

The Importance of Trust in Relationship Marketing and the Impact of Self Service Technologies

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Abstract

Technology has dramatically altered the way businesses operate in a Business-to-Business (B2B) context and has had profound influences on services, altering the way services are delivered (Bitner, Ostrom & Meuter, 2002). The increased use of self-service technologies (SSTs) could have a great impact on B2B relationships, yet there is little understanding of this in the literature. In the 1980s and 90s, a shift in marketing focus has seen an increased emphasis on Relationship Marketing (Morgan and Hunt, 1994). This conceptual paper seeks to explain relationship marketing, and the importance of building trust in order to develop a relationship marketing approach. Many authors stress the importance of trust in relationships, however, does not consider the impact of self service technologies on relationships. Further research is needed to understand the impact of SSTs on relationship marketing.

Introduction

Trust is a critical factor fostering commitment in relationships between supply chain partners and even with customers. The presence of trust improves the chance of successful supply chain performance. A lack of trust often results in inefficient and ineffective performance as the transaction costs (verification, inspections and certifications of their trading partners) mount. Moorman, Deshpande and Zaltman (1993) defined trust as 'a willingness to rely on an exchange partner in whom one has confidence' (cited in Morgan and Hunt 1994, p23) alternatively Rotter (1967) stated trust to be defined as a 'generalised expectancy held by an individual that the word of another...can be relied on.' (cited in Morgan and Hunt 1994, p23). The increasing use of Self Service Technologies (SSTs) within B2B relationships removes face-to-face contact traditionally believed to be important in relation to service delivery between two organisations. What this does to the relationship is not understood – eg. How does it impact on trust, commitment and ultimately the relationship itself? This paper discusses the importance of relationship marketing and trust, concluding with streams for further research examining the impact of self-service technologies on relationships.

Relationship Marketing Theory

In contrast with a discrete transaction or sale, which has a beginning and end (Dwyer, Shurr and Oh, 1987), relationship marketing is a longer-term relationship where building trust and commitment is seen as important. In order to compete effectively in the marketplace, it is acknowledged that organisations need to be trusted cooperators (Morgan and Hunt, 1994). Despite the focus of relationship marketing theory in the literature, it is accepted that very few studies examine SSTs in a B2B context (Pujari, 2004) and none consider this use from a relationship-marketing viewpoint. Commitment and Trust are key to relationship marketing, as they encourage marketers to maintain relationship and focus on fostering long term

relationships. Commitment and trust can produce cooperative behaviours, resulting in successful relationships (Morgan and Hunt, 1994). Literature suggests that successful relationships require commitment and trust in order to foster (Morgan and Hunt, 1994). Trust in turn fosters cooperation, functional conflict and has a negative relationship with uncertainty (Morgan and Hunt, 1994). A number of factors leading to trust in relationships, and how trust then leads into a number of issues, such as cooperation and uncertainty. It is important to note that although relevant to this study, this model does not consider self-service technologies, rather simply considers traditional business relationships. Relationship marketing orientation is viewed as more important than a transactional orientation within a B2B context (Anderson, 1995), and trust, commitment and satisfaction are the driving forces in maintaining business relationships (Morgan and Hunt, 1994; Pujari, 2004).

Within services marketing, trust is viewed as essential, particularly as a service must be purchased before it can be experienced (Berry and Parasuraman, 1991) increasing perceived risk. It is also important from a B2B perspective, being the focus of many studies by the IMP Group (Morgan and Hunt, 1994). Trust, in a B2B context, exists where one party has confidence in an exchange partner's reliability (Morgan and Hunt, 1994). Confidence is highly important in order to establish and maintain trust. Furthermore, willingness to act indicates whether or not there is trust, for if one party is not willing to act, they are also unlikely to trust (Morgan and Hunt, 1994). Trust is also important in e-business and has been addressed in depth over the years, however mostly from a Business to Customer (B2C) approach (Jevons, Gabbott, 2000). The way in which technology can be utilised in a business-to-business context is important, (Berthon, Lane, Pitt, Watson, 1998) however research has tended to focus on communication and distribution, rather than enhancing trust or the impact on technology on business relationships.

Trust can be defined as "the belief in the integrity, honesty and the reliability of another person" (Dwyer and Tanner, 2002). In general, trust leads to relationship commitment (Dwyer and Tanner, 2002), which is what marketers are striving to achieve. Trust is a key element for relationship success and tends to be related to a number of elements such as competitive advantage and satisfaction (Ratnasingam & Pavlou, 2003) in addition to commitment. There are two key types of trust in business relationships – trading partner trust and technology trust (Ratnasingam & Pavlou, 2003). As the name suggests, trading partner trust is about trust between the business network participants. In contrast, Technology Trust has been defined as "the subjective probability by which an organization believes that the underlying technology infrastructure and control mechanisms are capable of facilitating inter-organizational transactions according to its confident expectations" (Ratnasingam & Pavlou, 2003). As technology use has increased in business-to-business networks, technology trust has become an important issue that must be addressed. When considering SSTs, it would be expected that technology trust is an important factor. Furthermore, it is also argued that interpersonal trust and organisational trust can impact on commitment differently in a B2B context. Criticisms of using the Internet in business-to-business relationships tend to centre around the separation of buyers and sellers (Ratnasingam & Pavlou, 2003) impacting on the success of the relationship. It is this separation that removes the level of trust from the relationship. Communication and opportunistic behaviour influence trust, ultimately influencing commitment (Morgan and Hunt, 1994). As these antecedents have been tested, and viewed as central to trust and commitment, they have been included in the conceptual diagram for this study; however, they only contribute to trust and commitment, and do not consider the impact of SSTs on trust and commitment – this is why the study is being undertaken. This research project will therefore utilise relationship-marketing theory, within

a service dominant logic framework and will seek to undertake research to fulfil gaps in both areas as neither look specifically at SSTs. From this literature review, the Research Question for further research is “what impact does the use of SSTs have on relationships within a B2B context”? While Relationship Marketing Theory assists in grounding the study, it cannot answer this research question alone. There are gaps in the use of this theory – namely, it does not address the impact of SST use on relationships. As the use of SSTs has increased in B2B contexts, this gap needs to be examined - this is the objective of the research.

Implications and Future Research

Marketing practitioners need to consider relationship marketing because the method provides an integrated approach to service, quality and marketing, which should lead to increased profitability and achieving a competitive advantage. It also makes sense to consider relationship marketing from a financial perspective as many studies have shown that it costs a lot less to retain an existing customer than to acquire a new one. Through an extensive literature review, a series of hypotheses have been developing using Relationship Marketing Theory. From a B2B point of view, relationship marketing theory is viewed as important, however, again, it does not necessarily consider services, and certainly does not address SSTs. The conceptual model is based primarily on Morgan and Hunt’s work, with grounding in Service Dominant Logic (Vargo and Lusch, 2004) and Relationship Marketing. Although the model exists in part in the literature, it has not been tested in the context of business use of SSTs. Therefore this model examines the impact of SSTs on business relationships, and has been altered so that it can be tested through the research. The hypotheses will now be discussed:

H1: Focal firm attributes and perceptions influence trust perceptions

Literature indicates that a number of attributes related to the focal firm (adopter) influence relationship marketing (Morgan and Hunt, 1994) and Innovativeness (Rogers, 2003). From a firm perspective, attributes impacting on trust perception include previous experience, perceived risk, external marketing, characteristics of firm and manager, innovativeness, technology trust and external factors. These attributes come from the literature as previously discussed, however either come from B2C work, or alternatively, from work that does not consider the use of SSTs.

H2: User attributes and perceptions influence perception of trust

Literature indicates that a number of attributes related to the customer can influence relationship marketing (Morgan and Hunt, 1994) and Innovativeness (Rogers, 2003). It is also known that when considering adoption of technologies, a two part study is required examining the decision maker and user (Zaltman, Duncan and Holbeck, 1973; Leonard Barton and Deschamps, 1988). It is expected that a number of attributes would impact on user perception of the SST, and ultimately trust. Literature indicates a number of attributes impact users including previous Experience with SSTs, perceived risk, innovativeness, training and technology trust. As with hypothesis one, these attributes come from the literature, however in many circumstances, they either come from B2C work, or alternatively, from work that does not consider the use of SSTs.

H3: Trust leads to relationship commitment, even when SSTs are in place

Literature indicates that trust must be present in order for relationship commitment to occur. Trust is enhanced through shared values and communication and relationship commitment

can be viewed by examining Relationship Termination Costs, Relationship benefits and Shared Values (Morgan and Hunt, 1994). Nevertheless, this does not consider SSTs.

H4: Relationship commitment leads to a longer relationship when SSTs are used

B2B literature indicates that where relationship commitment is present, relationship length is positively affected (Morgan and Hunt, 1994). This research, however, does not consider the use of SSTs.

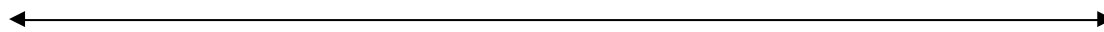
H5: Coordination and understanding from the focal firm when encouraging SST use increases relationship commitment with the customer

Branding and packaging of technology is important, as is feedback with customers (Coordination). It could be argued that this will reduce perceived risk. Furthermore, an understanding of consumer needs and previous experience is essential (Eriksson and Marquardt, 2001). Therefore, it is hypothesized that when done correctly, coordination and understanding can enhance relationship commitment.

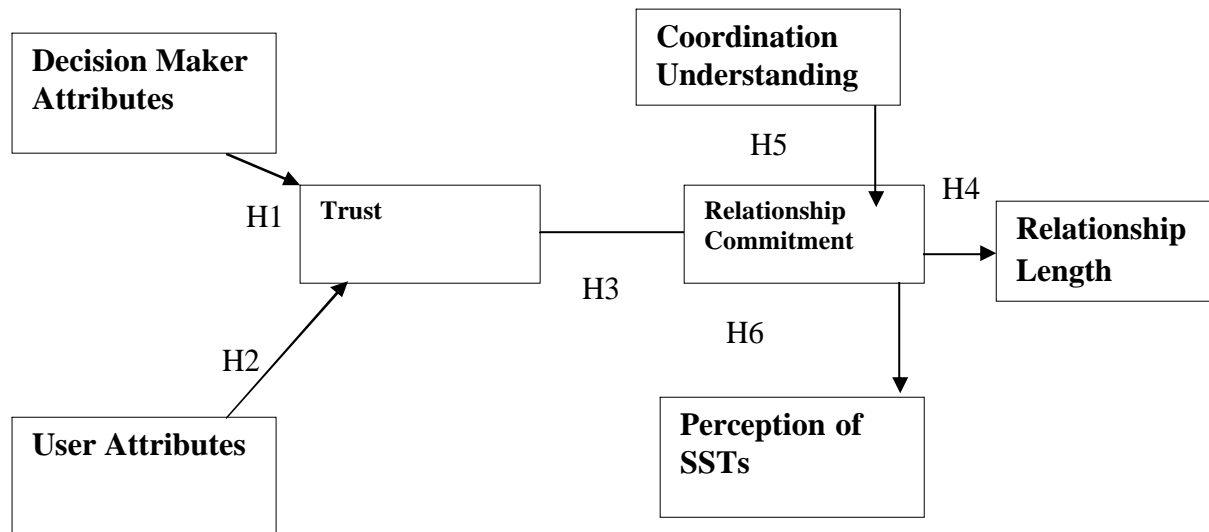
H6: A stronger relationship commitment leads to a positive perception of SSTs

The objective of the research is to determine the affects of SSTs on business relationships. No literature examines this, however, research does indicate that relationship commitment leads to positive perceptions of an organisation (Morgan and Hunt, 1994) and brand perceptions (Eriksson and Marquardt, 2001).

In order to investigate these hypotheses, a two-stage study is required where both decision makers and users are examined – this is reinforced in the literature. The research will utilise content analysis, semi structured interviews, and a quantitative stage. Very little applicable theory has been developed in regards to business use and satisfaction with SSTs, and in particular, how it impacts on relationships. A case study of the organisation and environment will be developed after the qualitative stage. The survey stage will assist in the development of a theoretical model. At this stage, a conceptual diagram has been provided, as indicated below:



*FEEDBACK AND DIALOGUE LOOP BETWEEN
USER, DECISION MAKER AND FOCAL FIRM*



MODERATING VARIABLES: INNOVATIVENESS; SATISFACTION AND DISATISFACTION FACTORS; FOCAL FIRM COLLABORATIVE AND ABSORBTIVE CAPABILITY

Conclusion

This study aims at answer the question “**What impact does the use of SSTs have on relationships within a B2B context**”? As technology is continually improved and utilised in organisations, it is essential to have an understanding of what leads to adoption, and ultimately acceptance. Self-service technologies have altered the relationship between the service deliverer and customer, however, customers still demand outcomes that are dependable, provide easy access, flexibility and compensation when problems arise (Bitner, 2001). It is proposed that the study will use qualitative methods to explore issues in B2B relationships, and technological service adoption. This area is currently under researched, and as a result, qualitative research will aid the researcher in developing a model to understand the area with more depth. This study will be relevant as it contributes to both marketing theory and practice, and should be applicable to other industries once the research is completed. As businesses seek ways to be more competitive, it is essential to understand the way in which the use of SSTs could impact on business relationships.

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