

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

*Kingshott, R. and Sharma, P. and Chung, H.*

### **ABSTRACT**

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

**Key Words:** Business-to-business marketing; relationship marketing; online technologies; branding; banks; SME customers.

## 1. Introduction

In the last few decades, scholarly research in the relationship marketing (RM) discipline has focused on the importance placed by service firms on building and maintaining long-term relationships with their customers, in both business-to-business (B2B) and business-to-consumers (B2C) markets. Within the B2B domain, researchers have adopted the social exchange (SE) perspective (e.g. Kingshott, 2006; Morgan & Hunt, 1994; Tsarenko & Simpson, 2017) to help study firm-customer relationships - founded on the ‘trust-based commitment’ principle. Due to its intuitive appeal and empirical support over the years, this ‘trust-based commitment’ paradigm has become one of the dominant approaches in modelling the firm-customer relationship, and in particular within the banking context, (e.g. Milne & Boza, 1999; van Esterik-Plasmeijer & Fred van Raaij, 2017; Yousafzai, Pallister & Foxall, 2005).

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

This is important to understand in those B2B service contexts, where face-to-face and social interactions are still regarded a critical aspect of the relationship, because changing marketplace dynamics that involve technology and service separation (e.g., Keh and Pang, 2010) may ironically impede the capacity of firms to leverage trust and commitment. For

example, ASB bank in New Zealand recognise the importance of new technologies but also the need to maintain face-to-face interactions with their banking customers. By developing a new video service, those customers that want face-to-face interactions can do so but now with the aid of technology at a time and place convenient to them (ASB, 2018). As a result, we need to re-examine the sustainability of ‘trust-based commitment’ paradigm in light of the emergence of online and mobile technologies because (1) this has changed the way most service businesses interact with their customers (Laukkanen, 2016), and, (2) global deregulation across businesses (e.g. Kandilov, Leblebicioğlu & Petkova, 2016) has made marketplaces more competitive and accessible - thus increasing vulnerability to foreign firms.

In fact, since self-service technologies are now an integral part of most service delivery processes, foreign firms now have another means to penetrate markets that were traditionally based on SE based customer relationships (Lin & Hsieh, 2012; Ramaseshan, Kingshott & Stein, 2015). This places additional pressures in already competitive local markets thus adding further impetus upon being able to leverage traditional trust based relationships. For example, in the banking sector, foreign banks that are able to leverage their brands and superior infrastructure to crowd out their local competitors potentially impact the market structure to a point where banking may shift from a relational to transactional mode (Hasan et al., 2017).

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

technical and relational underpinnings that constitute the complex and dynamic service relationship.

We test this model in the New Zealand (NZ) banking context because New Zealanders have long been regarded as innovators and earlier adopters of new technologies (Cameron & Massey, 1996), are avid adopters of internet banking (Fisher, 2001), and particularly loyal to locally branded NZ banks (Stock, 2017). Since the banking sector in general has been at the forefront of deploying self-service technologies in the service encounter (Curran & Meuter, 2005) this particular setting enabled us to juxtaposition both the RM approach to customer relationships and its impact upon the service brand with the emergent technological interface that service providers are offering customers.

This is important to understand since self-service technologies (SSTs) such as online and mobile banking have the potential to provide a range of benefits to the customer (Keh & Pang, 2010) and value (Balajit & Roy, 2017) that may not be attainable through traditional face-to-face interactions offered in bank branches (i.e. 24X7 access, instant payments and so on). Whilst they enable the customer to interact with the service firm in the absence of the employee (Meuter et al., 2000) this also means that those local and nationally branded NZ banks that have traditionally focused upon building face to face driven customer relationships may become particularly vulnerable to foreign competitors with strong brands and similar, if not superior, technological platforms. Clearly the use of technology has an ever increasing role to play in the firm-customer interface however, these NZ based banks may still find it more beneficial to maintain a RM approach because committed and loyal bank customers do provide longer-term value to the bank (van Esterik-Plasmeijer & van Raaij, 2017). Based on this, there is a clear need to explore and understand the combined effects of a firm's relational and technological based relational efforts to build customer loyalty.

One way to conceptualize these two approaches is to look at the relationship through the lens of the resources based view (RBV) (Wernerfelt, 1984), which depicts firms to comprise bundles of resources that can be relied upon to build competitive advantage due to emerging capabilities (Dutta, Narasimhan & Rajiv, 1999). Under this approach, social exchange (SE) based face-to-face relationships and their self-service technologies (SSTs'), that are not face-to-face, are important resources that may work jointly to provide customers a range of benefits and value. In order to combine the benefits of their traditional SE relationships with those that SSTs can offer their customers, many businesses have opted for a multi-channel approach (e.g. Hernando & Nieto, 2007; Seck & Philippe, 2013).

We argue that one corollary to adopting such an approach results in further exposing those well-established local businesses able to build trusting relationships with their customers to foreign competitors. This may be due to their ability to overcome their lack of strong customer relationships with equivalent or even superior technological infrastructure and strong brand equity. In fact, the basic SSTs are largely tangible in nature and being widely used by businesses have become fairly standardized and relatively easier to replicate (e.g. ATMs, online banking, mobile payments, etc.) than the banks' intangible 'people based' service elements so these technologies alone may not provide any significant strategic competitive advantage. Hence, foreign businesses would need to use their stronger marketing power, and combine this with their skill and expertise with respect to technologies to counter the trust-based relationships that local and nationally branded banks have managed to develop over the years. Thus the question needs to be addressed whether SSTs that do not require the presence of the service employee in the service encounter (Meuter et al., 2000) is a sufficient mechanism to build trust and commitment towards the service provider that has traditionally used this as the main basis for building, maintaining and enhancing the customer relationship.

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

We address this important research gap by combining the social exchange (SE) based view (Thibault & Kelley, 1957) of relationship marketing with the resource-based view (RBV) (Wernerfelt, 1984) that treats relationships, technologies and branding as important resources of a firm. We also use socio-technical systems (STS) theory (Pasmore, 1988; Pasmore & Sherwood, 1978) to build our conceptual model, because it can help explain how a firms' technical (e.g. online and mobile platforms), social (e.g. relationship marketing) and marketing (e.g. branding and country-of-origin) sub-systems are interlinked.

Specifically, we use the B2B banking context with small and medium-sized enterprise (SME) customers in New Zealand, to explore the differences in the relationship building capabilities of local, national and foreign branded banks, and the extent to which they are able to integrate their relational and technological resources in building customer loyalty towards using their e-banking services. This is important to understand because both local and foreign firms operating in a multi-channel marketplace need to 'allocate' their scarce resources in order to tackle ever-increasing competition. More specifically, if service firms are able to leverage and maintain their SE based relationships with the customer at the same time as shift their behaviour towards using mobile and online technologies they would be able to optimise the

outcomes for both their organizations and customers. Simply put, does this then mean that service firms can still rely on strong trust based relationships with the customers that results in e-loyalty as this will potentially help reduce costs at the same time as increase the customer experience? Our research tests this question. Next, we describe the conceptual foundations of this research followed by the method, findings and research implications.

## **2. Conceptual Framework**

Relationship marketing (RM) scholars have traditionally used the social exchange (SE) theory (Thibault & Kelley, 1957) to study the firm-customer relationships, based on a ‘trust-based commitment’ paradigm (Kingshott, 2006; Morgan & Hunt, 1994; Tsarenko & Simpson, 2017). Numerous studies have shown the central role of trust within firm-customer relationships (Moorman, Deshpande & Zaltman, 1992; Sekhon et al., 2013; van Esterik-Plasmeijer & van Raaij, 2017), which highlights the importance of trust as an essential marketing resource that should be leveraged into a strong source of competitive advantage. In those services that are particularly dependent upon trust (such as banking), this relational property is particularly important for creating long-term customer loyalty and thus it needs to be nurtured and protected at all costs (e.g. Milne & Boza, 1999; van Esterik-Plasmeijer & Fred van Raaij, 2017; Yap et al., 2010).

Since many service firms operate in global markets and therefore compete against firms with strong international brands then the impact of the firms’ brand upon their capacity to build and nurture the customer relationship must be clearly understood. This is a particularly important consideration for service firms that operate in open economies like New Zealand due to their ‘exposure’ to foreign competition. The literature distinguishes between non-local and local brands (Zho, Yang & Hui, 2010) and these are known to potentially have a range of

repercussions on the customer-service firm relationship. For example, since non-local brands that are perceived as being global in nature potentially offer perceived high quality and prestige (Batra et. al, 2000; Steenkamp, Batra & Alden, 2003) they can leverage this to their distinct advantage. Local brands on the other hand are often perceive as ‘local icons’ that are symbolic of local culture, tradition and heritage (Ger, 2009; Özsomer, 2012) therefore likely to have a closer affiliation to the community. We therefore anticipate that the extent of being either seen as a local or non-local brand will potentially have a bearing upon the capacity of the service firm to build relationships with their customers.

In addition, there is a growing realization that a firm’s RM efforts must be integrated with other resources at their disposal (e.g. financial, technological etc.) to help optimise both their competitiveness and overall performance (Chuang & Lin, 2017; Srivastava, Fahey & Christensen, 2001). This is an important consideration for service firms wanting to take full advantage of the prevailing technologies as these can help to reduce costs at the same time improve the benefits to customers (Kimes & Collier, 2015) whilst doing this by leveraging their SE founded relationship with the customer. Such a compendium of resources has been explained from the perspective of the resource based view (RBV) of the firm (Wernerfelt, 1984) and its acquisition effectively reflects how each firm differs in their capabilities (Dutta, Narasimhan & Rajiv, 1999). Past research mostly considered the relational and intellectual elements of a firm’s intangible resources (Srivastava, Fahey & Christensen, 2001), but the introduction of mobile and online technologies into the service delivery process means firms must now consider the combined impact of their technological and relational resources on their customers (Ramaseshan, Kingshott & Stein, 2015). This research adopts the view that since self-service technologies are now part of the service landscape (Lin & Hsieh, 2012) these technologies need to be included in any depiction of firm resources.



We contend however that as these SSTs get integrated into the service offering of most service contexts, they are becoming relatively easier to replicate than conventional intangible employee facilitated services over time as these technologies become standardized (Curran & Meuter, 2005). Hence, when coupled with the value that they offer to the customer, their use could potentially erode the competitive advantages that service firms can harvest through their relational building competencies; which they may have developed and nurtured over the years. Our assertion is based on the premise that many of these SSTs can also offer customer relational advantages (e.g. 24X7 access and support, instant communication and gratification) that may not be attainable through face-to-face interactions (Balajit & Roy, 2017; Keh & Pang, 2010; Patel, 2014). The inference we draw from this is that customer satisfaction with using these platforms to interact with the service firm could help firms that do not possess an abundance of RM resources gain traction in the marketplace and possibly even help them build relationships.

In this context, a few studies (e.g. Malaquias & Hwang, 2016; Yap et al., 2010) show how some aspects of RM (e.g. trust, empathy, satisfaction, etc.) can be leveraged into the adoption of electronic and mobile banking but they do not provide a clearer picture of how the different types of relational and technological resources may be combined in order to influence these and other important customer outcomes. As such we propose that to ascertain the interplay between the service firm's technical and relational resources in the most parsimonious manner possible, at the same time as being theoretically justified, key aspects of these two facets of the customer relationship need examination.

In this paper, we accordingly draw upon the socio-technical systems (STS) theory (Pasmore, 1988; Pasmore & Sherwood, 1978), social exchange theory (Thibault & Kelley, 1957) and the resource based view (RBV) of the firm (Wernerfelt, 1984) to demonstrate the combined impact of the RM practices of firms and their SST resources on the customer loyalty

towards using SST platforms. Our synthesis of existing studies reveal that these elements can be best reflected in the following constructs, offline service quality, e-quality, e-satisfaction, trust, commitment and e-loyalty. Next, we develop our conceptual framework that encapsulates these with specific hypotheses elaborating on the link between these constructs in the context of the B2B banking services.

### *2.1. Offline service quality, E-Quality and E-Satisfaction*

Satisfaction is one of the most widely researched constructs in the marketing discipline due to its positive impact upon customer loyalty (e.g. Anderson & Srinivasan, 2003; Homburg & Giering, 2001; Oliver, 1999), which in turn may help firms gain a competitive edge (Day & Wensley, 1988). Customer satisfaction emanates from an evaluative process that judges pre-usage expectations with perceptions of how the firm has performed during and/or after the consumption experience (e.g. McQuitty et al., 2000; Parasuraman, Zeithaml & Berry, 1985). However, as the interface between customers and the service firm moves to an online or mobile platform, the customers' evaluations and judgments in the context of their online customer experiences (i.e. e-satisfaction) could assume an important role in driving customer trust, commitment and loyalty. We therefore postulate that e-satisfaction and e-quality are desirable relational outcomes in the context of online and mobile service delivery. In this context, we concur with Anderson & Srinivasan (2003) who defines e-satisfaction as “the contentment of the customer with respect to his or her prior purchasing experience with a given electronic commerce firm” (p.125).

In B2B banking context, SME customers generally rely on face-to-face banking, which helps them build trust-based commitment towards the bank using a social exchange based mechanism. However, with the advent of self-service technologies, they are now being pushed

to increasingly use online and mobile facilities to conduct their day-to-day business activities (e.g., transfer funds, pay bills, invest retained earnings, apply for business loans, etc.), which may be more efficient from an operational point of view but do not provide the opportunity for face-to-face interpersonal interactions and hence not very effective from a relational perspective. As a result, even though using these multiple modes of interaction provide the service firm a multi-channel presence in the market in the banking context it is critical decision-makers regard these as two interlinked dimensions of interaction with the customer rather than being independent from one another (Yap et al., 2010).

On that basis, we view e-satisfaction with the bank to envelop customer contentment with the online experiences but recognise this as one of the tools in the armoury that banks can use to nurture both the overall relationship and though that stimulate loyalty towards that channel. In this context, STS theory implies that the capacity of service firms to synchronize RM using their online and mobile facilities in the process of delivering customer value is a critical aspect in creating and maintaining meaningful firm-customer relationships. Specifically, service firms would be able to optimise their chosen outcomes only when their social (i.e. RM efforts) and technical (i.e. online and mobile platforms) sub-systems in relation to their operational environments (i.e. customers and employees) are seamlessly integrated with each other (Das & Jayaram, 2007; Pasmore, 1988).

To achieve such seamless integration, service firms must ensure that they have the “right blend of structure, employees, and technologies linked to their external environment in order to maximize firm outcomes” (Ramaseshan, Kingshott & Stein, 2015, p.754). To quantify how well the banks’ technical sub-system is performing, the level of satisfaction that customers have towards this medium in their experiences with the bank has to be assessed. In general, positive experiences are a function of the perceived quality of the service offering (e.g. Oh & Kim, 2017; Parasuraman, Berry & Zeithaml, 1991), defined as "a global judgment, or attitude,

relating to the superiority of the service" (Parasuraman, Zeithaml & Berry, 1988, p.16). More recently, Parasuraman, Zeithaml & Malhotra (2005, p.217) build upon SERVQUAL to help define a service firm's level of e-quality (EQL) as "the extent to which a Web site facilitates efficient and effective shopping, purchasing, and delivery".

In this study, we use the idea of 'offline service quality' to represent the basic elements of service quality expected by customers in an offline service environment, such as reliability, responsiveness, assurance, empathy and tangibles (Parasuraman et al., 1988). We depict offline service quality (OSQ) simply to relate to the quality of services delivered in environments that are not online. In a multi-channel marketplace the ability of service firms to provide high quality of their OSQ through their conventional channels alone is not enough as customers also make judgements about the quality of the online offering (Dimitriadis & Koritos, 2014). Recent research also shows a positive association between the quality of online services (EQL) offered by banks and customer satisfaction with these services (Liébana-Cabanillas, Munoz-Leiva & Rejón-Guardia, 2013). Others argue customers may rely on both online and traditional service quality to form their overall satisfaction because successful online experience may depend on fulfilment by the traditional channels, such as in online shopping (Szymanski & Hise, 2000). Indeed whilst literature indicates the importance of having online and offline forms of service delivery and quality (Shankar, Smith & Rangaswamy, 2003) it also indicates customers perceive quality of the service delivery to be linked to their experiences across both these forms of channel (e.g. Cassab & MacLachlan, 2008; Piercy & Archer-Brown, 2014; Wang et al., 2016). Based on this discussion, we hypothesize that both offline service quality and e-quality would affect the customer judgements about their online service offerings, as follows:

**H1.** Offline service quality has a positive effect on E-satisfaction.

**H2.** E-quality has a positive effect on E-satisfaction.

## *2.2. E-Satisfaction, Trust and Commitment*

Trust plays a central role in B2B markets (e.g. Gundlach & Cannon, 2010; Kingshott, 2006; Moorman, Deshpandé & Zalman, 1992; Morgan & Hunt, 1994; Paparoidamis, Katsikeas & Chumpitaz, 2017) and has been conceptualised in the marketing literature in a number of ways, such as comprising expectations, a belief, and even an attitude (e.g. McEvily, Zaheer & Kamal, 2017; Milne & Boza, 1999); however, these views seem to converge on psychological and sociological components that reflect the confidence and willingness to rely on an exchange partner (Milne & Boza, 1999). In this paper we adopt Järvinen's (2014) view of trust in banking relationships as being, "based on consumer experience and is dependent on the ability of banks to behave in a reliable way, observe rules and regulations, work well and serve the general interest" (p.554), as it provides a more precise reflection of overall trust and delivery of service offerings as expected by the customers.

Building trusts allows the service organization (e.g. banks) to gain a competitive edge if they are able to leverage this critical RM resource into encouraging customers into using SSTs and/or other forms of technology due to the benefits these bestow upon the firm and the customer. The service firms' marketing resources (i.e. relationships and e-banking facilities) are characterised through RBV and their ability to deploy them to build competitive advantage reflects the capabilities of the concerned firms (Dutta, Narasimhan & Rajiv, 1999).

STS theory extends this line of reasoning to suggest that the association between trust and other resources at the firms' disposal play a critical role in the service industry because firms "will function optimally only if the social and technical systems of the organization are designed to fit the demands of each other and the environment" (Pasmore, 1988, p. 1182). This is necessary in the banking industry because in today's multi-channel settings the service firm must understand the customer experience across various channels (Sousa & Voss, 2006). Moreover this aspect of modelling the customer relationship poses challenges for creating

seamless experiences between the branch and its online delivery systems (Bapat, 2017). Given the goal of STS theory is to explain how firms can integrate technology and people to create value through joint optimization (Pasmore et al., 1982), customer satisfaction with e-banking experience may help further strengthen their relationship with the bank.

We base our assertion on earlier research highlighting the role of satisfaction within relationships in the formation of trust and commitment (Moliner et al., 2007). Moreover, in a recent meta-analysis investigating among others, the consequences of customer satisfaction within the banking sector, Ladeira et al., (2016, p.812) find a positive relationship between satisfaction and trust, indicating a clear nexus between the two constructs. This relationship is also found to hold within the context of e-banking. Typically, Sanchez-Franco (2009) found satisfaction with e-banking to positively influence trust. Accordingly, we hypothesize:

**H3.** E-satisfaction has a positive effect on trust.

In B2B contexts, commitment is defined as “as an enduring desire to maintain a valued relationship” (Moorman, Zaltman & Deshpande, 1992, p. 316) and it is a key driver of customer loyalty and retention which in turn lead to long-term profitability (Anderson & Narus, 1990). This clearly makes SE based relationships highly prized. From the business customers’ perspective the aim of entering into these relationships is to ultimately gain stable funding, customised services and financial advice from the financial institution (Keltner & Finegold, 1996). Clearly customers need to be satisfied with these outcomes and other service offerings or they may switch to alternative providers. Previous studies also indicate that customer satisfaction directly affects commitment towards the service provider (e.g. Hennig-Thurau, Gwinner & Gremler, 2002). In line with this, and the vast body of empirical literature showing the positive impact of customer satisfaction on their trust and commitment to the service provider as well as the well-established link between trust and commitment (e.g.,

Morgan & Hunt, 1994) and more recently specific to the banking context (Sanchez-Franco, 2009; Sharma & Patterson, 2000), we put forth the following hypotheses:

**H4.** E-satisfaction has a positive effect on commitment.

**H5.** Trust has a positive effect on commitment.

### *2.3. E-Loyalty*

Loyalty has been studied in a wide range of consumer marketing and service research contexts, hence there is little surprise to see its many conceptual definitions in the literature (e.g. Dick & Basu, 1994; Zeithaml et al., 1996, and others). In the context of online and mobile service offerings however e-loyalty is regarded as a positive attitude and intentions towards these services that result in repurchase behaviour (Romadhoni et al., 2015; Srinivasan et al., 2002). Accordingly, it has been defined as “the customer's favourable attitude toward an electronic business resulting in repeat buying behavior” (Anderson & Srinivasan, 2003, p. 125) thus tapping attitudinal and behavioural elements, which are inherent within the overall loyalty construct (Oliver, 1999).

Generally, loyalty is found to be a function of how satisfied the customer is with the product or service offering (e.g. Homburg & Giering, 2001; Oliver, 1999). The positive relationship between these two constructs is also found to hold within online and mobile service contexts in a wide variety of settings that includes banking (e.g. Anderson & Srinivasan, 2003). On the basis of previous empirical studies we also envisage the positive relationship between these two constructs to be confirmed in the context of SME customer-bank relationships, therefore make the following hypothesis:

**H6.** E-satisfaction has a positive effect on E-loyalty.

### *2.4. Trust, Commitment and E-Loyalty*

Trust is a necessary ingredient in the formulation of long-term SE based relationships (Doney & Cannon, 1997; Dwyer, Schurr & Oh, 1987; Morgan & Hunt, 1994) and along with commitment, it is regarded as central to the development of customer relationships across a wide variety of B2B and B2C settings (e.g. Chenet, Dagger & O’Sullivan, 2010; Kingshott, 2006; Morgan & Hunt, 1994). Trust in relationships is based on social exchanges involving interpersonal interactions (McEvily, Zaheer & Kamal, 2017; Paulin, Ferguson & Payaud, 2000). Elevated interactions between parties propagates commitment towards the relationship and the presence of these two constructs are the foundation of customer relationships (Dwyer, Schurr & Oh, 1987). Thus, trust can be a strong source of competitive advantage as it signals to the customers that the organization has high “reliability and integrity” (Morgan & Hunt, 1994, p.23) and through that reflects a “willingness to rely on an exchange partner in whom one has confidence” (Moorman, Deshpandé & Zalman, 1992, p.82).

Trust is not easy to acquire as it does not simply materialize but develops slowly over time as parties interact within one another; and, is usually ‘earned’ through social processes as relationships progress through various phases (e.g. Doney & Cannon, 1997; Dwyer, Schurr & Oh, 1987; Swan & Nolan, 1985). Earlier literature shows that brand trust has an impact on loyalty (Chaudhuri & Holbrook, 2001) therefore we anticipate it to have a bearing in the context of local, national and foreign branded banks operating in New Zealand. Typically local brands are able to develop close trusting relationships with customers that lead to elevated levels of trust (Schuiling & Kapferer, 2004). Moreover, given foreign firms are likely to be relatively low on local resources and customer relationships (Petrou, 2009), we therefore anticipate that local and nationally branded firms potentially have a distinct advantage in the use of trust within firm-customer relationships. In fact, past research shows that firms that can best use the service settings to facilitate face-to-face interactions with their customers, are able to optimise their capacity to leverage trust (Paulin, Ferguson & Payaud, 2000), as trust has to



emanate from individuals before it can be ‘redirected’ towards the organization (McEvily, Zaheer & Kamal, 2017, p.76).

Whilst we do acknowledge that experienced service employees may change employees from local/national to work for foreign banks – which may potentially level the playing field we still anticipate some variance in the level of trust and commitment in terms of the manner these are potentially nurtured by local and foreign firms. In fact, service employees must not only understand the brand values but they need to firmly believe in the brands’ values which is one of the key challenges facing service firms that internationalise (Vallaster & De Chernatony, 2005). This suggests that whilst foreign banks may relatively easily engage local service employees they still have the dual challenge of convincing both these employees and the customer about their brand.

This means foreign branded firms may not have the same ‘access’ to extensive local relational resources, which would not only hamper their close interactions with local customers, businesses and institutions, but also restrict their capacity to build trust-based commitment and loyalty, as compared to local and national firms (Petrou, 2009, p.620). Indeed, past research also shows that developing trusting relationships could be far more challenging with foreign partners than with those operating in a domestic market (Paparoidamis, Katsikeas & Chumpitaz, 2017). This might be due to the view that local brands are able to leverage their ‘local iconic’ status (Ger, 2009; Özsomer, 2012) and through that further build trust with the customer. This has support in the New Zealand banking context where recent consumer surveys show the extent of loyalty consumers have towards the bank. In particular, local banks such as Kiwi Bank, Cooperative Bank and TSB are doing a better job to ensure happy customers with much higher satisfaction and loyalty ratings than their foreign counterparts (Consumer NZ, 2017). In fact, this very same survey found that two-thirds of TSB and Kiwi bank customers regarded the number one benefit of banking with them was that they

were regarded as a New Zealand bank. Hence, we hypothesize local and national firms are likely to have a distinct competitive edge in their relational efforts directed at local customers as trust is an integral component of the firm-customer relationships (van Esterik-Plasmeijer & Fred van Raaij, 2017).

**H7.** Trust has a positive effect on E-loyalty and this effect is stronger for local and national vs. foreign branded banks.

**H8.** Commitment has a positive effect on E-loyalty and this effect is stronger for local and national vs. foreign branded banks.

Figure 1 summarizes our conceptual model with all the hypotheses.

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### **3. Methodology**

The purpose of this research is to explore the relative impact of relational versus technological resources on B2B customer loyalty and the differences in these relationships between local, national and foreign branded banks. To test our hypotheses, we used a national sample frame comprising SMEs in New Zealand (NZ) to focus on the relationships that SMEs in NZ have with their banks, and in particular the perception that key informants within each SME hold with respect to the variables of interest. Specifically, we assess the perceptions of these SME customers about the quality and satisfaction with their e-banking experience and its impact on their trust and commitment with their bank as well as their loyalty towards using e-banking. We also investigate the differences in the strength of these relationships between local, national and foreign branded banks. Excepting dedicated online banks (such as RaboDirect and BankDirect) all banks operating in the New Zealand marketplace do so by engaging the customer through branch as well as online and mobile technologies. Since responses from the survey did not reveal any SMEs to have relationships primarily with

dedicated online banks for their day to day activities we are confident that there are no response biases towards any particular mode of interaction with the bank.

We distinguished among local, national and foreign banks by asking the respondents to share the name of their primary bank for their regular business dealings. For the purposes of this research the main theoretical difference between bank types is that local and national branded banks originate (and seen by the respondents to originate) from New Zealand whereas the foreign branded bank is viewed as coming from overseas. However, the conceptual distinction between local and nationally branded banks relate primarily to the scope of their marketplace operations where the former focuses operations in one region of New Zealand and the latter across the whole country (i.e. Heartland verses Kiwi bank respectively). These conceptualizations are consistent with the work of Jain & Hayley (2009) who depict the modus operandi of the firm as being either a single market (i.e. locally branded banks) or multiple market (i.e. national and foreign branded banks) scope strategy that effectively reflects the geographic focus of a firm within a given marketplace.

From this we established the banks 'brand status' how they (1) positioned themselves in their advertising materials as local or national NZ branded brand (i.e. ASB, BNZ, Heartland Bank, Kiwi, TSB), and/or (2) those commonly known in the marketplace as being non-NZ branded bank (i.e. Citibank, Commonwealth Bank of Australia, Westpac, HSBC). Although some banks and many other businesses in NZ may be foreign owned (e.g. ASB bank owned by the Commonwealth Bank of Australia) it is the market perception of whether the bank is viewed as either a foreign, national or local brand that formed the underlying basis of the analysis. Indeed various consumer reports show New Zealand customers are pretty savvy in terms of identifying which of the banks operating in the marketplace are local, national and foreign based (e.g. Consumer NZ, 2017) suggesting respondents are fully aware about the origins of their bank.

A national sample of 1,500 SMEs in NZ was procured from a commercial provider that specializing in identifying specific individuals that worked within SMEs. From this a total of 336 usable responses formed the basis of the analysis, representing a response rate of just over 22 percent. Key informants in these businesses comprised proprietors and/or managers across a range of firms within the SME sector in NZ to ensure that the respondents understood the importance of the service offerings in the formation of value chain relationships. Data was collected through a self-administered online research instrument sent directly to their email addresses to ensure that the respondents were not only familiar with the use of internet and mobile technologies but to also establish the potential value that such forms of interaction can play within the context of their business operations and relationships with other firms. Table 1 shows a summary of the sample profile and participant characteristics.

< Insert Table 1 about here >

All measures were derived from existing scales in the literature and modified to conform to the business banking context of this research. Offline service quality (OSQ) was adapted from Chenet, Dagger & O’Sullivan (2010). E-quality was measured at the general level by adapting the scales of Ganguli & Roy (2011). Electronic banking is the provision of information or services by a bank to its customers over the Internet and/or mobile technologies. Accordingly, E-satisfaction (ESAT) was derived from Al-Hawari & Ward (2006) and adapted to measure aspects of efficiency (with transactions and costs) in relation to the e-banking channel of interaction. Trust (TRU) was measured with the scales used by Ndubisi (2007) whereas commitment was adapted from Morgan & Hunt (1994) to suit the banking context. E-loyalty was measured using Ribbink et al., (2004). This scale was adapted to tap aspects of continued use and positive word of mouth that is characteristic of the construct. Each construct was captured with a seven point Likert type scale using 1 = “strongly agree” and 7 = “strongly disagree” as anchors. Table 2 shows all the scale items and their psychometric properties.

< Insert Table 2 about here >

#### 4. Data analysis and results

We used the recommended two-step process by Anderson & Gerbing (1988) to analyse our data, wherein we first tested our measurement model to assess the psychometric properties of all the scales using confirmatory factor analysis with AMOS 24. We found a close fit for our measurement model with all the fit indices ( $\chi^2 = 459.43$ ,  $df = 254$ ,  $\chi^2/df = 1.81$ , CFI = .98, NFI = .95, GFI = .93, RMSEA = .043, SRMR = .048) better than their recommended cut-off values ( $1 < \chi^2/df < 3$ ) proposed by Wheaton et al. (1977) and (CFI > .95, NFI > .90, GFI > .90, RMSEA < .06, SRMR < .08) advised by Hu & Bentler (1999). All the factor loadings are higher than .70 with significant *t-values* (8.51 - 18.24) with no major cross-factor loadings.

All the parameter estimates ( $\lambda$ ) are also significantly different from zero at  $p < .05$  level, which shows a high degree of convergent validity and none of the confidence intervals of the correlation coefficients for each pair of scales ( $\Phi$  estimates) includes 1.0, which shows discriminant validity (Anderson & Gerbing, 1988). All the scales (and their sub-scales) are reliable with composite reliabilities (.87 to .95) much higher than .60, the recommended cut-off value (Bagozzi & Yi, 1988). Average variance extracted for each construct (.68 to .84) is greater than .50 and higher than the square of its correlation with each of the other constructs, providing further evidence of convergent validity (Fornell & Larcker, 1981). Table 3 shows the correlations matrix for all the constructs with composite reliabilities, average variance extracted and descriptives (mean and standard deviation). Table 4 shows the group-wise psychometric properties for all the scales for the local, national and foreign banks.

< Insert Table 3 & 4 about here >

Next, we assessed our structural model to test our first six hypotheses (H1-H6) and again found a close fit ( $\chi^2 = 516.53$ ,  $df = 257$ ,  $\chi^2/df = 2.01$ , CFI = .97, NFI = .95, GFI = .92, RMSEA = .048, SRMR = .056) with significant path coefficients for most of the hypothesized relationships as shown in Table 5 (column titled – ‘Overall’). Specifically, both online service quality (H1:  $\beta = .20$ ,  $p < .001$ ) and e-service quality (H2:  $\beta = .49$ ,  $p < .001$ ) have significant positive effects on e-satisfaction, hence H1 and H2 are supported. It is fairly evident in our data that banks need to be capable of delivering both quality offline and online services to their customers if they wish to ensure satisfaction with their e-services. These findings are not surprising since they are consistent with the literature indicating customers form impressions about the quality of services from their experiences in both types of offerings (e.g. Cassab & MacLachlan, 2008; Piercy & Archer-Brown 2014; Wang et al., 2016). Our data clearly shows how important it is for banks to ensure quality services across mediums when they have an omnipresence in the B2B marketplace.

Next, e-satisfaction has a significant positive effect on trust (H3:  $\beta = .32$ ,  $p < .001$ ) but not on commitment (H4:  $\beta = .04$ ,  $p > .23$ ), hence H3 finds support but H4 does not. Since trust is largely reliance based it seems logical that when the online services perform to expectation (as reflected through e-satisfaction) then this directly transfers onto trust in the bank. With respect to the lack of support for the e-satisfaction to commitment nexus we can only surmise here that commitment is also linked to other variables pertinent to the overall relationship with the bank that were not reflected in our model. This assertion has some support in the literature. For example, in online banking contexts the relationship between satisfaction and commitment is found to be moderated by the various forms of involvement (Sanchez-Franco, 2009) so similarly there may be variables that moderate the e-satisfaction to commitment relationship that was not be accounted for herein. Clearly further studies are required to examine this as we allude to in our limitations and future research direction section.

However, trust has a strong positive effect on commitment (H5:  $\beta = .92, p < .001$ ) and e-satisfaction has a similar strong positive effect on e-loyalty (H6:  $\beta = .74, p < .001$ ), hence both H5 and H6 are also supported. Our findings are consistent with previous studies pertaining to these variables so the robustness of these links are also relevant in B2B service relationship contexts. Finally, trust (H7:  $\beta = .09, p > .29$ ) has no significant effect on e-loyalty, whereas commitment (H8:  $\beta = -.20, p < .05$ ) has an unexpected negative effect on e-loyalty. As alluded to in our discussion regarding the conceptual model our view here is that this is where the bank brand begins to impact upon the relationship. In particular the nature of trust and commitment directed towards the bank is a function of whether customers view them as either local, national or foreign and this in turn plays out in terms of their impact upon e-loyalty.

< Insert Table 5 about here >

To further investigate these results and to test our last two hypotheses (H7-H8), we used multi-group analysis with three groups consisting of local, national and foreign branded banks. We again found a close fit ( $\chi^2 = 1205.49, df = 768, \chi^2/df = 1.57, CFI = .95, NFI = .93, GFI = .91, RMSEA = .040, SRMR = .052$ ) with significant path coefficients for all these hypothesized paths (Table 5). However, e-satisfaction has a significant effect on commitment for local ( $\beta = .09, p < .05$ ) and foreign ( $\beta = .12, p < .05$ ) but not for nationally ( $\beta = -.09, p > .07$ ) branded banks, hence H4 finds partial support with multi-group analysis. We suspect the lack of support for the link between e-satisfaction and commitment for national banks may be a consequence of them having by their very nature more branches in various locations across the country (see <https://nzbanks.com/find-branches>) than local and foreign banks. This means since customers have more opportunities to engage face-to-face with national banks, whereby branches are treated as relationship centres (Bapat, 2017), trust and commitment is built through offline services whereas e-satisfaction relates to online services and not being translating into overall commitment. Previous studies on bank branches and locations upon

customer commitment (e.g. Mon-Wong & Perry, 1991) tend to corroborate our assertion but this will need further detailed investigation to confirm - particularly in light of the new banking technologies that enable an omni-channel presence in the market.

Similarly, trust has a positive effect on e-loyalty for local branded banks (H7:  $\beta = .21$ ,  $p < .05$ ) but not for national or foreign branded banks, whereas commitment has a positive effect on e-loyalty for national banks (H8:  $\beta = .22$ ,  $p < .01$ ) but not for local or foreign branded banks. Thus, both H7 and H8 only find partial support. We tested and found significant differences in the path coefficients for H7 and H8, by constraining each hypothesized path to be equal across the three groups and by comparing the fit of each constrained model with the unconstrained model. We interpret the commitment to e-loyalty link as not being terminal to the relationship but rather a more accurate reflection what SME customers believe the relationship with the 'local bank' really stands for, namely personalized service in face-to-face interactions within the bank branch.

The significant path between trust and e-loyalty (H7) for locally branded banks indicate that although commitment is unable to translate into e-loyalty (H8), trust does (H7) and that means the RM efforts of locally branded banks does not have negative consequences for the overall relationship. The inference we draw from these findings is that local banks are just that; local, seen as local, and therefore need to be accessible largely through conventional face-to-face modes of interaction. Our reckoning is that customers are committed to the bank for what it is and this aspect of the relationship, and unlike trust, is 'non-transferable' into other modes of interaction. Overall, all our hypotheses are either fully or partly supported, which validates the core premise of our research about significant differences in the impact of relational and technological resources on customer loyalty among the three types of branded banks.



## 5. Discussion and implications

The main aim of this research is to examine how those RM practices used by service firms in a B2B setting are configured in the service contexts that are infused with online, mobile and other forms of SSTs. Typically, SSTs of this nature are now an integral part of the service marketing landscape and have helped reshape the firm-customer interface (e.g. Lin & Hsieh, 2012; Ramaseshan, Kingshott & Stein, 2015). One potential consequence of using SSTs is that the service firms can no longer rely solely upon social exchanges (SE) to build and nurture enduring relationships with the customer because using SSTs to manage firm-customer interfaces severs interpersonal connections. Service firms therefore need to consider the best way to draw upon the marketing resources at their disposal to ensure that they can build and sustain long-term customer relationships and remain competitive at the same time.

This paper explores two ways in which the mobile and online technologies may allow competition to break into the trusting and committed relationships built by service firms painstakingly over years. First, such platforms may diminish the service firms' relationship building capabilities by disconnecting the customers from the interactive processes associated with social-exchange based interpersonal relationships. Second, they provide a window of opportunity for competitors, wherein service firms with a strong brand presence in the marketplace but no history of RM activities could potentially bypass the need to nurture SE relationships with the customer. This mobilization of non-RM marketing resources to gain a competitive edge may become possible because SSTs also offer relational benefits (such as ability to access the bank credit limitations) and value to the customer that are no longer the exclusive domain of face-to-face interactions (Balajit & Roy, 2017; Keh & Pang, 2010). Hence, the findings from this study have theoretical and managerial implications that are discussed next in more detail.

### *5.1 Theoretical implications*

This research is based upon the notion that social exchange based relationships comprise both trust and commitment and these constructs are central elements within B2B firm-customer settings. The literature provides much empirical support for the central role played by these two constructs in helping to model the customer relationship, and we similarly offer such support through our findings. Although we reveal the nexus between the two constructs is consistent with existing literature (i.e. strong and positive), the impact that each in turn has upon e-loyalty tells very a different story. Such a story is a function of whether the service firm is a local, national or foreign branded entity. This has a number of theoretical implications on the way we need to view customer relationships within a service context that involves the firm drawing upon their technical and relational assets to build lasting customer relationships. Although not exhaustive some of these implications are now discussed.

First, our data indicates that trust and commitment appear to play a distinct role within the firm-customer relationship which is very much contingent upon whether the service provider is a foreign, local or nationally branded bank. This means that when modelling these forms of relationship in bank, and potentially other service settings, scholars need to cognizant that the ‘proximity’ of the provider to the service recipient has to be factored into any analysis and thus interpretation of findings. This means that when those foreign-service firms with strong international brands enter new markets they are unlikely to rely upon having a strong brand as the principle relationship driver. Although trust can be transferred (Doney & Cannon, 1997) these findings tend to suggest that despite having a good international brand, customer trust in that brand still has to be earned. Evidence presented herein shows this can be accomplished when customers are satisfied with the quality of the e-service (ESAT) irrespective of whether the service provider is, foreign, national or locally branded. This means

trust in the service provider does not necessarily have to emanate directly from face-to-face interactions, as previously described in the literature, suggesting limits or boundaries on the capacity to leverage personal interactions with the customer to build trust.

Second, the specific research context we examined pertained to the relationship that foreign, national and locally branded banks had with their business customers (SMEs) within the New Zealand context. Although the strong positive trust-commitment relationship (H5) has held in all cases the variance across the three types of (branded) service firm show clearly that both constructs do not necessarily play a direct role in developing the critical e-loyalty outcome. In fact, foreign branded banks do not need to rely upon these two constructs to build e-loyalty - as the findings indicate the most efficient way is directly through e-satisfaction (H6). In light of the importance of new technologies in servicing the customer a question needs to be asked about the relative significance and focus of building trust within the context of relationships that result in a service separation between the firm and customer. Our results suggest that since trust is reliance based this means service firms with relatively lower relational capital in a given marketplace (in our context foreign branded banks) can quite effectively draw upon their technical resources and know how to help build relational trust.

This observation has at least one potential scholarly implication, namely the impetus of previous studies modelling the firm-customer relationship from the perspective of viewing trust as a central focus to nurturing the relationship may need to change. Specifically, service firms may not need to directly devote resources specifically to building trust as their overarching modus operandi if they can leverage their brand name to entice customers to experience their offerings. Positive experiences with their technological resources will lead to e-loyalty and this means that trust as a relational commodity can act in a push and/or pull manner. Like previous studies our results suggest that whilst building trust is important for relational commitment and thus longevity (H5) however once technology is introduced as one of the primary interfaces

with the customer, building trust may potentially become a relatively peripheral marketing function that is superseded by ensuring a positive experience results from the technology.

Finally, most prior studies on relationship marketing (fully or partly) use the SE perspective to model firm-customer relationship. This encapsulates the central role of trust in this process whereby employees of the service firm play an important part in nurturing the relationships with their customers. Our study recognizes that the firm-customer interface has changed as a consequence of new technologies in the provision of customer value, implying alternate approaches to building customer trust are required. This means service providers now need to draw upon a much wider range of marketing resources at their disposal to help them deliver value to the customer therefore new approaches to modelling relationships that comprise both RM and technical resources are needed due to the limitations of existing conceptual templates. In order to do this we have drawn upon the RBV of the firm (Wernerfelt, 1984) and link this to SE (Thibault & Kelley, 1957) and STS (Pasmore, 1988) theories to help illustrate how the service firm can integrate its marketing resources to influence the customer. To the best of our knowledge this approach has not been previously attempted therefore we extend the literature and through this offer an approach that integrates both technical and relational resources to help us better understand how marketers can best model firm-customer relationships in B2B service settings.

## *5.2 Managerial implications*

This study offers valuable insights into B2B relationships within the domain of service settings. Overall the literature shows that both RM and technical resources are important in the banking context (Paulin, Ferguson & Payud, 2000). This has general support in our findings within the context of bank-SME customer relationships. We do however reveal that the ability to leverage each of these resources does vary and this depends largely on whether the bank is a

foreign, national or locally branded entity. Our findings therefore serve to guide service managers on what course of action they need to focus upon in dealing with customers. We structure this next section to reflect both general and specific implications /actions for each of the types of branded bank.

In terms of technical marketing resources (i.e. mobile and online platforms) managers need to be fully aware that offline service quality and e-quality are critical elements in banking relationships irrespective of the origins (i.e. local, national or foreign) and subsequent market position of their institutions. Our data reveals a significant and strong positive relationship between these two constructs and e-satisfaction across all bank types indicating that this may not be a source of competitive advantage between them but rather a minimum requisite condition in servicing their customer needs. Moreover, decision makers need to recognise that the capacity of their service firm in building e-satisfaction is essential across all banks because this construct also builds trust in both the foreign, national and locally branded bank.

This means that RM resources in the form of trust are also proving to be significant within the SME-customer relationship for each of the three brands of bank. Earlier studies have indicated the critical importance of trust in the banking relationship (e.g. Milne & Boza, 1999; van Esterik-Plasmeijer & van Raaij, 2017) so the ability to nurture this aspect of the relationship through e-satisfaction, as indicated by our data, is proving to be highly valuable to each of the banks. The link between these constructs provide a very clear indication to bank decision makers that social and technical elements of their operation (as conceptualized under the guise of STS theory) need to and can work in unison if they wish to optimise the outcomes for both, the service firm and its customers.

The link between online service quality, e-quality and e-satisfaction (H1 & H2) has additional relational consequences for all the types of bank brands given our data reveals

precisely how the capacity to nurture trust can be leveraged into building commitment towards their financial institution. Bank decision makers must recognise however that building commitment towards the bank may not necessarily have the desired effect on influencing the customer to adopt online and mobile technologies as reflected through its impact upon e-loyalty. On this point our findings indicate both foreign and locally branded banks are unable to leverage commitment into e-loyalty, and in fact for the locally branded bank commitment is found to have a negative impact on e-loyalty (H8).

Our interpretation of this findings is that customer relationships that SME managers and decision makers have with locally branded banks have been defined over time in a certain way (i.e. largely face-to-face) and they would like to continue to preserve the personalized aspects of that relationship. Whilst self-service technologies do have benefits research tends to support our assertion here is that customers still like a ‘safety net’ of employees being present just in case things go wrong (Kimes & Collier, 2015). We suspect that since such close personalised relationships with local branded banks have historically been deeply engrained in the psyche of SME’s banks are still able to leverage this to great effect. Clearly local banks need to continue with this approach of having a personalised presence if they are to maintain their competitive edge.

Our data also reveals that if customers are satisfied with the locally branded banks’ mobile and online platforms this has the highest impact upon e-loyalty across the three bank types. Although they need to deploy and can benefit from technical resources their real strength also lies in building face-to-face trust based relationships at the local branch level and that will help to ensure their customers remain committed.

For those foreign branded banks that are able to recruit skilled service employees from local and national competitor banks with a reputation within the community, and more

significantly a standing with business clients, this represents a significant strategic opportunity. This will have a dual impact. First, by recruiting staff from other banks the ability to ‘transfer’ trust (e.g. Doney & Cannon, 1997) will have a direct and positive bearing upon the foreign banks’ reputation and capacity to leverage this trust with customers. Typically, earlier research elsewhere indicates clients will potentially change service providers in order to maintain the relationship with the service person (e.g. Beatty et al., 1996; Bove & Johnson, 2002) so we expect this will potentially occur in banking contexts. Second, the direct loss of these personnel to competitors mean that local and nationally branded banks are potentially unable to sustain critical aspects of the relationship with their business clients. Since having a relationship with the service employee minimises risk and provides a feeling of satisfaction for the customer (Gremler & Brown, 1996) this is clearly a hidden cost to local and nationally branded banks if their service employees leave their organizations.

For local and nationally branded banks this means that in order to maintain their capacity to leverage trust and commitment with business customers these banks must ensure their employees are motivated to remain committed employees. Developing suitable human resource policies designed to ensure committed employees is likely to remain central to the success of service organizations. However, our data indicates these policies also need to take into account the fact that the firm-customer interface has changed and now needs to be configured to cater to technological and interpersonal interactions with the customer. This means that not only do service firms require highly motivated staff but they also need a different skill-set that is capable of building relationships at the same time as helping to integrate technologies into the operation to fulfil both service firm and customer needs. Indeed both are critical considering service personnel seen by the customers to have expertise is linked to gaining their trust (Bendapudi & Berry, 1997) suggesting that service personnel serve as relationship builders across both interaction domains.

With regards to the consequences of leveraging such RM resources, nationally branded banks also need to be aware that whilst trust builds commitment the nexus between trust and e-loyalty in their SME relationships is also found to be negative. These banks are unable to leverage trust into e-loyalty but as there is tentative support for the commitment to e-loyalty link building trust will not strongly but eventually permeate into e-loyalty through trust. Building trust is clearly a longer-term proposition for all banks. However, the focus in banking and other service sectors has also needed to shift to correctly configure the technological supported elements of the relationship, namely ensuring their online and mobile interfaces meet the needs and satisfaction of the customer. Like locally branded banks our data supports this by indicating that national banks must ensure their customers are satisfied with their online and mobile offerings as this appears to be their best prospect to build loyalty towards these platforms.

To conclude, our findings indicate that foreign, national and locally branded banks are likely to benefit from leveraging marketing resources differently at their disposal when attempting to model their customer relationships. Irrespective of the bank type it is clear that since mobile and online technologies are a permanent part of the banking landscape more effort needs to be devoted to ensuring these resources meet customer expectations. On that point our data shows that for all banks e-quality is key to ensuring e-satisfaction so developing quality service offerings for their technological platforms is clearly vital for current and future competitiveness.

Moreover, in light of earlier studies that reveal business customers in general are largely unhappy with the manner banks are handling relationships with them (i.e. Zineldin, 1995) it is critical that banks devote the most appropriate resources at a particular point in time to each of their relationships. For example, if customers desire face-to-face interactions then appropriately skilled and knowledgeable staff need to be available to service the customer



needs and concerns. There are however occasions when customers may simply wish to interact with the bank on a more transactional nature as they are simply looking for convenience in a particular episode. This means banks must also have their operations and processes configured in such a manner to ensure that these needs are met but at the same time have the capacity to engage with the very same customers in a face-to-face manner on a moment's notice. All bank types must still continue to deploy where possible all the marketing resources at their disposal but have the capacity to alternate between technical and relational assets when required. Failure to do so would place them at serious risk of losing their strategic competitive edge because the literature and our findings indicate clearly that any particular marketing resource type offers the potential to erode any advantages that can be gained from the others (i.e. RM verses technical) in their marketing armoury.

## **6. Limitations and future research directions**

While this research addresses some important conceptual and empirical issues associated with the provision of bank services within a B2B setting aimed at SME customers, like any study the limitations provide direction for future research. First, results from the present study need to be interpreted in the context of the research setting therefore caution needs to be exercised about their generalizability across other B2B service settings. In that regard, our research aimed at exploring the focal relationship between NZ banks and their SME customers is idiosyncratic to a marketplace that is characteristically small with limited competition, as was the size of the firms being examined. Studies examining different markets that vary in structure and size, along with firms with a more diverse range of sizes, may however uncover different results. For example, we need to recognize that in highly developed markets that are relatively larger with more competition (e.g. United States or Britain), local and nationally branded domestic banks may not necessarily have a relational asset advantage.

Moreover, since these particular domestic banks may even be better equipped regards technical assets than their foreign competitors the findings herein need to be interpreted with a little caution until future studies can confirm our results. Similarly, at the other end of the spectrum in underdeveloped or developing markets (such as Indonesia or Myanmar) it is quite possible that customers may have a higher appreciation of foreign branded banks so as this too would not manifest in our results. Studies relating to these and other markets that differ from our NZ study setting are required to fully understand the impact of bank brand on e-loyalty.

Second, we draw upon RBV view of the firm and STS theory to conceptualize how service firms can leverage their marketing resources, and how these need to be integrated into their suite of marketing activities to firm help attain optimal outcomes. In this research we specify this outcome to be e-loyalty – which reflects the capacity of the service firm to shape SME customer preferences towards using the banks’ mobile and online technologies. We do acknowledge however that the literature is abundant with empirical studies depicting the consequences of the general loyalty construct (i.e. not e-loyalty) within a number of marketing settings (e.g. Dick & Basu, 1994; Srinivasan, Anderson & Ponnavaolu, 2002). Therefore, further studies that explore how service firms can integrate and synthesize their RM and technical marketing resources to attain not only e-loyalty but other pertinent firm outcomes (such as profitability, WoM, and so on) beyond what we have modelled in our research would be highly beneficial to our overall understanding of how the various forms of marketing resources can be leveraged to advantage.

Third, our findings show a negative impact of trust on e-loyalty for national banks and a negative effect commitment on e-loyalty for local banks. One of the reasons for these findings could be that the national and locally branded banks included in our study have not really built a strong loyalty towards their online offering because their B2B customers tend to

be more traditional and hence, more resistant to any change in terms of switching to other banking platforms. However, this is an area worth further exploration in future research, as to what kind of service providers and customers are likely to experience these negative relationships, more than others.

Finally, this research develops a conceptual model that examines the interaction between variables that largely relate to well-defined constructs in the marketing literature and apply them in an electronic context. In particular, e-quality, e-satisfaction and e-loyalty. We do this with the aim of determining how service firms are able to mobilize their marketing resources in order to stimulate e-loyalty. However, given service firms such as banks are also reliant upon adopting a multi-channel and integrated approach to servicing the customer (Hernando & Nieto, 2007) then juxtapositioning constructs such as quality, satisfaction, loyalty, trust and commitment with their “e” equivalents is likely to provide a much richer picture of how well the firms’ RM and technical elements work together.

In the interests of parsimony our research developed and presented a conceptual model comprising eclectic constructs from the literature that help represent key aspects of the relational and technical assets of the service firm. We do however recognise that many relational based constructs (e.g. satisfaction, trust, commitment, etc.) also have ‘e-equivalents’ (e.g. trust and e-trust; satisfaction and e-satisfaction). However our purpose here was to test the interactive effects of the service firms’ technical and relational assets on yielding e-loyalty across local, national and foreign brands. Whilst we do offer a model that crystalizes the literature further studies that explore the interactive effects of both conventional and their ‘e-equivalents’ may provide additional insights. In summary if we are to fully understand how firms can optimize the use their limited marketing resources we encourage scholars to consider

these suggested avenues for further investigation or any other that would further enrich our knowledge in this important domain of the marketing discipline.

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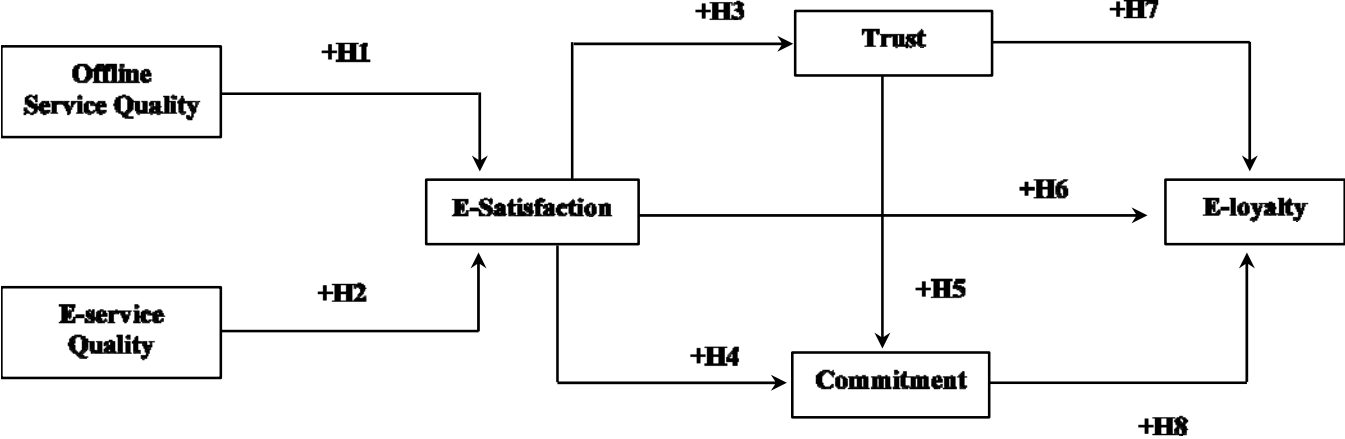
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**Figure 1**  
Conceptual model



**Table 1**

## Sample Characteristics

<b>Parameter</b>	<b>(N=336)</b>	<b>Parameter</b>	<b>(N=336)</b>
<b>Bank Type</b>		<b>e-Banking Experience</b>	
Local	95 (28.2%)	Less than 10 years	68 (20.8%)
National	104 (31.0%)	11 – 20 years	200 (59.4%)
Foreign	137 (40.8%)	More than 20 years	68 (20.8%)
<b>Relationship Length</b>		<b>Business Age</b>	
1 to 2 years	31 (9.2%)	5 years or less	20 (6.0%)
3 to 5 years	59 (17.6%)	6 to 10 years	56 (16.7%)
6 to 10 years	58 (17.3%)	11 to 20 years	128 (38.1%)
11 to 20 years	91 (27.1%)	21 to 30 years	65 (19.3%)
>20 years	97 (28.8%)	More than 30 years	67 (19.9%)
<b>Industry Type</b>		<b>Number of Employees</b>	
Manufacturing	166 (49.4%)	Less than 10	114 (33.9%)
Retailing	59 (17.6%)	11 to 30	105 (31.2%)
Wholesaling	37 (11.0%)	31 to 50	55 (16.4%)
Services	43 (12.8%)	51 to 100	44 (13.1%)
Import / Export	31 (9.2%)	More than 100	18 (5.4%)
<b>Participant Title</b>		<b>Annual Turnover (NZ\$)</b>	
Functional manager	114 (33.9%)	Less than 5 million	152 (45.2%)
General manager	22 (6.5%)	5 to 10 million	62 (18.5%)
CEO / MD	124 (36.9%)	11 to 20 million	49 (14.6%)
Board Member / Director	72 (21.5%)	21 to 50 million	28 (8.3%)
Owner / other	4 (1.2%)	More than 50 million	10 (3.0%)
		Not specified	35 (10.4%)



**Table 2**

Scale items and descriptive statistics

<b>Item</b>	<b>Description</b>	<b><math>\lambda</math></b>	<b>M</b>	<b>SD</b>
<b>Online SQ [OSQ]</b>				
OSQ1	Our bank is located in a convenient place	.80	3.78	1.65
OSQ2	I have access to our banks decision-makers at my request	.84	5.13	1.68
OSQ3	Our bank is responsive to our firms' specific needs	.92	4.81	1.63
<b>eQuality [EQL]</b>				
EQL1	Our bank provides a high level of e-banking service quality	.83	5.10	1.48
EQL2	Our bank provides user-friendly e-banking facilities	.92	5.35	1.50
EQL3	Our bank's e-banking facilities are reliable	.91	5.52	1.43
EQL4	Our bank's e-banking facilities enable quick information	.90	5.65	1.38
EQL5	Our bank's e-banking has flexibility to fulfil our specific needs	.84	5.10	1.47
<b>eSatisfaction [ESAT]</b>				
ESAT1	Our bank's monthly access fees for e-banking are reasonable	.86	5.02	1.53
ESAT2	We find e-banking to be cost effective for our business	.92	4.14	1.47
ESAT3	e-banking is the cheapest way for transactions to be made	.84	4.69	1.38
ESAT4	Our firm is satisfied with e-banking services from our bank	.87	4.67	1.45
<b>Trust [TRU]</b>				
TRU1	This bank has a consistent reputation for honesty	.77	5.16	1.41
TRU2	Our business is very secure with this bank	.88	5.03	1.46
TRU3	I get along well with this bank as it fulfils its obligations	.87	5.33	1.43
TRU4	I feel that we can depend upon this bank as it is reliable	.91	4.88	1.48
TRU5	I feel that this bank is "straight" with us and shows respect	.86	5.00	1.41
TRU6	Our firm has confidence in this bank	.86	5.30	1.57
<b>Commitment [COMT]</b>				
COMT1	This bank is our preferred supplier for all our banking needs	.79	4.17	1.69
COMT2	Our firm will continue dealing with this bank indefinitely	.93	5.15	1.43
COMT3	We would recommend this bank to our business partners	.93	4.97	1.50
COMT4	We are fully committed to our relationship with this bank	.94	4.61	1.72

COMT5	We are proud to invest with this bank	.83	4.79	1.69
<b>eLoyalty [ELOY]</b>				
ELOY1	We intend to continue using our bank's e-banking services	.76	5.05	1.46
ELOY2	We will continue to use e-banking for all future transactions	.91	5.48	1.55
ELOY3	We will recommend our bank's e-banking services to others	.92	5.29	1.55

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$\lambda$  = Standardised factor loading, M = Mean, SD = Standard deviation

**Table 3**

Correlations Matrix

<b>Construct</b>	<b>OSQ</b>	<b>EQL</b>	<b>ESAT</b>	<b>TRU</b>	<b>COMT</b>	<b>ELOY</b>
<b>Off-line SQ (OSQ)</b>	1.00					
<b>eQuality (EQL)</b>	.29	1.00				
<b>eSatisfaction (ESAT)</b>	.38	.68	1.00			
<b>Trust (TRU)</b>	.73	.32	.43	1.00		
<b>Commitment (COMT)</b>	.72	.34	.42	.89	1.00	
<b>eLoyalty (ELOY)</b>	.23	.68	.72	.24	.23	1.00
<b>Average variance extracted (AVE)</b>	.84	.78	.76	.75	.81	.68
<b>Composite reliability (CR)</b>	.91	.95	.93	.95	.94	.87
<b>Mean</b>	4.57	5.34	4.64	5.09	4.77	5.26
<b>Standard deviation</b>	1.42	1.28	1.25	1.24	1.44	1.35

*All correlations are significant at  $p < .001$  level*

**Table 4**  
Group-wise psychometric properties

	<b>Average Variance Extracted (AVE)</b>			<b>Composite Reliability (CR)</b>			<b>R-Squared (RSQ)</b>		
	<b>Local</b>	<b>National</b>	<b>Foreign</b>	<b>Local</b>	<b>National</b>	<b>Foreign</b>	<b>Local</b>	<b>National</b>	<b>Foreign</b>
OSQ	.80	.83	.86	.89	.91	.92	-	-	-
EQL	.73	.82	.76	.93	.96	.94	-	-	-
ESAT	.78	.76	.70	.93	.93	.91	.49	.55	.43
TRU	.78	.76	.73	.96	.95	.94	.15	.29	.19
COMT	.79	.80	.80	.94	.94	.94	.21	.17	.21
ELOY	.65	.64	.58	.88	.87	.84	.62	.58	.42

**Table 5**

Hypotheses testing and results

Hypotheses	Local <i>n=95</i>		National <i>n=104</i>		Foreign <i>n=137</i>		Overall <i>N = 336</i>		Results
	$\beta$	<i>p</i>	$\beta$	<i>p</i>	$\beta$	<i>p</i>	$\beta$	<i>P</i>	
H1 (+) OSQ → ESAT	.18	.03	.22	.01	.22	.01	.20	.001	Supported
H2 (+) EQL → ESAT	.65	.00	.62	.00	.55	.00	.49	.001	Supported
H3 (+) ESAT → TRU	.37	.00	.54	.00	.44	.00	.32	.001	Supported
H4 (+) ESAT → COMT	.12	.05	-.09	.07	.09	.02	.04	.236	Partly supported
H5 (+) TRU → COMT	.86	.00	.94	.00	.85	.00	.92	.001	Supported
H6 (+) ESAT → ELOY	.85	.00	.80	.00	.64	.00	.74	.001	Supported
H7 (+) TRU → ELOY	.21	.02	-.32	.04	-.01	.95	.09	.295	Partly supported
H8 (+) COMT → ELOY	-.36	.07	.22	.01	.02	.88	-.20	.024	Partly supported

 *$\beta$  = Standardized Path Coefficient,  $p$  = Significance Level*