

**An Assessment of Customer Service in Business-to-Business Relationships, a  
Literature Review and Methodological Issues**

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**Abstract**

Early work in business-to-business markets indicated the importance of customer service (e.g. Cunningham and Roberts, 1974). More recently, customer service appears to be an implicit assumption within the notion of relationships, be it from an interaction or other relationship perspective: feedback occurs through the interactions that occur between customer and supplier (Håkansson, 1982; Turnbull and Valla, 1986; Ford, 2002).

However, this feedback will often be informal in nature and may well be given to technical personnel. The question of how this can be best collated and used for strategic purposes then becomes vital. Some researchers suggest that the collection of such market intelligence is the role of the sales engineers although, in practice, this can be fraught with problems such as pressure to achieve new sales and failures in management information systems (Donaldson, 1998). Little explicit attention seems to be given to this issue in either the business-to-business marketing or the sales management literature. Indeed, Parasuraman (1998) has remarked upon the paucity of research into customer service in business-to-business markets.

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On the other hand, within consumer service markets, the collection of customer feedback appears to have become integral to the service process itself. Indeed, a number of tools have been proposed and are widely discussed within the service quality literature, e.g. Grönroos (1984, 1988) and Zeithaml et.al. (1988).

Our present research project seeks to investigate how customer feedback can be collected, collated and utilized within a business-to-business setting that covers a range of diverse business interfaces (e.g. from a four-hour service visit to a major hotel chain, to the complete installation of a multi-million pound fire protection system), and customers (e.g. the end user, an architect, a prime contractor or a combination of these). In so doing, we also aim to establish the key determinants of customer service in modern day business-to-business relationships.

In this paper, we review the different streams of literature which are appropriate to our research, and discuss the methodological challenges that research into customer service in business-to-business situations presents.

## **Introduction**

Research contributions pertaining to customer service come from various inter-related and evolving bases of research, focused in consumer and business-to-business marketing, over a 30-year period. In our research, we are comparing and contrasting constructs, frameworks and findings from several different research fields. We ask, for example, how dimensions of service quality from the services literature of the 1980's and 1990's compare with the dimensions that have been proposed to describe relationships in

business-to-business markets during the same time period. Customer service is usually the focus of discussion in services marketing texts, whilst it appears to be implicit in the notion of business-to-business marketing rather than being discussed in isolation. Hence, we are led to question whether there are two, or more, sets of language and research being used to describe the same phenomena, or are they different phenomena resulting from the difference between consumers and known customers?

Several key research thrusts are being reviewed and examined, together with a discussion of the associated methodological challenges in order to set a research agenda for the investigation of customer service in modern day business-to-business relationships.

### **Customer Service in Industrial Markets**

Within the antecedents of the IMP work there is evidence of explicit focus on customer service. For example, Cunningham and Roberts (1974) investigated the role of customer service in engineering and found two categories of customer service. *Convenience* factors, that add value to the product and include: technical advice to help in search; quotations; availability of manufacturing facilities; ease of contact with supplier; and financial services. *Reliability* factors, that help to decrease uncertainty and are: quality control; replacement guarantees; delivery reliability; repair/maintenance services; and operator training assistance. Service was found to be one of several important variables influencing choice of supplier, and it may be a *qualifying* factor – i.e. to be sufficiently high for a supplier to be considered, or a *determining* factor – in the final decision. Convenience factors simplified work and reliability factors reduced risk.

In the interaction approach, the process of ongoing exchange, including mutual adaptation, and the experience of the participants is central to the notion of relationship development. The role of micro (atmosphere) and macro-level environmental factors is also investigated (Håkansson, 1982; Turnbull and Valla, 1986; Håkansson and Snehota, 1995; Ford, 2002). The importance of customer service appears to be an implicit assumption within the relationship development process: feedback occurs through interactions that occur between customers and suppliers. However, this feedback will often be informal in nature and may well be given to technical personnel.

IMP researchers have been quick to recognize that marketing takes place in the context of networks not simply the dyad (e.g. Axelsson and Easton 1992; Håkansson and Snehota, 1995). Additionally, some researchers have considered customer service and satisfaction from a network perspective (e.g. Holmund and Kock, 1995; Tikkanen et. al., 2000). Holmund and Koch posit the importance of three dimensions of service quality in this context: economic, functional and technical. Another interesting model is that of Tikkanen et. al. (2000) who were presenting a relational and contextual perspective on customer satisfaction and dissatisfaction in industrial markets. They observe that customer satisfaction occurs within a buyer-seller relationship within a network context. They draw attention to the inner context of an industrial buyer-seller relationship which impacts on the relationship between organisations, e.g. within an organisation the structures which influence co-operation, interaction and relationships and the process involved in buying-selling; also the different departments involved; and the key roles in buying and selling. So, one needs to understand the complex network of internal relationships as an antecedent to considering relationships between organisations and, for example, 'buyers' perceptions of 'sellers' performance and 'buyer' satisfaction.

Overall, consideration of the aforementioned models reveals that there tends not to be explicit reference to customer service, how it is measured, and the value of it to providers or customers.

### **Customer Service and Service Quality in Consumer Markets**

Running parallel with the focus on business markets has been the substantial research evidence on customer service, service quality and customer relationships in consumer markets, spanning close to 20 years. This has focused primarily, but not exclusively, in service industries and findings are largely applicable in product markets.

Research has been fuelled by a number of concerns, a key issue being the role of people in service production, delivery and consumption such that quality control in the traditional way is not possible as people become integral to service quality. This issue remains pertinent, although perhaps to a lesser extent today, with the prevalence of e-commerce and e-service, and in business-to-business contexts. Increasing inter-personal interactions and relationships have been evident and of significance in a number of consumer markets, and a further set of research evidence deals with links between customer service, satisfaction, customer loyalty and retention, and profitability. For example, one can consider the costs and benefits of retained customers vis-à-vis new customers, the lifetime value of customers and the links between loyalty, revenue growth and profitability. Zeithaml (2002) has reviewed the evidence on the profit consequences of service quality. Further, there is research that considers the impact of employee performance, loyalty and

retention on customer satisfaction and retention, and organisational success (e.g. Heskett et. al., 1994).

The well-known major contributions to understanding service quality in consumer markets have related to definitions, dimensions and measurement issues. Early definitions were offered by Gronroos (1984), Berry et. al. (1985 and 1988) and Zeithaml et. al. (1988). More recently, Bitner et. al. (2002) have examined the ability of technology to effectively customise service offerings, and recover from service failures, and discussed the infusion of technology as an enabler of both employees and customers in efforts to achieve these goals.

Early discussions on dimensions of service quality focused on outcome and process (e.g. Grönroos, 1988; Lehtinen and Lehtinen, 1982); design, production, delivery and relational dimensions (Gummesson and Grönroos, 1987); and technical, integrative, functional and outcome (Edvardsson et. al., 1989). The most widely reported set of service quality determinants, proposed by Parasuraman et. al., (1985 and 1988), has been used in a host of studies in varying industries and cultures in which the factor structure is frequently not replicated. Further, Johnston et. al. (1990) and Silvestro and Johnston (1990) provide a framework of hygiene, enhancing and dual threshold factors.

When measuring service quality, most research attention has been given to SERVQUAL and, to a lesser extent, SERVPERF and similar tools, and discussion surrounding their use. Tools of this nature are used widely by consumer market researchers and by practitioners. Recent developments have included the use of the Web to collect data (see Banister, 2003).

## **Customer Service in Business-to-Business Relationships – Developing A Research**

### **Agenda**

Our research is concerned with assessment of customer service in the context of interactions, networks and relationships in business-to-business markets. We address the links and integration of the aforementioned research towards building and investigating a framework for customer service in business-to-business markets. Our research agenda embraces five questions:

- What to measure?
- Who to collect data from?
- How to ask questions?
- When to ask for information/feedback?
- How to collect data?

### **What to measure?**

Customer service and quality comes from the product/service, the physical environment, personnel (their attitudes and behaviour) and service encounters. Dimensions of service in business-to-business markets may be classified, as in consumer markets, as technical (outcome) or functional (process) elements. Edvardsson et. al. (1989) refer to integrative quality – the ease with which different portions of the service delivery system work together, and proffer that the companies cannot always control outcome quality – it is subject to outside pressure and environmental conditions. Peters and Waterman (1982) and Lessen (1989) refer to hard (strategy, structure and systems) and soft (skills, staff or

style) elements and note that customer requirements can change over time. Szmigin (1993) postulates that hard and soft quality impact on process satisfaction in the day-to-day running of a business relationship, which then impacts on outcome quality and satisfaction.

Some research has been reported which pertains to assessment of customer satisfaction to embrace both product related and service variables. Other work is focused, more specifically, on customer service. For example, Schellese et al (2000) considered satisfaction of companies as a result of complex processing of information, a key of which was an evaluation of the business relationship based on a target performance comparison (like expectations – perceptions). They asked various employees within the buying centres in food retailing to assess their satisfaction with elements that included the organisation of the interface between the manufacturer and the retail trade. Their findings emphasised the importance of suppliers' contact personnel (e.g. the need to be competent, their product/market knowledge, and reliability), and the degree of co-operation between companies (e.g. availability of contact people, problem free processing of orders, availability of information).

In a substantive study, Homburg and Rudolph (2001) developed a measure and assessed seven satisfaction dimensions across 12 countries among three roles in the buying centres – involving departments with different interests and different criteria in judging suppliers. Overall, order handling, to include speed of confirmation and delivery times, and salesperson interaction were the most influential criteria, and differences were found between different members of the buying centre.



Arnaud (1987) offered four dimensions of service that form a system in which the elements can reinforce one another or weaken them. The Technical dimension is the heart of the service offer, the technical solution, in which some variables are more visible than others. The Relational dimension impacts on the maintenance of credibility over time, and the Functional dimension concerns how service is delivered and the added value. The Institutional dimension is a result of the other three dimensions.

Wouters (2001) considered the role of customer service in vendor selection criteria when it can be either an *order qualifier* – i.e. a set of requirements that a supplier has to meet, or an *order winner*- i.e. a set of performance specifications that are important but not automatically expected by the customer. He delineated Reliability services (availability, delivery reliability, quality of deliveries) and Responsiveness services (communication skills, commercial flexibility). His fieldwork indicated that critical to achieving customers' service objectives were supplier performance with respect to production flexibility, complaints handling and order processing. Problems were found to be related to keeping to delivery times, order processing and communications. His conclusions were that customer service is still seen mainly as an order qualifier. The order winning potential lies in the responsiveness of organisations, i.e. the communication and information aspects regarding the supply process. So, customer service is important during the buying process but its order winning capability is often not addressed explicitly.

Finally, we have already been involved in several projects. For example, Lewis and Craven (1995) considered the relationship between a major industrial supplier and its business customers. They investigated the importance of 40 criteria in choice of a supplier

and 18 criteria that would influence the replacement of an existing supplier. They found dimensions of service quality relating to product, the organisation and its personnel, and also operations/systems. These were classified as: Reliability services which reduce the uncertainty/perceived risk of a buying decision; Convenience services which add value to the product by adapting it to individual customer needs and simplify the work of the buyer; and Interaction services – i.e. to develop and enhance successful buyer-seller relationships. These dimensions were seen to play a significant role in developing and maintaining relationships.

Lewis et al (1999) investigated service quality in small and medium sized organisations in several industries – mainly services. They covered relationship building activities, commitment to service quality, employee and communication issues, the service environment, monitoring of service levels, complaint handling and service recovery, and the use of technology.

### **Who to collect data from?**

One needs to consider not only designated buying centres and associated roles, but also key individuals in supplier firms and even in intermediary organisations. For example, in supplier organisations – sales departments, salesmen, service engineers, customer service, IT staff; and in customer buying centres – purchasing agents, users, IT personnel, engineers and managers. This issue can be considered in the context of the interaction model and network theory, whereupon the complexities of interaction and/or relationships that impact on buyer-seller relationships and expectations and perceptions of customer service become apparent. Donaldson (1998), who has researched and written extensively about the role of salespeople, highlights the problems of getting feedback from sales

engineers – due to pressure to achieve new sales, and problems with management information systems.

### **How to ask questions? What to ask?**

In consumer markets, we have SERVQUAL and other, similar, measurement tools. Attempts to replicate such techniques in business-to-business markets are in evidence. However, in business-to-business markets, it may be possible to consider ‘buyer’ organisations on an individual basis and to ask ‘buyers’ to compare and contrast expectations/perceptions of more than one ‘supplier’ organisation. Hence, the use of Importance/Performance matrices may be appropriate, or the inclusion of Trade-off Analysis with respect to customer service variables, or aspects of Competitor Mapping.

### **When to ask for information/feedback?**

Key research issues to address here pertain to stages in the buying process or, in service terminology, the position in the cycle of business relationships. Szmigin (1993) proposes a relationship cycle that suggests the likely path that typical relationships may follow. Various people from a service provider organisation may be involved at different stages of the cycle, and various people from the buyer’s DMU involved at different stages of the buying process. During the life cycle of a relationship, customer requirements, expectations and satisfaction change, and the experience of clients can grow which may lead to declining needs for support. Vandermerwe (1990) refers to this as an activity cycle within which critical points relating to hard or soft quality may be more in evidence.

### **How to collect data?**

The usual consumer market techniques of interviews and surveys may prevail, and may involve the use of supplier experts such as salespeople or service engineers (Donaldson, 1998) who may have established personal relationships with key contacts in customer organisations.

In addition, the Internet is becoming relevant in both consumer and business-to-business markets. Banister (2003) indicates that use of the Internet is moving towards acceptance as a mainstream method for conducting customer research and that it represents a very attractive, convenient and cost effective technique for data collection and entry. She reviews studies that focus on the Internet as a research tool and highlights issues and evidence pertaining to: Internet user population; dealing with potential biases; speed; costs; anonymity; and survey design. Many of these issues, and others, are also pursued by Dibb et al (2001). Banister concluded that the major current concerns relate to the need for technical expertise in design, and Internet security and privacy - both customers' perceptions and the reality.

### **Pilot Fieldwork**

The preceding sections demonstrate that there is no accepted consensus as to what to collect, who to collect it from, when and how to collect it. Hence, we are beginning with an in-depth pilot case study of one business-to-business service firm. As Yin (1994) states, case studies are appropriate for How, Why, When and What questions.

A North West manufacturer and service provider has agreed to take part in this pilot study: they have identified service quality as a key performance indicator in their desire to maintain market leadership. The company is the UK's largest provider of fire protection, safety systems and specialist control technology engineering. They provide a multitude of products/services and serve a diverse range of industries, with their customers ranging from large retail chains to petrochemical and electricity generating industries, facilities management companies and consultants and architects. Service interactions range from a four-hour service visit to a hotel or retail outlet, to the complete installation of a multi-million pound fire protection system. Further, the initial customer may often not be the end user, adding an additional complication to the challenge of collecting, analyzing and acting upon service quality/customer satisfaction data.

In the pilot study, we are undertaking in-depth interviews and observation within the company and its customer organisations as well as collecting appropriate secondary data.

The initial participants include:

- Company personnel: e.g. senior management, sales engineers, support engineers, site engineers, service engineers, marketing personnel.
- Customer personnel: e.g. end users (managers, users, other members of the DMU as yet to be identified, but could include purchasing and financial personnel); consultants and architects; and facilities management personnel and their customers.

We plan to present preliminary findings at the IMP conference.

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