend current research on B2B relationship marketing and offer useful managerial insights for professional B2B services providers.

1. Introduction

Relationship marketing (RM) literature highlights the importance of building and maintaining long-term relationships with customers, in both business-to-business (B2B) and business-to-consumers (B2C) markets. Within the B2B domain, researchers use the social exchange (SE) perspective (e.g. Kingshott, 2006; Morgan & Hunt, 1994; Tsarenko & Simpson, 2017) to study firm-customer relationships based on the “trust-based commitment” paradigm, a dominant approach in modelling the firm-customer relationships due to its intuitive appeal and empirical support over the years, especially in the banking context (e.g. Milne & Boza, 1999; van Esterik-Plasmeijer & van Raaij, 2017; Yousafzai, Pallister, & Foxall, 2005).

However, it is not clear if this perspective would still hold in today's highly competitive global marketplace that has embraced new technologies as a crucial mechanism of interacting with the customer. The question then needs to be asked is whether the growth of online and mobile banking technologies is conducive to service firms being able to continue to leverage existing customer trust and commitment towards the service brand to influence these customers to use such technologies, and through that yield e-loyalty. E-loyalty is a desired outcome in the introduction of such technologies because it signifies customers are committed to using this mode of interaction which is critical for those service firms that have invested in technology to configure and design their operations and processes.

This issue is particularly important in those B2B service contexts, where face-to-face and social interactions are still regarded a critical aspect of the relationship, because changing marketplace dynamics that involve technology and service separation (e.g., Keh & Pang, 2010) may ironically impede the capacity of firms to leverage trust and commitment. For example, ASB bank in New Zealand recognises the importance of new technologies but also the need to maintain face-to-face interactions with their banking customers. By developing a new video service, those customers that want face-to-face interactions can do so but now with the aid of technology at a time and place convenient to them (ASB, 2018). As a result, we need to re-examine the sustainability of “trust-based commitment” paradigm in light of the emergence of online and mobile technologies because (1) these have changed the way most service businesses interact with their customers (Laukkanen, 2016), and, (2) global deregulation across businesses (e.g. Kandilov, Leblebicioğlu, & Petkova, 2016) has made marketplaces more competitive and accessible - thus increasing vulnerability to foreign firms.

In fact, as self-service technologies are now an integral part of most service delivery processes, foreign firms have another means to

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https://doi.org/10.1016/j.indmarman.2018.02.011
Received 20 July 2017; Received in revised form 15 February 2018; Accepted 16 February 2018
0019-8501/

penetrate markets that were traditionally based on SE based customer relationships (Lin & Hsieh, 2012; Ramaseshan, Kingshott, & Stein, 2015). In light of such technologies, this places additional pressures in already competitive local markets whereby adding further impetus upon being able to leverage traditional trust based relationships. For example, in the banking sector, foreign banks that are able to leverage their brands and superior infrastructure to crowd out their local competitors potentially impact the market structure to a point where banking may shift from a relational to transactional mode (Hasan, Jackowicz, Kowalewski, & Kozłowski, 2017).

This study thus helps us to understand how changing technological and market dynamics can potentially impact service firm customer relationships within B2B settings that are traditionally founded upon elevated levels of personalized interaction with the customer. Accordingly, we integrate important aspects of how scholars have previously viewed the customer relationship into a conceptual model that encapsulates key aspects of the relationship such as service quality, satisfaction, trust, commitment and loyalty. This approach enables an examination of B2B customer relationships in terms of integrating both the technical and relational underpinnings that constitute the complex and dynamic service relationship.

We test this model in the New Zealand (NZ) banking context because New Zealanders have long been regarded as innovators and earlier adopters of new technologies (Cameron & Massey, 1999); are avid adopters of internet banking (Fisher, 2001); and, particularly loyal to locally branded NZ banks (Stock, 2017). Since the banking sector in general has been at the forefront of deploying self-service technologies in the service encounter (Curran & Meuter, 2005) this particular setting enabled us to juxtaposition both the RM approach to customer relationships and its impact upon the service brand with the emergent technological interface that service providers are offering customers.

While the central tenet of RM has been the ability of firms to build sustainable businesses through the provision of relationships-based benefits to their customers (Hennig-Thurau, Gwinner, & Gremler, 2002; Lee, Choi, Kim, & Hyun, 2014), successful firms in today's rapidly changing business environment need to integrate their relational, technological and marketing resources (Dutta, Narasimhan, & Rajiv, 1999). However, to the best of our knowledge there is no research specifically examining whether the difference between foreign and local service brands has any role to play in their ability to leverage trust and commitment to attain desired relational outcomes associated with the adoption and application of online and mobile technologies in servicing the customer.

We address this important research gap by combining the social exchange (SE) based view (Thibaut & Kelley, 1959) of relationship marketing with the resource-based view (RBV) (Wernerfelt, 1984) that treats relationships, technologies and branding as important resources of a firm. We also use socio-technical systems (STS) theory (Pasmore, 1988; Pasmore & Sherwood, 1978) to help articulate our conceptual model, because it can help explain how a firms' technical (e.g. online and mobile platforms), social (e.g. relationship marketing) and marketing (e.g. branding and country-of-origin) sub-systems are interlinked.

Specifically, we use the B2B banking context with small and medium-sized enterprise (SME) customers in NZ, to explore the differences in the relationship building capabilities of local, national and foreign branded banks, and the extent to which they are able to integrate their relational and technological resources in building customer loyalty directed towards using their e-banking services. This is important to understand because both local and foreign firms operating in a multi-channel marketplace need to "allocate" their scarce resources in order to tackle ever-increasing competition. If service firms are able to leverage and maintain their SE based relationships with the customer at the same time as shift their behaviour towards using mobile and online forms of self-service technologies they would be able to optimise the outcomes for both their organizations and customers. Simply put, does this then mean that service firms can still rely on strong trust based relationships with the customers to help build e-loyalty towards online and mobile technologies as they potentially help reduce costs at the same time as increase the customer experience? Our research tests this question. Next, we describe the conceptual foundations of this research followed by the method, findings and research implications.

2. Conceptual framework

Relationship marketing (RM) scholars have traditionally used the social exchange (SE) theory (Thibaut & Kelley, 1959) to study the firm-customer relationships, based on a "trust-based commitment" paradigm (Kingshott, 2006; Morgan & Hunt, 1994; Tsarenko & Simpson, 2017). Numerous studies have shown the central role of trust within firm-customer relationships (Moorman, Deshpande, & Zaltman, 1992; Sekhon, Roy, Shergill, & Pritchard, 2013; van Esterik-Plasmeijer & van Raaij, 2017), which highlights the importance of trust as an essential marketing resource that should be leveraged into a strong source of competitive advantage. In those services that are particularly dependent upon trust (such as banking), this relational property is particularly important for creating long-term customer loyalty and thus it needs to be nurtured and protected at all costs (e.g. Milne & Boza, 1999; van Esterik-Plasmeijer & van Raaij, 2017; Yap, Wong, Loh, & Bak, 2010).

Since many service firms operate in global markets and therefore compete against firms with strong international brands then the impact of the firms' brand upon their capacity to build and nurture the customer relationship must be clearly understood. This is a particularly important consideration for service firms that operate in open economies like NZ due to their "exposure" to foreign competition. The literature distinguishes between non-local and local brands (Zhou, Yang, & Hui, 2010) and these are known to potentially have a range of repercussions on the customer-service firm relationship. For example, since non-local brands that are perceived as being global in nature potentially offer perceived high quality and prestige (Batra, Ramaswamy, Alden, Steenkamp, & Ramachander, 2000; Steenkamp, Batra, & Alden, 2003) they can leverage this to their distinct advantage. Local brands on the other hand are often perceive as "local icons" that are symbolic of local culture, tradition and heritage (Ger, 1999; Özsomer, 2012) thus likely to have a closer affiliation to the community. We therefore anticipate that the extent of being either seen as a local or non-local brand will potentially have a bearing upon the capacity of the service firm to build relationships with their customers.

We also contend that as these SSTs get integrated into the service offering of most service contexts, they are becoming relatively easier to replicate than conventional intangible employee facilitated services over time as these technologies become standardized (Curran & Meuter, 2005). Hence, when coupled with the value that they offer the customer, their use could potentially erode the competitive advantages that service firms can harvest through their relational building competencies; which they may have developed and nurtured over the years. Our assertion is based on the premise that many of these SSTs can also offer customer relational advantages (e.g. 24 × 7 access and support, instant communication and gratification) that may not be attainable through face-to-face interactions (Balaji & Roy, 2017; Keh & Pang, 2010). The inference we draw from this is that customer satisfaction with using these platforms to interact with the service firm could help firms that do not possess an abundance of RM resources gain traction in the marketplace and possibly even help them build relationships.

In this context, a few studies (e.g. Malaquias & Hwang, 2016; Yap et al., 2010) show how some aspects of RM (e.g. trust, empathy, satisfaction, etc.) can be leveraged into the adoption of electronic and mobile banking but they do not provide a clearer picture of how the different types of relational and technological resources may be combined in order to influence these and other important customer outcomes. As such we propose that to ascertain the interplay between the