Service Experience in Business-to-Business Relationships

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Manchester Business School
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Abstract

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This research project explores how service experience impacts on business-to-business relationships. It investigates the role of service encounters in a business-to-business context through examining the characteristics of service encounters in business-to-business markets and how service encounters impact on business-to-business relationships. Service failure and recovery in business-to-business markets are also explored.

The theoretical background stems from both services marketing and business-to-business marketing. The literature review encompasses investigations of service encounters and service failure and recovery in both consumer and business-to-business markets. The project attempts to merge these areas of knowledge, by extending the domain of service research from consumer markets to business-to-business markets. The researcher notes that different characteristics may exist between consumer and business-to-business markets, and so studies of service issues developed in consumer markets are used as guidance rather than simply being transferred to a business-to-business context.

As the nature of this project was exploratory, case studies were selected as a suitable research strategy, and two case studies were carried out. The first case study was in the metal finishing industry in the North of England and included 20 interviews. The second case study was in the paint and coatings industry in the North West of England and included 20 interviews. In both case studies, suppliers’ and customers’ perspectives were investigated to allow a dyadic understanding of the role of service in supplier-customer relationships. Other data such as direct observation, shop floor visits, company brochures, a research diary and notes were also used. Computer-assisted NVivo software was employed to assist data analysis. A thematic approach was applied to analyse the data.

The findings revealed similarities and differences in service encounters, and service failure and recovery, between consumer markets and business-to-business markets. Communication, adaptation, help and people were identified as key factors in business-to-business service encounters, impacting on business-business relationships. The influences of domino effects on business-business customers’ service experience were found to be significant and illustrate the complexity of the business-to-business service experience. The results suggest that service recovery strategies that are employed in consumer markets may also be effective in business-to-business markets, but because of the active role that business-to-business customers were observed to play, the strategies may need to be extended.

This project has both theoretical and managerial contributions. Theoretically, it extends the domain of service experience research from consumer markets to business-to-business markets, by filling in a gap in the services marketing literature by investigating business-to-business service failure and recovery. It contributes to the business-to-business marketing literature by discussing the role of service explicitly in interactions and, thus, extends the understanding of supplier-customer relationship processes. Managerially, the research provides companies with an additional approach to managing their business-to-business relationships through improving service performance and explicitly considering service recovery processes.
Declaration

No portion of the work referred to in the dissertation has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Xia Zhu
April 2012
Copyright Statement

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Acknowledgements

“Trust in the LORD with all your heart and lean not on your own understanding; in all your ways acknowledge him, and he will make your paths straight.”

- Proverbs 3:5-6

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The Author

Prior to carrying out this research project, the author completed an MSc in Marketing at the University of Manchester Institute of Science and Technology (UMIST) in 2004. The author’s interests in services research began with her Master’s dissertation which explored students’ perceptions of their accommodation service. Mixed research methods were employed in that project: focus groups and questionnaire were carried out to gather both qualitative and quantitative data about consumers’ expectations and perceptions of service.

After completion of her Master’s degree, the author worked as a Business Development Manager in a business-to-business context in England, exploring business opportunities in the Far East. This working experience stimulated her research interests in business-to-business marketing, and inspired her to question the factors that play a key role in successful business-to-business marketing. The author developed her personal perception that customer service and, in particular how problems are dealt with between supplier-customer interactions is crucial for business development. This built up the platform for the author to carry out this research project focused on exploring service experience in business-to-business relationships.

The author commenced a Lectureship in Marketing (Business-to-Business) in Sheffield Hallam University in August 2010.
Chapter 1  Introduction

1.1 Introduction

This study is focused on the role of service experience in business-to-business relationships. In this chapter, the background to the research is introduced to justify the reason for, and necessity of, investigating service experience in a business-to-business context. The research objectives and research questions are presented, and followed up with definitions of key concepts. Then, the methodology employed in this project is explained. Finally, the order and content of the thesis is presented.

1.2 Background to the Research

Services play an important role in the economy (Regan, 1963; Langeard, 1983; Ostrom, Bitner, Brown, Burkhard, Goul, Daneils, Demirkan and Rabinovich, 2010). In manufacturers’ offerings, services and products are mixed (Quinn, Baruch and Paquette, 1988). Manufacturers offer factory-related service elements in a solution to customer problems (Grönroos, 1998), and coordinate products and services development (Lakemond and Magnusson, 2005). Manufacturing companies with a service orientation (Antioco, Moenaert, Lindgreen and Wetzels, 2008) attempt to identify barriers to the transition from product to services in business markets (Jacob and Ulaga, 2008; MatthysSENS and Vandenbempt, 2008). There is development of an understanding of customer service for manufacturing firms (Lay, Schroeter and Biege, 2009), and the development of service strategies (Kumar and Markeset, 2007). It has been noted that many manufacturers have changed from product-dominated business into service-oriented commerce (Gebauer and Friedli, 2005), integrating customers into the process of providing solutions (Buse, Freiling and Ewissenfels, 2001) and bringing about changes in personal selling and sales organisation (Sharma, 2007; Sheth and Sharma, 2008). The aim of manufacturers offering a bundle of goods and services is to add value to customers’ business (Vandermerwe, Matthews and Rada, 1989). Business-to-business customers are concerned not merely with goods, but also service-related aspects of the products (Rose, 1965; Reid and Plank, 2004). It can be seen that business-to-business companies attach great importance to service-related elements in business interactions.

The advantages of customer service in business markets were noted by Wagner (1987). For instance, the service elements embedded in manufactured goods play a considerable role in
complementing the physical product (Rose, 1965) and providing a winning capability during the buying process (Wouters, 2001). Customer service in business markets influences customer satisfaction (Chumpitaz and Paparoidamis, 2004), companies’ overall performance (Morris and Davis, 1992), and companies’ competitiveness in the market (Kyj, 1987). When everything else is equal, customers will be more inclined to buy from a supplier with better service performance (Kyj, 1987). In other words, organisations’ service performance can be a differentiation factor in business markets (Vandermerwe et al., 1989; Singh, 1990; Van der Valk, 2008). However, business-to-business companies face challenges in providing customer service (Lunsford and Fussell, 1993; Brax, 2005). Manufacturing companies may increase their service offerings but fail to generate financial benefits (Gebauer, Fleisch and Friedli, 2005). Manufacturing firms need to learn how to handle service offerings (Oliva and Kallenberg, 2003). Thus, understanding service issues becomes imperative for business-to-business marketing.

Services marketing has evolved from a neglected sector (Langeard, 1983) and the early debate of its uniqueness as a research area to the maturation of specific topics such as service quality and service encounters (Fisk, Brown and Bitner, 1993). However, studies of service issues in business-to-business markets are very much limited in comparison to the wide literature on service in consumer markets. Previous studies investigating service issues in business-to-business markets focus on service elements and dimensions, and show no consensus in the findings (e.g. Cunningham and Roberts, 1974; Szmagin, 1993; Qualls and Rosa, 1995; Zolkiewski, Lewis, Yuan and Yuan, 2007). Few studies into service experience or service encounters exist in the business-to-business marketing literature. Furthermore, service failure and recovery are not discussed explicitly, although service is implicit in business-to-business interactions and relationships (Sutton-Brady, Zhu and Zolkiewski, 2008).

Business-to-business marketing focuses on interactions, relationships and networks (Håkansson, 1982; Ford, 2002). Many factors that have an influence on business-to-business relationships have been explored such as trust, commitment, reliance and power (e.g. Morgan and Hunt, 1994; Naudé and Buttle, 2000). However, it has been argued that relationships cannot be seen as a managerial technique (Ford and Håkansson, 2006). Sutton-Brady et al. (2008) contend that discussion of the role of service explicitly in interactions will contribute to managerial practice in business-to-business markets.
The above discussion justifies the necessity for and builds up the platform, to carry out research which is focused on service experience in a business-to-business context.

1.3 Research Problem and Hypothesis

Responding to research which calls for further investigation of service issues in business-to-business markets, this project explores how service experience, especially service encounters, including service failure and recovery, impacts on business-to-business relationships. Based upon this objective and the literature review that is presented in chapters two and three, and the research gap in chapter four, the following research questions are developed:

1. What is the role of service encounters in business-to-business relationships?
   a. What are the characteristics of service encounters in business-to-business contexts?
   b. How do service encounters impact on business-to-business relationships?

2. What are the characteristics of service failure and recovery in business-to-business markets?
   a. Can service recovery strategies be transferred from consumer markets to business-to-business markets?

The assumption of the research is that customers’ service experience contributes to business-to-business relationships, either constructively or destructively, or it may simply maintain supplier-customer relationships (see Figure 1). This assumption is based upon the business-to-business episodic theory that interaction episodes act as engines of change in business-to-business relationships, and each exchange episode contributes to relationship changes (Anderson, 1995; Low, 1997; Schurr, 2007). A service encounter can be classified as one form of ‘episode’ (Sutton-Brady et al., 2008). Thus, investigation of service experience and service encounters may contribute to the understanding of business-to-business relationships.
The theoretical background of this study stems from services marketing and business-to-business marketing. The project attempts to merge these two areas of knowledge, by extending the domain of services research from consumer markets to business-to-business markets. The researcher has noted that different characteristics may exist between consumer and business-to-business markets. Therefore, studies of service issues developed in consumer markets are used as guidance rather than being simply transferred to a business-to-business context.

1.4 Definitions

To carry out this project, initial descriptions of key concepts such as service experience, and business-to-business relationships are provided.

1.4.1 Service experience

No agreement of a definition of service has been reached in previous studies\(^1\) (Edvardsson, Gustafsson and Roos, 2005; Grönroos, 2006). This project adopts Edvardsson et al.’s (2005, p.111) definition of service as “the whole organisation’s performance in providing the customer with a good experience”. It is the involved parties’ subjective interpretation of their experience.

1.4.2 Business-to-Business Relationships

A business-to-business relationship is a complex and multi-dimensional construct (Möller and Wilson, 1995a; Page, Sharp and Rungie, 1997), and as yet there is no consensus regarding its composition (Athanasopoulou, 2009). This project adopts Håkansson and

\(^1\) The difference between ‘service’ and ‘services’ is discussed in section 3.2.3.
Snehota’s (1995, p.25) definition of a business-to-business relationship: “a relationship is a mutually oriented interaction between two reciprocally committed parties.”

1.5 Methodology

The nature of this project is exploratory, focusing on complex business-to-business markets over which the investigator has no control. In addition, a holistic examination of real-life events is needed to help with description and explanation of the phenomena. Therefore, a case study strategy was selected as a suitable research approach (Yin, 1994; Hartley, 2004).

Ford and Håkansson (2006, p. 249) emphasise that both customers and suppliers are involved in, and contribute to, the interactions between them, which leads to their point that “an understanding of what was happening could only be obtained by simultaneously analysing both the buying and selling sides of relationships.” Although business-to-business marketing can be analysed from different angles, for instance, suppliers’ perspective or customers’ perspective, and at various levels, dyad, relationship, and network, the basic element of inter-organisational research is a dyad, i.e. the relationship between two actors (Wilke and Ritter, 2006). Ford and Håkansson (2006, p. 253) emphasised the engagement of both parties, claiming that “putting interaction at the centre makes it impossible to make sense of what happens between business companies by looking at just one of them…a relationship has an “interactive existence” beyond that of the participants.” Business-to-business research should include both customer and supplier perceptions as the focus (Czepiel, 1990). This project recognises the importance of obtaining an understanding from two sides, and thus perspectives of service experience are obtained from both service providers and receivers.

This project comprises two case studies. The companies that participated in the first case study are located in the North of England. The supplier is a metal finishing company, providing customers with transportation, technical backup and a full metal-finishing package. Its main customer is an internal customer, a sister company, which manufactures lock mechanisms for the rail industry and the high-security industry. The majority of its external business is in the sign making and engineering industries. Twenty interviews were conducted in the first case study, among which five were with staff in the supplier company and fifteen interviews were from fourteen customer companies.
The second case study is in the paint and coatings industry in the North West of England. The supplier provides industrial paints to customers from standard to highly specialised products, along with additional help in disposing of customer paint and powder wastes. One sector of their customers comprises industrial companies covering commercial transport, automotive and marine businesses. Another sector of customers is paint distributors. Twenty interviews were conducted in the second case study including five with staff in the supplier company, five with four distributors, and ten interviews from ten industrial customer companies.

In both case studies, semi-structured interviews were conducted combined with shop floor visits. Direct observation was also carried out during the fieldwork. Secondary data were collected to help to understand the context. Research notes and a diary were also used, and these were completed after each data collection trip to help with the researcher’s reflections about conducting the project.

The case study process cycle differs from other research processes in that it continues to ask the question why and aims to identify the mechanisms behind phenomena (Easton, 2010). Abduction has been suggested as appropriate for case research (Dubois and Gadde, 2002; Easton, 2010) and has been employed in this project.

In case studies, the unit of analysis is related to the primary research questions and to defining what the case is (Yin, 1994). The unit of analysis of this project is service experience. In other words, each customer company’s service experience with the supplier under investigation is a unit. Service providers’ perceptions were obtained to help to understand the phenomena.

Interviews were recorded with interviewees’ permission and transcribed for analysis. However, data and facts need to be analysed to be meaningful (Anderson, 1983). Computer-assisted NVivo software has been employed to assist data coding. A thematic approach was applied for data analysis.

## 1.6 Outline of the Thesis

This thesis is presented in a conventional order of literature review, methodology, empirical research findings, discussion and conclusion.
Chapter two reviews previous studies of business-to-business relationships. It begins with a discussion of the term ‘relationship’ which covers a range of relationships: from transaction to network relationships. Then, different research streams are identified to describe the supplier-customer relationship development process. These include episodic theory, interaction theory, and stages models. In the complexity of the business relationship development process, a number of variables such as trust, communication, social bonds and cooperation which play significant roles in business-to-business relationships are reviewed. After that, relationship failure and recovery as an integral stage of the business-to-business relationship process is also examined.

Chapter three begins with discussion of the differences between services and goods. It examines the synergy of services and goods in business-to-business markets with the provision of a classification of services in business-to-business markets. Additionally, the usage of “service” and “services” is examined. After that, service encounters, service failure and recovery in consumer contexts are discussed.

Chapter four starts with a debate about the dichotomy between business-to-business and business-to-consumer marketing, followed by the current debate about service-dominant logic which has challenged the existing dichotomy between consumer and business-to-business marketing. Then, it responds to the call that consumer marketing and business-to-business marketing should borrow knowledge from each other, and examines what has been borrowed from studies of service in consumer markets to business-to-business markets. It concludes that many studies of service quality in the business-to-business sector are derived from previous service research in consumer markets, while business-to-business service encounters, and service failure and recovery have received much less attention, but are of great value for understanding supplier-customer relationships. Thus, the gap in the research literature is identified.

Chapter five explains the research methodology employed in this project. It defines the research area and presents the research questions which direct the empirical investigation. In this chapter, the main philosophical streams are reviewed, and the researcher’s philosophical stance is explained. Then, various approaches that could be used to carry out this study are examined. This is followed by the justification for choosing a case study research strategy. Finally, the administration of the empirical research is explained, and data collection and analysis methods are presented.
Chapter six presents the findings from case studies one and two. It starts with background information relating to the service providers and their customers. Then, the involved parties’ viewpoints about service experience, their understanding of how service experience influences business-to-business relationships and, in particular, how service failure and recovery impacts on business-to-business relationships are presented. The similarities and differences between these two cases are identified and presented in the findings.

Chapter seven discusses the findings in relation to the literature reviewed. First, types of service encounters identified in business-to-business markets are compared with those in consumer markets. Then, the roles of ‘communication’, ‘adaptation’, ‘help’, and ‘people’ in business-to-business service encounters are discussed to assist the understanding of customers’ service experience, and followed up with outcomes of business-to-business service encounters. After that, characteristics of business-to-business service failure and recovery are discussed, including types and outcomes of business-to-business service failure, and business-to-business service recovery strategy. Finally, this chapter concludes with answers to each of the research questions.

Chapter eight highlights the theoretical and managerial contributions of this study. Limitations of this research are presented, and further research is suggested. Finally, the thesis concludes with the researcher’s reflections on conducting this study.
Chapter 2  Literature Review: Business-to-Business Relationships

2.1 Introduction

This chapter provides an understanding of business-to-business relationships by considering the definition of a “relationship” and the business-to-business relationship development process. First, attention is paid to the wide usage of the term “relationship” which covers a range of relationships: from transaction to network relationships. After that, different theories and models are examined to present the buyer-seller relationship development process, followed by studies focused on business-to-business relationship failure and recovery. Finally, a gap is identified in previous studies with respect to understanding complex business-to-business relationships.

2.2 Definition of Business-to-Business Relationships

Zolkiewski (2004a) cautioned against using the term ‘relationship’ ubiquitously. It seems that researchers have been using this term to portray a range of marketing relationships from transactions to network organisations (see Figure 2) (Webster, 1992).

![Figure 2 - The Range of Marketing Relationships](source)

However, a careful distinction between different terms needs to be made (Zolkiewski, 2004a). For instance, the concept of transaction has been referring to short-term and discrete dyadic exchanges between two parties with minimal personal relationships and no obligation for future exchanges and dynamic, while a relationship construct has been considered to be long-term with two parties’ cooperation, sharing and planning (Grant, 2005; Schurr, 2007).
Table 1 summarises Möller and Wilson’s (1995a) views about different types of exchange relationships in business-to-business marketing. In the 1960s, the business-to-business marketing approach was underpinned by singular independent transactions, and stimulus-response relationships between the sellers and buyers (Möller and Wilson, 1995a). In the 1970s, investigating organisational buying behaviour formed a strong research stream in the business-to-business field, and the focus of having a dyadic view of buyers and sellers to understand the exchange behaviour between the two parties emerged (Möller and Wilson, 1995a; Reid and Plank, 2004). However, during this stage, the enduring aspects of business-to-business relationships were not included; instead, a short-term dyadic perspective was used to explain buyer seller relationships (Möller and Wilson, 1995a). Since the 1980s, business-to-business marketing has emphasised the dynamics of exchange relationships, holistic inter-organisational relationships and the exchange relationships among multiple companies (Möller and Wilson, 1995a). Overall, studies of business-to-business relationships have developed over the years (Wilkinson, 2001; LaPlaca and Katrichis, 2009).

Table 1 - Classification of Exchange Relationships

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Market Transactions</th>
<th>Short-Term Dyadic Relationships</th>
<th>Long-Term Relationship Exchange</th>
<th>Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit of Analysis</td>
<td>Seller or Buyer</td>
<td>Buyer/Seller exchange relationship</td>
<td>Buyer/Seller relationship</td>
<td>Multifirm relationships</td>
</tr>
<tr>
<td>Time Perspective</td>
<td>Short</td>
<td>Short</td>
<td>Medium to Long</td>
<td>Short to Long</td>
</tr>
<tr>
<td>Explanatory Focus</td>
<td>Explain and predict a particular transaction</td>
<td>Explain and predict supplier choice, understand choice process</td>
<td>Understand the development and functioning of relationships</td>
<td>Understand the development of network positions through multiple relationships</td>
</tr>
<tr>
<td>Marketing Management Perspective</td>
<td>Managing the marketing mix based on segmentation and positioning</td>
<td>Winning the order or contract through manipulating product/supplier elements</td>
<td>Establishment and management of relationships</td>
<td>Establishment and maintenance of profitable network positions through management of critical resource relationships</td>
</tr>
<tr>
<td>Organisational Perspective</td>
<td>Mainly functional</td>
<td>Marketing/Selling “Centres”</td>
<td>Emphasis on interfunctional relationships</td>
<td>Interfunctional management</td>
</tr>
</tbody>
</table>

Source: Möller and Wilson (1995a, p.7)

Business-to-business marketing has shifted from the market model of economic exchanges to interactions, relationships and networks (Webster, 1992; Möller and Wilson, 1995a).
However, a dichotomy or duality may exist in firms regarding transactional and relational exchanges (Grant, 2005), as marketing practices are pluralistic (Coviello, Brodie, Danaher and Johnston, 2002). Different types of marketing practices have been found: predominantly transactional, predominantly relational, or a transactional/relational hybrid (Coviello et al., 2002). Furthermore, it has been noted that consumer goods firms practice in a more transactional manner than business-to-business and service firms do, and business-to-business service firms exhibit a continuum pattern, from transactional to relational (Coviello et al., 2002; Grönroos, 1990). Additionally, it has been suggested that not all customers embrace relationships, but rather welcome transactional behaviours (Grant, 2005). ‘Match’ and ‘mismatch’ have been noted to exist between buyers and sellers, as one side may want to establish a relationship, but the other side may seek only a transactional exchange (Pels, Coviello and Brodie, 2000). Whether an exchange situation is transactional or relational should be based on buyers and sellers’ views rather than by the type of firm (Pels et al., 2000). The following section discusses the processes of diverse and complex business-to-business relationships (Laing and Lian, 2005).

### 2.3 Business-to-Business Relationships

Multiple theories pertinent to the formation, maintenance and management of business-to-business relationships have been discussed in the literature, such as intimate relations theory (Guillet de Monthoux, 1975; Dwyer, Schurr and Oh, 1987; Johnston and Hausman, 2006), modern contract law, institutional economics, and organisational theory (Dwyer, Dahlstron and DiNovo, 1995). As neither a single theory nor model explains relational exchange, different approaches provide alternative ways to investigate business-to-business relationships (Möller and Wilson, 1995b; Dwyer et al., 1995). The following section reviews studies of the business-to-business relationship processes.

#### 2.3.1 Episodes and Interaction Models

Two main research traditions are evident in the development of industrial marketing, the North American school and the European and Australasia school (Wilkinson, 2001; Low, 1997). Early in the 1970s, academics across Europe from Sweden, UK, France, Germany and Italy formed the Industrial Marketing and Purchasing Group (IMP). The IMP group

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2 Different terms have been used to describe business-to-business marketing, from industrial, organisational, and, more recently, business-to-business; these terms will be used interchangeably throughout the thesis and should be assumed to mean the same, i.e. they describe one business doing business with another.

3 Originally, it was the International Marketing and Purchasing Group, but many academics consider ‘Industrial’ to be part of the title.
focuses upon management of relationships, how relationships are established and the development of supplier-customer interactions (Cunningham, 1980; Håkansson, 1982).

The Industrial Marketing and Purchasing group (IMP) challenged four aspects of traditional industrial marketing: 1) manipulating the marketing mix variables; 2) concentrating on industrial buyer behaviour and analysing discrete purchasing decisions; 3) an atomistic structure in industrial markets; and 4) the separation of analysing either buying behaviour or selling (Cunningham, 1980).

In 1982, the Industrial Marketing and Purchasing group (IMP) introduced the interaction model (see Figure 3) based upon a joint research project. This model views the buyer-seller relationship as the essential focus of business-to-business marketing (Cunningham, 1980; Håkansson, 1982). The interaction model includes four basic elements: the interaction process, the participants in the interaction process, the environment within which interaction takes place, and the atmosphere affecting and affected by the interaction (Cunningham, 1980; Håkansson, 1982). In this model, not only sellers, but also buyers are considered as active participants in a relationship (Cunningham, 1980; Håkansson, 1982). Participating organisations are influenced by technology, organisational size, structure and strategy, organisational experience and individuals within an organisation (Cunningham, 1980; Håkansson, 1982).

The interaction process covers both the long-term aspect of relationships and the short-term episodes (Cunningham, 1980; Håkansson, 1982). The individual episodes have several dimensions of exchange: product/service exchange, information exchange, financial exchange and social exchange (Cunningham, 1980; Håkansson, 1982). Short-term episodes are influential for the development of relationships, while long-term relationships are characterised by institutionalisation and adaptations (Cunningham, 1980; Håkansson, 1982). In the interaction model, the interaction process cannot be isolated from the environment which includes market structure, social system, the degree of dynamism and internationalisation of the market, and the company’s position in the manufacturing chain (Cunningham, 1980; Håkansson, 1982). Relationship atmosphere is a product of interactions, built up by specific episodes and long-term relationships but also influences interactions (Cunningham, 1980; Håkansson, 1982). The closeness of relationship between two parties, and the power/dependence associated with this relationship, the conflict and co-operation and companies’ mutual expectations are crucial aspects of relationship atmosphere (Cunningham, 1980; Håkansson, 1982). In contrast, Anderson and Narus
(1990) attempted to model the relationships between variables of dependence, conflict, cooperation, trust and conflict.

Power and dependence as part of the atmosphere and environment of a business-to-business relationship have been discussed extensively in the literature (see Gaski, 1984; Frazier and Antia, 1995; Naudé, 2005). Power has been defined as “the ability to evoke a change in another’s behaviour” (Gaski 1984, p.10). A successful business-to-business relationship requires considerable mutual dependence and trust (Nevin, 1995). However, power-dependence relationships between buyers and sellers are non-static (Håkansson and Ostberg, 1975). The nature and degree of the power-dependence relationship between two organisations depends on the social exchange, adaptation and situational variables (Håkansson and Ostberg, 1975). Situational variables influence the involved parties’ perceptions of uncertainty and benefits which in turn impact on the degree of social exchange and the degree of adaptation (Håkansson and Ostberg, 1975). At the same time, the process of social exchanges and adaptation lead to the power-dependence relationships (Håkansson and Ostberg, 1975).

The symmetry or asymmetry of power in the relationship influences communications, behaviours and outcomes (Frazier and Antia, 1995). Participants may have negative views about power related to coercion (Zolkiewski, Burton and Stratoudaki, 2008). The use of coercive power tends to cause dissatisfaction and block the development of relationships (Liu, Li and Zhang, 2010). Instead, non-coercive power through mutual communication and identification has been encouraged to increase satisfaction and future cooperation (Liu et al., 2010). Overall, the role of power needs to be understood so as not to be used to jeopardise relationships (Zolkiewski, Burton and Stratoudaki, 2008).
Figure 3 - The Interaction Model

Environment

Market structure
Dynamism
Internationalisation
Position in the manufacturing channel
Social system

Atmosphere

Power/dependence
Cooperation
Closeness
Expectations

Interaction process

Organisation
Technology
Structure
Strategy

Individual
Aims
Experience

Short term
Product/service
Informational
Financial
Social

Exchange episodes

Institutionalisation
Adaptations

Long term

Relationships

Source: Håkansson (1982, p.16)
Similar to the IMP group’s viewpoint, Möller and Wilson (1995b) have argued that interactions are influenced by organisational characteristics and environmental context. As the IMP group identified the influential role of short-term episodes on the development of relationships, Möller and Wilson (1995b) explicitly pointed out the importance of analyzing episodes (i.e. actions or outcomes of actions performed by the parties involved) to understand the dynamic of interactions. According to Möller and Wilson (1995b), tasks of the exchange form the core of business-to-business relationships. The interaction process includes exchange of resources and social exchange, adaptation and coordination; tasks and interaction processes are intertwined; the outcome factors describe the results of the dyadic interaction process; and the complexity of buyer-seller relationships is the result of complex interaction processes (Möller and Wilson, 1995b).

Adaptation has been identified as part of the interaction process in both the IMP group’s (Håkansson, 1982) and Möller and Wilson’s (1995b) models. Adaptation has been defined as an organisation’s fitting between their needs and capacities to nurture or develop business-to-business relationships (Hallén et al., 1991; Brennan and Turnbull, 1999). Suppliers and customers may adapt product, production process and planning procedures to meet the other party’s demands and capabilities (Hallén et al., 1991). Supplier and buyer adaptations are driven by different factors (Mukherji and Francis, 2008). Suppliers’ managerial preference for a relational exchange, relative power and buyer support are the drivers for supplier adaptation (Brennan, Turnbull and Wilson, 2003). Trust and joint actions between two parties as well as supplier’s adaptation positively impact on a buyer’s adaptation (Mukherji and Francis, 2008). Unilateral adaptations may exist due to imbalanced dependence between two parties; or reciprocal mutual adaptation may exist through the exchange processes as a result of trust-building (Hallén, Johnson and Seyed-Mohamed, 1991). Research has shown that suppliers make more frequent adaptations than buyers (Brennan et al., 2003). Examining adaption across industries, in the professional services sector, there are minor adaptations between service providers and clients (Cater, 2007), and more passive than active adaptations exist (Halinen, 1997). However, Cater (2007) argued that organisations’ adaptations are not related to firm size, industry, the perceived position of the supplier/client, nor the relationship duration. Adaptation plays a significant role in the trust-forming process, and is viewed as an expression of commitment and trustworthiness (Hallén et al., 1991).

In addition to the IMP group’s and Möller and Wilson’s (1995b) awareness of episodes being influential for business-to-business relationship development, interaction episodes
have attracted further research attention for understanding business-to-business relationships (Schurr, 2007; Schurr, Hedaa and Geersbro, 2008). For instance, Low (1997) and Schurr et al. (2008) suggested that interaction episodes act as engines of change in relationships. Each exchange episode contributes to relationship changes (Anderson, 1995; Low, 1997). Episodes can be classified into three categories: a generative episode which has a strengthening effect on relationship bonds, resource ties, or activity links; a degenerative episode which has a negative effect on these connections; and a neutral episode which keeps relationship connections at current levels (Schurr, 2007). After each exchange episode, companies will decide whether to develop, maintain or discontinue the working relationship (Anderson, 1995).

Personal factors, organisational factors and context-specific and environmental factors have been found to influence interactions within transaction episodes (Backhaus and Buschken, 1997). Exogenous changes and events may harm suppliers’ and customers’ understanding of each other’s needs and wants, while endogenous mistakes, misunderstandings, and unforeseen events may make relationship quality deteriorate; however, actors can interact to alleviate issues in order to create positive outcomes and inject energy into a relationship (Schurr et al., 2008).

A one-off episodic interaction affects an exchange (Low, 1997). However, not discreet transactions, but continuous relational exchanges, contribute to the formation and higher-level construct of relationships (Schurr, 2007; Low, 1997). As Schurr (2007, p.162) pointed out, “a single promise-and-fulfilment episode is non-critical, but when combined with other such episodes produces significant change in the form of a favourable relational state – trust.” Regular, constructive and innovative interactions build up successful relationships (Kong and Mayo, 1993). Modification and adjustment of the initial transactions may be made through continuous interactions which may result in interdependency between parties (Low, 1997). Overall, relationship development is not linear or sequential, but experienced as a series of exchange episodes (Anderson, 1995).

2.3.2 Stages Models

Instead of looking at each interaction episode, a number of researchers have identified various stages throughout the business-to-business relationship development process (e.g. Ford, 1980; Dwyer et al., 1987; Wilson, 1995). Different relationship phases are discussed below.
Based upon the IMP group’s interaction model (see Figure 3), Ford (1980) emphasised the bilateral nature of relationships and the similarity of the buyer’s and seller’s activities, and identified five stages in the development of buyer-seller relationships: pre-relationship stage, early stage, development stage, long-term stage and final stage. Dwyer et al. (1987) and Wilson (1995) also proposed five relationship development phases which differ from Ford’s (1980) five stages (see Table 2). In addition, Dwyer et al. (1987) raised the relationship ending phase.

In Dwyer et al.’s (1987) five phases, the awareness phase is about recognition of a feasible exchange partner which has been named as partner selection by Wilson (1995). Ford (1980) defined it as a pre-relationship stage where a buyer evaluates a potential new supplier. Dwyer et al.’s (1987) exploration stage refers to the search and trial phase in the relational exchange. This includes Wilson’s (1995) understanding of defining purposes and setting relationship boundaries. In Dwyer et al.’s (1987) expansion phase, interdependence and continual exchanges increase between the involved partners. This is similar to Wilson’s (1995) phase of creating relationship value where both parties’ non-retrievable investments increase in value and make the structural bonds stronger. Ford (1980) had similar views that as a business relationship develops, the uncertainty is reduced and many aspects and operations within the relationship become institutionalised. At the same time, companies develop an extensive contact pattern to match and adapt to each other’s systems, operations and procedures (Ford, 1980). In Wilson’s (1995) relationship maintenance phase, commitment is required of both parties to keep the relationship, while Dwyer et al. (1987) called it a commitment phase. Table 2 compares Ford’s (1980), Dwyer et al.’s (1987) and Wilson’s (1995) five relationship stages.

<table>
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<tbody>
<tr>
<td>Pre-relationship stage</td>
<td>Awareness phase</td>
</tr>
<tr>
<td>Early stage</td>
<td>Exploration phase</td>
</tr>
<tr>
<td>Development stage</td>
<td>Expansion phase</td>
</tr>
<tr>
<td>Long-term stage</td>
<td>Commitment phase</td>
</tr>
<tr>
<td>Final stage</td>
<td>Dissolution phase</td>
</tr>
</tbody>
</table>

Stages models emphasise the process of business relationship development where time plays a role of backdrop for interactions (Medlin, 2004). The cognitive nature of time provides a means to understand relationships (Easton and Araujo, 1994; Medlin, 2004), as
Medlin (2004, p.190) explained “the past provides cause and effect reasons that explain the present relationship, while the future holds the planned relationship outcomes as well as inherent emergence.” A relationship is judged not only by its current situation but also by past evaluations (Van Doorn, 2008). “Past, present and future are all operationalised in the present” (Stanley and Tyler, 2002, p.239).

The views of stages models are balanced by Holmlund’s (2001) stance that a business relationship contains not only a process domain, but also an outcome domain, and each domain encompasses technical, social and economic dimensions. In the complexity of the business relationship development process, a number of variables influence business-to-business relationships (Zolkiewski, Naudé and Waller, 2008) which are discussed below.

2.3.3 Relationship Variables

Wilson (1995) pointed out that a group of variables reflect relationship situations, and organisations may focus on certain variables at particular stages. For instance, experience, uncertainty, distance, and commitment have been considered as variables throughout the five relationship development stages (Ford, 1980). Attraction, communication and bargaining, power and justice, norm development and expectation development have been identified as five important factors in Dwyer et al.’s (1987) relationship development phases. Even though some variables may not receive attention, they are still in the background of organisations’ interactions (Wilson, 1995).

2.3.3.1 Commitment

Commitment has been considered as a crucial variable throughout business relationship development stages (Ford, 1980). In the pre-relationship stage, no commitment exists when a buyer evaluates a potential new supplier (Ford, 1980). As the relationship develops from the early stage to the long-term stage, the uncertainty is reduced and commitment develops along with extensive occurrence of formal and informal adaptations between sellers and buyers (Ford, 1980). Business-to-business relationship development may reach a commitment phase where the buyers and sellers reach an advanced level of interdependence and satisfaction such that they preclude other organisations (Dwyer et al., 1987).

Commitment has three aspects: input of exchange partners, durability of the association and the consistency of inputs to the association (Dwyer et al., 1987). Alternatively, commitment has been found to comprise three components: calculative, affective and normative (Cater and Zabkar, 2009). Both affective and calculative commitment are
related to customers’ intention to stay in a relationship, among which affective commitment shows a stronger positive impact on intention to stay than calculative commitment (Wetzel, Ruyter and Birgelen, 1998; Cater and Zabkar, 2009). Customers’ trust in suppliers’ benevolence and honesty (for example, suppliers look after customers’ welfare), satisfaction and social bonds will increase affective commitment (Wetzel et al., 1998; Cater and Zabkar, 2009). The level of dependence between two parties does not significantly influence affective commitment; neither does the asymmetry of the supplier-customer relationship (Wetzel et al., 1998).

2.3.3.2 Trust

Trust in a key variable in Ford’s (1980), Dwyer et al.’s (1987) and Wilson’s (1995) five relationship stages. In contrast to Dwyer et al.’s (1987) claim that trust is established in the exploration phase, Ford (1980) argued that trust is built up as the experience between the two parties grows, and the relationship develops from the early stage to the long-term stage. Wilson (1995) supported Ford’s (1980) viewpoint that mutual trust develops as the relationship progresses, and further extended that trust is an essential variable to create a stable atmosphere for a thriving relationship.

Trust has attracted extensive studies in business relationships (e.g. Morgan and Hunt, 1994; Naudé and Buttle, 2000; Young, 2006; Ryals and Humphries, 2007). Researchers disagree on the nature and definition of the multidimensional complex concept of trust (Arnott, 2007; Blois, 1999). Different types of trust have been identified: trust of the supplier firm and of the salesperson (Doney and Cannon, 1997). Trust may cover trust in operational competence and commercial trustworthiness (Pinnington and Scanlon, 2009). Trust may be categorised into cognitive and affective dimensions (McAllister, 1995). The most common dimensions of trust have been claimed as reliability, credibility or competence (Seppänen, Blomqvist and Sundqvist, 2007).

A group of elements influence trust (Kanagaretnam, Mestelman, Nainar and Shehata, 2010). For instance, transparency (complete information) impacts on trust between the parties involved in one single interaction as well as repeated interactions (Kanagaretnam et al., 2010). However, regardless of the degree of information transparency, repeated interactions can increase trust (Kanagaretnam et al., 2010). Customer interaction with the supplier’s salesperson contributes to the buyer’s trust in a supplier (Doney and Cannon, 1997). Salespersons’ job satisfaction is reflected in their customer-focused helping behaviour which in turn is related to customer trust in a supplier (Bradford, Crant and Phillips, 2009).
Parties with trust are more receptive to interdependence because of the confidence in the partners’ behaviour. Parties with trust are more willing to accept influence from the partner, and exercise less control (Zand, 1972). Trust in supplier benevolence leads to customers’ stronger intention to stay in a relationship (Wetzels et al., 1998). However, arguments exist that “trust is a barometer of relationship behaviour, rather than a cause” (Pinnington and Scanlon, 2009, p.39). At the same time, building trust is described as free mountain climbing, capturing the risk associated with it (Arnott, 2007) as the involved parties become vulnerable in putting trust in each other, and it is costly and time consuming to develop and maintain trust (Doney and Cannon, 1997; Pinnington and Scanlon, 2009).

2.3.3.3 Communication

It is debatable whether or not communication only functions in the exploration and expansion stages as Dwyer et al. (1987) claimed, as communication is positively related to the degree of commitment between buyers and sellers (Fontenot, Vlosky, Wilson and Wilson, 1998), and is positively linked to buyer and supplier performance (Paulraj, Lado and Chen, 2008). Suppliers communicate with customers to express care, and support the service co-production (Brax, 2005). Salespersons’ communication skills may contribute to customer satisfaction (Agnihotri, Rapp and Trainor, 2009). Firms are likely to have more frequent communication with their best customer than an average buyer (Fontenot et al., 1998). Downstream information influences the collaboration in a buyer-supplier relationship (Claro and Claro, 2010). Overall, communication impacts on the customer service experience, and can be viewed as a potentially powerful tool for relationship management (Zolkiewski, 2004b).

2.3.3.4 Cooperation

Cooperation stands out in Dwyer et al.’s (1987) expansion state where interdependence and continual exchanges increase between the involved partners, and there is goal congruence and cooperativeness. Similar to Dwyer et al.’s (1987) opinion, Wilson (1995) argued that cooperation only starts its role in a later phase of business-to-business relationship development. As cooperation increases, the difficulty of replacing the existing partner increases (Wilson, 1995).

Cooperation is based on reciprocal actions and perceived mutual benefits between parties (Möller and Wilson, 1995b). Cooperation is only sustainable on the condition that it contributes to the self interest of the parties involved (Palmer, 2000), although cooperation may not be in the best interests of the parties involved (Anderson and Narus, 1991). High
cooperation exists in relationships where both parties perceive each other as important partners (Cater, 2007). Cooperation has been identified as having several advantages, such as sharing costs for developing new products, shortening lead times, strengthening core competence (Bengtsson and Kock, 2000), and sharing ideas and experience (Anderson and Narus, 1991). Cooperation and competition are usually regarded as contrary and mutually exclusive (Wilkinson and Young, 1994). However, cooperation and competition may exit simultaneously in relationships (Bengtsson and Kock, 2000). A dancing metaphor captures the role of cooperation and reflects a variety of coordination in the process of business-to-business relationships (Wilkinson and Young, 1994).

2.3.3.5 Social Bonds
Social bonding is another key variable which reflects relationship situations (Wilson, 1995). According to Ford (1980), social distance, cultural distance, technological distance, time distance, and geographical distance exist between organisations. As the relationship develops from the early stage to the long-term stage, the experience between the two parties grows, and distances are minimised (Ford, 1980). Individual employees between the two parties develop strong personal relationships, companies may develop a close relationship with a representative of the other party, and the relationship is personified by that representative (Ford, 1980). Overall, buyers and sellers build up social bonds as the relationship progresses (Wilson, 1995).

Ford’s (1980) claim of a personal relationship between employees of two organisations has been supported, as employee interaction is the basis for business-to-business relationships (Page et al., 1997). As employees’ daily work is involved with individuals, they tend to think about interpersonal relationships, but not interfirm relationships (Haytko, 2004), although both personal-level and organisation-level relationships have been found in business-to-business relationships (Murry and Heide, 1998; Haytko, 2004).

Interpersonal relationships may be categorised into “strictly business”, “business friends”, and “personal” (Haytko, 2004). Frequent contact, interpersonal similarities and reciprocal self-disclosure are the key factors needed for the categories to develop and evolve from one to the next. (Haytko, 2004). Interpersonal relationships are essential for building interpersonal trust which in turn plays a facilitating role in coordinating actions between organisations (McAllister, 1995). A strong interpersonal relationship impacts positively on companies’ cooperation (Murry and Heide, 1998; Kong and Mayo, 1993). However, the influence of friendship can also be negative (Grayson, 2007). Combining friendship and business may cause conflicts (Grayson, 2007). Grayson’s (2007) finding suggests that the
conflict is more severe for friendships that become business relationships than for business relationships that become friendships. In addition, social bonds between actors are not easily transferrable to another individual, thus a loss of a key individual in a company may lead to relationship dissolution (Zolkiewski, Naudé and Waller, 2008). However, this impact may depend on the context of the actual case (Zolkiewski, Naudé and Waller, 2008).

2.4 Relationship Failure and Recovery

Business-to-business relationship ending is part of the business-to-business relationship process (e.g. Dwyer et al., 1987; Zolkiewski, Naudé and Waller, 2008). The ending process has been considered as long and complex (see Holmlund and Hobbs, 2009 for a review). This section reviews investigation of business-to-business relationship failure and recovery (e.g. Alajoutsijarvi, Möller and Tähtinen, 2000; Halinen and Tähtinen, 2002).

2.4.1 Relationship Failure

Various reasons for ending business relationships have been identified (Holmlund and Hobbs, 2009). For instance, suppliers may initiate the ending of unprofitable customer relationships (Helm, Rolfes and Gunter, 2006; Holmlund and Hobbs, 2009). Buyers may decide to leave due to dissatisfaction, or switch to another supplier when the supplier can no longer offer the required products or services, or for a better offer (Holmlund and Hobbs, 2009). Customers and suppliers may mutually agree to end relationships when customer needs or sellers’ products or services have changed (Holmlund and Hobbs, 2009). Relationship ending triggers can be categorised into company-, relationship- and network-related events (Tähtinen, Paparoidamis and Chumpitaz, 2007). It has been argued that some triggers (e.g. sellers’ unstable technology causing service failure) are more easily recovered than others (e.g. buyers’ own customer relationships end) (Tähtinen et al., 2007).

Business-to-business relationship ending processes may be presented in six types: forced, sudden, creeping, optional, involuntary and planned ending (Michalski, 2004). Business-to-business relationship ending processes are driven by actors and activities (Halinen and Tähtinen, 2002). For instance, it has been highlighted that dishonest behaviour at any level of a company may destroy a business relationship (Tähtinen et al., 2007). Communication plays an essential role in the dissolution of business relationships (Alajoutsijarvi et al., 2000). Companies may use indirect disguised and silent exit strategies, or direct communicated and revocable exit strategies to leave their business partners. Whether a direct or an indirect way is chosen depends upon the reasons for dissolution and factors characterising the relationships (Alajoutsijarvi et al., 2000). In addition, the ending process
is temporally and contextually embedded: existing features of business relationships such as interdependence, number of actors, power, and the formality and continuity of relationships (Tåhtinen, Blois, and Mittila, 2007); the time dimension such as the past, present and the future; and the context dimension such as individuals, firms, dyadic relationships and networks all need to be taken into consideration (Halinen and Tåhtinen, 2002).

The ‘exit’ of a customer has been perceived as negative (Hirschman, 1970); however, considering financial implications, suppliers may prefer a customer to ‘exit’ rather than responding to the customer’s voice (Blois, 2008). The results of dissolving inter-organisational buyer-seller relationships can be either desirable or harmful (Alajoutsijarvi et al., 2000). If relationship dissolution is poorly handled, companies may risk their reputation and future role in the network (Alajoutsijarvi et al., 2000). Alajoutsijarvi et al. (2000) suggested that companies should leave their business partners by “beautiful exits”. However, Alajoutsijarvi et al. (2000) were unable to define “beautiful exits” due to the complexity of context and the interactions between two parties in the process.

### 2.4.2 Relationship Recovery

Motivations for restoring business relationships have been identified and classified into five categories (Tåhtinen and Vaaland, 2006). These are: lost relational investments (relational investments made in developing the bonds in relationships will be lost), dissolution process costs (the costs of handling the ending process and effects on organisations’ internal functions), possible sanction for future business (potential punishment from the partner or the network), network limitations (limitation of alternative partners in the network), and set-up costs (costs and risks involved in developing new relationships (Tåhtinen and Vaaland, 2006).

The actors and activities direct the outcomes of the relationship recovery process (Tåhtinen et al., 2007). Problems need to be identified and solved for successful recovery actions, and improving communication for effective information exchange (Salo, Tåhtinen and Ulkuniemi, 2009). In addition, other organisations’ roles in the network have also been recognised in the recovery process as all the parties are active in voicing problems and taking recovery action (Salo et al., 2009).
2.5 Summary

A business-to-business relationship is a complex construct (Möller and Wilson, 1995a; Page et al., 1997), with various ingredients such as power, commitment, trust, cooperation, adaptation and social bonds (Page et al., 1997; Cannon and Perreault, 1999; Woo and Ennew, 2004; Ryals and Humphries, 2007). It has been employed to describe a range of marketing relationships, from episodic exchanges, short-term and long-term buyer-seller relationships, to multi-firm relationships (Webster, 1992; Möller and Wilson, 1995a). Different research streams have developed a variety of models to capture the supplier-customer relationships. Interaction theory (e.g. Håkansson, 1982) focuses on the dyadic parties’ involvement in business-to-business relationships, and is aware of the influencing role of episodes in interactions. However, although episodic models have paid attention to the fact that single episodes contribute to buyer-seller relationships (e.g. Schurr et al., 2008), there is not much further understanding of “how” each single episode impacts on business-to-business relationships. The stages models have described the development of supplier-customer relationships, identify how related factors change throughout the process, and how each phase of a business relationship appears (e.g. Ford, 1980; Dwyer et al., 1987; Wilson, 1995), but with much less attention to the dissolution phase of business-to-business relationships (Ford, 1980; Wilson, 1995). Although various stages include many interaction episodes throughout the business-to-business relationship development process, not much attention has been given to the role of episodes during each stage of a buyer-seller relationship. The lack of understanding of how each episode affects business-to-business relationships may explain the reason that higher order constructs (for instance, trust and commitment) function as indicators to reflect business-to-business relationships, but cannot provide managerial insights for companies (Ford and Håkansson, 2006).

Overall, different research streams contribute to the business-to-business relationship literature, focusing on different aspects, but together providing a comprehensive representation of buyer-seller relationships (Cannon and Perreault, 1999). Further exploration of the role that episodes play in a buyer-seller relationship may contribute to the understanding of business-to-business relationships.
Chapter 3  Literature Review: Service Experience

3.1 Introduction

This chapter starts with discussion of the differences between services and goods. It examines the synergy of services and goods in business-to-business markets with the provision of a classification of services in business-to-business markets. Additionally, the usage of “service” and “services” is examined. After that, service encounters in consumer contexts are discussed. Finally, service failure and recovery in consumer markets is elaborated.

3.2 Definition of Service and Services

“Service” and “services” are two terms in the marketing literature that are sometimes used interchangeably. This section examines definitions of ‘service’ and ‘services’, and the use of the terminology.

3.2.1 Services Versus Goods

In early studies, services were distinguished from goods marketing with a focus on the characteristics of services (Dixon and Smith, 1983; Fisk et al., 1993). Services’ unique characteristics were identified as intangibility, inseparability, heterogeneity and perishability (Lovelock, Van der Merwe and Lewis, 1999; Edgett and Parkinson, 1993). However, the IHIP characteristics have been criticised for a number of reasons. Many services can be separated between production and consumption (Keh and Pang, 2010). For example, customers can be absent from service production in repairing/maintenance and warehousing services (Keh and Pang, 2010). The IHIP characteristics have also been criticised as not capturing the process, interactive and relational aspects of service (Edvardsson et al., 2005; Grönroos, 2006; Grönroos, 2008), overlooking the rental nature (i.e. non-transfer of ownership) (Grönroos, 1978; Lovelock and Gummesson, 2004), not capturing service from a value creation perspective (Edvardsson et al., 2005), and failing to separate goods from services (Vargo and Lusch, 2004; Gummesson, 2007).

Instead, it has been argued that goods and service are inseparable (Gummesson, 2007). There are few pure goods or pure services (Rathmell, 1966). Most offerings have a combination of tangibles and intangibles (Levitt, 1980; Jackson and Cooper, 1988; Flitzsimmons, Noh and Thies, 1998), and fall between the two extremes of a goods-service continuum (Rathmell, 1966; Shostack, 1977; Shostack, 1982). For instance, tangible
products may be associated with a series of services such as delivery and credit (Hansen and Bush, 1999). Some services may be highly tangible, while others may not be, thus, the intangibility of services should not be over-generalised (Lovelock, 1983). “All firms produce/sell a combination of both products and services although the ratio between these two components can be very different.” (Gummesson, 1988, p.18). In business markets, it has been found that many goods-dominant firms have shifted their positions from service as “add-ons” to places where services dominate and tangible goods are “add-ons” in the goods-service continuum (see Figure 4) (Neu and Brown, 2005). In short, the differences between goods and services are a matter of degree (Edgett and Parkinson, 1993).

![Figure 4 - The Tangible Goods-Service Continuum](source: Neu and Brown (2005, p. 4))

The dichotomy between products and services is arguably misguided (Araujo and Spring, 2005; Vargo and Lusch, 2008a), as both of them are productive outputs (Vargo and Lusch, 2008a). Both the physical products and their associated services contribute to customers’ holistic experience (Hansen and Bush, 1999). Physical objects and goods should be viewed as part of overall services (Grönroos, 2006). The focus should be the benefits, not the tangibility (Edgett and Parkinson, 1993). Similarly, Quinn et al. (1988) argued that the boundary between products and services is fluid, and all “services” or “products” are means for providing satisfaction to customers. In business-to-business markets, industrial buyers rely heavily on suppliers for advice and assistance in devising a suitable product (Jackson and Cooper, 1988). “Industrial products in business-to-business contexts can be treated as services.” (Grönroos, 2006, p. 330). Companies are urged to synergise the two parts (Gummesson, 1988). The following section will discuss the synergy and classification of services in business-to-business markets.

### 3.2.2 Classification of Services in Business-to-Business Markets

Grönroos (1979) distinguished between producer services, where services are sold to industry and other institutions, and consumer services, which are provided to households and individual customers. Homburg and Garbe (1999) supported Grönroos’s (1979)
categorisation, but used the term “business services” instead of “producer services”. In addition, different terms such as “business-to-business services”, “business services”, “professional services” and “industrial services” have been used in business-to-business markets; however, a clear conceptualisation of different types of services is lacking (Homburg and Garbe, 1999; Dobler, Burt and Lee, 1990; van der Valk, Wynstra and Axellson, 2005).

Services have been classified into pure services and services augmenting the core product (Reid and Plank, 2004), or services which are central to the transaction and are being sold, and services supplied in conjunction with products which are central to the transaction (Cunningham and Roberts, 1974). Alternatively, services in business-to-business markets may be categorised into ‘reliability services’, ‘convenience services’ and ‘interaction services’ (Lewis and Craven, 1995). ‘Reliability services’ include reliable delivery, delivery in an emergency, consistent and guaranteed product quality, product availability and technical specifications. ‘Convenience services’ include technical advice, wide range of products, comprehensive quotations, credit facilities, training for operators, efficient administration and invoicing. ‘Interaction services’ include helpfulness of order staff and delivery personnel, trustworthiness of contact personnel, ease of contact with a person in authority, and (possible) corporate social activities (Lewis and Craven, 1995).

Mathieu (2001) distinguished services in support of a supplier’s products (SSP) and those in support of the supplier’s clients’ actions (SSC). The differences between SSP and SSC have been validated by Antioco et al. (2008). Cova, Dontenwill and Salle (2000) broadened Mathieu’s (2001) classification and added two more categories: services with no direct link to the supplier’s products but that aim to help the client develop activity and market position (SSC2) and services in support of the client’s network (SSN).

Despite the lack of clear conceptualisation of services in business-to-business markets (see Appendix A), business-to-business services marketing has characteristics of ‘SHIFT’, i.e. specialisation, heterogeneity, inseparability, perishability, intangibility, and technology (Jackson and Cooper, 1988). It has been noted that business-to-business services require more partnering and collaboration (Jackson, Neidell and Lunsford, 1995).

In the examination of services classification, it has been noted that “service” has been distinguished from “services” (e.g. Parasuraman, 1998; Vargo and Lusch, 2008a). The following section will discuss service versus services.
Several scholars have distinguished “service” from “services”. Parasuraman (1998) used the term “services” to distinguish pure service provided to customers from “service” as a supplement accompanying either the tangible or intangible core offering. Edvardsson et al. (2005, p.111) referred to service as “the whole organisation’s performance in providing the customer with a good experience”, while “services are something that can be offered to the customers.” This is similar to Vargo and Lusch’s (2008a, p.26) definition of service as “the application of specialised competences (operant resources – knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself”, while services are units of output, another form of products. Both goods and services render service (Vargo and Lusch, 2004).

A number of researchers have defined service as a process (e.g. Axelsson and Wynstra, 2002; Grönroos, 2006). According to Axelsson and Wynstra (2002, p.264), “a service consists of activities (physical or mental) that are sold as a promise or an agreement from the supplier to the buyer, before they are produced.” Axelsson and Wynstra (2002) focused on the interaction between the parties and highlighted the communication, coordination and collaboration between the actors involved. This is reinforced by Araujo and Spring’s (2005) view that the nature of producer-user interaction and the institutional structure of production should be used to generate a better understanding of product-service concepts. Similarly, Grönroos (2006, p.323) defined service as “processes that consist of a set of activities which take place in interactions between a customer and people, goods and other physical resources, systems and/or infrastructures representing the service provider and possibly involving other customers, which aim at solving customers’ problems.” This concurs with Singh’s (1990) claim that service is not limited to an interaction with the product itself, but anything that increases the value of the product to buyers.

The examination of service and services in previous studies showed a number of interpretations (Edvardsson et al., 2005), yet no agreement on a definition has been reached (Edvardsson et al., 2005; Grönroos, 2006). It leaves the option open for involved parties’ interpretation of their definition. This research adopts Edvardsson et al.’s (2005, p.111) definition of service as “the whole organisation’s performance in providing the customer with a good experience”. In order to conduct a research project on service experience, it is important to discuss service encounters which contribute to the service experience (Solomon, Surprenant, Czepiel and Gutman, 1985). The following section reviews service encounters in consumer markets.
3.3 Service Encounters in Consumer Contexts

Customers interact not only with a firm’s physical elements such as technology, but also with processes and people in service creation and delivery (Bolton and Saxena-Iyer, 2009). Three types of service encounter have been identified: the remote encounter which takes place through indirect means without human interactions; the indirect personal encounters which include verbal interactions but without physical confrontation; and direct personal encounters which involve direct interaction between customer and service provider (Shostack, 1985). However, a service encounter has more often been recognised as “the person-to-person encounter between buyer and seller – client and provider – to the overall success of the marketing effort.” (Solomon et al., 1985, p.99). It is defined as human interactions and joint behaviours of the customer and service provider (Solomon et al., 1985).

Service encounters contribute to the overall evaluation of customers’ service perceptions (Lewis, 2002) and, more specifically, a group of elements such as the physical environment, service employees, backstage support, the service delivery process, and other customers, influence customer service experience (Zomerdijk and Voss, 2010). Product, price, place, promotion, physical evidence, participants and process are seen as directly influencing service encounters and perceived service performance (Bitner 1990). Factors involved in service encounters which assist the understanding of the customer service experience are now discussed.

3.3.1 Provider Characteristics

In the early 1980s, Czepiel, Solomon, Surprenant and Gutman (1985) proposed that provider characteristics contribute to service encounters. Czepiel et al. (1985) suggested that provider characteristics encompass three elements which affect clients’ evaluation of a service encounter. These elements are: provider expertise which refers to how an individual provider’s skill affects the outcome of the service; provider attitude, such as “helpfulness, openness, friendliness, warmth, concern”; and provider demographic characteristics such as age and gender (Czepiel et al., 1985, p.9). Contact employees need interpersonal skills, behavioural flexibility, adaptability and empathy to carry out their roles (Bowen and Schneider, 1985). Service employees’ caring interactions such as listening to and responding to customers’ needs have a positive impact on customers’ service experience (Iacobucci, 1996). In addition, service providers’ employee-job fit, technology-job fit, teamwork, as well as employees’ empowerment to deal with customers all contribute to service experience (Zeithaml, Berry and Parasuraman, 1988). At the same
time, service employees’ motivation, performance and job satisfaction have been found to be influenced by service encounters (Lewis, 2002). Overall, service employees are critical to customers’ service experience (Harvey, 1998; Grove and Fisk, 1983; Berry, 2009), as customers perceive service contact employees as part of the service (Bowen and Schneider, 1985; Harris and Ogbonna, 2009). In contrast, Klaus (1985) emphasised that not only providers’ characteristics, attitudes, skills and behaviours, but also customers’ characteristics are primary variables in service encounters. Both parties involved in the service encounter are equally important (Klaus, 1985).

3.3.2 Customer Perceptions

Czepiel et al. (1985) suggested that customer perceptions of the service also contribute to service encounters. Czepiel et al. (1985) pointed out that clients’ perceptions of the service include their understanding of the purpose of the service (pleasure vs. function), their motivation for consumption (elective vs. necessity), the result of the service (positive contribution vs. negative reduction), the importance of the service, ego involvement with the service, perceived cost of a service, reversibility of the service, and the perceived risk of the service. For instance, customers perceive risks associated with service encounters due to their intangibility, inseparability and heterogeneity (George, Weinberger and Kelly, 1985). Service providers may provide sufficient information, educate customers, and provide guarantees to reduce perceived risks to achieve a service transaction (George et al., 1985; Hays and Hill, 2006). It has been cautioned that overpromising may impact negatively on customer service experience (Zeithaml et al., 1988). In addition, Winstead (2000) suggested that customers use three dimensions of behaviour to evaluate service encounters: concern which means personalisation such as small talk; civility, which focuses on basic minimally acceptable or civil behaviour; and congeniality, which refers to attitude and demeanor in service delivery, such as a service person’s positive attitude and warm personality.

Customer perceptions of shared responsibility for the service outcome significantly influence their responses to service experience (Sierra, Heiser and McQuitty, 2009). For instance, customers may have inappropriate behaviour or be unreasonably demanding and cause unsuccessful service scenarios (Bitner, Booms and Mohr, 1994). Customers’ perceptions of shared responsibility for a negative service encounter have a positive impact on their emotional responses to service experience and behavioural intentions (Sierra et al., 2009). Customer participation not only impacts on behaviour outcomes such as repeat purchase behaviour and word-of-mouth, but also influences company performance, such as
efficiency, revenues and profits (Bolton and Saxena-Iyer, 2009). Customer participation and co-production is evident in service encounter models, and is critical for service delivery and experience (Bolton, Grewal and Levy, 2007; Bolton and Saxena-Iyer, 2009).

### 3.3.3 Interactive Process

Service encounters are dependent on the interactive process between service providers and service recipients (Grönroos, 1979; Solomon et al., 1985; Svensson, 2003). Service providers and customers are interdependently needed to complete a service transaction (Sierra et al., 2009). At the same time, potential conflicts exist among the parties in service encounters, as “individuals desire to have perceived control of the service encounter irrespective of whether they are the customer or the contact person working for the service firm” (Bateson, 1985, p.72).

Both Czepiel et al. (1985) and Klaus (1985) considered human interactions as a prime component of the service encounter (Bitner, Booms and Tetreault, 1990; Grönroos, 1982). Human interactions are not linear but a reciprocal process (Solomon et al., 1985). Therefore, outcomes of service encounters should be evaluated in a bi-directional context, from perceptions of actors on both sides (Svensson, 2001).

### 3.3.4 Context of the Service Encounter

The complexity of the service situation contributes to the service encounters (Czepiel et al., 1985), for instance, customer-to-customer interaction in service encounters (Nicholls, 2010). Multi-customer integration and group dynamics add complexity into the service encounter (Finsterwalder and Tuzovic, 2010). Focusing on the dyadic nature of the service encounter neglects the complexity of the context of the service encounter (Cederholm and Gyimothy, 2010). Gummesson’s (2007) service encounter model includes customer-to-customer interactions (see Figure 5). In other words, an individual customer is also influenced either positively or negatively by other customers. Gummesson’s (2007) service encounter model showed that the customer is the focus of the interaction, interacting with contact staff, physical products and servicescapes, and service production systems. With service production systems, the service provider’s internal operations such as support staff and management play an essential role for a service encounter (Gummesson, 2007).

In addition, Gummesson’s (2007) service encounter model includes the macro-environment to encompass competition, society and infrastructure where a service encounter takes place. This has concurred with Klaus’s (1985) argument that organisational and social characteristics are external factors surrounding the two parties in
the service encounter, and need careful consideration. According to Klaus (1985, p.27), “the procedural and contextual elements of the service encounter are transformed into subjective experiences and behaviours.”

**Figure 5 - A Service Encounter Model Showing Relationships and Interaction Between Service Provider and Customers**

![Service Encounter Model](source)

Source: Gummesson (2007, p. 122)

Service encounters are the source of customer satisfaction and dissatisfaction (Bitner *et al.*, 1994; Jayawardhena, Souchon, Farrell and Glanville, 2007), and may also cause customers to have positive or negative emotions which accordingly affect their behavioural intentions (Jang and Namkung, 2009). In addition, customers’ service experience is cumulative, each new experience is blended with past experience (Berry, 2009). Every service encounter contributes to customers’ perceptions of service providers’ performance, and customers’ overall satisfaction and willingness to have further interactions with the service provider (Bitner, 1990, 1995). A series of positive encounters will contribute to a sense of trust in the service providing organisation, while a series of negative events will have the opposite effect (Bitner, 1995). A mix of positive and negative interactions will make customers doubtful of the consistency of service, cause customers to feel unsure, and become vulnerable to the appeals of other service providers (Bitner, 1995). The next section will discuss negative interactions in service encounters.
3.4 Service Failure in Consumer Contexts

Many things can go wrong during service encounters (Berry, Parasuraman and Zeithaml, 1988). Any dissatisfaction or problem that a customer perceives in relation to a service or a service provider is described as a service failure (Lewis and Spyarakopoulos, 2001).

3.4.1 Types of Service Failure

The factors which cause service failure could be service provider related factors, such as late or slow delivery, incorrect or poorly executed outcome and rude or uncaring employees (Berry, Parasuraman and Zeithaml, 1985; Zeithaml and Bitner, 2003), or customer related factors (for example, behaviour of other customers), or things outside the service provider’s control (for example, environmental factors) (McColl-Kennedy, 2003). Customers tend be more dissatisfied and react negatively if they perceive that service providers have high control over the service failure, in other words, have the ability to prevent the incident (Bitner, 1990; Choi and Mattila, 2008).

Berry (1999) identified ten types of service failure caused by service employees (see Table 3). In contrast, Kelley, Hoffman and Davis (1993) identified fifteen types of failure related to service employee behaviour which can be classified under Bitner et al.’s (1990) three major groups: ‘employee response to service delivery system/product’, ‘employee response to customer needs and requests’, and ‘unprompted and unsolicited employee actions’. At the same time, it has been suggested that customers’ past experience with service employees influences their reaction to service failure (Hess, Ganesan and Klein, 2007). Positive past experience with service employees has been identified as “a double-edged sword”: if it is a mild mistake, excellent interactions in the past will lower customers’ negative feelings towards the offending employee, while if it is a severe failure, dissatisfaction will be magnified towards the employee (Hess et al., 2007). Furthermore, if the customer encounters different employees across different occasions with the same organisation, customers’ response to the service providing organisation and an individual employee can be different, depending on customers’ perceptions of whether or not the interactional failure is widespread throughout the company (Hess et al., 2007).
### Table 3 – Customer Service Complaints

<table>
<thead>
<tr>
<th>True Lies</th>
<th>Blatant dishonesty or unfairness, such as service providers selling unneeded services or purposely quoting fake, “low-ball” cost estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Alert</td>
<td>Providers who assume customers are stupid or dishonest, and treat them harshly or disrespectfully</td>
</tr>
<tr>
<td>Broken Promises</td>
<td>Service providers who do not show up as promised. Careless, mistake-prone service</td>
</tr>
<tr>
<td>I Just Work Here</td>
<td>Powerless employees who lack the authority – or desire – to solve basic customer problems.</td>
</tr>
<tr>
<td>The Big Wait</td>
<td>Waiting in a line made long because some of the checkout lanes or service counters are closed.</td>
</tr>
<tr>
<td>Automatic Pilot</td>
<td>Impersonal, emotionless, no-eye-contact, going-through-the-motions non-service.</td>
</tr>
<tr>
<td>Suffering in Silence</td>
<td>Employees who don’t bother to communicate with customers who are anxious to hear how a service problem will be resolved.</td>
</tr>
<tr>
<td>Don’t Ask</td>
<td>Employees unwilling to make an extra effort to help customers, or who seem put-out by requests for assistance.</td>
</tr>
<tr>
<td>Lights On, No One Home</td>
<td>Clueless employees who do not know (i.e. will not take the time to learn) the answers to customers’ common questions.</td>
</tr>
<tr>
<td>Misplaced Priorities</td>
<td>Employees who visit with each other or conduct personal business while the customer waits. Those who refuse to assist a customer because they’re off duty or on a break.</td>
</tr>
</tbody>
</table>

Source: Berry (1999, p.31)

Instead of focusing on employee behaviour, service failures may be classified relating to outcomes, procedures or interactions (Smith, Bolton and Wagner, 1999). Similarly, Chase and Stewart (1994) proposed applying the Poka-Yokes (i.e. fail-safe) framework to detect failure in service delivery and manage the service process (see Figure 6). Chase and Stewart (1994) divided service mistakes into server errors and customer errors; more specifically, service providers’ mistakes may include failure in the task (for instance, failure to do the work correctly, efficiently or in the right order), the process (such as listening to customers and reacting appropriately) or the tangibles of the service (i.e. physical elements of the service); while customers’ errors may happen in the preparation for the service encounter (for example, customers fail to bring necessary materials to the encounter), during the service encounter (such as misunderstanding, or failing to follow instructions) and the resolution of the encounter (for instance, customers fail to learn from the experience or make adjustment). Customers tend to be more dissatisfied with process failure such as inattentive service than outcome failures such as unavailable service (Smith et al., 1999).
Different perspectives towards failure have been identified (Bitner et al., 1994). For service failure concerning important problems, customers experience a heightened level of frustration and anger (Tax, Brown and Chandrashekaran, 1998). Customers experiencing service failure may be classified into “annoyed” and “victimised” customers (Bell and Zemke, 1987). The difference between these two is that “victimised” customers are more dependent on the service and experience major feelings of frustration rather than inconvenience or irritation (Bell and Zemke, 1987). An example of an “annoyed” customer is one who may find the flight is one hour late, while for a “victimised” customer, a one-hour late flight causes him/her to miss the last connection to a destination and an unexpected change of plan (Bell and Zemke, 1987). However, if customers are partly responsible for the service failure, their reaction tends to be less negative (Choi and Mattila, 2008; Sierra et al., 2009).

### 3.4.2 Single Service Failure versus Multiple Service Failure

One single service failure has a minimal impact on customers’ perceptions of a high quality service provider (Choi and Mattila, 2008). An isolated service failure will not totally destroy customer confidence (Berry, 2009), or customer loyalty (Ruyter, Wetzels and Birgelen., 1999). However, when there are two failures, no matter whether or not the two are similar or distinct (Maxham and Netemeyer, 2002), customers are dissatisfied. Customers tend to report a second failure more severely than the first one because customers perceive that service failure is likely to be repeated (Bitner, 1990; Maxham and Netemeyer, 2002). At the same time, customers tend not to tolerate a second failure whether or not the first service failure recovery is satisfactory (Maxham and Netemeyer, 2002), although customers do forget about failures after a longer period of time (Vassilikopoulou, Siomkos, Chatzipanagiotou and Pantouvakis, 2009). A smooth and
complete recovery needs to be accelerated for customers to return to their pre-failure attitude towards companies (Vassilikopoulou et al., 2009), as customers need time to forget about the first failure (Maxham and Netemeyer, 2002).

As most consumers accept that things can go wrong sometimes, failures themselves do not necessarily lead to customer dissatisfaction (Bell and Zemke, 1987; Boshoff, 1997), rather, service providers’ response (or lack of response) to the failure is the most likely cause of customer dissatisfaction (Bell and Zemke, 1987; Boshoff, 1997). This illustrates why service recovery is important and hence it is discussed in the following section.

3.5 Service Recovery in Consumer Contexts

“To err is human; to recover, divine” (Hart, Heskett and Sasser, 1990, p.156). Service recovery is the actions in response to service failures by a service provider (Grönroos, 1988), so as “to return to a normal state; to make whole again” (Bell and Zemke, 1987, p.32).

It has been suggested that customer complaints provide a valuable opportunity for learning through service failure, which in turn significantly and positively influences perceived service quality (Hays and Hill, 2001). Each service failure can be seen as an opportunity for the service provider to prove its commitment to service, even if it may not be the service provider who caused the problem (Hart et al., 1990). Service recovery can restore customer satisfaction or even delight the customer (Johnston and Fern, 1999). Excellent service recoveries may increase customer satisfaction and re-patronage intentions (Smith and Bolton, 1998). However, Smith and Bolton (1998) warned about the risk of welcoming service failures as opportunities to delight customers, because their findings indicate that it is rare for companies to consistently provide effective and satisfactory recoveries for every service failure. In particular, severe service failures generate negative consequences, such as bad word-of-mouth, low trust and less commitment, regardless of the success of the service recovery (Weun, Beatty and Jones, 2004). Service recovery cannot compensate for service failure, but can mitigate its harmful impact (Boshoff, 1997). A strong recovery may not necessarily restore a high level of commitment or trust to the service provider (Weun et al., 2004). However, positive initial interactions are believed to be of great significance for the likelihood of future interactions (Vanhouche and Alba, 2009). Customers who experience no service problems have the strongest levels of loyalty intentions and the weakest switching intentions, and those with recent experience of service problems that have been satisfactorily resolved have a significantly higher level of loyalty and lower
switching intention than customers who have experienced unresolved problems (Zeithaml, Berry and Parasuraman, 1996).

In addition, service recovery may not be successful if issues are inappropriately handled in the recovery stage, which is recognised as double deviation (Bitner et al., 1990; Johnston and Fern, 1999; Lee and Park, 2010). Customers may tolerate a first unsatisfactory recovery, but they tend not to tolerate the second unsatisfactory recoveries (Maxham and Netemeyer, 2002). If two recoveries are not properly handled, the double deviation effect is strong (Maxham and Netemeyer, 2002). Although all service failures require a quick response and correction of problems, double deviation demands service providers to deal with the situation by going out of their way (Johnston and Fern, 1999). Overall, delivery of a correct service the first time, the prevention of service problems, and effective handling of problems are emphasised (Zeithaml et al., 1996; Maxham and Netemeyer, 2002).

### 3.5.1 Service Recovery Strategy

Service recovery strategies include “what is done” such as compensation, and “how it is done”, such as a quick response and empathy (Levesque and McDougall, 2000). There is a tendency to have a process approach in analyzing service recoveries (Michel, 2001). Many studies focus on “how it is done” in service recovery (e.g. Fiebelkorn, 1985; Bitner, 1990). More research is called for to be related to “what is done”, for instance, customer compensation, especially non-monetary compensation such as involving customers in the service recovery to provide insights to effective service recovery strategies (Bolton et al., 2007). Levesque and McDougall (2000, p.34) suggested that “a combination of what (compensation and assistance) and how (responsiveness, empathy and understanding) may be more effective than either strategy in isolation.”

In “how it is done”, employee behaviour is a focus of service recovery management (Bitner et al., 1990). Service providers’ attitudes and responses towards failure, for instance, acknowledging a problem, explaining the reason for the problem, making apologies and making compensation, can transform a dissatisfying situation into a satisfying one (Bitner et al., 1990; Fiebelkorn, 1985), and turn a failure into a satisfactory incident (Bitner et al., 1990). In contrast, service providers blaming customers for failures, or making no attempt to recover the failure are unacceptable to customers (Kelley et al., 1993). Service providers’ responsiveness can produce a sense of control and is related to service receivers’ service outcomes (McCallum and Harrison, 1985). Flexibility is also required when problems arise during interactions (McCallum and Harrison, 1985).
Furthermore, a proactive rather than a reactive recovery approach has been suggested by researchers (Bell and Zemke, 1987; Hart et al., 1990) to generate positive outcomes, while customer initiated correction is unacceptable (Kelley et al., 1993). Hart et al. (1990) suggested that service providers need to actively identify problems, listen closely for complaints, anticipate needs for recovery, and close the customer feedback loop.

As in service recovery, complaining customers appreciate service employees being friendly, courteous, honest, motivated and willing to help them (Gruber, Szmigin and Voss, 2006). Good recoveries need to empower service employees to be able to act, respond to requests and fix problems (Bitner et al., 1990; Hart et al., 1990). In addition, Boshoff’s (1997) findings suggest that recovering failures quickly with acceptable levels of atonement matters much more than who carries out the recovery process. Thus, everyone in the organisation should have the skill, motivation, and authority to make service recovery an integral part of operations (Hart et al., 1990).

Contrary to the argument that service providers’ responsiveness to service failure results in improved satisfaction, Matos, Rossi, Veiga and Vieira’s (2009) findings indicated that companies’ responsiveness to complaints does not directly influence customer satisfaction. Instead, consumers’ attitudes towards complaining play a moderating role (Matos et al., 2009). More specifically, companies’ responsiveness in service recovery is of greater importance to consumers who are more likely to complain (i.e. attitude towards complaining) than those who are less likely to complain (Matos et al., 2009).

In addition to the significance of employee behaviours, understanding customers can also provide guidance to service recovery (Bitner, 1990). Customer reaction in service recovery is influenced by customer emotion (Stewart, 1998). The emotional results of anger and uncertainty of a service failure influence customers’ evaluations and satisfaction judgements towards recovery efforts (Taylor, 1994; Smith and Bolton, 2002), although the effects vary across industry settings (Smith and Bolton, 2002). Rude and uncaring behaviour in service recovery increases customer anger (Tax et al., 1998). Actions to reduce anger and uncertainty such as providing feedback about delays or providing customers with information about their waiting time have been suggested to alleviate the negative influence on consumers’ service experience (Larson, 1987; Taylor, 1994). Furthermore, customers’ previous positive experiences mitigate the effects of poorly handled service recoveries to some extent (Tax et al., 1998). In addition, customers’ perceptions of the seriousness of failure and of service providers’ control over the service
failure impact on their satisfaction with service recovery (Taylor, 1994; Levesque and McDougall, 2000; Mattila, 2001).

Kelley et al. (1993) found that customers favoured a discount as a means of compensation for service failure, providers offering “correction plus” such as free merchandise, replacement of defective products, and offering a refund (Kelley et al., 1993). Customers with negative emotional responses to service failures focus more on the outcomes such as discounts and vouchers rather than appropriate courtesy and concerns (Smith and Bolton, 2002). In contrast, it has been perceived as unacceptable by customers that providers offer a store credit instead of a refund or replacement (Kelley et al., 1993).

Service failure and recovery is context specific (Mattila, 2001). Thus, service recovery strategy should be varied and matched to specific incidents, depending on the type of service, problem severity and how important the service is to the customer (Levesque and McDougall, 2000; Smith et al., 1999). For instance, annoyed and victimised customers (see section 3.4.1) request different recovery elements: apology and urgent reinstatements are essential for annoyed customers, while victimised customers not only need apology and urgent reinstatement, but also empathy, symbolic atonement and follow-up (Bell and Zemke, 1987). Different bundles of service recovery elements impact on customer perceptions of justice (Smith et al., 1999). Customer perceived justice needs to be included in understanding customer satisfaction with service failure and recovery encounters (Smith et al., 1999; Andreassen, 2000).

### 3.5.2 Perceived Fairness/Justice

Perceived justice has been investigated as having three dimensions: distributive, interactional and procedural (e.g. Rio-Lanza, Vazquez-Casielles and Diaz-Martin, 2009; Svari, Svensson, Slatten and Edvardsson, 2010). Distributive justice refers to the assignment of tangible resources by the firm to rectify and compensate for a service failure such as refunding money or changing the good or service; procedural justice includes the methods that the firm uses to deal with problems such as flexibility to adapt to customers’ recovery needs; and interactional justice refers to customers' perceptions about employees' empathy, courtesy, sensitivity, treatment and the effort they expend to solve the problem (Rio-Lanza et al., 2009). Further research has spilt interactional justice into interpersonal and information justice, resulting in a four-dimensional construct (Mattila, 2006; Lee and Park, 2010). Informational justice refers to “the perceived adequacy and truthfulness of information explaining the causes for unfavourable outcomes”, and interpersonal justice
refers to “the interactional component of the service delivery process which is about sensitivity, reflecting the degree to which people are treated with politeness, dignity and respect by authorities or third-parties involved in executing procedures or determining outcomes” (Lee and Park, 2010, p.50).

Svari et al. (2010) argued that in negative service encounters there are three rather than four dimensions of justice, believing that service providers managing service recovery need to consider the procedures, interactions and fairness of results, reflecting distributive, interactional and procedural justice. For instance, customers do not like delays but value responsiveness and reliability, therefore, service providers who take responsibility, respond quickly and follow up consistently influence customer perceptions of procedural justice (Tax et al., 1998). Compensation has the greatest contribution to perceptions of distributive justice, and apologies have the greatest impact on interactional justice perceptions (Smith et al., 1999). Tax et al. (1998) further pointed out that apologies are important not only for financial loss, but also for emotional costs. Fair communication and behaviour such as honesty, empathy and politeness diffuse customers’ anger towards service failure and influences customer perceptions of interactional justice which mediates customers’ negative emotions in service failure (Tax et al., 1998).

In a four-dimensional approach, an investigation of information justice showed that offering an explanation for a service failure positively affects customer perceptions (Mattila, 2006). Mattila (2006) distinguished two types of explanations: an anticipatory excuse refers to an explanation offered for poor performance prior to the actual service scenario happening, and a retrospective excuse is an explanation for poor performance after it happens. The findings suggested that offering a retrospective explanation improves customers’ informational fairness perceptions (Mattila, 2006). However, Mattila and Cranage (2005) found that customer perceptions of informational justice towards service recovery may be enhanced if service providers explain the service delivery process including potential failure points to customers.

It has been suggested that different types of service failure play a moderating role on how service recovery attributes impact customers’ perceptions of justice (Smith et al., 1999). For example, compensation and quick actions contribute to customers’ higher perceptions of justice when experiencing outcome failures, while an apology or a proactive response will be valued more by customers experiencing process failures (Smith et al., 1999). Customers’ perceptions of the severity of service failure moderate their perceptions of
interactional and distributive fairness in service recovery (Mattila, 2001; Weun et al., 2004). Customers who consider failures to be less serious than their counterparts have higher perceptions of interactional justice and favour distributive justice (Mattila, 2001; Weun et al., 2004). Initial service failures threaten distributive and procedural justice perceptions, while failure in the recovery stage threatens not only distributive and procedural justice perceptions, but also interpersonal justice perceptions (i.e. interpersonal and emotional issues) (Lee and Park, 2010). Offering explanations and compensation can produce high justice perceptions, but they cannot substitute for interpersonal treatment (Mattila, 2006). Offering compensation without decent interactional treatment (such as apology) is not effective, thus the importance of apologising has been highlighted (Mattila and Cranage, 2005). The interactions between distributive-procedural justice and distributive-interactional justice contribute to customers’ decision of using a service provider (Tax et al., 1998).

It seems that customer perceived fairness drives service recovery satisfaction (Mattila, 2001) and influences customer loyalty (Buttle and Burton, 2002). Rio-Lanza et al.’s (2009) findings indicated that all justice dimensions affect customer satisfaction with service recovery, among which procedural justice has the strongest influence. This contradicts the results of Orsingher, Valentini and Angelis’s (2010) study which indicated that satisfaction with complaint handling in services is affected most by distributive justice, then by interactional justice, and only weakly by procedural justice. Sparks and McColl-Kennedy (2001) supported the importance of distributive justice, finding that customers prefer a high outcome with respect to compensation. However, at the same time, Sparks and McColl-Kennedy (2001) found that service providers who show their concern for customers, providing compensation and perceptions of the service provider adhering to policy generate higher customer satisfaction than offering special favours for the customer (Sparks and McColl-Kennedy, 2001).

3.6 Summary

Although no agreement on a definition of services has yet been reached (Edvardsson et al., 2005; Grönroos, 2006), and academics continue to argue about the terminology of “service” and “services” (Parasuraman, 1998; Vargo and Lusch, 2004), the research of service issues in consumer contexts has not been hindered. Instead, extensive studies exist in consumer markets which emphasise the interactions between consumers and service providers, customer evaluations of service encounters, analysis of problems in service encounters and recovery strategies for service failure. However, many of these studies have been limited to
consumer contexts, and it is questionable whether or not the findings are applicable to business-to-business markets. Further investigations of service experience in a business-to-business context need to be undertaken to consolidate and expand the knowledge which has already been gained in a consumer context. Service experience in a business-to-business context is discussed in the next chapter.
Chapter 4  Research Gap in the Literature

Review

4.1 Introduction

This chapter starts with a debate focusing on the dichotomy between business-to-business and business-to-consumer marketing, followed by the current debate about service-dominant logic which has challenged the existing dichotomy between consumer and business-to-business markets. Then, it responds to the call that consumer marketing and business-to-business marketing should borrow knowledge from each other, examines what has been borrowed from studies of service in consumer markets to business-to-business markets, and leads to the identification of a research gap in the literature.

4.2 Business-to-Business Versus Business-to-Consumer

Although business-to-business and business-to-consumer marketing are seen as separate topics, the dichotomy is debatable (e.g. Coviello and Brodie, 2001). In 1954, the Industrial Marketing Committee Review Board listed fundamental differences between industrial and consumer marketing and suggested that industrial marketing had the following features: derived demand, rational buying motives, purchasing on a policy formulation basis, having fewer buyers, reciprocity being important in the industrial field, and industrial goods and services being further processed and used in facilitating the operation of an enterprise (Industrial Marketing Committee Review Board, 1954). In addition, Webster (1978) pointed out that industrial marketing should be viewed as a process instead of a specific event, and identified industrial marketing with another four unique features: first, marketing’s greater dependence upon other business functions for its effectiveness; second, product complexity in which the product is not just a physical entity, but extends to economic, technical, and personal relationships between the industrial buyer and seller; third, a high degree of buyer-seller interdependence extending beyond transactions; and fourth, the complexity of the organisational buying process. Furthermore, researchers have argued that business-to-business and business-to-consumer marketing differ in management (Ames, 1970), market orientation (Avlonitis and Gounaris, 1997), advertising (Turley and Kelley, 1997) and product manager’s performance (Dawes and Patterson, 1988).
However, differences between consumer and organisational buyer behaviour have been challenged (Wilson, 2000). Although individual and organisational behaviour are not the same, they are similar and comparable (Wilson, 2000). For instance, business-to-business and consumer buying are both affected by previous experience which affects future purchases, and both need advice and assurance when making difficult and complex purchases (Ford, Berthon and Brown, 2002). Empirical findings show that although business-to-business firms are more relational and business-to-consumer firms are more transactional, consumer and business-to-business firms share a great number of similarities in business practice, such as managing the marketing mix to attract customers and developing personal relationships with individual customers (Coviello and Brodie, 2001). Furthermore, industrial marketing and consumer marketing share some similarities such as common objectives, buying motives and buying motivations, the use of contracts, and well organised and highly skilled purchasing groups (Industrial Marketing Committee Review Board, 1954). Overall, the distinction between business-to-business marketing and consumer marketing has been criticised as neither theoretically nor empirically supported (Fern and Brown, 1984). Rather, business-to-business and consumer marketing are more similar than different, and the division between consumer and business-to-business marketing is oversimplified (Fern and Brown, 1984). Wilson (2000) suggested that consumer and organisational buyer behaviour be treated on a spectrum, and not as empirically, theoretically and conceptually distinct.

Although the marketing literature has stressed the differences between business-to-business and consumer markets (Industrial Marketing Committee Review Board, 1954), more and more researchers have called for an investigation of the similarities between the two (Fern and Brown, 1984; Wilson, 2000), or borrowing knowledge from the counter party (Grönroos, 1983; Singh, 1990; Cova and Salle, 2003), or spanning the consumer and business-to-business domains (Dant and Brown, 2008). “It is time to develop a research emphasis which asks what are the similarities between organisational and consumer buying behaviour – and between the many other over-polarised dichotomies of marketing theory – rather than what are the differences” (Wilson, 2000, p.794).

Service-dominant logic transcends the business-to-consumer and business-to-business dichotomy, attempts to integrate the two, and abstracts to a new level to offer a common conceptual framework (Brodie, Saren and Pels, 2011). Service-dominant logic discourse started in 2004 to challenge the goods-dominant logic (Vargo and Lusch, 2004; Ballantyne, Williams and Aitken, 2011), and has been progressed and refined over the years (Lusch
and Vargo, 2006a; Vargo and Lusch, 2008a; Vargo and Lusch, 2008b; Vargo and Lusch, 2011). Vargo and Lusch (2008a, p.26) argued that both goods (tangible) and services (intangible) are outputs, and distinguish “services” and “service” (see 3.2.3), where service is the unifier, and “reflects the processes of doing something beneficial for and in conjunction with some entity.” Service is claimed to be “the heart of value-creation, exchange, markets, and marketing” (Vargo and Lusch, 2008a, p.25). At the same time, Vargo and Lusch (2011) distinguished operant resources (those used to provide benefit) and operand resources (those required to be acted on to have benefit), and claimed that resources are applied for the benefit of another party, and thus transcend the ‘producer-consumer’ divide. Actors, no matter whether in business-to-consumer markets or business-to-business markets, integrate resources to co-create value together (Vargo and Lusch, 2011). Service-dominant logic emphasises value-in-use rather than value-in-exchange (Vargo and Lusch, 2008b). Suppliers offering the value proposition, while customers make the value actualisation, service-dominant logic has shifted the supplier-centric value chain (Porter, 1985) to customer-centric (Vargo and Lusch, 2008b), yet Gummesson (2008) advocated a balanced centrality by considering the interdependency between suppliers and customers. Furthermore, Vargo and Lusch (2011) suggested that business-to-consumer models are flawed, but findings in business-to-business sectors are applicable to all of marketing; all is business-to-business, because “all actors are fundamentally doing the same things, co-creating value through resource integration and service provision” (p.182), and all businesses are service businesses (Vargo and Lusch, 2008b).

Service-dominant logic has been appreciated as providing an opportunity for understanding service interactions (Ballantyne et al., 2011), encouraging the dialogues on service or value as outputs rather than goods and services as inputs (Gummesson, 2006; Grönroos, 2006), and stimulating the exploration of how customers engage in the co-creation of value (Payne, Storbacka and Frow, 2008; Xie, Bagozzi and Troye, 2008). Service-dominant logic has been welcomed as a bridge between theory and practice in experience marketing (Tynan and McKechnie, 2009) and management (Ford and Bowen, 2008), providing unique insights for understanding innovations (Michel, Brown and Gallan, 2008) and branding ((Merz, He and Vargo, 2009), analyzing market entry debate (Barnes, Collier and Lueg, 2009) and examining performance-based logistics (Randall, Pohlen, and Hanna, 2010). Service-dominant logic has been suggested as foundational for marketing ethics (Abela and Murphy, 2008) and service science (Maglio and Spohrer, 2008). At the same time, service-dominant logic provides a different perspective for researchers to discuss many other theories such as symbolic interactionism (Flint, 2006), consumer cultural
theory (Peñaloza and Mish, 2011), information science (Purvis and Long, 2011), and middle range theory (Brodie et al., 2011). However, service-dominant logic has been challenged ontologically (Schembri, 2006) and epistemologically (Löbler, 2011). At the same time, service-dominant logic is rather theoretical, and the empirical evidence only partly acknowledges the service-dominant logic (Brown and Patterson, 2009; Brodie et al., 2011). Moreover, service-dominant logic has been criticised as a restatement of many earlier studies such as services marketing, relationship marketing and market orientation (Aitken, Ballantyne, Osborne and Williams, 2006; Grönroos, 2006), or even a backward step (Achrol and Kotler, 2006; O’Shaughnessy and O’Shaughnessy, 2009). Although service-dominant logic shifts the focus from units of output to the interactive processes (Vargo and Lusch, 2008b), Rust (2006) observed that service-dominant logic still focuses on things being provided to customers, and suggested that the service-dominant logic focuses more on examining the continuous interactive process of marketing relationships. Service-dominant logic’s claim of value co-creation has been criticised as limited, and needs to be expanded to include the customer network value proposition (Cova and Salle, 2008). Kohli (2006, p.290) suggested firm-consumer resource integration, and “to view firm and consumer resources as being fluid and alterable rather than as fixed or ‘given’, especially in business-to-business markets.” Overall, service-dominant logic has been widely debated (e.g. Lusch and Vargo, 2006b) and, as yet, does not represent a theory, but offers a perspective to study markets which is missing in marketing research (Vargo, 2011), and to look broadly for commonalities rather than differences, and to explore possibilities of cross-fertilisation in concepts and theories (Vargo and Lusch, 2011).

This research responds to the call of borrowing knowledge from each other: consumer and business-to-business domains (Grönroos, 1983; Singh, 1990; Cova and Salle, 2003; Vargo and Lusch, 2011). What has already been borrowed from studies of services marketing in consumer markets by business-to-business marketing is examined in the following section.

4.3 Service Quality Dimensions in Business-to-Business Contexts

In academic research, the importance of the role of service in business-to-business markets has been recognised since the early 1970’s (Cunningham and Roberts, 1974), and there has been growing academic attention focused on service issues in business-to-business markets due to the development of services marketing (Upah, Berry and Shostack, 1983). Researchers have a number of different perspectives as to what comprises service in a business-to-business context (e.g. Donaldson, 1994; Lewis and Craven, 1995; Svensson,
A diversity of views (see Appendix B) shows the complex and interrelated elements in business-to-business service (Hutchison and Stolle, 1968) and lack of consensus relating to service facets in a business-to-business context.

According to Grönroos (1984), perceived service is a result of a consumer’s view of a bundle of service dimensions, including both technical (what the customer gets) and functional (how the customer gets it) parts. Grönroos (1983) proposed to apply services marketing frameworks, concepts and models into business-to-business marketing, as he noted that services marketing and business-to-business marketing share the similarity of demanding a holistic and interrelated view of business functions throughout the organisation. A group of researchers followed Grönroos’s suggestions with attempted applications (e.g. Szmigin, 1993; Ennew and Binks, 1996; Patterson, Johnson and Spreng, 1997; Tyler and Stanley, 1999). Although several studies have followed Grönroos’s (1984) approach to examining service issues in business-to-business markets, different terms have been used to refer to similar concepts. For instance, Szmigin (1993) used ‘hard quality’ to refer to ‘technical quality’ and ‘soft quality’ to refer to ‘functional quality’. It is also noticeable that researchers may use the same term for different meanings. For instance, Szmigin’s (1993) outcome quality refers to the uncontrollable result of a relationship, while Homburg and Garbe’s (1999) outcome quality refers to the result of service delivery. Table 4 summarises the terminologies of service quality dimensions derived from Grönroos’s (1984) approach.

<table>
<thead>
<tr>
<th>Authors</th>
<th>Dimensions</th>
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<tbody>
<tr>
<td></td>
<td>Functional quality</td>
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<tr>
<td>Arnaud (1987)</td>
<td>Technical quality</td>
</tr>
<tr>
<td></td>
<td>Functional quality</td>
</tr>
<tr>
<td></td>
<td>Institutional quality</td>
</tr>
<tr>
<td></td>
<td>Relational quality</td>
</tr>
<tr>
<td>Szmigin (1993)</td>
<td>Hard quality</td>
</tr>
<tr>
<td></td>
<td>Soft quality</td>
</tr>
<tr>
<td></td>
<td>Outcome quality (uncontrollable result of relationship)</td>
</tr>
<tr>
<td>Homburg and Garbe (1999)</td>
<td>Outcome-related quality (result of service delivery)</td>
</tr>
<tr>
<td></td>
<td>Process-related quality</td>
</tr>
<tr>
<td></td>
<td>Structural quality</td>
</tr>
</tbody>
</table>
Another set of research into service quality in a business-to-business context has employed Parasuraman, Zeithaml and Berry’s (1985, 1988) classification of service quality dimensions (i.e. tangibility, reliability, responsiveness, assurance and empathy) as the driver for investigations. Although the importance of tangibility, reliability, responsiveness, assurance and empathy have been widely accepted and adopted in services marketing (e.g. Powers, 1988), the generalisability of Parasuraman et al.’s (1985) service quality dimensions has been questioned both in consumer markets (e.g. Babakus and Boller, 1992; Asubonteng, McCleary and Swan, 1996; Buttle, 1996) and business-to-business markets (Moore and Schlegelmilch, 1994; Durvasula, Lysonski and Mehta, 1999; Gounaris, 2005). It is not surprising that many researchers (e.g. Brensinger and Lambert, 1990; Kong and Mayo, 1993; Bienstock, Mentzer and Bird, 1997; Mehta and Durvasula, 1998; Westbrook and Peterson, 1998; White and Galbraith, 2000; Peterson, Gregory and Munch, 2005) have replicated Parasuraman et al.’s (1985) dimensions in a business-to-business context but found no consensus amongst their results. In addition, whether or not the five dimensions could be applied to different levels of an organisational hierarchy remains unclear (Moore and Schlegelmilch, 1994). The value of deriving actionable plans from the five dimensions in an industrial setting has also been questioned (Brensinger and Lambert, 1990).

Woo and Ennew (2005) criticised the Nordic and American schools of services marketing for confusing technical and functional service quality dimensions. Instead, Woo and Ennew (2005) utilised an IMP perspective and proposed four dimensions of exchange (i.e. product/service exchange, financial exchange, information exchange, and social exchange), and two longer-term aspects of the relationship (cooperation and adaptation) to represent indicators of perceived service quality. Woo and Ennew (2005) believed that the IMP perspective is a more robust tool to capture the interactions in a business-to-business context.

Overall, many studies of service quality in the business-to-business sector are derived from previous service research in consumer markets. Findings are contradictory about the applicability of service quality dimensions from the consumer context to the business-to-business context (e.g. Szmigin, 1993; Moore and Schlegelmilch, 1994). Researchers advise that service quality research developed in consumer markets should be applied to the business-to-business context with caution (Kong and Mayo, 1993; Durvasula et al., 1999). Despite the fact that no agreement has been reached about the composites of service quality in a business-to-business context, it is evident that extensive studies of service quality components exist in business-to-business contexts. Therefore, this project is not
going to investigate service quality issues in business-to-business markets. Instead, based upon the literature reviewed in chapters two and three, it is evident that there are some areas where understanding of business-to-business relationships could be informed by integrating ideas from business-to-consumer services, for example, service encounters, and service failure and recovery. Previous studies of service encounters and service failure and recovery in a business-to-business market are explored below and from here research questions are developed.

4.4 Service Encounters in Business-to-Business Contexts

It has been argued that encounters between business-to-business salespeople and purchasers are similar to personal service encounters in the consumer sector (Solomon et al., 1985). However, although organisational purchasing behaviour has been suggested to be similar to consumer buying behaviour (Wilson, 2000), significant differences between these two markets do exist (Boyt and Harvey, 1997) (see section 4.2). Service encounters in a business-to-business context differ from those in a consumer context: first, business-to-business service encounters are more complicated than those in most consumer situations, as often more people are involved, and there is a greater chance of service breakdown (Mehta and Durvasula, 1998). Second, service encounters are likely to be more frequent and pronounced in business-to-business contexts than in consumer transactions (Jayawardhena et al., 2007). Third, service encounters in consumer markets usually have a dyadic interactive focus, while business-to-business service encounters can also have a triad nature which illustrates the complexity of multiparty relationships (Andersson-Cederholm and Gyimothy, 2010). Dyadic models have been criticised as limited to two-party relations, without considering the influence of other parties and ignoring the complexity of the context (Andersson-Cederholm and Gyimothy, 2010). A triadic model can demonstrate the roles, positions and relations among involved parties, illustrate the tension between proximity and distance, and enable a dynamic and holistic analysis of service in a business-to-business context (Andersson-Cederholm and Gyimothy, 2010).

The service interaction process is a critical determinant for business-to-business relationship development and contributes to the closeness of a relationship (Lapiere and Deslandes, 1997; Laing and Lian, 2005; Gil, Berenguer and Cervera, 2008). In the service process, service providers play a dual role in service encounters: forming professional relationships (related to work) and social relationships (outside work) with buyers which are the underlying basis of the long-term relationships in complex business-to-business
situations, and contribute to satisfaction (Lian and Laing, 2007). At the same time, suppliers’ abilities to deliver products as specified, and offer dependable and customer-oriented service, contribute to smooth service encounters and building customer satisfaction and retention (Lee-Kelley, Davies and Kangis, 2002). Service suppliers can build up and strengthen relationships with buyers by facilitating communication and providing a customised service through close co-ordination (Laing and Lian, 2005).

Smooth service encounters cement long-term supplier-customer relationships (Lee-Kelley et al., 2002). However, “a service encounter is not the fulfilment of a single effort but an event in a broader endeavour to build and sustain a long-term relationship.” (Jayawardhena et al., 2007, p.2). Each service encounter provides the basis for the buyer and provider to interact and may accumulate and nurture a long-term business-to-business relationship (Czepiel, 1990), or maintain a long-term relationship (Lapiere and Deslandes, 1997). Dynamic repeated service encounters contribute to business-to-business relationships (Holmlund, 2001).

4.4.1 Research Gap

In comparison to the extensive research into service encounters in consumer markets (see section 3.3), business-to-business service encounters have received much less attention. The existing literature shows that service encounters in consumer markets emphasise the interactions between consumers and service providers, while in the business-to-business context, service encounters have been discussed with a focus on their triadic nature and their impact on long-term buyer-seller relationships (Andersson-Cederholm and Gyimothy, 2010). However, what service encounters are like in a business-to-business context and how service encounters affect business-to-business relationships remains unclear, although business-to-business interaction episodes could be seen to encompass service encounters where service perceptions are formed, and the service experience becomes subsumed within the concept of the relationship (Sutton-Brady et al., 2008) which receives little explicit attention. Therefore, this research explores the role of service encounters in business-to-business relationships, and leads to research questions:

1. What are the characteristics of service encounters in business-to-business contexts?
2. How do service encounters impact on business-to-business relationships?

The above only investigates general service encounters. Studies of negative service episodes and their recovery in business-to-business markets are reviewed below.
4.5 Service Failure and Recovery in Business-to-Business Contexts

4.5.1 Service Failure in Business-to-Business Contexts

In comparison to service failure in consumer markets which is more related to the process dimension – how service is delivered (Berry et al., 1985; Lockshin and McDougall, 1998), service failures in business-to-business markets are mainly related to core or service outcome issues, for example, incomplete orders or late delivery (Lockshin and McDougall, 1998). This concurs with Edvardsson’s (1988) findings that most service failures are connected with the transfer of products to customers. Hansen, Swan and Powers (1996a) supported this argument and their investigation of order problems and related complaints suggested that order problems are caused in two main areas: delivery and product. Overall, not only the lack of technical quality, but also deficiencies in the functional quality of services (i.e. how product or information is transferred) causes problems (Edvardsson, 1988).

Similar to suggestions of welcoming service failure as an opportunity to delight customers in consumer markets (see section 3.5), problems are not necessarily to the disadvantage of the selling company; rather, it depends on how a problematic situation is handled (Edvardsson, 1988). If a problematic situation is handled correctly, relationships may be strengthened and confidence in the supplier may be increased (Edvardsson, 1988). Suppliers’ appropriate responses to dissatisfaction with a quick fix of problems may lead to healthier buyer-seller relationships in the future (Hansen et al., 1996b; Lockshin and McDougall, 1998).

Although service failure may provide an opportunity for managing business-to-business relationships (Hansen et al., 1996b; Lockshin and McDougall, 1998), service failures incur costs to both service providers and receivers: service providers may experience customer dissatisfaction and negative word of mouth (Johnston and Hewa, 1997). Service providers may also have the risk of customers questioning suppliers’ competence and of potential ongoing business not being obtained (Johnston and Hewa, 1997). Service receivers may perceive disruptions to their relationships with suppliers (Henneberg, Gruber, Reppel, Ashnai and Naudé, 2009), experience panic in addressing the problem, and personal stress (Johnston and Hewa, 1997). It is possible that there may also be network effects of service failure, which means that problems which occurred upstream at the suppliers’ may cascade downstream to affect service receiver’s customers (Johnston and Hewa, 1997; Henneberg...
et al., 2009). For instance, customers may have strained relations with their customers and lose their customers’ business (Johnston and Hewa, 1997).

Despite the negative effects of service failure, one negative transaction outcome seen as a unique single scenario may not cause customers to switch, as most customers can overlook occasional problematic incidents (Edvardsson, 1988; Spreng et al., 2009). However, cumulated negative transaction outcomes can lower customers’ intention to stay with the same supplier (Spreng, Shi and Page, 2009), but to switch to another supplier (Edvardsson, 1988). If the impact of suppliers’ failure accumulates over time, then business customers tend to have a higher level of dissatisfaction (Primo, Dooley and Rungtusanatham, 2007). However, the level of dissatisfaction may be lowered if customers share the responsibility for the failure or have buffering to absorb the failure (Primo et al., 2007).

Instead of discussing service failure explicitly, business-to-business marketing has a group of studies into business customers’ reactions to service failure (e.g. Dart and Freeman, 1994; Hansen, Swan and Powers, 1996b; Chumpitaz and Paparoidamis, 2004) which are reviewed in the next section.

### 4.5.2 Business-to-Business Customer Reaction to Service Failure

Business-to-business customers may have different reactions when exposed to a similar dissatisfying episode (Davies and Palihawadana, 2006). Some customers may be tolerant with suppliers (Davies and Palihawadana, 2006), and may stay with their supplier due to a number of factors (Colgate and Norris, 2001; Bozzo, 2008), for instance, the impact of alternative providers, switching costs (Colgate and Norris, 2001; Bozzo, 2008), and reciprocal purchase agreements (Colgate and Norris, 2001). At the same time, customers’ confidence in the selling company (Edvardsson, 1988; Spreng, Shi and Page, 2009), investment in relationships and favouritism (Colgate and Norris, 2001), customers’ commitment to the relationship (Bozzo, 2008), the length of the relationship (Bozzo, 2008), customers’ belief about their relationships with the supplier (Davies and Palihawadana, 2006), and customer and supplier mutual dependency (Hansen et al., 1996b; Bozzo, 2008) are factors which may make customers tolerant of negative episodes. In addition, fear of change (Bozzo, 2008), considerations of disruptions to service that impact customers’ customers (Colgate and Norris, 2001), pressure of the customers’ customers (derived demand) (Bozzo, 2008) and the impact of environmental change (Davies and Palihawadana, 2006) are all considerable elements which influence customers’ reactions to service failures.
Customers may complain about dissatisfying episodes (Dart and Freeman, 1994; Hansen et al., 1996a). Complaints are believed to be beneficial to resolving problems (Hansen et al., 1996b). For instance, customers may request that the supplier take care of the problem, return product for replacement or refund, and rework and charge back (Hansen et al., 1996a). Customers’ positive actions provide assistance for the vendor and give the supplier an opportunity to correct the problem (Hansen et al., 1996a). However, some customer complaining actions may be negative, such as switching and negative word-of-mouth which may harm the supplier’s reputation (Hansen et al., 1996a). Dart and Freeman (1994) identified four distinctive complaining behaviours of dissatisfied business customers according to their levels of intentions to complain: first, passives who have low intentions to complain; second, voicers who are likely to complain to the supplier and to engage in negative word-of-mouth behaviour; third, irates who are likely to complain to their colleagues but have a low intention to complain to the supplier or a third party; and fourth, activists who will complain not only to the supplier but also to a third party. In contrast to Dart and Freeman’s (1994) categories, Hansen et al. (1996b) classified four dissatisfied customer behaviours: first, complainer who would request that supplier takes care of problems; second, wait and squawk, who would do nothing but contact third parties; third, activist, who complains to the vendor and warns co-workers to switch; and fourth, squawker, who contacts third parties, complains to vendors and warns outside purchasers. Overall, customers may overreact toward a failure due to their perceptions of risk, or under-react due to excess slack or switching costs (Primo, Dooley and Rungtusanatham, 2007).

A majority of customers do not seem to complain in business markets (Chakraborty, Prashant and Marshall, 2007). Several reasons have been identified to explain this phenomenon. For instance, customers may have the assumption that the supplier is doing their best already, or customers may have a number of alternative suppliers, and they would rather stop using the supplier than make the effort to complain (Flott, 2001). Contrary to Chakraborty et al.’s (2007) findings, Hansen et al. (1996b) found that a dissatisfied buyer is likely to complain because it provides the seller with an opportunity to correct the problem. This concurs with Williams and Rao’s (1980) opinion that dissatisfaction drives business customers to complain. In addition, Williams and Rao (1980) proposed another four factors that impact upon organisational buyers’ complaining behaviour: first, individual/behavioural variables (e.g. personality and tolerance for risks); second, situational variables (e.g. criticalness of problems); third, organisational/structural
variables (e.g. size of the company); and fourth, type of purchase (e.g. straight re-buy). Hansen et al. (1996b) also identified four variables which would influence buyers’ complaining behaviour (see Table 5), and suggested managing these four variables to achieve high supplier expertise, low jurisdictional disagreement, good vendor-buyer communication, and mutual dependency to promote friendly complaint behaviour. Buyers’ friendly complaints have been suggested as helpful in managing business-to-business relationships (Hansen et al. 1996b). Homburg and Furst’s (2005) findings supported this argument that satisfaction with complaint handling has a strong effect on customer loyalty rather than overall customer satisfaction.

<table>
<thead>
<tr>
<th>Table 5 - Variables Influencing Buyers’ Complaining Behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expertise</td>
</tr>
<tr>
<td>Jurisdictional disagreement</td>
</tr>
<tr>
<td>Vendor-buyer communication</td>
</tr>
<tr>
<td>Dependency</td>
</tr>
</tbody>
</table>

Source: Hansen et al. (1996b, p.274)

Business customers’ satisfaction with response to a complaint is determined by meeting their expectations, suppliers’ follow up of complaints, and supplier handling of prior complaints (Trawick and Swan, 1981). Suppliers have been advised to use a database to record and handle customers’ complaints effectively (Flott, 2001), pay attention to customer reported problems, respond to initial complaints instead of customers needing to make repeated calls, and provide appropriate responses to the failure in a reasonable period of time (Lockshin and McDougall, 1998). The following section reviews studies of service recovery in business-to-business contexts.

4.5.3 Service Recovery in Business-to-Business Contexts

Service recovery strategy in business-to-business markets may include actively gathering customer satisfaction information to understand customers’ perceptions (Flott, 2001), investigating the role of an organisational buyer (Williams and Rao, 1980), and showing sensitivity to customer concerns (Dart and Freeman, 1994). Suppliers should commit themselves to the customer when problems occur, inform customers of the reasons for the problem and give reasonable compensation for the inconvenience (Edvardsson, 1988). Furthermore, it is necessary for buyer and supplier to reach mutual agreement (Hansen et
Hansen et al., 1996a) when buyers may have an area of responsibility for the problem (Hansen et al., 1996b).

Johnston and Hewa (1997) provide six service recovery strategies to mitigate the impact of service failures (see Table 6). The pros and cons of the six service recovery approaches are summarised in Table 6. Some of these strategies, such as a systematic reaction and zero defects have a mechanistic approach (i.e. based on establishing guidelines) (Homburg and Furst, 2005). Other recovery strategies, such as squeaky wheel and DEW line have an organic approach (i.e. based on creating a favourable internal environment) (Homburg and Furst, 2005). Both these approaches impact significantly on perceived justice (see section 3.5.2). In comparison to the organic approach, the mechanistic approach has a stronger impact in consumer markets than business-to-business markets (Homburg and Furst, 2005).

<table>
<thead>
<tr>
<th>Approach</th>
<th>Definition</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Squeaky wheel</td>
<td>React to customer complaints in a case-by-case manner</td>
<td>Implemented easily, inexpensive</td>
<td>Unreliable, haphazard</td>
</tr>
<tr>
<td>Systematic response</td>
<td>Systematic reaction to customers’ complaints</td>
<td>Provides a reliable system to respond to failures</td>
<td>May become out of date</td>
</tr>
<tr>
<td>DEW line</td>
<td>Proactive response to service failure warning</td>
<td>Reduces severity of impact of service failure on customer</td>
<td>Expensive to analyse and monitor service delivery process</td>
</tr>
<tr>
<td>Zero defects</td>
<td>Eliminate errors in service delivery system</td>
<td>Eliminates service failures</td>
<td>Extremely difficult, especially in the service sector (high variance in delivery)</td>
</tr>
<tr>
<td>Instigate and recover</td>
<td>Fail on purpose to show service recovery skills</td>
<td>Increases customer loyalty</td>
<td>High likelihood of backfiring, no control over impact of failure on customer</td>
</tr>
<tr>
<td>On deck</td>
<td>Respond to rivals’ failures</td>
<td>Earns new customers</td>
<td>Information on rival’s service failure, not readily available</td>
</tr>
</tbody>
</table>

Source: Johnston and Hewa (1997, p.469)

Service recovery may be divided into three phases (see Figure 7): pre-recovery phase, immediate recovery phase and follow-up recovery phase (Miller, Craighead and Karwan, 2000). Much attention has been given to the immediate and follow-up stages where service recovery activities take two forms: psychological recovery such as empathising and apologising to show concern for customer needs, and tangible recovery efforts such as providing compensation and value-added atonement (Miller et al., 2000). The immediate recovery stage comprises the delivery of service recovery matters such as front-line employees’ knowledge and power to correct failures and how promptly problems are
solved (Miller et al., 2000). This has been supported by Edvardsson and Strandvik’s (2009) arguments that not only solutions to problems, but also how suppliers rectify problems and when they solve them, have an influential impact on customers’ reaction in a business-to-business context. In accordance, Edvardsson and Strandvik (2009) proposed three main factors in handling problems: “competence” which refers to solving customers’ problems; “clock” which means within reasonable time or to meet customers’ expectations; and “communication” which is about understanding the process and the solution, and interacting with customers in an empathetic and caring way (Edvardsson and Strandvik, 2009). However, the process of recovery, for example, apologising and perception of justice, has been suggested to be not as important in a business-to-business context as compared to a consumer context (Primo et al., 2007).

**Figure 7 - Service Recovery Framework**

![Service Recovery Framework](image)

Source: Miller et al. (2000, p. 388)

In contrast to the three phases model of service recovery (see Figure 7), Henneberg et al. (2009) suggested a network perspective towards handling a negative episode, not only providing a solution to a problem, but also to the continuous business-to-business relationship issues within the complex system of networks.

The outcome of service recovery can be measured by customer satisfaction (Miller et al., 2000). A number of factors impact on business customers’ satisfaction with suppliers’
recovery (Primo et al., 2007). Business customers’ satisfaction is positively related to whether or not the supplier solves the reported problem (Trawick and Swan, 1981). Suppliers’ accessibility and delivery are two direct crucial elements (Chumpitaz and Paparoidamis, 2004). Suppliers’ demonstration of commitment to the relationship and avoiding future failures reduces customer dissatisfaction (Primo et al., 2007). Overall, service recovery is associated with customer satisfaction (Durvasula, Lyonski and Mehta, 2000; Primo et al., 2007).

The outcome of service recovery can also be measured by customer retention (Miller et al., 2000). Customers’ perceptions of service recovery can influence whether or not they will continue using the service provider (Durvasula et al., 2000; White and Yanamandram, 2007). How claims, problems and complaints are handled influences customers’ choice of preferred service supplier (Durvasula et al., 2000) and their future buying decisions (Chumpitaz and Paparoidamis, 2004). In addition, buyers’ previous experience with the supplier, in particular, customers’ recent experiences (i.e. the timing of service experience) is critical to the survival of buyer-seller relationships (Bolton, Lemon and Bramlett, 2006), and has an impact on customers’ future procurement from that company (Knoll and Hoffmann, 1986). Favourable (unfavourable) extreme outcomes experienced over previous time periods will positively (negatively) influence firms’ renewal decisions for contracts (Bolton et al., 2006).

### 4.5.4 Research Gap

Limited research has been undertaken that explicitly discusses service failure and recovery in business-to-business markets. It has been contended that service recovery in consumer markets is one-sided, focusing on a single actor, a single incident, and one side’s evaluation of the recovery (Tähtinen et al., 2007; Salo et al., 2009), while business-to-business marketing is characterised by dyadic and network approaches (Håkansson, 1982; Ford, 2002). The application of service failure and recovery studies from consumer markets to the business-to-business context is questionable and needs to be explored in greater depth. At the same time, business-to-business marketing discusses relationship failure (see section 2.4.1), but relationship failure does not equate to service failure as service failure may or may not lead to relationship failure. The characteristics of business-to-business service failure and recovery remain unclear. Therefore, the following research question is generated: What are the characteristics of service failure and recovery in business-to-business markets? This question has a sub-question:
1. Can service recovery strategies be transferred from consumer markets to business-to-business markets?

**4.6 Summary**

Academics have pointed out that business-to-business marketing and services marketing, are over-polarised dichotomies (Wilson, 2000; Vargo and Lusch, 2011) and could borrow knowledge from the counter party (Grönroos, 1983; Singh, 1990; Cova and Salle, 2003). It can be suggested that business-to-business relationships can be further understood with insights from services marketing. The literature review shows that business-to-business marketing has focused on industrial goods (Jackson and Cooper, 1988; Reid and Plank, 2004), and interaction, relationships and networks (Håkansson, 1982; Anderson and Narus, 1995; Ford, 2002). Paradoxically, relationships cannot be seen as a managerial technique (Ford and Håkansson, 2006). This may due to the lack of studies of service issues in a business-to-business context (Sheth and Sharma, 2006). Sutton-Brady et al. (2008) contended that perceptions of service must have an impact upon the ongoing transactions that may or may not form a relationship. Sutton-Brady et al. (2008) suggested that service experience should be an important aspect in understanding relationships, and discussions of the role of service in interactions would provide insight and contribute to managerial practice in business-to-business relationships.

The existing literature shows that although service quality issues have received considerable attention, in general, service has been under-researched in a business-to-business context compared to its wide investigation in consumer markets (Moore and Schlegelmilch, 1994; Axelsson and Wynstra, 2000; Mehta and Durvasula, 1998; Wouters, 2001). Researchers have called for more investigation into service issues in business-to-business markets (e.g. Moore and Schlegelmilch, 1994; Mehta and Durvasula, 1998; Parasuraman, 1998; Homburg and Garbe, 1999; Zolkiewski and Lewis, 2003; Jayawardhena et al., 2007). Several research agendas have been proposed (e.g. Moore and Schlegelmilch, 1994; Parasuraman, 1998; Sutton-Brady et al., 2008), including investigating service encounters, and service failure and recovery in business-to-business settings, and maybe in different industry settings (e.g. Matthyssens and Vandenbempt, 1998). In addition, Henneberg et al. (2009) suggested that attention should be paid to the effects of handling problems in business-to-business relationships which is a crucial but under-researched area. This research project responds to these research calls, and has been designed to investigate service experience in business-to-business sectors to understand the interaction process and how it affects business-to-business relationships. The research
questions generated from literature reviews and methods employed to undertake the investigation are discussed in the next chapter.
Chapter 5  Research Methodology

5.1 Introduction

The prime purpose of this research is to explore how the role of service experience impacts business-to-business relationships. On one hand, previous studies of services marketing provide insight into the service role in consumer markets. However, researchers question the applicability of the findings in business-to-business markets (Brensinger and Lambert, 1990; Moore and Schlegelmilch, 1994). On the other hand, business-to-business marketing has focused on interaction, relationships and networks (Håkansson, 1982; Håkansson and Snehota, 1989). Although it has been argued that service is implicit in business-to-business relationships (Sutton-Brady et al., 2008), and the important criteria of service in business-to-business markets have been identified (e.g. Cunningham and Roberts, 1974; Gummesson, 1978), not enough attention has been paid to the explicit role of service in business-to-business relationships. Researchers have called for a close investigation of service issues in business-to-business markets (Parasuraman, 1998; Zolkiewski and Lewis, 2003). This project attempts to merge these two areas of knowledge, services marketing and business-to-business marketing, by extending the domain of service experience research from consumer markets to business-to-business markets.

In this chapter, the methodology employed in achieving the research purpose is explained. First, based on the previous literature review (see Literature Review Chapters), research objectives are presented, followed by detailed research questions to explain the research area and direct the empirical investigation. Second, the main streams of philosophical viewpoints are reviewed, and the researcher’s philosophical stance is explained. Then, various approaches to carrying out this study are examined, followed by the justification of choosing a case study research strategy. Finally, the administration of the empirical research is explained, data collection methods are presented, the analytical techniques are discussed and issues related to research ethics are stated.

5.2 Research Objectives and Questions

In a well-developed research project, a critical analysis of major research studies conducted in the topic area should be provided (Hussey and Hussey, 1997). Then, any assumptions and theories employed in the research should be explained and clearly stated
(Hussey and Hussey, 1997). Furthermore, the scope and boundaries of the project should be achievable within time and resource constraints (Baker, 2000).

The project is based upon services marketing and business-to-business marketing theories. It is positioned to explore how service experience, especially service failure and recovery, influences business-to-business relationships. Based upon this objective and the literature review that is presented in chapters two and three, and the research gap in chapter four, the following research questions have been developed:

3. What is the role of service encounters in business-to-business relationships?
   a. What are the characteristics of service encounters in business-to-business contexts?
   b. How do service encounters impact on business-to-business relationships?

4. What are the characteristics of service failure and recovery in business-to-business markets?
   a. Can service recovery strategies be transferred from consumer markets to business-to-business markets?

The assumption of the research is that customers’ service experience contributes to business-to-business relationships, either constructively, or destructively, or it may simply maintain supplier-customer relationships (see Figure 8). This assumption is based upon the business-to-business episodic theory that interaction episodes act as engines of change in business-to-business relationships, and each exchange episode contributes to relationship changes (Anderson, 1995; Low, 1997; Schurr, 2007). A service encounter can be classified as one form of ‘episode’ (Sutton-Brady et al., 2008). Thus, investigation of service experience and service encounters may contribute to the understanding of business-to-business relationships.
5.3 Philosophical Stance

Underpinning every piece of research are assumptions of how the world is (ontology) and how we can come to know it (epistemology) (Easton, 2002). Accordingly, four main philosophical standings are reviewed, namely: positivism, post-positivism, critical realism and constructivism.

5.3.1 Positivism

Positivists view the world as established by objects of experience or impressions (Lawson, 1994), believing that the only kind of sound knowledge available to humankind is that of science (Halfpenny, 1982). Furthermore, it is based on the universal law of “whenever event (type) x then event (type) y”, positing strict constant event conjunctions. The traditional approach provides deductivism as the mode of explanation. Deductivism, which is efficacious in a natural science context, is believed to be equally suitable to all other contexts and is adopted as a universally applicable form of explanation (Lawson, 1994). Researchers from a positivism approach would emphasise quantitative methods and attempt to generalise from the data (Oliver, 2000).

Positivism has been criticised because of its limited ability to account for the underlying mechanism of social behaviours (Oliver, 2000). The positivist account of causal law where constant event patterns, or regularities, are of the form “whenever event (type) x then event (type) y” (i.e. closed system) has been criticised as these may only happen in special circumstances (Lawson, 1994). Most of the accepted results of science are of the form “whenever event x then event y always follows, as long as conditions e hold” (Lawson, 1994). The “laws” produced in controlled experimental activity are hardly successful when
applied outside the controlled system (Lawson, 1994). Predictions based on regularities in
the social realm are unlikely to be successful (Archer, Bhaskar, Collier, Lawson and Norrie,
1998; Lawson, 1994). The positivist approach accomplishes data processing, cerebral
knowledge and analytical technique, but fails to capture or provide insight to the nature of

5.3.2 Post-Positivism

Post-positivism is another philosophical standing in social science research (Phillips and
Burbules, 2000; Carson, Gilmore, Perry and Gronhaug, 2001; Noor, 2008). Post-positivism
is an umbrella term which refers to philosophies other than positivism used in research,
and covers a variety of interpretive approaches in seeking understanding of phenomenon in
different contexts (Carson et al., 2001; Prasad, 2005). The ontology of post-positivism is
labelled as critical realism (Guba and Lincoln, 1994), as post-positivists accept that reality
is socially constructed and they appreciate the subjectivity of social phenomena (Clark,
1998; Noor, 2008).

Epistemologically, in contrast to positivists’ claim of being able to discover universal
truths, post-positivists attempt to gain a closer approximation to truth (Guba and Lincoln,
1994; Clark, 1998; Patomäki and Wight, 2000). Post-positivism has an emphasis on
verifying or falsifying a priori hypotheses, or propositions (Guba and Lincoln, 1994), and
acknowledges the imperfection and fallibility of evidence (Phillips and Burbules, 2000).
Post-positivism is not unitary, but rather diversified and plural (Biersteker, 1989). Post-
POSITivism has openness to both qualitative and quantitative research (Biersteker, 1989;
Clark, 1998). Researchers with a post-positivism underpinning may conduct qualitative
research through a relatively structured approach (Carson et al., 2001), with a focus on
being logical, a cause-and-effect orientation, and empirical data collection (Creswell,
2007).

Post-positivism has been criticised for being based upon biased assumptions (since post-
POSITivists believe only in approximate truth), and mixing the terms of objectivity with
truth (Phillips and Burbules, 2000).

5.3.3 Critical Realism

Ontologically, a critical realist believes that “the world is composed not only of events and
our experience or impression of them, but also of (irreducible) structures, and mechanisms,
powers and tendencies, etc., that although perhaps not directly observable, nevertheless
underlie actual events that we experience and govern to produce them” (Lawson, 1994,
There is a reality but it is difficult to apprehend. Critical realism claims that the reality is independent of our theorising about it (Archer et al., 1998). It is based upon the assumptions of two sides of knowledge: “objectively proven knowledge” (Chalmers, 1999; p.1), for example, the specific gravity of mercury, and knowledge as societal consensus, which comprises social products produced by man in human social activities and depend on antecedent knowledge (Anderson, 1983; Bhaskar, 1997). Critical realism acknowledges that social phenomena are not externally descriptive, but intrinsically meaningful, and hence the meaning cannot be measured or counted but can be understood with an interpretative or hermeneutic element (Easton, 2010). However, it needs to be pointed out that critical realism suggests that the world is anthropocentric, as it argues that the order of the world exists independently of man (Archer et al., 1998).

Different from positivists, critical realists believe that the objects of knowledge are not events, but structures and mechanisms that generate phenomena (Lawson, 1994). It is the structure that makes science possible. The real entities that a critical realist is concerned with are the objects of scientific discovery and investigation, such as causal laws (Archer et al., 1998). Therefore, from the critical realist approach, the legitimate concern of research is not with events, but with the identification and illustration of mechanisms, powers and structures that preside over the phenomena of experience (Lawson, 1994). The most fundamental aim of critical realism is explanation and answers to the question of what caused the phenomena (Easton, 2010).

Epistemologically, the critical realist argues that the world is knowable (Maki, 2001). Critical realists accept that explanations are characterised by researchers’ interpretation (Easton, 2010). However, critical realism has been criticised as being too rash, as it cannot defend what it claims (Sayer, 1992; Chalmers, 1999).

5.3.4 Constructivism/Interpretivism

Ontologically, constructivists view the whole universe as being dependent on the mind, conceptually constructed and originating from human ideas and conversations (Maki, 2001).

Epistemologically, critical realists acknowledge the possibilities of knowing the reality, while constructionists reject that (Easton, 2010). Constructivism is not about discovering causal mechanisms or true theories behind phenomena (Hands, 2001). Instead, constructivists argue that a theory is adequate if it truly describes the observable things and
events in this world (Hands, 2001). One of the major characteristics of constructivism is to take language semantic issues as crucial (Maki, 2001). Constructivism has received numerous criticisms, for example, it reduces to relativism and makes comparative judgments impossible (Chalmers, 1999).

5.3.5 Selecting a Philosophical Stance

Positivism has been prevalent in marketing, but it has overwhelming criticisms (Anderson, 1983). Marketing researchers argue that “…business is not a science…”, but full of innovation, creativity and people involvement (Arias and Acebron, 2001, p.20). Furthermore, research in the marketing discipline is based on and connected to human behaviour, human perception and/or human phenomenon (Svensson, 2006b). It is arguable whether or not a positivist stance is the best way for investigating business practice.

Hirschman (1986) distinguishes between the positivistic and humanistic ways to carry out marketing research, and pointed out that humanistic methods are not inferior to positivist ones. Rather, in addition to a positivist approach, humanistic inquiry provides an alternative parallel path for acquiring marketing knowledge (Hirschman, 1986). Manson (1996) has pointed out the importance of being clear about the nature of the phenomena, or social “reality” under investigation. Schurr (2007) believes that the best paradigm is the one that fits the purposes of the research.

The objective of this project is to explore suppliers’ and customers’ perceptions of service experience and their impact on business-to-business relationships, which acknowledges the validity and importance of subjective meanings (Miles and Huberman, 1994), and the characteristics of human inquiry, personal processes and involvement (Clark, 1998). The researcher appreciates the subjectivity of social phenomena (Clark, 1998; Noor, 2008), and acknowledges the inevitability of researchers’ biases in research (Clark, 1998). At the same time, the researcher attempts to verify or falsify whether or not the findings of services research generated from consumer markets are applicable to business-to-business contexts. Thus, post-positivism has been found to be the appropriate philosophical underpinning for this study.

5.4 Research Strategy

To achieve the research objectives, five research strategies have been examined: experiment, survey, archival analysis, history and case study.
According to Yin (1994), there are three conditions that can be used to distinguish between the five strategies, which are: form of research questions, requirement of control over behavioural events and focus on contemporary events. It has been found that “how much”, “how many”, “who” and “where” questions are likely to favour survey and archival analysis, while “how” and “why” questions can be answered by case studies, histories and experiments (Yin, 1994). Among the five strategies, experiment requires an investigator’s control over behavioural events while the others do not (Yin, 1994). The history method deals with past events, while the rest focus on contemporary events although archival analysis may deal with past events as well (Yin, 1994). Each strategy can be used for exploratory, descriptive or explanatory purposes, and each has its own advantages and disadvantages (Yin, 1994). The various strategies can be complementary and used together (Yin, 1994; Stake, 2000). The comparisons of the five research strategies are illustrated in Table 7.

<table>
<thead>
<tr>
<th>Distinguishing Conditions</th>
<th>Research Strategies</th>
<th>Archival Analysis</th>
<th>Case Study</th>
<th>Experiment</th>
<th>History</th>
<th>Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Why? How?</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirement of control over behavioural events</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus on Contemporary Events</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Yin (1994)

5.4.1 Selecting a Research Strategy

As part of selecting a research strategy, the available alternatives have been assessed. An archival analysis strategy has been dismissed because access to archived records was unlikely to be available. An experiment strategy was not appropriate as the researcher has no control over the phenomenon under study. A history strategy was dismissed because this research focuses on current real-life events. A survey strategy was not appropriate for this project as it is the best strategy to find out people’s opinions and answer ‘why’, ‘how’ and ‘what’ questions.

Yin (1981) distinguished a case study from other research strategies by two criteria: a contemporary phenomenon in its real-life context, and one in which the boundaries
between phenomenon and context are ambiguous. Case studies are seen as the preferred strategy to answer ‘how’ and ‘why’ questions about contemporary events within a real-life context where investigators have little control (Yin, 1994).

The nature of this project is exploratory, focusing on complex business-to-business markets over which the investigator has no control. Furthermore, a holistic examination of real-life events is needed to help with description and explanation of service experience in business-to-business markets (Yin, 1994; Hartley, 2004). Based upon a review of the five strategies, the case study is selected as a suitable research strategy.

5.5 Case Study

5.5.1 Case Study: Definition

Existing literature provides several definitions of a case study in addition to Yin’s (1981, 1994) views which have been discussed in section 5.4.1 above. The case study is a research strategy which focuses on understanding the dynamics present within single settings (Eisenhardt, 1989). Bonoma (1985) defined a case study as a description of a management situation, and distinguished it from other qualitative methods in that it can include various data sources even quantitative ones. Woodside and Wilson (2003, p.493) proposed a much broader definition of a case study, “case study research is inquiry focusing on describing, understanding, predicting, and/or controlling the individual (i.e. process, animal, person, household, organisation, group, industry, culture, or nationality).” Easton (2010) concludes that case research is an iterative research process which can include multiple sources of data to investigate and gain a holistic view of a number of phenomena.

5.5.2 Case Study: Advantages

A case study has the advantages of investigating a broad and complex social phenomenon (Bonoma, 1985), understanding it in depth and comprehensively (Easton, 2010), and retaining the holistic and meaningful characteristics of real-life events (Hartley, 2004).

Compared to other research strategies, the distinctive strength of a case study is that it can use various data collection methods, and rely on many different sources of evidence. It can be a mix of quantitative and qualitative evidence. Thus, in comparison to other research designs, a case study has the unique advantage of allowing a more rounded and holistic study (Hakim, 2000; Hartley, 2004).
Furthermore, case studies can be used to achieve various aims: to provide description, test theory or generate theory (Eisenhardt, 1989). A case study has the advantage of investigating issues where a topic is under-researched and there is insufficient knowledge (Bonoma, 1985). A case study may also provide a fresh perspective on a topic (Eisenhardt, 1989).

### 5.5.3 Case Study: Challenges

Traditionally, case studies have been criticised for providing little basis for scientific generalisation (Eisenhardt, 1989). However, it needs to be pointed out that the goal of case studies is not to make a generalisation to populations or universes, but to provide theoretical generalising, or expanding of theories (Yin, 1994).

Moreover, case studies have been criticised because of the investigator’s biased view, influencing the direction of the findings and conclusions (Yin, 1994). However, bias also applies to other research strategies (Yin, 1994). Instead, Yin (1994) advocates hard work to overcome the problems relating to conducting case study research, such as using a case study protocol to increase the reliability of the case study, and using triangulation to address the key issue of validity (see section 5.5.9).

Although the case study has a dominant position in qualitative business-to-business marketing research (Piekkari, Plakoyiannaki and Welch, 2010), Halinen and Törnroos (2005) pointed out the challenges of using case studies in business-to-business marketing. One of the difficulties is to capture the complexity of business-to-business marketing (see Literature Review Chapters). To conquer this, Halinen and Törnroos (2005) suggested accessing in-depth and broad empirical data and providing a thorough description of the case study to reveal the complexity.

At the same time, case studies face the challenge of the dynamics in business-to-business marketing (see Literature Review Chapters); in other words, situations change and the past, present and future are connected together (Halinen and Törnroos, 2005). To tackle this, Halinen and Törnroos (2005) suggested investigating how and why particular events have happened, in other words, the underlying mechanisms behind the phenomena. Alternatively, Halinen and Törnroos (2005) suggested searching for patterns and using both inductive and deductive reasoning in the analysis.
Another issue of case studies in business-to-business markets concerns the boundary or the unit of analysis (Yin, 1994; Halinen and Törnroos, 2005). To deal with this, Yin (1994) suggested using previous literature as guidance for defining an appropriate unit of analysis. Halinen and Törnroos (2005, p.1289) provided more specific guidelines by pointing out that “…boundaries are defined through the informants used in the empirical study. Those persons in the chosen set of companies who are found to be able to answer central questions as key informants are likely to set the limits…” Case studies in business-to-business markets can use focal organisations, dyads or small nets of organisations as the unit of analysis (Halinen and Törnroos, 2005).

5.5.4 Case Study: Philosophical Controversies

The ontological and epistemological differences among positivism, post-positivism, critical realism and interpretivism have been discussed in section 5.3. Although the case study is prevalent in business-to-business research, it lacks ontological and epistemological underpinnings (Easton, 2010).

According to Hirschman (1986), a case study is derived from the humanistic metaphysic. However, previous studies revealed at least three different epistemological standings for case studies (Piekkari, Plakoyiannaki and Welch, 2007). Yin (2003) and Eisenhardt (1989) are from a positivist position. However, Easton (2010) observed that positivism cannot be the justification for case studies because case research is often limited with respect to numbers of respondents used. Gummesson (2003) uses an interpretivist stance to apply case studies. Interpretivism is more appropriate for case studies, but lacks objectives in its ontology (Easton, 2010). Easton (2002) approaches case studies from a critical realist point of view, and argues that a case study is consistent with a critical realist stance (Perry, 1998; Easton, 2010). Critical realism provides not only a basis but also guidelines for conducting case study research and forming theories (Easton, 2010).

5.5.5 Case Study: Induction, Deduction or Abduction

Positivists tend to adopt a deductive process (Jarvensivu and Törnroos, 2010). “Deduction helps to identify the phenomenon of interest, suggests what mechanism may be at play and provides links with previous research and literature” (Easton, 2010, p.124). Interpretivists build up theories through induction (Jarvensivu and Törnroos, 2010). “Induction provides event data to be explained and tests the explanations” (Easton, 2010, p.124). Critical realists use abduction which is a mixture of induction and deduction (Dubois and Gadde, 2002; Jarvensivu and Törnroos, 2010). Abduction requires researchers to construct a
hypothetical model that if the models were to exist and act in the postulated way, would account for the phenomena in question (Archer et al., 1998).

Case study research is not free-form (Eisenhardt, 1991). It is impossible to conduct case studies from a theory-free empirical approach (Piekkari et al., 2007; Andersen and Kragh, 2010). On one hand, basic theories play the role of directing case studies of empirical work (Dubois and Araujo, 2004). Research cannot be constructed without some form of theoretical guidance (Dubois and Araujo, 2004). Moreover, theories guide the collection and interpretation of facts (Anderson, 1983). Without the guidance of theory, researchers may be overwhelmed by the complexity of real-life events (Halinen and Törnroos, 2005). On the other hand, a case study provides a bottom up approach to build theories from specific data (Eisenhardt, 1989). A theoretical framework may also be developed through case study research (Dubois and Araujo, 2004). In short, theories are used in case studies as an aid in helping with the research design and, at the same time, theories may be developed from a case study (Yin, 1994).

A case study is not a linear process (Dubois and Gadde, 2002). Rather, the case study process is a cycle and has its uniqueness in that it continues to ask the question ‘why’ and discover reasons behind phenomena (Easton, 2010). “Neither deduction nor induction captures the process of theory development (as opposed to theory testing) in case study research…theory development in case studies involves a process of ‘systematic combining’ in which there is a constant movement back and forth between theory and empirical observation” (Piekkari et al., 2007, p.7). Piekkari et al. (2007) labelled this process ‘abductive’. Abduction has been suggested as appropriate for case study research (Dubois and Gadde, 2002; Easton, 2010).

5.5.6 Case Study: Sampling

Sampling is about making decisions of where to conduct the research and whom to include (Maxwell, 2005). Quantitative studies may use random sampling or stratified sampling to represent the research population of interest (Gill and Johnson, 2002). For qualitative research, sampling is not for the purpose of reflecting a population, but finding out information that can answer research questions (Maxwell, 2005). Researchers need to justify their approaches to sampling (Gill and Johnson, 2002).

Maxwell (2005) argued that random sampling is valid if qualitative studies have a large sample size and with a goal of generalisation. However, Eisenhardt (1989, p.537) is against
random sampling in case studies, finding that it is “neither necessary, nor even preferable”. Instead, Eisenhardt (1989) argued that cases should be chosen to replicate or extend the emergent theory.

Eisenhardt (1991, p.626) analysed classic case studies and found that many of them “are fundamentally multiple-case studies; employ the comparative multiple-case logic of replication and extension to develop theoretical insight; and rest on rigorous methods, including specification of research issues, sampling, measurement of constructs, and controls.”

Multiple case studies have been advocated by researchers as they have the advantage of allowing case comparisons, generating and elaborating theories (Eisenhardt, 1991). This is because multiple case studies permit replication which helps researchers to perceive patterns more easily (Eisenhardt, 1989). Moreover, multiple case studies may focus on complementary aspects of a phenomenon, allowing researchers to compare and find out the differences which may not be noticed by single-case studies. In other words, case comparison improves the quality of case descriptions and theory development (Eisenhardt, 1989; Halinen and Törnroos, 2005).

However, Halinen and Törnroos (2005) warned researchers of the danger of focusing on comparing case studies while losing the value of rich holistic description. Moreover, business-to-business relationships have historical backgrounds and their own uniqueness may make case comparison difficult (Halinen and Törnroos, 2005). However, Halinen and Törnroos (2005) believed that with a tight theoretical framework, it is possible to make case comparisons in business-to-business markets.

The number of case studies that should be undertaken is debatable (Perry, 1998). Numbers are of little value to a case researcher (Bonomo, 1985). Replicability does not assure the objectivity of generated knowledge (Anderson, 1983). Instead, the aim of data collection in case studies is: description; classification (typology development); theory development; and limited theory testing (Bonomo, 1985). The objective is the depth of understanding, but not the breadth or representativeness (Bonomo, 1985). Therefore, the appropriate number of cases depends upon research purposes, research questions, how much new information can be generated from cases (Eisenhardt, 1991), and is guided by theoretical saturation (Gummesson, 2003). Moreover, the feasibility of access and data collection, time, and costs need to be taken into consideration (Maxwell, 2005).
5.5.6.1 Application of Case Study Sampling

Taking into consideration the available access, PhD completion time restraint, and a call for investigating service in different business-to-business industry settings (Matthyssens and Vandenbempt, 1998; Zolkiewski et al., 2007), two case studies were used in this study to explore the role of service in business-to-business relationships. Academics have investigated business-to-business service issues in various industries, such as valve and pump (Cunningham and Roberts, 1974; Banting, 1976), industrial gas, rubber and agricultural (Kyj, 1987), semi-conductor (Qualls and Rosa, 1995), automotive (Svensson, 2006a), commercial marketing research services (Parasuraman and Zeithaml, 1983), engineering consultancy (Woo and Ennew, 2005), safety inspection (Jayawardhena et al., 2007), health services (White and Galbraith, 2000), safety systems and control technology engineering (Zolkiewski et al., 2007), and information technology (Chumpitaz and Paparoidmis, 2004). In this study, the first case is in the metal finishing industry, where the core offering is a metal finishing service; the second case is chosen from a paint production industry, where the core offering is a more concrete product, paint and other finishes. These two case studies were chosen because of accessibility. In particular, as this study investigates the role of service experience from both suppliers’ and their customers’ perspectives, the willingness of suppliers’ participation and them allowing the researcher to obtain their customers’ opinions have been major factors in considering sampling for this study.

As the project involves case study companies’ employees and customers, the researcher had initial meetings with the case study companies’ directors, and explained the research objectives and detailed research questions. The researcher requested permission to interview the case study companies’ employees who have direct interactions with customers in order to obtain suppliers’ views. At the same time, the researcher requested interviews with a diverse range of customers, from different industry sectors, who had been doing business with the case study companies for different durations of time and had different business-to-business relationships with the suppliers. This included, when possible, interviewing customers who the case study companies used to deal with, but who they were no longer doing business with. The case study companies contacted their customers on the researcher’s behalf and arranged times for interviews. All the customer companies involved in the two case studies are small or medium-sized enterprises and normally only one key respondent interacts with the other party in business; therefore, one interview per customer company has been obtained, with an exception of two customer companies, where there were two key respondents, thus two separate interviews were
carried out. Table 8 summarises the key respondents in the two case studies. Further information about the case study companies, their customer companies and interviewees’ profiles are presented in the Findings Chapters. Detailed information about case study design is available in Appendix E case study protocol.

The two case studies were carried out sequentially over a period of around 21 months. The first case study was conducted within a three-month period from September 2007 to December 2007. The second case study was carried out intensively in June 2009 within a one month period.
## Table 8 - Case Study Respondents

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Industry</th>
<th>Interviewees</th>
<th>Case Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPE (Supplier)</td>
<td>Metal finishing</td>
<td>General manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technical/project manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Production manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business development manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Production clerk</td>
<td>1</td>
</tr>
<tr>
<td>AMT</td>
<td>Engineering</td>
<td>Managing director,</td>
<td>1</td>
</tr>
<tr>
<td>AS</td>
<td>Signage</td>
<td>Manufacturing manager</td>
<td>1</td>
</tr>
<tr>
<td>FN</td>
<td>Hospital equipment</td>
<td>Procurement and planning manager</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Buyer</td>
<td>1</td>
</tr>
<tr>
<td>BTF</td>
<td>Educational Scientific Furniture</td>
<td>Production planning, control manager, dealing directly with EPE</td>
<td>1</td>
</tr>
<tr>
<td>GCR</td>
<td>Laser technology</td>
<td>Managing director</td>
<td>1</td>
</tr>
<tr>
<td>GCR</td>
<td>Laser technology</td>
<td>Project manager</td>
<td>1</td>
</tr>
<tr>
<td>CME</td>
<td>Architectural metal works</td>
<td>Logistics controller</td>
<td>1</td>
</tr>
<tr>
<td>MBM</td>
<td>Design and supply components based on aluminum extrusions</td>
<td>General manager</td>
<td>1</td>
</tr>
<tr>
<td>LT</td>
<td>Transformers</td>
<td>Managing director</td>
<td>1</td>
</tr>
<tr>
<td>HFE</td>
<td>A sheet metalwork and engineering shop</td>
<td>Company secretary, responsible for accounts, purchasing etc.</td>
<td>1</td>
</tr>
<tr>
<td>PKY</td>
<td>Manufacturer of lock mechanisms</td>
<td>Managing director</td>
<td>1</td>
</tr>
<tr>
<td>RLE</td>
<td>Subcontract engineering company</td>
<td>Technical director, running the production</td>
<td>1</td>
</tr>
<tr>
<td>RPS</td>
<td>Lighting</td>
<td>Managing director</td>
<td>1</td>
</tr>
<tr>
<td>SPG</td>
<td>Patent glazing</td>
<td>Contracts director</td>
<td>1</td>
</tr>
<tr>
<td>UPR</td>
<td>Railway barrowing</td>
<td>Assistant cell manager, from purchasing to continuous improvement events</td>
<td>1</td>
</tr>
<tr>
<td>GMH (supplier)</td>
<td>Paint and coatings</td>
<td>Sales representative (1)</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales representative (2)</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales representative (3)</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales representative (4)</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laboratory technician</td>
<td>2</td>
</tr>
<tr>
<td>AT</td>
<td>Furniture</td>
<td>Shop supervisor</td>
<td>2</td>
</tr>
<tr>
<td>BJ</td>
<td>Furniture</td>
<td>Office manager</td>
<td>2</td>
</tr>
<tr>
<td>FP</td>
<td>Engineering - refurbished containers</td>
<td>Managing director</td>
<td>2</td>
</tr>
<tr>
<td>JJ</td>
<td>Furniture</td>
<td>Production manager</td>
<td>2</td>
</tr>
<tr>
<td>SE</td>
<td>Engineering – making containers</td>
<td>Finishing manager</td>
<td>2</td>
</tr>
<tr>
<td>SPC</td>
<td>Powder coatings</td>
<td>Production manager</td>
<td>2</td>
</tr>
<tr>
<td>TG</td>
<td>Engineering – making Fire protection equipment</td>
<td>Factory manager</td>
<td>2</td>
</tr>
<tr>
<td>VG</td>
<td>Engineering</td>
<td>Manages painting operations</td>
<td>2</td>
</tr>
<tr>
<td>VPC</td>
<td>Powder coatings</td>
<td>General officer</td>
<td>2</td>
</tr>
<tr>
<td>YCL</td>
<td>Repairing caravans</td>
<td>Managing director</td>
<td>2</td>
</tr>
<tr>
<td>CC</td>
<td>Paint Distributor</td>
<td>Regional manager</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technical manager</td>
<td>2</td>
</tr>
<tr>
<td>MPS</td>
<td>Paint Distributor</td>
<td>Managing director</td>
<td>2</td>
</tr>
<tr>
<td>ST</td>
<td>Paint Distributor</td>
<td>Branch manager</td>
<td>2</td>
</tr>
<tr>
<td>APS</td>
<td>Paint Distributor</td>
<td>Shop owner</td>
<td>2</td>
</tr>
</tbody>
</table>
5.5.7 Case Study: Unit of Analysis

In case studies, the unit of analysis is related to the primary research questions and to defining what the case is (Yin, 1994). Relating back to this study’s research questions (see section 5.2), the unit of analysis of the case studies is service experience. In other words, each customer company’s service experience with the supplier under investigation is a unit.

In the business-to-business marketing literature, various levels are available for analysis (Wilke and Ritter, 2006). The basic element of inter-organisational research is a dyad, i.e. the relationship between two actors (Wilke and Ritter, 2006). Many previous studies concerning business-to-business relationships consider only one side of a dyad in their empirical research (Gemunden, 1997). However, Ford and Håkansson (2006) argued that both buyers’ and sellers’ perceptions need to be obtained to understand business-to-business phenomena, because both parties engage in interactions, and it is impossible to comprehend the interactions between organisations by looking at only one side. Therefore, business-to-business research should include both customer and supplier perceptions as the focal unit (Czepiel, 1990).

In the services marketing literature, previous studies have considered only one party’s perspective, either the customers’, or the service receivers’ (Svensson, 2002). However, as service encounters are interactive between the service provider and the service receiver, both perspectives should be considered (Svensson, 2006a).

Based on the above discussion, although the unit of analysis is customers’ service experience, suppliers’ perceptions were also obtained to help understand the phenomena. Defining the unit of analysis helps to determine the limits of data collection and analysis (Yin, 1994).

5.5.8 Case Study: Data Collection Methods

There is no ideal, sole method of collecting data (Gill and Johnson, 2002). Compared with other research strategies, the distinctive strength of a case study is that it can use various data collection methods (Hakim, 2000; Hartley, 2004). A case study should try to use as many sources as possible because various sources have the advantage of complementing each other (Yin, 1994; Scapens, 2004). In the following section, the appropriateness of various data collection methods for this case study project are examined.
5.5.8.1 Secondary Data

Data which can mainly be collected by others are known as secondary data, and data collected by researchers in person are known as primary data. Examining appropriate secondary data can be a fast and inexpensive way to gain valuable insights (Parasuraman, Grewal, and Krishnan, 2004).

Secondary data can be obtained through different sources, such as company websites, visits and brochures (Yin, 1994). They can be helpful in verifying the correct spellings and titles or names of organisations that might have been mentioned in an interview, providing specific details to corroborate information from other sources, and making inferences (Yin, 1994). However, to better interpret the contents of the evidence and not be misled, it is important to understand the specific purpose and audience in reviewing secondary data (Yin, 1994).

In this study, in order to gain background understanding, the researcher consulted available secondary data such as reports about customers and competitors provided by the suppliers. At the same time, the researcher browsed companies’ brochures and websites before carrying out further fieldwork.

5.5.8.2 Focus Groups

“A focus group is a research technique that relies on an objective discussion leader or moderator who introduces a topic to a group of respondents and directs their discussion of that topic in a non-structured and natural fashion” (Parasuraman et al., 2004, p.197).

A focus group can be applied in almost any situation requiring some preliminary insights (i.e. exploratory research) (Parasuraman et al., 2004). In general, a focus group includes up to eight to twelve people and lasts for one to three hours in a relaxed and informal atmosphere (Parasuraman et al., 2004). Moderators must establish rapport with the participants to explore their beliefs, feelings, ideas, attitudes and insights regarding the topic of concern and keep the discussion moving forward (Parasuraman et al., 2004). A well-conducted focus group can generate numerous important insights, more so than a series of one-to-one depth interviews, as a comment made by one participant may trigger a stream of new comments from other group members (Parasuraman et al., 2004). However, in focus groups, participants may feel the social pressure to conform to group responses and someone may dominate the conversation (Malhotra and Birks, 2000). Focus groups are difficult to moderate and the unstructured nature of the responses makes coding, analysis and interpretation difficult (Malhotra and Birks, 2000; Parasuraman et al., 2004).
Focus groups were not considered to be appropriate for this research as subjects might have been concerned about issues relating to their work and hesitate to express their views freely. They might also be easily swayed by group responses. At the same time, it would be difficult to set a convenient schedule for several subjects.

5.5.8.3 Interviews

Interviews are a crucial source of case study evidence (Yin, 1994). They can vary from open-ended to formally structured. An in-depth interview is “an unstructured, direct, personal interview in which a single respondent is probed by a highly skilled interviewer to uncover underlying motivations, beliefs, attitudes and feelings on a topic” (Malhotra and Birks, 2000, p. 180).

An in-depth interview is appropriate in situations where strong social norms exist and the respondent may be easily swayed by group response or discussion of confidential, sensitive, or embarrassing topics (Malhotra and Birks, 2000). In-depth interviews can help to gain a detailed understanding of complicated behaviour or situations where the experience is sensory in nature, affecting mood states and emotions (Malhotra and Birks, 2000). Further, an in-depth interview can be applied when one of the research aims is to develop an understanding of the respondent’s ‘world’ so that the researcher might influence it, either independently or collaboratively (Hussey and Hussey, 1997).

An in-depth interview has the strength of open discovery by revealing different aspects of the topic as the issues discussed, the questions raised and the matters explored change from one interview to the next (Hussey and Hussey, 1997). As there is no social pressure to conform to group response, a free exchange of information is possible. In addition, through concentrating and developing an issue with an individual, great depth of insights can be uncovered (Malhotra and Birks, 2000). However, the key issue of an in-depth interview is that the questions the interviewer puts should be motivating, and probing to obtain meaningful responses and uncover hidden issues (Malhotra and Birks, 2000). The quality and completeness of the interview results depend heavily on the interviewer’s skill (Malhotra and Birks, 2000). Researchers need to control the range of topics, record questions and answers, and ensure that all the interviews are conducted in the same way. This means that not only should the same questions be asked, but also they should be posed in the same way to ensure that each respondent will understand the question in the same way (Hussey and Hussey, 1997).
In-depth interviews are considered to be an appropriate data collection method for this research as it is believed that probing respondents’ experience and opinion is a must in order to identify the reason behind phenomena. Besides, interviews are easier to arrange and the procedures are relatively easier to control compared to focus groups. A mind map has been made to guide the development of interview questions (see Appendix F).

The researcher carried out interviews with customer interface personnel, e.g. technical personnel and sales representatives, at the suppliers. The interviews with customers were arranged by the respondents from the suppliers, who arranged transport for the researcher to the customers so that the interviews could be conducted. The researcher had opportunities to have conversations in the car with the suppliers’ sales representatives on the way to the interviews with customers. Normally, journeys to customers took around one hour, and were valuable time for the researcher to have a dialogue with the sales representatives. The researcher recorded a couple of these dialogues with the sales representatives’ permission. However, most of these conversations were not recorded, although the researcher made notes of these in the interview summary form (see section 5.5.11.2 and Appendix J) and research diary (see section 5.5.11.3 and Appendix K).

5.5.8.4 Observation

Observation is “a method for collecting data used in the laboratory or in the field to observe and record people’s actions and behaviour” (Hussey and Hussey, 1997, p. 183). Observation can be structured or unstructured, direct or indirect and conducted in a natural or a contrived environment (Yin, 1994; Hussey and Hussey, 1997; Malhotra and Birks, 2000).

According to Boote and Mathews (1999), observation is an appropriate methodology for conducting research when at least one of the following four criteria is met: the phenomenon under investigation is easily observable; the phenomenon under investigation is a social process or a mass activity; the phenomenon under investigation occurs at a subconscious level; and the people under investigation are either unable or unwilling to communicate directly with the researcher.

Participant-observation is a special approach of observation where the observer participates in the events under investigation (Yin, 1994). The major advantage of conducting participant-observation is that it provides the researcher with opportunities to secure access to otherwise inaccessible events or groups, and to perceive from ‘inside’ rather than
outside the case study. However, as a participant, the investigator may take positions which cause biases harmful to the research and, at the same time, the participant-observer may not be able to fully observe events as an outside observer (Yin, 1994).

Observation yields obvious and valuable information. However, the most serious disadvantage of observation is that little is known about the underlying motives, beliefs, attitudes and preferences for the observed behaviour (Malhotra and Birks, 2000). Observation can only uncover patterns of, not motives for, behaviour. Written permission is needed before undertaking observation. Yin (1994) suggested having more than one observer making an observation to increase the reliability of observational evidence.

Due to access availability, participant observation was quickly dismissed. However, direct observation was used along with interviews by taking account of non-verbal communications, such as the behaviour of interviewees, to obtain additional information. Observation has been recorded in the interview summary form (see section 5.5.11.2 and Appendix J) and research diary (see section 5.5.11.3 and Appendix K).

In this study, along with secondary data, the in-depth interview was selected as the main primary data collection method (see Appendix G). At the same time, direct observation was carried out to augment information for the research. According to Eisenhardt (1989, p.539), “a key feature of theory-building case research is the freedom to make adjustments during the data collection process…the adjustments allow the researcher to probe emergent themes or to take advantage of special opportunities which may be present in a given situation...”. Thus, this project took advantage of the flexibility of qualitative research methods to make appropriate adjustments as needed during the data collection process, to gain insights of complicated issues.

5.5.9 Quantitative Versus Qualitative Research

There is no clear distinction between research methodology and research method. Researchers use these words interchangeably (e.g. Dubois and Araujo, 2004). However, Kothari (2004) defined research method as a means to carry out research operations. It includes data collection and analytical tools. Kothari (2004) defined research methodology as a systematic scientific way to solve the research problem. The difference between the two is that research methodology is the logic behind the methods employed in research, and the explanation for choosing a particular method instead of others (Kothari, 2004).
scope of research methodology is believed to be wider than that of research methods (Kothari, 2004).

Qualitative and quantitative are the two main research methodologies in academic marketing (Kothari, 2004; Hanson and Grimmer, 2007). The quantitative approach tends to focus on whether or not, and to what extent, variance in $x$ causes variance in $y$ (Maxwell, 2005). Quantitative research focuses on structured, large and representative respondent samples (Malhotra and Birks, 2000; Gill and Johnson, 2002; Parasuraman et al., 2004). As discussed in section 5.3.1, researchers from the positivism stance tend to emphasise quantitative research. Qualitative approach investigates how $x$ plays a role in causing $y$, and what the process is that connects $x$ and $y$ (Maxwell, 2005). Qualitative research is more exploratory in nature, and can help in generating insights and ideas (Malhotra and Birks, 2000; Gill and Johnson, 2002; Parasuraman et al., 2004).

Although many researchers distinguish between quantitative and qualitative research on the basis of different philosophical beliefs, Yin (1981) clarified the two based upon the type of evidence. According to Yin (1981), qualitative and quantitative data evidence can be collected by using different data collection methods such as interview, survey or observation. However, the distinction between quantitative and qualitative techniques is not clear cut. Some techniques, for instance, interviews, can be employed to gather data in either a quantitative or qualitative way; at the same time, a single piece of data, such as an interview transcript, may be analysed in either a quantitative or qualitative way (Thietart, 2001).

Many researchers have argued that quantitative and qualitative research are not superior to one another, but investigate problems from different angles. Quantitative and qualitative research complement each other (Malhotra and Birks, 2000; Gill and Johnson, 2002; Parasuraman et al., 2004).

5.5.9.1 Previous Quantitative Studies
Academic marketing has tended to have a quantitative orientation (Gemunden, 1997; Hanson and Grimmer, 2007). For example, previous studies of business-to-business marketing have documented more quantitative studies than qualitative ones. This has been supported by Gemunden’s (1997) findings, after systematically analysing the IMP proceedings between 1984-1996, that there was a stereotype of IMP researchers using mainly case studies, while in fact quantitative studies were used more frequently. More recently (1997-2006), key business-to-business marketing journals such as Industrial
Marketing Management, Journal of Business-to-Business Marketing and Journal of Business and Industrial Marketing have shown a steady development of qualitative business-to-business marketing research, especially those employing case studies (Piekkari et al., 2010; Beverland and Lindgreen, 2010). Despite the increase, only 145 case studies were published in these three key journals over a ten-year period (Piekkari et al., 2010).

Finding that leading academic marketing journals focus on quantitative research designs, Svensson and Wood (2007) warned of the tendency of marketing research to be dogmatic, narrow-focused and less flexible when it comes to empirical research design. Similarly, Brownlie, Saren, Whittington and Wensley (1994) criticised the quantitative nature of empirical work and argued that this put openness, tolerance and critique in danger and inhibited new ways of thinking.

Although quantitative studies have been argued to have straightforward, unambiguous objective measures and to have high face validity (Sharp, Page and Dawes, 2000), they fail to generalise constructs, associations or relationships which are dynamic and unstable over time and across contexts (Svensson, 2006b). In addition, quantitative researchers are as interpretive as qualitative ones. Even though quantitative approaches are claimed to be objective, the whole process is characterised with researchers’ interpretations from the identification of research problems to conclusions (Svensson, 2006b).

Appendix C shows that a number of previous studies investigating service issues in business-to-business markets employed the quantitative approach.

5.5.9.2 Previous Qualitative Studies

A number of important marketing phenomena are highly complex and there has been little theoretical knowledge to explain these phenomena (Bonoma, 1985). The qualitative approach is suitable for research topics which are complicated and with little theoretical knowledge (Bonoma, 1985). Researchers need a deep understanding of phenomena before they seek to employ quantitative studies towards making generalisation and causal disconfirmation (Bonoma, 1985).

Qualitative studies have various advantages: first, qualitative study is most valuable for discovering mechanisms behind phenomena (Prince, Manolis and Tratner, 2009); second, a qualitative approach is appropriate to obtain rich, deep and process-based information (Coviello, 2005); third, qualitative research generates holistic understandings based upon
rich contextual and detailed data, rather than analysis and explanation of surface patterns and correlations (Mason, 1996).

Although there are many merits of employing a qualitative approach, philosophical and practical problems remain in the field (Lincoln, 2010). For instance, qualitative studies face the challenges of validity and generalisation (Maxwell, 2005). (See relevant discussion in 5.5.9).

Appendix D shows a number of previous studies employed the qualitative approach to investigate service issues in business-to-business markets.

5.5.9.3 Research Methodology Choice: Resolving the Dilemmas

“There is no universally superior methodology” (Journal of Operations Management Editorial Board, 2008, p.339). The research problem determines which research approach should be adopted (Bonoma, 1985; Gill and Johnson, 2002).

This research project is focused in business-to-business markets. Blois and Ivens (2007) believe that business-to-business transactions may not be purely discrete, but are interwined with a degree of relationality. Blois and Ivens (2007) questioned the validity of using scales to measure the discrete norms and the relational norms in business-to-business research. Arias and Acebron (2001, p.20) similarly argued that in conducting business-to-business research, researchers cannot rely on the rational nature of science, because “…business (and marketing in particular) is not just about objective, rational choices, but also about the use of creativity, initiative and innovation in the development of people and the things that people can do.” Thus, a qualitative approach is appropriate in the business-to-business context.

Furthermore, this project investigates service experience which is subjective (Gummesson, 1978; Grönroos, 1988). Customer and service provider interactions contribute to their service experience (Gummesson, 1990). Quantitative research investigating business-to-business service issues has been found to employ various measurement scales and has generated different findings about important business-to-business service elements (see Appendix B). There is no consensus among the results. Quantitative research is not the best tool to uncover people’s perceptions about the service they have experienced, and probably would be found to be restrictive in probing respondents’ opinions, attitudes and feelings of service experience. Thus, quantitative research is not employed as the most appropriate
approach for this study, although case study has the advantage of using various sources, either qualitative or quantitative (Yin, 1994; Scapens, 2004).

This research is exploratory in nature, aiming to describe the complexity and gain insights to produce some understanding of service experience in business-to-business markets. Qualitative research has been found to be appropriate for this study as it is a valid tool to acquire knowledge focusing on human behaviour (Bonoma, 1985), and to uncover respondents’ experience and opinion (Malhotra and Birks, 2000). Thus, a qualitative approach is adopted.

5.5.10 Case Study: Research Quality Criteria

Quality criteria for case study research are of great concern to researchers (Beverland and Lindgreen, 2010). Academics use different terms when they discuss research quality criteria (see Table 9).

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Research Quality Criteria</th>
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<tbody>
<tr>
<td>Hirschman (1986)</td>
<td>Credibility, Conformability, Transferability, dependability</td>
</tr>
<tr>
<td>Yin (1994)</td>
<td>Construct validity, Internal validity, External validity, Reliability</td>
</tr>
<tr>
<td>Thietart (2001)</td>
<td>Validity, Reliability</td>
</tr>
<tr>
<td>Gill and Johnson (2002)</td>
<td>Internal validity, External validity</td>
</tr>
<tr>
<td>Maxwell (2005)</td>
<td>Internal generalisation, External generalisation</td>
</tr>
</tbody>
</table>

Validity and reliability are two important criteria when gathering quantitative data. Validity means testing or measuring attributes that should be measured to address research questions, while reliability means that the research can generate the same results by a different researcher on another occasion (Thietart, 2001).

In qualitative research, Gill and Johnson (2002) use the term internal validity to refer to whether or not the identified “causes” or “stimuli” actually produce the interpreted “effects” or “responses”; and use external validity to mean whether or not the findings can be generalised to a larger scope.

Maxwell (2005) distinguished between internal generalisation and external generalisation. A conclusion which can be applied within the setting or group studies is defined as internal generalisability, and if it can be generalised beyond that setting or group is labelled as external generalisability (Maxwell, 2005). Internal generalisability is key to qualitative
research, because it contributes to the validity of the conclusions drawn from the case studies (Maxwell, 2005). External generalisability does not mean that the findings can be applied to a larger population, but that the advance of a theory can be extended to other circumstances (Maxwell, 2005).

To assess the quality of a case study, Yin (1994, p.34) identified four important criteria: construct validity (i.e. “establishing correct operational measures for the concepts being studied”); internal validity (“for explanatory or causal case studies only…establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships”); external validity (i.e. “establishing the domain to which a study’s findings can be generalised”); and reliability (i.e. “demonstrating that the operations of a study…can be repeated with the same results”).

In contrast to Yin (1994)’s criteria, Hirschman (1986) suggested four assessment elements from a humanistic approach: credibility, transferability, dependability and confirmability. According to Hirschman (1986), credibility is considered as analogous to internal validity. Numbers are believed to be unable to contribute to the credibility of research, but the confidence of research subjects and the authenticity of responses increase credibility (Hirschman, 1986). Transferability is considered as analogous to external validity (Hirschman, 1986). Taking into account the uniqueness of social contexts, transferability is assessed by comparing interpretations generated from different contexts (Hirschman, 1986). Dependability is regarded as equal to reliability (Hirschman, 1986). Although no two interpretations constructed from a phenomenon are similar, triangulation (see section 5.5.10.2) has been suggested to improve the dependability of research (Hirschman, 1986). Confirmability is regarded as analogous to objectivity in positivist science (Hirschman, 1986). Humanistic inquiry admits the impact of the researcher’s role in investigating questions (Hirschman, 1986). For confirmability, it advocates using outside auditors to assess how the conclusions are reached from the data collected (Hirschman, 1986).

The subjectivity or the bias of the researchers, and the influence of the researchers on the setting of studies, are two important threats to the validity of qualitative conclusions (Maxwell, 2005). To tackle the validity issue of qualitative research, is not to minimise the researchers’ influence, but to understand how researchers influence the conclusions of studies, and explain possible biases and how they will be dealt with (Maxwell, 2005). Specific strategies for increasing research quality include: collecting different kinds of detailed, varied rich data which will provide a full revealing picture of the conditions under
investigation; getting respondents to check the data and conclusions to avoid misinterpretations; and, triangulation (see section 5.5.10.2) which refers to collecting information through a variety of methods and from various settings (Maxwell, 2005). Yin (1994) provided some tactics to ensure case study research quality (see Table 10).

<table>
<thead>
<tr>
<th>Table 10 - Case Study Tactics</th>
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</table>
| **Construct Validity**      | • Use multiple sources of evidence  
|                            | • Establish chain of evidence  
|                            | • Have key informants review draft case study report |
| **Internal Validity**       | • Do pattern-matching  
|                            | • Do explanation-building  
|                            | • Address rival explanations  
|                            | • Use logic models |
| **External Validity**       | • Use theory in single-case studies  
|                            | • Use replication logic in multiple-case studies |
| **Reliability**             | • Use case study protocol  
|                            | • Develop a case study database |

Source: Adapted from Yin (1994, p.34)

5.5.10.1 Application of Case Study Research Quality Criteria

In this study, to increase the construct validity, multiple sources of evidence have been obtained from secondary data, as well as from in-depth interviews and observations (see sections 5.5.8 and 5.5.10.2). At the same time, in case study one, the researcher had interactive feedback with key informants about the findings. Through this experience, the researcher learned that a written form of case study report may be a better way to assist the research process and improve research quality. Thus, in the second case study a draft of the second case study findings report was produced and sent to the senior managers and company representatives who were the key informants, to increase the construct validity (see Appendix H). The review of case study report was positive, and no questions were raised about the report.

To improve the internal validity, pattern-matching has been used in this study and themes have been generated in data analysis (see section 5.5.11.4.2). At the same time, rival explanations have been considered in discussing the findings with previous studies (e.g. see Discussion Chapter: ‘Help’, ‘Empathy’ and ‘Cooperation’). To enhance the external validity, the researcher used replication logic across the two case studies and compared the similarities and differences between them.
It has been suggested that a case study protocol is the main device that can be used to improve the reliability of case study research (Yin, 1994, also see Table 10). Developing a case study protocol is an effective way of preparing for data collection and guiding the entire case study investigation (Yin, 1994). Thus, a case study protocol has been developed to guide and ensure reliability of the case studies (see Appendix E).

5.5.10.2 Case Study: Triangulation

Triangulation has been advocated by researchers as it increases the validity and reliability of research, reduces the limitations of using a single approach to research questions, and broadens the understanding of a phenomenon under investigation (Gill and Johnson, 2002; Maxwell, 2005), although it is difficult to apply in practice.

There are four types of triangulation in carrying out evaluations: of data sources (data triangulation); among different evaluators (investigator triangulation); of perspectives on the same data set (theory triangulation); and of methods (methodological triangulation) (Patton, 1987).

First, using multiple sources of evidence in case studies has many advantages, including allowing an investigator to tackle a rich context of historical and behavioural issues, developing converging lines of inquiry, providing multiple measures of the same phenomenon to address the potential problems of construct validity, and leading to convincing and accurate findings or conclusions (Yin, 1994).

Second, researcher triangulation should provide a diverse range of insights (Scapens, 2004). There are two advantages of using a research team: first, team members can contribute to the richness of the data due to their different perspectives; second, the convergent perceptions can enhance the confidence in the findings (Eisenhardt, 1989). This study did not involve other researchers because of the concern that a PhD should be one’s own work rather than a team project. However, the initial coding was discussed with the PhD supervisor. In addition, the researcher had interactive feedback with key informants about the findings and considered key respondents’ comments on a draft case study report (see section 5.5.10.1).

Third, regarding theoretical triangulation, this study’s theoretical background stems from services marketing and business-to-business marketing. Perspectives from these two areas were employed to help with the interpretation of the data sets.
Fourth, triangulation of data collection methods provides a richer understanding of the research issues and enhances validity (Scapens, 2004). For example, interview transcription cannot adequately record non-verbal aspects of the interaction, thus Mason (1996) suggested that researchers make a record of their own observations, interpretations and experiences of the interview. This study included secondary data, and carrying out direct observation as well as in-depth interviews.

5.5.11 Case Study: Analysis

Analysis is the most difficult part of case study research (Yin, 1994). There may be numerous methods of analysis or multiple levels of analysis within a single study (Eisenhardt, 1989).

It should be noted that case study analysis cannot be objective (Scapens and Roberts, 1993). First, as discussed in section 5.5.5, both data collection and data interpretation are guided by some theory (Anderson, 1983). Second, case studies rely largely on organisational participants’ description of events (Scapens and Roberts, 1993). Third, data and facts are interpreted by researchers (Anderson, 1983). Case studies are not characterised by absolute reality or unquestionable facts, but are interpretations of interpretations (Scapens and Roberts, 1993). Qualitative researchers build the understanding of a phenomenon under investigation through identifying themes, using direct quotes from participants and producing a coherent story of findings (King, 2004a).

There are a number of types of data analysis, such as reading the interview transcripts, writing memos, developing coding categories, and analyzing narrative structure and contextual relationships (Maxwell, 2005). The following section explains the case study analysis employed in this study.

5.5.11.1 Interview Transcripts

The researcher attempted to transcribe the interviews in the first case study. However, due to English being a foreign language for the researcher and, in particular, because of some interviewees’ strong accents, to save time, all the interviews of first case study were transcribed by a transcription service company. In the second case study, the researcher managed to transcribe a number of the interviews, but the remaining interviews were transcribed by the same transcription service company. Interview transcripts were prepared for analysis.
5.5.11.2 Memos
Memos are found to be one of the most important tools for recording the understanding of research topics and developing ideas. Memos capture and facilitate analytic thinking about data as well as stimulate analytic insights (Maxwell, 2005). A number of issues can be included in memos, such as methodological issues, ethics, reflection on readings as well as fieldwork (Maxwell, 2005). Memos can be of most value if they engage serious reflection, analysis, and self-critique and are organised in a systematic retrievable form (Maxwell, 2005).

The researcher wrote memos to herself during the research process: from entering data to drawing conclusions. For example, the researcher filled in interview summary forms after each interview as memos (see Appendix J). In this study, interview summary forms helped the researcher to write down the main themes and capture flashes of insights obtained from the interviews. They helped to record cues, new surprising ideas and inspirations which may not be captured by listening to interview recordings later on. Memos also function to capture questions, puzzles or unclear concepts in the researcher’s mind.

Memos help with the development of a coding system (Miles and Huberman, 1994). Memos were kept during the data coding process when the researcher had a vague notion or found that one coding category may be related to another one, reminding the researcher to explore the similarities and differences of coding categories and to consider whether or not to merge them at a later stage. In other words, memos may propose a specific new pattern code (Miles and Huberman, 1994).

Furthermore, the researcher used memos for reflection. There is a learning process throughout the fieldwork. Data analysis drives ongoing data collection (Miles and Huberman, 1994). Qualitative study allows the flexibility of probing into new issues raised during the research process. Thus, the second case study of this project was modified and conducted based upon the first case study analysis. “The research process is one of continuous cycles of research and reflection” (Easton, 2010, p.11).

5.5.11.3 Research Diary
Excellent qualitative research is driven by reflexivity (Sandelowski and Barroso, 2002). Reflexivity refers to “the recognition that the involvement of the researcher as an active participant in the research process shapes the nature of the process and the knowledge produced through it” (King, 2004b, p.20). Researchers need to ‘read’ something about their roles and interface with the interview interactions (Nadin and Cassell, 2004).
In addition to keeping memos (see section 5.5.11.2), a research diary can be a very useful and insightful tool for qualitative research (Symon, 2004). Keeping a research diary assists reflexivity and critiquing the research process: helping the researcher to be aware of her role in the research, recording the progress and encouraging the researcher to ask questions, looking into newly raised concepts, critiquing ideas and developing critical thinking (Symon and Cassell, 2004). It helps researchers to make sense of the collected data, and provides an opportunity for researchers to examine how their fieldwork experience may impact on their interpretations of data (Nadin and Cassell, 2004). Thus, following Nadin and Cassell’s (2004) advice, fieldwork diaries were kept after each interview trip to help with the researcher’s reflection of undertaking the study (see Appendix K).

5.5.11.4 Coding

“A code is a label attached to a section of text to index it as relating to a theme or issue in the data which the researcher has identified as important to his or her interpretation” (King, 2004a, p.257). Codes can be descriptive, interpretive, and inferential and explanatory (i.e. pattern codes) (Miles and Huberman, 1994). King (2004a) distinguished between hierarchical coding and parallel coding. The former involves analysing texts at varying levels, while the latter classifies the same segment of text within two or more different codes at the same level.

Template analysis produces a list of codes, and organises them in a way to represent relationships between themes (King, 2004a). Matrices can also be used as part of the qualitative data analysis process as well as presenting various types of data (Nadin and Cassell, 2004). Template analysis and matrix analysis differ as they operate at different levels. Matrix analysis can be used in carrying out multi-site research where template analysis has difficulties (Nadin and Cassell, 2004).

The goal of coding in qualitative research is not to count things, but to organise data into themes and issues to facilitate comparisons and develop theoretical concepts (Maxwell, 2005). A case study does not have an objective of producing generalisable factors, but rather to make sense of what has happened (Scapens and Roberts, 1993).

For this research project, all interviews were recorded with the interviewees’ agreement, and transcribed for analysis (see section 5.5.11.1). Since abduction has been suggested as an appropriate approach to account for case studies (Dubois and Gadde, 2002; Easton, 2010) (see section 5.5.5), the data coding followed the process with a back and forth
movement between theory and empirical data throughout the data analysis process, and included two main stages: descriptive coding and analytical coding.

5.5.11.4.1 Descriptive Coding

Computer-assisted software, e.g. Nvivo and Atlas, is a useful tool to help researchers to code and categorise large amounts of narrative texts (Yin, 1994). The differences between Nvivo and Atlas are mainly that besides text, Atlas can be used to analyse audio, pictures and video (Lewis, 2004). However, computer software is only an aid to organise material, not an interpretive device (King, 2004a).

The researcher was trained to use Nvivo to assist with initial coding of the interview material. First, a list of categories from the research area and interview questions was generated. Second, by reading the initial data line by line, a group of free nodes were produced, concentrating on interesting ideas and issues. Third, the free nodes were assigned to the related categories from the first step. In other words, free nodes were moved into tree nodes. Tree nodes provide a broad picture and show the relationships of categories (Bazeley, 2007). Fourth, instead of forcing the codes into the initial categories, new categories were generated for unanticipated issues. Fifth, referring back to the literature review, codes were reviewed, some of which were renamed. At the same time, blocks of data such as a clause, sentence or paragraph were checked to be under the appropriate codes. Different modifications such as deletion, changing scopes and changing higher-order classification were made during the process to achieve meaningful categories. After completion of the first cycle of exhaustive coding, the codes were left for a couple of months and revisited later on by the researcher with a refreshed mind and perspective. Some of the codes were refined, combined or discarded when they were overbuilt, or ill-fitting. Appendix I shows the classification of descriptive codes generated from Nvivo.

5.5.11.4.2 Analytical Coding

Based upon the descriptive codes generated from Nvivo, the researcher carried out analytical coding manually. There are several ways to look for patterns and reach conclusions from cross-case studies. The tactics include looking for within-group similarities coupled with intergroup differences, looking for the subtle similarities and differences between cases and separating the analysis of qualitative and quantitative data (Eisenhardt, 1989). The similarities within and across cases surpass the differences (Eisenhardt, 1991). However, the researcher needs to be aware that cross case generalisation can only be made when the researched cases have relevant similar characteristics for the research conclusions (Smaling, 2002).
Based upon the descriptive codes generated from Nvivo, the researcher looked across the two case studies and made the first attempt at interpretative coding (see Table 11 and Table 12). However, the researcher found that the first version of interpretative coding was too descriptive, and some codes were in the wrong categories. For instance, ‘domino effects’ was under ‘context’, but in fact, ‘domino effects’ is evident in supplier-customer interactive processes. Therefore, it could be moved to ‘interactive processes’. Codes under ‘types of business-to-business service failure’, such as ‘not meeting customer requirements’ and ‘lack of understanding of customer needs’ could be moved up to another level of ‘outcome-related errors’ and ‘process-related errors’. Codes under ‘business-to-business service recovery’, for example, ‘listen to customers’ is part of ‘communication’, and ‘open and honest’ is part of ‘supplier-attitude’. Therefore, a second attempt was made. Types of business-to-business service encounters were added based upon the theories in the literature. Table 13 and Table 14 show the second version of interpretative coding.

The researcher found interpretative coding version two did not fully capture the themes. For instance, ‘provider characteristics’ and ‘customer perceptions’ did not reflect themes, such as ‘communication’ and ‘help’ that the researcher noticed in the data collection process and noted in memos (see section 5.5.11.2 and Appendix J) and the research diary (see section 5.5.11.3 and Appendix K). When seeing repeating ideas, new relationships and themes emerging through the analysis, the researcher revisited categories and refined codes or assigned codes under different themes. For instance, ‘mutual understanding’ was assigned under ‘communication’. ‘Empathy/looking after’ and ‘helping each other’ were revisited and separated into ‘supplier helping customer’ and ‘customer helping supplier’. Codes under ‘outcomes of business-to-business service recovery’, such as ‘customer satisfaction’, ‘continue using the service provider’, ‘customers’ future buying decision’ and ‘increased confidence’ were revisited and refined into three categories: ‘business-to-business relationship deterioration’, ‘business-to-business relationship maintained’, and ‘business-to-business relationship strengthened’. Therefore, interpretative coding version two was transformed into version three (see Table 15 and Table 16).

Further changes were made to version three to avoid ambiguity. For instance, the code of ‘business-to-business relationship’ under ‘outcomes of business-to-business service encounters’ is vague. Therefore, the coding and data were revisited, and ‘outcome of positive experience of service encounters’ and ‘outcome of negative and mixed experience of service encounters’ were used to replace ‘business-to-business relationship’ to enhance
clarity. ‘Business-to-business service recovery’ was further split into ‘outcome of service recovery/what is done’, and ‘process of service recovery/how it is done’. The key question for the researcher is whether or not an explanation can be provided for important empirical problems (Anderson, 1983). The final version (see Table 17 and Table 18) was reached to reflect the themes identified in this study and assist in answering the research questions.
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<thead>
<tr>
<th>Supplier-related factors</th>
<th>Customer-related factors</th>
<th>Supplier-Customer interactivenss</th>
<th>Context</th>
<th>Outcomes</th>
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<td>Quality of metal finishing/paint</td>
<td>Customer improvement</td>
<td>Need each other for business</td>
<td>Domino effect</td>
<td>A good working relationship</td>
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<td>Turnaround and delivery</td>
<td>Customer helps supplier</td>
<td>Help each other</td>
<td>Context based</td>
<td>Supplier confidence in distributors</td>
</tr>
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<td>Supplier team work</td>
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<td>Understanding each other</td>
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<td>Power/dependence</td>
<td>Adaptation/flexibility</td>
<td>Industry factor</td>
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<td>Technical competence</td>
<td>Perceived fairness</td>
<td>Work together/partnership</td>
<td>Depth/type of relationships</td>
<td>Customer confidence</td>
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<td>Location</td>
<td>Sharing information</td>
<td>Mutual understanding</td>
<td>Company strategy</td>
<td>Trust and confidence</td>
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<td>Frequency of doing business with each other</td>
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<td>Understand and meet customer needs</td>
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<td>❖ Incurred extra costs</td>
<td>❖ Empathy/looking after</td>
<td>❖ Customer satisfaction</td>
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<tr>
<td>❖ Lack of understanding of customer needs</td>
<td>❖ Damage service providers’ reputation</td>
<td>❖ Responsiveness in handling problems</td>
<td>❖ Continue using the service provider</td>
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<td>❖ Technical support in handling problems</td>
<td>❖ Customers’ future buying decision</td>
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<td>❖ Customer dissatisfaction</td>
<td>❖ Company policy</td>
<td>❖ Strengthened relationships</td>
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<td>❖ Disruption to customers’ workflow</td>
<td>❖ Open and honest</td>
<td>❖ Increased confidence</td>
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<td>❖ Switch to another supplier</td>
<td>❖ Help with customer knowledge</td>
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<td>❖ Single vs. repeated service failure</td>
<td>❖ Co-solving problems</td>
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<td></td>
<td>❖ Domino effects in service failure</td>
<td>❖ Listen to customers</td>
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<td>❖ Communication</td>
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<td>❖ Perceived fairness</td>
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<td>❖ Problem solution</td>
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<td>❖ Supplier pro-activeness</td>
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<td>❖ Backup support</td>
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Table 12 – Business-to-Business Service Failure and Recovery Interpretative Coding, Version 1
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<th>Types of Business-to-Business Service Encounters</th>
<th>Provider characteristics</th>
<th>Customer perceptions</th>
<th>Interactive processes</th>
<th>Context of the service encounters</th>
<th>Outcomes of Business-to-Business Service Encounters</th>
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<td>Provider characteristics</td>
<td>Customer perceptions</td>
<td>Interactive processes</td>
<td>Context of the service encounters</td>
<td>Outcomes of Business-to-Business Service Encounters</td>
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<td>Turnaround and delivery</td>
<td>Frequency of doing business</td>
<td>Confidence and Trust</td>
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<td>Need each other for business</td>
<td>Consistency/reliability</td>
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<td>Customer improvement</td>
<td>Available alternatives suppliers</td>
<td>Understanding each other/mutual understanding</td>
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<td>customer needs</td>
<td>Customer helps suppliers</td>
<td>Industry factor</td>
<td>Frequency of doing business</td>
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<td>Honesty</td>
<td>Willingness to have a relationship</td>
<td>Domino effects</td>
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<td>Supplier competitiveness</td>
<td>Business benefits</td>
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<td>Help with problems related to other parties</td>
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<td>❖ Process-related errors</td>
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<td>❖ Customer satisfaction</td>
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<td>❖ Outcome-related errors</td>
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<td>❖ Supplier attitude</td>
<td>❖ Continue using the service provider</td>
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<td>❖ Disruption to customers’ workflow</td>
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<td>❖ Switch to another supplier</td>
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<td>❖ Single vs. repeated service failure</td>
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<td>❖ Domino effects in service failure</td>
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<td>Multi-functional role</td>
<td>Business-to-business relationships</td>
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Table 15 - Business-to-Business Service Encounters Interpretative Coding, Version 3
|---------------------------------------------|-----------------------------------------------|-------------------------------------|-----------------------------------------------|
| ❖ Service provider-related errors
❖ Customer-related errors
❖ Environmental-related errors               | ❖ Incurred extra costs
❖ Damage service providers’ reputation
❖ Disruption to customers’ workflow
❖ Switch to another supplier
❖ Single vs. repeated service failure
❖ Domino effects in service failure           | ❖ Resolution of problems
❖ Communication
❖ Supplier attitude
❖ Mismatched perceptions of service failure
❖ Supplier availability and responsiveness
❖ Perceived fairness
❖ Co-recovery
❖ Domino effects in service recovery
❖ Service recovery policy                     | ❖ Business-to-business relationship deterioration
❖ Business-to-business relationship maintained
❖ Business-to-business relationship strengthened |
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<td>Outcome of Negative and Mixed Experience of Service Encounters</td>
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</tr>
</tbody>
</table>
Table 18 - Business-to-Business Service Failure and Recovery Interpretative Coding, Final Version

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>❖ Service provider-related errors</td>
<td>❖ Incurred extra costs</td>
<td>❖ Resolution of service failure</td>
<td>❖ Communication</td>
</tr>
<tr>
<td>❖ Customer-related errors</td>
<td>❖ Damage service providers’ reputation</td>
<td></td>
<td>❖ Pre-empting failures</td>
</tr>
<tr>
<td>❖ Environmental-related errors</td>
<td>❖ Disruption to customers’ workflow</td>
<td></td>
<td>❖ Supplier attitude</td>
</tr>
<tr>
<td></td>
<td>❖ Switch to another supplier</td>
<td></td>
<td>❖ Correct mismatched perceptions of service failure</td>
</tr>
<tr>
<td></td>
<td>❖ Single vs. repeated service failure</td>
<td></td>
<td>❖ Supplier availability and responsiveness</td>
</tr>
<tr>
<td></td>
<td>❖ Domino effects in service failure</td>
<td></td>
<td>❖ Perceived fairness</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>❖ Co-recovery</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>❖ Domino effects in service recovery</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>❖ Service recovery policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>❖ Business-to-business relationship deterioration</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>❖ Business-to-business relationship maintained</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>❖ Business-to-business relationship strengthened</td>
</tr>
</tbody>
</table>
5.5.11.5 Case Study Report

There are several ways of presenting research findings, such as: making case comparisons and comparing the differences and similarities; structuring an account around main themes and using illustrative quotes from transcripts; and a thematic presentation of using individual case studies to illustrate each of the themes identified (King, 2004a). For multiple case studies, it may be possible to construct an adequate explanation for each case singly, and then to make comparisons and to allow a common explanation to emerge (Yin, 1981). However, whatever approach is taken, good story telling, describing the phenomena and context, is essential (Dyer and Wilkins, 1991).

Moreover, a qualitative research report must be logically and clearly supported (Smaling, 2002). Explicit citations of evidence need to be included to present overall findings and show how specific conclusions are reached (Yin, 1981; King, 2004a). Qualitative findings should be coherent, interpretive renderings of the phenomena or events under investigation, showing connections of themes or dimensions to each other (Sandelowski and Barroso, 2002), and narratives need to be organised around specific questions or propositions (Yin, 1981). In addition to the conventional modes of case study representation, such as the description and narration of reality, and using tables and figures, Borghini, Caru and Cova (2010) proposed videography as an innovative way of preparing a case study report.

The researcher found that a presentation around main themes (King, 2004a) was appropriate for this study to reflect the thematic approach in the analysis and illustrate the themes identified. Quotes from interview transcripts and vignettes were used to display evidence and assist story telling (Yin, 1994). Similarities and differences between case studies were also made in the findings. Chapter seven presents the detailed findings.

5.6 Ethical Statement

“It is difficult to conduct much research at all without running into ethical arguments” (Coolican, 1999, p.487). Based on the Council for Marketing and Opinion Research: Respondent Bill of Rights (Parasuraman et al., 2004), the ethical statement of the research is as follows: confidential agreements were made between the researcher and the case study companies; a letter with university headed notepaper was given to the participants at the beginning of each interview (see Appendix L), the nature of the research and the name of the interviewer were introduced in the letter; the interviewees were contacted at reasonable times, and if the time was inconvenient, another time which was convenient to
the interviewee was reset; participants were informed in advance of the recording of the interviews and the intended use of the recording; interviewees were allowed to freely express their views in the research; the interviewees’ decision to participate in the study, answer specific questions, or discontinue their participation was respected without question; interviewees’ names, addresses, phone numbers, or any other personal information was not disclosed to anyone outside the research without their permission and the privacy of interviewees’ responses was respected and maintained.

5.7 Summary

This chapter has defined the research area and presented the research questions of this study. Various philosophical views have been reviewed, and the researcher’s post-positivist stance was explained which shaped and reflected the later research design. After comparison of different research strategies, case studies were chosen because they can be used to explore contemporary events within complex real-life situations and uncover ‘how’ and ‘why’ questions. As case studies may use multiple sources, qualitative and quantitative research in previous studies investigating service issues in business-to-business markets were reviewed (see Appendix C and Appendix D), and the researcher’s choice of qualitative research has been explained. A case study protocol was developed to guide the process of conducting the case studies, from data collection to data analysis. Various versions of coding in data analysis have been presented to show the decision trail. The form of case study report has also been stated. Finally, the ethical statement has been made to show consideration of research ethics.
Chapter 6  Research Findings

6.1 Introduction

This chapter presents the research findings from the two case studies. Firstly, the background information of both case studies is introduced; this includes information about the service providers and their customers along with the context of the industry. Secondly, findings relating to the characteristics of business-to-business service encounters are presented. This includes types of service encounters, themes identified in business-to-business service encounters that assist the understanding of customers’ service experience, and outcomes of business-to-business service encounters. Finally, characteristics of business-to-business service failure and recovery are reported; these comprise types and outcomes of business-to-business service failure, and service recovery strategy as well as outcomes of service recovery in business-to-business markets.

6.2 Background Information

The findings showed the background information of the two case studies which provided a basis for understanding business-to-business service encounters. Further details are presented in the sections below.

6.2.1 Case Study One - Supplier Background

The companies in case study one are located in the North of England. The service provider, EPE, is part of HKJ Limited, which dates back to 1855. HKJ Limited owns the property, the sites, and two operating companies: EPE and PKY. PKY is the larger of the operating companies, a lock and specialist railway product manufacturer, employing 63 people with £3.4 million sales in 2007. EPE is relatively smaller, having 25 employees with £919K sales in the same year. EPE is a metal finishing company, providing a combination of finishes such as powder coating, electroplating, polishing, blasting, wet painting, pad printing, and silk screen-printing. EPE’s technical ability in metal finishing provides great convenience to customers. For instance, EPE can provide an antibacterial coating which few other suppliers can offer. In addition, EPE provides customers with transportation, technical backup and gives them a full metal-finishing package. It is a one-stop metal finishing shop for clients. The group mission statement is that “we aim to be our customers’ first choice supplier. We will achieve this by offering top quality products and services and

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4 This case data source is from the company website, not revealed to maintain confidentiality.

The background of the five interviewees from EPE is summarised in the interview profiles in Table 19.

<table>
<thead>
<tr>
<th>Supplier Organisation</th>
<th>Industry</th>
<th>Respondent’s Job Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPE</td>
<td>metal finishing</td>
<td>general manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>technical manager, with a combination of project managing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>production manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>business development manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>production clerk</td>
</tr>
</tbody>
</table>

6.2.2 Case Study One - Customer Backgrounds

EPE’s main customer is an internal customer, PKY a sister company, which manufactures lock mechanisms for the rail industry and the high-security industry for buildings. The majority of EPE’s external business comes from the sign making and engineering industries (see Table 20).

The customer organisations involved in case study one had a wide range of experience dealing with EPE, from eighteen months to about twenty-five years. Among the fourteen customer companies, eight of them had been dealing with EPE for less than four years, four companies for between four and ten years, and two other companies for more than twenty years.

The findings showed that customers’ frequency of interaction with EPE is not related to the amount of time over which they have done business with each other. One of the customers has interacted with EPE very infrequently, only for emergencies, although it has been doing business with EPE for seven years. A couple of customers explained that their interactions with EPE very much depend on the jobs coming in to them. Six of the customers interact with EPE either every day or every other day, while the other organisations contact EPE every week or month.

Most customers mentioned that their relationship with EPE had been built up, developed or reached a plateau over the years. Customers such as RLE and RPS reported that the volume of work that they send to suppliers reflects their business-to-business relationships: when a relationship is in its infancy, a customer will only give a small amount of work to EPE; as the relationship improves, the volume of work the customer sends to EPE
increases. Another sign of the business-to-business relationship changing is that a customer (e.g. UPR) will seek EPE’s advice for specifications on paints or on plating different coatings, which would not happen during the early stage of the companies’ interactions.

The background to the fifteen respondents from the fourteen customer companies is summarised in the interview profiles in Table 20.

<table>
<thead>
<tr>
<th>Customer Organisation</th>
<th>Industry</th>
<th>History of Dealing with EPE</th>
<th>Frequency of Dealing with EPE</th>
<th>Respondent’s Job Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMT</td>
<td>engineering</td>
<td>two-three years</td>
<td>Everyday</td>
<td>managing director</td>
</tr>
<tr>
<td>AS</td>
<td>signage</td>
<td>about two years</td>
<td>Every other day</td>
<td>manufacturing manager</td>
</tr>
<tr>
<td>FN</td>
<td>hospital equipment</td>
<td>three years</td>
<td>Depends on jobs</td>
<td>procurement and planning manager; buyer</td>
</tr>
<tr>
<td>BTF</td>
<td>educational scientific furniture</td>
<td>three years</td>
<td>Four times a week</td>
<td>production planning, control manager</td>
</tr>
<tr>
<td>GCR</td>
<td>laser technology</td>
<td>eight - ten years</td>
<td>Everyday</td>
<td>managing director</td>
</tr>
<tr>
<td>GCR</td>
<td>laser technology</td>
<td>eight - ten years</td>
<td>Everyday</td>
<td>project manager</td>
</tr>
<tr>
<td>CME</td>
<td>architectural metal works</td>
<td>three years</td>
<td>Depends on jobs</td>
<td>logistics controller</td>
</tr>
<tr>
<td>MBM</td>
<td>engineering</td>
<td>seven years</td>
<td>Very infrequently</td>
<td>general manager</td>
</tr>
<tr>
<td>LT</td>
<td>transformers</td>
<td>four - five years</td>
<td>Every week</td>
<td>managing director</td>
</tr>
<tr>
<td>HFE</td>
<td>engineering</td>
<td>about two years</td>
<td>Every month</td>
<td>company secretary</td>
</tr>
<tr>
<td>PKY</td>
<td>manufacturer of lock mechanisms</td>
<td>25 years</td>
<td>Everyday</td>
<td>managing director</td>
</tr>
<tr>
<td>RLE</td>
<td>subcontract engineering</td>
<td>one year and a half</td>
<td>Every one or two weeks</td>
<td>technical director, running the production</td>
</tr>
<tr>
<td>RPS</td>
<td>lighting</td>
<td>three years and five months</td>
<td>Every other day</td>
<td>managing director</td>
</tr>
<tr>
<td>SPG</td>
<td>patent glazing</td>
<td>about 20 years</td>
<td>All the time</td>
<td>contracts director</td>
</tr>
<tr>
<td>UPR</td>
<td>railway barrowing</td>
<td>six-seven years</td>
<td>Every week</td>
<td>assistant cell manager</td>
</tr>
</tbody>
</table>

### 6.2.3 Context of Metal Finishing

EPE recognise that metal finishing is an integral part of the customers’ offering. Andy (the technical manager of EPE) illustrated the role of metal finishing for customers as:

“...for them to be able to sell some kind of quality product. Without metal finishing, you get bad corrosion...the parts which they’ve been designed for would be of no use.”
EPE customers believe that their product is distinguished by how it has been painted, especially for the signage industry. The illustration given by AMT, summarised in Vignette 1 explains the point.

### Vignette 1 – Importance of Metal Finishing

| Most people will judge a product by how it looks. If you have bought a car and the paint work is terrible, it could be a Mercedes but your impression is that this is rubbish, isn’t it? Think about wireless router cases, even if they are five pounds for a case, while the electronics and technology inside may be worth 200 pounds. A lot of what AMT make is functional but that isn’t how people perceive it or how they judge it. Although it is a five pound case, people perceive the case but not the things inside. The product is perceived by how well it’s been painted. Metal finishing is critical. |

However, EPE and their customers were aware that the degree of importance of metal finishing quality for customers may vary according to specific product applications such as whether or not the finishing will be hidden from view or inspected by people. In addition, whether or not customers are price-oriented or quality-oriented will also influence their requirements for the quality of metal finishing.

The cost of metal finishing is minor compared to that of the overall products, Paul (the general manager of EPE) explained that:

“the value of metal finishing is 10% or less of the end-unit cost...If we (EPE) have to be 11%, so only 1% difference on his (customer's) total cost but he gets it on time and he gets it right.”

This view has been supported by customers, as LT mentioned that:

“price isn’t so important as getting the job right...we are willing to pay a little bit more just to get the job right and work with the right people.”

In the metal finishing industry, price is not as important as the service.

Metal finishing is normally the last operation before sales or assembly. Due to the nature of the metal finishing industry, metal finishing service providers’ quick turnaround and on time delivery is very important. The quotation from PKY illustrates this point:

“metal finishing comes as the last operation prior to assembly...there is very little time left to get the metal finishing done, and assemble it. We need a fast turnaround of metal finishing.”

Thus, in the metal finishing industry, customers evaluate suppliers’ quoted price versus turnaround timescale. RPS pointed out that they have turned away suppliers who offered cheaper prices, but they have kept using EPE as a supplier because of its quick turnaround. However, although ‘turnaround and delivery’ is important in the metal finishing industry,
customers admitted that they valued the right quality more than the delivery time, and this is because their cash flow would be affected if their products are rejected by clients.

Metal finishing requires capital intensive facilities. At the same time, the government sets many strict regulations in the metal finishing industry because of effluents and processed chemicals. Many firms outsource their finishing instead of having their own paint shop (http://www.p2pays.org/ref/03/02454/overview.htm).

6.2.4 Case Study Two - Supplier Background

GMH, is located in the North West of England. GMH is an independent paint manufacturer, established in 1930. It employs 180 people. GMH supplies painting materials ranging from standard to highly specialised, from traditional to unconventional, from paints to trampoline lacquer. GMH has the biggest colour library in the painting industry in the UK, dating back to the 1930s, which enables them to customise a coating for customer needs for a wide range of paint colours. In addition, GMH offers tinters/colourants which constitute mixing schemes that enable distributors to mix a wide range of colours for their clients. GMH also offers customers a waste disposal service, and the resource of its R & D laboratory for identifying and counteracting difficult-to-overcoat substrates and finishes, as well as updates on current regulations and other technical standards. GMH defines itself as “one name that covers everything” and aims to provide customers with what they want. GMH has been awarded the ISO 9001:2008 accreditation.

The backgrounds of the five interviewees in GMH are summarised in the interview profiles in Table 21.

<table>
<thead>
<tr>
<th>Supplier Organisation</th>
<th>Industry</th>
<th>Respondent’s Job Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMH</td>
<td>Paints and Powder Coating</td>
<td>Sales Representative</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales Representative</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales Representative</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales Representative</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales Representative</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laboratory Technician (has contact with customers)</td>
</tr>
</tbody>
</table>

6.2.5 Case Study Two - Customer Backgrounds

The customers involved in case study two include industrial customers and distributors, which are the two main types of GMH customers. Its industrial customer sector covers an array of commercial transport, automotive, general industrial and marine businesses. The customers that were interviewed have been doing business with GMH for different periods

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5 This case data source is from the company website, not revealed to maintain confidentiality.
of time, from one year to twenty-five years. Among the fourteen customer companies, six of them have been dealing with GMH for less than five years, three of them for between five to ten years, and five of them for twenty years or more.

The frequency with which customers deal with GMH is also not related to the amount of time for which they have been doing business with each other. One of the customers (VPC) first became a customer twenty-one years ago, but now they rarely deal with each other. Many of the customers interviewed interact with GMH weekly or daily, depending on their needs.

The majority of the customers pointed out that their relationships with GMH have developed or consolidated. Signals for the development of relationships vary from increased contacts with sales representatives, knowing each other better, adapting more to each other, to relating better to each other.

The background of the fifteen interviews with fourteen customer companies is summarised in the interview profiles in Table 22.
Table 22 - Case Study 2 Customer Organisations Interview Profile

<table>
<thead>
<tr>
<th>Customer Organisation</th>
<th>Industry</th>
<th>History of Dealing with GMH</th>
<th>Frequency of Dealing with GMH</th>
<th>Respondent’s Job Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>Furniture</td>
<td>20 years</td>
<td>Weekly – depends on work</td>
<td>Shop supervisor</td>
</tr>
<tr>
<td>BJ</td>
<td>Furniture</td>
<td>Two years</td>
<td>Every other day</td>
<td>Office manager</td>
</tr>
<tr>
<td>FP</td>
<td>Engineering – refurbish containers</td>
<td>Two-three years</td>
<td>Weekly</td>
<td>Managing director</td>
</tr>
<tr>
<td>JJ</td>
<td>Furniture</td>
<td>22 years</td>
<td>Daily</td>
<td>Production manager</td>
</tr>
<tr>
<td>SE</td>
<td>Engineering – making containers</td>
<td>Four years</td>
<td>Daily</td>
<td>Finishing manager</td>
</tr>
<tr>
<td>SPC</td>
<td>Powder coatings</td>
<td>25 years</td>
<td>Weekly</td>
<td>Production manager</td>
</tr>
<tr>
<td>TG</td>
<td>Engineering – making Fire protection equipment</td>
<td>Eight years</td>
<td>Weekly</td>
<td>Factory manager</td>
</tr>
<tr>
<td>VG</td>
<td>Engineering</td>
<td>25 years</td>
<td>Once a week</td>
<td>In charge of the paint side</td>
</tr>
<tr>
<td>VPC</td>
<td>Powder coatings</td>
<td>21 years</td>
<td>Rarely</td>
<td>General officer</td>
</tr>
<tr>
<td>YCL</td>
<td>Repairing caravans</td>
<td>One year</td>
<td>Weekly</td>
<td>Regional manager</td>
</tr>
<tr>
<td>CC</td>
<td>Paint Distributor</td>
<td>Two and a half years</td>
<td>Daily</td>
<td>Technical manager</td>
</tr>
<tr>
<td>MPS</td>
<td>Paint Distributor</td>
<td>Ten years</td>
<td>Daily</td>
<td>Managing director</td>
</tr>
<tr>
<td>ST</td>
<td>Paint Distributor</td>
<td>Five years</td>
<td>Daily</td>
<td>Branch manager</td>
</tr>
<tr>
<td>APS</td>
<td>Paint Distributor</td>
<td>Two and a half years</td>
<td>Once a month</td>
<td>Shop owner</td>
</tr>
</tbody>
</table>

6.2.6 The Context of Paint

Paint is of critical importance for both GMH’s industrial customers and distributors. Paint is an integral part of industrial customers’ offerings. As SE said:

“without paint, products become rusty.”

Paul (a GMH sales representative) pointed out that:

“customers cannot sell products that are not painted to their clients.”

For distributors, GMH offers a painting system along with paints. The painting system is a colour based system, which can be used to dispense and mix any colour that customers desire. Paint is the distributors’ business. All the distributors acknowledged that paint plays a critical role in their business.
Because of government fire regulations and risk assessment, companies are only allowed to store a minimal amount of paint. Thus, customers put pressure on GMH to supply paints frequently to meet their daily production needs. At the same time, the paint and coating industry involves many technical issues. Thus, GMH’s technical competence and support plays an important role in its interaction with customers.

Overall, EPE (case study one) provides a metal finishing service, and GMH (case study two) supplies paint and colour-based paint systems. The core offerings of both case study companies, metal finishing and paint/colour-based paint systems, are of great importance to their customers. The customer bases explored in the case studies covers a wide range of sectors. Because of the variation in length and frequency that customers have been doing business with EPE and GMH, the researcher is able to investigate a variety of customer service experience. The background information for the two case studies provides a basis for understanding the research results.

### 6.3 Business-to-Business Service Encounters

The results identified three types of business-to-business service encounters, and four important themes related to business-to-business service encounters, i.e. ‘communication’, ‘people’, ‘adaptation’ and ‘help’. The findings revealed positive and negative outcomes of business-to-business service encounters. These are discussed in further detail in the sections below.

#### 6.3.1 Types of Business-to-Business Service Encounters

Three types of service encounters were identified in both of the case studies. First, is an indirect remote encounter, for instance, enquiries and quotes may be carried out through fax machines or emails. This type of encounter does not involve personal interaction. Second, is an indirect personal encounter, for example, customers may have conversations with service providers over the phone to discuss business issues. In this type of encounter, there are verbal interactions between people from two parties but not physical interaction. Third, is a direct interaction, for instance, sales representatives visiting customers, or customers visiting service providers. There is a direct physical encounter between customers and providers in this case.

The findings suggest that indirect personal encounters with only verbal interactions may be unsatisfactory from both service providers’ and customers’ perspectives. For instance, in case study two, Paul (a GMH sales representative) noted that customers’ report to the
laboratory of issues related to products may be twisted because of ‘Chinese whispers’, and because of this, technicians may not grasp the information correctly. Direct interactions between customers and service providers allow asking questions and examining reported problems which is critical for the service experience.

Direct encounters were reported to be valued because people are able to understand each other more, and find out more information by face-to-face communication. For example, in case study two, Paul (a GMH sales representative) commented that customers are more likely to explain and tell the truth about what will happen in the future during direct face-to-face contact, rather than over the phone. Paul further pointed out that face-to-face visits enable a better understanding of how people feel such as whether they are interested or feel offended.

Customers also pointed out that face-to-face direct encounters help them to understand how GMH can help them. It was also that it is hard to have a relationship if people only talk over the phone and never see each other’s faces. TG commented that:

“if there is no representative, someone just speaking to someone on the end of a phone, is no good to me.”

Customers want to know the people they talk to. SPC supported this aspect by saying that:

“if it is always over a telephone, it does not work. I would like to see the person I am talking to. Because a lot of companies that you ring up, it is automated systems; press 1 if you want to speak. I talk to Alan. I know I can speak to him on a regular basis but I want to see you...if there is no face-to-face talk, there’s no relationship. You just buy a product.”

Both case studies show that the level and frequency of service encounters between service providers and customers vary. Customers’ requirements about the frequency with which suppliers contact them are different. Some customers may require sales representatives to visit them once a week, others may require fewer visits. This could be explained by the amount of support and technical help customers require, as Alan (a GMH sales representative) stated:

“less experienced customers may require paint suppliers to hold their hands to do everything.”

This concurs with customers’ views: new customer companies admitted that they needed more support from GMH, while some distributors pointed out that they needed less frequent contact and reported that frequent contacts may even become a disruption in their
busy daily work. In addition, the frequency of service encounters does not seem to relate to the size of customer companies, as GMH staff recognised that they needed to contact small customers because they may become large customers one day.

In business-to-business markets, service encounters may involve multiple contacts. In case study one, customers pointed out that they may contact the sales representative, the production manager and the production clerk at different points in a business deal. In case study two, Paul (a GMH sales representative) recognised that having multiple contacts in a customer company, from a sprayer to the guard on the gate, is to GMH’s advantage, because:

“people may warn you that the buyer has got another supplier coming in”.

Alternatively, employees working in a customer company may get promoted to different positions. For example, a sprayer may become a person who orders the paint. However, some customers expressed their preference for dealing with only one main contact in a supplier’s company. SE explained:

“we need to deal with an individual. If I have got problems, I do not want to be speaking to three, four different people. I would rather be speaking to one and then get the information. There is no point four people trying to find the same information for you because it all comes back different...it is easier to deal with one person.”

Types of service encounters in business-to-business markets may be different from industry to industry. For instance, SE explained that they required paint suppliers to visit them often and give them advice and consultation. In contrast, SE needed few direct encounters when buying steel, in fact, they did not need steel suppliers’ representatives to visit. This was because price was a major factor that buyers take into account when buying steel, and most steel buying was dealt with over the phone on a yearly basis.

6.3.2 Themes in Business-to-Business Service Encounters

Several themes related to business-to-business service encounters became apparent during the data analysis. These include ‘communication’, ‘people’, ‘adaptation’ and ‘help’, and are discussed below.

6.3.2.1 Communication

The significance of communication in business-to-business service encounters is evident in this research. It was mentioned by all the respondents. Customers believed that
communication between two parties influences business interactions and supplier-customer relationships, as SPC commented:

"a lot of businesses fail because they don't communicate."

The findings revealed a number of sub-themes and are discussed below.

6.3.2.1 Multi-functional Role

The results suggest that communication plays a multi-functional role in business-to-business service encounters. Many of the interviewees noted the importance of communication for exchanging information in order to facilitate business interactions such as placing or tracing orders, checking the progress of jobs, delivery time, requesting an urgent delivery, arranging a vehicle for delivery, or negotiating price. Many interviewees pointed out that service providers’ work is dependent on the information that customers provide. For instance, UPR in case study one explained that if they cannot provide the information needed for a metal finishing job, it will frustrate EPE and slow down EPE’s production. Flow of information impacts on service providers’ as well as on customers’ production. Good information exchange can reduce the complexity of processing orders, facilitate job completion, provide assurance to customers of the orders undertaken, and smooth the business process. The role of communication is also discussed in the context of service failure and recovery (see sections 6.4.3.2.1 and 6.4.3.2.2).

Customers communicate with service providers to obtain advice. In case study one, Andy (the technical manager of EPE) pointed out that customers valued their recommendations and technical support. Similarly, in case study two, customers sought GMH’s recommendations due to their lack of knowledge about paint, as Martyn (a GMH sales representative) reported:

"customers will contact us for technical advice when there is a particular job coming in, and they need supplier suggestions."

Communication was seen to help service providers to get customers’ feedback, such as finding out whether or not customers were satisfied. In case study two, Steve (the GMH laboratory technician) gave the example that painting software needs to be user-friendly and is developed based upon feedback. He noted that feedback from customers informs GMH about what they need from the software and what could be improved. He explained that GMH implemented the customer feedback and this improved the software which, in turn, made customers more content with the software.
It was evident that customers appreciate service providers’ interest in getting feedback from them. For instance, SE explained:

“a lot of companies once they get your business, they don't bother and pull up. GMH will phone up to see if everything is OK…”

SPC supported this view that on the day of delivery:

“GMH will ring up to see if I have got the paint, while other suppliers do not do that.”

It is noted that listening is closely related to communication. Norman (a GMH sales representative) said that:

“we listen to what customers say and take note of what customers say.”

In Norman’s car, a pen and post-it pads were there for taking information when talking to customers over the phone. It not only showed GMH’s interest in a customer’s business, but also improved GMH’s professional performance by taking customers’ feedback on board to make sure that customers are satisfied.

Communication was also used as a keep-in-touch tool to “remind customers of the supplier (GMH)” – Martyn (a GMH sales representative), or “getting hold of the door” - Tom (the business development manager of EPE). Customers in both case studies also recognised that service providers used communication as a tool for “catching up” – RPS (a customer in case study one) and obtaining business from them.

6.3.2.1.2 Mutual Understanding

The findings illustrated that communication contributes to the mutual understanding and familiarity between service providers and customers, and influences business-to-business relationships, as MBM said:

“talking to each other, understanding each other...that's the basis of a good relationship.”

Face-to-face communication is highly valued by both service providers and customers as it enhances mutual understanding, and is seen to be an important outcome of the service encounter (see section 6.3.1).

Customers use communication to explain their needs and make sure that service providers understand their requirements, as SE commented:

“I want to review verbally...to make sure it is understood what we want.”

It takes time for service providers to understand customer requirements; however, the results suggest that customers are tolerant of service providers if they are committed to
listening to what the customer wants. The following quotation from AMT supported this point:

“what you really need is...people willing to come and talk to you, listen to you about what you want, and willing to work with you. When you say well you’ve done this, but it isn’t right...do it again, this is what we want.”

At the same time, communication helps EPE find out “how busy people (customers) are” and “what orders they might have coming in” - Tom (the business development manager of EPE). As EPE may not always be aware of customers’ future plans, communication is essential for EPE’s understanding of customers needs and continuing to offer them the service required. Vignette 2 is an example of how EPE improved its service by offering a collection and delivery service for customers based upon a better understanding of services that customers appreciate.

<table>
<thead>
<tr>
<th>Vignette 2 - Delivery and Collection Service</th>
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<tbody>
<tr>
<td>EPE recognised that customers would like a full package of service. Therefore, EPE improved its transportation in order to provide a collection and delivery service. Without EPE’s collection and delivery service, customers have to arrange transport, tell EPE exactly when they want completion, and arrange transport to get the goods back again.</td>
</tr>
<tr>
<td>Last year, EPE invested in a seven and half ton truck to experiment with bigger items. EPE can go into caseworks to collect the work offerings and deliver finished items back: this removes a lot of difficulty and complexity from customers.</td>
</tr>
<tr>
<td>After reviewing the transportation offer, EPE found that their collection and delivery service made customers more reliant on EPE, but customers were happy to rely on EPE because they could provide this service. EPE are about to put another vehicle on the road because of this.</td>
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</tbody>
</table>

Vignette 3 is another illustration of the significant role that communication plays in matching what customers are looking for with what EPE can offer.
**Vignette 3 – Understanding and Meeting Customer Needs**

There are certain tweaks to the metal finishing process which are very simple for EPE but mean a great deal to the customer. However, EPE doesn’t know an issue exists unless it asks, and customers don’t know to tell EPE, such as how to protect the paint finish, i.e. to stop paint damage in transit.

Traditionally, customers have been receiving goods wrapped in corrugated cardboard, which is not environmental-friendly. However, there are a number of ways of protecting paint. For instance, customers can get LoTac plastic coatings, very cheap and cheerful, but they actually stop the bruising to the powder coat finish. Customers don’t know this is a different offer. EPE found out that customers have difficulty with protecting paint by talking to Alpha Signs. Earlier, EPE had been asked by this customer not to protect anything because they were concerned about the amount of packaging they would have to throw away. EPE ended up providing the paint protection service and started to roll it out to other sign companies in order to protect their products as well.

The findings suggest that communication not only enables service providers’ better understanding of customers, but also helps customers’ understanding of how service providers perform and what to expect from them. For instance, in case study one, CME gave an example of understanding a supplier by visiting them:

“I understand when a supplier says that they can’t do that (delivery) for this afternoon. It’s just not possible to pick up items. Because I have seen their factory, their warehouse, and what they need to do to actually get something out...”

Similarly, in case study two, customers get to know how GMH operates and the standard of service that GMH provides. Martyn (a GMH sales representative) commented that:

“the more they (customers) learn about you and your company. That changes the relationship between you and people you deal with.”

### 6.3.2.1.3 Frequency of Communication

Although the frequency of communication depends on customer needs as described in section 6.3.1, regular communication in business-to-business services encounters has an impact on business-to-business relationships. According to SPC from case study two:

“before Alan (a GMH sales representative) came, I rarely saw anyone from GMH. I saw GMH staff two to three times a year, but now perhaps I see Alan twice a month. This makes a significant difference.”

In contrast, neglecting customers and insufficient communication may cause business-to-business relationships to deteriorate. Norman (a GMH sales representative) provided an example to illustrate the point (see Vignette 4).
Vignette 4 – Regular Communication

A company in PTfield makes metal trolleys. They had been dealing with their previous supplier for eight years. This was a large reputable company.

Within the eight years, they had seen a supplier representative once. A representative rang the company about once every two or three months just to ask if everything was okay. The last representative who rang was the fourth representative that had worked there during the eight years. The representative that they originally saw left a long time ago. They have never seen any new representatives during the eight years. They never get told if there are any special offer prices on any products.

When they needed technical advice or had a problem, they had a very poor response. They never had a technical visit from the supplier. They did a job and it went wrong. They rang the powder supplier, told them what happened, and asked somebody to come in and have a look at it, and put it right. The answer from the supplier was no. Because the supplier believes that the powder they supplied was right, and “it is your fault.”

In the end, the company made the decision that they were not going to deal with this big supplier any more, and went on various websites to search for alternative suppliers.

In case study one, BTF explained that the more work they send to EPE, the more issues arise, and the more communication is needed between the two companies, and more service encounters are evident. In this way, two parties get to know each other more, and the relationship develops. In contrast, MBM pointed out that it is hard to have a relationship with suppliers if there is:

“infrequent contact... very little opportunity to trade together.”

Tom (the business development manager of EPE) also expressed the same opinion:

“it’s difficult to have a good relationship with somebody you see only once in a year even if you get along with them very well.”

Vignette 5 is an illustration of the impact of lack of communication in the service encounter, resulting in customer dissatisfaction, uncertainty and the deterioration of a business-to-business relationship.
Vignette 5 – BTF Replaced a Supplier

BTF have used one of EPE’s competitors, but stopped using them. There was a general lack of communication in the way the supplier presented things back to BTF. The Production Planning Manager of BTF was very unsure what the supplier was doing.

BTF sent a job to this metal finishing supplier, and the supplier promised that they would bring it back in two days time. In reality, he brought it back in three days time, leaving BTF wondering when the delivery was coming. The Production Planning Manager of BTF rang the supplier on the supposed delivery date, asking where is my delivery, we have not got it back. The feedback was that it is going to be in the morning. The supplier didn’t inform BTF of whether the job had been done or if it had been put on a wagon last thing on the previous night. The lack of communication made BTF unsure as to whether or not the job was going to get done. BTF would have appreciated the supplier calling up and saying the job is going to be delivered one day later, rather than being left in the dark. A general lack of communication makes things harder for BTF.

6.3.2.1.4 Sharing Information

In the findings relating to business-to-business service encounters, there are examples showing that the amount of information customers share with service providers impacts on service providers’ service to them (Vignette 6).

Vignette 6 - Sharing Information

Beta is a customer that produces handling equipment for factories dealing with clothing manufacture around the world. Beta delivered steelwork to EPE so they could powder coat it. No information had been given as to what would happen to it after the job leaves EPE. The steelwork came in a poor state, the pre-treatment wasn’t good enough. The customer then loaded the finished work onto a ship. It went deck cargo all the way to an island in the middle of the Indian Ocean to clothing factories. Having spent six weeks as deck cargo on a ship, the steelwork got the best salt spray test in the world, and it went rusty.

EPE needs to know as much as customers know in order to supply what they are after. If Beta had told EPE that they were shipping this out to somebody in the middle of the Indian Ocean, and they were shipping with the cheapest method, deck cargo on a ship, EPE would have immediately known that was a wrong way to deal with it. EPE makes multiple offers on one product: “This one will last a year; this will last 5 years, this will last 10 years, at different prices. I am offering you this and that’s the effect. If you need something to do this, this is our offer.” If the information had been given beforehand, EPE would have understood more about Beta’s requirements.

However, the amount of information shared between service providers and customers in business-to-business service encounters varies, and it may be indicative of the type of business-to-business relationship. For example, EPE has been the main powder painter for Alpha, but had recently lost a couple of jobs they quoted for. For one particular job that Alpha gave to are of EPE’s competitors, Alpha told EPE about its competitor’s quote and explained the reason that EPE lost the job. However, not all customers will share this type
of information with a supplier. Similarly, in case study two, Martyn (a GMH sales representative) claimed that:

“they (distributors) also tell us who the customers they are supplying are, who are the painters they’re going to.”

With a lot of customers, GMH sales representatives can ask about their competitors’ quotes, although some customers will not share this information. It depends on individuals and sales representatives’ relationships with them.

6.3.2.1.5 Supplier Responsiveness

The findings illustrate that customers require service providers to be responsive. In case study one, RLE explained that service providers’ lack of response pressurises customers. FN mentioned that a supplier failing to respond to their emails or phone calls made their service experience unpleasant, and FN predicted that as a consequence their relationship with that supplier would be unsuccessful. Similarly, in case study two, BJ pointed out that service providers’ responsiveness can be a decisive factor in business-to-business relationships. BJ claimed that they decided to have GMH as their sole supplier because of GMH’s responsiveness in making the effort to visit BJ the next day after its phone call while another supplier responded two weeks later.

Customers explained that their need for service providers to be responsive, such as answering a question within hours, is due to a domino effect, i.e. the customer’s clients are waiting for an answer which is based on upstream suppliers’ reply. In case study one, PKY said that:

“…without that (the information from the supplier) we can’t actually determine our prices, we can't do our quotes…getting that information quickly is important to us as we respond to our customers.”

LT made a similar statement to illustrate this point:

“…often I have a customer that’s come to me finding out when he can get our product…I need to know through EPE how fast I can get it...So I’ll pass that information on…”

In other words, EPE’s customers rely on EPE’s information and responsiveness to answer their clients’ questions.

Similar findings are found in case study two, where GMH’s responsiveness in communication is viewed as significant by industrial customers and distributors due to the influence of domino effects. The quotation from APS explained this point:
“if I have an issue or I have got a problem or I have got an urgent order and I cannot get through to them then that reflects in my service to my customers.”

The domino effect pushes customers to contact GMH for a prompt response. The influence of domino effects of communication in business-to-business service encounters is discussed further with respect to honesty in section 6.3.2.1.7.

6.3.2.1.6 Supplier Accessibility

In case study one, customers noted that they valued EPE’s accessibility, such as being able to call service employees on their mobiles instead of talking to answering machines, which they saw as delaying the communication. AT pointed out that:

“it’s no good that they can supply good products but we cannot get hold of them.”

Similar findings exist in case study two: GMH staff’s accessibility is well recognised, and all GMH sales representatives have a mobile phone for customers to contact them. MPS said that:

“Being able to ring somebody on his mobile while he is sitting at home having his cauliflower and cheese grills is very handy.”

Customers are grateful about being able to access GMH’s staff immediately to discuss their needs and explain what they want. This illustrates that for customers, being able to access service providers’ employees is the essence of being responsive in communication.

6.3.2.1.7 Honesty

The findings suggest that being honest and not making false promises are integral elements of communication. Customers noted that they need service providers’ accurate and honest information in order to plan production. SE in case study two explained the consequences of one of their suppliers not informing them of an unavailable delivery: SE’s transport manager sent a driver to CPaints (a paint supplier) at 8 o’clock one morning to collect an order of paint. CPaints did not tell them that the paint would not be ready until after 11 o’clock. SE’s driver had to wait there for three hours. It cost SE time and money – a driver, a wagon, and a unit, three hours in a void. CPaints could have rung SE that morning and said this paint was not going to be ready until 11 o’clock. SE could then have made alternative arrangements. SE’s transport manager could then have rung the driver and sent him somewhere else instead. In contrast, SE said that:

“Alan (a GMH sales representative) would not lie, he would say we have got a problem. Instead of your paint coming today, it will be tomorrow. We can then work around that...we then put our customer off for a few hours or a day and we work our paint shop around, we will do something else before this paint comes in.”
PKY in case study one further illustrated the negative influence of service providers not keeping promises on their production by pointing out that companies are most cost effective when they have a smooth workflow. If they are short of materials for a particular job, a number of people on the assembly would be wasting time. When people are not occupied, it is costly for a company. Because customers rely on accurate information provided by the service provider in order to achieve smooth production and workflow, they need to be informed so that they can make alternative production plans if service providers cannot keep their promises about a delivery time.

In addition, the domino effect of communication is evident through the supply chain. Andy (the technical manager of EPE) pointed out that:

“if they (customers) know that they are going to get a product...by a certain time, then they can plan that, and they can make that assurance to their customers.’’

If a service provider cannot keep promises, there will be negative domino effects as it may cause customers to fail to keep promises to their customers in the supply chain. A quotation from Andy (the technical manager of EPE) illustrates this point:

“to me there will be nothing worse, if I said to my customer, you will get your parts by Thursday and then we ring up and say...we can’t get it to you by Thursday. That means they have to go back to their customer and tell them, delay them as well, which does not give the right impression.’’

Similarly, in case study two, customers rely on GMH to provide them with correct information to pass on to their clients. Customers in case study two emphasised the need for service providers to keep promises because of the effect it has on their customers, as MPS said:

“I make promises to my customers on the strength of promises they (GMH) make.’’

Kevin (the production manager of EPE) further explained that EPE would rather be honest than mislead customers with an unachievable date:

“always do what we say we are going to do...EPE would say ‘no’ to a delivery deadline set by a customer (even if it means losing a customer job), rather than saying ‘yes’ and not sticking to the delivery time.’’

EPE will propose another feasible delivery time and EPE often finds that customers understand and will accept an alternative delivery time. This illustrates that EPE is aware of the impact that their service actions have on their customers’ clients and demonstrates the existence of service domino effects.
Similarly, in case study two, Martyn (a GMH sales representative) said that:

“they (customers) respect you when you tell them the facts and the truth why something is not working right.”

Alan (a GMH sales representative) put forward that:

“false promises just put you into trouble...If we cannot do it, we tell him that we cannot do it.”

Alan explained that there are many occasions where a customer may push GMH for a product:

“I need it for tomorrow.”

However, GMH may not able to get the product until the day after, and it is better to be honest with the customer:

“sorry but I cannot get the product until the day after.”

Because nothing is worse than the next day, the customer rings and says:

“you promised but you didn't”

and customers may spread the word about whether or not GMH keeps promises, which impacts on GMH’s reputation.

Customers appreciate service providers being open and honest with customers, such as admitting the impossibility of meeting the deadline that customers want. MBM said that:

“bad service is when you say yes and don’t do it.”

CME gave an example to illustrate the negative effects of dishonesty (see Vignette 7).

<table>
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<th>Vignette 7 - Honesty</th>
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| CME described an incident that had happened just prior to the interview: CME has a glass supplier. On the previous day at 12:50, the lady there promised that she’d ring Andy (the logistics controller of CME) back in half an hour. But 40 minutes later, at 1:30, nothing had happened. Andy rang her back but had to speak to somebody else, because she wasn’t there. This was because she always has lunch between 1 and 2. She knows when she has a lunch break, but told Andy that she was going to ring him back at that time. To CME, the supplier was trying to avoid giving them an answer because they did not have one, instead of being honest and telling them that “I am trying to get an answer and I’ll ring you back as soon as I can.”

Andy had the contract manager at his company waiting for the answer. CME’s contract manager was sitting in a meeting with a client who was going to spend £300,000 on a job and wanted to know when he was going to get his glass. CME’s contract manager was in an awkward position. Andy was going to ring the contract manager at 1:30, because the supplier said that she was going to ring him at 1:20 to give an answer. CME’s contract manager sat there looking like a lemon because he has not heard from Andy.

The lady promised again that she was going to ring Andy at 8:30 the next morning when she got to work. At 8:45, Andy had to ring her because she hasn’t phoned him and she wasn’t there because she doesn’t start work until 9:00. Andy ended up getting hold of her at about 9:15 in the morning and complaining because he knew that she knew well that what she said wasn’t going to happen. |
PKY stated that dishonesty can be an obstacle for relationship forming as customers form opinions about a supplier from their service experience. In contrast, good communication exists in a pleasant business-to-business relationship, RPS commented that they appreciated EPE’s open communication with them:

“I’ve got a good relationship with him (EPE)...I’ve been straight with them, they’ve been straight with me.”

In both case studies, GMH and EPE believe that they can build up customer confidence and retain customers by being honest and keeping promises.

In addition to service providers’ keeping promises and being honest, service providers also value customers’ being open and honest in communication. Tom (the business development manager of EPE) pointed out that his confidence in one customer declined because he found out that the customer did not tell EPE the truth (see Vignette 8). The issue of customer honesty was not been mentioned in case study two; however, this might be due to the sample size.

<table>
<thead>
<tr>
<th>Vignette 8 – Having Confidence in Customer</th>
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<tbody>
<tr>
<td>A customer says, “I’ve got a big order for you. Can you quote?” After you quoted, the customer keeps on saying, “the order’s going to come through, it’s going to come through.” But, nothing ever happens. Some companies always give big promises. If you have got a relationship with a customer, they will actually give you plenty of warning that they are going to get this big order and it is going to come and it should start at this time etc. They will ask “can you arrange your production around it? By the way, there is some funny paint you have to buy in as well.” And then it happens.</td>
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6.3.2.1.8 Internal Communication

In addition to the communication between GMH and customers, Paul (a GMH sales representative) commented on the internal communication within GMH. For instance, if there is a problem, customers may talk to the GMH head office and the sales representative may not be aware of this, and vice versa. Thus, problems may be caused by inconsistent internal communication. This issue can also be seen in Vignette 23 in section 6.4.1 Service Failure and Recovery.

6.3.2.2 People

Both case studies illustrated that service is dependent on the people involved. According to Paul (the general manager of EPE), business is dealing with people. Similarly, Norman (a GMH sales representative) said:

“people buy from people.”
Customers in both case studies supported this view. Several quotations from the customers illustrated their opinion. PKY in case study one commented that:

“it’s about people; it is about chemistry.”

APS in case study two said:

“You buy from people as much as you buy the products that that person is selling.”

FN in case study two said that it is:

“based on the personnel.”

The findings revealed a number of elements relating to people and are discussed below.

6.3.2.2.1  Sales Representatives

In both case studies, sales representatives were aware of their important role in service encounters. In case study two, Martyn (a GMH sales representative) pointed out that:

“I’m Mr. GMH in front of customers. Whatever GMH’s done, it’s me.”

Similarly, in case study one, Tom (the business development manager of EPE) pointed out that company representatives reflect company images. He mentioned a story that LT told him about how a supplier’s representative went to see them, walking into an office, eating a McDonald’s double burger and saying:

“Well, what’s your problem mate?”

Tom commented that:

“he is not behaving in an acceptable manner”

and this influences people’s perceptions of a supplier’s professionalism.

In addition, Martyn (a GMH sales representative) clarified that sales representatives need to play an independent role and be seen as being honest and truthful:

“you’ve got to be seen that you are on their side, almost like an independent person.
Yes, I work for GMH, but my endeavour is to get the best you can have.”

For instance, Norman (a GMH sales representative) explained that when customers cannot receive an answer from GMH, sales representatives will ring on the customers’ behalf to get answers from the GMH office.

6.3.2.2.2  Knowledgeable Personnel

The findings suggest that knowledgeable staff are of great value to customers. In case study one, Andy (the technical manager of EPE) pointed out that customers valued EPE’s recommendations and technical support. In case study two, customers pointed out that GMH sales representatives understand what they want and offer excellent advice. In SPC’s words:

“pick his (sales representative) brain.”
Case study two revealed that customers appreciate the service providers’ technical people in the laboratory, who advise them about solutions to problems. If GMH distributors cannot find a colour formulation, they may ring GMH’s formulation department for help, and GMH technical personnel can fax through that relevant information. Martyn (a GMH sales representative) pointed out that:

“they (customers) actually are talking to the person who developed the paint, not someone who doesn’t know about it.”

This enables customers to be confident about GMH’s technical skills. Another example is that customers expressed their preference for having goods delivered by GMH’s own drivers instead of using carriers, because GMH’s van drivers have certain knowledge about products and customers’ orders and this will minimise order mistakes.

6.3.2.2.3 Direct Contact

The importance of contacts for business-to-business service encounters has been stressed in both case studies. Customers in case study one such as RLE and BTF emphasised:

“direct contact”,

and GCR used the term:

“the focal point of contact”.

Graham (the production clerk at EPE) explained that some EPE staff such as the business development manager are the first point of contact, but, later on customers also contact people managing the production side. Although EPE staff have their own individual customers to deal with as Andy (the technical manager of EPE) pointed out, Tom (the business development manager of EPE) explained the importance of customers having several contacts with a company:

“the customer will deal with the managing director and other staff. They might never have anything to do with me but they have a good relationship with EPE. A customer might get on very well with the managing director and might not get on with another person, but he can still have a good relationship with EPE.”

Similarly, in case study two, customers acknowledge the benefits of knowing several contacts in GMH and the helpfulness of the whole team. Customers can ring several contacts in GMH such as a sales representative, the managing director and technicians in the laboratory to talk to them, as MPS remarked:

“if I want a colour formulation, I will speak directly to a guy called Nigel. If I need technical help, I will speak to Alan. If I need help in safety data I will speak to Shaun or Arthur. If I want to make a small complaint, I will speak to Danny.”

SE made similar comments:
“I can ring Alan (a GMH sales representative) anytime... But I also know, that if Alan was on holiday and he sent me an email to contact Pam... she would also be helpful.”

6.3.2.2.4 Personality

Data from both case studies suggests that friendly, approachable employees of service providers are valued by customers. The following quotation from SPC in case study two illustrates how an employee’s personality plays a key role in business-to-business service encounters:

“Alan (a GMH sales representative) is outgoing and not shy or reserved... If he were a different person, the relationship would be different.”

Paul (a GMH sales representative) also recognised that:

“no one wants to see a sad face. People want to see a smiley, joyful face...some customers you get on better with than others. Some personalities clash, while some personalities are better.”

Similarly, in case study one, Tom (the business development manager of EPE) pointed out that:

“people are human beings and they are all a bit different. Some are easier to get along with than others.”

Paul (the general manager of EPE) supported the view that it is a challenge to do business with people who are difficult. He further pointed out that EPE tend to deal with people who can share similar perspectives:

“dealing with people that you’ll be happy to go for a drink with...you can sit down and you know what sort of person they are, what sort of character they are and you can deal with them personally.”

The customers in case study one also shared a similar viewpoint. For instance, FN said they would prefer to do business with:

“somebody who is a bit like me... somebody who has similar traits, maybe similar ideas.”

BTF used the term:

“think on the same lines.”

6.3.2.2.5 Personal Relationships

Personal relationships were also identified as being important in the case studies. Customers stressed the importance of getting to know the individual employees of the service provider. In case study one, RPS and LT both mentioned phoning people:

“on first name terms.”
GCR put it as:

“to know someone personally, and speaking to that person on a one-to-one basis.”

In case study two, YCL pointed out that with large suppliers:

“you just become a number (i.e. an order).”

APS further pointed out that some suppliers are:

“face-less and name-less”

and:

“that reflects on customers”,

and its consequence:

“that does not work...you cannot build up relationships in a faceless big pool.”

(see Vignette 9).

### Vignette 9 – Knowing Contacts

| APS had one supplier that had a telesales team and many different departments. They had three or four telephonists in each department to take orders that specialised in areas such as automotive or industrial or marine. However, the supplier took the specialists away and made one pool of telephonists. When APS phoned and wanted to discuss automotive, they would get through to somebody in marine. The staff did not understand what APS regularly ordered. If APS could not remember the order number or the part number, they would say, “let me just have a look back.” Nobody really understood the customer or the product. APS changed supplier. |

Customers in both case studies valued rapport and a friendly relationship with service providers’ contacts. Customers in case study two mentioned that they developed a personal level relationship with GMH’s contacts by sharing similar interests, having something else to talk about apart from work, and having a laugh. A quotation from SE explains this:

“we do not just talk about work; we talk about other things. Alan (a GMH sales representative) is into motorbikes, and I am into motorbikes. So you get to a personal level. I think that is a better working relationship.”

SE explained that:

“being able to talk about something else”

such as football or similar hobbies or anything outside business will make people relax and build up rapport. YCL also commented that:

“it’s not a cold business contact. I know where the sales representative goes for drinks. I know Graham in the lab, he’s into vintage cars. I’m interested in Harley Davis’ motorbikes.”

Similarly, in case study one, RPS said that:

“we have a laugh and tell jokes to each other. That’s a good customer relationship.”

GCR referred to it as:

“making friends”,
and being able to talk about other things besides business, such as holidays and family.

Respondents from EPE and GMH were also aware that engaging customers in conversations about something that interests them personally outside the work influences their personal relationships with customers and impacts on business-to-business relationships. In case study two, according to Paul (a GMH sales representative):

“people all have something they like doing. You have to know your account. You may have taken him to Manchester City (football match) and he loved it there. After that, he talks to you all the time.”

Norman (a GMH sales representative) also mentioned that:

“I come in here to see John’s colleagues as a business relationship but we also talk about things apart from business. Both John and I are big football fans. We both follow Manchester United. We might spend 10 minutes talking about fire extinguishers and the paints but 20 minutes about what Manchester United did last night.”

Similarly, in case study one, Kevin (the production manager of EPE) pointed out that:

“the personal touch is important…it is not just a business relationship; it’s a friendly relationship.”

He further explained that having a general conversation with customers adds a personal touch. This concurred with Graham’s (the production clerk of EPE) viewpoint that:

“you can phone or you can chat with them…”

Tom (the business development manager of EPE) further commented that building up a personal relationship and securing a business relationship go hand in hand.

Customers in the cases were also aware that relationships at a personal level between individual employees impact on business-to-business service encounters and supplier-customer relationships. Customers in case study one, such as CME and BTF, mentioned that knowing individual employees in EPE’s company and getting on well with them make the interactions between two companies easy and pleasant. MBM commented:

“we get along with each other, rather than having antipathy or animosity between each other… It is easy to do business with your friends. It is very difficult to do business with your enemies…”

SPG highlighted that the relationship between two companies is influenced by whether or not individual employees from the two companies get on with each other. He pointed out that because the previous person in his position got on well with another powder coating company, SPG did not use EPE to the same extent as it did now. BTF admitted that he
chose to send all the work to EPE because he had a good relationship with individual employees in EPE. Similarly, CME believed that their relationship with EPE has been developed due to the rapport he had with individual employees in EPE:

“because we met and we know the person that we are talking to each time and understand each other.”

The findings indicate that a rapport and friendship built up on a personal level, including addressing people by their first names, made customers feel comfortable about approaching service providers. In case study two, BJ commented that the friendship can reach a level where:

“Paul (a GMH sales representative) can be in the kitchen to put on the kettle.”

MPS made a similar comment:

“Alan (a GMH sales representative) comes in and he is treated like one of the locals here. He will go and make himself a drink and make us all one.”

Customers mentioned that there may also be a good relationship across the board between two parties. The findings also included some examples where a friendly relationship may reach to such an extent that a job may be given to one of those people (see Vignette 10).

<table>
<thead>
<tr>
<th>Vignette 10 – Giving a Job</th>
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<tbody>
<tr>
<td>Paul works for MPS. Prior to this, Paul worked for one of MPS’s suppliers. When he was working for the supplier, Paul had a very good relationship with the managing director of MPS. When he was made redundant, the good relationship with MPS led him to investigate the possibility of a job with them. Paul felt he could ask MPS’s managing director whether or not they had any job vacancies. MPS gave him a job because they knew that Paul was good for that company and he had some fair deals with MPS.</td>
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### 6.3.2.2.6 Continuity of Personnel

The findings from both case studies revealed that changes in staff impacted on service encounters and business-to-business relationships. In case study one, Andy (the technical manager of EPE) explained that new employees in customer companies may not fully understand the business; EPE need to start from scratch to provide them with the knowledge of what EPE are expecting or what EPE can offer. It can be a challenge for EPE’s relationship with the customer company. Tom (the business development manager of EPE) supported this viewpoint in that not knowing what the other parties have been doing could be a barrier to smooth interactions. Paul (the general manager of EPE) pointed out that individual employees understand each other at a personal level, after dealing with each other for a number of years:

“you know who they are as a character and how they like to operate”,
and it is easier to do business if EPE knows the person, and both parties know each other at both company level and personal level and this contributes to business-to-business relationships.

Similarly, case study two revealed that the continuity of people was highly valued by customers because service providers’ personnel may not understand the industry due to the high turnover of the workforce, as YLC in case study two, explained:

“a lot of firms have a large turnover. You may talk to someone who comes from another industry and don't understand the business.”

APS also expressed the frustration of having to deal with new staff. This is because a new person may not understand APS’s business, while educating them and improving the understanding between two parties requires a lot of time and effort. In contrast, GMH has a consistency of workforce, and customers can get historically based information from them, as YLC said:

“they understand where you’re coming from.”

Vignette 11 is an example of how a consistent and motivated service provider workforce impacts upon customers’ service experience.

<table>
<thead>
<tr>
<th>Vignette 11 - Motivated Workforce</th>
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<tbody>
<tr>
<td>GMH laminated a poster with staff names and contact numbers on it and sent it to APS to help with communication. APS can ring these numbers and get through to a person who is happy with his/her job. If APS is stuck with something, GMH staff will try to find the answer for them. It is obvious that GMH staff are excited about new technologies and development. If they cannot answer immediately, APS are confident that they will actually try to help. GMH staff will be interested in finding out the answer for themselves. The GMH workforce has job satisfaction and they are happy in what they are doing. This gives APS confidence in the company and in dealing with them.</td>
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6.3.2.2.7 Teamwork

Teamwork was identified as being important by the respondents on the case studies. Martyn (a GMH sales representative) noted that:

“it is the joint team effort to give customers what they want.”

Norman (a GMH sales representative) explained that GMH has a good backup team. The GMH support team will listen to customers and take notes about their comments, and then ring the account manager to make him aware of any problems, to work together to resolve problems. Norman commented that:

“every aspect of what the company does, in support of me, impacts on my relationship with customers.”
In the case of GMH, the delivery-van-drivers are also an integrated part of the team. Norman explained that GMH has five to six vehicles on the road delivering to customers. Van-drivers are active extra sales persons, and they not only provide carrier services, but also talk to customers:

“I will be back in this area tomorrow, do you want me to bring anything with me?”

On occasions when sales representative may not visit a customer area for 3-4 weeks, van drivers may see other competitors’ going to the customers’ sites and let the sales representatives know about this.

The findings relating to case study one did not reveal specific examples relating to teamwork, although it is evident that multiple contacts with customers exist (see the discussion relating to direct contact in section 6.3.2.2.3). This may be explained by the size of the service provider EPE (case study one) which is much smaller than GMH (case study two) (see section 6.2 background information).

6.3.2.3 Adaptation

‘Adaptation’ became apparent during the data analysis, and was evident in both suppliers’ and customers’ actions. These findings are presented below.

6.3.2.3.1 Service Provider Adaptation

Both case studies illustrated that customers expected service providers to be cooperative and flexible to respond to and accommodate customer needs. SPG stated that:

“...EPE is responding to our needs... ...EPE is actually working in tandem with us rather than the other way around.”

Vignette 12 is an illustration of SPG’s point that EPE make adaptations to assist PKY’s production and their deadlines.

<table>
<thead>
<tr>
<th>Vignette 12 – Processing Items in Batches</th>
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<tbody>
<tr>
<td>Towards the end of November 2009, there was a job that PKY had to ship by the end of November. It was worth about £18,000. PKY hadn’t ordered the materials (the castings) in time. PKY knew that the 200 castings were going to arrive late, and that they had a very short period of time from receiving the castings to machining them, painting them, and then assembling them.</td>
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<tr>
<td>Most metal finishing suppliers would wait for the whole lot from PKY, process them in a batch and deliver them back when finished. However, EPE responded differently. PKY were able to liaise with EPE to have a number of production slots booked so that as soon as PKY got these castings off their machines, EPE were able to start processing them and return them so that PKY could also assemble them in batches. EPE processed 200 items in batches of 50 so that PKY was able to assemble them more quickly. It created the smoothest flow for PKY at a critical time of the month, although EPE had to make an extra effort to arrange the work in a piecemeal fashion. EPE put themselves out and out in extra effort to help PKY.</td>
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</table>
Another adaptation that EPE have undertaken is to change production schedules to accommodate another company’s need. EPE normally has three to four days’ turnaround on processing items and returning them to the customer. Although RPS is a smaller sized company than EPE’s other customers, whenever RPS sends in any job, they expect a shorter turnaround, and they chase up every day:

“have you done that? Have you got anything ready?”

EPE will swap jobs out to put RPS’s work through the system. Kevin (the production manager of EPE) explained that RPS has pressure from its own customers, and if EPE does not help them with the turnaround, RPS may look for an alternative supplier. Because EPE are willing to adapt in order to respond to RPS’s turnaround needs, RPS keeps coming back to EPE.

The example of RPS illustrates how business-to-business customers can be in a position between their clients and their service providers. This can result in pressure from their clients, who may ring up anytime for any product, and the resulting stress of having to chase their suppliers for orders to make sure that their own delivery to their clients will be on time and satisfy their clients.

Similarly, in case study two, AT was asked by their client at the last minute for a job, which required AT to have some paint so they could work over the weekend. AT called GMH on Friday afternoon. Although, GMH finishes at 3.30pm on Fridays, a sales representative put the paint in his vehicle and drove from Manchester to Doncaster. AT was impressed, and claimed that AT cannot operate without service like that. Other companies may not respond as GMH. AT commented that:

“That’s why we have been dealing with each other for 20 years.”

SE had a similar service experience:

“...a customer might ring up and say I want my paint tomorrow, so we need that paint now. GMH have never let us down.”

Vignette 13 is another illustration of GMH’s adapting to meet MPS’s requirements.

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<tr>
<th>Vignette 13 – Urgent Order and Delivery</th>
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<tbody>
<tr>
<td>Some companies have a cut-off of delivery time which is 12 o’clock in the daytime. If customers ring up one minute past 12, they will not get it next day, but the day after. However, one night at 8pm, MPS realised that he had not ordered a big drum of paint. MSP rang Alan, “can you do anything?” Alan says, “not a problem, I will see what I can do for you.” At quarter past eight the next morning Alan rang back and said it is on the van.</td>
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</table>
Both EPE and GMH are flexible and adapt to meet customer needs quickly. For EPE, RPS pointed out that instead of following the formal procedure of obtaining a quote before getting the items finished, in cases of emergency:

“...I can do a job, take it round, and they (EPE) don’t even quote it...just do it, and then the quote comes through probably the next day.”

Adaptation allows the flexibility for RPS and EPE to do business together. Similarly, in case study two, customer needs vary, and GMH makes adaptations to meet their customers’ needs. For instance, VG pointed out that if GMH’s price is different from other service providers, the GMH sales representative would say:

“If we cannot compete, give us a phone call.”

while other service providers’ representatives did not say anything like that. Instead, they say:

“that’s your price, and that’s it.”

GMH would say if you want a product and you find it cheaper somewhere else, we will try to match it or even better the price.

In terms of delivery, TG explained that:

“They can always tell us when we can expect our next delivery. If that does not fall in line with our production needs, they can always respond quicker if required.”

Here is an example to illustrate this point: SE rang GMH for 20 litres of paint. GMH said that the paint would reach SE in the afternoon the following day. SE understood that GMH have delivery schedules, but needed the product in the morning. SE spoke to Alan (a GMH sales representative) who talked to the GMH distribution team. GMH managed to make special arrangements and SE got the paint in the morning. GMH makes adaptations to the delivery time to meet customers’ requirements as one customer may place an order but he may not need it for one week, while another may place an order and need it to be delivered the next day.

Another example given by Paul (a GMH sales representative) is that customers may forget to order the paint on time which gives GMH a lot of pressure to engage in:

“fire-fighting”.

In this case, GMH would make an adaptation by suggesting to the customers:

“What if I ring you Monday mornings to take orders from you. Would that help you?”

Being proactive and adapting accordingly can be seen to facilitate supplier-customer interactions.
On the contrary, BJ provided an example of an unhelpful supplier who was not flexible and did not want to adapt to customer needs: BJ has fabric suppliers, and one of them is located about an hour away. One Thursday, BJ rang the fabric supplier because they desperately needed half a metre of fabric to finish a job. BJ asked whether it would be OK for them to go over and collect it over the counter. The fabric supplier said:

“we are a bit busy at the warehouse at the moment. You’ll have to come on Monday. We are busy. You will have to wait.”

BJ needed to ring the fabric supplier’s MD to complain in order to get half a metre of fabric. BJ commented that:

“their service is rubbish, so we only use them if we have to.”

In the findings from these case studies, adaptation appears to have an impact on business-to-business relationships. MBM declared that they tend to do business together with suppliers who adapt their offer to meet customer needs. Customers find it difficult to build up a relationship with service providers who are not flexible. PKY described those suppliers:

“there are some people who just won't chat, they won't budge, they want everything their way, they are not flexible. They don't want to build relationship.”

In addition, customers are conscious that service providers’ willingness to make adaptations may be related to the amount of work received from customers. SPG pointed out that:

“if you don’t give company a lot of work, you cannot expect them to do you any favours, can you?”

6.3.2.3.2 Customer Adaptation

The findings also show that customers are willing to adapt. For example, RPS showed the researcher around the factory where they were manufacturing a square metal sheet. RPS made a small hole (which is not necessary for their clients/product) in the square metal sheet which was being sent to EPE for metal finishing. RPS took extra time and effort to make this adjustment so that EPE can hang the metal sheet to be painted. Another example of RPS adapting to meet EPE’s needs was the previous year at Christmas time, when EPE had no work at all and they kept phoning RPS up asking:

“have you got any work?”

RPS explained that their work was not due until January, but RPS was working longer hours and more quickly than it normally does to send work to EPE for their quiet season:

“I worked all day and all night just for EPE”.
Another illustration of customers’ adaptation is that EPE rang CME up and asked:

“could you do us a favour to put it (the delivery time of the job) back a day? 
Because we’ve got somebody else on the phone and it is very urgent. Would you 
mind if we put theirs in and yours goes back another day?”

CME agreed to change the deadline of their job to assist EPE so that they could do an urgent job for another customer.

Vignette 14 is an illustration of how AS adapted by improving their paperwork. Similarly, in case study two, MPS adapted to meet GMH’s driver half-way to fetch their paints when GMH struggled (see Vignette 27 in section 6.4.3.2). Changes made on the customer side can smooth business-to-business interactions.

<table>
<thead>
<tr>
<th>Vignette 14 - Improved Paperwork</th>
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<tr>
<td>AS’s relationship with EPE has changed a lot. At first, things were quite disorganised such as metal finishing coming back differently from what was required. AS analyzed what was going on and found out that the problem was caused because EPE did not get any paperwork from AS. AS relied on certain employees to fill in job cards and send to EPE but they did not always do that. Some of AS’s employees were not organised, sending something out to EPE without paperwork. Confusion was caused because of the lack of paperwork. If that happened, EPE would ring the manufacturing manager, asking for clarification. Therefore, AS changed the program of the paperwork: the manufacturing manager has to sign the paperwork before the staff in the purchasing department send jobs out. AS makes things work better for the production. That worked for both sides.</td>
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There were also examples of how customers who make adaptations for service providers expected the service providers to reciprocate in the same way. In such instances, the service providers’ lack of reciprocity may be viewed as unfair in the eyes of the customer. For instance, RPS pointed out that he worked longer hours during Christmas time for EPE; therefore, he expected EPE to give him priority in metal finishing jobs rather than waiting in a queue as a return for this:

“I was hoping that, when I phone them and say I want a job desperately, they can do it just like that (I helped them).”

He emphasised the privilege that he should have. RPS described it as:

“you scratch my back and I’ll scratch yours.”

CME also reported that they believe that when customers make an effort to accommodate service providers, service providers are more inclined to help them out.
6.3.2.4 Help

During the analysis it became apparent that ‘help’ was something that was mentioned by many of the respondents and therefore these findings are presented below. ‘Help’ was evident in both suppliers’ and customers’ actions.

6.3.2.4.1 Service Providers Helping Customers

Paul (a GMH sales representative) noted that GMH is willing to help customers, their philosophy is:

“the answer is yes, so what’s the question?”

It was evident from the findings that GMH strives to help customers, as a number of customers commented:

“they do everything they (GMH) can”.

GMH would offer alternative options instead of saying “no” to customers’ requests.

BJ explained how GMH uses their technical knowledge to go an extra mile to help them setting up paint shops and training their painters. When BJ moved to its new company site, they decided to set up a paint shop, but did not have an experienced polisher, as none of their staff was trained to polish. GMH sent in a technician and trained six of BJ’s staff at no cost. On another occasion, BJ changed over from oil-based to water-based material, and their spray polisher was not used to applying this material. GMH gave them advice on how to paint using the new material and how to use GMH paints properly. GMH trained BJ’s staff in both spraying techniques and health and safety aspects. Because GMH helped BJ they have received all BJ’s work. BJ commented that:

“it helps my business to grow and develop much quicker than anticipated.”

Another example involved GMH helping YLC to set up their paint shop (see Vignette 15). Norman (a GMH sales representative) commented on this scenario:

“if I cannot help them when they first start off, in two years’ time if they are doing four times the work that they are doing now, I cannot really expect to walk in and pick that business up...(YCL) would be saying... when we first opened the doors. GMH did that for us, so we are staying with GMH. They have looked after us from day one.”
Vignette 15 - Help Customers with their Business

YCL started their business in the previous year. They did not know what they needed in order to set up their paint shop. YCL rang GMH. Norman (a GMH sales representative) took a colleague who works in the laboratory, and is an expert on spraying, to visit YCL.

GMH staff asked YCL to show them the paint shop and they recommended what YCL would need and the quantities. YCL took GMH’s advice, bought the materials and put everything in. YCL employed a painter, but although he knew how to paint, he had never used GMH paint. Hence, GMH arranged for a spraying expert to spend a day working with the painter to ensure that the painter was confident in using GMH paint.

GMH helped YCL without charging them. YCL said that this was really great and they could not have asked for more. GMH made the friendly gesture by helping YCL set the system up and working with the painter, and this has resulted in YCL giving GMH 95% of the business.

TG gave an example of how GMH help customers by taking pressure off them. In the painting industry, customers face challenges of technology, legislation and policy changes. GMH, as a leader in paint technology innovation, has the advantage of technical competence and can use this to update customers with developments in the market. Vignette 16 illustrates how GMH’s technical development, involving a change from oil-based to water-based material, not only took the pressure off customers, but also met third parties’ requirements relating to environmental issues.

Vignette 16 - Technical Development

TG had been being pressurised by the local environmental agency who were monitoring their emissions closely. TG had been told to develop a schedule showing how they planned to reduce their emissions over a set period. They knew that changing from oil-based to water-based material should reduce their emission volumes. However, developing and using water-based subcoat or gloss paints is technically challenging. GMH’s technical development allowed TG to successfully change from solvent-based to water-based primer, and thus reduce their emission volumes by around 40%. They know that this will keep the environmental agency happy.

Help is related to problem solving, for example, TG has a major problem relating to how to dispose of paint tins and contaminated waste. GMH helped to alleviate TG’s pressure of waste disposal by collecting TG’s waste tins (paint containers) for recycling free of charge. Another example includes JJ, who received a job that involved mending a damaged door. JJ took the door to GMH. GMH then did a specific colour match for JJ; colour matching is not an integral part of paint suppliers’ service. JJ then sprayed the door for their client and fitted it back in the kitchen. JJ remarked:

“(GMH) took the job (colour matching) off us.”

Similarly, in case study one, EPE was perceived to take pressure off its customers by arranging transport to pick up items and return finished goods; this takes a task away from customers (see Vignette 17).
### Vignette 17 – Delivery and Collection Service

EPE improved its transportation in order to provide a collection and delivery service for its customers. Without EPE’s collection and delivery service, customers have to arrange transport, tell EPE exactly when they want completion, and arrange transport to get the goods back again.

EPE have invested in a seven and a half ton truck to experiment with bigger items. EPE can go to collect the work and deliver finished items: this takes a lot of difficulty and complexity away from customers.

After reviewing the transportation offer, EPE found that their collection and delivery service made customers more reliant on EPE, but their customers are happy to rely on EPE because they can provide the service they need. EPE are about to put another vehicle on the road because of this.

Another aspect of help that was discussed was that GMH helps customers find out relevant technical information that they need for their business. One example is that GMH helped VG with a lot of data which was required by the local councils and the environmental agencies for VG’s operation. Another example is that SE’s customers have different names for paints. When a customer came and asked for a particular green paint, SE did not know what shade of green it was. SE know that they can ring Alan (a GMH sales representative) who will find out what SE’s customer requirement is and give SE the colour reference number to go back to the customer. Vignette 18 is another illustration of GMH finding relevant information for SE’s jobs. SE commented that:

“they (other suppliers) could not give me an answer. So that is why I deal with GMH.”

### Vignette 18 - Customer System Problems

SE has a system which is used by two different departments to record the receipt of the buying of goods. The production manager of SE may need to wait an extra day for the updated information about the arrival of goods he has purchased, but the production manager of SE does not always have time to wait for their system to be updated. However, GMH has a clear system which records the dispatch of products. If the production manager of SE thinks a certain paint from GMH has not arrived, he can ring Alan (a GMH sales representative) and find out if the paint has been sent to them. Within an hour Alan will be able to tell them if they have already had it.

Help was also evident in the way the service providers helped customers by providing them with information that did not directly relate to the jobs they send to service providers. Norman (a GMH sales representative) presented one example: TG was looking at the possibility of transforming its painting workshop to use powder coating instead of wet paints. TG asked Norman (a GMH sales representative) about the equipment they would need to use powder coating. Although Norman did not have the information, he made a number of enquires and came back to TG with relevant information. GMH also helped SE to find a sealing supplier: SE has a customer, IAT tank, that requires SE to make and seal
the containers. SE tried a number of sealants, but they were not up to IAT’s standards. SE rang Alan (a GMH sales representative):

“do you know anyone who supplies sealant?”

Alan has a customer in Wales that makes boats and uses a special boat sealing material. Alan gave SE the telephone number of the customer in Wales, and SE deals with them directly now.

On another occasion, GMH helped a customer to find a fire-protection system supplier (something totally unrelated to GMH’s prime business). Vignette 19 is yet another example, and TG commented that GMH:

“go out of way to help you.”

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<tr>
<th>Vignette 19 - An Extra Mile</th>
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<tr>
<td>TG had a situation where the spray booth used in the paint shop, which is a water-backed system, had water on the surface, and it affected TG’s work. Although that had nothing to do with GMH, John asked GMH whether they could help, as he knew about GMH’s technical expertise in the paint industry where they would have a contact. By making a few phone calls, GMH found a company which specialises in making materials to stop the problem which requires a lot of technical competence. Now TG buys that material through GMH.</td>
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In addition, GMH have helped customers with their business problems by solving third-party complaints. For instance, the residents around VG complained about the smell of the paint VG uses. VG could not find a solution, they mentioned this to GMH, and GMH helped them with a “perfume” which solved the problem. If the “smell” problem had not been resolved, it may have reached a point where VG had to stop doing some of its jobs, and so GMH might have lost some business because of that. Thus, helping VG is for GMH’s benefit as well. VG said that:

“it is for the benefit of each party.”

The findings show that distributors value their clients and strive to keep their existing clients happy. GMH works hard to help distributors’ clients. Several examples were provided to illustrate this, including GMH ringing distributors’ clients, visiting them, rectifying problems and giving the distributor a report later on. One example is from one of APS’s clients had a problem and complained about the paint. APS gave that client more paint, but it was still wrong. APS knew it was not a problem with the paint, because no other clients complained. APS could not solve the client’s problem. A GMH sales representative accompanied APS on a visit to the client, and took the paint back to the laboratory. After a technical investigation, the sales representative took a specialist to the client and explained why it was not a problem with paint. The APS client took the GMH
representative’s feedback seriously and was aware that the problem was not with the paint and felt they had been treated properly by APS. APS commented that because of GMH’s help, they are more confident to look for new business.

Similarly, CC explained that if their clients are not happy with certain products and are asking for alternatives, CC can ask a GMH sales representative to visit their client on behalf of CC or to accompany CC’s representatives to visit the clients. The technical manager of CC said that:

“If end-users are not happy with products, GMH backs up distributors to make everybody happy...and CC supports GMH as a distributor.”

Similarly, a customer came to ST for a specific paint which was not on ST’s list. ST talked to the GMH sales representative. The sales representative visited that customer on ST’s behalf. That customer received what they needed and became a customer of ST. If GMH had not helped, ST would not have secured any business from that company. Vignette 20 is another illustration of GMH helping their distributor’s client with regard to what paint to use. GMH’s help has a positive effect which develops their distributors’ business and makes their bonding with GMH stronger. This can be seen as the influence of help in the wider network.

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<tr>
<th>Vignette 20 - Helping Distributors’ Clients</th>
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<tr>
<td>GMH’s distributor had a client painting a trailer, looking for a galvanised looking finish, but he didn’t know what type of paint he wanted. The distributor could not provide him with advice. The distributor gave the GMH representative their customer’s number and asked the GMH’s representative to call their customer and help with this issue.</td>
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</table>

The GMH representative found out that the end-user ordered the wrong paint to start with. He had ordered a very high metal-contact paint which does not do the work he wanted. The GMH representative advised him to use an appropriate paint which is easy to apply and looks like a metallic finish. The GMH representative told him how to apply the finish, what products to order, and what finish to use. The client went away happily and ordered the paint from the distributor. GMH completed a circle of service, adding extra sales for GMH.

Going an extra mile makes customers feel special, and they will remember service providers helping them. Norman (a GMH sales representative) said:

“he (the customer) wants to deal with GMH, not because he’s got to do. He knows he can buy this product from five other companies, but he wants to buy it from GMH. If he needs any advice or help, we’re there for him!”

Paul (another GMH sales representative) stated that

“going an extra mile for somebody can strengthen the relationship.”
Most of the ‘help’ examples above relate to case study two. This may be related to the different context in that in case study two, customers were responsible for applying the finishes, while in case study one, EPE applied the finishes. Many of the examples of ‘help’ relate to technical problem solving, and other factors such as training and choosing the right equipment for application of finishes.

6.3.2.4.2 Customers Helping Service Providers

Both case studies demonstrated that not only do customers ask service providers for help but service providers may also ask customers for favours. Norman (a GMH sales representative) provided the example that he can ring TG to ask for some of TG’s fire extinguishers that have not been painted so that GMH can do some paint trials on them. Similarly, in case study one, CME use and stock protective tape. When EPE ran out of protective tape, they phoned up and asked whether CME has 13 rolls of 3 inch low type tape that they can borrow. On other occasions, CME borrowed bubble wrap from EPE and vice versa.

It seems that in close relationships service providers and customers help each other. ‘Help’ makes a difference to business-to-business relationships. BTF in case study one described a supplier that they dealt with:

“they did a good job, but...I never asked any special favours from them...it wasn’t a close relationship. It was just something that they did work for us, we send paperwork out. They complete their work.”

GMH had a similar viewpoint, as Norman (a GMH sales representative) noted:

“any supplier can supply the material. It needs to be more than the product...people like to think they’re being looked after or are a bit special.”

6.3.3 Outcomes of Business-to-Business Service Encounters

The results showed that not only single service encounters, but also a series of cumulated service encounters impact on business-to-business relationships. Positive outcomes include customer satisfaction and a good supplier-customer relationship, while negative and mixed experiences resulted in customers changing suppliers, negative word-of-mouth, and relationship deterioration. Trust and confidence were also found to be important outcomes. These are discussed in further detail in the sections below.

6.3.3.1 Outcome of Positive Experience of Service Encounters

In case study one, AS explained that she has not searched for any other suppliers:

“because they (EPE) do everything that I need.”
This illustrates that positive experiences result in loyalty. RLE claimed that one of the reasons that they have EPE as a supplier is because EPE can do what they are asked to do. MBM also stated that:

“If they (suppliers) give me what I need, then that would help to form a better relationship.”

UPR believed that business-to-business relationships would be positively influenced if service providers can meet customer needs. Graham (the production clerk of EPE) also stated that:

“Service obviously will affect relationships…you are going to give a good service to have a good relationship…”

HFE claimed that their relationship with EPE has been stronger because EPE have been doing their jobs correctly:

“Day in day out, week in week out”.

CME explained that they want to keep EPE on their supplier list because 85% of EPE’s work is good. Customers explained that quality of painting can be a bottom line, and they use EPE as a metal finishing supplier because EPE are able to consistently maintain the quality. EPE guarantees metal finishing quality, differently from “unreliable cowboys” as mentioned by HFE. Andy (the technical manager of EPE) commented that:

“If you can provide a good service and you can ensure that you will maintain that service, then your relationship with your customer is much easier.”

GCR pointed out that EPE’s good service stops customers looking for alternative suppliers. Customers such as GCR, UPR and SPG stated that they have kept on using EPE as a supplier because they were satisfied with EPE’s proven professionalism of providing and maintaining a good quality of metal finishing, keeping promises, and willingness to discuss and correct problems. PKY pointed out that it is critical for them to have a good supplier. Customers want to maintain business relationships with suppliers whose performance is continuously at a high standard. Tom (the business development manager of EPE) said that:

“The longer you keep them (customers) happy…the better the business relationship.”

Tom further noted that happy customers would say:

“I am using so and so, and I am quite happy. We have been doing business with them for years, I don’t want to change.”

Similarly, in case study two, every aspect of GMH’s offering, from a wide range of products, easy to place orders, efficient delivery and turnaround, accurate invoicing, being
able to communicate freely, a friendly manner over the phone, to the flexibility of doing business with them, contributes to customers’ positive experience of service. Paul (a GMH sales representative) pointed out that:

“people like to know where they stand. People want to know what they will get, when they’ll get it.”

Customers confirmed this viewpoint, as APS said:

“...not to be any nasty surprises in the way things are dealt with is important. To be able to have continuity with the people that you deal with, continuity in the prices that you get, continuity in the quality of the product that arrives and delivery time.”

APS has been satisfied with GMH’s overall performance and decided to use GMH’s unit scheme which APS use to mix paint, to provide the service to their industrial clients (which occupies a third of APS business). This means that APS depends more on GMH, relies more upon GMH’s service and intends to further develop their relationship with GMH in the future.

SPC pointed out that:

“once you deal with a decent, very good supplier you try not to lose them.”

If service providers offer excellent service which no other companies can compete with, customers would not consider changing suppliers. The managing director of YCL pointed out that he has been dealing with GMH for 30 years, and that:

“They (GMH) have never let me down through 30 years. If my experience over 30 years was bad experience, I would not deal with them.”

Similarly, FP said that:

“we get a constant same colour week in, week out from GMH. If we had gone to a different paint company, we could not guarantee that we would get the same finish...That is why we stick with GMH.”

Norman (a GMH sales representative) commented that:

“...keep your customers happy on a professional basis...If customers are content in dealing with a supplier on a regular basis, then relationships will go to their maximum.”

Customers’ cumulated positive experience of service encounters is not only the source of customer satisfaction and becoming a preferred supplier, but also a premise for a good supplier-customer relationship.
6.3.3.2 Outcome of Negative or Mixed Experience of Service Encounters

In case study one, MBM pointed out that:

“if they (suppliers) don’t give me what I need, then I would think that they don’t care and I will go somewhere else.”

GCR expressed similar views that if a supplier cannot meet their needs, then GCR would switch to another supplier. PKY provided an example, illustrating how a long-term relationship deteriorated because of the supplier’s failure to meet PKY’s requirements (see Vignette 21).

<table>
<thead>
<tr>
<th>Vignette 21 - Quality Problem with a Casting Supplier</th>
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<tr>
<td>PKY had a castings supplier who they had worked with over the years. It was a small company. As they were developing, PKY kept giving them business and developed good relationships with them. Everything was going okay. It had been almost an exclusive supplier. However, the relationship with them deteriorated to the point where PKY stopped doing business with them.</td>
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<tr>
<td>Things changed within that company. Managers changed. PKY had quality problems with them and asked the supplier to sort issues out. At the end of the day, the management that were running the company said “you are too difficult to deal with, your quality requirements are so far above where we are. We can't deal with you, this is just costing us too much money, too much headache, and we can't do it.” PKY did not think that they had raised quality requirements, but the supplier went from when they could actually meet their needs to not being able to do so.</td>
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FN said:

“If service is not very good...There is a business relationship that’s not good.”

LT and FN both mentioned that they replaced a supplier because of their poor performance. FN pointed out that suppliers who did not stick to a scheduled delivery would be perceived as unreliable, and would cause customers headaches because of the insecurity of not knowing what is happening to jobs. AS changed to EPE because their previous powder coater was unreliable. Customers will decide whether or not to change suppliers based upon suppliers’ reliability. Customers tend to use suppliers less frequently or even exit a relationship if the service is poor.

If there is a limited number of choices of competent suppliers, then customers may need to be tolerant of existing suppliers’ performance. For instance, AS explained that they would look for alternative suppliers to replace poor suppliers; however, until replacement, AS would have to be patient with poor suppliers:

“because it’s a very hard industry... it’s quite a skilled production line... not everybody does it.”
Tom (the business development manager of EPE) pointed out that business-to-business relationships can be endangered if a service provider’s performance is poor. Graham (the production clerk of EPE) also stated:

“service obviously will affect relationships...if you give a bad service then you are not going to have a business relationship because they just won’t come.”

In addition, Kevin (the production manager of EPE) explained that:

“you’ve given them what they want 99 times, and if you’re letting down them once, they forget the 99.”

This was supported by Graham (the production clerk of EPE) who noted that customers are quick to complain and slow to be grateful.

In case study two, SE complained that a common issue is that:

“when a company gets a foot in the door, the quality drops...some suppliers may get the 1st and 2nd delivery right, but not later on.”

FP had a similarly experience with a supplier whose initial trials were of a high standard, but later on the quality dropped. FP’s negative experience with their previous main supplier made them switch to GMH. YLC also said:

“if they (suppliers) cannot get it right. That is when we will change suppliers.”

The following quotation from SPC also illustrates this point:

“If I place an order and expect it be at my door 10am the following day, but it doesn't arrive till 4pm in the afternoon, I will wonder whether they know what we do and how we operate. I will hesitate to order next time. I will wonder if they will deliver late again. It’s the uncertainty that will draw you to another supplier.”

Similarly, Norman (a GMH sales representative) commented that:

“The relationship changes and deteriorates when suppliers drop standards, and the customer will say it is not good enough, I will go elsewhere.”

Inconsistent service performance causes customers to change suppliers. Any issues such as paints that are not in stock, inconsistency in the quality of paint, inefficient turnaround and delivery, inaccurate invoicing, or regular unreliability makes customers dissatisfied and causes customers to be concerned about disappointing their clients, the negative influence on their clients’ future buying behaviour, and that their clients will spread negative word-of-mouth about them.

6.3.3.3 Confidence and Trust

In case study two, FP had experience of GMH’s consistent service over time and this has built up FP’s confidence in GMH. Therefore, instead of ordering 200 litres of paint week
by week, FP places an order for £10,000 to get 1000 litres of paint in one batch. GMH will make the paint and stock it for them. Once the £10,000 is completed, FP will place another £10,000 order. In this way, it speeds up the production because it can be done in large batches and reduces the unit cost price. This is because FP has confidence in GMH being reliable and dependable. SPC said that with growing confidence, customers tend to:

“put all their eggs in one basket”.

Customers’ confidence was built up through their experience of service providers’ consistent service.

Similarly, case study one revealed that customers’ confidence has been built up through their experience of EPE’s consistent service through ongoing encounters, and with the growth of confidence, customers send a larger volume of work to EPE. This, in turn, provides EPE with more opportunities to provide good consistent service to customers which works in a virtuous circle. Kevin (the production manager of EPE) pointed out that:

“all the main customers started out small and we’ve built in the confidence, provided the quality, the delivery on time...You know if you do that, it grows.”

Tom (the business development manager of EPE) gave an example that BTF started doing business with EPE in a small way; gradually, EPE got 50% of their work and now EPE is the sole metal finishing supplier for them. Paul (the general manager of EPE) believed that EPE’s consistent service has increased BTF’s confidence in EPE’s performance and the relationship between them has been improved.

Customers in case study one such as RPS and RLE also admitted that they started business with EPE using very small orders, for example, a few hundred pounds. As EPE proved that they were capable of doing a good job, the customers’ confidence in EPE developed. EPE’s consistency in service contributes to customers feeling secure that EPE will perform in a certain way which builds up customer confidence. An example of customer confidence in EPE is that: EPE sent finished items which were lots of little parts back to HFE. HFE did not have time to unwrap and inspect them. Because they had confidence in EPE, HFE sent the parts out to their clients without inspecting them (i.e. the items went to their customers still wrapped up). HFE said that they could not do this with another powder coater.

According to Martyn (a GMH sales representative), customers face challenges in their daily business. By providing support and consistent service to customers, customers’ confidence in dealing with GMH increases, and:
“it builds up trust...”

This illustrates that confidence and trust both need to be taken into account in business-to-business service encounters. Martyn provided an example: a customer tried GMH over a period of about six months and gave GMH many challenges. They would ring GMH for a product and they would need it tomorrow. They would ring GMH with a technical challenge, and GMH would give them the advice and the product and they would try it. They would ask GMH for a price to compete against a competitor. They used little tests to see if GMH’s service came to the standard that they required. GMH passed all the tests and thus built up the customer’s confidence and trust in using GMH. If GMH had not passed the tests, the customer would not have dealt with them at all.

Similarly, in case study one, LT pointed out that trust is not built up by the first correct job, as some companies may get the first job right, but by consistently being right later on. SPG had a similar viewpoint that trust is gained over a period of time:

“it’s about using people on a regular basis over a period of time and...using them for so long and it's been okay.”

BTF supported this point:

“if you trust somebody in what they do and you have faith in what they do and... the security of knowing that when something is sent...the things are coming back right all the time and the right colour, good finishing, everything is packed well, everything is labelled well, then I know it’s going to happen tomorrow and the day after and the day after again, continuity through it all...And then if I can trust him and what he’s doing and he knows what he’s doing and he’s confident with his own job...continuity should suggest that he’s doing well and I can trust what he’s doing as much as myself doing that stuff.”

This illustrates that it was not one-off service, but consistent service that contributed to trust.

Through service encounters, customers develop several aspects of trust in service providers, such as trust in suppliers’ technical support, trust in their opinions, and trust in suppliers’ judgment of issues. For instance, SE said that:

“we asked Alan (a GMH sales representative) certain questions and we trust his opinion”.

A similar quotation from SPC also illustrates this point:

“if Alan (a GMH sales representative) says this cannot be done, I know I do not have to ring anyone else. If I have a technical question that has been asked of me
and I do not know the answer, I can ring Alan and he says this paint will react against this paint. I know that is the truth. I do not need to ring anyone else. We take that as correct and that is why we stick with GMH.”

Furthermore, SPC commented that trust includes:

“they will do it for me, trust that they will deliver on time.”

Similarly, in case study one, BTF pointed out that trust was built up through service encounters, including trusting a supplier to raise issues or any problems that might be caused by customers such as sending the wrong items to him or the wrong paperwork. LT shared the opinion that trust is developed through customers’ experience of service providers’ keeping promises:

“trust means if whoever says, this is going to happen and how it’s going to happen, and it happens...things arrive here on time and with the right colour, the right specification...it happens because he said it’s going to happen that way.”

PKY supported this view:

“trust is actually believing that the person is going to do exactly what they said they are going to do, and trusting them to do it...you don’t have to check up on them all the time, you know that when you get to that point, they’ll be there with their bit of it.”

Similarly, MBM commented on trust as:

“having confidence in your ability and willingness to do what you say you are going to do.”

The findings illustrate that in service encounters, risks are involved in both parties’ interactions. In both case studies, customers were found to be aware of the risks and costs of using service providers which includes suppliers not meeting customer requirements, the uncertainty and unfamiliarity of using a supplier, auditing suppliers, logistics and administration. PKY said:

“if you are climbing a mountain and the guy ahead of you is going to anchor himself on the rock, and if you fall you are going to trust him that he’s going to catch you, because he’s anchored himself properly...you don’t take risks, you don’t build trust.”

Trust develops as the two parties work together and through this their perceptions of risk are reduced. PKY further pointed out that trust is formed as the relationship grows, and “trust actually then governs how that relationship develops.”
In addition, mutual trust has been found in both case studies. In case study one, RLE mentioned that they put trust in EPE’s service provision to them, and EPE also trusted RLE’s capability of payment. Similarly, in case study two, GMH trusted FP as a good account for them, and FP had trust in GMH by placing at least 50% of their expenditure on paints purchase with GMH. FP pointed out that their relationship with GMH has changed because of the mutual trust developed between the two companies through their experience in their service encounters. Customers believed that mutual trust between the two parties helped relationship development, and some of them claimed that trust is fundamental, the prerequisite, the first and most important thing in having a long-term, high-quality relationship. EPE and GMH both had similar views, for instance, Paul (the general manager of EPE) said:

“we must trust the customer and he must trust us”, and “a relationship is based on trust.”

Martyn (a GMH sales representative) said that:

“it takes a lot to build the trust, but it is very easy to lose it…if you have done something which is perceived not to be right.”

MBM pointed out that failure to keep promises over service encounters would destroy confidence and trust in the individual in the relationship:

“If somebody says, yes, I will bring it tomorrow morning at 9 o’clock and they don’t…I don't trust him.”

Martyn emphasised that in service encounters with distributors, trust is related to ethics. According to Martyn, distributors trust GMH as a company:

“They trust what you do and take your word that you’ll give them the right advice. They trust you that you’re not going to do anything to destroy their business, or that you’ll tell their competitors what is happening. You’ve got to have ethics to get their respect and trust.”

On the other hand, Martyn provided opposite examples of other paint companies stealing their distributors’ customers by going directly to them, which destroys the distributors’ trust in suppliers.

6.4 Business-to-Business Service Failure and Recovery

The findings revealed three types of business-to-business service failure, and identified various outcomes of business-to-business service failure, such as customer dissatisfaction and the domino effects. The results showed that business-to-business service recovery
included ‘what it is done’ and ‘how it is done’. Various outcomes of business-to-business service recovery were identified, such as deterioration in business-to-business relationships, maintenance of business-to-business relationships, and strengthening business-to-business relationships. These are discussed in further detail in the sections below.

6.4.1 Types of Business-to-Business Service Failure

There are many factors which may cause service failure: things happen on the service providers’ side, the customer’s side, or uncontrollable factors such as the weather. Findings from the two case studies related to service failure in business-to-business contexts are presented below.

6.4.1.1 Service Provider-Related Errors

Service failure may be caused by service provider-related errors, for example, service providers’ mistakes in invoicing, late delivery, or delivery of with wrong orders. In case study one, problems of quality in metal finishing could cause customer complaints, as can equipment break downs which may cause a delay in EPE’s turnaround time and lead to a delay in delivery to customers. Tom (the business development manager of EPE) said that customers will ring up:

“if they (customers) are expecting something and it hasn’t appeared.”

Kevin (the production manager of EPE) put it simply:

“if they (customers) receive something that’s not to their liking they’ll call in.”

Kevin (the production manager of EPE) explained that service failures happened because EPE did not ask customers questions such as:

“is it going to be good enough for what clients want?...Is it going to be used by the public? Is it going through an environmentally unfriendly area?”

(see Vignette 22).

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<th>Vignette 22 – Customer Requirements</th>
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<tr>
<td>Beta is a customer that produces handling equipment for factories dealing with clothing manufacture around the world. Beta delivered a piece of steelwork to EPE for them to powder coat it. No information had been given as to what would happen to the steelwork after the job left EPE. Later on, it had been found that the customer loaded the finished work onto a ship and sent it all the way to an island in the middle of the Indian Ocean to a clothing factory. Being transported as deck cargo on a ship and having six weeks’ salt spray, resulted in the steelwork becoming rusty.</td>
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<tr>
<td>If Beta had told EPE that they were shipping the steelwork out using the cheapest method, deck cargo on a ship to the Indian Ocean, EPE would have used a different approach to metal finishing it. EPE can make multiple offers on one product at different prices for different effects. If the information had been given beforehand, EPE would have understood more about Beta’s requirements and avoided the service failure.</td>
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Vignette 22 illustrates that during the service process, service failures may arise due to service providers’ lack of understanding of what customers want. However, this may also be argued to be due to customers’ lack of provision of appropriate information (i.e. customer-related errors causing service failure, see section 6.4.1.2).

The findings illustrate that some service failures may be caused by service providers’ inconsistent internal communication (see Vignette 23) during the service process. Norman (a GMH sales representative) believed that the extra charge issue would not have happened in the first place if the team understood the change of carrier policy with this particular customer (AT).

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<th>Vignette 23 – Supplier Internal Communication</th>
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<tr>
<td>GMH has a delivery charge policy: if a customer has his order delivered using a carrier service, if it is wet paint and the order is less than £275, he will pay the carrier charge of £11.50.</td>
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<td>Another paint supplier approached AT. They could offer AT what GMH was supplying, and said to AT that they did not have the carrier service charge. If AT had only £100 of orders, they would not charge for delivery. To compete, Norman (a GMH sales representative) reduced the minimum delivery charge from £275 to £175 for this particular customer (AT).</td>
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<tr>
<td>AT placed an order with GMH which was more than £175, and was scheduled to go out in one delivery with no delivery charges. However, GMH could not make two products in time to put in the order. AT received a phone call from GMH about the delivery, these two products were delivered the following day and, AT had to pay the delivery charge because of the small order size.</td>
</tr>
<tr>
<td>AT phoned a GMH sales representative and said “I cannot make sense with the person in the sales office about it (the additional carrier charge).” The GMH sales representative said “there is no way that you need to pay for that. Leave that with me.” The GMH sales representative made a phone call and addressed it. The GMH sales representative commented on this issue: “you cannot expect a customer to pay the carriage and jeopardise the relationship because you cannot make the product in time. That’s not fair. We cannot make one delivery and that’s not the customers’ fault.”</td>
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6.4.1.2 Customer-Related Errors

The case studies also revealed that service failure may be caused by customer errors. For example, customers may send in products which are unsuitable for metal finishing, or service failure may happen due to customers’ poor product design or installation (see Vignette 24).
Vignette 24 - Solving Problems not Caused by the Service Provider

EPE had a customer, who designed and installed non-smoking filters and they provided the paint finish for these. EPE staff were called out because the paint was peeling off and all the parts were rusting. Andy (the technical manager of EPE) assessed the area and took photographs. There were scratches and dents to the actual metalwork where the paint had chipped off.

The filter was made from box sections where there were open box sections, the customer hadn’t sealed the box sections properly. When it was raining, the water was falling on the inside and not running away. But because it was inside where the box section had not been painted, there was corrosion from the inside and the rust water was overflowing onto that. After investigation, two reasons were found: one, the customer’s design was poor. Second, they did not install the filter properly.

In this case, the reason for the problem clearly was not down to EPE, but the customer thought it was caused by EPE. The customer was happy, because EPE conducted the full assessment, and the customer was happy with the investigation. EPE gave them recommendations on how to improve for this in the future.

Even though it was not EPE’s fault, EPE advised them what they could do better to help themselves. A lot of suppliers would say, “it's not my problem...you haven’t installed it properly or you haven’t designed it properly, bye.”, whereas EPE won’t. EPE would spend some time saying, “how can we help you to get a better design etc.” That’s what EPE offer better than anybody else.

6.4.1.3 Environmental-Related Errors

The findings also show that service failure may be caused by environmental factors. For instance, in case study two, paints are produced in ideal conditions in the laboratory. However, when paints are used in the field, they react differently in different weather conditions. Weather conditions such as frost, wind, or rain, may cause customers problems when using paints. FP said that:

“the paint has been tweaked along, and as we go through the seasons we get different problems”.

GMH cannot control service failures related to their core offering (paints) once they are delivered to the customers.

6.4.2 Outcomes of Business-to-Business Service Failure

Both case studies showed that service providers and customers consider the consequences and costs of service failure. For EPE and GMH, it is costly to rectify service failure. In case study one, service failure related to EPE’s core offerings, for instance, poorly finished items, need to be reworked which incurs an extra cost to EPE, and Tom (the business development manager of EPE) asserted that it is costly to address service failure. At the same time, service failure may also damage EPE’s reputation. Paul (the general manager of EPE) explained about the negative impact of service failure:
“you start yourself on a nasty downward spiral of…increasing your costs…the bad news travels faster than good news.”

The findings also show that service failure may cause disruption to customers’ workflow which is costly for customers (also see section 6.3.2.1.7 for findings related to production disruption). According to HFE,

“we couldn’t do what we planned to do. If the metal finishing item comes in and it’s wrong. The person who was going to do a job on it cannot do it. The wrong material needs to be sent back, and the worker needs to wait for the correct one to work on. You need to move him onto another job, which might not be the job that you want him to be on, because you want that job to be done in 2 to 3 days time. So you’re rearranging all the time.”

AS also pointed out that their work is dependent upon receiving finished items from service providers. If the service providers do not inform them of the delay to a delivery or are late, AS have to rearrange the jobs in their factory. Similarly, RPS pointed out that:

“It becomes my problem when it affects my job”.

Service failure was seen to impact on customer emotions. In case study one, HFE expressed the frustration of having hassles all the time. Similarly, in case study two, distributors expressed their frustration about having to deal with unreliable service providers, and indicated that they will change suppliers if they are not reliable. One example provided was that APS had a supplier which was very unreliable with respect to the accuracy of invoicing. APS were charged the standard price rather than the price that they had agreed. The standard price could double the agreed price. APS had to check invoices to ensure that they had been charged appropriately in order not to lose money. APS commented that checking invoices was time consuming, frustrating and tedious. In the end, APS replaced that supplier.

As reported above, another consequence of service failure is that customers may replace suppliers. For instance, EPE is aware that they may lose customers due to metal finishing quality problems. Kevin (the production manager of EPE) commented that:

“If you haven’t got the quality (metal finishing) right then nobody wants to use you.”

However, both case studies have shown customers’ tolerance with poorly performing service providers. In case study one, due to the limited number of competent service providers available in the market, AS has been tolerant of poor suppliers. Similarly, in case study two, CC pointed out that as a distributor, even though they may be reluctant to deal
with service providers who have poor performance, they need to be tolerant due to the limited choice of alternative suppliers.

Additionally, both case studies have shown that one single service failure may not necessarily make customers switch to another supplier. In case study one, several customers such as RLE and LT reinforced the point that customers might be able to live with problems temporarily, but cannot always live with them. FN claimed that they are a forgiving company and tend to disregard an isolated service failure. But they also commented that they will look for a new supplier if the same mistakes keep recurring. LT pointed out that their previous supplier kept letting them down to the point that LT replaced the supplier. SPG also pointed out that they would take repeated service failure more seriously than the first time it happened, and they will switch to another supplier if problems keep on happening.

Similarly, in case study two, Paul (a GMH sales representative) said that:

“customers remember the issues at the back of their mind. You cannot have that too many times.”

Norman (another GMH sales representative) also commented that:

“If it (customer confidence) is grown from 50% to 100%, and within two months you make five mistakes with that customer, that 100% (customer confidence) will be back to 50%. It’s hard to get back to 100% because the customer has lost his confidence...If you let it slip, it’s difficult to get it back.”

GMH staff believed that regular service failure impacts negatively on customer confidence in the service provider and damages business-to-business relationships.

6.4.2.1 Domino Effects in Service Failure

Another consequence of service failure is the negative domino effect of failure where it impacts on other parties in the network. In case study one, if EPE cannot meet its delivery deadline, EPE customers’ delivery to their clients would also be jeopardised and this may cause dissatisfaction in the wider network. UPR (whose customers are in the railway industry) explained that:

“If they (EPE) say they are going to deliver on Thursday, I know it’s going to take me two days to do whatever I have to do. So, then I can tell my customer that they will get it on Monday. But if EPE don’t deliver on Thursday, I have to ring my customer and apologise to him, and he’s going to say, well that’s not good enough,
you promised me this. On the railway, when you promise a date, you have to organise things...you have to book what are called possessions, stop traffic...”

In addition, UPR was concerned that poorly finished plates used in the railway industry could cause accidents. Thus, EPE’s service failure not only affects customers but also other organisations and end users in a network.

Similarly, in case study two, if there is anything wrong with the paint that GMH offers, items going out to customers’ clients will not be right. Furthermore, customers rely on the information given by GMH to pass on to their clients (see related discussion in section 6.3.2.1.5). SE explained this point:

“if SE’s supplier confirmed a delivery for Wednesday, and there was a problem and they did not ring me and the paint did not turn up till Thursday, I will not be happy, because I have customers. I have then got to do the same thing to customers of SE.”

SPC also explained that they rely on paints supplied by GMH to finish their jobs and then to deliver them to clients. If GMH fails to deliver the paint on time, not only SPC, but also SPC’s customers would be negatively influenced:

“I need product here to paint and SPC customers expect things to be painted. SPC customers are under pressure from their customers and will be penalised financially if SPC fail to meet the delivery deadline.”

Customers emphasised that their clients should not be affected by service failures that occurred upstream. In case study one, LT commented that the important part is that problems are sorted out before going out so that customers do not see the mistakes. SPG suggested that service providers need to:

“turn the problems around and just get the work done without any delays, without any inconvenience to the end-users...”

This is because customers are concerned about negative impacts on their business performance, such as causing their downstream customers to be dissatisfied and leave them, and losing their profits. Customers are aware that if there is anything wrong, they have the responsibility for solving the issues for their clients. UPR commented that their clients would complain to UPR, and:

“he (UPR’s client) doesn’t care that my (UPR) supplier is rubbish, he just knows you (UPR) supplied it, you (UPR) got it wrong.”

Customers want to draw service providers’ attention to the negative effects of service failure in their network, as FN commented:
“...to let them (EPE) know what effect this is having on our business.”

6.4.3 Business-to-Business Service Recovery Strategy

“Everybody makes mistakes...but a good organisation will actually deal with that mistake and sort it out pretty quickly...”

The above quotation from SPG is representative of customers’ views and illustrates the point that although service failures may be unavoidable, how they are recovered is crucially important. The findings relating to how service failures are recovered in the two case studies, including ‘what is done’ and ‘how it is done’, are presented below.

6.4.3.1 Outcome of Service Recovery/What Is Done

Customers are outcome-oriented towards problems that have occurred. MBM, in case study one, commented:

“discussing is easy... Talk is cheap. It is changing something that is expensive and very few want to change.”

This shows that customers expect service providers to make changes and improve the situation. In addition, EPE’s customers are not only concerned about ongoing problems, but also about finding and correcting the root causes in order to prevent issues from reoccurring. The customers’ aim to discuss problems with service providers is not only to address problematic issues, but also to make improvements and prevent the problems from happening in the future. Customers such as PKY and RPS emphasised the importance of service providers learning from failures, finding the root causes, correcting mistakes, and making sure that the failures would not occur again. BTF said that:

“it’s a matter of controlling those issues (problems) and putting systems in place to make sure they aren't happening again.”

In case study two, SE commented that:

“GMH sorted out problems at each stage”

and FP said that:

“They addressed the situation whatever we threw at them.”

An illustration of GMH solving customer reported service failure related to GMH’s core offering (paints). When JJ used the GMH paint to refurbish kitchens, the paint they applied on doors was creasing and cracking. GMH sent a technical person over and found out that there was no elasticity in the finish, causing the paint creasing. GMH and JJ reached a solution by GMH adjusting the balance of the formula and thus addressing the issue.

However, not all problems can be solved. For example, in case study two, GMH supplied a paint colour 9006 silver for SPC to use for a particular job. On one occasion, SPC opened a
box of this powder, kept on painting, and found that it was a different shade. SPC phoned
Alan (a GMH sales representative), who came to SPC within hours to investigate the
problem. GMH did everything they could to resolve the problem, but it was a technical
problem that could not be solved. SPC then went to another supplier for that colour of
paint, which was more expensive. Although GMH could not resolve the issue for SPC, this
insoluble problem has not prevented SPC from dealing with GMH. It is not only the
resolution of service failure per se, but also the process of recovering issues that influences
customer service experience. The findings related to processes of service recovery in the
two case studies are presented below.

6.4.3.2 Process of Service Recovery/ How It Is Done

There are many factors in the process of service recovery: communication, suppliers’
attitude, suppliers’ availability and responsiveness, perceived fairness, correcting
mismatched perceptions of service failure and service recovery policy. Findings from the
two case studies related to the process of service recovery in business-to-business contexts
are presented below.

6.4.3.2.1 Communication

In the process of service recovery, EPE welcomed and encouraged customers to
communicate with them and provide them with feedback when things go wrong. Kevin
(the production manager of EPE) said that:

“it is important that customers feel that they can discuss problems with suppliers.”

Andy (the technical manager of EPE) further pointed out:

“…I would rather a customer come and tell us there is a problem than be quiet and
then go elsewhere.”

On the customer side, customers also welcomed and highly appreciated EPE’s
communication about problems. AMT said that:

“if something goes wrong, we would expect them to tell us as soon as they hear. If
they were unsure of something, we would expect them to ask.”

Communication was highly valued by both service providers and their customers.

FN pointed out that they can be tolerant and allow for certain service failure if service
providers can recover the failure, and during the service recovery process, inform them
about what has happened. SPG mentioned that:

“Leaving people in the dark agitates people.”

In addition, customers assume that EPE understands that service failure would impact on
the customers’ clients in the network (see section 6.4.2.1). Therefore, customers highlight
the importance of EPE having conversations with them during the service recovery process so that they can inform downstream customers of any issues and reduce negative effects of the service failure in the network.

Furthermore, honesty is much valued in communication (see section 6.3.2.1.7) and service recovery. In case study one, Graham (the production clerk of EPE) stressed that EPE should be honestly informing customers of a problem, or letting customers know if there is limitation to EPE’s ability to solve a problem. In case study two, TG made similar comments and appreciated GMH being honest during the process of problem handling:

“If they cannot help us out they are quite upfront about it. Honestly they say ‘no’.”

6.4.3.2.2 Pre-empting Failures

However, not all customers complain if there is a service failure. Without supplier-customer communication during service failure, there may be two-fold effects: first, problems will get worse; second, the issues will impact on service providers’ other customers (see Vignette 25).

<table>
<thead>
<tr>
<th>Vignette 25 - Listening to Customers</th>
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<tbody>
<tr>
<td>PKY has components plated using a finish called Satin Chrome Plate. PKY found that some components that were returned to them and presented for assembly looked awful, very yellowy, not the colour they expected them to be. The colour wouldn’t match the original sample. Staff at PKY explained that they have mentioned this to EPE, but EPE said that’s how it is. There had been discussions, which had not resolved the problem. PKY’s staff were willing to accept this.</td>
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<tr>
<td>PKY went back at a more senior level and asked the general manager of EPE to look at it. The general manager in EPE immediately went down and got technical people involved to investigate the problem. The next day he gave feedback to PKY that they had some contamination in the tank, which had thrown the process off balance.</td>
</tr>
<tr>
<td>There are two messages in this story. One is that had the problem not been picked up and reported back, the contamination of the tank could have got worse, and might have caused a major quality problem for EPE, perhaps not even just with PKY, but maybe with a group of customers. The other is that it’s important that EPE get feedback and act on it, otherwise it may lead to worse problems if they don’t. Without feedback, EPE could keep on returning inferior products.</td>
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LT stressed that EPE needs to listen to all customers not just large customers, because something highlighted by a small customer in a service provider’s system can impact on larger customers. By taking small customers’ feedback on board, EPE may prevent the same problems from occurring for other customers.

BTF appreciated that EPE prevented problems by initiating dialogues with them. Vignette 26 illustrates the role of EPE’s pro-active communication used to address potential issues.
### Vignette 26 – Supplier Initiating a Dialogue about Problems

*BTF had problems in the past with their technical department sending work to the metal finishing supplier with the wrong colour request. The metal finishing supplier coated the items with the right colour as far as they knew, but it was wrong for BTF’s customer on site. This caused problems because BTF had spent hundreds and thousands of pounds on the item concerned.*

*EPE had a different approach, if BTF did something wrong on the paperwork. Andy from EPE might ring BTF up, asking questions and saying “did you realise that we’ve got a separate colour on ten lines, one of them is a separate colour.” Actually, the technical department in BTF had made a mistake on the paperwork. Another metal finishing supplier might coat it with the wrong colour, but EPE would raise an enquiry about it. The more that EPE point things out, the more it helps BTF to make sure that they can get items with the right finishing to be available to be sent.*

*Communication is beneficial because EPE is helping BTF out by ringing up and querying whether or not BTF provided wrong information.*

Similarly, in case study two, Vignette 27 illustrates how GMH’s communication with MPS pre-empted a service failure.

### Vignette 27 – Communication Can Pre-empt Problems

*Julie (GMH’s driver) can be very busy. She may load the van up in the morning, and have 40 drops at 40 different places. By 1pm, she may have only delivered 10 of those drops, and there is no physical way she can get to all of those places in the 3 hours she has left. That is when problems start.*

*MPS will get a phone call from Julie asking: “you have got three drums, they are on the van, I am going to struggle to get to you, are you desperate for them? Is it crucial?”*  

*If MPS had to say, “I am desperate for them. They have got to come in today.” She would say “right, can you meet me somewhere? Can you send a van to meet me?” In this situation, MPS would meet her on a dual carriageway to pick up the paints. This would save the driver a lot of hassle. If MPS can wait till tomorrow, this may save GMH’s driver an hour and allow her to make deliveries to other customers.*

*If there is no communication, distributors may ring GMH every other day screaming “where is my delivery? Why has it not arrived? Why is it always late? Why does it never come on time? Why do you always promise and it never happens?”*  

*Julie pre-empted a problem like this by making a courtesy call.*

Communication with customers has helped GMH to keep their customers informed if equipment breaks down or if there is any other reason that causes GMH’s failure to deliver what customers want or when they want it. Norman (a GMH sales representative) pointed out that:

*“there is nothing worse than expecting something to be with you, but it doesn't turn up, unless somebody told you that it is not going to turn up, then you can make alternative arrangements. Saying nothing at all is not acceptable.”*
6.4.3.2.3 Supplier Attitude

Service providers’ attitude towards service failure is a crucial aspect of service recovery and contributes to customers’ service experience. In both case studies, customers had experience of some suppliers who would deny there were problems or who were unwilling to solve problems, as FP explained:

“If there is something wrong. It’s always our fault. It is our problem. The suppliers say that ‘we have sold the product. You sort it out yourselves’.”

In contrast, Paul (the general manager of EPE) acknowledges that it is EPE’s responsibility to deal with complaints and rejects, and solve customer problems. Kevin (the production manager of EPE) gave some examples: if EPE fail to deliver some items, the first thing EPE do is to get in touch with the customer and say sorry; if something goes wrong with the painting process, EPE will explain to the customer that it is on their to-do list and has been given a top priority. Kevin pointed out that showing the right attitude towards handling problems gives customers the impression that EPE is a caring rather than an ignorant supplier:

“…we don’t want to appear to be ignorant people. We care about what we’ve done. It’s important for them that we care. Customers will come back…”

Graham (the production clerk of EPE) believes that the customers appreciate EPE’s attitude towards dealing with problems, such as apologising to customers, turning the problematic situation around and providing prompt feedback to customers about the progress of handling problems.

Similarly, in case study two, customers commented that, in comparison to other suppliers who would argue as to whose fault it was, GMH’s approach towards reported problems was genuine. FP pointed out that when there was a problem:

“GMH came on site with the technical people…we will try…until eventually we get it right.”

On other occasions, GMH’s sales representatives would explain the reason for problems, or just replace the paint. FP commented that:

“GMH is not funny and does not play around it.”

The findings show that GMH’s willingness and friendliness when solving problems make customers feel that they are respected and treated properly.

6.4.3.2.4 Correcting Mismatched Perceptions of Service Failure

Identifying and acknowledging problems is an essential part of service recovery. However, both case studies show that customers and service providers may have different
perceptions about whether or not there is a problem. Moreover, customers and service providers’ understanding of the causes of problems may be different (see Vignette 28).

<table>
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<tr>
<th>Vignette 28 - Investigate Problems</th>
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<tr>
<td>PKY has a warranty returns policy. PKY had had locks returned from the railways because there was a problem. However, when PKY inspected them, there was nothing wrong. The locks worked perfectly well. PKY’s warranty team would return the product to the customer with just one line saying, “no fault found.”</td>
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However, PKY understood that customers would not take locks off doors and send them back if there was not any problem. Customers wouldn’t be happy because they had taken locks off doors because they were not working, and got them back saying no fault found.

Although there was nothing wrong with the lock, when customers bolted the lock back on the same door, there might be a problem. The problem might not be with the lock, but with the door. It might be with the interface. The investigation of the problem was incomplete.

The only way to resolve the problem was to go down and see the problem first hand. It’s important not to take the view that, “it isn’t my problem.” Because that customer will say, “well, they are not solving the problem. They are not giving me service.” Customers will form the perception that PKY is a company that doesn’t care because they are just sending the lock back, with no fault found. The customer knew that there was a problem, and as far as the customer is concerned, the lock was still not working. So, suppliers need to listen and think through what and why customers say things. Suppliers need to take extra steps to solve problems.

In case study one, Andy (the technical manager of EPE) pointed out that mismatches in the perceptions of service failure may be caused by customers’ lack of knowledge about metal finishing and limited understanding of the cause of problems; therefore, when things go wrong, customers blame the metal finishing supplier immediately. Tom (the business development manager of EPE) commented that on one occasion:

“we couldn’t do anything about it...because he (customer) was sending something which wasn’t acceptable...he wouldn’t believe it but then eventually...he understands...We explained to the customer what the problem was...they have their own painting...and they tried...and the same thing happened.”

To address the issue of mismatched perceptions, Paul (the general manager of EPE) stated that technical backup and sending staff out to investigate problems are vital. Vignette 24 in section 6.4.1 illustrates how EPE helped a complaining customer to understand the cause of a problem. This demonstrated to the customer that EPE cared. Andy (the technical manager of EPE) explained the benefit of investigating problems:

“...the customer is happy with whatever assessment we do, because we try to do the full assessment on what we feel has happened...we prove to them the reason for
that failure is beyond what we can do…we advise them also what they can do better to help themselves.”

The findings show that in case study two, customers’ knowledge about paint varies. Sometimes, customers report problems with the paint but, in reality there may be no such problems. The illusion of a problem may be because of customers’ lack of understanding about paints, or customers’ lack of training of how to apply the paint. It may be a new painter who has not used GMH paint before and did not read the technical details about how to use it. An example provided by Norman (a GMH sales representative) illustrates this point:

“a customer finishes a job on a flat piece of metal and it looks like orange peel. He would think it’s a problem with the paint. One of the laboratory technicians helped them and addressed the issue over the phone by saying, “tell me exactly what you’ve done, what finish did you use and how much you have used?” It turned out that it needed a few drops of finish.”

On another occasion, Alan (a GMH sale representative) drove 100 miles to help MPS’s clients with a problem reported as paints reacting, but found out that grease had dripped on to the panel and there was nothing wrong with the paint. Even though there was not a problem with the paint. The findings show that GMH’s willingness to solve problems is highly appreciated by their customers.

6.4.3.2.5 Supplier Availability and Responsiveness

Both case studies have shown that customers valued service providers’ availability and responsiveness highly with respect to recover from service failures. In case study one, SPC pointed out that if there is a problem:

“It is not acceptable that representatives – front-line staff dealing with this area cannot come. If the supplier says I won’t be in your area this week, I won’t order from you again.”

Similarly, in case study two, MPS made the point:

“You don’t want to deal with a supplier who is not prepared to support you when things go wrong. MPS would not be here without GMH’s support.”

Vignette 29 illustrates EPE’s availability and responsiveness with respect to service recovery.
**Vignette 29 – Handling Problems**

*UPR have dealt with different suppliers and found that when they raised an issue, a lot of companies said ‘okay, we will try and improve.’ Things might be all right again for a couple of weeks, but then the problems occurred again. UPR changed supplier from year to year until they tried EPE.*

*If there is anything wrong, they found that EPE staff will come to have a look and get it right. From time to time, EPE do make mistakes but 99.99% of the time they put it right free of charge within the timescale UPR wants. Whatever UPR brings to EPE’s attention, EPE will put it right and it usually stays right. UPR is happy with EPE. UPR has been using EPE for five years and has no reason to move away.*

In case study two, SE explained that GMH consistently addressed their problems without delays, and this made them feel comfortable to approach GMH to discuss issues of concern. Marytn’s (a GMH sales representative) also commented that:

> “the big distributors can deal with whoever they want. All painters want to work with them (distributors), but they feel more comfortable dealing with those who respond and give them a solution to problems quickly.”

### 6.4.3.2.6 Perceived Fairness

Perceived fairness was raised in the context of service failure and recovery on both cases. In case study one, an example was given of one occasion when EPE had painted a panel for GCR. The panel was sent to GCR’s customer and was fitted on site. However, when the panel arrived at the customer’s, it was found to be damaged and EPE acknowledge this was their fault, they had damaged it whilst packing it. The customer requested that another panel be made. The existing panel was taken off the site and replaced with a new one. EPE incurred the cost of remaking the panel which in GCR’s view:

> “they did correctly.”

GCR thus formed a perception that EPE deals with service failure fairly and correctly.

In case study two, Vignette 30 is an example where in MPS’s perceptions:

> “it is not my fault. It has arrived; it is leaking. Why should I have to pay for it?”

and GMH recovered from the service failure fairly by compensating for the products accordingly.
MPS had a problem with GMH when some tins of paint arrived leaking because they had been crushed. It made the shop floor messy and sticky. MPS rang GMH and described the situation. Alan (a GMH sales representative) could not get to MPS at that time, but he said, “No problem at all. Make a note of what it is, get the mess cleaned up, and we will sort it out.” Four tins were broken. Alan gave MPS four more tins, and another two tins, free of charge to compensate for the fact that MPS had spent two hours cleaning the floor and cleaning the paint off. Alan also took the old stock that was damaged away and arranged for it to be disposed of. Alan arranged everything, turned the situation around and sorted the whole thing out. MPS could not have asked for more.

Norman (a GMH sales representative) emphasised that:

“when problems happen, it is important to recover the situation and be fair to make sure that customers have no ill feeling about the situation”

(see section 6.4.1.1 Vignette 23).

Both case studies have revealed that customers form perceptions about fairness in service recovery. It also became evident that it is crucial for service providers to recover from service failure to ensure their customers’ business benefits are not harmed.

6.4.3.2.7 Co-Recovery

Both case studies have illustrated that customers may contribute to service recovery jointly with their service providers. For example, in case study one, a customer used to send galvanised goods to EPE to be painted. Galvanising releases gases and makes paint bubble; so EPE suggested that the customer send in products without them being galvanised and EPE would be able to provide a primer run which would give the products an equivalent finish to galvanising. EPE’s recommendation helped this customer understand the problem, and helped the customer to solve the problem which could not have been addressed by EPE alone. EPEP have identified a number of problems that have been caused by poor product design, in these cases EPE has provided advice to the customers about how to modify the products. EPE have needed customers to re-design or improve products to make them adequate for painting. In some cases, the customers have listened and changed their design, as RLE said:

“they (EPE) will discuss it with us and we will work together to find a solution to put it right... we’ve got to work together to put things right.”

Customers can be seen to make adaptations in order to assist service providers and to recover from service failures.

There are also similar examples from case study two. For instance, one of GMH’s paint mixers broke down. At that time, SE placed a large order with GMH. GMH knew that
because of the problem, they would not be able to send all the paint to SE when they needed it. Instead of reducing the order, Alan (a GMH sales representative) rang SE and explained the situation, and said:

“let us prioritise. What colours do you want first?”

They worked out a priority list between them. SE received three colours of paint which they required urgently on time, and the other colours of paint came the following day. In this case, GMH and SE reached an agreement to prioritise the production and delivery of the paints, which allowed GMH to deal with the machine breakdown. This action not only minimised the negative effects of machine failure on the customer, but allowed the customer to be involved in making alternative plans for their production. It turned an unpleasant circumstance into a win-win situation. In this case, problems provided an opportunity for GMH to work together with their customer, to solve the issue, and strengthen their relationship.

6.4.3.2.8 Domino Effects in Service Recovery

As domino effects have been identified in service failure (see section 6.4.2.1), similarly, domino effects have been found in service recovery. In case study one, for instance, EPE’s responsiveness in handling problems has a domino impact on customers’ clients. GCR pointed out that it is not acceptable for a service provider to solve a problem in three to four days:

“because my (GCR) clients are being promised a particular job on a particular date. We have given the delivery for our product. If that product doesn’t arrive for my client, I will lose that client.”

Customers highlighted the importance of EPE having conversations with them so that they could inform their downstream customers of any issues and thus to reduce negative effects.

Similarly, in case study two, distributors valued GMH’s quick reaction to problems because their clients would be anxious and unhappy as they would be waiting and wanting to know the outcome. This quotation from CC illustrates the point:

“other suppliers deny problems, and take a long time. This makes CC’s clients wait and they need to get on with their jobs. GMH sort problems out fast; CC gets paid quicker. Everyone is happy.”

It seems that GMH takes pressure off its distributors by recovering from service failure promptly, and satisfying not only the distributors, but also their clients in the network.
6.4.3.2.9 Service Recovery Policy

Both case studies illustrate how that company policy and culture assist organisations in recovering from service failures. In case study one, EPE has a company policy of making an attempt to rectify a problem within 24 hours. This policy also include visiting customers, carrying out investigations on site, collecting items to reprocess them, and providing customers with feedback about the process of dealing with their problems. The policy aims to find out what the problem is and the cause of it. Moreover, EPE holds a meeting once a week to discuss a list of rejected finished items and rectifying actions that can be taken to prevent the same issues from happening in the future. Similarly, in case study two, GMH has the ISO system implemented in the company to monitor their performance and to minimise service failure. In addition, GMH has a philosophy in its business operation of showing GMH’s willingness to address any issues that customers may raise.

6.4.4 Outcomes of Business-to-Business Service Recovery

The results showed that business-to-business service recovery impacts on business-to-business relationships. Positive outcomes include maintenance of business-to-business relationships, while negative experiences resulted in deterioration in business-to-business relationships. These are discussed in further detail in the sections below.

6.4.4.1 Deterioration in Business-to-Business Relationships

One of the service recovery outcomes is that customers may be antagonised, dissatisfied, their relationships with the service providers may decline, and they may leave the supplier. In both case studies, EPE and GMH were aware that they may lose customers if problems were not dealt with professionally, such as service providers ignoring problems, arguing that it was not their fault, being unresponsive when handling problems and when the differences could not be sorted out. Customers in both case studies had similar viewpoints and these are discussed below.

Customers in case study one admitted that they would switch to another metal finishing supplier if the existing supplier is not bothered about solving problems. GCR pointed out that if suppliers do not fix problems or delay solving them, GCR would look for alternative suppliers. LT also said that they were let down by a supplier who did not respond and correct problems, so eventually:

“it pushed us (LT) to a point where we’ve actually gone out and found somebody else.”

RPS put it simply:
“we’ve got to talk, because if we don’t talk, we are not going to solve the problem. It just gets pulled back and pulled and pulled back. And then one day it’s going to come to an end. And then we are going to argue, we’ll fall out and bye-bye EPE. I’ll try someone else.”

RLE provided an example of discussing a regular late delivery problem with a supplier:

“the supplier didn’t think that they particularly had a problem....so they are no longer a supplier.”

MBM supported this point, that if service providers give customers an uncaring impression, by saying:

“I’m not interested in putting that right for you, we don’t think we’ve done that wrong, it’s not our problem”,

then MBM would go somewhere else. Vignette 31 is another illustration of this.

<table>
<thead>
<tr>
<th>Vignette 31 - Attitude Towards Problem Handling</th>
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<tr>
<td>Before using EPE, LT had a local paint finishing supplier. This is a big company, bigger than EPE. There was a problem with the paint finish on one particular enclosure. The supplier sent their quality manager down. The quality manager walked in the office eating a McDonald’s double burger and said “well, what’s your problem mate?” and even though LT really had a problem, he denied that it was a problem and tried to talk his way out of it. That was the final straw.</td>
</tr>
<tr>
<td>That was not the way that EPE would approach a problem. When there is a problem in the company, EPE always accepts responsibility, accepts the problem and fixes it. That’s how EPE deals with problems. Without waiting, it cures the fault if there is one.</td>
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<tr>
<td>If there is any disagreement between EPE and LT, for example, if LT ask for too much, EPE will come back and negotiate with them “we can’t offer this, we can do it this way or that way, would that be okay?” That will be okay.</td>
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</table>

Similarly, in case study two, FP claimed that if sales representatives ignore them or talk back to them, don’t listen or respond, customers will go somewhere else. For example, FP had a paint supplier 14 years ago. FP reported a problem about the paints that the supplier provided. That supplier challenged FP’s reported problems, argued that FP were not preparing the surface right, and claimed that FP were not painting properly. FP came up with a two-page report of everything that they thought was wrong with the paint and sent it to the supplier. However, instead of solving the problem quickly, that supplier sent a third party to visit FP to say:

“this is how you should be doing it. This is how you should blast.”

FP considered the supplier to be:

“very rude because we have got the experience with painting and paints, and we were telling them that there is something wrong with the paint...if FP clients called
and said that FP was definitely wrong...we would listen to them and say thank you very much for the advice. We will talk with our supplier.”

The end of the story was that FP was desperate to find a second supplier, and GMH came in at the right time with good products and solved the problems for FP.

PKY described the deterioration of a long term relationship with a main supplier where the supplier kept on saying that they would solve problems, but never did. That supplier did not have the capability to solve problems; neither did they work together with PKY to sort out problematic issues. In the end, PKY moved all their jobs to another supplier. Similarly, MBM claimed that they lost confidence in customers who lie about problems happening or making excuses not to improve things. UPR expressed the view that they would be annoyed if suppliers covered up problems and this would cause them to change suppliers. Customers emphasised the value of service providers being straight, open and honest in handling problematic issues.

As service providers and customers may have mismatched perceptions of service failure (see section 6.4.3.2.4), PKY pointed out that a business-to-business relationship will deteriorate if the service provider is not aware of the mismatched perceptions, and:

“buries their head in the sand, thinking it’s not my problem, it’s their problem, so I’m not going to do anything.”

PKY believes that making extra efforts to investigate problems contributes to a successful business-to-business relationship (see Vignette 28 in section 6.4.3.2.4).

In addition, as customers may form perceptions of fairness in problem handling (see section 6.4.3.2.6), GMH sales representatives believe that if customers perceive unfairness in problem handling, then GMH will:

“win a battle, but lose the war.” - Norman (a GMH sales representative).

Norman (a GMH sales representative) commented on Vignette 23 in section 6.4.1.1 that:

“if it hasn’t been sorted out immediately, it will impact on business-to-business relationships.”

Similarly, in case study one, SPG pointed out that suppliers should not take existing customers for granted. He claimed that the consequences of mistreating customers could be not getting the work in the future, and could result in bad word-of-mouth which affects suppliers’ reputations.
Furthermore, customer dissatisfaction with service recovery may influence service providers’ business profits. The comment from HFE illustrates this point:

“If we’re not happy with EPE…we won’t keep ordering from EPE. We will go and look somewhere else, and if you lose customers, where is your profit…you need to keep your customers happy and you will make a profit…”

SPG stressed the importance of business benefit:

“It’s all down to money at the end of the day.”

6.4.4.2 Maintenance of Business-to-Business Relationships

EPE and GMH argued that customers may be retained and business-to-business relationships may be maintained if service failures are recovered appropriately. Norman (one of the GMH sales representatives) pointed out that:

“The important thing is to sort the problem out, and keep that relationship.”

Graham (the production clerk at EPE) believed that because EPE is quick to examine problems and rectify them, it does not cause any long lasting damage to a relationship. He believed that rectifying a problem quickly will keep a good relationship.

Similarly, customers in both case studies believed that appropriate service recovery can keep the customer satisfied, maintain customer confidence, trust and the business-to-business relationship. In case study two, Vignette 30 (see section 6.4.3.2.6) is an example of GMH’s prompt and fair service recovery strategy; this kept MPS satisfied. In case study one, PKY claimed that if service providers were responsive and sorted out problems efficiently, then relationships would remain intact:

“It’s all back on track.”

According to FN:

“You (a supplier) can make a mistake but if you rectify it in a good way it’s soon forgotten about…You can carry on as normal.”

SPG expressed a similar view that:

“If a small problem is ironed out, you (customers) just carry on. You tend not to magnify it or blow it out of proportion, as long as you sort out that problem, it is no problem really.”

However, PKY pointed out that a relationship can remain even if a supplier cannot solve certain problems, on the condition that the supplier is honest and informs customers that:

“We don’t know how to solve this one.”
6.4.4.3 Strengthening Business-to-Business Relationships

Despite recognising the negative effects of service failure, EPE and GMH believe that if problems are addressed quickly, e.g. solving problems within 24 hours, dissatisfied customers may be changed back into satisfied customers. In both case studies, it has been noted that EPE and GMH have been asked to recover problems that were not caused by them (see section 6.4.3.2.4) and, on these occasions, their willingness to be involved in this has built up customer confidence in them.

Customers in both case studies claimed that if service providers acknowledged a problem and solved it promptly, this would help to form a better relationship, as UPR said:

“If things don’t go right, they (EPE) are able to put things right as quickly as we (UPR) want them to…it’s definitely improving the relationship in a positive way, even if they get anything wrong because they are able to react quickly, and put things right.”

GCR commented that because EPE treated them fairly when they dealt with problems, this strengthened the relationship between them. It was also evident that service providers’ extra effort to recover from service failure enhanced business-to-business relationships. For instance, in case study one, Vignette 24 (see section 6.4.1) is an illustration of how EPE made extra effort to investigate a problem and how this contributed to the development of their business-to-business relationship. In case study two, GMH looked after its customers by dealing with the problems they reported, as AT said:

“GMH sent a laboratory fellow to us and he looked at what we are trying to achieve. They took away the paint we had and reformulated it and gave it back to us. To me, that’s very good. They tried to do something with one material and used it on three different surfaces and it reacted differently. Obstacles pop up and they deal with them. It helps us and strengthens the relationship.”

Both case studies have shown that when problems occur, they may focus people’s attention, and provide good opportunities for service providers to communicate with customers on a variety of levels. For instance, certain issues may involve the managing directors from both companies having discussions, which may strengthen their business-to-business relationship. Norman (a GMH sales representative) labelled this as:

“good comes from bad”.
6.5 Summary

This chapter has presented the findings from the two case studies. The background information of these case studies provided a basis for understanding business-to-business service encounters. Three types of business-to-business service encounter have been found in this study: an indirect remote encounter, an indirect personal encounter, and a direct encounter.

A number of themes for understanding business-to-business service experience have been identified. Communication has been found to play an important role in business-to-business service encounters. It is related to mutual understanding and contributes to business-to-business relationships. Service employees play an important, influencing role in business-to-business service encounters, and personal relationships may be built up between the two parties. EPE and GMH have been seen to make adaptations to meet their customer needs and, at the same time, their customers have also been found to be flexible in the way they are prepared to make adaptations in order to work more effectively with their suppliers, i.e. either EPE or GMH. EPE and GMH were also observed to be willing to go ‘an extra mile’ beyond offering their normal service in order to help their customers; in turn this was seen to have a positive impact on their business-to-business relationships.

The findings suggest that business-to-business service failure may be caused by supplier-related, customer-related and uncontrollable factors. Customers in business-to-business markets are aware of potential failures and tend to be tolerant of service providers’ occasional service failures, although repeated problems are treated more seriously. Domino effects of service failure in business-to-business contexts are evident, and the negative effects of service failure not only impact on customers, but also on customers’ clients, i.e. the network.

Business-to-business service recovery strategies have been presented from both case studies. These include: service providers’ acknowledgment of problems, and responsiveness and fairness in handling problems. As business-to-business service providers and customers may have mismatched perceptions of service failure, investigation of problems as part of the service recovery process is valued by customers. Customers’ contribution to co-solving of problems in business-to-business contexts has been observed. Companies are connected in a network in business markets, and the domino effects of service recovery have also been reflected in the findings. It seems that service failure, per se, may not cause deterioration in customer-supplier relationships, but how problems are
handled plays a significant role in business-to-business relationships. It was also found that service recovery may not necessarily guarantee customer retention, but it may provide an opportunity for service providers and customers to work together, which may lead to maintaining or even strengthening of those business-to-business relationships.
Chapter 7  Discussion

7.1 Introduction

This chapter provides a discussion of the empirical findings by relating them back to previous studies (see Literature Review Chapters) and comparing new findings against the existing knowledge. First, types of service encounters identified in business-to-business contexts are compared with those in consumer markets. Then, the roles of ‘communication’, ‘adaptation’, ‘help’, and ‘people’ in business-to-business service encounters are discussed to assist the understanding of customers’ service experience, and followed up with outcomes of business-to-business service encounters. After that, characteristics of business-to-business service failure and recovery are discussed, including types and outcomes of business-to-business service failure, and business-to-business service recovery strategy. Finally, this chapter concludes with answers to each of the research questions.

7.2 Characteristics of Business-to-Business Service Encounters

7.2.1 Types of Business-to-Business Service Encounters

Three types of service encounters in business-to-business contexts have been identified in this study (see section 6.3.1). These are similar to the types of service encounters found in consumer markets: first, the remote encounter which takes place through indirect means without human interaction; second, indirect personal encounters which include verbal interactions but without physical confrontation; and third, direct personal encounters (Shostack, 1985). Among the three types of service encounters, direct personal encounters have been revealed as highly valued by customers and suppliers in business-to-business contexts due to their contribution to mutual understanding and building relationships (see section 6.3.1). However, this may not be prevalent across business-to-business industries, as customers in this study commented that in steel procurement, direct personal encounters are less important because most deals are made yearly through indirect personal encounters such as over the phone (see section 6.3.1). This may be explained by the importance of the purchase being a key factor influencing business-to-business interactions, see for example Krapfel, Salmond, and Spekman (1991).

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The case studies illustrate that suppliers and customers may have frequent interactions, e.g. daily or several times per week (see sections 6.2.2 and 6.2.5), although the frequency of service encounters between suppliers and customers may vary depending on customers’ business needs. This supports Jayawardhena et al.’s (2007) suggestion that service encounters are likely to be more frequent in business-to-business contexts in comparison to consumer markets. The findings also suggest that business-to-business service encounters seem to be more complicated than those in most consumer situations. This supports the findings of Mehta and Durvasula (1998). In the business-to-business contexts studied, multiple contacts, such as sales representatives, technicians, or even van drivers are involved in customer interaction (e.g. see section 6.3.2.2.7). This reflects the number of different people and departments that are involved in business-to-business buying and selling (Turnbull, 1999). Therefore, the results suggest that business-to-business service encounters can be investigated from a range of perspectives, either as connected dyads or even from a network perspective, as suggested by Cederholm and Gyimothy (2010).

7.2.2 Themes in Business-to-Business Service Encounters

7.2.2.1 Communication

In this research, communication has been found to play a multi-functional role in business-to-business service encounters, including: accessing advice and help, following up and assuring distributors’ satisfaction, keeping in touch with customers to obtain more business, as well as exchanging information. Woo and Ennew (2005) found similar results in their research in business-to-business services.

Many aspects of communication, such as staff availability, suppliers’ responsiveness, keeping promises and being honest have been highlighted in this study. Organisations’ concerns about these aspects of communication are because of its impact on production plans and the affect of communication on other actors in the network (domino effects) (see section 7.2.2.5). Customers are dependent on communications with suppliers to arrange their production plans and to respond to their clients. Although responsiveness (e.g. Parasuraman et al., 1985; Ryals and Humphries, 2007) and keeping promises and being honest (e.g. Bitner, 1995; Grönroos, 1998) are not unexpected factors in consumer services, this study has drawn attention to the wider influence of suppliers’ responsiveness and keeping promises in business-to-business contexts. The effects of upstream suppliers’ responsiveness and keeping promises, are passed on to customers’ clients in the wider network, influencing customers’ clients satisfaction and downstream parties’ relationships, thus illustrating a network or domino effect. Although keeping promises and honesty have
been widely discussed in consumer markets (e.g. Bitner, 1995; Grönroos, 1998), little research investigates keeping promises and honesty in business-to-business relationships apart from it being implicit in discussion about trust (Morgan and Hunt, 1994) and conflict (De Clercq, Thongpapanl and Dimov, 2009), and there is scope for further research in this area.

In business-to-business contexts, customers play an active role in communication, such as providing information for suppliers, discussing the purpose and application of their procurement and competitors’ quotes. This supports the findings from Jaworski and Kohli (2006) that the amount of information customers share with suppliers assists the identification of customer needs which is the front end of the value-creation process.

Limited information sharing or the failure to recognise the importance of some aspects of information sharing by customers may result in suppliers’ failure in understanding and meeting customer needs (see section 6.3.2.1.4) and customers’ negative experience of service. It supports the argument about customers’ roles in the value co-creation process (Vargo and Lusch, 2004). Understanding and meeting customer needs is implicit in communication. This may also explain why ‘understanding and knowing customer’ as a distinct service dimension identified by Parasuraman et al. (1985), did not remain as a separate dimension in their later work (Parasuraman et al., 1988).

Although there are many communication tools, such as formal documented systems (Leek et al., 2004), in this study, face-to-face communication appears to be particularly valued by customers and suppliers as it enhances the understanding between two parties. The findings reveal that suppliers and customers not only listen to each other but also engage in conversations (Lusch and Vargo, 2006b), learn about each other’s requirements and capabilities (Jaworski and Kohli, 2006), and develop an understanding of the counterparty’s point of view (Ballantyne and Varey, 2006). This reflects the argument proposed in service-dominant logic about the co-creation process (Vargo and Lusch, 2004) and is fundamental to the notion of episode in the interaction approach (Håkansson, 1982). In this research, communication has been seen to promote mutual understanding between suppliers and customers.

Contrary to Fontenot et al.’s (1998) argument that companies are likely to have more frequent communication with their best customer than an average buyer, in this research, the frequency of communication and interaction between customers and suppliers has been found to vary due to different customer needs, such as requirements for technical support,
rather than being related to importance of customer (see section 6.3.1). The findings illustrate that the balance of communication needs to be monitored, as a high frequency of communication may cause interruption to customers’ daily business routines. The balance of communication is implicit in the argument put forward by Ballantyne and Varey (2006) in the context of service-dominant logic, that communication is not one-way but rather dialogical and not all parties in business interactions are ready for dialogue. The results also provide support for Berthon and John’s (2006) contention that there is a danger of customer fatigue when there are too many interactions. The case studies illustrate that communication is a mechanism which suppliers can use to pay attention to customers, to express care for them and to support them. This supports the findings of Brax (2005). The findings illustrate that communication is positively linked to buyer and supplier performance, as noted by Paulraj et al. (2008), and contributes to customer satisfaction, supporting the work of Agnihotri et al. (2009). The findings also support Laing and Lian (2005) and Lian and Laing (2007) by demonstrating that suppliers may build up, maintain and strengthen relationships with buyers by facilitating communication. In contrast, the findings also show that infrequent and insufficient communication may be viewed as neglecting customers which may cause business-to-business relationships to deteriorate (see section 6.3.2.1.3).

The case studies illustrate that the significance of internal communication cannot be neglected; this supports the findings of Zeithaml et al. (1988). The findings are consistent with Turnbull’s (1999) view that different people and departments are involved in organisational buying and selling; as a result, inconsistent internal communication within an organisation may cause service failure (see section 6.3.2.1.8). The cases are consistent with Ballantyne and Varey’s (2006) argument that dialogues within a firm as well as among firms provide opportunities for learning together and generating value. The influence of internal communication among departments within an organisation on customers’ service experience could be an avenue for further research.

Service has been argued to be a communication experience (Duncan and Moriarty, 2006). It is evident that communication is a managerial tool that could be employed in understanding business customers’ service experience and buyer-seller relationship management (Zolkiewski, 2004b). However, despite the significant role of communication in service encounters and its impact on relationships, more in-depth investigation of communication is needed. It is somewhat surprising that communication was another of the original service quality dimensions that was removed from Parasuraman et al.’s (1985)
list of dimensions when the measures were in further refined Parasuraman et al. (1988). In business-to-business service studies, little research has discussed communication explicitly, except that ‘ease of contact to clarify problems’ has been labelled as a convenience service (Cunningham and Roberts, 1974), and communication was considered as a key facet of service (White and Galbraith, 2000; Stanely and Wisner, 2002). In business-to-business marketing, although communication has been identified as a main construct of business-to-business relationships (e.g. Håkansson, 1982; Dwyer et al., 1987; Wilson, 1995), there is not much further understanding of how communication contributes to business-to-business relationships. The essential role of communication in service encounters and business-to-business relationships can neither be neglected nor underestimated. A deeper understanding of communication in service encounters is needed. Moreover, the impact of domino effects of communication needs future exploration.

7.2.2.2 People

In this study of business-to-business contexts, the people factor can be seen to be essential in service encounters (see section 6.3.2.2). These findings illustrate the importance of the social exchange dimension (Woo and Ennew, 2005) and the need to pay attention to the relational quality dimension in business-to-business services (Arnaud, 1987). The results also confirm that factors that have been widely discussed in consumer markets, such as the value of knowledgeable employees (Parasuraman et al., 1985), the importance of employees’ friendliness (White and Galbraith, 2000), contact employees’ expertise (Czepiel et al., 1985), interpersonal skills (Bowen and Schneider, 1985), employees’ caring interactions (Iacobucci, 1996) and the relationship between consumers and service providers (e.g. Berry, 1983; Berry, 1995; Bitner, 1995) are applicable in business-to-business contexts.

The significance of key individuals and social bonding in business-to-business relationships (Wilson, 1995; Page et al., 1997; Zolkiewski, Naudé and Waller, 2008) has been supported in this study. The findings also provide some evidence of social distance (Ford, 1980), as there is evidence of people being stressed because they are not familiar with key contacts or do not understand each other at a personal level. This supports Ford’s (1980) findings. This illustrates that people who share similar personalities and interests tend to get on better with each other. The results show that a personal relationship with a representative of the other party may be developed and the relationship may be personalised by that representative as Ford (1980) claimed. Like-minded, approachable, knowledgeable and helpful individual employees have been found to be favoured by
customers in this study (see section 6.3.2.2.4). At the same time, a service person’s warm personality, positive attitude and personalisation such as small talk are valued by customers and contribute to the service experience, supporting Winsted’s (2000) findings. This study (see section 6.3.2.2.5) supports both Kong and Mayo’s (1993) and Murry and Heide’s (1998) arguments that a strong interpersonal relationship between individual employees of two parties positively influences how they work together and their business-to-business relationship. In contrast to the positive impact of personal relationships on organisational cooperation as reported by Kong and Mayo (1993), McAllister (1995) and Murry and Heide (1998), this study indicated that there may also be negative influences if two key contacts cannot get on with each other or if there is a personality clash. In addition, the findings concur with Zolkiewski, Naudé and Waller’s (2008) arguments that caution need to be taken as social bonds between actors cannot be easily transferred to another individual.

Haytko (2004) found that frequent contact, interpersonal similarities and reciprocal self-disclosure may cause a ‘strictly business relationship’ to develop into a ‘business friend’ relationship and then a ‘personal relationship’. Although this study has not found the three categories proposed by Haytko (2004), it is evident that employees play a dual role in service encounters: forming professional relationships (related to work) and social relationships (outside work) with buyers (see section 6.3.2.2). This study supports the argument that the rapport and personal relationship between front-line employees of both parties may change a professional working relationship into a social relationship outside work (Heide and Wathne, 2006). This also supports Lian and Laing’s (2007) findings that social bonds are the underlying basis of the long-term relationships in complex business-to-business situations, and contribute to satisfaction.

Although it is clear that personal relationships contribute to service experience and interactions between two parties, the classification of business-to-business relationships into interpersonal relationships (personal-level) and inter-firm relationships (organisation-level) (Murry and Heide, 1998; Holmlund, 2001; Haytko, 2004) cannot be verified in this study as there was not sufficient evidence of a clear distinction between the two levels. The lack of evidence may due to the research design focusing on service experience rather than a discussion of different levels of relationships, and/or the relatively small sample size. Further research opportunities exist to explore the person-level and company-level of relationships.
This study revealed that a motivated workforce has a positive impact on service encounters and customers’ service experience, and is complementary to Lewis’s (2002) finding that employees’ motivation, performance and job satisfaction are influenced by service encounters. The essential role of service providers’ back-office operations such as support staff and management (Gummesson, 2007) has been reinforced by the evidence of teamwork (see section 6.3.2.2.7) in this study. The role that service employees play in business-to-business service encounters supports the service-dominant logic view that suppliers use not only tangible resources (operand resources), but also their skills, competence and personnel (operant resources) to serve customers (Vargo and Lusch, 2004, 2011). The findings provide evidence to support service-dominant logic’s view of people as operant resources and that both parties co-create value together (Vargo and Lusch, 2011) (see section 6.3.2.2).

7.2.2.3 Adaptation

Adaptation has been discussed widely in business-to-business marketing (e.g. Håkansson, 1982; Möller and Wilson, 1995b; Brennan et al. 2003; Woo and Ennew, 2004), and identified as a key feature for long-term relationships (Cunningham, 1980; Håkansson, 1982). However, there is limited discussion about adaptation in service contexts (Halinen, 1997), except notable contributions made by Halinen (1997), Brennan et al. (2003) and Zolkiewski and Turnbull (1999). Although customisation has been discussed in business-to-business contexts (Jackson and Cooper, 1988), in comparison to customisation, adaptation is an interactive phenomenon (Canning and Hanmer-Lloyd, 2002), or can be seen as ‘dyadic adaptations’ (Brennan et al., 2003), and is sometimes a phenomenon in the network with the existence of multi-impact adaptation (Zolkiewski and Turnbull, 1999). This study revealed a number of adaptations made by customers and service providers (see Table 23), and supports the existence of adaptations in business-to-business service encounters (Zolkiewski and Turnbull, 1999; Brennan et al., 2003).
<table>
<thead>
<tr>
<th>Adaptations</th>
<th>Who It Involved</th>
<th>Case</th>
<th>Whose Adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change production process (process items in batches)</td>
<td>EPE, SPG</td>
<td>1</td>
<td>Supplier Adaptations</td>
</tr>
<tr>
<td>Change production schedule (for a shorter turnaround)</td>
<td>EPE, RPS</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Change delivery (for an urgent order)</td>
<td>GMH, AT</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Change delivery (for an urgent order)</td>
<td>GMH, MPS</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Change delivery (for an urgent order)</td>
<td>GMH, SE</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Change the formal business procedure (flexible to carry out jobs for customers without a quote – an informal business procedure)</td>
<td>EPE, RPS</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Change for different delivery time</td>
<td>GMH, customers</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Change price (adapt to match competitors’ quotes)</td>
<td>GMH, VG</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Change the ordering procedure (by taking orders from a customer each Monday morning)</td>
<td>GMH, customers</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Change product (make holes in squared sheets to assist EPE’s service)</td>
<td>EPE, RPS</td>
<td>1</td>
<td>Customer Adaptations</td>
</tr>
<tr>
<td>Change production schedule (to speed up production to send work to EPE)</td>
<td>EPE, RPS</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Postpone required delivery time (to assist EPE to do an urgent job)</td>
<td>EPE, CME</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Change paperwork</td>
<td>EPE, AS</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Meet GMH’s driver half-way to fetch paints</td>
<td>GMH, MPS</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Types of adaptation cover a wide range from changes in production process/technology, production planning/scheduling, product/service specification, information exchange, stockholding and delivery, financial and contractual terms and conditions, to organisation structure and personnel/human resource issues (Håkansson, 1982; Hallén et al., 1991; Zolkiewski and Turnbull, 1999; Brennan et al., 2003; Schmidt, Tayler and Brennan, 2007).

This study provides evidence of service providers and customers adapting production process and planning procedures to meet the other party’s requirements. Although both suppliers and customers may adapt their products for the other party (Hallén et al., 1991), there is no evidence of service providers’ adapting products to meet customer needs in this study, but customers have modified their products to assist the service providers’ production process (see section 6.3.2.3.2). Table 24 summarises adaptations made by business-to-business service providers and customers in this study compared with existing adaptation categories (Håkansson, 1982; Brennan et al., 2003).
<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Change production schedule (for a shorter turnaround)</td>
<td>Change production schedule (to speed up production to send work to EPE)</td>
<td>planning</td>
<td>Production planning and scheduling</td>
</tr>
<tr>
<td>Change for different delivery time (e.g. for an urgent order)</td>
<td>Postpone required delivery time (to assist EPE to do an urgent job; or meet GMH’s driver half-way to fetch paints)</td>
<td>Delivery procedure</td>
<td>Stockholding and delivery</td>
</tr>
<tr>
<td>Change the formal business procedure (flexible to carry out jobs for customers without a quote – an informal business procedure; or change the ordering procedure by taking orders from a customer each Monday morning)</td>
<td>Change paperwork</td>
<td>Administrative procedures</td>
<td>Information exchange</td>
</tr>
<tr>
<td>Change production process (process items in batches)</td>
<td>Manufacturing process</td>
<td>Production process</td>
<td></td>
</tr>
<tr>
<td>Change price (adapt to match competitors’ quotes)</td>
<td>Financial procedures</td>
<td>Financial/contractual terms and conditions</td>
<td></td>
</tr>
<tr>
<td>Change product (make holes in squared sheets to assist EPE’s service)</td>
<td>Product design</td>
<td>Product</td>
<td></td>
</tr>
</tbody>
</table>

Adaptations can be formal or informal (Ford, 1980), in other words, adaptations can be part of a company’s conscious strategy or may be made unconsciously (Brennan and Canning, 2004). This study has revealed extensive occurrence of informal adaptations between sellers and buyers, and companies’ development of formal and conscious adaptations (e.g. changing production processes on both sides).

This study showed that adaptation occurred extensively on the suppliers’ side and the driver behind this appeared to be suppliers’ concern about customer retention and their business-to-business relationships. Suppliers were seen to make adaptations for relatively small-sized customers as well as their main customers in order to retain the customers and to have a good business-to-business relationship. This concurs with Cater’s (2007) argument that organisations’ adaptation is not related to firm size. It supports the argument that power is manifested in adaptations (Hallén et al., 1991; Brennan et al., 2003), for instance, the imbalanced dependence between two parties may cause suppliers’ concentration on the buyers.

This study revealed that customers used their skills and competences to make adaptations and smooth business interactions with suppliers. For instance, RPS added a hole to the
metal sheets they sent to EPE to facilitate a good paint finish (see section 6.3.2.3.2). Customers’ adaptation highlighted customer participation and co-production in service encounters as suggested by Bolton et al. (2007) and Bolton and Saxena-Iyer (2009). It also illustrated how customers can move from being service recipients to service co-producers (see Vignette 14 customer improved paper work in section 6.3.2.3.2 as an example) as noted by Kalaignmentam and Varadarajan (2006) and Lusch and Vargo (2006b). It supports the argument that customers are valuable operant resources for the suppliers to collaborate and co-create value with as proposed by Kalaignmentam and Varadarajan (2006) and Vargo and Lusch (2004).

There is no evidence to support Mukherji and Francis’s (2008) argument that a supplier’s adaptation positively impacts a buyer’s adaptation; rather, customers claimed that their adaptations would make suppliers more inclined to reciprocate. The amount of work customers sent to suppliers appeared to be related to suppliers’ willingness to make adaptations. This concurs with Brennan et al.’s (2003) findings that supplier adaption is associated with customer adaption. Reciprocity as an important factor in adaptation (as identified by Hallén et al., 1991) has been confirmed in this study. For instance, RPS speeded up their production process in order to give work to EPE when they were short of work and because of this they expected EPE to reciprocate by giving priority to their urgent requests. A lack of reciprocity in adaptation may lead to a perception of unfairness (see section 6.3.2.3.2 customer adaptation) as customers who would expect the privilege of having service providers to make adaptations for them in the same way.

Many positive impacts of adaptation have been found in this study. For instance, organisations’ willingness to adapt and their flexibility have been seen as signs of their desire to work together and build their business-to-business relationships. Service providers’ adaptations assist in meeting customer needs, influence customer satisfaction, customer retention and strengthen business-to-business relationships. In contrast, lack of adaptation may be viewed as being inflexible, unhelpful, failing to meet the other parties’ needs, and may act as a barrier to building business-to-business relationships. Although adaptation has been claimed to exist in long-term relationships (Cunningham, 1980; Håkansson, 1982), service providers in this study are seen to have made adaptations for a range of different customers, and the adaptations made do not seem to be related to the two parties’ relationship history as noted by Cater (2007). In addition to this study’s contribution made to the literature on adaptation, further research could be undertaken to
explore whether or not adaptation is pervasive across different types and lengths of business-to-business relationships.

7.2.2.4 Help

In the findings, see section 6.3.2.4, respondents frequently made reference to ‘help’. Even though it appears that ‘adaptation’ and ‘help’ are closely related to each other, they can be seen as separate constructs and it could be suggested that help may be a precursor to adaptation. As can be seen from the discussion in the preceding section, ‘adaptation’ involves changes that are made to business practice (Håkansson, 1982; Schmidt et al., 2007). On the other hand, the findings illustrate that ‘help’ is going beyond what would be normally expected as part of the service, being proactive in assisting the customers, going ‘the extra mile’, and does not necessarily involves modification in operational procedures. However, it can also be seen to provide the stimulus for additional services that the supplier can introduce as part of their offering.

Although Bolton et al. (2006) have noted that customers recognise and value exceptional efforts made by suppliers, ‘help’ has not been discussed explicitly in business-to-business services. White and Galbraith (2000) identified helpfulness and care as a key service facet, and ‘help’ may be a form of soft quality (Szmigin, 1993) in business-to-business contexts. This study has revealed that service providers’ exceptional efforts and going the extra mile were highly appreciated and valued by customers, as customers felt that they were being looked after. This corresponds with Porter and Kramer’s (2011) view that companies need to view value creation broadly, and not just focus on short-term financial performance, but also to look after the well-being of their customers. Additionally, ‘help’ has not been investigated explicitly in the services marketing literature, although it might be argued that ‘help’ is implicit in Parasuraman et al.’s (1988) ‘empathy’ service dimension which was defined as “the caring, individualised attention provided to the customers” (Parasuraman, Berry and Zeithaml, 1991, p.41). However, ‘empathy’ might be at an individual level, while ‘help’ has been found at an organisational level (see section 6.3.2.4). Further research needs to be undertaken to investigate the similarities and differences between ‘empathy’ and ‘help’, and identify whether or not ‘help’ is specific to business-to-business contexts or is also applicable in consumer markets.

‘Help’ could also be implicit in the concept of cooperation which was defined as based on reciprocal actions and perceived mutual benefits between parties (Wilkinson and Young, 1994; Möller and Wilson, 1995b), although it may not be in the best interests of the parties
involved (Anderson and Narus, 1991). This study has revealed the existence of mutual help (i.e. benefits) between customers and suppliers. However, many forms of ‘help’ seem to be one-off events in contrast to the continuous nature of cooperation (Palmer, 2000). This may indicate that the complex construct of cooperation (Leonidou, Palihawadana and Theodosiou, 2006) includes a variety of different types of events of which ‘help’ may be one. As the companies involved in this study are all small or medium-sized enterprises, whether or not ‘help’ exists extensively across different sizes of companies and industries could be explored further.

The results also showed the positive influences of service providers’ help for customers’ clients and third parties in the network. These positive influences include customer satisfaction and enhancement of buyer-seller relationships (see section 6.3.2.4.1). ‘Help’ has not been widely discussed in the business-to-business or services literature, an exception being Echeverri and Skålén (2011) who found that ‘help’ is linked to interactive value formation. However, the findings from these case studies suggest that Echeverri and Skålén’s (2011) perspective needs to be combined with Cova and Salle’s (2008) view that value co-creation needs to have a network perspective, and thus be expanded to include the role of ‘help’ in the whole customer network value proposition. In light of the above discussion, a classification of ‘help’ is proposed in Table 25.

| Table 25 - Classification of Help |
|-------------------------------|---------------------------------|---------------------------------|--------------------------|
| **Help**                      | **Description**                 | **Who’s Helping Whom**          |                          |
| Using additional service to reduce pressure on customers | Help customers with collection and delivery; with colour matching; with collection of waste bins | Service provider helping customer |                          |
| Infrastructure development    | Help customers setting up paint shops | Service provider helping customer |                          |
| Training                      | Help customers training painters | Service provider helping customer |                          |
| Information provision         | Help customers with information (e.g. data for local council and environmental agencies; to identify colour reference number; to look for information for waterproof spray booth; to look for information for setting up powder coating; to find other suppliers, e.g. a sealing supplier; a fire-protection supplier) | Service provider helping customer |                          |
| Network issues                | Help customers with 3rd party issues (e.g. to solve 3rd party complaints; ring customers’ clients, visiting customers’ clients’ and solving customers’ clients’ problems) | Service provider helping customer |                          |
| Loans/lending                 | Borrowing or using items from the other party | Service provider helping customer, and customer helping supplier |                          |

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7.2.2.5 Domino Effects

Customer-to-customer’s client, and supplier-to customer-to customer’s client interactions have been reported in both cases (e.g. see section 6.3.2.1.5). This chain of interaction shows the complexity of multiparty relationships as noted by Andersson-Cederholm and Gyimothy (2010), and also suggests that domino (or network) effects are of importance. Figure 9 illustrates that these effects can have two orders and two directions.

Figure 9 - Domino Effect

![Diagram of Domino Effect]

The first order effect is that suppliers’ service influences their customers’ performance; the second order effect is that customers’ performance impacts on their clients’ performance. At the same time, the domino effect can have a reverse flow. For example, customers’ clients’ enquiries about an order may trigger a series of customers’ interactions with upstream suppliers. This domino phenomenon may be explained by the fact that business-to-business organisations are connected within a network (Håkansson and Snehota, 1989; Håkansson and Snehota, 1995). It is recognised that firms cannot be seen to act in isolation; their actions are conditioned by the actions of their counterparts and their counterparts’ counterparts (Håkansson, 1982; Håkansson and Snehota, 1995; Håkansson, Harrison and Waluszewski, 2004). Investigations of business-to-business interactions cannot be isolated from a company’s position in the supply chain (Cunningham, 1980; Håkansson, 1982). Hertz (1999) identified domino effects in broad international networks, and this study emphasises Hertz’s (1999) findings by showing that domino effects are important in a service context.

The domino effect is relevant to business-to-business service encounters and its impact on service experience and business-to-business relationships is influential (see sections 6.4.2.1 and 6.4.3.2.8). The impact of domino effects can be positive or negative depending on upstream suppliers’ performance. For instance, suppliers’ reluctance to recover from service failures may not only cause its customers’ dissatisfaction and deterioration in the
business-to-business relationship, but can also have a negative influence on the customers’ clients’ satisfaction and the relationships between customers and their clients. Customers’ awareness and understanding of the impact of domino effects in the network explains why customers value suppliers’ consistent service performance. The impact of domino effects requires business-to-business suppliers to have a broader perspective by considering other parties in the network when they provide service to customers.

It has been found that although suppliers are aware of the impact of domino effects on customers’ clients, suppliers tend to focus more on their direct customers’ service experience, whereas customers in this study have shown a stronger concern for the influences of a domino effect on their direct customers in the network. It may be concluded that although organisations are aware of the impact of domino effects on other parties in the network, an organisation’s main concern is their immediate direct customers’ service experience because this may directly influence the organisation’s business success and profits.

In consumer markets, customer-to-customer interactions are noted as influential factors during service encounters (Gummesson, 2007). Customer-to-customer interactions have not been mentioned as being significant in the findings; this could be related to the research design or to the business-to-business context in which the place of interaction is significantly different to that of consumer services.

### 7.2.3 Outcomes of Business-to-Business Service Encounters

It is evident in this study (see section 6.3.3) that service encounters contribute to customer satisfaction and dissatisfaction in business-to-business contexts in a similar way as in consumer markets, thus supporting the findings of Bitner et al. (1994) and Jayawardhena et al. (2007). Consequently, this affects customers’ willingness to have further interactions with service providers, supporting the views of Jang and Namkung (2009), and plays a significance role for business-to-business relationship development, confirming the findings of Lapiere and Deslandes (1997), Laing and Lian (2005) and Gil et al. (2008).

As illustrated in section 6.3.3.1, each service encounter provides an opportunity for service providers and receivers to interact (Czepiel, 1990). The results revealed that individual episodes are influential in the development of relationships, thus supporting the views of Cunningham (1980), Håkansson (1982), Anderson (1995) and Low (1997), and assist
companies in deciding whether to develop, maintain or discontinue a relationship (Anderson, 1995).

Schurr (2007) classified episodes into three different categories: a generative episode which has a strengthening effect on business-to-business relationships; a degenerative episode which has a negative effect on business-to-business relationships; and a neutral episode which keeps relationship connections at current levels. This study has found both degenerative episodes which cause negative service experience and have a destructive impact on business-to-business relationships, and generative episodes which lead to positive service experience and have a constructive influence on the buyer-seller relationship. However, there is no evidence of a neutral episode. It could be argued that participants in this study have the tendency to recall episodes that make business-to-business relationships develop or deteriorate. The findings suggest that although single episodes play an important role in business-to-business relationships, as suggested by Low (1997), single episodes cannot be easily isolated, but rather they are combined with other episodes when they are considered by the participants. The cases explored illustrate that repeated, regular and continuous exchanges contribute to business-to-business relationships, supporting the work of Kong and Mayo (1993), Low (1997), Holmlund (2001), and Schurr (2007). A mix of positive and negative experience of service encounters (see section 6.3.3.2) has been found to lead to a feeling of uncertainty and this has a negative effect on business-to-business relationships. Thus, classifying episodes into categories of generative and degenerative may be too simplistic, neglecting the cumulative nature of service experience.

Findings from this research (see section 6.3.3.1) illustrate how, over time, suppliers and customers may even form a close partnership in order to work together. This corresponds with the view that customers’ experience of service encounters is of a cumulative nature (Berry, 2009). The findings also illustrate that consistent positive service experience builds up customers’ trust and confidence in the service provider (Bitner, 1995), and may nurture (Czepiel, 1990), maintain (Lapiere and Deslandes, 1997), and strengthen (Kong and Mayo, 1993) a long-term business-to-business relationship. In the findings it was noted that good experience leads to suppliers gaining preferred supplier status, supporting the research by Hansen and Bush (1999). In contrast, cumulative negative service experiences may cause not only customer dissatisfaction, but also relationship deterioration, and customers switching suppliers (see section 6.3.3.2), supporting the results of Lam, Shankar, Erramilli and Murthy (2004). However, the data also suggest that when there is supplier scarcity.
compromises have to be made, supporting Schiele (2012). This study has also provided evidence to support Bitner’s (1995) argument that a mix of positive and negative service experience may result in customers developing a sense of uncertainty. “Uncertainty” has been noted in the early stages of the model of buyer-seller relationship development (e.g. Ford, 1980), where it appeared as an indicator of the lack of experience of the performance of the business-to-business relationship. This study has revealed that the driver of customers’ feeling of uncertainty can also be because of suppliers’ inconsistent performance (see section 6.3.3.2) and can occur at any stage of a relationship, not just as the relationship develops. Suppliers’ inconsistent service may trigger customers’ negative emotions and feelings, such as a sense of uncertainty and frustration, and it may lead to customers’ unwillingness to do business with the supplier in the future.

The cumulative nature of service encounters and experience (Berry, 2009), as discussed above, contributes to the understanding of the role that time plays in business-to-business relationships (e.g. Easton and Araujo, 1994; Medlin, 2004). Business-to-business relationships have been found to be associated not only with the length of time that companies have been doing business with each other, but also with continuous interactions (see section 6.3.2.1.3). The business-to-business literature tends to focus on the length of supplier-customer interaction, for instance, long-term versus short-term (e.g. Ford, 1980; Håkansson, 1982). However, according to this research, it is the frequency rather than the length of time that the supplier and customer have been doing business together that impacts on business-to-business relationship development. The period of time over which customers have been doing business with suppliers does not guarantee a supplier-customer relationship if there has been only infrequent interaction during the period, even though the business-to-business relationship does appear to have a long-term stable status. This may suggest that the length of time over which supplier-customer interactions have taken place is not the best indicator of a business-to-business relationship. Rather, the frequency of supplier-customer interactions is the antecedent and driver of a long-term business-to-business relationship. This study challenges previous business-to-business relationship studies which focus on the long-term dimension of relationships but neglect the frequency of interactions between organisations.

7.2.3.1 Trust and Confidence

Trust and confidence have been found as outcomes of service encounters (see section 6.3.3.3). It appears that customers’ sending work to suppliers provides an opportunity for suppliers to prove their credibility and professionalism. Suppliers may grasp the
opportunity by providing professional service to their customers and their customers have a positive experience of service which builds up customers’ confidence and trust in them. As a result, customers are likely to send more work to suppliers and provide another opportunity for suppliers’ service performance which works in a virtuous circle. Alternatively, suppliers may lose the opportunity to build up customers’ confidence and trust if their performance is poor and customers have negative experiences of the suppliers’ service. As a consequence, customers may not send work to suppliers any more, and thus there is no further opportunity for suppliers to prove their performance and to build up customers’ trust and confidence in them (see Figure 10).

Figure 10 illustrates trust and confidence as outcomes of customers’ experience of service. Although there is debate about whether or not confidence is an integral part of trust (Morgan and Hunt, 1994; Mayer, Davis, and Schoorman, 1995), participants in this study do not differentiate between confidence and trust, and seem to use the terms interchangeably. Hence, it is unclear from this study whether or not confidence and trust are two separate constructs. However, this may be because the research design was not set up to distinguish these two constructs. Future research opportunities exist to consider ‘confidence’ and ‘trust’ more explicitly in business-to-business relationships.

The study (see section 6.3.3.3) demonstrates that trust is built over time (Doney and Cannon, 1997) as the experience between the two parties grows (Ford, 1980). It appears that not only a single episode is crucial for building up customers’ trust, but customers’ accumulated experience of suppliers’ consistent service contributes to the development of

Figure 10 - Trust and Confidence as Outcomes of Service Encounters

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trust (Bitner, 1995). This supports the argument that trust is associated with risk (Arnott, 2007) as trustors become vulnerable through putting their trust in trustees (Zand, 1972; Mayer et al., 1995). For instance, customers take risks by trusting that suppliers will keep their promises and follow ethical business practices. The findings concur with Mayer et al.’s (1995) argument about trust being related to belief in the other party’s sense of justice and credible communication, but contradicts Kanagaretnam et al.’s (2010) argument that trust is not associated with the degree of information transparency in repeated interactions. The case studies illustrate that it is costly and time consuming to develop and maintain trust (Doney and Cannon, 1997; Pinnington and Scanlon, 2009), but that trust is essential for a business-to-business relationship (Morgan and Hunt, 1994; Pinnington and Scanlon, 2009), and shapes the direction of the relationship (Laing and Lian, 2005).

This study supports the view that trust is a multidimensional complex concept (Blois, 1999; Arnott, 2007), as trust has been found to include a complexity of components, such as suppliers’ consistent performance in meeting customer needs, the security of knowing what will happen, customers’ confidence in relying on suppliers’ performance and suppliers’ open communication. There is evidence that supports Young’s (2006) findings relating to trusting in suppliers’ technical support, suppliers’ opinion and suppliers’ judgment of issues (see section 6.3.3.3). However, contrary to the distinction between trust of the supplier firm and of the salesperson (Doney and Cannon, 1997), differences between the two have not been found in this study. This may be because the samples in this study are small or medium-sized enterprises. In addition, complementary to the focus on customers’ trust in a supplier (Morgan and Hunt, 1994), the results indicated trust as a two-way concept: customer trust in the supplier, and supplier trust in the customer. This supports Wilson’s (1995) and Ford’s (1980) claim that there is mutual trust in business-to-business relationships. Mutual trust appears to be an outcome of business-to-business service encounters, and contributes to supplier-customer relationships.

7.3 Characteristics of Business-to-Business Service Failure and Recovery

7.3.1 Business-to-Business Service Failure

7.3.1.1 Types of Business-to-Business Service Failure

The results from both case studies revealed that business-to-business service failure includes issues relating to service outcome (e.g. suppliers painting the wrong colour on products) and service process (e.g. issues in communication). This supports the findings of
Edvardsson (1988), Hansen et al. (1996b) and Lockshin and McDougall (1998). These can be interpreted from Szmigin’s (1993) perspective as failures in the hard and soft quality of service.

At the same time, Chase and Stewart’s (1994) categorisation of service failure as being caused by server errors and customer errors is helpful for understanding the types of business-to-business service failure that were identified in the cases. Both case studies have shown evidence of service failure related to server errors, such as failure on the suppliers’ side, in tangible elements of the service and in the process (i.e. responding to customer needs). At the same time, evidence exists to support Chase and Stewart’s (1994) argument that service failure may occur because customers bring inappropriate material to the service encounter (see section 6.4.1.2). This supports Hansen et al.’s (1996a) claim that buyers may have some responsibility for problems and illustrates the interactive nature of the process. It could be argued that customers play a part in value co-destruction rather than value co-creation in these circumstances supporting the findings of Plé and Cáceres (2010) and Echeverri and Skålén (2011). The study did not provide any evidence to support Chase and Stewart’s (1994) points relating to identification of problems caused by customers’ failure to learn from experiences or to make adjustments. However, this may be due to limitations of the small sample size.

Although Chase and Stewart’s (1994) classification is useful, it is restricted to company-related factors, and does not include the wider context. This study shows that problems may also arise due to factors that are outside of the service providers’ control (for example, environmental factors); this confirms the points noted by McColl-Kennedy (2003). Overall, service failure in business-to-business markets could be caused by: service provider related factors, customer related factors or elements outside the service providers’ control. It was also evident that types of business-to-business service failure are similar to those found in consumer contexts.

Table 26 provides examples of the types of business-to-business service failure identified in this study mapped against contributions made by academics related to service studies.
### Table 26 - Types of Business-to-Business Service Failure

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<tr>
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<tbody>
<tr>
<td>Hard Quality</td>
<td>wrong colour paint</td>
<td>items unsuitable for metal finishing</td>
<td></td>
</tr>
<tr>
<td>(Szmigin, 1993)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Soft Quality</td>
<td>late delivery</td>
<td>lack of provision of appropriate information</td>
<td>paints react in different weather conditions</td>
</tr>
<tr>
<td>(Szmigin, 1993)</td>
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#### 7.3.1.2 Outcomes of Business-to-Business Service Failure

A number of negative consequences of service failure have been revealed in the results, such as: customers’ negative word of mouth, supporting Johnston and Hewa’s (1997) findings; customer dissatisfaction, as noted by Hansen *et al.* (1996a), Johnston and Hewa (1997) and Chumpitaz and Paparoidamis (2004) among others; customers switching to another supplier as identified by Johnston and Hewa (1997), and disruption to customers’ production, confirming Zolkiewski *et al.*’s (2007) findings. Interestingly, as Blois (2008) also discussed, there was also an example which indicated that sometimes suppliers prefer their customers to leave rather than having to deal with the issues related to the service failure. Another important finding was that customers’ negative emotions were highlighted as an outcome of business-to-business service failure. Although in consumer markets, emotions have been widely discussed, for instance, Bell and Zemke (1987) mentioned frustration and Tax *et al.* (1998) pointed to personal stress. Customer emotions in a business-to-business context have received limited attention and there is more scope to investigate the influence of emotions on business-to-business relationships (e.g. Tähtinen and Blois, 2011).

The results provided evidence to support Johnston and Hewa’s (1997) and Henneberg *et al.*’s (2009) discussion about how effects of service failure which occur upstream at the suppliers may cascade downstream and affect the service receivers’ customers. The results also highlighted customers’ concerns about service failures that had occurred upstream causing their customers’ dissatisfaction and therefore them losing their customers’ business. Thus, business customers emphasised that their clients should not be affected by service failures. The impact of the domino effect of service failure in business-to-business contexts has been highlighted and is due to the fact that business-to-business service encounters have direct and indirect effects (see section 6.4.2.1).
In comparison to service failure in consumer markets, business-to-business customers seem to be more aware of and understanding about potential failures, although customers are concerned about the impact of service failure on their business performance. Business-to-business customers tend to forgive suppliers’ occasional service failure, but have less tolerance towards recurring problems. This supports Maxham and Netemeyer’s (2002) findings. Customers treated reoccurring problems more seriously and stated that repeating problems may lead them to change suppliers. This is consistent with Edvardsson’s (1988) and Spreng et al.’s (2009) arguments that it is an accumulation of service failures rather than occasional problematic incidents that causes customers to switch to another supplier. However, there are exceptions of where some customers are tolerant of suppliers’ mistakes due to the limited availability of alternative suppliers, as noted by Davies and Palihawadana (2006) and Schiele (2012). The results concur with findings from consumer markets that one single isolated service failure has a much less negative impact on customers’ satisfaction, confidence and loyalty in suppliers (Ruyter et al., 1999; Choi and Mattila, 2008; Berry, 2009) than repeated service failure (Bitner, 1990; Maxham and Netemeyer, 2002).

Contrary to Vassilikopoulou et al.’s (2009) argument that customers may forget about service failure, and Maxham and Netemeyer’s (2002) claim that time lag may play a buffering role of customer dissatisfaction in consumer markets, the results from the case studies indicate that service failures remain in the back of customers’ minds (see section 6.4.2). Thus, the suggestion that suppliers should welcome problems as an opportunity to delight customers as has been suggested in consumer markets (e.g. Johnston and Fern, 1997; Smith and Bolton, 1998) needs to be treated with caution in business-to-business contexts.

7.3.2 Business-to-Business Service Recovery Strategy

It has been found that service recovery in business-to-business contexts includes ‘what is done’ and ‘how it is done’ as in consumer markets (e.g. Levesque and McDougall, 2000). Solutions to problems as well as the process of solving problems have been found to be valued by customers. Thus, instead of separating ‘what is done’ from ‘how it is done’, a combination of both may be a more effective service recovery strategy, confirming Levesque and McDougall’s (2000) results. Both aspects of service recovery are discussed below.
7.3.2.1 Outcome of Service Recovery/ ‘What is Done’

In terms of ‘what is done’, business-to-business customers in this study emphasised the resolutions to problems. This concurs with Edvardsson and Strandvik’s (2009) proposal of “competence” as a main factor in handling problems, which refers to the ability to solve customers’ problems. In addition, tangible recovery efforts such as providing compensation and value-added atonement (e.g. Miller et al., 2000) are appreciated by customers. Suppliers’ compensating for a service failure such as refunding money or changing the goods or services is viewed as fair by customers (see section 6.4.3.2.6). An unexpected finding is that even if problems cannot be addressed, a relationship can still remain intact if the supplier is honest with customers. This supports the argument made in consumer contexts that failures themselves do not necessarily lead to customer dissatisfaction (e.g. Bell and Zemke, 1987; Boshoff, 1997); rather, service providers’ response to the failure is critical (e.g. Bell and Zemke, 1987; Boshoff, 1997) and illustrates that this argument can be transferred to a business-to-business context. Although suppliers in both case studies are aware of the significance of honesty, the value of honesty appears to be even more appreciated by customers. Further research opportunities exist to explore honesty more in-depth, as little research investigates honesty in business-to-business relationships apart from it being implicit in discussion about trust (Morgan and Hunt, 1994) and perhaps apparent in some of the discussion about the dark side of relationships (e.g. Blois, 1998; Mitrega and Zolkiewski, forthcoming).

7.3.2.2 Process of Service Recovery/ ‘How it is Done’

In terms of ‘how it is done’, the crucial role of communication in service recovery has been clearly recognised in this study. This provides support for Edvardsson and Strandvik (2009) who saw ‘communication’ as a major factor in handling problems and defined ‘communication’ as understanding the process and the solution, and interacting with customers in an empathetic and caring way. The findings from this research project show that, in business-to-business contexts, problems may impact directly on customers’ production planning. The findings indicate that, because of this impact, it is especially important for suppliers to be responsive to customer problems, supporting Qualls and Rosa’s (1995) findings, to inform customers of the reasons for problems, confirming Edvardsson’s (1988) study and provide them with feedback and information about updated situations, as recognised by Larson (1987) and Taylor (1994). This study shows that customers appreciate suppliers’ early communication with them about problems that are arising or have occurred, which supports Primo et al.’s (2007) argument that early communication has a buffering effect on customers’ reactions toward service failure.
This study adds support on one side of the debate about whether or not business-to-business customers are active in voicing problems (e.g. Chakraborty et al., 2007; Hansen et al., 1996b). The case study findings support Hansen et al.’s (1996b) argument that customers consider communicating with suppliers in order to have problems rectified to be an opportunity to and, thus, are active in voicing issues to suppliers. Contrary to Kelley et al.’s (1993) argument that in consumer contexts, customer initiated service recovery is unacceptable, this study shows that in business-to-business contexts, on many occasions, problems were raised by customers and customers would welcome suppliers’ appropriate reactions towards their voiced-problems. However, the findings support Bell and Zemke (1987) and Hart et al. (1990) that customers appreciate suppliers’ pro-activeness in service recovery.

The findings illustrate that good buyer-seller communication may prevent problems from happening, confirming the findings of Hansen et al. (1996a). On the other hand, they also show that poor communication between suppliers and customers during the service recovery process may cause business-to-business relationships to deteriorate. Thus, the argument about communication being critical for a business-to-business relationship made by Laing and Lian (2005) is supported.

The significance of suppliers’ attitudes towards problem handling has been highlighted by this study. This is particularly so because in business-to-business contexts problems may not be caused by suppliers; instead, buyers may be the source of the problem, for instance, sending in poor material or providing suppliers with inaccurate information. It could be argued that this is similar to service failure in consumer markets in which customers’ inappropriate behaviour or customers being unreasonably demanding may cause unsuccessful service scenarios (e.g. Bitner et al., 1994). However, this research suggests that there are differences in the context of business-to-business service failure and recovery. In consumer markets, if customers share the responsibility for the service failure, their reaction tends to be less negative (e.g. Primo et al., 2007; Choi and Mattila, 2008; Sierra et al., 2009). However, this study has found that, in business-to-business contexts, due to customers’ lack of knowledge about the industry and technology, they may not be aware of that they are causing the service failures, and, instead, put the blame on the suppliers. Therefore, this research illustrates that a mismatch exists: what is believed to be a problem by a customer may not be viewed as a failure by the supplier, especially if the failure is not caused by the supplier. This mismatch between a supplier’s and a customer's
understanding of the cause of a problem poses a challenge, but also provides an opportunity for suppliers to investigate such problems and possibly educate customers about how to prevent the problem from occurring. This should have beneficial effects on their buyer-seller relationships. This research has identified an additional context to service recovery in that suppliers are seen to recover from both service failures they cause and from service failures that are caused by the customer but perceived by the customer to be a failure in the service delivered by the supplier.

This study confirms Gruber et al.’s (2006) finding that customers appreciate suppliers’ friendliness and their courtesy with respect to customer-voiced problems. In contrast, the research shows that several behaviours are unacceptable to customers, such as service providers’ blaming customers for the failures, or making no attempt to recover from the failure; this supports the findings of Kelley et al. (1993). Service recovery strategies in consumer markets such as acknowledging a problem, explaining the problem, apology, empathy, employee politeness, and competence (e.g. Bitner et al., 1990) are also valued by customers in business-to-business sectors. Thus, suppliers’ helpful attitudes towards issues reported by customers, extra effort in investigating problems, willingness to educate customers (so as to avoid such failures), and empathy towards customers are successful as effective service recovery strategies.

Business-to-business service recovery may require customers to actively participate in the process in order to address some of the problematic issues. This is because, as this research has shown, some service failures in business-to-business contexts are caused by customer errors. Customers’ active participation and adaptation, such as modifying or improving their products, or prioritising their orders (see section 6.4.3.2.7) assists suppliers in co-recovering business-to-business service failures. In the case studies, there is evidence of the need for buyers and suppliers to reach mutual agreements, as suggested by Hansen et al. (1996a), especially if buyers share the responsibility for the problem (e.g. Hansen et al., 1996b). This reinforces the fact that customers are active participants in the business-to-business interaction process (e.g. Cunningham, 1980; Håkansson, 1982). Hence this research supports the view that customers may use their own resources and invest in the interactive value co-creation process with suppliers (Babin and James, 2010). It also provides evidence in support of service-dominant logic that customers are partners who co-create value with suppliers (Lusch and Vargo, 2006b), although the involvement of customers in co-production may vary across different offerings and contexts (Kalaignanam and Varadarajan, 2006). It is perhaps more conducive to the refinements that have been
proposed to service-dominant logic, e.g. (Vargo and Lusch, 2008b; 2011) where there is a move towards a scenario in which the actors are resource integrators.

Considering the notion of co-recovery explored above in business-to-business service recovery scenarios, the definition of service recovery used in consumer markets as actions responding to service failures by a service provider (Grönroos, 1988) appear to be restrictive when applied in a business-to-business context. This is because the definition is one-sided, focuses on a single actor, a single incident, and one side’s evaluation of the recovery (e.g. Tåhtinen et al., 2007; Salo et al., 2009). Business-to-business service recovery appears to be two-sided and can involve a number of participants: suppliers, customers and the customers’ customers, i.e. the wider network. Hence, it can be seen that strategies for service recovery in business-to-business contexts need to take into account customers’ and other network actors’ participation.

Although perceived justice has been categorised as having three dimensions (e.g. Rio-Lanza et al., 2009; Svari et al., 2010), or four dimensions (Mattila, 2006; Lee and Park, 2010), this study revealed that only distributive justice (i.e. compensation for a service failure) contributes greatly to business-to-business customers’ perceptions of fairness in service recovery. Contrary to findings in consumer services (e.g. Tax et al., 1998; Mattila and Cranage, 2005; Svari et al., 2010), even though customers in this study raised the importance of suppliers’ honesty, empathy, communication and responsiveness, these factors do not appear to be related to these customers’ perceptions of fairness. However, this may be due to the sample size, and the research design not focusing on perceived fairness. Further exploration of business-to-business customers’ understanding of fairness is needed (Tuusjarvi and Blois, 2004), and this research suggests that this would be particularly relevant in the case of business-to-business service recovery.

Table 27 summarises the service recovery strategies identified in this study that would generate positive and/or negative impacts.
Table 27 - Summary of Business-to-Business Service Recovery Strategies

<table>
<thead>
<tr>
<th>Service Recovery Strategies</th>
<th>Elements of Recovery that Generate Negative Outcomes</th>
<th>Elements of Recovery that Generate Positive Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is Done</td>
<td>Not solving problems</td>
<td>Rectifying problems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finding the root causes of service failure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Learning from service failure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compensating for the failure</td>
</tr>
<tr>
<td>Communication</td>
<td>Lack of communication</td>
<td>Customer providing feedback</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Informing customers of the situation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Being honest</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Listening to customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pro-activeness in communication</td>
</tr>
<tr>
<td>Supplier Attitude</td>
<td>Uncaring attitude</td>
<td>Caring attitude</td>
</tr>
<tr>
<td></td>
<td>Ignoring problems</td>
<td>Contacting customers</td>
</tr>
<tr>
<td></td>
<td>Denying problems</td>
<td>Apologising</td>
</tr>
<tr>
<td></td>
<td>Arguing about the problem</td>
<td>Acknowledging problems</td>
</tr>
<tr>
<td></td>
<td>Unwilling to discuss problems</td>
<td>Explaining the situation to customers</td>
</tr>
<tr>
<td></td>
<td>Unwilling to solve problems</td>
<td>Updating customers about progress</td>
</tr>
<tr>
<td>Dealing with Mismatched Perceptions</td>
<td>Ignoring problems</td>
<td>Investigating problems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Educating customers about causes of problems</td>
</tr>
<tr>
<td>Availability and Responsiveness</td>
<td>Delay in solving problems</td>
<td>Responsiveness</td>
</tr>
<tr>
<td>Co-recovery</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7.3.2.3 Domino Effects in Service Recovery

Domino effects have been found in business-to-business service recovery. How issues are handled upstream by suppliers’ may cascade downstream to influence service receivers’ interactions with their clients. Edvardsson and Strandvik (2009) have discussed the importance of recovering a service failure within a reasonable time. This research has shown that because of the impact of domino effects, a supplier’s unresponsiveness with respect to service recovery may not only cause customer dissatisfaction, but also cause customers’ slow response to their clients in the wider network which may lead to customers’ clients’ being dissatisfied. Customers’ demand for effective service recovery is partly driven by their concerns about the impact of domino effects on their customers. This may explain why customers appreciate suppliers’ responsiveness and effectiveness towards problematic issues.

7.3.2.4 Impact of Service Recovery on Business-to-Business Relationships

This research responds to Henneberg et al.’s (2009) suggestion that attention should be given to the effects of handling problems in business-to-business relationships. It supports
the argument that customers’ perceptions of service recovery can influence whether or not they will continue using the service provider (Durvasula et al., 2000; White and Yanamandram, 2007). The research demonstrates that if suppliers respond to a problematic situation appropriately at each stage that customers raise it, buyer-seller relationships may be strengthened, confirming the findings of Edvardsson (1988), Hansen et al. (1996b) and Lockshin and McDougall (1998). Additionally, the research has shown that business-to-business failures may provide suppliers and customers with an opportunity to work together to resolve the problem and through these interactions the relationship itself may be strengthened, often by the introduction of adaptations. This supports the findings of Håkansson (1982) and suggests that, in business-to-business contexts, the discussion of service recovery may be understated as the main focus has been on adaptation.

The findings from the case studies have demonstrated that customers’ perceptions of fairness in service recovery will contribute to the development and maintenance of their buyer-seller relationships. Customers’ perceptions of suppliers’ irresponsibility towards problem handling may cause buyer-seller relationships to deteriorate. There is no great distinction between service recovery strategies that maintain and strengthen business-to-business relationships (see Table 28 for some examples). However, this may be because the distinction between maintenance and strengthening could be subjective and difficult to compare across different relationships. Further research opportunities exist to explore why the same service recovery strategy has a different impact (i.e. maintaining versus strengthening relationships) on business-to-business relationships. Overall, managing service failure may provide an opportunity for suppliers and customers to communicate, develop understanding between each other, and manage business-to-business relationships, as suggested by Hart et al. (1990), Hansen et al. (1996b) and Lockshin and McDougall (1998).

| Table 28 - Impact of Service Recovery Strategy on Business-to-Business Relationships |
|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Relationship Deterioration                   | Relationship Maintenance                      | Relationship Strengthening                    |
| Not solving problems                         | Rectifying problems                           | Rectifying problems                           |
| Delay in solving problems                    | Responsiveness                                | Responsiveness                                |
| Ignoring problems                            | Examining problems                            | Acknowledging, examining and investigating problems |
| Arguments about the problem                  |                                               |                                               |
| Unwillingness to discuss problems            |                                               |                                               |
| Lack of communication in solving problems    |                                               |                                               |
| False promises about solving problems        | Being honest                                  | Being fair                                    |
|                                               |                                               | Extra efforts in service recovery             |
7.4 Answers to the Research Questions

This section addresses the overall objective of which was to explore how service experience, especially service encounters, including service failure and recovery, impacts on business-to-business relationships. The answers to the explicit research questions are summarised below.

7.4.1 Research question 1: What is the role of service encounters in business-to-business relationships

This question was divided into two sub-questions, which are discussed below.

7.4.1.1 Research question 1(a): What are the characteristics of service encounters in business-to-business contexts?

Three types of business-to-business service encounters have been found similar to those identified in consumer markets by Shostack (1985): the remote encounter, the indirect personal encounter and the direct personal encounter. Business-to-business service encounters are characterised by their complexity as multiple contacts may be involved, reflecting the influence of various people and departments who get involved in organisational interactions. This is in line with the findings about relationships and networks, particularly those that emanate from the IMP group, e.g. Håkansson, (1982), Turnbull (1999), Håkansson, David, Gadde, Snehota and Waluszewski (2009) and Andersson-Cederholm and Gyimothy (2010).

Business-to-business service encounters are also characterised by the fact that the actions of the involved companies are conditioned by the actions of their counterparts and their counterparts’ counterparts. So the network can be seen to be influencing these encounters. In the contexts studied, business-to-business service encounters tended to be frequent with daily or weekly interactions between the two parties evident, but the frequency may vary according to customer needs. The same was true for the types of encounters that were valued, with direct encounters being favoured more by the respondents than remote or indirect encounters. However, it is possible that the characteristics of service encounters are related to the nature of the industry or the importance accorded to the purchase involved by the buyers.

Figure 11 is designed to illustrate service encounters between the supplier and the customer, and the customer’s client. This shows that interactions not only happen between the supplier-customer, and the customer and the customer’s client, but also between the
supplier and the customer’s client (e.g. the supplier ringing or visiting the customer’s client).
Figure 11 - Supplier - Customer - Customer's Client Interactions
7.4.1.2 Research question 1(b): How do service encounters impact on business-to-business relationships?

Communication, adaptation, help and people have emerged as key factors in business-to-business service encounters. These factors contribute to service experience and impact on business-business relationships.

Communication plays a multifunctional role in service encounters. It facilitates business transactions through sharing of information, and also impacts on the involved parties’ understanding of how each other operates in business. Companies need communications to arrange production plans and their interactions with their upstream and downstream counterparts. Communication influences many aspects of the encounter, for example, information that is provided about issues and the speed at which communication takes place not only impacts on customer satisfaction and supplier-customer relationships, but also cascades down the value chain and influences customers’ interactions with their downstream clients.

Poor communication may cause interruptions to companies’ production schedules, and has a negative impact on the associated business-to-business relationships. From a customer’s perspective, infrequent and insufficient communication may be viewed as neglecting and this may cause the relationship to deteriorate. In addition, organisations’ inconsistent internal communication may cause service failure and have a negative influence on service experience and business-to-business relationships. In contrast, good communication may help to build up, maintain and strengthen relationships. The research shows that although the frequency of communication varies according to customer needs, communication may be used as a tool to support and take care of customers. This supports the findings of Brax (2005).

An organisation’s willingness to make adaptations is viewed as a sign of them being flexible and willing to work together with the other party, to meet the other party’s needs and to develop the relationship. Suppliers’ adaptations influence customer satisfaction, customer retention and strengthen business-to-business relationships. In contrast, suppliers’ lack of adaptation may become a barrier to building a relationship. Customers are also active in making adaptations and these are seen to improve service encounters. Customers’ adaptations were seen to encourage suppliers to reciprocate. A lack of reciprocity may lead to a perception of unfairness and cause damage to business-to-business relationships.
Adaptation is crucial for service experience and business-to-business relationships, and although adaptation is discussed in relationship to business-to-business relationships (e.g. Håkansson, 1982; Brennan et al. 2003), its significance in the context of service experience has not been given enough attention and exploration.

‘Help’ is highly valued in business-to-business service encounters. Exceptional efforts such as ‘going an extra mile’ beyond normal business practice for the counterpart are viewed as being helpful and caring. For instance, suppliers helping customers by training customers’ employees, providing customers with relevant information not related to the suppliers’ offerings, and visiting and helping customers’ clients, and similarly, customers helping suppliers with issues not related to their business, all enhance buyer-seller relationships. Although on many occasions ‘help’ seems to be one-off activities, it is remembered by the counterpart and has a positive impact on business-to-business relationships. This emphasises the role of emotion in business-to-business service encounters. It also suggests that it is the service element of the relationship that invokes these emotions and supports Tähtinen and Blois’s (2011) view that emotions warrant investigation in a business-to-business context.

Key individuals are significant for business-to-business service encounters and relationships. Service employees play a functional role of completing tasks and their expertise and knowledge is influential in the customer service experience. At the same time, employees also play a relational role in building up rapport and personal relationships with the counterpart in business-to-business service encounters, as in consumer markets (e.g. Berry, 1995; Bitner, 1995). People who are like-minded or share a similar personality tend to get on better with each other, and this may change a working relationship into a social relationship and contribute to positive customer service experience and enhance the business-to-business relationship. In contrast, unfriendly, unhelpful and unprofessional individual employees are not looked upon favourably, and have a negative impact on business-to-business relationships. In addition, multiple contacts are involved in business-to-business interactions and teamwork has been emphasised, adding to the complexity of business-to-business service encounters. The need to consider the social exchange dimension (Håkansson, 1982; Woo and Ennew, 2005) and social bonds (Page et al., 1997) has been emphasised in business-to-business service encounters and relationships, especially because social bonds between actors are not easily transferrable to another individual (Zolkiewski, Naudé and Waller, 2008).
Service experience has been shown to have a cumulative nature in consumer service contexts (Berry, 2009), and the same can be seen to be true in a business-to-business context. Suppliers’ consistent professional service has a positive influence on a business-to-business relationship, while inconsistent service may trigger customers’ negative emotions and feelings, which may also lead to customers being unwilling to do business with the supplier.

It can be seen that although various factors such as communication, people, adaptation and help play a key role in service encounters, it is the holistic service experience that influences business-to-business relationships. The impacts of domino effects on service experience and business-to-business relationships have been shown to be positive or negative, and they may cascade to customers’ clients (see section 1.1.1.1).

Based upon Figure 11, a framework (Figure 12) has been built to illustrate the findings. The framework shows that ‘communication’, ‘people’, ‘adaptation’ and ‘help’ play important roles in supplier-customer service encounters. The framework also includes customer’s client to illustrate the domino effect (see relevant discussion in section 7.2.2.5). The outcomes of supplier-customer service encounters may be strengthening, maintaining or damaging the relationship.
Figure 12 - Service Encounters in Business-to-Business Relationships

Supplier
Communication
People
Adaptation
Help

Build Relationships

Customer
Communication
People
Adaptation
Help

Interactions

Customer’s Client

Interactions

Build Relationships

Interactions

Maintain Relationships

Destroy Relationships

Destroy Relationships

Interactions
7.4.2 Research question 2: what are the characteristics of service failure and recovery in business-to-business contexts?

Similar to the types of service failures that have been identified in consumer markets, business-to-business service failure may happen in service outcomes or service processes; this confirms the findings of Edvardsson (1988), Hansen et al. (1996b), and Lockshin and McDougall (1998). Business-to-business failures may be caused by supplier error, customer error and uncontrollable factors, as noted by Chase and Stewart (1994) and McColl-Kennedy (2003). It is accepted that suppliers may cause service failure, such as failure in to complete the task correctly, in tangible elements of the service, and in the process (i.e. responding to customer needs). Business-to-business service failure may also be caused by customer errors, such as customers providing inaccurate information or inappropriate material. However, customers may be unaware that they are responsible for business-to-business service failure, and blame the suppliers instead. Thus, a gap may exist between suppliers’ and customers’ understanding of service failure. This mismatch poses a challenge and, if not dealt properly, customers’ may form perceptions of suppliers being irresponsible and unwilling to deal with problems which leads to customers developing negative feelings towards the supplier and deterioration in their relationship.

Business-to-business service failure has a number of negative consequences similar to those in consumer markets, such as customer dissatisfaction and switching to another service provider. Unlike consumer contexts, business-to-business service failure may cause disruption to customers’ production, and also domino effects of the service failures can be identified in the wider network. Customers are concerned that service failures that have occurred upstream may cause their downstream customers to be dissatisfied and they may lose their customers because of this. Hence, customers emphasised that their clients should not be affected by service failures that have occurred upstream.

Although customers are tolerant of occasional isolated service failures in business-to-business contexts, they expect suppliers to improve their performance. Accumulated failures not only result in customers’ negative emotions and increased levels of dissatisfaction, but also cause long-term business-to-business relationships to deteriorate and customers will actively seek alternative suppliers in such situations. This supports the findings of Tähtinen and Halinen (2002) and Blois (2008).
7.4.2.1 Research question 2(a): can service recovery strategies be transferred from consumer markets to business-to-business markets?

Similar to service recovery in consumer markets, business-to-business service recovery includes ‘what is done’ and ‘how it is done’. With respect to ‘what is done’, suppliers’ competence in solving problems is valued, and suppliers’ tangible compensation for problems is perceived by customers as being fair. However, even if problems cannot be addressed, suppliers’ honesty about problems may not cause the buyer-seller relationship to deteriorate. This shows that business-to-business customers are concerned not only about resolutions to problems, but also how problematic issues are addressed.

Attributes associated with the process of service recovery in consumer markets seem to be applicable in business-to-business contexts. For instance, acknowledging a problem, explaining the problem, making apologies, empathising, being polite and friendly (as noted by Bitner, 1990) are also valued by customers in business-to-business sectors. In addition, communication was shown to play a crucial role in service recovery. Customers were antagonised if they were not informed about problematic situations. Suppliers’ willingness and responsiveness in solving problems were greatly appreciated and valued by customers.

In contrast to service recovery strategies in consumer markets, customers’ active participation in recovery from service failure is highlighted in business-to-business contexts and a process of ‘co-recovery’ is frequently observed. As service failures may be caused by customer errors, business-to-business customers may share the responsibility for service recovery. However, as customers may not be aware of their responsibilities for service failure and recovery, suppliers may need to make additional efforts to investigate problems and educate customers about the causes of the problems. Customers and suppliers may need to make adaptations to address the issues that caused the failure. Thus, in addition to traditional forms of service recovery where the supplier is solely responsible for the recovery process, in some contexts, business-to-business service recovery is a joint process, involving both parties acting together in order to respond to the problem, and may also be characterised with adaptations by both parties.

The impetus behind business-to-business customers’ demands for effective service recovery may not only be due to the direct negative effects on their own business processes, such as disruption to production, but may also be due to the negative influence on their downstream clients. It is evident that when a service failure occurs, customers’ interactions with their clients are conditioned by the upstream service recovery processes. Thus,
business-to-business service recovery needs to take account of the influence of domino effects in the network.
Chapter 8  Conclusion

8.1 Introduction

This chapter highlights the theoretical and managerial contributions of this study. Limitations of the research are noted, and further research is suggested. Finally, it concludes with reflections of conducting this study.

8.2 Contributions of the Research

This study makes a number of theoretical contributions and generates associated managerial implications. These are presented below.

8.2.1 Theoretical Contributions

Theoretically, this study responds to the call that consumer marketing and business-to-business marketing should integrate their knowledge (Grönroos, 1983; Singh, 1990; Cova and Salle, 2003; Vargo and Lusch, 2011). The study has extended the domain of service research from consumer contexts to business-to-business contexts. It raises awareness of the similarities and differences of service encounters between consumer contexts and business-to-business contexts. The characteristics of service failure and recovery in business-to-business contexts have also been explored. The results demonstrate that many of the constructs developed in consumer services could also be applied in business-to-business contexts. For instance, the types of service encounters identified in consumer markets (Shostack, 1985) also exist in business-to-business contexts. The types of service failure identified in consumer services marketing also seem to be transferrable to business-to-business contexts. Furthermore, service recovery strategies employed in consumer markets may also be effective in business-to-business markets.

However, distinctive characteristics of business-to-business service encounters, and business-to-business service failure and recovery do exist. Business-to-business service encounters are characterised with frequency and complexity, and need to be understood from additional perspectives, either as connected dyads or even from a network perspective. This is due to the variety of people and departments involved in organisational interaction (Andersson-Cederholm and Gyimothy, 2010; Håkansson et al., 2009) and shows that a notion of a simple two-party encounter that is often purported in consumer services is insufficient to explain the complexities of business-to-business interaction. In comparison to consumer markets, business-to-business service encounters, and business-to-business
service failure and recovery are characterised by the influence of domino effects which add complexity to the understanding of customers’ service experience. The consequences of failure in business-to-business service encounters are not confined to the interaction episode in which they are manifest. They can spread like a virus through a network and their detrimental effects are not limited to the actor who initially experienced the failure.

Business-to-business customers’ concerns about service failure are largely due to the negative influence of failure on their clients. Similarly, the outcomes of service recovery by suppliers (or the joint recovery processes between suppliers and their direct customers) may also cascade downstream and affect the service recipient’s customers. These domino effects implicitly dominate business-to-business interactions and service failure and recovery episodes. This finding extends the work of Gruber, Henneberg, Ashnai, Naudé and Reppel (2010) by illustrating that network effects are prevalent in all types of service failure and recovery situation, not just in complaint handling. It also strengthens the view that managing service failure and recovery is a critical management function and should be included in the business network; thus extending Ritter’s (1999) definition of critical management functions.

Service-dominant logic focuses on the development of an overarching theoretical basis for marketing and places co-creation of value centre stage (Vargo and Lusch, 2004; Vargo and Lusch, 2008b). However, whilst service-dominant logic is attracting considerable theoretical debate it lacks substantial empirical support. This study has provided empirical support for the co-creation of value aspect of service-dominant logic with the evidence of customers’ active participation in adaptation and in co-recovery from service failures. This suggests that customers are partners using their own resources and that they invest in an interactive process to co-create value with suppliers, thus supporting Lusch and Vargo (2006b) and Babin and James (2010). This study also provides evidence that in some circumstances customers may play a role in value co-destruction rather than value co-creation by causing service failures due to errors on their part, as noted by Plé and Cáceres (2010) and Echeverri and Skålén (2011). Thus, co-creation of value cannot be considered without also considering co-destruction of value. However, business-to-business customers may not be aware of their responsibilities for causing problems. This leads to a difference in buyers’ and sellers’ perceptions about business-to-business service failure, which poses a challenge in understanding and reducing the gap between the two parties’ perspectives. This gap in perceptions illustrates the complexity of business-to-business service failure and recovery processes and suggests that allocation of responsibility for service failure is a
critical part of the recovery process and, without this, the parties involved may blame each other and, as a consequence, may hinder service recovery.

This study highlights customers’ active participation in business-to-business service failure and recovery. This suggests that the definition of service recovery applied in consumer markets, which, as Grönroos (1988) notes, seems to be restricted to assuming that only the service provider responds to service failures, is too limited to be used in a business-to-business context. Service recovery, in business-to-business contexts, can be a joint or multi-party process, involving actors from the wider network, in comparison to service recovery in consumer markets which is one-sided, focusing on a single actor, a single incident, and one side’s evaluation of the recovery (e.g. Tähtinen et al., 2007; Salo et al., 2009). Therefore, the definition of business-to-business service recovery needs to include this aspect of the process.

Business-to-business service encounters can result in adaptations. However, adaptation in service contexts has not received much attention, apart from contributions made by Halinen (1997), Brennan et al. (2003) and Zolkiewski and Turnbull (1999). In consumer services marketing literature, customisation is noted as being an important facet of customer experience (Berry, 1985; Stauss and Mang, 1999). Customisation is also evident in business-to-business service markets (e.g. Jackson and Cooper, 1988). However, it can be argued that customisation is not an interactive phenomenon, while adaptation is interactive (Canning and Hanmer-Lloyd, 2002; Brennan et al., 2003), and sometimes it is a phenomenon of the network with the existence of multi-impact adaptation (Zolkiewski and Turnbull, 1999). This may be explained by the fact that interaction is at the heart of business-to-business markets (Håkansson, 1982; Håkansson et al., 2004). This study raised an awareness of adaptation manifested in service contexts, with both suppliers’ and customers’ adaptations resulting from business-to-business service encounters, such as adaptation to products, production processes and planning procedures, delivery procedures, and administrative procedures. This study contributes to the understanding of adaptation in business-to-business service contexts, in particular, customers’ active adaptation in both the business-to-business service process, and the processes needed to recover from service failure.

Business-to-business service encounters are also characterised with the phenomenon of ‘help’. It might be argued that ‘help’ is a form of soft quality (Szmigin, 1993), or hidden in Parasuraman et al.’s (1988) ‘empathy’ service dimension, or implicit in the concept of
cooperation (Wilkinson and Young, 1994; Möller and Wilson, 1995b). However, ‘help’ appears to be a distinct phenomenon and is indicative of suppliers making exceptional efforts, going ‘an extra mile’ and looking after the well-being of their customers, and is demonstrated at both the individual level and corporate level. ‘Help’ was not confined to suppliers helping customers; there was also evidence of customers helping suppliers. Whilst there is discussion of delighting consumers in the consumer literature, e.g. Rust and Oliver (2000), this can be seen as a different context because while it relates to satisfaction it is an action directed at a passive audience; ‘help’ in this context is an interactive phenomenon. Understanding ‘help’ may provide a potential area for achieving differentiation in service contexts. This study raises an awareness of the phenomenon of ‘help’ in business-to-business service contexts. ‘Help’ can be seen to occur in many situations such as: information provision, infrastructure development, training, facilities, and help in solving third party problems.

This study contributes to the understanding of business-to-business relationship development theories (e.g. Ford, 1980; Schurr, 2007). By exploring customers’ service experience, this project draws business marketing researchers’ attention to fundamental issues such as understanding and meeting customers’ needs, communication and consistent service performance. For example, suppliers’ inconsistent performance may cause a mix of positive and negative experiences for customers which lead to customers’ feelings of uncertainty. Although episodic models have paid attention to the fact that single episodes contribute to buyer-seller relationships (e.g. Schurr et al., 2007), there is not much further understanding of ‘how’ each single episode impacts on business-to-business relationships. This research takes an episodic approach by investigating service encounters and illustrates that single business interaction episodes can be used to improve service performance, identify failure points that can be eradicated and, consequently, provide a mechanism for managing buyer-seller relationships.

**8.2.2 Managerial Contributions**

Managerially, this study provides business-to-business organisations with a fresh perspective from which to manage buyer-seller relationships by exploring how single business interaction episodes and improving service performances impact upon relationship management. It is crucial for service providers to be aware that customers’ service experience is cumulative, thus managing each interaction episode and being consistent over time is essential in business-to-business relationships.
The importance of communication in business-to-business service encounters that has been identified in this research has important implications for manager. This suggests that, in order to build and strengthen relationships, customers need to be involved in positive service experiences and thus it is necessary to: listen to customers, facilitate information exchange, and be responsive and pro-active in communication. Regular communication with customers can be used by service providers as a way to show that they care for their customers. Suppliers should encourage customers to share information with them because they rely on the information provided to understand and meet the customers’ needs.

Internal communications within an organisation need to be consistent in order not to confuse customers by giving contradictory information. Dishonesty and failure to keep promises needs to be avoided because of the negative impact on the customer service experience and consequently the associated buyer-seller relationships. Communication is also critical in the wider network as customers may need to transmit such information on to their clients in order to keep them informed of the status of their orders.

Employees play a significant role in business-to-business service encounters, and the contribution of teamwork to service experience should draw practitioners’ attention to managing business-to-business relationships by training employees in service management, particularly, with respect to knowledge and personal skills, as customers appreciate service employees’ advice and technical support. Service providers may also need to consider personality during recruitment, as certain traits such as being approachable and sociable are highly valued by customers. In addition, service providers need to manage the turnover of the workforce, since customers appreciate the continuity of people as social bonds between actors cannot be transferred easily (Zolkiewski, Naudé and Waller, 2008).

In business-to-business service encounters, the failure of companies to adapt may be viewed as inflexibility, unhelpfulness, not meeting the other parties’ needs, and become a barrier to building the relationship. Suppliers need to strive to make adaptations to meet customer needs because adaptations influence customer satisfaction, maintain customer retention and help to develop business-to-business relationships. Customers are not passive, and are often willing to make adaptations. Thus, practitioners may take advantage of this through understanding and managing customers’ active participation in the service process in order to achieve service differentiation and enhance customers’ service experience.
Investigation of the role of ‘help’ should not be underestimated and may provide significant managerial implications, as the findings showed that customers value being looked after and favour suppliers who take care of them. Exploring customers’ perceptions of ‘help’ may provide an alternative perspective for service providers to differentiate their service from competitors, and enhance business-to-business relationships.

Business-to-business service failure may also be caused by customer errors. However, customers may not be aware of their own responsibility for the problems. Instead of ignoring the problems or blaming customers for causing the problems, which may damage the relationship, service providers should take this opportunity to show empathy towards the customer, investigate the problem, and find a solution to the problem. This may involve extra services such as developing the customers’ skills and knowledge, but should be seen as an opportunity to further develop the relationship. Service providers who take issues raised by customers seriously, even when the problems are not the service provider's fault, are highly valued by customers and can be seen to gain ongoing business as a consequence. There is a need to improve customers’ self-awareness, knowledge of the industry, and understanding of their responsibility for service failure in order to reduce the tension between suppliers and customers during service failure and recovery. As indicated above, communication provides the key to achieving this.

Business-to-business service failure could be seen as an opportunity to allow service providers to work together with customers. However, service providers need to pay attention to the service recovery process, such as showing their willingness to solve problems, being responsive, keeping customers informed of the situation, being honest and treating customers fairly. Pre-empting service failure could be one of the most effective service recovery strategies. Exploring supplier-customer co-recovery from service failure may generate helpful insights for business-to-business organisations. For instance, service providers and customers may reach an agreement in prioritising certain orders to meet delivery deadlines. In addition, companies need to ensure that they actively manage their service recovery systems in order to manage their customer relationships.

The consequences of the domino effects revealed in this study need to be given careful consideration by managers. The role of customers' clients should not be neglected in business-to-business service encounters and relationships. An upstream service failure may not only cause customer dissatisfaction, but also have a knock-on effect, and have negative influences on customers’ clients and third parties in the network. Being aware of the wider
network effects of service failure should focus managerial attention on the provision of effective recovery systems when failures do occur. The influence of domino effects requires business-to-business service suppliers to have a broader perspective when they provide service to customers by considering other parties in the network. Suppliers may manage their relationships with customers effectively by paying attention to the impact of domino effects and considering their customers’ clients. A network perspective is a must for organisations in providing service in business-to-business markets.

8.3 Limitations of the Research

In general, in both case studies, service providers appeared to offer overall satisfaction to customers and customers’ perceptions of their service were generally positive. This may influence the findings as there is limited discussion of suppliers’ poor service performance. However, in both case studies, a range of different customers were chosen purposefully, including one customer for each case study that the supplier used to have, but no longer had frequent interactions with. At the same time, respondents discussed not only their service experience and relationship with the case study service provider, but also with suppliers in general, including suppliers with poor performance that they no longer deal with. This may have helped to rectify this imbalance. However, overall, the limitation that customers’ experience of suppliers’ poor service has not been as fully explored as good service provision is noted in this study.

Of the two case studies, one is in the metal finishing industry, and the other is in the coating and paint industry. Both contexts share some similarities such as technical knowledge, quick delivery and turnaround being essential. The findings of these two case studies may be influenced by industry characteristics and may not be applicable to other industries. Although at the exploration stage, the similarities between the two case studies may provide an advantage of in-depth investigation and generating insights from similar sectors, the findings are restricted and influenced by the nature of the industries in which the case study companies are based and cannot, therefore, be generalised.

This study did not involve other researchers because of the concern that a PhD should be one’s own work rather than a team project. Thus, the data collection, coding and analysis process relied on a sole researcher, which may prevent the study from benefiting from different researchers’ perspectives and contributions. However, the researcher has presented parts of the research findings in several academic conferences and seminars, and used the comments to develop this research.
This research project has been carried out over seven years. At a later stage of this study, service-dominant logic emerged as a potential, unified, theoretical approach to marketing and has an influential impact on both services marketing and business-to-business marketing. Debates and dialogues about service-dominant logic have continued evolving. The design of the research project might have been different if the academic debates about service-dominant logic had been available at an early stage of this study. However, the author consulted a number of studies about service-dominant logic, and the service-dominant logic perspective has been included in this study. The researcher is aware that there is future scope for investigating business-to-business services in the light of the debates around service-dominant logic.

Despite these limitations, this study has been undertaken with a rigorous approach and has revealed valid findings. It provides a basis for developing further research.

8.4 Further Research

This study illustrates that the interactive nature of adaptation is particularly pertinent in business-to-business service contexts and that the phenomenon needs more careful attention as it provides a potential area through which marketing managers can achieve service differentiation. This phenomenon of adaptation could be explored in greater detail in consumer markets (e.g. the higher education sector, health services), as well as research to determine whether or not adaptation is pervasive across different business-to-business service contexts, such as financial services and legal services. At the same time, the companies involved in this study were all small or medium-sized enterprises; whether or not ‘adaptations’ exist extensively across different sizes of companies and industries could be explored.

‘Help’ has been identified as a special phenomenon in this study. Further research needs to be undertaken to refine the concept of ‘help’, and to investigate the similarities and differences among the constructs of ‘empathy’, ‘cooperation’ and ‘help’. Research opportunities exist to explore whether or not ‘help’ is pervasive across different sizes of companies and different business-to-business service contexts. In addition, whether or not ‘help’ also exists in consumer markets could be investigated. Future research could also be undertaken to explore the role of ‘help’ in business-to-business relationships.
The crucial role of communication in service encounters has been revealed in this study. The impact of domino effects of communication, and the influence of internal communication among departments within an organisation on customers’ service experience needs a deeper understanding. Some aspects of communication, such as keeping promises and honesty have been widely discussed in consumer markets (e.g. Bitner, 1995; Grönroos, 1998), but there is little research on keeping promises and honesty in business-to-business relationships apart from being implicit in discussions about trust (Morgan and Hunt, 1994). Research opportunities exist to explore the role of keeping promises and being honest in business-to-business relationships.

This study has found that interpersonal relationships contribute to customers’ service experience in business-to-business contexts. However, this study cannot verify the distinction between interpersonal relationships (personal-level) and inter-firm relationships (organisation-level) as noted by other researchers such as Murry and Heide (1998), Holmlund (2001), and Haytko (2004). This may be because of the research design and small sample size. Future research opportunities exist to explore different levels of relationships, and the impact of person-level relationships on company-level relationships.

In this study, customers raised perceived fairness as being crucial in a business-to-business service context. Although perceived fairness has been discussed in consumer service contexts (e.g. Tax et al., 1998; Mattila and Cranage, 2005; Svari et al., 2010), further exploration of customers’ understanding of fairness in a business-to-business context is needed (Tuusjarvi and Blois, 2004), particularly in business-to-business service recovery. Distributive justice (i.e. compensation for a service failure) has been found to contribute greatly to business-to-business customers’ perceptions of fairness in business-to-business service recovery. However, whether or not honesty, empathy, communication and responsiveness contribute to other aspects (e.g. interactional and procedural justice) of customers’ perceptions of fairness needs to be investigated further.

Service recovery strategies have been found to have different impacts on business-to-business relationships, from deterioration, maintenance to strengthening. However, in this study, no great distinction has been found between service recovery strategies that maintain and strengthen business-to-business relationships. Future research could explore the reasons behind the phenomenon that similar service recovery strategies may generate different impacts (i.e. maintain versus strengthen) on business-to-business relationships.
The customers’ role in co-recovering service failure is an interesting phenomenon in this study. Further research could investigate customers’ co-recovery roles in other business-to-business service contexts, such as professional services. Customers’ activeness in service recovery may also be explored in consumer service sectors, and comparisons of customers’ roles in service recovery could be made between business-to-business and consumer contexts.

8.5 Reflections

In this final section of the thesis, the author reflects on her long journey undertaking this study. This is written in the first person as it is a personal reflection.

My interests in services research were developed from writing my Master’s dissertation at UMIST, supervised by Professor Barbara Lewis. My subsequent working experience as a Business Development Manager in a business-to-business context in England inspired me to question the factors that play a key role in successful business-to-business marketing, most notably customer service. Dr. Judy Zolkiewski’s specialisation in business-to-business research and her interests in services provided me with an opportunity to carry out this PhD project at the Manchester Business School.

I held a strong quantitative approach to research when I first started this journey. However, after the first year’s research training at MBS, especially after completion of the ontology and epistemology course, my previous opinions towards qualitative and quantitative approaches were turned upside down. I assessed the positivist approach more critically, and appreciated more fully different philosophical stances. The research training equipped me with an understanding about deciding upon a methodological approach from the nature of the research questions posed. As this project is exploratory of real life events, case studies were chosen for the project.

Although I conducted several focus groups and in-depth interviews for my Master’s dissertation, this was the first time that I have carried out a purely qualitative study. Dr. Zolkiewski’s expertise in conducting case studies, and MBS’s research training courses focused on case study research and comparative case studies, developed my understanding of this research strategy before I undertook the fieldwork. Developing a case study protocol was very helpful in shaping ideas. At the same time, I undertook a mind mapping course, which helped me to brainstorm interview questions. It is a tool which I would use for further research.
For business-to-business research, gaining access to companies is uncertain. With Dr. Zolkiewski’s assistance, I was able to secure access to the companies involved in this study. I did not know what to expect in the first case study. However, I enjoyed the process of interviewing people, and making shop floor visits to many factories from different industries. This helped me to better understand what respondents discussed in the interviews. At the same time, I noted down my observations and used them in the thesis to triangulate data. Probing is important for interviews, but I was not skilled in the first case study as I was afraid of annoying busy respondents. However, the second case study provided me with an opportunity to develop my probing skills, and I developed the courage to keep on questioning, as is shown in transcriptions of the interviews.

Following Dr. Zolkiewski’s advice, I filled in an interview summary form after each interview and a research diary after each trip. These assisted me in conducting the fieldwork and helped me to reflect and develop my research skills.

I tried to transcribe the interviews in the first case study, but I found that it took me far too much time as English is not my first language. Consequently, to save time, all the interviews of the first case study were transcribed by a transcription service company. However, as the service was expensive, I transcribed a number of the interviews from the second case study by myself. The discovery was that listening to the recordings again and transcribing them helped me to familiarise with and understand the data in depth. The process assisted me in analyzing data later. If I were given a second chance, I would listen to all the recordings again, and transcribe all the interviews by myself.

Applying NVivo analysis was another new experience for me in the research. I attended the NVivo training course provided by the University of Manchester. This provided me with a basic understanding of how to use it. NVivo is a tool, and it does not analyse data automatically. However, it did reduce some daunting aspects relating to handling a large amount of interview data. The skill of using NVivo comes with practice. To ensure the quality of analysis, the analysis of the first few interview transcriptions of case study one was discussed with Dr. Zolkiewski. Data triangulation between several researchers would be preferable. However, as a PhD should be one’s own work, this was not an option.

Writing up a PhD thesis in a foreign language is another challenge, especially for case studies which require good story telling abilities. In addition, in the final stage of writing
up, I commenced a full-time Lecturer post in Sheffield Hallam University. It was a busy time with travelling, resettling, teaching, marking, attending an international conference, and completing the thesis. If it were possible, completing the PhD before commencing a new job would be less stressful.

Completing this long journey is exciting. I am pleased that I have taken this journey and carried it to its conclusion, which equips me with experience, skills, knowledge and perspectives for the future. It is a relief, but not an end.
## Appendix A: Business-to-Business Service Classification

<table>
<thead>
<tr>
<th>Author</th>
<th>Business-to-Business Service Classification</th>
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</table>
| Cunningham and Roberts (1974) | (1) service which is central to the transaction and is being sold, such as transport service and industrial cleaning service  
(2) service supplied in conjunction with the product which is central to the transaction. |
| Cunningham and Roberts (1974) | Categorising the service by convenience or reliability factors:  
(1) convenience services would add value to the product, lesson the work of the industrial buyer and ensure tailored offering to the buyer’s requirements;  
(2) reliability services would reduce the uncertainty of the purchase decision and offer a greater usefulness and reliability of the purchased product |
| Aljian and Farrell (1982)    | Divided business-to-business services into four broad classifications:  
1) professional services such as legal, engineering and consulting;  
2) facilities and equipment-related services, such as equipment maintenance and security;  
3) personnel-related services including cafeteria and employee personal articles;  
4) labour and craft services: construction. |
| Jackson and Cooper (1988)    | 1) MRO services refer to ‘services that are purchased for the purpose of maintaining, repairing, and/or operating the organisation’. p.115  
2) Production services means ‘services that are purchased for the final product to be produced, are used as part of the production process and in effect become part of the final product’. p.115 |
2) convenience services include technical advice, wide range of products, comprehensive quotations, credit facilities, training for operators, efficient administration and invoicing.  
3) interaction services include helpfulness of order staff and delivery personnel, trustworthy of contact personnel, ease of contact with a person in authority, and (possible) corporate social activities. |
| Boyt and Harvey (1997)       | Classified industrial services by six characteristics:  
1) replacement rate, which refers to the frequency of need for the service being provided to the customer  
2) essentiality, which is the necessity of the service relative to the operation of a product  
3) risk level, which means the level associated with the failure of service provided and the resulting impact on the customer’s operations  
4) complexity, which refers to the level of technical training and difficulty associated with providing the service to the customer  
5) personal delivery, which means whether the service has to be delivered in-person by the service provider; and  
6) credence properties, which refers to characteristics of the industrial product or service that makes it difficult to evaluate or understand |
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<tr>
<th>Author</th>
<th>Business-to-Business Service Classification</th>
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<tbody>
<tr>
<td>Flitzsimmons, Noh and Thies (1998)</td>
<td>A two-way classification by expanding Lovelock’s list of service recipients with the business process. The focus of the business service (property, people and process) is the principal dimension and the degree of service tangibility is treated as an attribute to be considered when purchasing a service focused on any one of these three recipients. The importance of the service to the buying firm is considered as a second dimension in the purchase decision. The taxonomy consists of a six-cell matrix including 1) facility support, 2) equipment support, 3) employee support, 4) employee development, 5) facilitator and 6) professional.</td>
</tr>
<tr>
<td>Homburg and Garbe (1999)</td>
<td>1) professional services where service is delivered by a service company, for example, consulting companies, 2) industrial services where service is delivered by manufacturing companies. • pre-purchase industrial service, • industrial services delivered at purchase and • after-sales industrial services.</td>
</tr>
<tr>
<td>Axelsson and Wynstra (2000)</td>
<td>Based upon the application or customer usage, there are mainly two types of services: 1) component services which is an unaltered part of the offering to the final customer, • standard component which does not require much of the specialists’ interaction, and • special component which needs technical expertise involvement. 2) transformation services which is modified by the buying firm and go further to the customer’s customer. • working-method services which mean that the buying firm tries to acquire and apply methods of working from the supplier; • consumption services (i.e. support services) which are used within the buying firm without becoming part of the final product and typical for maintenance, repair and operating items. Depending on the customer ‘leverage’, the same service can act as consumption, component, transformation and working-method services.</td>
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<tr>
<td>Cova, Dontenwill and Salle (2000)</td>
<td>1) services which support the product (SSP) 2) services which support the customers (SSC1 and SSC2) • Services which support the client’s actions in relation to the supplier’s product (SSC1) • Services which has no direct link to the supplier’s products but that aim to help the client develop activity and market position (SSC2) 3) Services which support the customer’s network (SSN)</td>
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<td>Mathieu (2001)</td>
<td>1) service in support of a supplier’s products (SSP) and 2) those in support of the supplier’s clients’ actions (SSC)</td>
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<tr>
<td>Axelsson and Wynstra (2002)</td>
<td>1) short or long contract services 2) standard or non-standard services 3) simple or complex services 4) fluctuating or non-fluctuating services</td>
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<td>Author</td>
<td>Business-to-Business Service Classification</td>
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<td>5) services aiming at the members of the company or at the company and creative services</td>
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<td>According to the service application, Axselsson and Wynstra (2002) classified services into four categories:</td>
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<td>1) consumption/relieving services (which is used by the buying company without becoming part of its final products)</td>
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<td>2) component services (which is part of the unaltered offering to the final customer)</td>
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<td>3) transformation services (which is altered by the buying firm and go to the customer’s customer), and</td>
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<td>4) working method services (which is related to the understanding of the operation and has an impact on the ways a business operates).</td>
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<td>Reid and Plank (2004)</td>
<td>1) pure Service</td>
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<td></td>
<td>2) service augmenting the core product</td>
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<tr>
<td>Wynstra, Axelsson and Valk (2006)</td>
<td>According to how a buying company employ the service in its own business processes, Wynstra, Axelsson and Valk (2006) classified four business-to-business services from buyers’ perspective and connecting the purchasing process and the overall business processes of the buying firm:</td>
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<td>1) component services are those delivered to customers without any changes;</td>
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<td>2) semi-manufactured services which would be transformed before delivering to customers;</td>
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<td>3) instrument services refer to the intangible assets to facilitate the buying firms’ operation, becoming one of the capital items; and</td>
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<td>4) consumable services are routine services consumed within the buying organisation.</td>
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</table>
## Appendix B: Service Facets in Business-to-Business Markets

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Context</th>
<th>Respondents</th>
<th>Method</th>
<th>Facets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cunningham and Roberts</td>
<td>(1974)</td>
<td>UK valve and pump manufacturers</td>
<td>Executives (industrial buyers)</td>
<td>semi-structured interviews</td>
<td>Industrial buyers require 13 different facets of a total service:</td>
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<td>4 convenience services:</td>
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<td>- technical advice for problem solving;</td>
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<td>- willingness to manufacture wide range,</td>
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<td>- prompt and comprehensible quotation,</td>
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<td>- ease of contact to clarify problems</td>
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<td>3 reliability services:</td>
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<td>- replacement guarantee for faulty work;</td>
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<td>- test facilities for quality control;</td>
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<td>- delivery reliability</td>
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<td>6 others:</td>
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<td>- Discount structure on list prices</td>
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<td>- Representation by suppliers</td>
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<td>- Extended credit facilities</td>
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<td>- Pattern (or die) design service</td>
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<td>- Technical after sales service</td>
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<td>- Provision of machining facilities</td>
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</table>

N= 25 (13 in the pump industry; 12 in the valve industry) Five point bi-polar semantic scale: 5= equating with excellent service to 1 = equating with bad service
<table>
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<tr>
<th>Author</th>
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<th>Context</th>
<th>Respondents</th>
<th>Method</th>
<th>Facets</th>
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</thead>
<tbody>
<tr>
<td>Banting</td>
<td>(1976)</td>
<td>Canada valve and pump manufacturers</td>
<td>Buyers</td>
<td>Self-administered questionnaire</td>
<td>Most important aspects of service:</td>
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<td>N= 73</td>
<td>1. delivery reliability,</td>
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<td>2. prompt quotation,</td>
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<td>3. provision of technical advice</td>
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<td>To rank all 13 service elements identified by the Cunningham &amp; Roberts (1974) study in order of their relative importance</td>
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<td>Five point bi-polar semantic scale ranging from ‘excellent’ to ‘bad’ service</td>
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<td>Two factors discriminate best between suppliers and non-suppliers:</td>
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<td>• prompt quotation</td>
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<td>• ease of contact</td>
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<td>Pump and valve manufacturers are concerned about different service aspects:</td>
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<td>• provision of technical advice,</td>
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<td>• ease of contact</td>
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<td>• replacement guarantees</td>
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<td>Pump manufacturers</td>
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<td>• discounts</td>
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<td>• after-sales service</td>
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<tr>
<td>Author</td>
<td>Year</td>
<td>Context</td>
<td>Respondents</td>
<td>Method</td>
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</table>
| Gummesson   | (1978) | Business-to-business professional services | professionals | Case study N= 4 Interview N= 50 professionals from 15 different areas | Eight fundamental components of the professional service.  
- Four necessary components in any professional service  
  - Specialist know-how;  
  - Individual professionals;  
  - Way of operating  
  - Solution  
- Other components may or may not be present:  
  - Other resources and attributes;  
  - Diagnosis, problem and goal formulation;  
  - Implementation of a solution;  
  - The result of the implemented solution  
Components are interrelated to each other. |
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<tr>
<th>Author</th>
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<th>Respondents</th>
<th>Method</th>
<th>Facets</th>
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</table>
| Parasuraman and Zeithaml | (1983) | commercial marketing research firms | Respondents in the suppliers and clients firms | Questionnaires N= 261 (Client firms) N= 150 (commercial marketing research firms) | To evaluate the importance of ten factors on a seven-point scale, with ‘Extremely Important’ (=7), and ‘Not At All Important’ (=1) 7 evaluative criteria  
• research firm’s reputation  
• quality of the research work  
• usefulness of the research results  
• understanding client’s problem  
• qualifications of key employees  
• personality of key employees  
• price of the research services  
2 personal information sources  
• referral by satisfied clients  
• personal solicitations from the research firms  
1 non-personal information source  
• research firm’s advertising  
4 factors were rated as more important by users than by nonusers:  
• reputation of firm  
• quality of research  
• usefulness of results  
• understanding of client problems  
There are major differences between the perceptions of suppliers and clients. Research suppliers do not appear to understand users better than they understand nonusers. |
<table>
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<tr>
<th>Author</th>
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<th>Context</th>
<th>Respondents</th>
<th>Method</th>
<th>Facets</th>
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</table>
| Kyj    | (1987) | Six different industries: silicate, concrete, heating oil, industrial gas, rubber, and agricultural | Industrial firms throughout the United States | Questionnaires N= 169 | To rate 61 possible customer services in terms of importance to their organisation on a seven-point scale where 1 was ‘not important’ and 7 ‘very important’. 22 important items in customer service:  
- fill rate (% of total orders shipped);  
- have hazardous product delivery fleet;  
- provide advance notice of price changes;  
- receive customer orders electronically;  
- provide order preparation assistance;  
- provide inventory management assistance;  
- provide order status information;  
- provide backorder information;  
- give shipping delay information;  
- give notice on order deletions;  
- give notice on lot size changes;  
- give regional surplus/shortage status;  
- absorb cost of returned items;  
- select best shipping point;  
- respond to pre-order questions;  
- accept and commit to orders placed;  
- give service failure information;  
- have hazardous product safety program; manufacturer’s general reputation;  
- definite person handling complaints;  
- same day inquiry response;  
- conduct technical sales seminars |
<table>
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<tr>
<th>Author</th>
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<th>Method</th>
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</thead>
</table>
  o Image  
  o reputation  
  o references  
  o publicity  
  o reference material  
  o credibility etc  
  • Technical  
  o Competencies  
  o service technical content  
  o machinery in use  
  o technical performance  
  o pricing etc  
  • Relational  
  o organisation clarity  
  o availability  
  o personal contact  
  o driving of the relationships  
  o customer’s consideration  
  o tangibilisation etc  
  • functional  
  o before-sale advice  
  o help to draw specifications  
  o capacity to answer a tender  
  o solution applicability  
  o capacity to offer options not foreseen at the beginning  
  o training customer’s personnel  
  o added value for the customer etc |
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<tr>
<th>Author</th>
<th>Year</th>
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<th>Respondents</th>
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</thead>
</table>
| Powers  | (1988) | Industrial context | N/A         | N/A    | The time dimensions of quality  
|         |      |                |             |        | • search quality (those that the customer can perceive prior to the purchase),  
|         |      |                |             |        | • experience quality (post-purchase evaluation of the product)  
|         |      |                |             |        | • credence quality (the overall credibility of the product offer).  
|         |      |                |             |        | The tangible versus intangible dimensions of quality:  
|         |      |                |             |        | • tangibles  
|         |      |                |             |        | • reliability  
|         |      |                |             |        | • responsiveness  
|         |      |                |             |        | • assurance  
<p>|         |      |                |             |        | • empathy |</p>
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<th>Author</th>
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<tbody>
<tr>
<td>Singh</td>
<td>(1990)</td>
<td>Mechanical Group (MG) of Reliance Electric Company</td>
<td>Customers and various departments within the company</td>
<td>Case study</td>
<td>Service could be measured by the</td>
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<td>• ease</td>
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<td>• accuracy</td>
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<td>with which customers can</td>
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<td>• get assistance from any employee;</td>
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<td>• understand all policies and sales programs;</td>
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<td>• get all the needed technical information about products and their applications;</td>
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<td>• get all the needed commercial information;</td>
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<td>• make the purchase;</td>
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<td>• update themselves about the status of any order if there are any delays or problems expected with the shipment;</td>
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<td>• stock and identify the products</td>
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<td>• get post-purchase service (e.g. credits and return of merchandise)</td>
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<td>Author</td>
<td>Year</td>
<td>Context</td>
<td>Respondents</td>
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</table>
| Morris and Davis | (1992) | A cross-section of industrial firms | Senior marketing managers | Self-report questionnaire survey N = 90 Examine 27 service related activity areas on a five-point Likert-type scales (1 = not at all important; 5 = very important) | Six key factors - Pre-transaction internal operations  
  o Systematic lead times  
  o Formal production schedules  
  o Order driven production schedules  
  o Physical inventory control  
  o Order forecast accuracy  
- Transaction physical appearance  
  o Employee appearance to customers  
  o Facilities appearance to customers  
- Transaction order status  
  o Providing order status information  
  o Ability to expedite shipments  
- Transaction order accuracy  
  o Billing accuracy  
  o Shipping accuracy  
  o Telephone etiquette  
- Post-transaction start-up  
  o Product installation  
  o Product training  
- Post-transaction problem handling  
  o Preventing stockouts  
  o Variability of delivery  
  o Product tracing for recalls |
| Szmigin       | (1993) | Industrial context              | N/A                          | N/A                                         | Hard quality (refer to ‘technica quality’ as in Grönroos)  
- Soft quality (refer to ‘functional quality’ as in Grönroos)  
- Outcome quality |
<table>
<thead>
<tr>
<th>Author</th>
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<th>Respondents</th>
<th>Method</th>
<th>Facets</th>
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</table>
| Donaldson  | (1994) | Industrial buying company | senior managers and directors    | Case study Interviews direct observation Postal questionnaires, N = 140 (a named purchasing director, general manager or chief executive) Sample: a population of Scottish manufacturing firms with over 50 employees a 17-item measuring instrument a ten-point scale labelled from ‘not at all important’ to ‘extremely important’ | Four distinctive services aspects:  
  - The overall competence of a supplier (includes quality of product information, importance of technical advice, product guarantees, after-sales service, quality of support personnel and the importance of new technology)  
  - The adaptability and responsiveness of a supplier to customers’ needs (includes importance of flexibility, market information, competence combine with ease of contact and responsiveness)  
  - The delivery performance of a supplier (includes time from order to delivery, delivery reliability, the importance of available information and accuracy of transactions)  
  - Credit and discount. |
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<tr>
<th>Author</th>
<th>Year</th>
<th>Context</th>
<th>Respondents</th>
<th>Method</th>
<th>Facets</th>
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</thead>
<tbody>
<tr>
<td>Qualls and Rosa</td>
<td>1995</td>
<td>Semiconductor</td>
<td>Buyers and users, including engineering, purchasing, manufacturing and</td>
<td>A series of focus groups, personal interviews, mail survey, N=449</td>
<td>Six key factors in customer perceptions of quality:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>industry</td>
<td>corporate management personnel’s evaluations</td>
<td></td>
<td>• technological leadership,</td>
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<td></td>
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<td>• providing competitive advantage,</td>
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<td>• being responsive to day-to-day issues,</td>
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<td></td>
<td></td>
<td></td>
<td>• distribution services,</td>
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<td></td>
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<td>• technical resources and expertise</td>
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<td>• sensitivities to operational concerns</td>
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<td></td>
<td>The importance of these factors varies across functional areas.</td>
</tr>
<tr>
<td>Bienstock, Mentzer and Bird</td>
<td>1997</td>
<td>Industrial</td>
<td>Purchasing managers (National Association of Purchasing Management)</td>
<td>Experience Survey (in the form of interviews, N=8)</td>
<td>Physical Distribution Service Quality (PDSQ)</td>
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<td></td>
<td>• timeliness</td>
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<td>• availability</td>
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<td>• condition</td>
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<td>Author</td>
<td>Year</td>
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<tr>
<td>Homburg and Garbe</td>
<td>(1999)</td>
<td>20 industrial companies</td>
<td>purchasing managers responsible for the purchase of industrial services</td>
<td>Semi-structured interviews, Open discussion &amp; brainstorm, Questionnaire</td>
<td>N= 177 Multi-item scales for each of the construct:</td>
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<tr>
<td></td>
<td></td>
<td>Germany</td>
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<td>• five items for Structural quality,</td>
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<td>• 13 items for process-related quality;</td>
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<td>• four items for outcome-related quality</td>
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<td>Seven-point Likert-scales with ‘strongly agree’ and ‘strongly disagree’ as anchors.</td>
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<td>• structural quality (e.g. technical competence of service technicians)</td>
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<td>• process-related quality (e.g. friendliness of the personnel delivering maintenance services)</td>
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<td>• outcome-related quality (e.g. proper working of a previously defectuous machine)</td>
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<td>Author</td>
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<td>Respondents</td>
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<tr>
<td>White and Galbraith</td>
<td>2000</td>
<td>Health services industry</td>
<td>Buyer (decision marker and influencer)</td>
<td>In-depth interviews</td>
<td>13 attributes relevant within the business markets of the sponsoring</td>
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<td>N = 5 private hospitals</td>
<td>health service provider:</td>
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<td></td>
<td></td>
<td>(decision marker and influencer)</td>
<td>• ‘reliability’</td>
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<td>N= 13 nursing homes</td>
<td>• ‘responsiveness’</td>
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<td></td>
<td>(decision marker and influencer)</td>
<td>• ‘competence’</td>
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<td>Questionnaires</td>
<td>• ‘commitment’</td>
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<td>N = 44 doctors</td>
<td>• ‘access’</td>
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<td>• ‘availability’</td>
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<td>• ‘communication’</td>
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<td>• ‘understanding’</td>
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<td>• ‘flexibility’, ‘tangibles/functionality/technology’</td>
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<td>• ‘credibility/integrity’</td>
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<td>• ‘courtesy/friendliness’</td>
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<td>• ‘helpfulness/care’</td>
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<tr>
<td>Stanley and Wisner</td>
<td>2002</td>
<td>Manufacturing and service organisations</td>
<td>Purchasing executives</td>
<td>Survey</td>
<td>Service Quality Dimension:</td>
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<td></td>
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<td>N = 118 (majority of the respondents were directors of purchasing, 62% of the respondents are from manufacturing firms)</td>
<td>• Quality of products/services</td>
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<td>• Responsive to internal customers’ needs</td>
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<td>• Flexibility to changing internal customer needs</td>
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<td>• On-time delivery of products</td>
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<td>• Ability to meet internal customers’ expectations</td>
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<td>• Reliable delivery of information</td>
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<td>• On-time delivery of information</td>
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<td>• Explanation of problems</td>
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<td>• Communication level</td>
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<td></td>
<td>Internal service quality and external service quality are strongly</td>
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<td>correlated.</td>
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<tr>
<td>Chumpitaz and Paparoidamis</td>
<td>2004</td>
<td>Information technology</td>
<td>Clients of information system firms that sell hardware and software applications</td>
<td>Initial exploratory factor analysis verified the theoretically proposed service-quality dimensions.</td>
<td>Functional:</td>
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<td>• delivery and installation service</td>
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<td></td>
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<td>• accessibility</td>
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<td>Technical:</td>
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<td></td>
<td>• product and service reliability</td>
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<td>• technical assistance service</td>
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<td>Accessibility and delivery have been found as the two most crucial dimensions of service quality in directly influencing the buying centre’s satisfaction.</td>
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<td></td>
<td>It is not enough to focus on one service—quality dimensions to achieve high rates of repeated purchases.</td>
</tr>
<tr>
<td>Woo and Ennew</td>
<td>2005</td>
<td>Consulting engineering industry of Hong Kong</td>
<td>Clients</td>
<td>In-depth interviews to precise wording</td>
<td>Six interaction dimensions of business-to-business professional services:</td>
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<td></td>
<td>N= 2 (consultant) N= 5 (client)</td>
<td>• product/service exchange</td>
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<td>Questionnaire</td>
<td>• financial exchange</td>
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<td>Sample = 640 clients</td>
<td>• information exchange</td>
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<td>A seven-point Likert Scale from 1= ‘strongly disagree’ to 7= ‘strongly agree’</td>
<td>• social exchange</td>
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<td></td>
<td></td>
<td>• cooperation</td>
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<td>• adaptation</td>
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<td>Overall professional service quality is a higher order factor that represents product/service exchange, cooperation, and adaptation</td>
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<td></td>
<td>Social exchange and cooperation are relatively more important dimensions of overall service quality.</td>
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<td>Author</td>
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<td>Context</td>
<td>Respondents</td>
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<tr>
<td>Svensson</td>
<td>(2006)</td>
<td>Swedish automotive and retail industries</td>
<td>Dual perspective (Service providers and service receivers)</td>
<td>Case study Retail case study: interview with leading executives N = 33; Automotive case study: meetings with leading executives N = 17;</td>
<td>Six dimensions • Visuals • Reliability • Reaction • Confidence • Accessibility • comprehension</td>
</tr>
<tr>
<td>Jayawardhena, Souchon, Farrell and Glanville</td>
<td>(2007)</td>
<td>A private safety inspection organisation in New Zealand</td>
<td>Service providers and customers</td>
<td>In-depth interviews N = 9 (3 initial interviews with general customers; 3 with safety inspection providers; 3 with safety inspection customers) Mailed questionnaire N = 281 Seven-point Likert-type scales</td>
<td>Four-factor structure of service encounter quality: • professionalism • civility • friendliness • competence Service encounters have an influence on customer satisfaction, service quality and loyalty to both employees and organisations</td>
</tr>
<tr>
<td>Author</td>
<td>Year</td>
<td>Context</td>
<td>Respondents</td>
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</table>
| Zolkiewski, Lewis, Yuan and Yuan | (2007) | Provider of fire protection, safety systems and specialist control technology engineering company and its subcontractors | Buyers and sellers | An in-depth pilot case study Interviews: N = 13 (within the company and its subcontractors) N = 12 (customers) | Five new factors emerging from the research:  
- Experience in customers’ industries  
- Lack of disruption  
- Peace of mind  
- Performance of subcontractors  
- Problem handing |

No clear consensus on which dimensions of service are applicable in a b-to-b context nor whether both parties in a relationship agree on which dimensions of service quality are important.
Appendix C: Quantitative Studies of Service in Business-to-Business Markets

<table>
<thead>
<tr>
<th>Author and Date</th>
<th>Employed Research Methods</th>
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<tbody>
<tr>
<td>Willett and Stephenson (1969)</td>
<td>To analyse the influence of physical distribution service times on buyers’ evaluation of their suppliers, survey was carried out among 700 drug and drug sundry retailers by equal probability selection from in and around five metropolitan areas. To answer questions about past event of order service time, respondents were asked to reflect on their latest order service times. At the same time, buyers’ satisfaction with the specific service times received was rated on a six-point distance scale, with satisfactory and unsatisfactory poles.</td>
</tr>
<tr>
<td>Parasuraman and Zeithaml (1983)</td>
<td>Compared the perceptions of suppliers and clients of a commercial marketing research service. They classified client firms that had purchased the services of marketing research firms during the last three years as ‘users’, otherwise nonusers. They surveyed 500 randomly chosen American commercial marketing research firms, and 1000 client firms. Questionnaires were mailed to the marketing department of each firm. Respondents in the client and supplier firms were asked to evaluate the importance of ten factors on a seven-point scale, with ‘Extremely Important’ (=7), and ‘Not At All Important’ (=1). These ten factors include seven evaluative criteria, more specifically, research firm’s reputation, quality of the research work, usefulness of the research results understanding client’s problem, qualifications of key employees, personality of key employees, and price of the research services. There are two personal information sources: referral by satisfied clients and personal solicitations from the research firms, and one non-personal information source: research firm’s advertising.</td>
</tr>
<tr>
<td>Myroslaw (1987)</td>
<td>Compiled a list of 61 customer services from interviews with businessmen, customer service literature review and respondent suggestions on a pre-test questionnaire. 770 firms were surveyed from a directory to rate the importance of the 61 items in terms of their importance to organisations on a seven-point scale where ‘1= not important’ and ‘7=very important’.</td>
</tr>
<tr>
<td>Kholi (1989)</td>
<td>Examined individual’s influence in a buying centre with a survey of 500</td>
</tr>
</tbody>
</table>
members of the National Association of Purchasing Management. Questionnaire items were generated upon literature search and comments from a panel of academic experts. The questionnaire was pre-tested by 25 personal interviews with managers. Respondents were asked to think of a specific joint purchase decision with which they were very familiar. To improve the accuracy of the report, participants were asked about only the final evaluation and selection phase of their decision making instead of the entire decision process. Half of the respondents were asked to provide information about a member who had less impact than others on the decision, while the other half about a member who had more impact than others.

<table>
<thead>
<tr>
<th>Study</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brensinger and Lambert (1990)</td>
<td>Surveyed 484 purchasers of less-than-truckload (LTL) motor carrier service by the 22-item SERVQUAL scale. Both expectation and perceived performance scores were measured using a 7 point likert-type scale and each shipper was requested to evaluate up to 3 LTL motor carriers. In addition, respondents were asked to place a mark on a 100 millimetre line indicating the overall service quality ranging from poor to excellent as well as the percentage share of business that the respondent’s firm gave to each of the evaluated carriers.</td>
</tr>
<tr>
<td>Jackson, Neidell and Lunsford (1995)</td>
<td>Surveyed organisational buyers from a variety of industries to identify their perceptions of the differences in the assessment and evaluation of services versus goods. Totally 236 five-paged questionnaires were mailed to seven different industrial firms of varied sizes, including manufacturing, wholesale, retail, financial consulting, governmental agency, mining or oil, and other.</td>
</tr>
<tr>
<td>Lapiere and Deslandes (1997)</td>
<td>Surveyed 1230 organisational customers of a consulting engineering company along with a pre-test among 40 individuals. Chief operating officer was chosen as analysis unit to examine the impact of customer participation, the commitment of the firm and service delivery by the project manager on customer perceptions of service quality, satisfaction and long-term commitment.</td>
</tr>
<tr>
<td>Mehta and Durvasula (1998)</td>
<td>Adopted SERVQUAL in measuring organisational customers’ evaluations of shipping lines’ service in Singapore. The measurement items were generated from a research of literature and in-depth discussion with shippers and shipping lines. The 22 SERVQUAL statements were adapted</td>
</tr>
</tbody>
</table>
to the attributes of shipping lines. Customer expectations are measured on 1 (= not at all essential) to 7 (= absolutely essential) scale, and perceptions 1 (= strongly disagree) to 7 (= strongly agree). Respondents were also asked to rate the importance of the five SERVQUAL dimensions through allocation of 100 points. Moreover, there is an overall evaluation of the shipping lines services on 1 (= extremely poor) to 7 (= excellent) scale.

<table>
<thead>
<tr>
<th>Homburg and Garbe (1999)</th>
</tr>
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</table>
| To examine the effect of service quality dimensions on customer’s trust, satisfaction and commitment, 1600 persons in 1300 firms from the address lists of the German Association of Machinery Companies and Original Equipment Manufactures were surveyed. Respondents were asked to fill out the questionnaire on a specific supplier of their free choice. Half of the respondents were asked to report on suppliers they are highly satisfied and the rest with a moderate level of satisfaction. Each of the construct was measured with multi-item, and seven-point Likert-scales anchored with ‘strongly agree’ and ‘strongly disagree’. There are five items for structural quality: ‘the service personnel has a high qualification’, ‘the service personnel also knows the competitors’ products’, ‘in an urgent case the service has the capacity to react rapidly’, ‘the service is available around the clock’, and ‘the salespeople are always available’. 13 items are for process-related quality: ‘the service personnel works quickly’, ‘the service personnel is reliable’, ‘the service personnel works efficiently’, ‘the service personnel is friendly’, ‘the sales people are interested in our problems’, ‘the sales people are interested in how we use their products’, ‘the sales people provide objective technical information’, ‘the sales people provide objective technical information’, ‘the sales people provide objective technical advice’, ‘the sales people also identify the limitations of their products’, ‘the sales people are friendly’, ‘the sales people have a reasonable level of decision authority’, ‘the sales people keep their promises’, and ‘the sales people inform us about existing problems’. There are four items for outcome-related quality: ‘perceived outcome-related quality of person-related industrial services (average across up to seven specific industrial services)’, ‘perceived outcome-related quality of product-related industrial services (average across up to 13 specific industrial services)’, ‘in terms of the services leading to the desired result, this supplier compared favourably with its competitors’, and ‘the services
provided by this supplier typically lead to the desired result’. The five items for satisfaction are ‘we are satisfied with the supplier’, ‘there are often disharmonies with the supplier (reverse-scored item)’, ‘we want to stay with the supplier’, ‘if we had to make the decision again we would choose this supplier again’, and ‘we can recommend the supplier without any reservation’.

Hansen and Bush (1999) To assess customer quality requirements by mailing questionnaire to 846 buying companies of softwood dimension lumber. Professional softwood lumber buyers were asked to rate the importance of each of 80 items of overall quality with a seven-point scale anchored at the ‘1’ (well below average importance) and ‘7’ (well above average importance) positions. These items were generated by discussion with university faculty and industry professionals along with previous research.

Chakraborty, Srivastava and Marshall (2007) Employed survey to examine the drivers of buyers’ and users’ satisfaction from different functional areas of a hydraulic and pneumatic equipment manufacturing company. 5847 companies were randomly selected from a sponsoring firm’s customer base. Questionnaire was designed upon feedback from managers and customers. The questions with regards to drivers of satisfaction were worded such as ‘XYZ is a reliable supplier’ or ‘XYZ offers well-documented technical specification for its products.’ A nine-point Likert scale was used with end points labelled as ‘strongly agree’ and ‘strongly disagree’. Respondents were asked to rate ‘overall, how satisfied are you with XYZ’s products and services.’ by a 11-point scale that was used as a percentage from 0% ‘not at all satisfied’ to 100% ‘completely satisfied’. Information of respondents’ functional areas and their company’s characteristics were also included.
### Appendix D: Qualitative Studies of Service in Business-to-Business Markets

<table>
<thead>
<tr>
<th>Author and Date</th>
<th>Employed Research Methods</th>
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<tbody>
<tr>
<td><strong>Parasuraman, Zeithaml and Berry (1985)</strong></td>
<td>In-depth interviews of executives and a set of focus groups interviews of consumers in four service businesses: retail banking, credit card, securities brokerage, product repair and maintenance companies. More specifically, the executives were selected from marketing, operations, senior management, and customer relations department. 14 executives were interviewed with a broad range of questions related to service quality issues, including what they perceived to be service quality from the consumer’s perspective, what steps they took to control or improve service quality, and what problems they faced in delivering high quality services. 12 focus groups were carried out. Participants were screened to ensure that they were current or recent users of the service in question. Identities of participating firms were not revealed to focus group members. Discussion about quality of a given service centred on consumer experience and perceptions relating to that service in general. Respondents were asked questions such as instances of and reasons for satisfaction and dissatisfaction with the service, descriptions of an ideal service, the meaning of service quality, factors important in evaluating service quality, performance expectations concerning the service and the role of price in service quality.</td>
</tr>
<tr>
<td><strong>Matthyssens and Vandenbempt (1998)</strong></td>
<td>Five focus groups were conducted to identify key success factors in the management of industrial services. Participants were asked to write on papers the key success factors individually. The moderator consolidated all these factors and stimulated the participants to discriminate ‘value contributors’ from ‘qualifiers’, and ‘failure presenters’ from ‘success producers’.</td>
</tr>
<tr>
<td><strong>Homburg and Garbe (1999)</strong></td>
<td>Conducted semi-structured interviews with purchasing managers to gain a better understanding of the quality construct in the industrial services context. The interview is composed of four sessions. In the</td>
</tr>
</tbody>
</table>
first part, respondents were asked to name the three most significant categories of problem they have encountered in working with industrial services providers. Then, respondents were open to discuss and brainstorm of the nation of industrial service quality. Later on, interviewees were provided with three different conceptualisations of service quality, including SERVQUAL, Grönroos’s (1984) two-dimensional model and Homburg and Garbe’s (1999) triangular model. Respondents were asked to choose the model which suits best to their thinking. Finally, interviewees were asked to identify extra items of the different quality dimensions which were not generated during the brainstorm.

<table>
<thead>
<tr>
<th>Mathieu (2001)</th>
<th>Interviewed eight customers, five distributors and nine suppliers in a European micro-electronics industry to develop an original classification of service offering.</th>
</tr>
</thead>
</table>

**Case Studies**

<table>
<thead>
<tr>
<th>Gummesson (1978)</th>
<th>Four case studies in selling and buying behaviour and interviewed 50 professionals from 15 different areas. Based upon this, a number of group sessions were held to develop the components of professional service in an industrial context.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singh (1990)</td>
<td>A case study of Mechanical Group of Reliance Electric Company, collecting feedback from customers and various departments within the company to investigate the impact of customer service on the company’s performance, in terms of both market share and profits.</td>
</tr>
<tr>
<td>Gebauer and Friedli (2005)</td>
<td>Case studies were conducted to gain some understanding of behavioural processes and impact on the transition from products to services. Action research was carried out for six companies struggling with transition. For five successful companies, semi-structured interviews with both managers and employees were conducted to find out their experience with the transition process from product manufacturer to service provider.</td>
</tr>
<tr>
<td>Zolkiewski, Lewis, Yuan and Yuan (2007)</td>
<td>An in-depth pilot case study of a provider of fire protection, safety systems and specialist control technology engineering. Along with secondary data, perceptions of service quality were collected from both sides of the dyad, including 13 interviews within the company and its subcontractors and 12 with their customers. Observation was</td>
</tr>
<tr>
<td>Reference</td>
<td>Description</td>
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<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Valk, Wynstra and Axelsson (2005)</td>
<td>Forty case studies were conducted to analyse the interactions between service buyer and provider. A questionnaire was developed based on the IMP studies and interviews were carried out with people responsible and being knowledgeable for a particular type of service. The research was complemented by document studies.</td>
</tr>
<tr>
<td>Brax (2005)</td>
<td>Focused on one industrial equipment manufacturing company to analyse its service infusion. 35 semi-structured interviews were conducted. Respondents were chosen purposefully, covering plant manager, business analyst, regional sales manager, regional business line manager, maintenance expert, maintenance manager, system developer and product manager. Interview questions, therefore, were adjusted individually to be applicable.</td>
</tr>
<tr>
<td>Crow and Lindquist (1982)</td>
<td>A buying game approach to investigate how buyers differ in evaluating suppliers. 12 industrial buyers were selected from six medium to large manufacturing companies covering a variety of industries such as electronic equipment, home entertainment, automotive production and home furnishing. Each buyer had more than four years’ purchasing experience with his/her current firm and had rich experience in procurement for his/her individual firms. A scenario was provided and participants were asked to role play the part of the purchase decision maker in a vendor quotation-selection process. More specifically, the respondents were presented with five different purchasing decisions and the vendor history file listing all the vendors to be considered for quotation requests. Then, the buyer was asked to rank order 15 vendor history cards from most preferred to least preferred. Finally, the respondent was given another set of 25 vendor history cards to rank the order.</td>
</tr>
<tr>
<td>Cardozo and Cagely (1971)</td>
<td>Similar approach as Crow and Lindquist (1982) in studying a group of sixty-four industrial buyers and suggested that the technique of a buying game held substantial promise as a research technique for the investigation of the industrial buying process.</td>
</tr>
</tbody>
</table>
Appendix E: Case Study Protocol

1 Overview of the Case Study Project

1.1 Project Objectives
This research project has been designed to investigate the role of service in business-to-business markets. Its theoretical background stems from services marketing and business-to-business marketing. The project attempts to merge these two areas of knowledge, by extending the domain of services research from consumer markets to business-to-business markets. Different industries have been chosen to improve the understanding of the impact of service experience on business-to-business relationships which remain unclear in previous studies. Both suppliers’ and buyers’ perceptions of service experience will be obtained to examine the role of service experience in their relationships.

1.2 Purpose of the Project and People Involved.
The project is being conducted by Miss Xia Zhu to provide research data to support her doctoral thesis.

1.3 Case Study Issues
The case studies will investigate the following issues:
- The perceptions of important service elements from both sellers and buyers in business-to-business markets
- The understanding of business-to-business relationships from both selling and buying organisations
- The impact of service experience on business-to-business relationships
- If problems occur, how does problem handling influence business-to-business relationships?

The rationale behind the choice of the organisations and industries is:
1. To provide comparability
2. To allow different episodes of service experience to be studied
3. To take the opinion of suppliers and customers, examining both sides to obtain a holistic view of their relationships
4. To look at different characteristics of service

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1.4 Relevant Literature

The literature review and research methodology are presented in previous sections. Some of the key articles are also listed below:


2 Procedures

2.1 Access to the Case Study Sites

The companies for the case study are based in North West of England, and are relatively easily to be accessed from Manchester where the researcher is based. Collecting relevant documents and preparing equipments (such as a tape recorder) should not be a problem. However, key staff needs to be identified before the interview. Their availability for research interviews has to be taken into consideration and flexible schedule should be allowed. As the project will investigate the company’s customers, issues with contacting
the counterparties’ and their willingness to participate in the research needs to be taken into account as well.

2.2 Sources of Information
The distinctive strength of case study is that it can use various data collection methods, and rely on many different sources of evidence – it can be a mix of quantitative and qualitative evidence, thus a case study “allows a more rounded, holistic study than with any other design” (Hakim, 2000 P. 59; Hartley, 2004). It is important that case study should try to use as many sources as possible because “no single source has a complete advantage over all the others…the various sources are highly complementary” (Yin, 1994, P.80, Scapens, 2004). The following section will discuss the various sources of evidence and data collection methods for the case study strategy.

2.2.1 Documents
Documents can be helpful in providing the background of the company and verifying the correct spellings and titles or names of organisations that might have been mentioned in an interview, providing contacts and other specific details to corroborate information from other sources. Supporting evidence would be asked for whenever possible. The following documents are considered to be collected:

- Company Brochures
- Organisational charts.
- Contract documentation.
- Business Cards.
- Annual reports (if applicable).
- Company website

2.2.2 Archive Records
Historical records such as old organisational charts and contracts may be helpful in providing the background and development of the relationship between companies. The company’s previous research findings may provide additional information for the research project. Attention should be paid to understanding the specific purpose and its target audience when the data was collected.

- Company previous research findings (if applicable).
- Notes of meetings reply to complaints (if applicable).
- Customer feedback (if applicable)
• Meeting Agendas with counterparty (if applicable).

2.2.3 Direct Observation
As this project is for a PhD thesis, employing multiple observers was considered not to be practical. However, direct observation will be used along with interviews by taking account of non-verbal communications such as the behaviour of the interviewee to augment information for the question.

2.2.4 Participant Observation
Participant observation was not used in this research project as the researcher is not working in the organisations under investigation.

2.2.5 Focus Group
Focus groups are not considered as appropriate for this research as participants may be concerned about issues relating to their work and hesitate to express their views freely. They may also be easily swayed by group responses. In addition, it would be difficult to set a convenient schedule to 8-12 participants.

2.2.6 Projective Techniques
Projective techniques are dismissed as inappropriate for this project because the research question is highly related to personal experiences and real-life events description is a necessity for helping understand the holistic situation.

2.2.7 Interviews
An in-depth interview is “an unstructured, direct, personal interview in which a single respondent is probed by a highly skilled interviewer to uncover underlying motivations, beliefs, attitudes and feelings on a topic” (Malhotra and Birks, 2000, p. 180). “Interviews are an essential source of case study evidence” (Yin 1994, p.85). They can vary from open-ended to formally structure.

In-depth interviews can help to gain a detailed understanding of complicated behaviour or situations where the experience is sensory in nature, affecting mood states and emotions (Malhotra and Birks 2000, p. 180). An in-depth interview has the strength of open discovery by revealing different aspects of the topic as the issues discussed, the questions
raised and the matters explored change from one interview to the next (Hussey and Hussey, 1997).

In-depth interviews are considered as an appropriate data collection method for this research to probe people’s perceptions of service quality. Through concentrating and developing an issue with an individual, great depth of insight can be uncovered (Malhotra and Birks, 2000). Interview data will be corroborated with information from other sources.

Parasuraman (1998, p. 314) raised the question of who should be measured for customer services, pointing out that “measuring how well one company serves another requires assessing the quality of a potential complex web of interactions involving multiple contacts and levels between the two companies.” Accordingly, Parasuraman (1998) suggested that multiple key informants from different functional departments and organisational levels might be needed for customer service measurement. It is not possible to list all the contacts for the interview at the beginning of the case studies, as the organisational charts are not available. However, it is planned to interview a wide range of staff who have direct interactions with customers from different departments that are involved in the servicing process. Staff to be interviewed should have relatively close and frequent contact with the customers. The potential customer companies to be interviewed would need to be agreed with the supplier organisations. Similarly, it would be ideal if a wide range of staff involved in the process of buying and using core offerings and services could be interviewed. If it is not possible, key respondents in buying organisations would be interviewed. A general guide for the interview has been outlined below.

Table 29 List of Potential Interviewees in Provider Organisations

<table>
<thead>
<tr>
<th>Position of interviewee</th>
<th>Reason for interview</th>
<th>Area(s) to be discussed (question sets to be used)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Manager</td>
<td>Overview of issues</td>
<td>All (if applicable and available)</td>
</tr>
<tr>
<td>Contracts Manager</td>
<td>Responsible for negotiating and developing contracts with purchasers</td>
<td>All (if applicable and available)</td>
</tr>
<tr>
<td>Sales people</td>
<td>Seller, involved with service process</td>
<td>All (if applicable and available)</td>
</tr>
<tr>
<td>Engineers</td>
<td>Involved in the servicing process</td>
<td>All (if applicable and available)</td>
</tr>
<tr>
<td>Customer service</td>
<td>Involved with service process</td>
<td>All (if applicable and available)</td>
</tr>
<tr>
<td>Staff from logistics department</td>
<td>Involved with service process</td>
<td>All (if applicable and available)</td>
</tr>
</tbody>
</table>
Table 30 List of Potential Interviewees in Purchaser Organisations

<table>
<thead>
<tr>
<th>Position of interviewee</th>
<th>Reason for interview</th>
<th>Area(s) to be discussed (question sets to be used)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts Manager</td>
<td>Responsible for negotiating and developing contracts with suppliers</td>
<td>All (if applicable and available)</td>
</tr>
<tr>
<td>Purchasing Staff</td>
<td>Purchaser</td>
<td>All (if applicable and available)</td>
</tr>
<tr>
<td>Engineers/End-users</td>
<td>Involved with using the core offering, and may ask for additional services</td>
<td>All (if applicable and available)</td>
</tr>
</tbody>
</table>

Interviews will be tape recorded under the interviewees’ agreements. All the recordings will be transcribed before analysis to increase the validity.

**2.3 Data Collection Schedule**

The total data collection period was anticipated to be around 18 months, among which six months to be an intensive data collection period. Data collection for the case studies was decided to be carried out sequentially, with data analysis conducted in parallel with data collection. This is to take advantage of the beauty of qualitative study that questions asked in case study two could be adjusted based on the analysis of case study one.

**3 Case Study Questions**

The case study questions are designed to ensure that the researcher collects appropriate and relevant data. They are reminders about the major themes under investigation and should ensure that the case boundaries do not move while the case is under preparation. They are the questions which the researcher is asking about the individual cases, not a list of interview questions, i.e. they are used to direct the interviews (Yin, 1994).

The case study themes are:
1. Organisation and respondents background
2. Context of the business under discussion
3. Perceptions of service experience
4. Understanding of business-to-business relationships
5. The influence of service experience on business-to-business relationships

They are all discussed in further detail in the sections below.
3.1 Background to the Respondents and the Organisation

3.1.1 Topics
These questions are about understanding the organisations and personnel being investigated in the project. The topics are the history of the organisation, the main offering of the organisation, its major customers (Zolkiewski, Lewis, Yuan and Yuan (2007) found that some service quality components are generalisable across different industries while some are specific to the context in which they are operating), and the respondents’ job descriptions and responsibilities (this is related to the issue that people from different functional areas of an organisation attach different degrees of importance to what the suppliers are offering as pointed out by Chakraborty, Srivastava and Marshall (2007)).

3.1.2 Summary of Questions
- What is the organisational structure and what is its history?
- What is the organisation’s main offering?
- Who are the main customers?
- How long have you been working in the company?
- What is your job role (what do you do in the company)?

Sources of data:
Who? Staff in selling and buying organisations.

Sample Strategy for Obtaining the Data:
Interviews – Staff in various departments of selling organisations, while key respondents in buying organisations.
Documents - Get copies of organisational brochure, charts, business cards etc.

3.2 Context of Business under Discussion
3.2.1 Topics
What to ask in assessing customer service in business-to-business markets has become a methodological issue (Zolkiewski and Lewis 2004). Donaldson (1994) pointed out the context specific issue, i.e. the context of the business situation under discussion needs to be understood.
3.2.2 Summary of Questions

Questions for Buying Organisations

• How important is the buying of metal finishing for you in general?
  Does the importance vary from situation to situation?

• How frequently do you buy from the organisation under discussion?
  What is your reason for buying?

• How long have you been dealing with the organisation under discussion?

• How important is it to contact/be contacted by the organisation under discussion?
  How often are you contacted by the organisation under discussion?
  How often do you contact the organisation under discussion?
  How do you normally contact each other?

• Does the organisation under discussion have any competitors?
  Have you any alternative suppliers?
  Have you considered changing supplier?
  Why?

Questions for Selling Organisations

• How important is the buying of metal finishing for customers in general?
  Does the importance vary from customer to customer?

• How frequent is the buying in general?
  Does the frequency vary from customer to customer?

• How important is it to contact (be contacted) by customers? Does it apply to all customers?
  How often do you contact customers?
  How often are you contacted by customers?
  How do you normally contact each other?

• Have you any competitors?
  Do you know whether there are any other competitors with similar offerings?
  Does competition impact on your offering? In what way?
  Have you considering changing/improving your offering because of their existence?
  What aspects are going to be changed?
  Why?

Sources of data:
Who? People involved in service delivery/receipt.
What? Contract documents (if applicable), marketing research (i.e. competitor analysis).

Sample Strategy for Obtaining the Data:
Interviews - People involved in service delivery/receipt.
Documents - get copies of contracts, marketing research (i.e. competitor analysis).

3.3 Perceptions of Service Experience

3.3.1 Topics
Issues discussed in business-to-business marketing have focused on industrial goods (Jackson and Cooper 1988, Reid and Plank 2004) and interaction, relationships and networks (Häkansson, 1982, Anderson and Narus, 1995, Ford, 2002). It is possible that because complex relationships involve a multitude of interaction episodes, which by their very nature involve a mix of product and service exchanges, the consideration of service as a separate entity has been neglected. In the limited research that has been undertaken into, the focus has been on the importance of service variables (e.g. Cunningham and Roberts, 1974; Kyj, 1987). It has been found that there is no clear consensus on service variables in a business-to-business context (Zolkiewski, Lewis, Yuan and Yuan, 2007). Little attention has been paid to the service experience in business-to-business markets, although it has been acknowledged as an important component of transaction in industrial contexts (Crosby, Evans and Cowles, 1990). Services are also considered as one of the most vital factors for choosing suppliers (Holmlund and Kock, 1995) and part of industrial buyers’ full economic value of purchasing (Rose, 1965). Hence, it is a prioritised issue to examine perceptions of service experience in business-to-business markets.

Service quality is dependent upon the interactive process. However, there is a shortage of research addressing the service quality construct from a multiple perspective and interactive process (Svensson 2003), especially, the organisational buyers’ perspective (Jackson, Neidell and Lunsford, 1995). Although organisational purchasing behaviour has been found to be similar to consumer buying behaviour (Wilson, 1998), and there are similarities between consumer and industrial services, significant differences do exist (Boyt and Harvey, 1997). For example, “service encounter is pretty simple in most consumer situations whereas business-to-business service encounters are often long drawn out and complicated…The more people involved, the greater chance there is of service breakdown or relationship problems” (Mehta and Durvasula, 1998, p. 52). There is a need
in researching industrial services from both selling and buying parties’ perspectives (Zolkiewski et al., 2007, Jayawardhena, Souchon, Farrell and Glanville 2007).

### 3.3.2 Summary of Questions

#### Questions for Selling Organisations

- Can you describe the service that you have been providing?
  
  What are the elements involved in the service? Does it apply to all? Why?
  
  What issues are important in the service? Does it apply to all customers? Why?
  
  What is the most critical aspect of the service provided? Does it apply to all? Why?

- What aspects of the service do your customers think are important? Why?

- What do you think about the service that you have been offering?
  
  What are the poor aspects? Why?
  
  What are the good aspects? Why?

- Can you give an example of good service?

- Can you give an example of very poor service?
  
  What was the problem?
  
  Did customer voice the problem? (Do they normally voice problems)? Why?
  
  Did you discuss the problem with them? (Do you normally discuss problems)? Why?
  
  How was the problem handled?
  
  What was the result? (How about customers’ satisfaction?)

- Could the service be improved?
  
  How?
  
  Why these improvements are important?

#### Sources of data:

Who? People from various departments have frequent contacts with customers.

What? Contract documents, customer feedback (if applicable).

#### Sample Strategy for Obtaining the Data:

Interviews - with various personnel in the selling organisation who have frequent contact with the buying organisation.

Documents - get copies of contracts, plans and strategies.
Questions for Buying Organisations

- Can you describe the service that you have been receiving?
  What are the elements involved in the service?
  What issues are important in the service?
  What is the most critical aspect of the service provided? Why?
- What aspects of the service does your supplier think is important?
- What do you think about the service that you have been receiving?
  What are the poor aspects? Why?
  What are the good aspects? Why?
- Can you give an example of good service?
- Can you give an example of very poor service?
  What was the problem?
  Did you voice the problem? Do you normally voice problems? Why?
  Did your supplier discuss the problem with you? Do they normally discuss problems? Why?
  How was the problem handled?
  What was the result? (Satisfaction?)
- Could the service from your supplier be improved?
  How?
  Why these improvements are important?

Sources of data:

Who? Key respondent who has frequent contacts with their counterparty.
What? Contract documents, documents of feedback to suppliers (if applicable).

Sample Strategy for Obtaining the Data:

Interviews - Key personnel highly involved in dealing with the providing organisation.
Documents - get copies of contracts and complaints (if applicable).
Archive material - old contracts, feedback to suppliers (if applicable).
3.5 **Understanding of Business-to-Business Relationships**

3.5.1 **Topics**

The term “relationship” is ubiquitous (Zolkiewski 2004). Business-to-business relationship is a complex construct and has no consensus to its composition (compare Woo and Ennew (2004), Beloucif *et al.*, (2004) and Naudé and Buttle (2000) for instance). The understanding of relationship will support to explore the role of service experience in business-to-business markets.

3.5.2 **Summary of Questions**

**Questions for Selling Organisations**

- What do you think a relationship is in business?
- Do you think you have a relationship with all your customers? Why?
- How is your relationship with customers?
- Proportion/Number of relationships?

**Sources of data:**

Who? Various personnel who has frequent contacts with buying organisations.

What? Contract documents, notes of meetings reply to complaints (if applicable).

**Sample Strategy for Obtaining the Data:**

Interviews – Various personnel highly involved in dealing with buying organisations.

Documents - get copies of contracts.

Archive material - old contracts, notes of meetings reply to complaints (if applicable).

**Questions for Buying Organisations**

- What do you think a relationship is in business?
- Do you think you have a relationship with your supplier (the organisation under discussion)? Why?
  - How is your relationship with your supplier (the organisation under discussion)?
  - Do you have a relationship with other suppliers? Please can you explain a little more about these relationships?

**Sources of data:**
Who? Key respondent who has frequent contacts with their counterparty.
What? Contract documents, feedback to suppliers (if applicable).

Sample Strategy for Obtaining the Data:
Interviews - Key personnel highly involved in dealing with the providing organisation.
Documents - Get copies of contracts, and documents.
Archive material - Old contracts, feedback to suppliers (if applicable).

3.6 The Influence of Service Experience on Business-to-Business Relationships

3.6.1 Topics
Not many studies into service experience or service encounter exist in the business-to-business marketing literature, though service is implicit in business-to-business interactions and relationships (Zolkiewski et al., 2007). Neither does much research discuss service failure and recovery explicitly, although problem solving is viewed as a way of gaining knowledge in the network and having effects in changing relationships (Andersson et al., 2006). It can be argued that service experience has become subsumed within the concept of the relationship – perceptions of service must have an impact upon the ongoing transactions that may or may not form a relationship and thus service experience should be an important aspect in understanding relationships.

3.7.2 Summary of Questions

Questions for Selling Organisations
- Do relationships change?
  How? (Why? What changes?)
  Have any new relationship been built up recently? Developed?
- Do you think service influences your relationship with customers?
  Why?
  How?
- Do you think the way your company handles problems influence the relationship?
  Why?
  How?
- Is there anything you think I have missed in asking about relationship?

Sources of data:
Who? Various personnel who has frequent contacts with buying organisations.
What? Contract documents, notes of meetings reply to complaints (if applicable).

Sample Strategy for Obtaining the Data:
Interviews – Various personnel highly involved in dealing with buying organisations.
Documents - get copies of contracts.
Archive material - old contracts, notes of meetings reply to complaints (if applicable).

Questions for Buying Organisations

• Has your relationship with your supplier (the organisation under discussion) changed/developed?
  How? (Why? What changes?)

• Do you think service influences your relationship with your supplier (the organisation under discussion)?
  Why?
  How?

• Do you think the way your supplier (the organisation under discussion) handles problems influence the relationship?
  Why?
  How?

• Is there anything you think I have missed in asking about relationship?

Sources of data:
Who? Various personnel who has frequent contacts with buying organisations.
What? Contract documents, notes of meetings reply to complaints (if applicable).

Sample Strategy for Obtaining the Data:
Interviews – Various personnel highly involved in dealing with buying organisations.
Documents - get copies of contracts.
Archive material - old contracts, notes of meetings reply to complaints (if applicable).
4 Analysis Plan and Case Study Reports

4.1 Individual Case Studies

4.1.1 Descriptive Information

The descriptions of each site are essential for developing within-case analysis and cross-case analysis (Eisenhardt 1989). The detailed information of individual cases is documented in Chapters 4 and 5.

4.1.2 Explanatory Information

Explanatory information is provided in the report to facilitate the understanding of the case. Yin (1994) encourages researchers to contain critical pieces of evidence for a case study in the report to gain readers’ confidence about the merits of the analysis. Whenever possible, explicit citations of evidence and vignettes will be included.

4.1.3 Format of Individual Case Study Reports

The two case study reports will have a similar format, which will include:

1. Introduction
2. Background of the case study companies and respondents
3. Sections on each of the topics identified above.
4. Conclusion

Audience

The report audience includes:

1. Academic researchers.
2. Management within the case organisations.

Draft Report Reviewers

1. Academic supervisor
2. Senior managers and respondents in the case organisation being studied.

4.2 Cross-Case Studies

According to Eisenhardt (1989), within-case analysis is coupled with cross-case search for patterns. The objective of carrying out cross-case comparisons is to go beyond the first impressions of data, and capture the original results in the data (Eisenhardt 1989). Eisenhardt (1989) suggested three tactics of carrying out a good cross-case comparison:
1. Select dimensions or categories, and then look for within group similarities and cross-group differences.
2. Select pairs of cases and find the similarities and differences between the pairs.
3. Divide the data by data source.

**4.2.1 Descriptive Information**
An overall description of case studies is given for the development of cross-case analysis.

**4.2.2 Explanatory Information**
Following Yin’s (1981) suggestion, an adequate explanation for each case will be constructed, and then cross-case comparisons will be made to allow a common explanation to emerge. Explanatory information is provided in the report to facilitate the understanding of the case. Yin (1994) encourages researchers to contain critical pieces of evidence for a case study in the report to gain readers’ confidence about the merits of the analysis. Whenever possible, explicit citations of evidence and vignettes will be included.

**4.2.3 Format of Cross-Case Study Report**
The two case study reports will have a similar format, which will include:
1. Introduction
2. Background of the case study companies and respondents
3. Sections on each of the topics identified above.
4. Conclusion

*Audience*

The report audience includes:
4. Academic researchers.
5. Management within the case organisations.

*Draft Report Reviewers*
3. Academic supervisor
4. Senior managers and respondents in the case organisation being studied.
Appendix F: Mind Map of Interview Questions

Service Experience in Business-to-Business Markets

- How to get ideas about service experience
- How to describe service experience
- How to get ideas about relationship
- How to define relationship
- How to describe the relationship with the case company
- How to describe the relationship with other companies
- Why service experience enhanced?
- Why service experience maintained?
- Why service experience destroyed?
- What indicates the change?

Important service elements

Critical service elements

Examples of good service experience

Examples of bad service experience

Why good?

Why bad?

Definition of relationship

Describe the relationship with the case company

Describe the relationship with other companies

Important service elements

Critical service elements

Examples of good service experience

Examples of bad service experience

Why good?

Why bad?
Appendix G: Interview Questions

Case Study One

For selling companies:

I, Background

- What is the organisational structure and what is its history?
- What is the organisation’s main offering?
- Who are the main customers?
- How long have you been working in the company?
- What is your job role (what do you do in the company)?

II, Context

- How important is the buying of metal finishing for customers in general? Does the importance vary from customer to customer?
- How frequent is the buying in general? Does the frequency vary from customer to customer?
- How important is it to contact (be contacted) by customers? Does it apply to all customers?
  - How often do you contact customers?
  - How often are you contacted by customers?
  - How do you normally contact each other?

III, Competitors

- Have you any competitors?
  - Do you know whether there are any other competitors with similar offerings? Does competition impact on your offering? In what way?
  - Have you considering changing/improving your offering because of their existence?
  - What aspects are going to be changed?
  - Why?

IV, Service Experience

- Can you describe the service that you have been providing?
  - What are the elements involved in the service? Does it apply to all? Why?
  - What issues are important in the service? Does it apply to all customers? Why?
  - What is the most critical aspect of the service provided? Does it apply to all? Why?
- What aspects of the service do your customers think are important? Why?
- What do you think about the service that you have been offering? What are the poor aspects? Why?
  - What are the good aspects? Why?
- Can you give an example of good service?
Can you give an example of very poor service?
  What was the problem?
  Did customer voice the problem? (Do they normally voice problems)? Why?
  Did you discuss the problem with them? (Do you normally discuss problems)? Why?
  How was the problem handled?
  What was the result? (Customers’ satisfaction?)

Could the service be improved?
  How?
  Why these improvements are important?

V. Relationship
Academics talk about relationships in business-to-business marketing and this is part of my research, so I want to ask about your understanding of relationship with your customers.

What do you think a relationship is in business?
Do you think you have a relationship with all your customers?
  Why?
  How is your relationship with customers?
  Proportion/Number of relationships?
Do relationships change?
  How? (Why? What changes?)
  Have any new relationship been built up recently? Developed?
Do you think service influences your relationship with customers?
  Why?
  How?
Do you think the way EPE handles problems influence the relationship?
  Why?
  How?
Is there anything you think I have missed in asking about relationship?

VI. Others
Is there anything else you would like to comment/talk about?

Thank you
For buying companies:

I, Background

- What is the organisational structure and what is its history?
- What is the purchasing department structure?
- What is the organisation’s main buying/purchasing?
- Who are the main customers and suppliers?
- How long have you been working in the company?
- What is your job role (what do you do in the company)?

II, Context

- How important is the buying of metal finishing for you in general?
  Does the importance vary from situation to situation?
- How frequently do you buy from EPE?
  What is your reason for buying (e.g. emergency/a routine procurement)?
- How long have you been dealing with EPE?
- How important is it to contact/be contacted by EPE?
  How often are you contacted by EPE?
  How often do you contact EPE?
  How do you normally contact each other?

III, Competitors

- Does EPE have any competitors?
  Have you any alternative suppliers?
  Have you considered changing supplier?
  Why?

IV, Service Experience

- Can you describe the service that you have been receiving?
  What are the elements involved in the service?
  What issues are important in the service?
  What is the most critical aspect of the service provided? Why?
- What aspects of the service does EPE think is important?
- What do you think about the service that you have been receiving?
  What are the poor aspects? Why?
  What are the good aspects? Why?
- Can you give an example of good service?
- Can you give an example of very poor service?
  What was the problem?
  Did you voice the problem? Do you normally voice problems? Why?
  Did EPE discuss the problem with you? Do they normally discuss problems? Why?
  How was the problem handled?
  What was the result? (satisfaction?)
• Could the service from EPE be improved?  
  How?  
  Why these improvements are important?

V, Relationship

Academics talk about relationships in business-to-business marketing and this is part of my research, so I want to ask about your understanding of relationship with your suppliers.

• What do you think a relationship is in business?
• Do you think you have a relationship with EPE? Why?  
  How is your relationship with EPE?  
  Do you have a relationship with other suppliers? Please can you explain a little more about these relationships?
• Has your relationship with EPE changed/developed?  
  How? (Why? What changes?)
• Do you think service influences your relationship with EPE?  
  Why?  
  How?
• Do you think the way EPE handles problems influence the relationship?  
  Why?  
  How?
• Is there anything you think I have missed in asking about relationship?

VI, Others

• Are there any new services you want?  
• Do you know if you going to buy more in the future from EPE?  
• How do you assess your service to your customers?  
• Do you assess your own market? If so how?  
• Do you have any future plans to improve your business performance?  
• Is there anything else you would like to comment/talk about?

Thank you
Case Study Two

For GMH Staff:

I, Background

- What is the organisational structure and what is its history?
- What does the organisation do?
- Who are the main customers?
- How long have you been working in the company?
- What is your job role (what do you do in the company)?

II, Context

- How important for customers is the buying of paint/coatings in general? Why it is important?
  - Does the importance vary from customer to customer?
- How important is it to contact (be contacted) by customers?
  - How often do you contact each other?
  - Why you contact each other?
  - Does it apply to all customers?

III, Service Experience

- Can you describe the service that you have been providing to your customers? What issues are important in the service? Does it apply to all customers? Why?
  - What is the most critical aspect of the service provided? Does it apply to all? Why?
- What aspects of the service do your customers think are important? Why?
- Can you talk about the service GMH provide to customers? What are the good aspects? Why?
  - Can you give an example of good service?
  - What are the challenges? Why? How it was handled?
  - Can you give an example?
  - How can GMH make customers’ experience of dealing with them more pleasant?
- Do GMH ask customers about how to make the dealing experience more pleasant? Why? Why not?
  - Why these improvements are important?
- Could the service from GMH be improved? How?

IV, Competitors

- Have you any competitors?
  - Do you know whether there are any other competitors with similar offerings?
  - Does competition impact on your service? In what way?

V, Relationship
Academics talk about relationships in business-to-business marketing and this is part of my research, so I want to ask about your understanding about relationships with your customers.

- What do you think a relationship is in business?
- Do you think you have a relationship with all your customers? Why?
  - How is your relationship with customers?
  - Proportion/Number of relationships?
- Do relationships change? What changes? How does it change? Why does it change?
- Have any new relationship been built up recently? Developed?
- Do you think service influences your relationship with customers? How does it influence? (In what way does it influence?) Why it influences?
- Do you think the way GMH handles challenges influence its relationship with customers? How does it influence? (In what way does it influence?) Why it influences?
- Do you think the current economic downturn is having an impact on relationships?
- Is there anything you think I have missed in asking about relationship?
- Is there anything else you would like to comment/talk about?

Thank you
For GMH Customers

I, Background

- What is your organisation’s structure and what is its history?
- What does the company do?
- How long have you been working in the company?
- What is your job role (what do you do in the company)?

II, Context

- How long have you been dealing with GMH?
- How frequently do you deal with GMH?
- What made you become a customer of GMH?
- How important is the buying of paint/coatings for you in general?
- How important is it to contact/be contacted by GMH?
  - How often do you contact each other?
  - How do you contact each other?
  - Why you contact each other?

III, Service Experience

- Can you describe the service that you have been receiving for GMH?
  - What issues are important in the service? Why?
  - What is the most critical aspect of the service provided? Why?
- What aspects of the service do you think GMH think is important/emphasise?
- Can you talk about your experience of dealing with GMH?
  - What are the good aspects? Why?
  - Can you give an example of good service?
  - What are the challenges? Why? How were they handled?
  - Can you give an example?
  - How can GMH make your experience of dealing with them more pleasant/easier?
- Have you discussed this with GMH?
  - Why you would (not) discuss it with GMH?
  - Why are these changes important?
- Could the service from GMH be improved? How?

IV, Competitors

- Does GMH have any competitors?
  - Have you any alternative suppliers?
  - Have you considered changing supplier?
  - Why?

V, Relationship

Academics talk about relationships in business-to-business marketing and this is part of my research, so I want to ask about your understanding of relationship with your suppliers.
What do you think a relationship is in business?
Do you think you have a relationship with GMH? Why?
If yes, then please describe your relationship with GMH?
Do you have a relationship with other suppliers? Please can you explain a little more about these relationships?
Has your relationship with GMH changed/developed?
  What has changed?
  How did it change?
  Why did it change?
Do you think service influences your relationship with GMH?
  How does it influence it?
  Why do you think it influences it?
Do you think the way GMH handles challenges influences the relationship?
  How?
  Why?
Has the current economic downturn influenced the relationship? If so why and how?
Is there anything you think I have missed in asking about relationship?
Is there anything else you would like to comment/talk about?

Thank you
Appendix H: Briefings for GMH

A rich set of implications flows from the results of this research. This brief report breaks down the findings into six sections. First, the background of interviewed companies is summed up. Second, important elements that GMH customers’ value are presented. Third, customers’ perceptions of GMH’s good service are explored, followed up by reflective points. Last but not least, the macro-economic environment impacting on the business is explored.

1, Background of Interviewed Companies
This project involved 15 customers in total and covered a wide range of industrial settings. No matter which sector customers belong to, paint plays a core role in their business.

<table>
<thead>
<tr>
<th>Customer sector</th>
<th>Number of companies interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributors</td>
<td>5</td>
</tr>
<tr>
<td>Powder coating</td>
<td>2</td>
</tr>
<tr>
<td>Engineering</td>
<td>3</td>
</tr>
<tr>
<td>Kitchen, furniture, leisure etc</td>
<td>5</td>
</tr>
</tbody>
</table>

2, Important Elements in GMH’s Offerings (in alphabetical order)
Customers attach great importance to the following aspects in GMH’s offerings to them.

✓ Acceptable price
✓ Accuracy of information/order
✓ Available staff (customers being able to talk to GMH staff immediately)
✓ Consistency of (quality of paint, delivery, price, staff)
✓ Going an extra mile
✓ Helpful staff
✓ Keep promises
✓ Knowledgeable staff
✓ Location (i.e. GMH’s geographic closeness to the customer)
✓ Quality of paints
✓ Quick turnaround
✓ Responsive to customer needs
✓ Solve problems quickly
✓ Suggest alternatives rather than ‘no’
✓ Technical support (such as colour matching)
✓ Trustworthy
Distributors’ needs are slightly different from industrial customers. Besides the above listed items, they also pointed out the significance of:

- A wide range of products
- Stock availability

3. Strengths in GMH’s Offerings

Customers commented on good aspects of GMH’s service. The findings are (in alphabetical order):

- Available staff (can ring them even when they are off work or on holiday)
- Completeness of colour search
- Customer perceived fairness
- Down to earth
- Deliver on time
- ‘Every single support from every department’!
- Excellent advice
- Flexible
- Friendly staff
- Go an extra mile (e.g. help customers to train their staff how to use GMH paint etc)
- Honest
- Knowledgeable staff
- Listen and respond (Communication with customers)
- Look into a big picture (‘lose the battle, but win the war’).
- ‘Make everyone happy!’
- Motivated workforce
- Responsive reply to customers
- Reliability (not letting customer down)
- Solve problems when things go wrong (even issues which may not be directly related to GMH paints)
- Sales reps’ visiting customers
- Technical support
- Thorough colour match service

Going an extra mile plays an important role in customers’ evaluation about GMH’s service. For example, GMH helps customers to train their staff how to use GMH paint, and offers colour match. It takes the pressure off customers, and allows them to get on with their jobs.
4, Reflective Points

* One of the customers commented, ‘it is not just buying a pint of paint. It is how to buy a pint of paint, how they supply a pint of paint’. This highlights the importance of the process of offering GMH paints to customers, along with the function of paints.

* Uncontrollable factors such as weather may impact on the performance of paints. Some customers are aware of this. Helping customers out with such issues which may not be caused by GMH will not only build up GMH’s ‘helpful’ image and reputation, but also enhance customers’ pleasant dealing experience with GMH.

* Some of the GMH customers mentioned that their knowledge of GMH paints are limited (e.g. ‘I don’t know what product is best for certain things’). Challenge and advantage mutually exists for GMH to educate customers and improve their understanding of the wide range of GMH products.

* Customers are aware of the government regulations and pressures from local environmental agency. This gives GMH an opportunity to develop environmental-friendly paints and work with customers together.

* Customers prefer GMH’s own delivery to carriers, as GMH’s drivers are also knowledgeable about paints which not only would reduce the risk of wrong orders, but also add a personal touch to customers. Further, as some customers may be located some distance from GMH, properly wrapped paints on a wagon will reduce the probability of damage and leaking of paints.

* Customers enjoy GMH gifts which may enhance the friendliness and rapport between two parties.

5, Current Economic Climate’s impact

The current economic downturn impacts on lots of companies’ businesses. Some companies do not exist any more. Some of GMH customers have had to reduce 40-60% of their work. These impact on customers’ ordering from GMH.

At the same time, the current recession makes customers more conscious about price. Distributors’ clients also look for better price. Although, the macro-economic environment challenges GMH as well as its customers, this provides an opportunity for GMH to work together with distributors. By giving customers a good price, GMH can help them to meet what their clients are looking for, which in turn enhances GMH’s dealings with customers.
6. Summary

In summary, the preliminary findings show that GMH offers excellent service to its customers. GMH not only matches the elements that customers value, but also excel on these important criteria and go an extra mile to enhance customers’ pleasant dealing experience with GMH. A more detailed analysis and elaborated report will be available later on.
Appendix I: Hierarchical Coding Trees Developed in NVivo

**Case Study One – Supplier (EPE)**

**Coding Hierarchy for Service Elements: Supplier (EPE) Perceptions**

- Quality of metal finishing
  - Domino effect
    - Impact on customer offerings
    - Impact on customers’ clients’ perceptions
    - Impact on customer satisfaction
    - Impact on customer future buying behaviour

- Turnaround and delivery
  - Nature of industry
  - Domino effect
    - Impact on customer production
    - Impact on customer delivery to their clients
    - Impact on customers’ clients’ satisfaction
    - Impact on customer cash cycle

- Communication
  - Function
    - Understand and meet customer needs
    - Exchange information
    - Facilitate business process
      - Domino effect
        - Impact on supplier production
        - Impact on customer production
        - Impact on customers informing their clients
    - Provide advice
    - Get customer feedback
  - Keeping promises
    - Domino effect
      - Impact on customers keeping promises to their clients
      - Impact on customers’ clients’ perception
  - Honesty

- Empathy/looking after
  - Collection and delivery service

- Problems
  - Costs in solving problems
  - Impact on EPE reputation

- Price

- Overall performance
  - Company representative

**Coding Hierarchy for Business-to-Business Relationships: Supplier (EPE) Perceptions**

- Depth/type of relationships
  - Shallow relationships
    - Alternative supplier
    - Infrequently doing business
  - Deep relationships
    - Main supplier
    - Help each other
- Win-win
  - Preference/priority
- Frequency of doing business
  - Meet customer business needs
  - Loyalty
- Work together/partnership
- People
  - Friendliness
  - Communication
- Understand and meet customer needs
- Communication
- Sharing information
  - Impact on supplier’s service to customers
- Trust and confidence
  - Keep promises
  - Being honest
- Internal relationship

**Coding Hierarchy for Service Experience Impact on Business-to-Business Relationships: Supplier (EPE) Perceptions**

- Overall performance
  - Quality of metal finishing
  - Turnaround and delivery
  - Reasonable price
  - Consistency
  - Customer confidence
- Customer satisfaction
- People
  - Multiple contacts
  - Personal relationship between employees
    - Get on
    - Share similar perspectives
  - Change of staff
    - Understanding doing business with each other
    - Understanding people personally
- Communication
  - Maintain relationship
  - Get business
  - Mutual understanding and familiarity
  - Keep in touch
- Frequency of doing business with each other
  - Understanding each other
- Willingness to have business-to-business relationships
  - Customer willingness
  - Supplier willingness
- Work together/partnership
- Company strategy
  - Supplier strategy
  - Customer strategy

**Coding Hierarchy for Problem Handling Impacts on Business-to-Business Relationships: Supplier (EPE) Perceptions**

- Causes of problematic issues
  - Not meeting customer requirements
o Lack of understanding of customer needs
  o Problematic issues on customer side
  ❖ Handling problems caused by supplier
    o Empathy/looking after
      ▪ Willingness to handle problems
      ▪ Acknowledge responsibilities
        • Impact on supplier business benefits
      ▪ Caring attitude
    o Responsiveness in handling problems
      ▪ Customer satisfaction
    o Technical support in handling problems
    o Company policy
    o Open and honest
  ❖ Help with problems not caused by supplier
    o Help with customer knowledge
      ▪ Help customers understand the root of problems
        • Customer business benefits
      ▪ Investigate problems
    o Co-solving problems
      ▪ Advise customers to make changes
      ▪ Supplier suggest alternatives
    o Help customer with their business
      ▪ Flexibility
      ▪ Domino effect
        • Customers have their own clients

Case Study One – EPE Customers

Coding Hierarchy for Service Elements: Customer Perceptions

❖ Quality of Paint
  o Consistency
  o Domino Effect
    • Impact on customers’ offering
    • Impact on customer competitiveness
    • Impact on customer reputation
    • Impact on customer clients’ perceptions
    • Impact on customer clients’ retention
    • Impact on customer cash flow

❖ Turnaround and Delivery
  o Nature of industry
  o Domino effect
    • Impact on customer production
    • Impact on customers delivery to their clients
  o Give customers flexibility

❖ Understand and meet customer needs
  o Listening to customers
  o Understand customer needs
  o Meet customer needs
  o Domino effect
    • Customer clients’ needs

❖ Communication
  o Function
    ▪ Exchange information
      • Impact on supplier production
• Impact on customer production planning
  ▪ Get advice
  ▪ Make suppliers understand customer needs
  ▪ Identify and handle problematic issues
    o Keeping promises
      ▪ Accuracy of information
      ▪ Domino effect
        • Impact on customer production
        • Impact on customers delivery to their clients
        • Impact on customers keeping promises to their clients
    o Get hold of
    o Responsiveness
      ▪ Domino effect
        • Impact on customers responsiveness to their clients
  o Internal communication

❖ Problems
  o Incur costs to suppliers
  o Domino effect
    ▪ Impact on third parties in the network
    ▪ Impact on customers having problems with their clients
    ▪ EPE’s customers incur additional costs in rectifying problems for their clients

❖ Empathy/looking after
  o Additional service
  o Strive to meet customer needs
  o An extra mile

❖ Familiarity with each other
  o Allow flexibility in doing business

❖ A good working relationship
  o Helpful staff
  o Able to talk to each other
  o Meet customer needs
  o Willingness to work together

❖ Price

❖ Overall performance
  o Domino effect
    ▪ Impact on customer production
    ▪ Impact on customer clients’ work
    ▪ Impact on third parties’ arrangements in the network
    ▪ Impact on customer client satisfaction
    ▪ Customer clients’ satisfaction impact on customer satisfaction with the supplier
    ▪ Impact on customer business benefits
    ▪ Impact on customer reputation

**Coding Hierarchy for Business-to-Business Relationships: Customer Perceptions**

❖ Need each other for business
  o Benefits in a business-to-business relationship

❖ Mutual understanding
  o Understand customer needs
  o Meet customer needs
  o Understand supplier capability
  o Understand the way that a supplier works

❖ Communication
- Better mutual understanding
  - Handling problems
  - Working relationship
  - Dependence
  - Help
    - Supplier helps customer
    - Customer helps supplier
    - Volume of work sent to suppliers
    - Inclination to help
  - Adaptation/flexibility
    - Supplier adaptation
    - Customer adaptation
    - Inclination to help
  - Work together/partnership
    - Compatibility
    - Grow together in business
    - Collaboration
    - Siblings
  - People
    - Direct contact
    - Personal relationships between employees
    - Share similar perspectives
    - Friendship/rapport
  - Trust and confidence
    - Meet customer needs
    - Built upon history
    - Consistency
    - The security of knowing
    - Confidence in suppliers’ capability of doing a proper job
    - Confidence in suppliers’ communication with customers
    - Confidence in relying on suppliers
    - Keeping promises
    - Associated with risks
    - Govern relationship development
  - Long term constantly doing business
    - Constantly doing business
    - Long term
    - Stable
  - Context based

**Coding Hierarchy for Service Experience Impact on Business-to-Business Relationships: Customer Perceptions**

- Meet customer needs
- Quality of metal finishing
- Turnaround and delivery
- Location
- Supplier competitiveness
  - Available service
  - Technical expertise
- Consistency/reliability
  - Security of knowing
- Problem handling
- Overall performance
- Customer confidence
Customer satisfaction

Communication
  o Supplier pro-activeness
  o Supplier responsiveness

Understanding each other
  o Familiarity with each other

Frequency of doing business

People
  o Friendship/rapport
  o Personal relationship between employees
  o Company representative

Power/dependence
  o Control
  o Risk
  o Balance

Perceived fairness
  o Priority
  o Reciprocity

Trust
  o Mutual trust
  o Keeping promises

Honesty

Willingness to have a business-to-business relationship
  o Customer willingness
  o Supplier adaptation and flexibility

Customer improvement

Available alternatives
  o Switching costs

Business benefit
  o Customer business benefit
  o Supplier business benefit

Coding Hierarchy for Problem Handling Impacts on Business-to-Business Relationships: Customer Perceptions

Effects of problematic issues
  o Domino effect
    ▪ Impact on customer production
    ▪ Impact on customers’ service to their clients
    ▪ Impact on customer clients’ satisfaction
    ▪ Impact on customer client retention
    ▪ Impact on customer business benefits
    ▪ Impact on supplier business benefits

Handling problems caused by supplier
  o Empathy/looking after
    ▪ Willingness to handle problems
    ▪ Acknowledge responsibilities
    ▪ Investigate problems
  o Listen to customers
    ▪ Pre-empt problematic issues
  o Communication
    ▪ Impact on customer retention
    ▪ Inform customers of problems
      - Domino effect
        o Impact on customer communication to their clients
o Responsiveness in handling problems
  ▪ Domino effect
    • Impact on customer satisfaction
    • Impact on customer responsiveness to their clients
    • Impact on customer client retention
    • Impact on customer business benefits
    • Impact on supplier business benefits

o Perceived fairness
  ▪ Impact on supplier reputation

o Problem solution
  ▪ Address problems
  ▪ Honesty
  ▪ Supplier learns from mistakes

  ❖ Help with problems not caused by supplier
  o Supplier pro-activeness
    ▪ Communication

  o Help customer with their business

Case Study Two Supplier – GMH

Coding Hierarchy for Service Elements: Supplier (GMH) Perceptions

❖ Meet customer needs
  o Quality of paint
  o User friendly painting system
  o Wide range of products
  o Delivery on time
  o No hassle
  o Consistency
  o Technical support
  o Customise to customer needs

❖ Communication
  o Function
    ▪ Understand and meet customer needs
    ▪ Exchange information
    ▪ Provide advice/help
    ▪ Identify and handle problematic issues
    ▪ Keep in touch
  o Responsiveness
    ▪ Get hold of
  o Listening
  o Visits
  o Frequency of communication
  o Internal communication

❖ Empathy/Looking After
  o Help

Coding Hierarchy for Business-to-Business Relationships: Supplier (GMH) Perceptions

❖ Depth/Type of business-to-business relationships
  o Working relationship
  o Personal relationship

❖ Understand and Meet Customer Needs
Listening to customers
○ Communication
○ Work together
○ Support customer
○ Domino effect
  ▪ Support customers’ clients

Work together/Partnership
  ▪ Meet customer needs
  ▪ Consistent performance
  ▪ Build up customer confidence
  ▪ Domino effect
    • customer service to their clients
  ▪ Educate customer
  ▪ Willingness to work together

People
Sharing information
Trust
○ Built over time
○ Communication
○ Ethics related
Domino effect
○ Two orders
○ Two directions


Customer satisfaction
○ Meet customer needs
○ Professional performance
○ Consistency
Consistent performance
○ Support
○ Trust and confidence
Communication
○ Understand each other
○ Being honest
○ Keeping promises
  ▪ Impact on supplier reputation
Empathy/Looking After
○ Communication
○ Support
○ Customer tolerance
People
○ Sales representative
○ Personal relationship between employees
  ▪ Personalities
Problems handling
Supplier team work
○ Support team
○ Internal communication

Coding Hierarchy for Problem Handling Impact on Business-to-Business Relationships: Supplier (GMH) Perceptions

Handle problems related to GMH
Responsiveness in handling problems
  - Meet customer needs
Perceived fairness
  - Internal communication
Frequency of GMH-related problems
  - Opportunity to discuss problems
  - Impact on customer confidence and trust
Help with problems related to other parties
  - Empathy/Looking After
    - Backup support
  - Help with customer knowledge
    - Application of paint
  - Help with customers’ clients
    - Advice as a paint specialist
    - Customer reciprocity
    - Customers’ clients’ reciprocity
  - Help customer with their business
    - Understand customer business
    - Treat customers as professionals
    - Work together with customers
      - Business planning
      - Helping customers setting up paint workshops
        - Train customer staff
        - Provide information
Customer helps supplier
  - Work together

Case Study Two – GMH’s Industrial Customers

Coding Hierarchy for Service Elements: Industrial Customer Perceptions

Quality of paint
  - Consistency
  - Costs incurred by quality problems
  - Domino effect
    - Impact on customer final products
    - Reflect on customer company
    - Impact on customers’ clients’ acceptance of products
    - Impact on customers’ clients’ future buying behaviour

Turnaround and delivery
  - Domino effect
    - Impact on customer production
    - Impact on customer delivery
    - Impact on customers’ clients’ production and delivery
    - Customers’ clients’ requirement of delivery
  - Consistency
  - Location

Communication
  - Function
    - Exchange information
    - Seek advice/help
    - Understand customer needs
    - Keep in touch/courtesy
    - Supplier secure business
Identify and handle problematic issues
- Visits
- Accurate information
- Being honest
- Domino effect
  - Impact on customer production
- Responsive
  - Access
  - Domino effect
    - Impact on customer responsiveness to their clients

People
- Friendly and helpful staff
- Empathy/Looking After
- Personal relationship with supplier employees
- Helpful staff
- Comfortable to ask for help
- Knowledgeable staff

Problems handling
- Willingness to solve problems
- Technical advice
- Empathy/Looking After

Help
- Free of charge
- Suggest alternatives
- An extra mile
- Take pressure off customers
- Knowledgeable staff
- Technical competence

Customise to meet customer needs

Price

Overall performance

Coding Hierarchy for Business-to-Business Relationships: Industrial Customer Perceptions

Meet customer needs
- Quality of paint
- Turnaround and delivery
  - Domino effect
    - Pressure from customers’ clients
- Advice and knowledge
  - Minimise mistakes

A good working relationship
- Access
- Communication
- Handling problems
- Help
  - Mutual help
  - Domino effect
    - Impact on customers’ clients satisfaction
    - Impact on customers’ clients retention

People
- Approachable staff
  - Communication
  - Face-to-face
Personal relationship
Knowledgeable staff
- Work together/partnership
- Long term
  - Frequency of doing business


- Meet customer needs
  - Domino effect
    - Customers’ clients requirements
  - Responsive to customer needs
- Quality of paint
  - Consistency
    - Domino effect
      - Customers’ clients’ requirements
  - Price
- Turnaround and delivery
  - Consistency
- Technical competence
  - Technology leader
- Overall performance
- Previous experience
  - Customer satisfaction
- Communication
  - Mutual understanding
  - Face-to-face
  - Key contact
  - Supplier initiative and interactive
- Problem Handling
- People
  - Approachable staff
  - Personal relationship between employees
- Trust and confidence
  - Customer confidence in supplier performance
  - Supplier confidence in doing customers’ future work
  - Volume of doing business
  - Trust suppliers’ opinions
- Work together/partnership
  - Recession
- Industry factor


- Handle problems related to GMH
  - Domino effect
    - Cause customers’ clients’ problems
    - Impact on customer solving their clients’ problems
  - Supplier attitude
    - Investigation of problems
    - Responsiveness in solving problems
    - Perceived fairness
    - Empathy/Looking After
  - Supplier pro-activeness
- Consistency in solving problems
  - Suggest alternatives
  - Supplier availability
    - Get hold of front-line staff
  - Work together
    - Agreement on solutions to problems
  - Insolvable problems
    - Being honest

- Help with problems related to other parties
  - Empathy/Looking After
  - Help with customer knowledge
    - Technical information
  - Help customer with their business
    - Helping customers setting up paint workshops
      - Train customer staff
    - Provide information
      - Delivery information
      - Supplier information
    - Take stress off customers
      - Domino effect
        - Chase delivery
      - An extra mile
      - Additional technical service
    - Solving third-party complaint

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**Case Study Two – GMH's Distributors**

**Coding Hierarchy for Service Elements: Distributor Perceptions**

- Quality of paint
  - Consistency
  - A wide range of products
  - Stock availability
  - Domino effect
    - Impact on distributor clients’ satisfaction
    - To meet distributor clients’ requirements

- Turnaround and delivery
  - Consistency
  - Domino effect
    - To meet distributor clients’ requirements
    - Impact on distributors’ keeping promises to their clients

- Location

- Communication
  - Function
    - Exchange information
    - Advice/help
    - Pre-empt problematic issues
    - Understand each other
    - Keep in touch
    - Follow up
  - Responsiveness
    - Access
    - Domino effect
      - Impact on distributors’ responsiveness to their clients
Keeping promise
  ▪ Domino effect
    • Impact on distributors’ keeping promises to their clients

Frequency
  ❖ Empathy/Looking After
    o Friendly and helpful staff
    o Additional help
  ❖ Help
    ▪ An extra mile
    ▪ Suggesting alternatives
  ❖ Problems handling
    ▪ Backup support
    ▪ Domino effect
      • Impact on distributors’ solving their clients’ problems
  ❖ Consistent performance
    o Domino effect
      ▪ Impact on customers’ clients satisfaction
      ▪ Impact on customers’ clients word-of-mouth

Coding Hierarchy for Business-to-Business Relationships: Distributor Perceptions

❖ Need for each other in business
  o Understand each other’s business
  o Meeting each other’s business needs
  o Communication
  o Work together
  ❖ Help each other
    o Work together
      ▪ GMH helps distributors
      ▪ GMH helps distributors’ clients
      ▪ Distributors support GMH
    o Domino effect
      ▪ Impact on customer satisfaction
      ▪ Impact on customers’ clients’ satisfaction

❖ Depth/Type of business-to-business relationships
  o Working relationship
  o Personal relationship
    ▪ Personal relationship between employees
    ▪ Ask for extra help


❖ Meet customer needs
  o Quality of paint
  o Turnaround and delivery
  o Price
  o Domino effect
    ▪ Customers’ clients’ needs
    ▪ Impact on customers’ clients’ satisfaction
    ▪ Impact on customers’ clients’ future buying behaviour
  ❖ Technical competence
    o Domino effect
      ▪ Impact on customers’ clients’ satisfaction
      ▪ Impact on customers’ clients’ retention
  ❖ Consistency
- Frustration
- Problem handling
- Overall performance
- People
  - Consistency of people
  - Understanding customers’ business
  - Motivated workforce
  - Multiple contacts
  - Helpfulness of the team
- Understand each other
  - Customer understands supplier
  - Supplier understands customer
- Supplier confidence in distributors
  - Customer self-development
- Alternative suppliers
  - Domino effect
    - Customers’ clients’ requirements
  - Available choices

**Coding Hierarchy for Problem Handling Impact on Business-to-Business Relationships: Distributor Perceptions**

- Handle problems related to GMH
  - Supplier Attitude
    - Willingness to handle problems
      - Admit mistakes
      - Responsiveness
    - Domino effect
      - Impact on customer solving their clients’ problems
    - Take pressure off customers
    - Customer willingness to ask for help
  - Backup support
    - Work together
    - Domino effect
      - Impact on customer confidence
      - Impact on customers’ clients’ confidence
  - Empathy/Looking After
  - Perceived fairness
- Help with problems related to other parties
  - Help with customer knowledge
    - Technical advice
    - Domino effect
      - Impact on distributors’ passing information onto their clients
  - Help with customer business
    - Special deal
      - Domino effect
        - Impact on distributors’ passing special deals to their clients
      - Visit customers’ clients
  - Help with customers’ clients
    - Domino effect
      - Distributor confidence to reach out for business
      - Distributors intention to keep their clients satisfied
    - Domino effect
      - Demand on supplier helping distributor clients
    - Supplier gesture to help
Appendix J: Interview Summary Form

Site: 
Written by: 
With Whom: 
Interview Date: 
Visit No: 
Today’s Date 

1. What were the main issues or themes that struck you in this interview?

2. Summarise the information received in each of the main topic areas?
   - Background to the organisation
   - Background of the respondent
   - Business Context (importance/frequency of buying and contacts)
   - Competitors (Alternative/changing supplier? Why?)
   - Service experience (Elements; important/critical elements; examples)
   - Relationship (Definition; current situation; changes; missing elements)

3. Was there anything else of importance that arose during the interview?

4. Have you any new or remaining questions for this site?
Appendix K: Fieldwork Diary

Case Study One Fieldwork Diary
Week 1 – 26/09/07

Today I had my first interview trip to Leeds. Paul in EPE (i.e. supplier) is the first one that I have interviewed. He is a very smart businessman. It's very interesting that he defines relationship as to trust each other, being honest and open to each other as well as being able to share information. He also divided relationship into deep relationship and shallow relationship. It is obvious that he treats customers differently depending on whether there would be more business from them and how that will influence EPE's business performance. It seems that the service providing process which involves sharing information and talking to each other is implicit in influencing supplier-customer relationship.

Ian talked a lot and his voice is a bit low. I need to do the transcription carefully. He interestingly talked about commitment and consistency in service which includes consistency in price (i.e. quoting) and delivery and so on. It is interesting that customers would see price as part of the service. It seems to be a broad definition of service. Supply chain seems to appear in his talk. He said that if EPE is not consistent in the price they quoted, he then won't be able to quote his customers and lose order because sometimes he won't have enough time to ask quoting from EPE, but based on EPE's previous quoting to quote his customers. I think here communication and to understand how the counter company works is important.

Paul is very interesting. He said that the key is to talk to each other. He is very satisfied with EPE. He said that he talked to EPE all the time and it gives him peace of mind. However, when he mentioned the only thing missed in relationship is that he never had a cup of tea in EPE. The social aspect seems to come out here. Paul mentioned that although EPE is his main supplier. He also uses another one for products not urgently needed. It would be interesting to find out why he doesn't put all of the things to EPE. I may need to go back and ask again.

After all the three interviews, it appears to me that all the participants' most concerned issue is how their business performance would be influenced. Supplier provides service to make sure that customers will be retained and in a relationship with them to keep on buying from them. Customers are concerned that the service (painting service) they receive
will influence their customers (i.e. EPE's customers' customer in the supplier chain) and thus influence business performance.

John said that he would collect me from the station directly next time and take me to customers; this will save at least half an hour on travelling. They are really helpful.

The trip and the three interviews I had are all very pleasant. I am looking forward to the next trip.

**Week 2 – 03/10/07**

This is my second trip of interviews in Leeds. It started with Andy from CME, a nice start. Andy is the logistics manager, chasing up all the suppliers for delivery. He says that he knows all about them. It's a big architectural company (have got brochures from Andy and they have a nice website as well). It's interesting that Andy mentions that he's chasing up the supplier because his contract manager is with the customer and waiting for his reply. Everything is in a chain. The chain effect comes out and the importance of communication and being honest and open is obvious. Andy also mentioned the internal communication within EPE as they didn't quote CME because the fax with sent to a specific person in EPE who was on holiday. Andy didn't chase EPE up for quote, as he only deals with raised orders. They discussed this issue with EPE later on when EPE asks for more business from them. EPE has improved on that. It seems that the flow of information (within the supplying company and between supplier-customer-customers’ customer) is very important.

Andy also mentioned about helping each other. He said that suppliers have called up for borrowing some metal materials that they knew CME has. He would help with that. Also, suppliers would call up for a favour whether they can put CME's work back a bit as they need something else needs to be done urgently. Andy would check out and help with that as well. Again, the flow of information and communication came out here as Andy said that it is unacceptable if the supplier didn't let them know in advance that they would put the work back.

Andy mentioned the importance of knowing someone's face. The personal/social aspects come out here. However, Andy said before that contacting by phone is fine with him. It seems that knowing someone's face is important. After that, then contacting by phones instead of meeting up is satisfying.
Andy showed me around their factory. It's nice to know how the windows and doors are made. It seems that Andy would like to see my research report later on.

Gill is the manufacturing manager of AS. She has been working in the company for more than 16 years, from shop-floor to the current position. She has been dealing with EPE personally for only 1 year. It's interesting that Gill keeps on saying that she's not buying from EPE, and her understanding of service seems to be quite different from others. Probably due to the short time dealing with EPE, she said that there is nothing about bad service. She is satisfied and she said that she will only start searching alternative suppliers if EPE starts letting her down. It's also interesting that AS actually has their own painting workshop, but because there are only two ovens and it's more expensive to do it themselves, they outsource it. Gill says that it would be good if EPE can provide wet painting service. Gill mentioned that she uses another company for wet paint as EPE cannot do it, but that supplier is not as good as EPE. When I further ask not as good in what aspect, she said that they are not organised, for example, the supplier won't put things in separate boxes as she requires and it took her more than one hour to have her staff to separate the received things. It's seems that there is a meeting expectation issue here! Or maybe not meeting expectations, but meeting requirements as Gill has told the supplier to separate items, but they didn't listen. It seems that communication (to be able to listen) is involved again!

She emphasised delivery as everything needs to be painted before can be further decorated in the company otherwise all the workers in the shop-floor will have nothing to do.

Gill also mentioned about helping EPE with painting materials. With relationship, she mentioned being honest with each other. The honesty and being open issue have come out several times now. It's obviously important as in b-to-b relationship. Gill also showed me around the whole factory. It's nice to know how the signs are made. She will send my all the information by post later on.

I interviewed David in GCR. I think that he is very careful in giving me the information. David is the founder of the company and he has a broader picture overall though he said that he is mainly dealing with cash flow and financial issues. It's interesting that David said about business personal relationship is different from personal relationship. It's a bit blurred and hard to explain but can get a sense of what he means. He also mentioned about the importance of communication in relationship.
The quality of David's interview may not be very good, as people coming in and out with
the loud sound of banging doors. I would like to interview Neil later on and see what he
says. I may need to talk to John see if I can interview Neil.

It would be interesting to see how communication can be interpreted later on in the
research, as services marketing and b-to-b marketing both mention communication. So far,
it sounds to me that communication in the interviews refers to getting feedback from
suppliers, suppliers informing customers of things going on, responding to customers
quickly which is like in services marketing. However, communication also from the
customers' side because from the customer's' interview that actually they are more
proactive in contacting EPE as the delivery would influence their business and their
customers. I think that the customers' activeness in communication is different from
consumer markets. The two-way communication and flow process is very important in b-
to-b.

It's also quite interesting that when asking all the customers about their main suppliers.
None of them mentioned metal finishing suppliers, but mainly about raw material suppliers
such as metals. Maybe it is due to metal finishing is the final process and it's only a small,
though important part of the whole process.

**Week 3 - 17/10/07**

I managed to do four interviews today. It's quite interesting to hear John from RLE talking
about the importance of getting hold of a direct contact who can solve problems for him.
He defined that as part of a relationship. He also pointed out that trust is built up by doing
things right. It is fascinating when he mentioned that trust is two-way. He trusted that EPE
can do things right, and EPE trusted him that he can give more business for them. This is
what he defines as in a relationship. To 'get hold of people' sounds something similar in
services marketing.

I interviewed John from EPE during the lunch hour. He is more from building up new
business and relationship point of view. He mentioned confidence in each other; more
specifically, customers have confidence in EPE that EPE can keep promise and do the right
things. EPE also needs to have confidence in customers keep their promises such as
sending orders through. John also mentioned that confidence is built upon previous
experiences. After the interview, we chatted and he pointed out that other people may use
trust to refer to what he said as confidence. I quite agree with that. The other issue is that John talked about relationship of two levels: personal relationship (between sales and buyers) and company relationships. He said that these two actually are related and move hand-in-hand. The two levels of relationships are more difficult to understand. It's very subtle to understand. John think that they have a relationship with all customers. The difference is that there are strong ones and weak ones.

Nigel from LT mentioned putting a name to a face (which mentioned by Andy from CME as well) and getting hold of a person who can do things right. This is quite similar to what RLE said. He also pointed out the importance of keeping promises and getting things right which would influence trust. He pointed out that how problems are handled can maintain trust or destroy trust. He dropped the previous supplier because they kept letting him down and to a certain point, he decided to change supplier. This sounds like that there is a tolerant zone here. 'Trust' seems to be a consolidate concept, involving various aspects such as keeping promises, getting things right, being reliable and built upon previous experiences.

I struggled a bit with interviewing MBM. They are a customer that EPE dealt with before, but haven't been in touch for several years. John in MBM said that whether service experience influences supplier-customer relationship is obvious which I don't agree. He kept on saying that business is all about people and whether you get on with them. To a certain extent, I agree with that. It's the people factor which is important (I suppose this is similar as in services). However, when I try to probe more into why people can or cannot get on with each other, he said that he didn't know, maybe because the colour of the shirt people don't like. I don't agree with these. However, it's interesting that he mentioned there are commercial relationship and personal relationship (getting one with the person) in his definition of relationship (This maybe similar to what John in EPE means). He also mentioned that if there is no frequent contact, then there is no relationship. He said that he didn't have a relationship with EPE at first, but when I repeated his statements, he said that he has a relationship with EPE. The answer is contradicted and blurred. I am not sure how to deal with contradicted answers in data analysis. He didn't talk about trust, or keeping promises. But when I throw these terms out, he agreed and mentioned about cooperation and adaptation. He said that they won't discuss problems with EPE. He said that if EPE cannot do certain things, then they just go for another supplier. It seems that whether they will discuss problems with supplier depends on whether they have relationship. However,
John agreed that relationship is very important. So far, this is the most frustrating interview I have had.

It was nice to meet Peter of EPE during the lunch break and it was nice to hear him talking about business issues. Peter is willing to be interviewed. I may ask John to arrange a meeting with Peter later on.

Next week may be a trip to York. I am quite looking forward to that one.

**Week 4 – 24/10/07**

I had a trip to York. The two companies interviewed today are quite well-established. SPG is a company fixing roof windows. They are over 100 years. They have big projects as well as household work. Therefore, the importance of metal finishing varies. The household customers are more demanding on the appearance of metal finishing. It's interesting that Keith mentioned that everything are all down to money in the end. The metal finishing service they get will influence their production plans and arrangement and also their customers. Keith also mentioned that bad service caused interruption to their factory production. It is interesting that Keith mentioned the importance of keeping promises is a two-way process. They need to send business to the supplier in order to be taken care of.

I am a bit confused about UPR's company structure. Jason talked about EPE's service influences UPR's customers and how suppliers handle problems influence their decision to keep using the supplier or change it. The theme of supply chain effect came out. Jason defines relationship as being honest and open and trust which was built up gradually. He mentioned that UPR developed relationship with EPE partly was due to a problem which EPE handled well. In this process, communication played an important part. It seems that if service failure handled well can enhance relationship. Jason also mentioned not only how EPE handled problems but also how these affect UPR's customers' satisfaction influence the EPE-UPR relationship.

It's interesting that so far all interviewees consider quality of painting as part of the service. The definition of service in data analysis needs to be carefully considered.
Week 5 - 31/10/07

I had two interviews today: one with BT, and the other with Andy in EPE. They all mentioned the importance of quality of painting (actually all the interviewees mentioned it). Maybe it is because of the nature of metal finishing. They all mentioned about the lead time. Their explanation is that it will influence customers' production plan and arrangements, and normally the lead time is required by customers' customer. I think 'lead time', 'quality of painting', 'communication' are all part (i.e. elements) of service. It depends on how these are interpreted. Thus, service is important in b-to-b because it will influence customers' customer which is a chain effect. Also the lead time influences customers' business production and performance and perceptions of EPE's service.

Nick in BT think that relationship is about communication and trust. It is interesting that he mentioned that he had a painting supplier who had done a good job. It was good in painting and meeting the deadline etc, but there was not much communication and there was no close relationship between the two. I may need to go back and ask why he decided to drop that supplier who did a good job. I think that Nick mentioned about he knows people in EPE and know what they will do is interesting. There is a 'matching' issue here (may be not exactly matching, but know what can be expected from the supplier and what will be going to happen/going on).

Andy didn't talk much about relationship. I may need to ask him more questions again. I find it not easy to further probe interviewee when he said that he does not understand. However, he mentioned about the RAC system which assesses problems and recovery it. Andy said there was a bit consulting service involved in this process and it influences customer satisfaction. It may be quite helpful if I can get some documents about the RAC.

Week 6 - 21/11/07

I visited two companies this afternoon. The first interview was with Norman from HFE. He is the company secretary, but actually dealing with all the purchasing, ordering etc. It's interesting to hear Norman say that 'EPE does things correctly' and doesn't cause him headache. When I look back, it seems that there is an expectation issue behind it. It's a shame that I didn't ask more about what he meant of 'doing things correctly' further. The theme from this interview is quite similar to previous ones: Norman mentioned service from EPE will influence the smoothness of their factory production, influence their customers' satisfaction and in the end influence their business performance and profit.
Everything is in a circle. Norman also mentioned the importance of handling the problems correctly. Norman define relationship as trust which he meant as doing correct things.

I had an interview with Brian and Gram together (which I didn't expect). Brian is the purchasing director, and Gram has been in the company for six months dealing with EPE. Their company uses EPE for anti-bacteria painting, which not many painters do. This is one of the reasons for them not changing suppliers. They are happy with EPE as well and said that there is point of looking for other suppliers. They tried to reduce the supply number as to reduce the paper work etc. Interestingly, they mentioned that if EPE doesn't handle problems properly, then they will look for other suppliers actively. Here service failure and recovery does influence buyer-seller relationship. They also mentioned the importance of minimising production disruption, because they as a purchasing department needs to serve their internal customers (i.e. other departments). Brian interestingly defined relationship depends on understanding and personality (whether get on with each other). Their relationship has been developed as confidence built up in what EPE's do. I think each transaction and problems handling (episodes) does affect the seller-buyer relationship. They also mentioned that they have a relationship with all suppliers, but there are good ones and bad ones. Gram interestingly mentioned about expectations, and there are similar expectations for all the suppliers. It's quite interesting if I relate back to Norman's 'doing things correctly', there seems to be an expectation issue behind it!

I don't know whether the interview with two people can be defined as a focus group.

**Week 7 - 05/12/07**

This is the final week of data collection from EPE. It was a very productive day and my recording nearly ran out.

I interviewed Neil from GCR. Apart from supply chain effect, Neil mentioned about the EPE know what they do and do things correctly (professionally). He interestingly mentioned about control of suppliers (e.g. if there is only one supplier who can offer it, there is no control). With EPE, Neil said that he has control of the process etc.

It's interesting that many people struggle to answer the question about what relationship is. I think 'relationship' is a rather blurred concept...In my PhD, I need to think carefully about how to word it. Neil further asked me whether I meant 'business relationship'. He said that if the company doesn't do things correctly, then they will find another supplier and no
more business for them, thus no relationship. Involving in business interactions may be the basis for a relationship. Neil also mentioned about fairness to all customers. Neil mentioned that his brother Mark actually is dealing with EPE and other customers daily. It seems that sometimes you would find out who is the right person to talk to during or after the interviews.

I interviewed Andy in EPE who is in charge of goods coming in and going out. He also mentioned about fairness to all customers, supply chain effect and do what customers want. He said that he would know he has a relationship with customers because customers are coming back. I cannot recall about what Andy said as I followed up interview with Graham and didn't have time to fill in an interview summary form. I found the interview summary form is really helpful. It does help with putting the key fresh thoughts down for later reflection.

I also interviewed Graham the production manager. Beside the supply chain effect, to keep customers happy and they will come back. Graham mentioned about the importance of personal touch. He defined relationship as friends. It's friendly business relationship. He pointed out that it is important to keep promise and to show it is a caring company and be fair to all the customers. He thinks that there is relationship with all customers, and handling problems is very important, if not handled proper, customers will go somewhere else, thus no relationship. Further, down in the end, it comes back to business performance as it needs business to keep the company going. Graham also interestingly mentioned that it's EPE's philosophy that problems should be handled properly. There seems to be the company philosophy/culture behind it.

The interview with Peter is very inspiring. As the managing director, he has the overall strategic view for PKY and EPE. In the interview, he has two hats on: PKY customer of EPE and managing director of the whole group. Peter mentioned the supply chain effect which comes down to business performance/profits. He also mentioned about work flow and the problems caused to production disruption which makes companies cost more. He mentioned the importance of accuracy information. He further explained that it is about keeping promise and let the other party know what is happening. Peter views relationship in business no difference form any other relationship. There is chemical, trust, commitment and so on. It is interesting that he mentioned the importance of the supplier's business performance and it is important for the supplier companies to grow and develop. It seems that there is the strategic issue behind for the supplier companies to do well. About the
change of relationship with EPE, it was obvious as PKY dominated 50% of EPE business originally and now down to 15%. The relationship has changed to be more equal liaise. Here it seems that the companies' business plan or development influence/affect the change of relationship (power issue behind it?). More interestingly, Peter also mentioned about the company philosophy and the values. Some companies are not interested in having a relationship at all and cannot work together (is this a matching issue?).

I asked Peter about interviewing PKY’s customers. He will ask Henry to act as John to arrange the customers maybe after new year. There may be less customers as PKY has a smaller customer base than EPE. It would be interesting!

I have got a sample of customer satisfaction survey form and RAC (Rectifying Action Committee) form. These help me to understand more about how EPE works.

**Case Study Two Fieldwork Diary**

**Week 1 – 05/06/09**

Today is the first trip to visit GMH customers. It seems that GMH customers cover different areas: industrial companies (end-users) and distributors. Their industrial customers also cover various sectors, from engineering to recycling companies.

Today’s visit included 4 customers, one of which is a distributor. It seems that GMH industrial customers’ opinions are quite like EPE customers. They all mentioned quality, delivery, keeping promises, influencing production lines etc. It seems that what distributors believe as important service elements are a bit different from industrial users. However, they all mentioned about the importance of relationship with individual employees, the courteous and friendliness.

The distributor also mentioned about the perceived fairness of GMH handling problems. This is quite interesting.

**Week 2 – 15/06/09**

Four customers in Manchester area were visited today, covering a wide range of industrial sectors. GMH used to be the main supplier of one of the metal finishing customer. However, these days GMH doesn’t supply a lot to them because of price and change of customer company needs etc.
One of the customers mentioned that delivery has been important because of the regulation, not allowing them to stock too much paints because of the fire regulations. The customer mentioned that when they first set up the paintshop, they don’t know what to do. GMH sent over staff to train them for free. That’s why GMH got all their work. Customers mentioned about problems that happen not caused by GMH or customers, but actually by the environment, such as weather, raining etc. Some paints perform differently when under the rain. It has been pointed out that GMH handled problems excellently. Customers are happy.

Paul also talked about the dealing with a customer who mis-communicated, telling ‘gray paint’ as ‘white paint’. From the interviews, recession doesn’t seem to impact on relationships, except of customers giving GMH less jobs.

**Week 3 – 18/06/09**

Today Norman took me to visit three customers in Yorkshire, Dorset and Middleton. The interviews are very interesting as Norman participated in the interview with customers. It seems to be paired-interviews.

The MD in YCL mentioned that he has been dealing with GMH for over 30 yrs, although this company has only been set up and dealing with GMH for 1 year. However, because of his previous experience of dealing with GMH, that he would use GMH. It’s interesting to get complemented information from Norman. For example, Norman mentioned that GMH helped YCL to set up the paint workshop and help them with training staff. This helps YCL from going to other companies.

They all mentioned the importance of contacting Normal for advice and technical support. The technical support and going an extra mile or ‘help’ becomes very important in relationships. As Norman mentioned that every supplier can supplier similar quality of paint and price, but it is the follow-up support, advice, consistency and going for an extra mile that makes things different. Norman emphasised that it is important that customers ‘want’ to deal with GMH rather than ‘have’ to deal with GMH. There is friendliness and likeability involved.

It has been mentioned that confidence was built up through the reliance and consistency.
There are problems, but sorted out without blaming customers. Rather problems are handled with free compensation - although GMH were not sure whether it was their fault or not. Further, GMH helped customers to sort out problems on the customer side.

According to Norman, recession impacts on relationships because some customers go bust. They don’t exist anymore, so GMH don’t have a relationship with them anymore.

**Week 4 – 22/06/09**

Today Martyn took Steve (technical support in the lab) to visit a customer in North Birmingham to help them to set up a tinting system. The customer is called APS Supplier. It is a distributor.

According to Steve, setting up a system (esp. user-friendly) is very important for customers to formulate colours themselves in a quick and cost-effective way. GMH also offer them online remote support for the system, such as updating things. APS used an Italian system before, with backup support in Italian which wasn’t helpful. APS said that because GMH offer consistent service, they decided to use the GMH system.

APS deals with GMH only once a month and gives GMH 5% of their businesses. They said that they will definitely use GMH more because the system. It’s interesting that APS said that consistency includes aspects in people (don’t like talking to different people/change of staff, because they need to get to know each other again), quality, delivery etc. APS interestingly mentioned that GMH staff enjoy their job and are happily working which made a difference (it seems that GMH does good internal marketing).

They also mentioned the importance of backup support from GMH. Because of the company history, APS tried hard to convince suppliers that they are a customer worth paying attention too. (there is power issue involved). There was an issue of not a problem of paint, but APS’s customer believed it was a problem of paint. It’s interesting that APS perceived that there is nothing that GMH did wrong, but it is the customers’ side that something went wrong. Their argument was that no other customers complained about any similar problems.

It seems that distributors are very different from end-users.
I saw how spilt paint was dealt with. A lot of effort is needed to clean up spilt paint. I also managed to see the tinting system.

**Week 5 – 26/06/09**

Today Martyn took me to visit three other distributors. It is interesting to know that the paint industry is a small world. Staff working in the distributors actually knew GMH from their previous working companies. Because they knew GMH and knew what GMH could do for them, they introduce GMH to the current company in a larger scale (because this company didn’t understand GMH, they only dealt with GMH in a small scale). GMH understand the business on the distribution side more as well. It is also interesting that the customer also knew the sales rep from previous dealing experience before the sales rep joined GMH.

It seems that distributors consider themselves more as an extension of GMH, or they demonstrate GMH’s products to their customers. Distributors see their connection with suppliers as working together, help each other to meet customer needs and keep customers satisfied. Distributors complained that the recession made some suppliers cut down staff and suppliers became more depend on them.

The technical support for distributors is very important as distributors normally lack of enough knowledge to help their customers out. GMH are able to send sales rep out to visit distributors’ clients on their behalf and sort out problems for them. This not only makes distributors’ clients to get on with their jobs, but also took pressure off the distributors (as they have so many things to do in a day). This makes everyone happy.

Distributors’ clients require more about better price. GMH are able to offer good price in the recession. This helps the distributor and GMH.
Appendix L: Interview Letter

Case Study One

Postgraduate Research Room C1
Manchester Business School
Booth Street West
M15 6PB

7th September 2007

To Whom It May Concern,

Thank you for kindly agreeing to participate in the project conducted by Miss Xia Zhu to support her doctoral thesis. EPE Ltd is supporting my research. The project focuses on how service experience influences customer-supplier relationships. My supervisor is Dr. Judy Zolkiewski. If you want to contact her, she may be contacted via email: judy.zolkiewski@mbs.ac.uk, 0161 306 3470 (direct line).

All the interview data will be kept anonymous and confidential. The interviews will be recorded if you agree. You may withdraw from the interview at any point. Normally, the interview will last from thirty minutes and an hour.

A summary of the research can be provided to you. If you want a copy, please let me have your contact details so that I can do this. It is anticipated that the research will be completed in 2009.

Thank you for your kind support.

Yours sincerely,

Xia Zhu
To Whom It May Concern,

Thank you for kindly agreeing to participate in the project conducted by Miss Xia Zhu to support her doctoral thesis. GMH Paints Ltd is supporting my research. The project focuses on how service experience influences customer-supplier relationships. My supervisor is Dr. Judy Zolkiewski. If you want to contact her, she may be contacted via email: judy.zolkiewski@mbs.ac.uk, 0161 306 3470 (direct line).

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A summary of the research can be provided to you. If you want a copy, please let me have your contact details so that I can do this. It is anticipated that the research will be completed in 2010.

Thank you for your kind support.

Yours sincerely,

Xia Zhu
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