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FIONA ELLIS-CHADWICK (1), P. MCHARDY (2) & H. WIESEHOFER (3)

Contact Mailing Addresses

Dr. Fiona Ellis-Chadwick (1)

Business School
Loughborough University
Loughborough
Leicestershire
LE11 3TU

Tel: 01509 228279
Mob: 07973 635163
Email: F.E.Ellis-Chadwck@lboro.ac.uk
Fax: 01509 210232

Mr. P Mchardy (2)

Department of Strategy & Management
Faculty of Business & Law
De Montfort University
The Gateway
Leicester
LE1 9BH

0116 2551551

P.Mchardy@dmu.ac.uk

Mrs. H. Wiesehofer (3)

Marketing and Strategy Division
Derbyshire Business School
University of Derby
Kedleston Road
Derby
DE22 1GB

01332 591435

H.Wiesehofer@derby.ac.uk

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Fiona Ellis-Chadwick
is a lecturer at Loughborough University specialising in Internet Marketing and Retailing. She was awarded a PhD from Loughborough University, which investigated the adoption of the Internet in the UK Retail Sector. Her current research interests include the role of the Internet in strategic planning, online customer relationship management and online research methodologies.

Peter McHardy
is a senior lecturer in Strategy & Management at De Montfort University, Leicester. His research interests are in creative management and strategic renewal. He is an active consultant in creative action.

Hildegard Wiesehofer
is a senior lecturer in Marketing at the University of Derby and specialises in the areas of services and value added marketing, particularly in the international environment. Her research interests focus on customer expectations and organisational responses. Recent consultancy activities include work with Derby City Leisure Services and Adtranz.

Abstract Reportedly, over the past thirty years there has been a general sense of willingness, on behalf of suppliers and customers alike, to develop increasingly close 'emotional' relationships based on trust[1]. Whilst buyers reward suppliers with brand loyalty, suppliers in turn develop strategies to continually energise this 'connective' relationship. However, as customers and suppliers increasingly become physically connected to one another via computer networks an important emergent issue is: whether the nature of their relationship is changing as a result of transactions taking place across these networks. This paper discusses part of an exploratory research project designed to question the extent to which computer-based technologies that previously enabled the building of emotionally connective relationships through the analysis of customer data are instead facilitating anonymous transactional relationships. The project focuses on organisations in three European countries: France, Germany and the United Kingdom. The broad aims are to explore whether consumer segments are emerging, which actually prefer the minimal personal interaction afforded by sophisticated new computer technology, and to examine the extent to which financial service organisations are responding to the demands of such segments. The paper includes an outline of the contextual background, followed by the research methodology and a discussion of the findings. Conclusions are drawn about the implications of these findings for both industry practitioners and academic researchers.

Key Words: Customer Relationship Management, Internet, Banking, and European Financial Service Sector

Introduction

This paper presents the findings of the first stage of a research project designed to explore how European financial institutions are likely to manage online customer relationships in the future. A series of semi-structured interviews were conducted during Spring 2001 with senior managers from large banking corporations in France, Germany and the UK. The outcome from a research perspective is an exploratory conceptual framework, which indicates key components that will assist in bounding the area to be studied by future work. From an industry perspective, the findings provide insight into how alternative channel approaches (online and offline) have the potential to affect management of customer relationships. Indeed, in online environments opportunities may exist to access newly emerging consumer segments using high-tech / low-touch solutions. The paper reviews current literature to provide a contextual background and research framework. It briefly outlines the proposed research strategy for the whole project and then details the methodology used for this first stage of the research. This section is followed by a discussion of the findings, academic and managerial implications, and conclusions on the significance of this stage of the research.

Contextual Background

According to Kim and Mauborgne [2] organisations build relationships with customers by providing them with added value, based on three platforms – product, service and delivery. Traditionally, the success of such relationships would be measured by benchmarking traditional performance criteria, i.e., bottom-line ROI, customer churn, growth in lifetime and referral values of customers. However, Kim and Mauborgne[2] suggest that the extent to which the effects of service and delivery make competitors irrelevant is more important as a relationship transcends beyond being purely transactional. In the financial services sector, relationship marketing is becoming increasingly important as organisations seek ways to create more efficient and effective relationships with their customer in an attempt to defend market share[3-6]. It is not only competition which is driving financial organisations to re-examine customer relationships, but also as Becket *et al*[7] highlight the potential impact of new technologies and they state that *"Bank providers must therefore attempt to better understand their customer"* if they are to effectively manage consumer behaviour in increasingly competitive and technologically advanced markets. Whilst there is general agreement about the importance of creating lasting customers relationships, there is disagreement as to the nature and power base of customer relationships, especially in computer-mediated environments. For example, Brodie *et al*[8] state that companies have used technology in the form of database marketing to increase profits, customer loyalty and satisfaction, through better understanding of customer behaviour facilitated by data mining. Daniel[9] suggests that technology will empower consumers through the use of 'intelligent agents' and highlights that customer loyalty will only be maintained through improved products and service excellence. Moreover, there is also evidence to suggest that some customers actually prefer more distant relationships[10], especially those created by new electronic delivery channels[6].

Additionally, it has been suggested, that where online transactions are taking place, the very fact that the customer can interact with the medium offers the potential to alter the nature of the customer/supplier relationship[11]. Instead of the relationship operating on a unidirectional one-to-many model it becomes a many (customers)-to-many (suppliers) bi-directional relationship[11,12]. Hoffman and Novak[13] propose that the potential for this 'multiple layered interaction' between different parties involved in the exchange process is the fundamental difference between traditional and electronic commerce and potentially alters the power base of the relationship. Therefore, it is reasonable to suggest that integration of Internet technologies into an organisation's channel strategy could provide opportunities to explore new forms of relationships.

Evidence of changes resulting from adoption of Internet technologies to buyer/ supplier relationships already exists in the financial service industry. Large banking corporations are supplying financial services directly to *'cherry picked'* customers via the Internet. Disintermediated market transactions of this kind are efficient for they remove the need to compensate agents and intermediaries in the supply chain. High-tech transactional solutions of this kind pose a serious threat to 'retail' banks, which rely on a physical branch network to serve their most valuable customers[14,15].

Paradoxically, financial service providers are increasingly attempting to develop long-term customer relationships[3] by enhancing the platforms of product, service and delivery, even though their customers may actually be seeking a less involved commitment, especially those who chose computer-mediated channels to market. Indeed, a switch to more anonymous relationships afforded by new electronic delivery channels could represent a significant 'innovation leap'[2].

The underlying question of how the application of technology alters the nature of customer relationships is of fundamental importance, given that financial service providers are increasingly integrating Internet technologies into their operations. Therefore, it is important to determine: the nature of online relationships and whether they are based on trust and emotion – a kind of irrational 'connective' bond or whether they are reverting to the supposedly rational 'transactional' exchanges of thirty years ago[1] as this could alter the direction of control (organisation or customer) within the relationship and the platforms on which future competitive battles will be fought.

Research Aims

The primary research aims of the study are to identify the key issues likely to affect whether, and to what extent, the online channel strategies adopted by companies in the financial services sector change the value platforms of product, service and delivery and hence the relationship between customers and suppliers. More specifically, the objectives are to establish:

- whether Internet-based technologies adopted by organisations in the financial services sector support or change existing customer relationships;
- the extent to which customer relationships are perceived by the supplier organisation as rational (transactional) or irrational (emotional);
- the degree to which adoption of online channel strategies are influenced by activity, culture and company size.

The next section of this paper presents the methods by which these objectives were explored and follows with a discussion of the findings.

Research Method

According to Miles and Huberman[16] philosophising over the choice of research methodologies potentially usurps more time and energy than actual research. It is however, important to consider the types of research being conducted so that its purpose and methodological features can be clarified. The discussion of the literature has provided some indication of the key areas to be explored. However, further exploration is required to assist in the bounding of the area to be studied, as online customer relationship strategies in the financial services sector are a comparatively new research topic. Given the exploratory nature of the research it was deemed important to devise a multi-method research strategy. The benefits of such a strategy are that it provides an opportunity for elaboration and development of early analysis into richer more detailed findings[17]; the corroboration of each activity through triangulation[18]; further exploration of the phenomena of interest where empirical research findings are lacking; and it also assists in the development of each forthcoming activity[19]. As a result, it is proposed that the research strategy should consist of three elements: an initial qualitative element (semi-structured interviews); followed by a quantitative element (supplier questionnaire) and finally a further qualitative element (customer focus groups). The remainder of this paper discusses the first qualitative stage of the research.

The first stage of the research is exploratory in nature, seeking to identify key issues related to the research topic and to develop an understanding of the situation from the financial organisations' perspective. In-depth semi-structured interviews were deemed the most appropriate method[20-21].

Semi-structured Interviews

The in-depth semi-structured interviews explored the perceptions of senior executive managers from financial service providers from each of the chosen countries. A set of questions to examine the key aspects of the adoption of Internet technologies and their likely effect on customer/supplier relationships were derived from the literature. Additionally, the rationale for the introduction (or otherwise) of electronic media to facilitate purchases as well as benefits (both anticipated and realised) of the introduction of the technology was explored. Furthermore, it was deemed important to encourage interviewees to openly discuss the situation within their organisation in order to provide an opportunity for issues omitted by existing literature to emerge. The interviews were conducted during May and June 2001. The interviews varied in length from one to three hours.

Research Project Sample Frame

Financial institutions from France, Germany and the UK form the basis of the sample frame for the project as a whole. The target population was derived from four sources[22-25] using type of organisation and country of origin (details of type of organisation are provided in the next section). The rationale for selecting these three countries is based on similarities identified by Hofstede[25] with regard to the degree of individualism and masculinity. In addition to this, Germany and the UK also share identical values with regard to power distance. According to Hofstede[25 (p16)], the individualism 'index' is associated with 'speaking one's mind' with 'honesty' and 'sincerity', and hence it was deemed important to maintain consistency in this regard across the sampled countries. A similar consistency was sought to minimise effects of variation in 'social gender roles', and in this case each country portrays similar distinctions between men exhibiting 'tough' traits and women being 'tender' (the masculine index). Consistent feminine indices – whilst equally effective, would have portrayed tough - tender traits that 'overlapped' between genders[25 (p82)]. Again, relatively consistent power distance indices would imply common degrees of 'dependence by subordinates on bosses' genders[25 (p 27)], in this case tending distinctly to 'consultative relationships' across the sample – albeit that France is the least consultative. Additionally, many studies of Internet adoption and e-commerce have been conducted in single countries[26-28] and as a result the findings are of most significance to those organisations operating within the target country. The international dimensions of this study provide an opportunity to produce more generally applicable results.

Target Sample for Semi-structured Interviews

Given the exploratory nature of this stage of the research, a collective case approach[29-30] was adopted. It was a deemed necessary to collect a wide range of viewpoints in the belief that in-depth understanding of a small number of cases will eventually lead to better general understanding of the behaviour of the larger target population. Cases were carefully selected in order to explore the varying effects of channel strategy on the nature of customer relationship management. According to Denzin & Lincoln[29] such selection methods provide an opportunity to analyse cases' specific and generic properties. Initially, the target population described above was stratified in terms of an organisation's approach towards channel strategy. Three key channel approaches were identified: 1) branch-based providers, which use physical branch networks as their only channel to market, 2) non-branch-based providers, which solely rely on Internet-based channels, 3) hybrid providers, which use a mixture of branch-based and Internet-based channels to gain access to market. The next step was to identify senior customer services managers from large financial organisations in each of the strata, in each of the target countries, which were willing to take part in the research. Eventually, 9 suitable case companies were identified. At this exploratory stage of the research this selective method of identifying cases was considered appropriate as the comparatively small number of cases could be decidedly biased if random sampling techniques were used[16]. Large organisations were sought, as they were considered most likely to be taking the most proactive approach towards defending existing market share through the development of customer relationships.

After data collection interviews were transcribed verbatim, translated (where necessary) and then analysed using within-case and cross-case analysis methods. The within-case analysis provided a preliminary descriptive understanding of each company's experience and perceptions of the likely impact of Internet technologies on the organisation's customer relations. The cross-case analysis helped to identify potential similarities between the cases. The results of the analyses are discussed in the next section.

Results and Discussion of the Findings

The qualitative interviews yielded some interesting results as the integration of Internet technologies into the channel strategies of the case organisations varied significantly as did the nature of customer relationships. The within-case analyses are now presented prior to a discussion of the findings of the cross-case analysis.

Within-case analysis.

This section provides a brief synopsis of each case company and the approaches taken towards adoption of Internet technologies and the handling of customer relationships[a]. Whilst interpreting the data, it became evident that each case had its own, possibly unique approach towards the integration of Internet technology into the organisation's channel strategy, which may in turn influence or be influenced by customer relationships. Additionally, the level of importance of 'soft' emotional variables and or 'hard' transactional variables encountered by customers during exchange processes has the potential to have a profound effect on an organisation's market positioning. In order to aid interpretation of the variation in technological integration and emotional/ transactional relationships in each case, a list of potentially significant levels are shown respectively in Table 1 and Table 2.

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[a] Direct quotes are *italicised.*

Table 1.Levels of Relational/ Transactional Relationships

Level	Characteristics	Rationale
Relational –High	Face-to-face contacts between supplier and customer deemed *critical* to customer relationship	Professional advisory services maintained to counter 'distancing' of customer, and ensure *bespoke* financial services are maintained
Relational - Medium	Face-to-face contacts between supplier and customer still deemed *important/but not critical*	Bricks 'n mortar branches provide access to *personalised* services for ranges of *standardised* financial services
Relational/Transactional	*Undecided* strategically between relational or transactional bias to customer relations. Taking a two-way 'waiting and see' approach on which way market turns: face-to-face contacts or increasing anonymity?	Adopting *hybrid* strategies that maintain physical branch networks but with strategic intentions to increase anonymity of transactions if and/or when required by customers
Transactional –Medium	Strategic intentions to invest in *sophisticated online services* that will erode face-to-face contacts and/or intermediaries.	Working on the *ten second* service 'gap' between front and back offices. Decision made to erode bricks 'n mortar branches.

Transactional - High	One-to-one customer marketing through wholly electronic means – namely a *digitally* orientated service	Wholly anonymous. Focus on *scientific measurements* to determine new segment customer specific behaviours

Table 2. Levels of Technological Integration

Level	Characteristics	Rationale
Level 3	Sophisticated digital technology – seamless operations between front and back office	No human intervention is required, entirely technology driven channel.
Level 2	Significant investment in online technology but manual intervention between front and back office	The exchange process is not seamless. Human intervention provides a critical link in the service offered through such channels.
Level 1	Centralised call centre hubs	Whilst digital technology is used in front and back office, customers have no access to online delivery channels.
Level 0	Basic investment in website technology	Internet technology is only used for internal and external communication. No attempt is being made to integrate into channel strategy

Each case is now examined in some detail, to consider the relevance of the provisional scales shown in Table 1 and 2.

Company A - a global brand with operations based in Germany. Its client base consists primarily of corporate and institutional investors who rely upon a core competence in customisation. Client relationships are built on trust that generates *'the right ambience between investor and advisor'*. The organisation has currently decided not to introduce any e-commerce strategies. Whilst a potential benefit could be increased speed of *'investment in and transfer of assets'* this has to be countered by the potential *'distancing'* of the customer. Hence, its prime concerns are that 1) its unique network of professional advisors could become alienated, with subsequent implications for a drain on its pool of corporate knowledge and 2) an erosion of its ability to tailor solutions for its investors. Therefore it is proposed that Company A is positioned as 'high' on a relational axis, but as 'low' in terms of use of technology as it has only *'implemented nothing beyond Internet and Intranet'* for internal and external communications.

Company B - a German, privately operated National Savings Bank. It reportedly dominates its sector with a market share near 40%. This has apparently been achieved by maintaining long-term personal relationships with its customers. Such relationships often continue from one customer generation to another. This organisation benefits from having a wealthy regional client-base, who trust their bank completely because it can handle the *'complex idiosyncrasies of their individual* *financial situations'*. Company B sees adaptiveness as one of its core competencies and as a result does not envisage any strategic gains from the adoption of Internet-based technologies as far as customer relationships are concerned. Despite this viewpoint this organisation has used website technology to facilitate internal communication between branches, and externally for selected advertising. Hence Company B is positioned on a par with Company A's relational 'high', and online technology-wise slightly above Level 0 because its '*website technology …. facilitates internal communication between branches, and selected advertising'*.

Company C is a UK operation of a multinational financial organisation. Interestingly, Company C perceives itself as *'crossed between the banking and the retail worlds'*, and involved in '*digital'* rather than just '*Internet*' technology. The significance of this distinction is that the Internet is perceived to have limitations and shortcomings whereas digital technology has the potential for wider access to larger populations. The company strives for '*best of brands'*, based on '*distinctive products'* generated paradoxically from '*one to one customer marketing'*. This strategy has been facilitated by the use of data-warehousing and extensive storage of customer data. Customers' needs are understood at a micro segmentation level, a competency that enables the company to clearly differentiate itself from its competitors. The scientific measurement approach in conjunction with proactive adoption of new technologies (digital and Internet-based) has allowed the company to identify new customer segments and '*underserved market places'.* In the future the company will continue to use technology to develop even more detailed knowledge of customers. Digitally orientated Company C is interpreted as the lead investor of the sample at Level 3 in online technology in their search for a 'best of brands' vision. Its preoccupations with scientific measurement place it as ‘high’ on the transactional axis. In contrast, Company C aggressively seeks new customers by *‘mining socio – demographic data bases’* for *‘exciting new themes and trends’*.

Company D, a French organisation, operating a global brand name, was first to market in online share dealing in the country. Its brokering service serves the ‘*professional markets’* and due to online efficacies, the brokering service is now affordable to the private investor for the first time. The company has been surprised by the ‘*speed of change*’ in the online brokering sector since its inception in 1999, most notably in the rapid take up by consumers across a wide range of demographic sectors and by the dramatic increase in the number of e-brokers - with seven in 1999 increasing to 50 by mid 2001. This organisation envisages that *‘speeding up delivery’*, rather than *‘changing the product’* can achieve competitive advantage. This focus on mode of *‘access’* and of *‘distribution’* aligns with the platform of delivery and service conceptualised by Kim et al[2]. Customer retention is very important and Company D aims to break the *‘ten second’* per transaction barrier, a benchmark already set by the highly motivated business customer. However, this is a *“challenge unlikely to be realised until the ideal of ‘point to point’ e-brokering can be achieved without the manual intervention of call centres”*. Whilst Company D is clearly set on *‘maintaining direct relationships with its customers’*; it plans this by *‘direct electronic methods’* rather than through *‘agency brokers’*, and eschews ‘*link ups such as between Tesco and RBS’*, believing instead in improvements that will eventually eliminate *‘call centre intervention’*. Company D is interpreted as having broken with face-to-face relationships in favour of electronic *links* to retain specialist business brokers, who seek anonymity, and hence is positioned as ‘high’ transactional. Yet, this sophisticated niche market cannot justify the online investment intensity of Level 3 mass marketing Companies C [and G], but is interpreted as being half way between Levels 2 and 3.

Company E, a French organisation operating a global brand, known as a *'universal bank',* which operates in three sectors: Corporate, Retail, and Business. In 1997, from an organisational perspective it was anticipated that e-commerce would be *'as big as the Euro'*. They initiated an *'acculturation programme where everything would be .com within 5 years'*. The aim was to retain existing customers in all three sectors by improving the service offered with *'straight through processing'*. In doing so links between front and back offices were improved. At the corporate business level, the company provides individually tailored websites, which reflect the client's *'look and feel– right down to logos, screen colours, and a self- diagnostic service'*. In the retail sector, the company invests not only in e-banking but also has retained 1800 brick branches in the belief that the latter are essential for maintaining the personalised service deemed necessary for customer retention. Only in the business sector is it acknowledged that company financiers wishing to make last minute overnight deposits at 'no risk' prefer remote transactional relationships. Company E was first to market with this service. It should be noted that given the size and market share of this organisation that each sector activity was treated separately in the cross-case analysis discussed in the next section. Company E then has three portfolios commonly positioned at Level 2, because data suggests a strategic intent from this 'universal' bank towards online investment that whilst advanced will not aspire to digital technology: in essence, '*we are not EGG or Z-Bank'*. Relationally however, each portfolio occupies distinctly different positions. The corporate portfolio tailors websites and is interpreted as 'high' relational, serving a worldwide client base individually. Yet despite an advanced online commitment, the retail portfolio maintains a strong branch network to compete in the bricks 'n' mortar intensive French savings market, so that it still shares a 'medium' relational position with Savings Bank Company F [see next]. Only the business portfolio exhibits transactional tendencies, but its stated mission of customer retention through '*personalised service*' leads to a position interpreted as to be straddling the transactional and the relational. In essence, this portfolio displays 'hybrid' tendencies after Bowman[31]

Company F is a leading French *savings* bank, operating from a branch network, which they are keen to preserve for their clients. In essence, e-banking is just *'another channel to market'*. The organisation's product offering has not changed as a result of the 'global interest' in e-banking. However, the company is considering introducing *'mailing centres'* as a new product. *"We do not monitor whether we have gained new customers, but maintain a focus on existing client relationships, 'face-to-face' contact is of paramount importance"*. Operationally, the company considers that it has a '*multi-channel*' strategy: a decentralised branch network controlled by a centralised e-banking hub. This focus on maintaining face-to-face relational contacts with clients through physical branch networks is why Company F has been positioned as 'medium' relational. The beginnings of online investment in a '*centralised Internet hub*' place it at Level 1.

Company G is a UK operator trading exclusively via the Internet channel. It views its business as a '*road system*', with *'motorways'* as loss-leaders, *'A roads'* to keep customers on line, and *'side roads'* that provide the main income through premium-priced services. To a certain extent the company's web site is designed to control the customer's progress. However, some opportunity to personalise access to the site may be introduced in the future. Company G's e-commerce strategy is to *'cross sell to make the roadway system work'*, which it achieves through *'intuitive strategy formulation'* that brings IT, business and marketing managers together on an *'ad hoc'* basis to consider new ideas. This company generates business wholly online and has become a '*victim of its own success'*. It has been positioned 'high' transactionally, lagging slightly behind Company C as it has not yet made the transition to accommodate a wider range of digital technologies.

Generally, the within-case analysis revealed each company to have adopted a unique approach towards online channel strategies development. This is an expected finding at this stage given the size of the sample frame and the research aim to gather a wide collection of viewpoints.

Cross-case analysis.

The purpose of this analysis is to compare cases in terms of their approach towards integration of Internet technologies into channel strategies and to identify any differences, which exist in the nature of the customer relationships. Huberman and Miles[32] recommend caution when using this type of analysis as each case has its own unique characteristics, which may become obscured by a higher level of inference. However, Noblitt and Hare[33] make a strong case for making comparisons as a means of identifying general trends. Given the exploratory focus of this stage of the research project it was therefore deemed reasonable to use cross-case analysis.

Figure 1. Exploratory Positioning Matrix

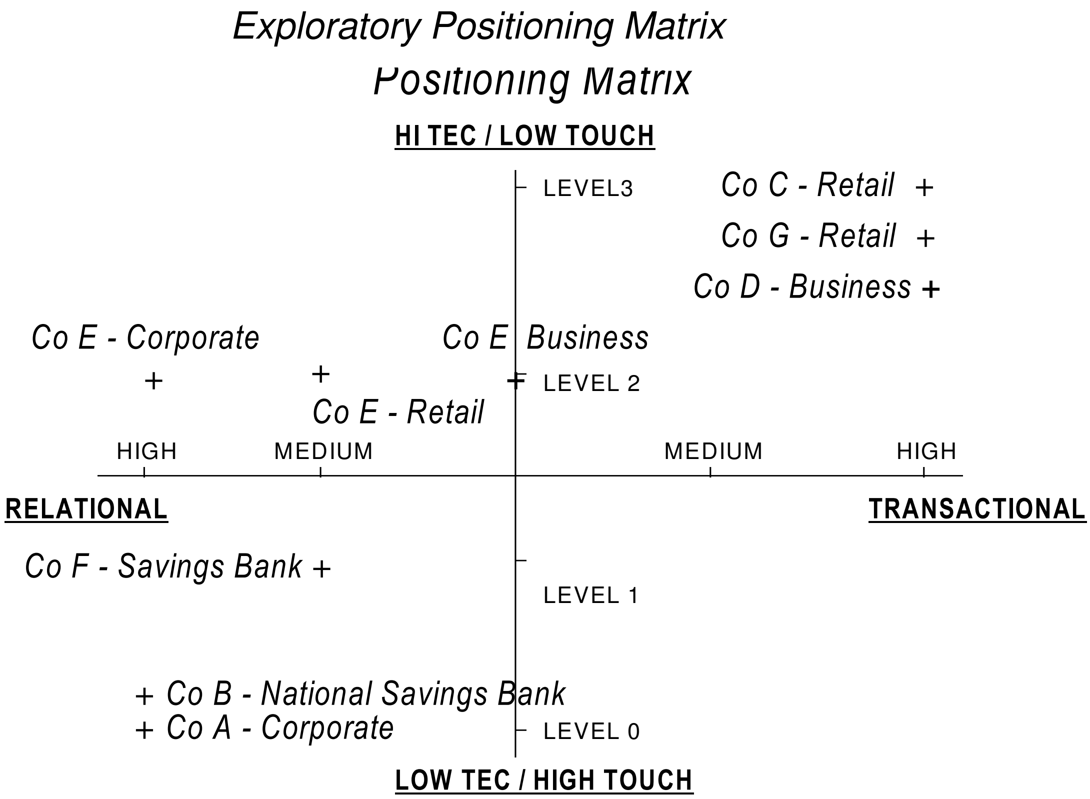

Figure 1. shows an exploratory positioning matrix, which has been developed from interpretation of the within-case interview data. The matrix uses two axes:

1. **relational/transactional**: this axis reflects the extent to which customer/ supplier relationships are developing as either 'rational' or irrational. From this standpoint, reflection on Vandermerwe's[1] transactional/relational model reveals that on one hand companies are developing 'irrational connective' customer relationships involving a high level of personal involvement on behalf of the customer and the supplier, whereas on the other hand, companies are using Internet and digital technologies to streamline transaction processing. In this instance the customer relationship appears to have limited human involvement from the service supplier. Furthermore, the companies which focus on close 'connective' relationships are those which are making minimal use of Internet technologies, whereas those which are proactively making use of the technology are adopting a more 'transactional' approach.

2. **high-tech/low touch – low-tech/high touch**: this axis captures the level of human and technological involvement in an organisation's channel strategy. Low and high touch refers to the level of personal interaction a customer might encounter. This may include personal contact by telephone or physical contact by visiting a branch as opposed to the non-personal exchanges conducted via Internet-based channels. Table 3. summarises the characteristics (identified by the within-case analysis) to provide the basis for positioning each company on the exploratory grid.

Table 3. Company Positioning Criteria

Case	Tech Approach	Main principle of customer relationship
Company A	Level 0	High Relational
Company B	Level 0	High Relational
Company C	Level 3	High Transactional
Company D	Level 2 - 3	High Transactional
Company E (1) Corporate	Level 2	High Relational
Company E (2) Retail	Level 2	Medium Relational
Company E (3) Business	Level 2	Relational/Transactional
Company F	Level 1	Medium Relational
Company G	Level 2 - 3	High Transactional

The results of the cross case analysis are now considered in conjunction with the research objectives outlined earlier. The first key objective was to determine whether adoption of internet-based technologies, support or change existing customer/supplier relationships. The apparent changes relate to the extent of the involvement of either people or technology in an organisation's the channel strategy. At the micro level technology is either being used to provide a minimal level of support e.g. additional communication channels or facilitating new electronic channels to market. The

significance of these examples is difficult to determine at this stage of the research however, if the emphasis in the industry remains focused on developing the type of close connective relationship advanced in the literature[3,4,6,7,8] providers offering digital channels to market may continue to serve niche markets. Conversely, if transactional relationships based on speed and efficiency of service prove to be important highly relational organisations may be usurped by companies following high-tech/low-touch transactional strategies. The organisations, which potentially are experiencing the most changes are those seeking to achieve a balance between operating branch based networks offering medium to high levels of customer service personal while also offering Internet channels. In this situation, channel conflict is likely to dilute rather than enhance performance. These types of organisations are currently unlikely to achieve the required levels on product and service platforms suggested by Daniel[9] These issues will be addressed by research activities latter in the research project.
The second key objective was to examine the extent to which customer relationships are perceived by the supplier organisation as rational (transactional) or irrational (emotional). For organisations at the transactional (high tech/ low touch) extreme, technology is used to create a streamlined delivery. Additionally, data mining creates a wide range of products, which are marketed using *'fine*-grain' segmentation strategies. Companies adopting this positioning show no evidence of the '*intangible'* characteristic posited by Barnes[10]. However, at the other extreme, relational (high touch /low tech), there is evidence of emotional qualities in the supplier /customer relationships, similar to those described by Becket *et al*[7] as '*relational-dependant'*.

The third key objective was the degree to which adoption of online channel strategies are influenced by activity, culture and company size. At this stage limited attention has been paid to company size or cultural difference. However, there is some evidence to suggest that culture could impact on future channel strategies. For instance, in Germany, the more traditional approach involving highly individual personal services dominates, whereas in the UK new entrants to financial markets are offering highly advanced technologically orientated channels to market. French organisations appear to be experimenting with rather more '*hybrid*' channel solutions and are perhaps in the situation where Internet technologies are most likely to cause profound changes in the near future. However, further work is required to determine the likely significance of cultural differences.

Implications and Limitations

The primary value of this stage of the research is in providing a foundation for future research based on identification of the critical dimensions of customer/supplier relationships in the financial services sector. Moreover, the study has provided some evidence to support the beliefs that adoption of Internet and digital technologies can have a profound effect on the management of customer/supplier relationships. Additionally the research has produced insight for practitioners seeking to improve customer relationships and build loyalty and the raised questions about the possible impact of Internet technologies. The within-case analysis has provided an insight into various different approaches, some of which may well prove to be valuable business models of the future digital age. The cross-case analysis suggests that certain approaches being adopted are seeking to make the competition irrelevant by focusing on a specific area of 'service' and 'delivery'. Companies, which are not currently considering the potential value of the rational 'transactional' approach should at the very least be monitoring whether their customers are switching to more transaction-based offers. Conversely, those companies developing anonymous 'transactional' customer/supplier trading relationship should seek to ensure that they are not alienating the potentially 'most profitable' customer who requires the personal touch.

Notwithstanding the possible significance of these implications, it is important to consider the limitations of this study. The sample frame is rather small and to make generalisations from a sample of this size could lead to inaccurate predictions for the future. Further work is underway, in the form of a quantitative survey of the sample population, to address this issue.

Conclusions

This first stage of the project has revealed some potentially important trends, which could impact on how companies develop customer relationship strategies in the future. However, limitations in the research approach need to be addressed before the significance of these trends can be determined. Further research is now underway to address these issues.

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