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1. INTRODUCTION

There is an alarming and growing gap between
the interests, standards, and priorities of academic marketers and the
needs of marketing executives operating in an ambiguous, uncertain, fast-changing,
and complex market-space.

--- Reibstein, Day & Wind, in Guest Editorial, July 2009, Journal of Marketing, p80

Most distinguished delegates (leading marketing scholars) in the AMA's 2004 annual conference special symposium agreed that marketing is in a "crisis" (Brown, 2006). "Whither marketing" (Lovelock and Gummesson, 2004) became the one million dollar question in the recent debate of the future direction of marketing discipline. Brown (2006) described the under-dog situation of marketing in this crisis:

"It is disdained by today's consumers, who are growing wise to marketers' nefarious wiles. It is disdained by senior managers, who feel that marketing is failing to deliver on its much-trumpeted transformational promises. It is disdained, at least implicitly, by academicians who are talking to themselves rather than communicating with key constituents like practitioners and policy makers. The inevitable upshot of this near universal loathing is that marketing is losing touch with its markets and, if not quite plummeting into the pit of eternal damnation, the discipline's definitely teetering on the edge of an intellectual abyss." (Brown, 2006, p211).

For a long time, research in marketing has been criticized for being irrelevant to reality and divorced from practice (Hughes et al., 2008). Lack of relevance and rigor (Katsikeas et al., 2004, Piercy, 2002), and adaptability to a changing market environment (Day and Montgomery, 1999) has led to many marketing research lacking accountability (Baker and Holt, 2004). This has resulted in the decline and dispersion of the marketing function (Webster et al., 2005), and to a larger extent, the fundamental crisis of confidence and authority of the marketing discipline (Sheth and Sisodia, 2006, Brown, 2006).

In a recent editorial of Journal of Marketing, Reibstein, Day & Wind (2009) call for the whole marketing academic community to appreciate the marketing practitioners' concerns and work more closely on relevant business problems. They diagnose that "the domain of academic marketing has been steadily shrinking with a concomitant loss of academic influence" is partially due to the fact that "*the prevailing paradigm of reductionist, narrowly specified, and fragmented research, produced by 'solo scholars' or small teams, cannot address the multi-functional and interconnected problems of managers*"(p1). They also emphasise the importance to bring rigor and relevance to research in the field of marketing, which, by nature is an applied science domain: *"Most of the doctoral marketing programs today provide rigorous training in research methodology and theory. …What is of concern is what is missing – namely, marketers' problems and understanding of and passion for business."* (Reibstein et al., 2009, p3)

The author started this research with appreciation of a common real-life problem of business managers in the UK insurance broker industry: seeing more and more SME clients switching away, or at least thinking of doing so, the question that arose was how should we manage relationships with our SME clients?

The author starts the introduction chapter with a discussion of the background of the insurance broking industry, then discusses the challenges faced by executives in the industry: how to manage relationships with their SME clients, and identify why existing research do not deliver solutions, which naturally lead to the research aims and objectives, endeavouring to fill such gaps between practices and existing academic research.

In this chapter, the author makes reference to literatures from a wide range of sources: both academic and practitioner, due to the fact that the industrial background information can hardly be found from extant academic literature. As Hackley (2003, p37) argued, empirical research should "utilize first-hand experience of primary data from, e.g. interviews" and it is appropriate to use practitioner literature such as trade press, industry reports and published market studies.

1.1. The UK insurance brokering industry and broker's role

The insurance broking industry originated in the UK (Clews, 1980). The industry has a long history dating back to the beginning of the eighteenth century, by that time insurance brokers were already an established feature of the London commercial scene. Over 300 years, the insurance broking industry developed with ups and downs, generally characterised by growth, diversification and amalgamation (Chapman, 1980).

Insurance brokers came into existence from the insurance of ships and cargos and emerged slowly into a part-time profession for a group of disorganized private individuals with special knowledge such as merchants, ship-owners and bankers (Chapman, 1980). Traditionally an insurance broker's role was a "go-between" for buyers and sellers, who has no possession of the goods (services) for sale (Teale, 1980). However, with the evolution of the industry, modern insurance brokers have a dual role: a skilled buyer of insurance, and a skilled adviser on client's risks (Moorman, 1980). It is important to understand that, in contemporary insurance broking business, an insurance broker is NOT simply an intermediary, their role can be more correctly described as a risk management service provider, who may (or may not) offer "augmented" (Levitt, 1980) insurance products to their clients. A misunderstanding to their role will put the author, and the reader of this research into confusion with intermediary relationship marketing.

Traditionally the insurance industry is divided into commercial lines and personal lines. Commercial lines insurance protects businesses, professionals, and commercial establishments, such as Commercial Property, Commercial Fleet, Workmen's Compensation Commercial Liability, Professional Liability, etc. Personal lines insurance protects non-business type accounts whereby its products are designed for and bought by individuals, such as Personal Auto insurance, Homeowners Insurance, Individual Life and Health insurance, Individual Personal Accident insurance, Travel insurance, Personal Liability, etc. (ABI, 2007). As a rule of thumb, commercial lines insurance is designed mainly for businesses and hence, as compared to personal line insurance, it often carries higher sales revenue (premium), higher operational costs, and

higher profitability. Consequently, insurance brokers play a more important role in the commercial line than the personal line insurance. (DataMonitor, 2009).

If we put the above division of the insurance industry into the current research context, it implies that client relationships in commercial line insurance are mainly business to business (B2B), whereas relationships in personal line insurance are mainly business to individuals/consumers (B2C). Thus in the insurance broking industry, which largely offers risk-related services to clients, B2B and B2C relationships co-exist. Due to the fact that insurance brokers tend to play a far more important role in the commercial line and a minimal role in personal line insurance, it will more sensible to investigate the broker-client relationship in a B2B service context in this research.

It is important to distinguish the B2B relationship in the service industry such as insurance broking from the prevailing industrial B2B relationship as advocated by industrial marketing scholars such as the Industrial Marketing and Purchasing (IMP) group. The B2B client relationship in this research is in a service context, whereas the industrial marketing/IMP approaches B2B relationships tends to be in an industrial/ manufacturing context.

1.2. Overview of the insurance broker sector

Insurance broker sector is one form of insurance intermediaries. Many types of insurance intermediary are there in the marketplace including insurance brokers, Independent financial advisers, agents, Lloyd's brokers, travel agents, banks, supermarkets, Insurer-owned brokers, comparison websites etc.. Within them, the broking community types include personal, commercial, local, national, international, chains, specialist, London market, Lloyd's, and more. (Youngman, 2012)

Despite the trend that insurance broker are portrayed as on the edge of extinction due to the competition of new entrants such as direct writers and online insurance companies, insurance broker today is still the key player in the insurance broking sector. In some insurance markets (such as reinsurance,

London market, Lloyd's) brokers account for 100% of business, while overall they account for 90 to 95% of commercial, and at least 80% of all general insurance business. (Youngman, 2012).

Youngman (2012) quoted a recent Lloyd's Market Report, which used figures from AM Best stating that the UK non-life commercial insurance market (excluding Lloyd's) 32.5 billion. Evidence over the years would show that brokers are involved in around 95% of commercial business (Lloyd's of London brokers, 2012).

Three quarters of the income UK business on personal and commercial lines is controlled by independent insurance intermediaries of all sorts, of which, if add in London market business, between 80 and 90% of all general and health business is insurance broker controlled (Youngman, 2012, BIBA, 2011).

The insurance broking sector business volume is huge, whilst defining exactly how many insurance brokers there are is almost impossible. Neither regulators, insurers or broker bodies can actually tell the exact number. Research over the years aims to find the real number, but it is like a phantom - as soon as you grasp it, it flits away and evolves, the very few researchers who claim to know the current numbers of broker keep it a secret even to their own professional associations (Youngman, 2012). BIBA's (2011) estimation is around 3500 insurance brokers/intermediaries. However, this figure is less convincing given the fact that there is no evidence of how that figure was estimated. Yet it is, so far, the most authoritative figure which is available.

Despite the ambiguity in numbers of broker firms, the UK insurance broking sector is huge in business volume, and also large in the number of broker firms, whom as a whole, controls 80% of all insurances, contributing to the UK economy in a great way (BIBA, 2011).

1.3. The economic importance of SMEs

It can be considered a common truth that Small and Medium sized Enterprise (SME) have a dominant economic role in the world economy (Day, 2000),

especially so in the most developed world economy such as USA, Canada and UK, according to the statistics published by National Small Business United (USA), Canadian Federation of Independent Businesses, Federation of Small Businesses (UK). For instance, SME (less than 250 employees) contributed 52% of the total turnover in the UK in 1998. In terms of the number of businesses, SMEs have a dominant position, 95% of businesses are small firms with less than 10 employees.

Although there are multinational, national and regional brokers, small businesses remain the rock on which broking is based. So, like all small businesses, they start-up, evolve, grow and die (Youngman, 2012). In the UK insurance industry, SMEs contribute almost an equal share as corporate firms. The UK insurance industry is the largest in Europe and the third largest in the world in terms of premium generation (ABI, 2007, p20). The commercial insurance market is worth 22 billion pounds in gross premium, in which 9 billion pounds comes from SME firms with up to 50 employees, and more importantly, 9 billion pounds gross premium is mainly from micro firms not macro firms in the SME group (Hardie, 2009).

The recent financial crisis and economic recession have had a devastating impact upon the UK insurance industry. Whilst the whole industry declined in its turnover and profitability, the SME sector surprisingly continued to grow during the financial crisis. Despite financial gloom, over 90% of insurance companies reported a static or increased amount of business derived from SMEs in comparison to 2008 (McMahon, 2009). In terms of profitability, over half insurance companies reported stable profitability and 12% even reported increase in profitability in the SME sector in 2008 (McMahon, 2009).

As a result, in the insurance broking industry evolution which is characterised by diversification (Chapman, 1980), everybody in the insurance business calls themselves brokers (Teale, 1980). The industry has come saturated with fierce competitions, low entry barriers and low product differentiation (King et al., 1997).

1.4. Challenges encountered by insurance brokers

Within this market traditionally the commercial insurance market has been the sole domain of the commercial insurance brokers. However in recent years the change in the insurance distribution is significant.

Firstly, new players, in particular the direct writers (e.g. Direct line, LV, Arista, Endsleigh) have entered the market and have made significant impact at the small premium end of the market. According to DataMonitor's (2008) survey, although the majority of SMEs (72.8%) purchase their commercial insurance from a broker, 40% would consider buying their insurance over the telephone and 33% online.

Secondly, SMEs are increasing more price-sensitive, especially in the past two years under the impact of the financial crisis. 50% of respondents in the DataMonitor (2008) survey chose their broker based on the price of an insurance premium while a further 40.2% chose on the price of the service they received. Obtaining a cheaper quote was the key motivator for switching to other channels such as a bank. 59.6% of SMEs switched to other channels seeking for "money-saving".

Thirdly, the competition in the SMEs market segment is fiercer than ever. Several companies have enhanced their product offerings and service features to target SMEs. E.g. Fortis, MMA and Zurich have enhanced their SME offering in the past two years (DataMonitor, 2008). QBE has recently found their SME "panacea" by launching a system through which SME clients can place their business with their SME centre without referring back to underwriters (Bowen, 2009).

These changes in the broking industry have put some questions right in front of insurance brokers: How can we retain our clients? What is the nature of our relationship with clients? What are the key components in these relationships? How can we manage such relationships?

1.5. Existing theories do not answer brokers' questions

Seeking answers to the above questions involves a systematic filtering process. The author will firstly justify that seeking solutions to the above questions in the marketing field, as compared to other fields such as strategy management, is supported by the trend in the marketing discipline evolution. The author will then scrutinize the limitations of the once-dominated transactional marketing mix theory and suggest relationship marketing would be a more appropriate domain to position this research. This systematic filtering process and review of theories also help the author to anchor the research into existing literatures in marketing discipline.

One can argue that the several challenging questions faced by insurance brokers appear to be more related to "strategy management" rather than the "traditional marketing" discipline. The author would argue that such speculation is largely, arguably mistakenly, based on an out-dated view of marketing as simply an organizational function, which is seriously challenged by a handful of marketing scholars suggesting that marketing is a process and philosophy, rather than an organizational function (AMA, 2008, Vargo and Lusch, 2004, Grönroos, 2006).

The view that marketing is an organizational function has a root that goes back into the long history of the marketing discipline.

Marketing has existed since the dawn of commerce (Vargo and Lusch, 2008) and marketing practice existed long before it has been studied (Egan, 2008). Marketing as a discipline adopted many of its earlier thoughts from micro-economics (markets) and psychology (buyer behaviour) (Ambler, 2006). As early as 1700s, ancient Greek economists started to debate the "market" concept (Wilkie and Moore, 2003). The first study of buyers motivation can be traced back to St. Thomas Aquinas and his followers at the Renaissance time (Ambler, 2006). Wilkie and Moore (2003) summarized the early development of marketing theories into three approaches: the commodity (product-focused), institutional (operation-focused), and functional (marketing activity-based) approaches. The widely accepted functional approach of marketing theories

focused on the purpose/function of marketing activities (Wilkie and Moore, 2003). It seems to the author that the prevalence of functional marketing approach in those early days was the starting point of marketing

In modern marketing with the 1950s as a watershed, mainstream marketing thoughts are dominated by a transactional marketing mindset (Aijo, 1996, Gummesson, 1995, Berry, 1983, Payne, 1995, Harker and Egan, 2006, Grönroos, 1996) represented by the "marketing mix" concept raised by McCarthy (1960). The transactional marketing mindset has its root in micro-economics in the 1950's mainly by North American scholars for the maximization of profit in an oligopolistic competition (Sheth et al., 1988). These early micro-economics-based marketing theories are called the "functionalist school of marketing" (McCarthy, 1960).

The problem with transactional marketing mindset is that it implies the ultimate goal of transaction is profit maximization and hence marketing function can be fulfilled by marketing department (Grönroos, 1994). Both academics and practitioners are increasingly challenging his assumption by asking: if marketing department alone can do this, why do we still need other departments at all in an organization? (Harker and Egan, 2006).

As a remedy to the limitations of transactional marketing approach, AMA focused more on relationship marketing and customer value delivery in their 2004 definition which states: *"Marketing is an <u>organizational function</u> and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" (AMA, 2004).* However, this definition was soon criticized by leading marketing scholars (e.g. Grönroos, 2006) for its limitation in treating marketing as a function.

The latest 2008 definition of marketing by AMA which states that *"marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (AMA, 2008)"*. The new definition expanded the scope of marketing from an organizational function to a process incorporating

much wider activities. The change in the new definition signals the acceptance of "marketing as a process rather than a simple function" by the main stream marketing constituents.

Additionally, after a decade since the change of name from *The Journal of Direct Marketing* into *The Journal of Interactive Marketing*, scholars in the interactive marketing arena have also modified their definition of interactive marketing to reflect that "interactive marketing is an integrated exchange PROCESS" (Shankar and Malthouse, 2009; p1), although their approach focus on "customer-firm interaction in an environment that characterized by any level of technology" (Bolton and Saxena-Iyer, 2009; p92). This change echoes the trend that marketing is a process rather than a simple organizational function.

The practitioners' perspective also supports that marketing should be taking a larger scene (Wilkie, 2005), rather than a simple organizational function. It is found that although half of the Fortune 1000 companies have a Chief Marketing Officer (CMO) designation, the average life span of CMO is much shorter than other company executives (Welch, 2004). Such marginalization of the CMO role (Kerin, 2005) is resulted from a major challenge facing CMOs to justify the return on marketing expenditures and hence their existence in the organization (Raju, 2005). In the *Marketing Renaissance* project facilitated by Brown and Bolton (2005), business executives in a roundtable meeting also confirmed that, in business practice, marketing has moved from a traditional single marketing area to much wider business areas such as strategic management, operation, supply chain, human resource and finance (Brown, 2005).

Despite its once dominant position in marketing discipline, marketing mix theory is largely based on transaction marketing paradigm and it provides little evidence of applicability into the client relationship management in the insurance broking context. In comparison, relationship marketing, as a paradigm shift preached by some distinguished scholars (Grönroos, 1997, Gummesson, 1997), seems more likely to provide answers to the challenges faced by insurance brokers.

The changes to the market environment made the transactional marketing mix theory difficult to adapt. The low adaptability to the new market environment forced the transactional marketing mix approach to decline. These limitations of the transactional marketing mix theory indicate that it is inappropriate to adopt transactional marketing theory in this research. In comparison, relationship marketing as a "paradigm shift" fits into this research easily. Insurance broking is in the financial service domain, it is intangible, different from the tangible manufacturing orientation; it is complex, the service offered is a process rather than a list of activities; it is more about the needs and value to the clients rather than what insurance broker can offer; it is an effort jointly made by everyone in the broker company rather than full-time marketers (often there are no full-time marketer or even marketing department in a broker company). For these reasons, as compared to transactional marketing mix theory, relationship marketing theory fits into the current research context more appropriately.

What traditional insurance brokers bring into their relationship with customers is their professional face to face service enhanced by trust and commitment built up during the process of service delivery. However the necessity of face to face service is also largely diminished by the development of advanced online technologies in the past decade. In a recent survey by Ernest & Young (2007), 84% of respondents believed the growth of an online aggregator for the SME market is a viable development in the not too distant future. Whilst large corporate clients are remaining in stable relationships with insurance brokers, SME customers are constantly seeking for new alternatives (DataMonitor, 2008).

It is, therefore, an interesting and imperative task for insurance brokers to find out: How can they retain SME clients? What is the nature of our relationship with clients? What are the key components in these relationships? How can we manage such relationships?

1.6. Research aim and objectives

At the beginning of this research paper, the author reviewed the insurance broking industry and the UK insurance broking sector, which gives a background of the research. Then the author reviewed the importance of the SME in the sector to justify the relevance and importance of the research.

In this dynamic and fast-evolving sector, traditional brokers are increasingly challenged by new entrants. The author then discussed the challenges faced by insurance brokers, as a consequence of which, several practical questions are constantly asked by insurance brokers: How can we retain our clients? What is the nature of our relationship with clients? What are the key components in these relationships? How can we manage such relationships?

In an effort to answer the questions of insurance brokers, the author then reviewed existing theories systematically, from strategy management to marketing mix, from transactional marketing to service marketing, and eventually arrived in relationship marketing. Unfortunately existing theories does not provide satisfactory answers to insurance brokers questions. The author concluded, therefore, it is an interesting and imperative task for insurance brokers to find out: How can they retain SME clients? What is the nature of our relationship with clients? What are the key components in these relationships? How can we manage such relationships?

These real-life questions are often different from academic research questions in terms of the language used. It would only be appropriate to transfer such real-life questions into valid research aims and objectives to make this research academically worthy.

A research aim acts as a road map for the rest of the research hence it must be concise and focused so that there can be no ambiguity about what is to be attempted (Cadman, 2002). In essence, research aim indicates gaps in the scope or the certainty of our knowledge (Ghauri and Grønhaug, 2005).

The purpose of this study is to explore the nature and key components of relationship in a specific financial service relationship, namely that of an insurance broker and their SME customers. To this point, the research aim of this study is defined as:

"Form a framework reflecting the nature of broker-client relationship as a development process with key components influencing the quality of relationship attached to each stage of the process"

The research aim can often be divided into a number of research objectives, through these objectives. Appropriate research objectives can provide focus, help researcher to avoid collecting unnecessary data and organize the research in parts or phases.

The research question is divided into the following research objectives:

- *Form a development stage framework reflecting the nature of broker-client relationship.*

- *Identify key components influencing relationship quality in each stage of the relationship.*

- *Discuss the model's implication towards marketing practice.*

1.7. Scope of research

Defining the scope of a research's boundaries can delineate it from other current research and even possible future research in the same discipline. A research can demarcate its scope in term of time period involved, personnel consulted or to be consulted, departments, functions, sites, geographical areas, and a particular initiative and so on.

The scope of this research is defined within the research question. The key question is "how" and "what", through which the nature of broker-clients relationship will be reflected. The industry in which it is applied is the financial service industry, specifically focusing on the insurance broking industry. The

time frame studied is contemporary marketing practice, the status quo instead of the historical practices. The geographical scope is within UK, largely focusing on companies in England, where the insurance industry traditionally originated from.

The focal point of analysis in this research is the dyadic relationship between SME clients and insurance brokers. Whilst acknowledging the overall differences between interpersonal and inter-organizational relationships (Anderson and Weitz, 1989, Moorman et al., 1992, Ganesan and Hess, 1997), the author deliberately avoided categorizing such relationships into B2B or B2C. This is also because in the SME market, the business owner and the decision maker are often the same person; this is also similar for insurance brokers where the proprietor is often the sole agent holding the customer relationship for the broker company. Thus the data presented in this research is in a B2B context. However, the author believes that relationship marketing is a generic concept which includes both industrial and consumer markets, hence the author does not attempt to make a deliberate distinction between the two markets, and consequently will use terms such as seller and supplier, consumer and buyer interchangeably. This importance assumption differ this research from the relationship marketing research tradition, in which B2B and B2C usually used discussed as very different fields and terms such as seller and supplier, consumer and buyer are used in consumer markets and industrial markets respectively (Selnes, 1998).

1.8. Potential contributions

Research must contribute to the existing knowledge in the discipline. It must "make a synthesis which has never been presented, may use already known material but with new interpretation, may be on an old issue but must bring new evidence, adding to knowledge in a way that has not been done before", this is called the originality (Phillips and Pugh, 2005, p61).

Potentially, this research will contribute to both marketing theory and marketing practice.

1.8.1. Contribution to marketing theory

Relationship marketing has been extensively researched by the academic world in recent years leaving abundant, if not excessive, concept, construct, framework and school of thoughts, yet till now a commonly accepted definition of relationship marketing has not been reached (Egan, 2004, Palmer and Bejou, 2006). In the field of financial service, relationship marketing research has largely focused in retail banking, which is a different service from insurance broking by nature. Among the very few relationship marketing research in the sector of insurance, most of them are in life insurance. As discussed earlier in the introduction of UK insurance industry, personal line life insurance sector differs from commercial line insurance completely in terms of their client relationships.

There are quite a number of researches in retail banking, which appears to be related to this research. However, a deeper analysis indicates that retail banking differs from insurance broking in several aspects which makes the generalization of marketing theories in retail banking into insurance broking impossible. Although this research is about relationship marketing in retail banking as a service industry (Dibb and Meadows, 2001, Ricard and Perrien, 1999a, Holmlund and Kock, 1996, Perrien et al., 1993, Perrien et al., 1992, Carson et al., 2004, Ricard and Perrien, 1999b, Schell, 1996, Ndubisi et al., 2007, Dash et al., 2006, Mehta et al., 1999, David et al., 2004, Seal, 1998); some is about the application in specific culture and countries (James et al., 1998, Hawke and Heffernan, 2006, Lam and Burton, 2006, Ibbotson and Moran, 2003, Madill et al., 2002, Rugimbana, 2007, Ndubisi, 2007, Alfansi and Sargeant, 2000, Abratt and Russell, 1999, Zineldin, 2005, Jayakody and Sanjeewani, 2006, Adamson et al., 2003, John and Andrew, 2004, Russell and Joy, 1999); whist others are about the impact of information technology and online relationship marketing or e-RM (Argyriou et al., 2005, Mark and Barry, 2003, Koh Hian and Chan Kin Leong, 2002, Lang and Colgate, 2003, Durkin and Howcroft, 2002, Zineldin, 2005, Ibbotson and Moran, 2003).

In the field of relationship marketing in services, it is difficult to generalize theories into different services industries and organizations due to the diversity

of service sectors. As early as 40 years ago, Hunt (1976) had discussed the importance of a classification schemes in marketing. Lovelock (1983) argued that research should focus on specific categories of services instead of trying to develop a "general theory" panacea to suit every services industries. Lovelock (1983) proposed 5 criteria to classify services: a) nature of service act, b) relationship with clients, c) customization and judgement in service delivery, d) nature of demand of service relative to supply, and e) method of service delivery.

By comparing the insurance broking industry with other financial services, especially with the retail banking industry in which a lot of previous research was undertaken, it can be justified that insurance broking is by and large different in nature from retail banking and hence, one cannot simply assume the findings of existing research on retail banking will generalize into insurance broking industry automatically.

For instance, the insurance broking service client relationship is relatively shorter, highly cyclical. Often the relationship must be reviewed and contract must be rewritten annually. In comparison, retail banking service has a much longer relationship with customers. In terms of service deliver, insurance brokers actively approach client to build the relationship, whilst bankers tend to attract customers to come to them.

In contrast to the abundance of research into retail banking, the relationship marketing in insurance industry remains largely untouched. There are only a few studies that can be found for the life insurance sector (So, 2002, Crosby and Stephens, 1987a, Morgan and Chadha, 1993, Crosby and Stephens, 1987b, Sekhon and Kennington, 2001, Durvasula et al., 2004). Among these research, Sekhon and Kennington (2001) empirically tested the importance of five relationship marketing variables and supported the importance of relationship marketing in the UK permanent health insurance sector. Similarly, Durvasula et al. (2004) empirically tested such variables in Singapore life insurance sector to encapsulate cultural differences in relationship marketing and they found service quality has an indirect relationship with behavioural outcome measures via satisfaction and value.

As discussed earlier, B2B and B2C relationships co-exist in the insurance broking sector. The few existing research in the life insurance sector largely looked at the relationship with individual consumers (B2C), leaving the B2B client relationships untouched.

So far, the only research directly relevant to this research is a recent study by Beloucif, Donaldson and Kazanci (2004). They created a development stage model for client relationship in the insurance broking industry and concluded that trust, commitment and satisfaction have impact upon a quality relationship but such impact varies in the different stages of a relationship, and they suggested that such relationships need to be re-examined in an industry and time-specific way.

Although directly linked to the insurance industry, Beloucif, Donaldson and Kazanci's (2004) model does not reflect the complex broker-client relationship in detail. For instance, the model suggested a step-by-step relationship development process from initiating to growing and then terminating, yet in reality such relationship often jumps from initiating directly into terminating stage. This model, therefore, does not provide a satisfactory answer to the questions faced by insurance brokers.

In summary, this research hopes to contribute to the body of knowledge in the relationship marketing discipline by exploring the nature of client-relationships in the untouched commercial line insurance broking sector, which delivers a different nature of service, in a different way and time horizon from other financial services.

To be specific, the author aims to develop a client relationship development stage model, based on the model developed by Beloucif, Donaldson and Kazanci (2004), incorporating key components of relationship marketing, such as trust, commitment, and satisfaction, into each development stages of the relationship.

This intended model has its originality in several ways: 1) This will be the first model incorporating relationship marketing components (e.g. trust,

commitment) into relationship development stages, reflecting the different impact of these components in each relationship development stages. Although this effort is new, it is logical and worth researching, since a well-established research by Ford (1980) has already slightly touched on such an approach (noting the different role of commitment in each development stages of a relationship). 2) This will be the only model (apart from the problematic one by Beloucif et al.) developed for insurance broking industry, echoing the call for research to be specific to different industries by some distinguished scholars (e.g. Lovelock, 1983).

1.8.2. Contribution to marketing practice

This research contributes to marketing practices in the following ways.

First, the model to be developed may serve as a guideline to the relationship marketing practice of insurance brokers. The UK commercial line insurance brokers are facing challenges of retaining their customers from being taken away by new comers such as direct writers and online insurance portals (DataMonitor, 2008). Many brokers may have realized the importance of relationship marketing and already have a complex CRM system in place, unfortunately half of these CRM are delivering unsatisfactory results (Fox, 2001). The finding of this research would be interesting for commercial line insurance brokers, not only for their survival in the short run, but also for their development in the long run.

Second, the research will be of great interest to industry associations such as British Insurance Broker Association, for their training for their members in client relationship management. The BIBA has been continuously seeking for high-level research specific to the relationship marketing of insurance broking industry, and the author had been affirmed by the President of BIBA in London at the beginning of the project.

Third, this research will also shed light on the role of insurance brokers in the insurance distribution value chain. Consequently, the finding of the research would offer insight to the industry regulators, such as the Financial Services

Authority. Given the recent trend that merger and acquisition are increasingly popular in the insurance broking industry (DataMonitor, 2009), an in-depth research into the marketing practice (not as an organizational function, but as a cross functional process and philosophy) would likely offer fresh insight to the industry regulators for their industry regulation efforts.

2. LITERATURE REVIEW

Relationship marketing has been extensively researched by the academic world in recent years leaving abundant concepts, constructs, frameworks and schools of thoughts. Yet till now a commonly accepted definition of relationship marketing has not been reached (Palmer and Bejou, 2006). Despite academic and practitioners' interest, relationship marketing is generally regarded as an "umbrella philosophy" with numerous relational variations rather than clearly defined theory with practical implementation guidelines (Egan, 2004). In this research, to simply use relationship marketing as the research field would be too broad and hence the author will anchor the research into the existing relationship marketing research by defining "relationship marketing" for this research. Through the definition process of relationship marketing, the author will justify where the author stands in terms of existing research in the field. Following that, research on the relationship development stages will be reviewed, criticized and its relevance to insurance broking services will be discussed. Then, the key components influencing client relationship will be reviewed and summarized into a coding table. Finally, the author will form an initial framework for this research, by attaching the key components influencing relationship quality (identified through literature review) to each stages of the relationship development model proposed for the insurance broking services sector.

2.1. Relationship marketing defined

The author will summarize the different approaches of relationship marketing research into three stages, providing an overview of relationship marketing. The author will then distinguish relationship marketing from other related, often confusing concepts such as customer relationship management (CRM). Finally, the author will give a working definition for relationship marketing specifically for this research. Finally, the author will also review the negative sides of relationship marketing as revealed by existing research. Doing so helps the author to avoid falling into these traps in this research.

2.1.1. An overview of the different approaches of relationship marketing

Relationship marketing received significant attention after it was first explicitly used by Berry (1983). The past two decades have witnessed the growing popularity of relationship marketing and a significant growth in the number of academic papers on relationship marketing (Little and Marandi, 2003).

Whilst some authors have tried to convince others to accept their relationship marketing definitions, several other researchers (Coviello et al., 1997, Palmer, 1996) have built a theoretical framework to classify these definitions into logical order.

Palmer (1996) suggested three broad ways to classify relationship marketing research. He suggested that on a tactical level, relationship marketing was principally a sales promotion tool; on a strategic level, relationship marketing involves retaining customers via legal, economic, technological and geographical barriers to exit; on a philosophical level, relationship marketing means integrating customer orientation inter-functionally and shifting focus away from products and their life cycle onto customer relationship life cycle.

Coviello et al.(1997) suggested four different levels in which relationship marketing could be fitted: On the first narrowest level, relationship marketing was seen as equivalent to database marketing. On the second level, relationship marketing was seen as focusing on the relationship between business and their customers to achieve customer retention. On a broader third level, relationship marketing was seen as "customer partnering" with buyer during the joint design of products or services, during which true communication and interaction are required. At the broadest forth level, relationship marketing is actually "catching-all", including everything from database mining, personalized service, loyalty programme, internal marketing, network marketing, strategic alliances etc.

Palmer's framework takes a philosophical route which differentiates various relationship marketing definitions by nature. Whilst Coviello et al.'s framework gives a boundary so that all the relationship marketing definitions could

eventually fall into one boundary, despite of the appropriateness of such boundaries.

For this research, the author finds it more appropriate to summarize the major approaches of relationship marketing into three stages along the development of relationship marketing: Initiation stage, Proliferation stage and Rationalization stage. The figure below is drawn to overview the major approaches of relationship marketing research, rather than an accurate anthropology.
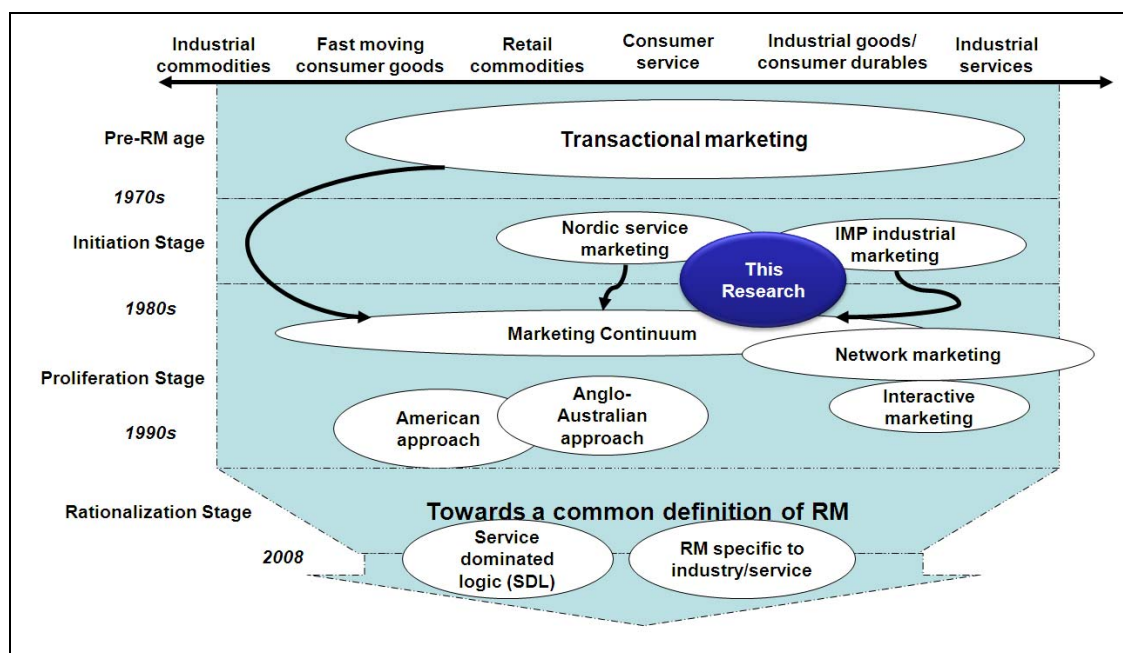
Figure 1: Different approaches of relationship marketing. Source: based on (Harker and Egan, 2006, Grönroos, 2007)

The reason for summarizing in such a way is to understand the concept of relationship marketing and different approaches in their original contexts. Relationship marketing is initiated and developed from different parts of the world in different social, cultural and economical circumstances. It would be more appropriate to seek understanding of different relationship marketing approaches in its unique context, rather than categorize them into so-called schools, as referred by Harker and Egan (2006). Another reason to avoid categorizing existing research into different schools is that, researchers sometimes shift from one "school of thought" to another, or simply stay in

between all the time. Whist in other cases, researchers may develop their thoughts initially together, afterwards deviate into different approaches. For example, Gummesson first started service marketing approach with his colleagues and later developed his own 30Rs approach, which incorporated many more stakeholders in the relationships and his 30Rs approach shares many commons with the commonly known "Anglo-Australian school" (Grönroes and Gummesson, 1985, Gummesson, 1997, Harker and Egan, 2006).

In this research, the author seeks understanding of relationship marketing in the insurance broking service sector, which largely offers risk-related services to clients and B2B and B2C relationships co-exist. Due to the fact that insurance brokers play a far more important role in the commercial lines and a minimal role in personal lines insurance, it will be more sensible to investigate the broker-client relationship in a B2B service context. Therefore, it would be inappropriate to anchor this research into either the "Nordic service marketing approach", or the "IMP industrial marketing approach". It is also vital to distinguish the B2B relationship in the service industry, such as insurance broking from the prevailing industrial B2B relationship as advocated by industrial marketing scholars from the IMP group. The B2B client relationship in this research is in a service context, whereas the industrial marketing/IMP approaches B2B relationships tends to be in an industrial/ manufacturing context. In summary, any effort trying to put this research into any existing research approaches would be inappropriate due to the unique nature of the insurance broking services. If one has to put this research into the framework of existing research traditions, the best position would be between service marketing and industrial B2B marketing (as shown in Figure 1), yet not falling completely into any of the existing approaches.

2.1.2. CRM as technology-oriented relationship marketing

As said earlier in the chapter, there are quite a few concepts in the field of relationship marketing. To name just a few here: customer relationship management, customer relationship marketing, database marketing. Out of all these buzzwords, CRM is most often confused with relationship marketing.

Different authors have their own perspective and context in which they define the same phenomena. Within this chapter the author does not intend to take the impossible challenge in sorting out the differences among all these "fuzzy" concepts, rather, the author seeks to give a clear boundary of what this research is concerned.

A wide-spread simplistic definition of CRM is the utilisation of customer information to deliver relevant products/services (Levine, 2000). However, as CRM evolves, "richer definitions are emerging, with an emphasis on the goals, logistics and complex character of CRM" (Bull, 2003, p594). CRM means different things to different people. Some argue that CRM is technology-orientated, especially by adopting database technologies such as data warehousing and data mining (Sandoe et al., 2001), some others (Newell, 2000) argue that CRM evolved from relationship marketing and is also an integrated part of relationship marketing. Even more often, the terms CRM and relationship marketing are used interchangeably, especially so in the academic community (Parvatiyar and Sheth, 2000). In this research, the author takes Little and Marandi's (2003) view, which states that CRM is technology-oriented relationship marketing. From a practitioner's perspective, it is also appropriate to underplay the importance of "technology" in this research, due to the fact that insurance broking services does not embrace technology as much as many other services (DataMonitor, 2009).

2.1.3. Towards a definition of relationship marketing

To form a relationship marketing definition for this research, the author will review the key definitions from existing research and then arrive at his own definition for this research.

From the reviewing of relationship marketing definitions in literatures, Morris et al (1998) summarized that the key words used by scholars to define relationship marketing are as follows: This summary gives the author an indication of the overall orientation of existing relationship marketing research. Such an indication helps the author to define his own definition for this research.

Key words	Frequency of appearance in relationship marketing definitions
Reciprocity	Very high
Relational exchange	Very high
Trust	High
Customer retention/loyalty	High
Customer acquisition	High
Interaction/communication	High
Time dimension–extended time horizon	High
Collaboration/alliances	High
Value creation and sharing	High
Asymmetrical marketing process	Low
Commitment	Low
Preferred supplier	Low
Structural/social bonds	Low
Understand customer needs	Low
Mutual benefit	Medium
Personalized marketing process	Medium

Table 1: Key words used in existing relationship marketing definitions   Source: based on Morris et al (1998)

The above summary of existing relationship marketing definitions reflects the plethora of relationship marketing research in the past two decades (Dann and Dann, 2001). Indeed, the word "relationship" alone is "fuzzy" enough to embrace many overlapping properties (Gummesson, 1994). Later in a holistic manner, Gummesson (2002) listed 30 relationships involved in marketing activities. Different perspectives on relationships naturally lead to a vastly diversified range of relationship marketing definitions. Among all these relationship marketing definitions, Grönroos's (1994) definition is the best in terms of its "coverage of the underlying conceptualisations and acceptability (Harker and Egan, 2006). This definition is "more elegant and succinct", and represents the most essence of relationship marketing, so concluded Harker (1999):

> *"Relationship marketing is to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilment of promises (Grönroos, 1994, p9)".*

The key words here is that, such a relationship must be "at a profit" to both partners. Once one of them or even both are no more benefiting from such

relationship, the relationship will run into dissolution stage (Hocutt, 1998). The termination of the relationship could be initiated by either side, the buyer or the seller.

In an extensive literature research, Morris et al (1998) summarized 15 different definitions and observed that the following key worlds are mostly mentioned: relational exchange/ reciprocity, time dimension, retaining customer, attracting customer and close collaboration/interaction. Following that, another literature review is extensively made only for the definition of relationship marketing, Harker (1999) listed 26 previous relationship marketing definitions by ending up with his own, the 27th definition.

> *"An organization engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers (partners) overtime is engaged in relationship marketing" (Harker, 1999, p18).*

The situation was made more chaotic by different concepts and words similar to or substituting relationship marketing. Only to name a few here: one-to-one marketing, customer relationship management, consumer relationship marketing, key account management, database marketing, mass-customization marketing, micromarketing, wraparound marketing, loyalty marketing, symbiotic marketing, frequency marketing, interactive marketing, dialogue marketing, customer partnering, individual marketing, integrated marketing (Buttle, 1996, Tapp, 1998, Harker and Egan, 2006).

Until recently, the diversity of relationship marketing theories and schools/approaches has become excessive, the boundaries were "completely permeable and elastic", and identifying appropriate contexts for empirical research in the relationship marketing discipline was extremely difficult, if not impossible. Consequently, delimiting the relationship marketing domain has become an imperative task (O'Malley and Tynan, 2000).

For the purpose of this research, Harker's (1999) definition seems the most appropriate one based on the following reasons. Firstly, it has a sufficiently broad coverage to represent most of the essence of relationship marketing as

seen by other researchers (Egan, 2004); Secondly, it points out the key nature of relationships involved in relationship marketing activities as different from traditional marketing, which are committed, interactive and profitable; Thirdly, it has a clearly defined boundary to include customers and other partners as the targeted audience, maintains a subtle balance between the "narrow customer only relationship marketing extreme" and the "broad church" relationship marketing extreme of "cover-all". However, the weak part in his definition is that: service longevity was not sufficiently emphasized. Thus, relationship marketing in this research is defined as follows:

"Relationship marketing is the <u>process</u> to identify and establish, maintain and enhance and when necessary also to terminate relationships with customers and other stakeholders, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilment of promises with selected customers (partners), for mutual benefits over a reasonably long period of time."

2.1.4. Avoiding the Dark sides of relationship marketing

Despite its popularity, relationship marketing is not always praised by the academic world. The author will look at existing criticism so that such "traps" can be avoided in this research.

Relationship marketing is criticised as being popular largely due to the over-promotion by all kinds of consultants, especially those information technology solution providers. In last decades the number of consultant companies promoting relationship marketing grows at an average rate of 30-40% per annum, whilst notably their client grows only at a modest 3-4% (Mitchell, 1997). In contrast, more than half of all relationship marketing initiatives in this attempting 40 billion USD relationship management and services market, end up with failure (Carson, 2006, Fox, 2001). By their nature consultant companies will endeavour to promote "new" philosophies, marketers must be wary of the appropriateness of implementing relationship marketing in their own industries and their own organizations. Evidence provided by consultant companies in terms of the success stories by others may not necessarily

duplicate in the next case. When marketers take relationship marketing superficially instead of digest and internalize them into their own organization, what they do is simply shift their spending from above the below the line, making relationship marketing more rhetoric than reality (O'Malley and Tynan, 2000).

Other criticisms are put forward regarding the disadvantages of relationship marketing. The disadvantages of engaging in a relationship are raised by Blois (1998) and later summarized by Little and Marandi (2003) in five aspects, namely: loss of control over resources, activities and intentions; indeterminateness in terms of the uncertain relationship subject to continuous change; resource demanding; preclusion from other opportunities and unexpected demands from others in the relationship.

Much of the existing literature about the "dark sides" of relationship marketing is in the industrial business-to-business context. Such dark sides include: misuse of trust by one party, restricted choices, neglect the development of wider marketplace, exclusion by partner's competitor, unwanted partner dragged into the network by a good partner (Pressey and Tzokas, 2004, Vilgon and Hertz, 2003, Anderson and Jap, 2005).

Vilgon and Hertz (2003) used a case study of relationship between Volvo Car Corporation (key customer) and a leading Swedish transport and logistics company ASG (contractor) to demonstrate both the direct and indirect negative effects of a close relationship. They concluded that it can be equal costly in terms or resources as acquiring new relationships when large changes at the customer end occur, in which case a total re-evaluation of the relationship is needed. Holmlund-Rytkönen and Strandvik (2005) recognize that stress exist in business relationships and they propose a technique called "negative critical incident mapping" for measuring and analysing stress in business relationships.

Contrary to the applause for the application of relationship marketing (especially the adoption of technology-based CRM systems) in the financial service industry, other research also shows the dark side of relationship

marketing in financial services. As noted by Hakansson and Snehota (1995), not all the relationships are beneficial. Some of the relationships turn out to be a burden to a company. As per the 20/80 rule of thumb, often 20% of highly profitable customers subside the other 80% customers who may in fact surprisingly making the company a loss (Sheth, 1999). In a similar vein, some investigation show that around 50% of retail bank's customer are unprofitable (Storbacka, 1994). The erosion of the profit derived from top 25% customers' profit are caused by around 1% problematic customers (Storbacka, 1997).

Some researchers suggest that, relationship marketing may have a negative impact on the overall performance of the company in certain situations. In recent research, Law (2005) examined the long-term relationships between a client and an agent in the insurance services in Hong Kong, and concluded that; in order to be successful in relationship marketing implementation, different strategies are required in various stages of relationship development. Due to the nature of relationship may change after the establishment stage, insurance service providers are alerted to observe the dark side constructs that may affect the long-term relationship outcomes. It is interesting to note that, Law's research in the insurance services was stimulated by an similar study in industrial exporting sector by Pressey and Tzokas (2004), who studied the perceptions of 212 UK export managers from a broad range of industrial sectors, and revealed the weakening of the relationships over time in terms of the reduced level of affective commitment. Although from two completely different industries, and geographic locations, the two researches have arrived at similar conclusions about the dark sides of relationship marketing.

Empirical research about the negative effect of a "too close" relationship in a service industry is largely ignored. Much of the literature about the "burden" or the "dark side" of relationship marketing is in the industrial business-to-business context. Such dark sides include: misuse of trust by one party, restricted choice, neglecting the development of wider marketplace, exclusion of a partner's competitor, unwanted partner being dragged into the network by a good partner (Pressey and Tzokas, 2004, Håkansson and Snehota, 1995, Vilgon and Hertz, 2003, Anderson and Jap, 2005, Macdonald, 1995). In an

effort to explore how close a relationship should be, Macdonald (1995) studied four large UK companies and concluded that, getting "too close for comfort" in a B2B relationship may lead to collusion and reduce competition among suppliers and may also discourage innovation in the company. Much of what is said about getting close to customers is fashionable rhetoric by marketers who do not want their role to be diminished, without realizing the true complexity of such a close relationship (Macdonald, 1995). Vilgon and Hertz (2003) used a case study of relationship between Volvo Car Corporation (key customer) and a leading Swedish transport and logistics company ASG (contractor) to demonstrate both the direct and indirect negative effects of a close relationship.

From the existing criticism of relationship marketing, it can be summarized that: 1) Popularity of technology-based CRM systems does not necessarily mean relationship marketing is technology-driven. 2) Not all relationships are beneficial. This is an important factor to consider in this research. 3) Different strategies are required in different stages of relationship development. One cannot naively assume that key components influencing the quality of relationship are the same across different stages of relationship.

2.2. Relationship development stages

This section reviews the existing relationship development stage models, most of which are developed in an industrial context. The author then focuses on the insurance sector, from where only one study can be identified. Based on previous models, the author proposes a cyclical relationship development model at the end of the section.

2.2.1. Generic buyer/seller relationship development stage models

Many authors (e.g. Ford, 1980, Dwyer et al., 1987, Jap and Ganesan, 2000) proposed the development of relationship in a similar way as the product life cycle (PLC) concept in traditional marketing domain. As a result, quite a few PLC-like relationship development models were offered. In this section, previous relationship development models will be reviewed. The author

deliberately filtered out the models related to the "loyalty ladder", which in itself is a major area deserves scrutiny and has been already extensively discussed by many authors.

The IMP Group was the pioneer in defining the relationship development stages. Their model focuses on the industrial buyer-seller partnerships. Such relationship evolves and matures over time in five stages: 1), the pre-relationship stage; 2), the early stage; 3), the development stage; 4), the long-term stage, and 5), the final stage. (Håkansson, 1982),

Later Ford (1984) divided the development of buyer/seller relationships in industrial markets into five stages (pre-relationship stage, early stage, development stage, long-term stage, the final stage). The experience of both parties, the uncertainty faced, the distance, commitment and adaptation vary throughout different stages of a relationship. A big contribution of Ford's framework is that, he pointed out that some key components of a relationship, such as commitment, varies in different stages of a relationship, and even in the same stage, it can be perceived very differently by buyer and seller. Few other researchers in the field investigate as deep as Ford's in terms of the nature of key influencing components in a relationship. On the other hand, Ford's model seems to suggest a one-way relationship development that the relationship will be increasing in its quality and degrading of relationship is largely ignored. An ever-increasing quality relationship is highly unlikely the right description of real-life relationships in practice.

Following these efforts, there are many other frameworks proposed, most of them are similar to the previously proposed frameworks. For instance, Knapp (1984) proposed a relationship stages model including five relationship-building stages (initiation, experimentation, intensifying, integrating and bonding) and five relationship-splitting stages (differentiating, circumscribing, stagnating, avoiding, and terminating). Knapp (1984) argued that his model would work in many social contexts, business relationship is one of them. Dwyer et al. (1987) identified that relationships evolve through five general phases (1) awareness, (2) exploration, (3) expansion, (4) commitment, and (5) dissolution. Each phase represents a major transition in how parties regard

one another. This model is built upon an earlier study in a social exchange context by Scanzoni (1979), who formed these five phases and sub-processes. However, it is Dwyer et al. (1987) who transformed this model specifically into a marketing context. Wilson (1995) developed a five-stage framework integrates the constructs most often examined in empirical relationship research with the stages of relationship development (partner selection, defining purpose, setting relationship value, and relationship maintenance). The proposed model recognized that a variable may be active at certain stages and become latent in others. The contribution by Wilson, compared to other previous researchers, is that the successful components in a relationship were integrated into the relationship development model.

In the field of service marketing, Stern (1997) adapted Levinger and Snoek's (1972) "ABCDE" relationship developmental cycle (Acquaintance, Build-up, Continuation, Dissolution, and Exit) to a services marketing context. After dropping the "E" (Exit) stage since the high cost and low probability associated with retrieving departed customers versus satisfying current ones usually discourage efforts to "woo back" those who have left, a relationship marketing development cycle has four stages and four corresponding communication goals.

The resources required to develop a business relationship tend to increase with the closeness of the relationship (Conway and Swift, 2000). Hart and Johnson (1999) plotted a total trust relationship curve on an matrix, with customer satisfaction on x axis and repurchase and willingness to recommend on Y axis. They pointed out that, up to certain extent, there is a "zone of indifference" in which, customers' willingness to repurchase and recommend stays the same even if their satisfaction level increase. They argued that business should aim at building a total trust relationship which is after the "trust trigger point" at the end of the "zone of indifference". (Hart and Johnson, 1999, p15).

Jap and Ganesan (2000) used "relationship life cycle" to describe their relationship development model. Their model has four stages (exploration, build-up, maturity and decline), which is rather similar to a product life cycle

model. In a retail-supplier relationship context, they investigated commitment of both parties in a relationship. It is interesting to note that their study looked at commitment as an "indication" of high quality relationship, rather than an influencing factor of such relationship. In this research the author takes the later approach, which is supported by main-stream scholars (e.g. Morgan and Hunt, 1994).

Existing relationship development stage models tend to be generic, product life cycle alike. They often start with an initiation/introduction stage, then to a development/growth stage, commitment/maturity stage, finally dissolution/ decline stage. This tendency of models has several dissatisfactory issues which the author will address after comparing with a similar model in the insurance service sector specifically.

2.2.2. Existing relationship development model in insurance sector

So far, the only research directly relevant to this research is a recent study by Beloucif, Donaldson and Kazanci (2004). They developed a development stage model for client relationship in the insurance broking industry, concluded that trust, commitment and satisfaction have impact upon a quality relationship but such impact varies in different stages of a relationship, and suggested that such relationships need to be re-examined in an industry and time-specific way.

In comparison with the several generic buyer/seller relationship development model reviewed earlier, this model for the insurance sector by Beloucif et al. (2004) does not appear to be innovatively different. The major difference is that more insurance sector specific processes are incorporated into the framework.

On the other hand, there are a number of issues with Beloucif, Donaldson and Kazanci's (2004) broker-client relationship model. Firstly, the model is linear instead of cyclical. Although Beloucif et al. acknowledged that insurance broking service is highly cyclical in terms of their relationships; their model does not capture this characteristic. Secondly, their model is highly descriptive,

with a lot of details of marketing practices. This description might be helpful for practitioners for their implementation, yet a general model for the industry has to be conceptual and precise. Thirdly, their model has a strong flowchart orientation, to cope with the highly descriptive nature of the model. Unfortunately a flowchart like model does not easily qualify as a general relationship model to reflect the nature of broker-client relationship wholly. Fourthly, key relationship marketing components such as trust and commitment are excluded from their model. Fifthly, although they acknowledge the impact of various relationship marketing components (e.g. trust, commitment) upon a relationship, these differ in each development stage of the relationship, they have not integrated such difference into their model. Finally and most importantly, their research is questionnaire-based, casting a serious doubt about the validity of research due to the fact that people may have very different understanding of words such as trust and commitment, and highly unlikely such doubts could be resolved in a questionnaire based survey.

2.2.3. A proposed relationship development stage framework for insurance broking service

The existing relationship frameworks are highly similar to each other, with occasional variations. Most of the frameworks are product life cycle alike, comprise of a starting stage, developing stage, stable and mature stage, followed by a decline stage. This generic framework is well accepted and the framework proposed below for this research is based on the previous framework, modified to reflect the practice of insurance broking services.

- - - - → Indicates different development routes from those in previous literatures
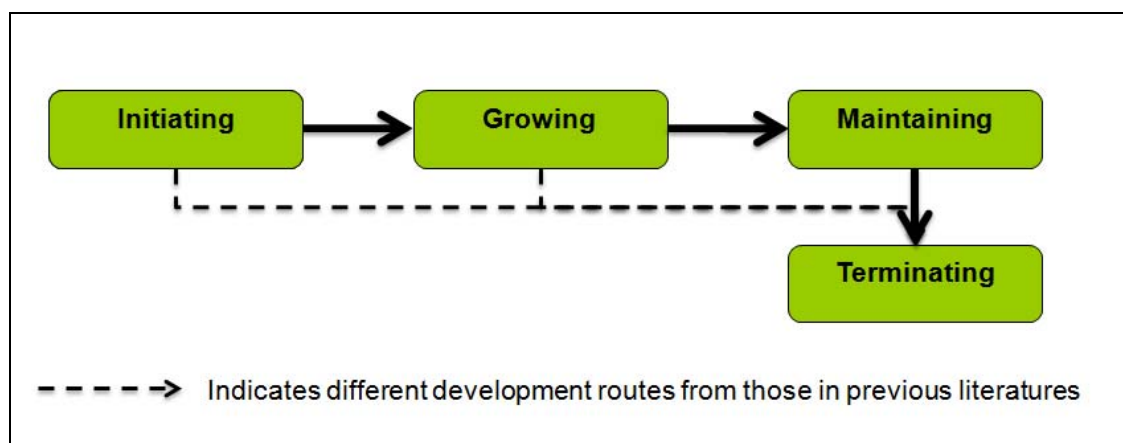
Figure 2: A proposed development stages framework for insurance broking service sector

This framework is composed of four stages: Initiating, growing, maintaining and terminating. The initiating stage is the earliest stage in which a relationship is formed, whether formally or informally. Then the relationship grows to be stronger, leading to a better quality of relationship. Meantime, those relationship does not grow firmly may also be terminated by either party. The ones grows well must be maintained. The maintaining stage is the stage where a lot of effort is put into the relationship. Finally, the relationships not maintained well will decline and be terminated.

This proposed framework differs from previous frameworks by reflecting the reality in the insurance broking service. In this highly competitive market, clients have more than enough choices and client relationships are not easily maintained. Consequently it is common to see many broker-client relationships terminate before or soon after the growing stage.

2.3. Key components influencing relationship quality

One of the key objectives of this research is to identify the components influencing the quality of broker-client relationship in every stages of the relationship. In this effort, it is necessary to review existing literatures and summarize the key components influencing relationship quality as identified by previous researchers.

2.3.1. Key components identified by existing literature

Existing literature identified a wide range of relationship components which includes trust, commitment, relationship quality, relationship satisfaction and many more other components. Some exemplary research is reviewed here to help the author build a "components pool" of key words and catalogue for the data analysis in this research. Such review is not intended to be all-inclusive, and in fact a review in this field is hardly practical due to the fragmented, diversified and confusing previous research (the author's observation).

According to Håkansson (1982) of the IMP Group, industrial buyer-seller partnerships evolve over time in five stages and this process is traced using five variables: experience, uncertainty, distance, commitment and adaptations. Distance is further categorized into several sub-dimensions: cultural, social, technological, time and geographic.

Morgan and Hunt (1994) developed a commitment-trust theory of relationship marketing, in which they argued that trust and commitment are the two major components enabling an effectives relationship marketing. They identify five major precursors (relationship termination costs, relationship benefits, shared values, communication and opportunistic behaviour) and five outcomes (acquiescence, propensity to leave, cooperation, functional conflict, and reduce uncertainty) of relationship commitment and trust. They also identified that trust has a positive impact on commitment within a relationship.

It is important to note that their commitment-trust theory was discussed in the context of the ten forms of relationship marketing. They argued that relationship marketing may appear in ten forms in four categories: buyer partnership (intermediate customers, ultimate customers); internal partnerships (functional department, employees, business units); supplier partnerships (goods suppliers, services suppliers); and lateral partnerships (competitors, non-profit organizations, government).

Nielson's (1998) framework looked at relationship marketing from a supplier's perspective. There are three sections in their framework and right in the middle is "closeness". On the left are three components driving for relationship closeness: supplier trust in the customer-partner, relationship-specific investments by the supplier, and the supplier's commitment to the relationship. On the right side, relationship closeness drives for interaction and information sharing, which then lead to the benefits enjoyed by the supplier.

Selnes (1998) tested the four antecedents (competence, communication, commitment, and conflict handling) and of trust and satisfaction, and concluded that: 1) satisfied customers are more motivated to continue the relationship with the focal supplier; and enhance the scope of the relationship;

2) trust is a strong antecedent of motivation to enhance the scope of the relationship, but trust is not necessary when the decision is relationship continuity (p317).

Hibbard, Brunel, Dant and Lacobucci (2001) reported that the key components of relationship marketing, which are trust, commitment, communication, shared values and mutual dependence, continue to have a positive effect on the performance of businesses, yet such effect will diminish over time. Similarly, another study by Verhoef et al. (2002) reported that relationship age has an "moderating" effect between the five relational constructs (trust, affective commitment, calculative commitment, satisfaction, payment equity)

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 purchased.

Weitz and Bradford (1999) used trust and commitment as components to distinguish partnership relationship and functional relationship (repeat purchasing). They argued that repeated transaction does not automatically means there is a partnership relationship.

Garbarino and Johnson (1999) focused on the role of three relationship constructs (trust, commitment and satisfaction) in predicting the customer's intentions towards relational bonds, and concluded that: for low relational customers, overall satisfaction is the primary mediating construct; whilst for high relational customers, trust and commitment, rather than satisfaction, are the mediating constructs.

Rauyruen and Miller (2006) proposed that relationship quality as a higher construct, comprising of commitment, trust, satisfaction and service quality, influence B2B customer's purchase intention and attitudinal loyalty on two levels, relationship quality with employees of the supplier and relationship quality with the supplier company as a whole. Their study reported that, whilst all four dimensions of relationship quality influence attitudinal loyalty, only satisfaction and perceived quality influence purchase intentions. They also reported that, relationship quality only influence customer loyalty on an organizational level, whilst it only almost no role in influencing customer loyalty on the employee level.

Gounaris (2005) proposed a framework to capture the relationship between antecedents of trust and commitment in a relationship. Perceived service quality and bonding techniques are the antecedents to trust, which then lead to both affective commitment and calculative commitment. Yet a rival framework was finally presented which indicate the four components influencing customers behavioural intentions (invest in relation and maintain the relation) are: service quality, bonding, trust and commitment.

Palmatier et al. (2006) proposed a meta-analytic framework for the components influencing the quality of relationship marketing. In their framework, components are broken down to customer-focused antecedents (relationship benefits, dependence on seller), seller-focused antecedents (relationship investment, seller expertise), dyadic antecedents (communication, similarity, relationship duration, interaction frequency, and conflict), customer-focused relational mediator (commitment, trust, relationship satisfaction, relationship quality), customer-focused outcomes (expectation of continuity, word of mouth, customer loyalty), seller-focused outcomes (seller objective performance) and dyadic outcomes (cooperation).

There are a number of improvements made by Palmatier et al. (2006), comparing to other earlier frameworks. Firstly, they distinguish antecedents, outcomes and relationship mediators, which enable the analysis of causal linkage between these components in a clear manner. Secondly, they distinguish the focus of each factor, whether it is customer-focused, seller-focused, or both (dyadic). Finally, being a "meta-analysis", their framework has a much wider coverage of relationship components. For these reasons, their framework is used as a good source of "components pool" for this research.

Theron, Nic and Boshoff (2008) are the first in evaluating empirically the relationship between four antecedents (trust, communication, shared values and attractiveness of alternatives) and relationship commitment in a B2B financial services context. They found all the four antecedents have positive impacts upon relationship commitment. The unique contribution of their research is that, they considered simultaneously the perception of bother buyers and sellers.

The extant literatures largely argues that parties involved in a B2B relationship may take either a calculative orientation aiming at utility maximization (Williamson, 1993) or a heuristic orientation to socialize with each other regardless of the economic consequences (Granovetter, 1985). The assumption taken by these two divided branches of authors is that the parties involved take only one orientation. This rather restricted assumption is challenged (Montgomery, 1998) and it is argued that "both calculative and heuristic orientation can coexist and switching among them is both possible and likely" (Heide and Wathne, 2006 :p90).

The table below summarizes the major components influencing the quality of relationship marketing: **Trust (to be further explored), Commitment, Satisfaction, Dependence, Professionalism, Communication and Interaction**. The list is not intended to be exhaustive. Only the most fundamental and frequently referred components are listed. In the next section of this chapter, the author will attached these components into each stages of the proposed relationship stage framework if they are relevant to that specific stage of a broker-client relationship.

Components/ Constructs	Definitions	Common Aliases	Representative Papers
Trust	self-assurance that the relationship collaborators have developed reliability and integrity between them (Morgan and Hunt 1994); Confidence in an partner's reliability and integrity; a belief that the other will act for mutual benefits (Anderson and Narus 1990); the confidence of the actors in the good will of each other. it is a non-calculative reliance in the moral integrity and goodwill of others one depend upon (Gounaris 2003).	Trustworthiness, credibility, benevolence, and honesty	Doney and Cannon 1997; Hibbard et al. 2001; Sirdeshmukh, Singh, and Sabol 2002; Moorman, Deshpande, and Zaltman 1993; Morgan and Hunt 1994; Berry 1995; Dwyer, Schurr, and Oh 1987; Gounaris 2003;
Trust on salesperson	personal trust on the reliability and integrity of the salesperson	Personal trust	Crosby, Evans, and Cowles 1990
Trust on organization	trust on the seller organization that they will act in a way which is mutual beneficial to each other	Organizational trust	Gwinner, Gremler, and Bitner 1998; Garbarino & Johnson 1999

Commitment	An enduring desire to maintain a valued relationship; desire for continuity manifested by the willingness to invest resources into a relationship (Wilson 1995); a notion including strong preference for existing partners developed cooperative sentiments (Teas and Sibley 1980), and propensity for relationship continuity (Anderson and Weitz 1992);	Affective, behavioural, obligation, and normative commitment	Anderson and Weitz 1992; Jap and Ganesan 2000; Morgan and Hunt 1994; Moorman, Deshpande, and Zaltman 1993; Dwyer, Schurr, and Oh 1987; Gundlach. Achrol, and Mcntzcr 1995; Wilson 1995;
Relationship satisfaction	Customer's affective or emotional state toward a relationship, typically evaluated cumulatively over the history of the exchange	Satisfaction with the relationship, but not overall satisfaction	Crosby, Evans, and Cowles 1990; Reynolds and Beatty 1999 Anderson, Fornell, and Lehmann 1994; Oliver 1993
Dependence	Customer's evaluation of the value of seller-provided resources for which few alternatives are available from other sellers	Relative and asymmetric dependence, switching cost, and imbalance of power	Hibbard, Kumar, and Stern 2001; Morgan and Hunt 1994
Professionalism	Knowledge, experience, and overall competency of seller	Competence, skill, Seller expertise, knowledge	Crosby, Evans, and Cowles 1990; Lagace et al. 1991
Communication	Amount, frequency, and quality of information shared between exchange partners	Bilateral or collaborativecomm unication, informationexchan ge, and sharing	Anderson and Weitz 1992; Mohr, Fisher, and Nevin 1996; Morgan and Hunt 1994
Interaction	Number of interactions or number of interactions per unit of time between exchange partners	Frequency of business contact and interaction intensity	Crosby, Evans, and Cowles 1990; Doney and Cannon 1997

Table 2: Key components influencing relationship marketing quality

Source: Author, based on Palmatier et al. (2006), Hardin (2002)

It can be summarized that, among the many components identified by existing literatures, trust is the most frequently referred, most important, and most complicated component. Trust lies in the centre of the pool of many components, yet different author has demonstrated different understanding of "trust". Based on these facts, it would be necessary for the author to dig deeper into existing literature to understand the meaning of "trust" in the next section.

2.3.2. Issues with existing research on components influencing relationship quality

The author noted there are three issues with the existing research on the components influencing relationship quality. Among them, the primary issue is that they do not distinguish the different impact of these components across different stages of a relationship.

First, researchers do not have an agreed definition of what every component is. In this way, although researchers may appear to be referring to the same component, they are actually talking about different components from others. For instance, existing research addressed "trust" from social, economic, cognitive or behavioural dimensions (Ring, 1996, McAllister, 1995, Wilson, 1995, Aulakh et al., 1996). Similarly, when researchers refer to commitment, they refer to it as a number of concepts including adaption to the other party (Ford, 1984), belief in the benefit to maintain a relationship (Morgan and Hunt, 1994, Moorman et al., 1992), propensity to maintain the relationship (Anderson and Weitz, 1992), and preference to purchase from existing partners (Teas and Sibley, 1980). In this research the author will address the issue of disagreement on trust definition in the next section.

The lack of agreed definition on key influencing components reflects a further concern with the majority of existing research in the field.

The second issue: existing empirical research largely use questionnaire based survey style quantitative method to identify and test the relationships between key influencing components, yet often without an operational definition of such components agreed by peer researchers, which necessarily have led to rather confusing results. For instance, some researchers (Morgan and Hunt, 1994) suggested trust cause commitment, whilst some others (Aulakh et al., 1996) suggested the commitment cause trust.

Third, the quantitative-dominated methods adopted by existing research do not reach a sufficiently deep understanding of key influencing components of relationship marketing. For instance, Ford (1984) pointed out that commitment

as an influencing factor in a business relationship actually means "the importance that a seller (or buyer) attaches to its opposite number and is measured by its willingness to invest time and resources in its dealings with them" (Ford, 1984; p102). Thus the difference between commitment and adaptability must be emphasized, as well as the connection between the two. In-depth analysis and thinking such as Ford's cannot be often found in the majority of empirical quantitative based research. In terms of trust, the confusion in existing literature is even bigger. Trust lies in the centre of many components influencing relationship quality, yet the understanding to the word "trust" appears to be shallow, or even superficial sometimes. In the next section, the author will dig deeper into the meaning of "trust", which is the most fundamental components affecting relationship quality.

Fourth, many researchers (Sarkar et al., 1998, Cullen et al., 1995, Ganesan and Hess, 1997) focused on the relationship between organizations in a "naturally cooperative" situations, such as in a joint venture. Relationship components in these contexts are very different from the relationship in the marketing exchange context. Yet they claimed their findings to be relevant for relationship marketing as a whole. Whereas in the area of B2B service marketing, empirical research is even slimmer (Gounaris, 2005), despite the fact that service marketing has become increasingly important and intangible services are often a vital component of the tangible product such as computers (Grönroos, 1990). In this research the author describes in details the specific industry context of the research, and constantly alert the audience that the implications of a specific contexts towards the finding of influencing relationship components.

2.4. A theoretical framework

Earlier in the literature review chapter, the author reviewed existing relationship development stage models, most of which are generic buyer/seller relationship development stage models developed in an industrial context. The author then focuses on the insurance sector relationship model, from where only one study can be identified. Based on previous models, the author summarized the most common and frequently adopted stages and then

proposed a cyclical relationship development model which is composed of four stages: Initiating, growing, maintaining and terminating.

The theoretical framework is evolving in the sense that the framework will be modified to take into account the data to be collected, aiming at developing this framework finally, through a iterative data collection and analysis process, into a framework (theory) which best explains the nature of the broker-client relationship in the insurance broking service sector.

The role of the theoretical framework is to build on and closely link the research philosophy and methodology, particularly to the analytical perspective (abduction versus induction and deduction), hence to be further explored in the methodology chapter. It would be sufficient to explain the role of such a theoretical framework here.

2.4.1. The role of theoretical framework

Miles and Huberman (1994) argued that there are two kinds of frameworks: one is tight and pre-structured framework, primarily for deductive studies; and the other one is loose and emergent framework, primarily for inductive studies. Tight framework may blind the researcher in finding new components/ variables from data, and loose framework may deviate researcher from their initial focus (Miles and Huberman, 1994). Dubois and Gadde (2002) are dissatisfied with the distinction between the two extremes. They argued in an abduction study, "tight and evolving" framework should be developed, for the following reasons:

"The tightness reflects the degree to which the researcher has articulated his pre-conceptions… the evolving is because empirical observations inspire changes of the view of theory and vice versa. (Dubois and Gadde, 2002: p558)"

This research takes an abduction analytical perspective, hence developing a framework based on literature review is more appropriate. Such a framework gives the author a set of guidelines during the study, keeping the research

focus, whilst allowing discovering potential new components embedded in the interview data.

2.4.2. A theoretical framework for this research

As explained in the introduction chapter, one of the key objectives of this research is to develop a development stage framework for the insurance broking service sector. The author has proposed a stage development framework and identified key components influencing relationship quality, and logically the next step is to attach the relevant components to each stages of the framework, to form an initial theoretical framework, which is to be verified and modified through the data collection and analysis later.

The components influencing quality of relationship identified and to be attached are the following. The key components identified through literature are coded with two letters as shown in the table below. Any emergent coding from the data analysis will be added into this coding table later.

Components	Code
Calculative trust	CT
Heuristic trust	HT
Trustworthiness	TW
Commitment	CM
Satisfaction	SF
Dependence	DP
Professionalism	PF
Communication	CN
Interaction	IA

Table 3: Coding of key components influencing relationship quality

The next step is to attach the code to each stage of the proposed framework. In this process, the author makes subjective judgement as to which components are involved in what stage, based on his years of experience in the insurance industry. This initial framework is subject to investigation by real-life data collected later and most likely need to be modified, hence, the author

is less concerned with the subjectivity involved in this attaching process. There could be linkage/relationships among these components in each stages, such linkage, along with the relevant significance of these components, would be further explored during data analysis process.
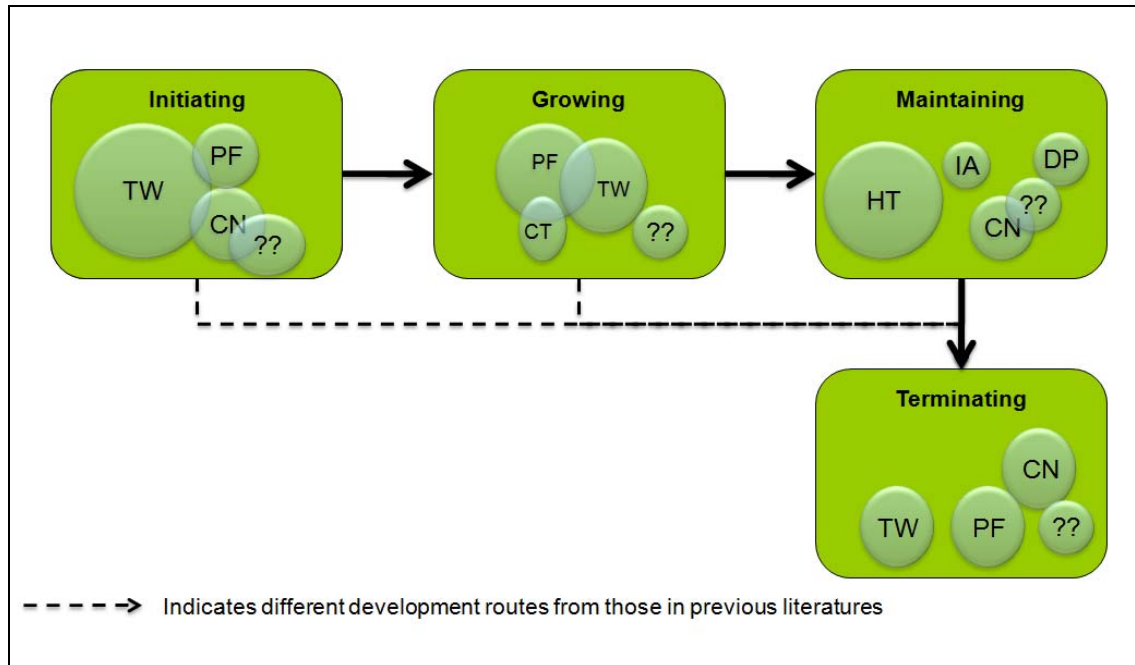
Figure 3: A theoretical framework proposed

With full caution of potential subjectivity, the author attached the key components identified through previous studies to the initial four stages based on experiences. The initiating stage is the beginning of the relationship which naturally involves a considerable amount of trustworthiness, which could be facilitated by broker's professionalism act and effective communication. The growing stage involves professionalism and trustworthiness as a consequence of such consistent professionalism. Calculative trust could be a factor with impact upon whether the relationship will grow. The maintaining stage is the mature stage of the relationship, during which trustworthiness could turn into heuristic trust, as compared with calculative trust, both sides of the relationship would less concerned about short-term gain and loss, hence both sides are highly dependent upon each other. In the terminating stage when the relationship becomes sour, trustworthiness and professionalism becomes important again. Communication also plays a critical role in this stage, due to

the fact that effective communication may retrieve a relationship from the edge of termination.

2.5. Conclusions of literature review

At the beginning of this chapter, the author reviewed the main traditions of relationship marketing research. By defining relationship marketing as a "process to identify and establish, maintain and enhance and when necessary also to terminate relationships", the author anchored this research into a "gap" between existing research traditions, a gap between service marketing and B2B industrial marketing traditions. The author also clarified the boundary of this research by taking the assumption that "CRM is technology-oriented relationship marketing" (Little and Marandi, 2003).

The author then reviewed existing literature on the relationship development stage frameworks and criticized their relevance to insurance broking service sector, and proposed a four-stage development framework (initiating, growing, maintaining and terminating) specifically for insurance broking service sector. This proposed framework differs from any existing framework by adding relationship development routes from initiating and growing stages into terminating stage directly. This proposed framework reflects the nature of the highly competitive insurance broking market and the difficulty to maintain broker-client relationship.

The key components influencing relationship quality as identified by existing research are summarized as: Trust, Commitment, Satisfaction, Dependence, Professionalism, Communication and Interaction. The author then extended the understanding of "trust" by giving an integrated definition of trust, as well as distinguishing the difference between trustworthiness and trust. As a result, three trust-related components are identified: Calculative trust, Heuristic trust and Trustworthiness.

A major issue with existing research on trust and commitment of relationship marketing is that they do not distinguish the different role of such components across different stages of relationship development. The author finally

proposed an initial framework, by attaching the key components influencing relationship quality identified to each stages (initiating, growing, maintaining, terminating) of the relationship development framework proposed for the insurance service sector. This initial framework is to be tested and modified in the data collection and analysis processes of this research, hence the subjectivity of the initial framework is acceptable.

3. RESEARCH METHODOLOGY

To conduct any research, inevitably the researcher must choose between different research paradigms/philosophies, approaches, strategies and methods. It is commonly agreed in the academic world that no methodology is "better" than another one, instead, such a choice is made depending on the nature and context of the research question, the available resources for the research, as well as the research philosophy which the researcher implicitly and explicitly adopts (Saunders et al., 2006, Carson et al., 2001, Ghauri and Grønhaug, 2005, Gill and Johnson, 2002, Morgan, 1983). In this chapter I will discuss my choice of research paradigm and method on philosophical and methodological levels.

3.1. Research philosophy

Guba and Lincoln (1994) argue that research philosophy is more important than research methods. They argued that research methods are secondary to research philosophy, which they defined as "the basic belief system of world view that guides the investigation, not only in choices of method but in ontologically and epistemologically fundamental ways" (Guba and Lincoln, 1994, p28). For a research, it is a "must" to discuss and contextualize the author's philosophical stance (Knox, 2004).

It is important to note that, the usage of terms by existing scholars to describe research philosophies is confusing, and occasionally contradicting. For instance, phenomenology is often used interchangeably with interpretivism, and they are both used to describe an ontological position and an epistemological position too. Sometimes, phenomenology is also used to describe an ontology, epistemology and methodology (e.g. Starks and Trinidad, 2007). For this reason, I found it helpful to categorize different 1 22</call-num><urls></urls></record></Cite></EndNote>¶ (Phillips and Pugh, 2005, p61)$^{\perp}$.

Potentiall y , this research will contribute to

or>Saunders</Author><Year>2006</Year><RecNum>1644</RecNum><record><rec-number>1644</rec-number><foreign-keys><key app="EN" db-id="z90stfa05sa2dbe5ap4vpewbv9p2prrtw0st">1644</key></foreign-keys><ref-type name="Book">6</ref-type><contributors><authors><author>Saunders, Mark</author><author>Lewis, Philip</author><author>Thornhill,

3.1.1. Ontology and epistemology – Interpretivism-constructivist

Ontology is *"the claims or assumption that a particular (social enquiry) approach makes about the nature of social reality* (Blaikie, 1993; p6)". Epistemology is "the claims or assumption made about the way in which it is possible to gain knowledge of this (social) reality, whatever it is understood to be, claims about how what exists may be known (Blaikie, 1993; p7)"

Saunders et al. (2006) support the importance of stating one's research philosophy in their popular business research methods textbook. Research is like peeling an onion, the first two layers of the "onion" are research philosophy and research approach, which are also referred to as research paradigm (Knox, 2004).

In this research, I take an interpretivism-constructivist research paradigm. The justification of taking this paradigm is explained in this section.

Fundamentally, there are two contrasting paradigms on a dyad, positivism and interpretivism. Traditionally in natural science the positivism and deductive approach are prevalent, however, the development of social science discovers the positivism stance to be unsatisfactory (Cooper and Schindler, 2003). Interpretivism arises out of a critique of positivism being simplistic by reducing human actions to the automatic response to external stimuli. The two philosophies are in a dyadic situation: Positivism holds the ontology that there is one reality and often seeking causal relationships whilst interpretivism holds that there are multiple realities. Positivism tends to be objective/quantitative whilst interpretivism tends to be subjective/qualitative (Jennings, 2005). positivism utilize nomothetic methodology and interpretivism utilize ideographic methodology as it entails *verstehen* (Burrell and Morgan, 1979). Positivism may appear to be more "scientific" and "objective", yet any scientific research cannot be absolutely objective anyway, since many other process of such research will involve various subjective choices and interpretation unavoidably (Gilbert, 1993).

In recent years the traditional dyad of positivism and interpretivism has been criticised and replaced by a "continuum of research philosophy" between positivism and interpretivism, but with a positional direction stemming from interpretivism (Carson et al., 2001). On his continuum of paradigms, Carson listed a number of important ones: critical theory, realism, constructivism, hermeneutics, humanism, natural inquiry and phenomenology. I found this continuum is confusing rather than confirming. For instance, critical theory could be a rather ideological position aiming at disrupting and challenging status quo in an organization through constructing lived experience mediated by power relations (Ponterotto, 2005), why should critical theory be put on the far end of the positivism dyad?

In comparison, I found it convenient to categorize the major existing research paradigms into the following four categories: positivism, post-positivism, constructivism and critical-ideological. The ontology, epistemology and axiology of each paradigm are also compared in the table below:

Paradigm	Ontology	Epistemology	Axiology
Positivism	Naïve realism-apprehendable reality	Independent researcher and topic, objectivist, Commensurable	Avoid biased value, value-free
Post-positivism	Critical realism-Probabilistically apprehendable reality	Objectivist, Commensurable	---
Interpretivism - Constructivist	Relativism-Multiple reality jointly constructed	Transactional, subjectivist, Incommensurable, hermeneutical	Acknowledge, describe and bracket researcher's value, value-laden
Critical -Ideological	Historical realism- virtual reality	Transactional, subjectivist, Incommensurable, dialogic	Actively seeking to challenge status quo and influence interviewee

Table 4: Comparison of metaphysics of competing research paradigms
Source: the Author, based on (Perry, 1998, Ponterotto, 2005, Guba and Lincoln, 1994)

This research is about the nature of the broker-client relationship in the insurance broking services. The nature of such relationship and marketing phenomena are far too complex to be defined by several general laws in the

same way as orthodox science. Interpretivism-constructivist paradigm is appropriate for business and management research in general, and particularly in the fields of marketing, organizational behaviour and human resource management (Saunders et al., 2006, Carson et al., 2001). As argued by Saunders et al. (2006), rich insight into a complex phenomenon such as marketing relationship are lost when such complexity is reduced to a series of simple generalizations. Positivism and post-positivism based on realism ontology and they seek for objective "truth", which are not compatible with the complex multiple realities in the insurance broking service context researched. Critical-ideological paradigm seeks actively challenging status quo and influence the interviewees and participants, which are also not the aim of this research hence inappropriate. By balancing the pros and cons of the four paradigms, taking an interpretivism-constructivist paradigm would be more appropriate for this research.

3.1.2. Axiology – Bracket the researcher's value

Axiology concerns the role of researcher values in the research process (Ponterotto, 2005). Dislike positivists, interpretivists researchers acknowledge, describe, and "bracket" their personal value, not eliminate them in the research process (Guba and Lincoln, 1994).

Taking an interpretivism-constructivist paradigm in this research implies that, I cannot partition out objective reality from the interviewees and myself as interviewer. Instead, the experienced lived, processed and labelled by the interviewees is constructed, either before or during the interview through a "reflexive progression" process, i.e. the interviewee refines his/her thoughts and observations under the my encouragement as the interview unfolds (Hiller and DiLuzio, 2004). As interviewer, I should bracket my value during the interpretation of these lived experiences. Meantime, I am fully aware that bracketing my own value does not mean I can mislead the interviewees. This is achieved by asking open-ended questions during the interviews and avoiding misleading questions or even gestures, as fully discussed in the data collection section of this chapter.

3.2. Research methodology

In this section the author will explain why qualitative methods are more appropriate for this research. By comparing a number of popular qualitative methods, the use of in-depth interviews as the major methods will be justified.

3.2.1. Qualitative methods are appropriate for this research

At the *Seventh Moments[1]* of today, we are in a challenging yet extremely interesting time of qualitative research history, an ear which calls for more qualitative researchers to commit themselves into ground-up studies of human experiences, as observed by Denzin and Lincoln:

> *"The history of qualitative research is defined more by breaks and ruptures than by a clear, evolutionary, progressive movement from one stage to the next. These breaks and ruptures move in cycles and phases, so that what is passé today maybe in vogue a decade from now, and vice versa. (p611)"* ... *"And what remains, throughout, will be the steady but always changing commitment of all qualitative researchers – the commitment, that is, to study human experience from the ground up, from the point of interacting individuals who, together and alone, make and live histories that have been handed down to them from the ghost of the past. (Denzin and Lincoln, 2003, p638)*

Traditionally, research methodology is divided into qualitative and quantitative, which are two completely different approaches in the field of research. Qualitative method is largely associated with interpretivism whilst quantitative methods associated with positivism (Carson et al., 2001). Quantitative research takes deductive approach, collects data, manipulates and analyzes data to statistically support or reject a hypothesis. Comparatively, qualitative research focuses in-depth understanding of human being's behaviour and also the reasons behind such behaviour (Cooper and Schindler, 2003). Qualitative method investigates the why and how, as compared to what, where, and when, as usually did in a typical quantitative research, thus smaller but focused

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[1] The seven moments of qualitative research, according to Denzin and Lincoln DENZIN, N. K. & LINCOLN, Y. S. (2003) *The landscape of qualitative research : theories and issues* London, Sage., are as follows: Traditional (1900-1950); Blurred genres (1970-1986); Crisis of representation (1986-1990); Post-modern, a period of experimental and new ethnographies (1990-1995); Post-experimental inquiry (1995-2000); and the future, which is now (2000-).

samples are needed rather than large random samples. Such a division between the two approaches causes many problems (Alvesson and Deetz, 2000). As noted by several researchers (Guba and Lincoln, 1994, Deetz, 1996), the simple division between qualitative and quantitative may be quite misleading as its draws attention to less crucial aspects of research, the fundamental choice for a researcher is ontological, epistemological, and axiological concerns.

In recent years, qualitative method has become more prominent in the social science and organizational studies (Bryman and Bell, 2007). The qualitative method emphasises description of natural or social events and understanding of a social situation, role, group or interaction. It seeks to "understand the procedural affairs of the targeted social phenomenon" (Robson, 2002). Qualitative research focuses not on the truth of statement itself but the understanding of people, focuses on how things happen rather than the fact that they happen (Stiles, 1999). The main strength of qualitative research is that it can study phenomena which are unavailable elsewhere, whilst quantitative research is mainly concerned about establishment of correlation between variables (Silverman, 2006). The difficulty in defining an operational definition in a quantitative research, as well as its inability to describe how a phenomenon is locally constituted in a specific context, makes some quantitative research only have a "necessarily lopsided and limited contribution" to social research (Silverman, 2006, p43).

In the research of marketing, the research tradition is relying on statistical and mathematical methodology involving a lot of survey methods. More researchers, such as Bonoma (1985), encourage using qualitative methods in marketing since 1980s. In the field marketing, characterized by "complexity, ambiguity, fuzziness, chaos, change, uncertainty and unpredictability", often meaning and interpretation are required to attach significance to statistics (Gummesson, 2005, p309). As a result, qualitative research gained considerable ground within marketing researchers (Greenbaum, 1998). Until recently, especially in the new paradigm of relationship marketing research, qualitative research is a getting more popular, as observed by Gummesson:

"New conceptual developments of service management, services marketing, industrial marketing, and relationship marketing have been grounded in empirical data gathered in case studies. This is in contrast to the mainstream marketing research focused on the testing of the traditional consumer goods-oriented marketing mix theory." (Gummesson, 2000, p96)

<u>In this research the author takes a qualitative approach so that the nature and meaning of the broker-client relationship can be investigated in-depth. It can be seen that most of the existing research in the relationship marketing field is quantitative. With due respect to the body of knowledge they generated, the author believes it is more important to investigate on a deeper level as to the nature of such marketing phenomena. Additionally, taking a qualitative research approach also aligns with the interpretivism-constructivist paradigm adopted as explained earlier.</u>

In this qualitative research, the author is alerted not to fall into two traps: one is being "romantic interviewer like in a talk show (Silverman, 2006); the other one is trying to universalize my qualitative finding on a statistical basis.

A trap qualitative researchers can easily fall in is to take a "romantic" approach, by arriving conclusions directly from people's perceptions they interview, forgetting about phenomenon and its "contextual sensitivity" altogether (Silverman, 2006). Such mistakes are prevalent in talk shows and even being used to justify wasting of billions of dollars by politicians (Silverman, 2006). Contextual information of research will be fully documented in details in this research.

Qualitative and interpretive are two words often used interchangeably by researchers. However, as argued by Hackley (2003, p73), the two words may imply different things.

Another trap is that, some research aims to extract the "truth" from qualitative data and tries to universalize the findings, often followed by a statistical test. Such a practice could easily build in incoherency in the process and embed bias in the findings. An alternative way is to be more exploratory, interpret

qualitative data "as an end in themselves", such research are more "proper interpretive research". The author intends to interpret the interview data in this research "as an end in themselves", like a proper interpretive researcher does.

3.2.2. Analytical approach - Abduction

In this research the author adopts an abduction analytical approach, which sits between induction and deduction, closer to an inductive perspective (Dubois and Gadde, 2002). An abduction approach is more appropriate for this research than pure induction or deduction.

Broadly speaking, logic reasoning is categorized into deduction and induction. Deduction works from general (theory) to specifics (observation) and hence also called "top-down" research approach; To the contrary, induction works from specifics (observation) to general (theory) and hence also called "bottom-up" research approach (Saunders et al., 2006). Pure induction might hinder the researcher from benefiting from abundant existing theories in relationship marketing literatures, in the same way as pure deduction might hinder the development of new theory (Perry, 1998), both extremes are untenable and unnecessary (Parkhe, 1993).

As argued by some researchers, explanations of social phenomena are useless unless they are grounded in observation and experience. Glaser and Strauss (1967) argued that "*in contrast to the speculative and priori nature of deductive theory, theory inductively develops out of systematic empirical research is more likely to fit the data and therefore more useful and plausible*".

However, the complexity of the social phenomena often cannot be reasoned simply in either of the two approaches. For instance, in the field of management and marketing, where qualitative case studies is a common method, a few scholars argued that abduction is more appropriate than deduction and induction (Magnani, 2001, Dubois and Gadde, 2002). The definition of abduction is:

"Abduction, or inference to the best explanation, is a form of inference that goes from data describing something to a hypothesis best explains or accounts for the data, the abduction is a kind of theory-forming or interpretive inference." (Josephson and Josephson, 1994: p5)

In the context of this research, an abduction analytical perspective implies that the author seeks the best explanation to the nature of broker-client relationship in the insurance broking service sector, through an iterative process of interview data collection and data analysis. This abduction approach is, although different, generally more close to an induction approach. For a qualitative research as this one, aiming at development of theoretical models, rather than confirmation of existing theory, abduction approach is more appropriate (Dubois and Gadde, 2002).

3.2.3. Role of priori theory and theoretical framework

Earlier orthodox scholars argued that theory generated through induction (similarly in abduction) must be grounded in empirical data without the influence of priori theory (Glaser and Strauss, 1967). Later even one of the original authors developed Grounded Theory (Strauss and Corbin, 1998), acknowledged the feasibility of conducting research without any priori knowledge and theory in the field to be studied.

In this research priori knowledge/theory have a role to play. On one hand, as recognized by Strauss himself (Strauss and Corbin, 1998), starting from scratch with an absolutely clean theoretical slate is neither practical nor preferred in any social research, surely for a research on this level. On the other hand, researcher's priori knowledge about the field to be studied can be incorporated into the research design to utilize priori knowledge/theory in a research (Nair and Riege, 1995). In this sense, developing an initial theoretical framework based on literature review and the author's practical experience in the insurance broking service sector is logical and justified.

3.2.4. Rolling-out inappropriate methods

In social science there are different research methodologies, each is a different way of collecting and analyzing empirical evidence, following its own logic. And each methodology has its own advantage and disadvantages. The choice must be carefully made among various methodologies. Different authors have different views as to what methods are available for a primarily qualitative research like this study. Ethnography, grounded theory, action research, archival analysis, case studies, in-depth interview, survey etc. are eminent qualitative methods (Birley and Moreland, 1998, Saunders et al., 2006, Carson et al., 2001, Zikmund, 2003). Among these eminent methods, the author decided that in-depth interview is the most appropriate approach, after rolling-out those methods which are inappropriate or irrelevant. This section justifies the method selection decision.

Ethnography is largely qualitative in nature and originally developed by anthropologists and sociologists to describe a society, group or culture (Carson et al., 2001). In essence, the researcher becomes immersed in the group being studied, often going native and living with them to record categorize and code the their social actions (Sanday, 1979). The key advantage of ethnography is "closeness to the reality of the topic under investigation" (Carson et al., 2001). However, ethnography has its commitment to induction and unstructured data collection method, and consequently creates problems regarding explicability and reliability (Gill and Johnson, 2002). Moreover, although strongly disagreed by some scholars (Mitchell, 1983), the population validity of ethnography is seriously challenged (Knox, 2004). Research resource wise, ethnography itself is clearly an "impossible" method for this research, giving the fact that the researcher is unable to immerse in the field over a long period of time as an impartial observer, which is a pre-requisite for adopting this methodology.

Grounded theory is raised by Glaser and Strauss (1967) in their book *"The Discovery of Grounded Theory",* in which they developed the method of analysing data that built its own theories while data is being collected. The methodology has since been widely used in sociology and psychology, nursing,

education and anthropology (Locke, 2000). Grounded theory is neglected in marketing research may derives from "controversies among grounded theorists, their jargon and the complexity and apparent subjectivity of the method" (Carson et al., 2001). A marketing dissertation using grounded theory could probably be counted on the figures of two hands (Carson et al., 2001) and the method "has largely been excluded from the discourse about interpretive and post-modern methodologies" (Goulding, 1998). Grounded theory is inappropriate for the current research due to several folds of reasons: firstly, grounded theory is useful when there are inadequate or even virtually no existing theories about the phenomena (Parry, 1998). This is clearly not the case for relationship marketing in financial service industry. Secondly, data collection with grounded theory is hierarchical rather than simple and straightforward (Glaser, 1998), this way of data collection is not easily accepted by readers in the financial services sector who normally prefer a clear approach rather complexity. Thirdly, grounded theory is on the extreme of the induction and deduction continuum emphasizing generating theory from data along (Strauss, 1987), requiring researchers to start research from scratch with an absolutely clean theoretical slate (Perry, 1998), which is neither practical for any researcher nor preferred in the current research. Gaining access to insurance broker account executives would be extremely difficult, if not impossible, if the author does not have any priori knowledge about relationship marketing which can be communicated or exchanged with insurance brokers as incentive.

It is important to distinguish "grounded theory" as a research method, from a "grounded theory-like approach" as a data analysis strategy (Ryan and Bernard, 1994). The data analysis in this research may appear to be "grounded theory-like" but the overall research method is NOT grounded theory.

Action research is a kind of "quasi-experiment" in the social science disciplines firstly used by Lewin (1946). It "aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethical framework" (Rapoport, 1970). A researcher utilizing action research could face

dilemmas in terms of goals, initiatives and ethics due to the collaboration of people being researched often has different perspectives (Rapoport, 1970). Action research can be easily confused with consultancy and basic research although they are very different in nature (Gill, 1986). In this research the chance of getting insurance brokers collaboration in trying to solve their client relationship-related problems is slim. Insurance brokers will have very different goals and initiatives from the researchers. A consulting approach would be more commonly accepted by insurance brokers if they have any problematic situation with their client relationships. Basing on these reasons action research cannot be adopted in this research.

Archival research is used primarily to investigate phenomenon on the "history". Despite the wide range research questions it may address (who, what, where, how many, how much etc.), the current research dealing with contemporary broker-client relationships hence could not take archival research as an appropriate research methodology.

Case study might be the most popular method for business research, yet it is not equally popular in the field of relationship marketing and broker-client relationships. The author does not take a "case study" method in this research mainly due to the following reasons: Firstly, it is not feasible to gain access to an insurance broker company for an in-depth case study. Whilst individual broker account executives might be interested to participate in the research on an interview level, longitude and full access to their company are hardly granted due to the confidentiality and financial concerns of the broker companies. Secondly, it is not necessary to compromise the width of the research by focusing on few selected interviews. The author managed to gain access to 5 interviewees in the insurance broking service sector. 5 in-depth interviews will likely achieve a wider representation of the research. Lastly, a large portion of the audiences of this research, the insurance brokers, consider in-depth interviews method more appealing than case study, mainly due to their concerns with the representativeness of the interview selected. Their preferences are confirmed during the research design stage by discussing with them about the research. It can be argued that research method selection decision cannot be based on interviewees' preference. However, for a

research actively seeking contribution to the marketing practices (on top of its primary academic contributions), it would be wise to take practitioner's preference into consideration, of course without having to compromise the overall validity of the research.

After rolling-out all the other eminent qualitative research methods, in-depth interview is the only available, and also the most appropriate method for this research. The next section will illustrate further.

3.2.5. In-depth Interview is the most appropriate method

In-depth interview is a rather 'loose' term used by frequently by qualitative researchers to refer to the research process that, put it in a simple way, interviewer asking questions, whether in a structured or unstructured way, and an interviewee answers these questions collaboratively. Existing literatures do not distinguish the term "in-depth interview" clearly from other similar interview methods. As Rapley observed:

> *"What specifically makes an in-depth interview an 'in-depth interview' compared to the academic literature that names such interviews as: active, biographical, collaborative, conversational, depth, dialogical, focused, guided, informal, life-history, reflexive, semi-structured, etc.?" (Rapley, 2004, p14)*

In this research, in-depth interview is referred to as the general qualitative interview method through which the interviewer seeks to generate "thick description" from encouraged, elaborated and detailed verbal accounts produced by interviewees.

Comparing to survey-based questionnaires, in-depth interviewing is much more appropriate for this research since it provide access to deep and complex understanding of interviewees' attitude and experiences. As argued by Byrne:

> *"Qualitative interviewing is particularly useful as a research method for accessing individual's attitudes and values – things that cannot necessarily be observed or accommodated in a formal questionnaire. Open-ended and*

flexible questions are likely to get a more considered response than closed questions and therefore provide better access to interviewee's views, interpretation of events, understandings, experiences and opinions… When done well, qualitative interviewing is able to achieve a level of depth and complexity that is not available to other, particularly survey-based approaches." (Byrne, 2004, p182)

The purpose of in-depth interview, as argued by Seidman (2006), is not simply get answers to pre-designed questions, nor to test hypotheses, and even not to evaluate a situation or theory. At the root of in-depth interviewing is an interest in understanding the experience of other people and the meaning they make of that experience.

To investigate a process of an organization, a primary way is through the experience of its staff, the individual people who implement those processes. In this research, the in-depth interviews with the account executives, who are on the frontier of customer relationship management, provide the avenue to understand the process of the organization through close look at those individual's experiences.

In-depth interview is labour intensive. The process entails excessive administrative and secretarial workload: establishing access to interviewee, making frequent contacts, travelling to and from interview venues, tape recording, transcribing and verifying transcription. The whole process consumes plenty of time, energy and money. Choosing in-depth interview as the key method for this research is only possible with the academic and financial support from the institution which funded this research.

The analytical status of interview data follows two major yet different traditions (Seale, 1999): One is interview data as resource, which argues that interview data is used as a resource to reflect the reality outside the interview. The other one is interview data as topic, which argues that such data reflects a reality collaboratively constructed by both the interviewer and interviewee. In this research the author takes an interpretivism-constructivist position, by

bracketing the author's value in the interview process, the interviewer (author) construct the "reality" jointly with the interviewees (broker account executives).

The author acknowledges that, methodologically, the adoption of in-depth interview does not mean one can understand another perfectly. As Seidman (2006) argued, since we are all human beings, each has their own background, experience and knowledge, which entices us to see and interpret the same phenomena differently. The impossible situation to understand another perfectly would mean the author has to enter the interviewee's "steam of consciousness" and experience what he or she experiences. In that case, the author and the broker account executives interviewed become more like one person in their understanding to the phenomena studied.

3.3. Generalization/Transferability

The generalizability of the research finding deserves scrutiny on its own, and therefore, is discussed here separately from other criteria of assessing research qualities. Meantime, the pre-conditions of generalization has big impact upon interviewee selection and data analysis of the research (Robson, 2002). For this reason, the author intentionally addresses the generalization issue before the interviewee selection methods and data analysis sections.

Generalization, sometimes referred to as generalizability, transferability (Lincoln and Guba, 2000) and external validity (Yin, 1994), is a big challenge to social inquiries, especially so for the research conducted with qualitative methods (Stake, 1995). In this section, the author will use "generalizability", which is equally appropriate for a qualitative research (Mason, 1996, Silverman, 2004). Qualitative methods are often criticized for obtaining data from specific contexts which arguably could not be generalized to wider contexts. However, as pointed out by several researchers (Walle, 1996, Alvesson and Deetz, 2000), although the richness, individuality and subjective nature of a participant's perspective in qualitative methods are not amenable to the "scientific criteria", in no way this will make the understanding from such research less real or valid for that participant.

In this chapter, the author argues that, although ignored by many researchers, generalization is in fact an unavoidable question for qualitative research involving only limited number of investigations. Analytical generalization is used in this research instead of the traditional statistical generalization. Additionally, the author argues that the findings in this research can be generalized to wider contexts, through the naturalistic generation process, providing that the fittingness for such generalization is sufficiently congruent. However, the responsibility of such naturalistic generalization lies with the audience, rather than the researcher.

3.3.1. An unavoidable issue

Generalization is actively rejected as a goal of qualitative research by many scholars. Among the others, Denzin and Lincoln (2000) stated that interpretivist rejects generalization as a goal and never aims to draw randomly selected samples of human experience. This is justified because the thick description of the unit studied represents a slice of from the wider world which is the subject matter for interpretive inquiry. Even if some others less strongly rejected generalization in qualitative research, they (Kirk and Miller, 1986, Berg, 1989) have chosen, intentionally or unintentionally, to either put the topic in low priority or ignore it totally (Schofield, 2000).

The issue of generalization of qualitative research has drawn increasing attentions, especially in the field of educational research. A handful of researchers (Patton, 2002, Stake, 2000, Lincoln and Guba, 2000) have noted the importance of this issue and spend big efforts to discuss the topic. The way in which different definitions and categorization of generalization was pluralistic[2].

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[2] To give some examples of arguments related to generalization from limited number of qualitative investigations: Firestone FIRESTONE, W. A. (1993) Alternative arguments for generalizing from data as applied to qualitative research. *Educational Researcher,* 22**,** 16-23. argues there are three forms of generalization: sample-to-sample generalization, *analytical generalization*, and *case-to-case translation.* Gomm et al GOMM, R., HAMMERSLEY, M. & FOSTER, P. (2000) *Case study method : key issues, key texts,* London, Sage. discussed *empirical generalization from studied to unstudied cases*. Williams WILLIAMS, M. (2002) Generalization in interpretive research. IN MAY, T. (Ed.) *Qualitative Research in Action.* London, Sage. advocates moderatum generalization as a bridge between the nomothetic and ideographic approaches as suggested by Weber WEBER, M. (1975) *Roscher and Knies,* New York, Free Press.. A recent effort by Smaling SMALING, A. (2003) Inductive, analogical, and

In avoiding the problem of generalization, some researchers denied that their qualitative research work is not intending to draw a general conclusion. Instead, the research has its intrinsic value by in its own. Stake (1994) referred it as "intrinsic case study", and stated that sometimes case study has their intrinsic value because the case study itself carries sufficient value for the readers. The problem with this argument is that, it might be true that, for very few cases with relatively bigger audience group, but how likely a reasonable social inquiry will carry sufficient intrinsic value for its readers. How many readers will read a case study for the sake of that particular case study? The author is definitely not convinced that many will do. At least, the current research does not fit into this intrinsic case study category.

On the other hand, the fact that most of the case study research are anonymous, undermines their claim that they are intrinsic case studies (Gomm et al., 2000). If they are there to demonstrate the case itself without extending to a wider context, it will only make sense if full information about the units studied is provided, so that readers can be assured that the case involved is "the case" they are interested in.

It is obvious that, the question of generalization is unavoidable for qualitative research. Drawing a general conclusion from particular interviews is indeed subject to many challenges, yet the same must be addressed appropriately.

3.3.2. Analytical generalization instead of statistical generalization

Yin (1994, p32) distinguish two kinds of generalization. The most popular one is statistical generalization, in which random sampling are drawn to generate a statistically representative sample of a population which is too big to be studied as a whole. The other one is analytical generalization, in which the author "is striving to generalize a particular set of results to some broader theory" (p39).

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communicative generalization. *International Journal of Qualitative Methods,* 2**,** 1-31. distinguishes between inductive generalization (including statistical generalization, theory-carried generalization, abductive generalization, subsumptive generalization and variation-based generalization), and analogical generalization (including *case-to-case generalization*, communicative generalization, receptive generalization, responsive generalization and exemplary generalization).

In analytical generalization, there is a replication logic which is different from the sampling logic in statistical generalization (Yin, 1994). The replication logic entails the selected interview, whether affirming or even contradicting previous hypothesis, to be used to test, affirm or falsify repeatedly conjectures and hypotheses to generate theory (Smaling, 2003). In this process, generalization is extended from the selected case to other unstudied cases. As Meredith (1998) put it:

> *"The process of actually making this extension would then represent external validity or, as we term it here, theoretic generalizability. If the theory holds for other similar or dissimilar situations, replication or extension of the theory, respectively, may be claim. And if two or more cases support the same findings but do not support rival findings, then even greater confidence in the theoretic generalizability of the theory has been established." (Meredith, 1998, p450)*

Analytical generalization is also referred to as theoretical generalization (Seale, 1999), theory-carried generalization (Smaling, 2003), and empirical generalization [3] (Gomm et al., 2000). Although different terms are used, effectively they all have the same meaning as analytic generalization.

In this research, the analysis of limited number of in-depth interviews can be generalized to a wider insurance broker context, based on the replication logic. This analytical generalization is subject to an appropriate sampling method. Later in the sampling methods section of this chapter the author will discuss in details how the theoretical sampling method adopted entails the analytical generalization.

3.3.3. Generalization by the audience

In this section the author argues that the finding of this research, has a potential to be generalized into other contexts by the audiences themselves, following a logic of "naturalistic generalization" (Stake, 1978). Although the author only interviewed a limited number of people in the insurance broking

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[3] The term "empirical generalization" was also used by others differently. However, in this case, Gomm et al used it as a synonymous of "analytic generalization".

service sector, the findings from these interviews could be, if the audiences find there is a "fit" between the interviewed person/company and another person/company in the wider insurance broking service sector, or even further into other similar service sectors.

Often people seek general laws which are applicable to every situation. Sometimes people doubt, if the findings only applicable to that unique situation, what is the point to know only the unique? There seems must be a kind of generalization to make sense of research.

A common understanding of generalization, especially in the positivism "scientific" view, is that it must be truly universal despite of particular contexts and unrestricted by time and space. *The Dictionary of Epidemiology* (Last, 2001) defines generalizability as "unbiased inferences regarding a target population beyond the subjects in the study". The traditional generalization, which is also called "nomic" generalization (Kaplan, 1964), has the following characteristic:

> *"The generalization must be truly universal, unrestricted as to time and space. It must formulate what is always and everywhere the case, provided on that the appropriate conditions are satisfied." (Kaplan, 1964, p91)*

The basic assumption of the common generalization is that, "the laws governing matter on the small scale is similar or even identical to those applying on the very large scale" (Lincoln and Guba, 2000, p28). This assumption is not always applicable to real life research contexts and often mistaken (Hesse, 1980).

The traditional concept of generalizability is problematic in several ways[4]. The biggest challenge for the current research is that, the traditional

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[4] Kaplan KAPLAN, A. (1964) *The conduct of inquiry,* San Francisco, Chandler. outlined several problems with the traditional generalizability concepts: 1) the assumption of determinism; 2) dependence on inductive logic; 3) the assumption of freedom from time and context; 4) entrapment in the nomothetic-idiographic dilemma; and 5) entrapment in a reductionist fallacy. So summarized by Lincoln and Guba LINCOLN, Y. S. & GUBA, E. G.

generalizability is dependent on the assumption of freedom from time and context. It is extremely difficult, if not impossible, to imagine a marketing relationship is context-free. To the other extreme, there are some many contexts which the author must consider in this research: the financial service industry context, the credit crunch context, the business-to-business context, the SME client context etc..

Stake (1978) first discussed the concept of "naturalistic generalization". He distinguished two kinds of generalizations: Nomic generalization and naturalistic generalization:

> *"There are two kinds of generalizations. One kind is rationalistic, propositional, law-like – that is the meaning we usually attach to the term in scientific discourse. The other kind is more intuitive, empirical, based on personal direct vicarious experience – that is the meaning intended by the term naturalistic generalization (p36). ...... None of them is a replacement of the other. They exist side by side, and each has its own arena of applicability." (Lincoln and Guba, 2000, p38)*

Different from traditional nomic generalization, in which the audiences' perspective in generalization is likely ignored, naturalistic generalization provides a natural basis for the audiences to generalize their knowledge. As stated earlier in the chapter, tacit knowledge is gained from experiences and seeks extending experiences. Audiences would therefore naturally appreciate a piece of research like this one, which provide them with similar experiences and understanding. Or as Stake (1978) put it, audiences prefer case studies because they are epistemologically in harmony with audiences' own experience and understanding.

It is interesting to note that, in a recent publication, Hellström (2008) argued that naturalistic generalization and transferability, as argued by interpretivism methodologists, is coextensive with notions of nomic generalizability

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(2000) The only generalization is: there is no generalization. IN GOMM, R., HAMMERSLEY, M. & FOSTER, P. (Eds.) *Case study method : key issues, key texts* London, Sage.

formalized for natural science and naturalistic social science, hence likened it as "old wine in new bottles". However, in this research, the author will refrain from stepping too deep into argument about the naturalistic generalization as methodology; instead, the author will focus on how to enable the naturalistic generalization of findings by the audience.

The adoption of naturalistic generalization has detrimental impact on the participants selection in the research. In response to the common complaint that qualitative in-depth interviews does not enable generalization from unique to wider population, authors tend to select "typical" or "representative" case. However, it is very difficult to define what a typical or representative case is. Each case has its own unique inherent context, the effort of selecting typical or representative case does not, according to Yin (1994, p38), deal with the complaint about generalization satisfactorily.

To enable naturalistic generalization by the reader, the obvious pre-condition is that there must a similarity between the context from which the theory is created, and the context to which the theory is generalized. Such similarity enables "transferability" is called "fittingness" by Lincoln and Guba (2000). They stated:

> "The degree of transferability is a direct function of the similarity between the two contexts, what we shall call 'fittingness'. Fittingness is defined as the degree of congruence between sending and receiving contexts. If context A and context B are sufficiently congruent, then the working hypotheses (theory) from the sending originating context may be applicable in the receiving context." (Lincoln and Guba, 2000, p40)

For the reader to be able to generalize naturalistically, the reader needs to know all around both the originating context and the receiving context. The author is not in such a position to judge whether the fitness between the two contexts are sufficiently congruent. It can only be left for the reader to decide. The transferability depends on the degree of fittingness. What the author should do is to provide sufficient information/description about the context from which the theory is created. Such thick description may facilitate the reader to

judge whether the fittingness is congruent or not. In the data analysis chapter, the detailed context of each interview will be described in the form of interviewer's field note, company background, and interviewee's background. The combination of the three contexts should provide sufficient information for the reader to be able to find sufficiently congruent context for naturalistic generalizations.

3.4. Data collection methods

In the in-depth interviews, two data collection approaches will be employed. One way is to collect primary data by interviewing selected persons from broker and their clients, and another way is to collect secondary data from the broker's company, their website, annual report etc. for complementary analysis. The two approaches complement each other.

3.4.1. Selection of interviewees for primary data collection

Some qualitative researchers dislike the word "sampling" to be used in qualitative research. The author agree with the opposite view: sampling can be quantitative or qualitative, hence I will use "qualitative sampling" to describe the selection of interviewees process.

Sampling techniques can be classified into probability sampling and non-probability sampling. Probability sampling means the probability of each sample being selected from the population is known and often equal for all other cases. Conversely, non-probability sampling means the probability of being selected is not known (Saunders et al., 2006). Probability sampling could be a good technique for survey based research. The same may not be true for case study research. In case study research, especially where an inductive approach is taken as in this research, probability sampling is less relevant and necessary. Non-probability provides an alternative way, in which samples are taken based on subjective judgment (Neuman, 2000). The current research seeks in-depth understanding of broker-client relationships, a small number of information-rich in-depth interviews with specific purpose are more appropriate.

Patton (2002) listed five non-probability sampling techniques. They are quota, purposive, snowball, self-selection and convenience sampling. Quota sampling is a kind of stratified sampling which is entirely non-random since the variability of samples selected for quota is the same as that in the population (Saunders et al., 2006). Quota samples are highly likely to be representative and controllable comparing to other non-probability samples. However, for a small number of interviews required in this research, quota sampling is not appropriate, due to the difficulty in defining the population of SME insurance clients and consequently the selection of a proper quota. Snowball sampling is useful when interviews are difficult to identify. This is clearly not the true in this research. It would not be wise to use snowball sampling at the cost of representativeness of samples in this research. Self-selection and convenience sampling are easiest to do, but worst at being representative. In comparison, purposive sampling is the most appropriate technique for this research. Purposive sampling is more likely to be representative than snowball, self-selection and convenience sampling, yet still maintains a reasonable level of control over the sample contents (Patton, 2002).

A purposive sampling technique involves several ways to choose sample depending on the researcher's purpose. Choices can be extreme case, typical case, critical case, heterogeneous (deviant) case and homogeneous (maximum variation) case (Saunders et al., 2006). In this research the pilot interview sample will be selected as "typical" to focus on an illustrative effect. And later interview samples will be selected as homogeneous interviews to included maximum variations and focus on in-depth analysis.

The selection of interviews is a crucial to the success of the research. The underlying principle in selecting cases is "information richness", i.e. the interviewee worthy in-depth studies (Patton, 2002). Random selection is inappropriate and not preferable (Eisenhardt, 1989). There are 15 different strategies in selecting cases (sampling) for a research according to Patton (2002).

The adoption of in-depth interview method based on analytical generalization has detrimental impact on the interview selection of the research. As

suggested by many methodology scholars (Silverman, 2005, Mason, 1996, Yin, 2003, Saunders et al., 2006), theoretical sampling entails analytical generalization and thus adopted in this research. Theoretical sampling is often treated as synonymous with purposive sampling. The only difference between the two methods is where the purpose behind the sampling is not theoretically defined (Silverman, 1985). As far as this research concerns, the two can be treated as the same.

Theoretical sampling is linked to analytical generalization of theory in such a way as set out by Mason:

> *"Theoretical sampling means selecting groups or categories to study on the basis of their relevance to your research questions, your theoretical position and the explanation or account you are developing. Theoretical sampling is concerned with constructing a sample, which is meaningful theoretically, because it builds in certain characteristics or criteria which help to develop and test your theory and explanation." (Mason, 1996, p93)*

Theoretical sampling calls for selection of interviewees relevant to the theory to build, and these interviews should be typical, representative, critical, or deviant. In response to the common complaint that in-depth interview does not enable generalization from unique to wider population, authors often adopt theoretical sampling method by selecting "typical" or "representative" interview. However, it is very difficult to define what a typical or representative interview is. Each interview has its own unique inherent context, the effort of selecting typical or representative interview does not, according to Yin (1994), deal with the complaint about generalization satisfactorily.

3.4.2. Gaining access of research

The British Association of Insurance Brokers (BIBA) is the predominant UK trade association for general insurance brokers (BIBA, 2008). A list of members of BIBA was downloaded which was used as a source for case identification. Contact details are also available in this membership list, which makes contacting the identified broker for research access relatively easier.

As noted by many researchers (Saunders et al., 2006, Yin, 2003), for research requiring more resources such as interviews, it is usually easier to gain access to organizations in which the researcher has networks or relationships. An alternative way for the author to gain access to insurance brokers is through his network built via his participation in the various programmes organized by the Chartered Institute of Insurers Bournemouth, with the great help from his supervisor, Dr. Julie Robson, who is the president of the CII Bournemouth.

Motivating people to participate into the research is not an easy task. The author put himself into the shoes of insurance brokers when he invited them for participation. Due to the constriction of ethical issues and regulatory issues, the author cannot take the easy route to offer payment for participation. In fact, for those business executives in the financial industry, an affordable payment would appear to be too small for the business executives anyway. On the contrary, such a relatively small amount of payment is likely to discourage business executives to participate when they feel their time of participation is under-valued by the researcher.

Sharing the research findings with participants is proved to be an effective motivator for interviewees in this research. The author promised to revisit the interviewees and share the researching findings with them. the sharing of the findings with interviewee gives the author a good opportunity to confirm the findings with interviewees, who are experts in the industry.

The interviewees are apparently motivated to participate, apart from sharing the research findings, because of an "internal needs" to benchmark their own practice with other peers in the same industry. On a personal level, interviewees may confirm the importance of relationship marketing as a topic and their personal role as relationship marketing manager/executive. This motivation to participate into research is expressed by Hiller and DiLuzio (2004) as "event validation".

3.4.3. The number of interviews to reach theoretical saturation

In qualitative research, non-probabilistic sampling is most commonly used and such sampling size typically relies on the "saturation", a point at which the research cannot find more new information, codes, or themes (Morse, 1994).

Saturation in this research is set at the point where the author feels, after careful reading of interview transcripts, that 1) the interview confirms the findings obtained so far; 2) the interview is unable to generate more meaningful codes; and 3) further interviews will most likely turn out the same result as the saturating interview. It is acknowledged that the author's personal experience in both research and marketing practice does play a role in the judgement of this saturation point, which generally is acceptable in a qualitative research. Additionally, the author also confirms the saturation point with his two supervisors, who are well informed about the data collection progress and also much more experienced in qualitative research to make such a decision.

In an effort to seek a rough guideline as to how many in-depth interviews is sufficient for a research, the author found that "there are no published guidelines or tests of adequacy for estimating the sample size required to reach saturation", as observed by Morse (1995, p147). However, several authors recommended different number of interviews for different research approaches. For example, Bertaux (1981) recommended a sample size of fifteen is the smallest to allow theoretical saturation in qualitative social research. Creswell (2008) argued that a range of five to twenty five interviews are required for a phenomenological study and twenty to thirty samples for grounded theory research to research saturation. Guest et al. (2006) illustrated through their examination that 92% of the total number of codes can be developed from as little as 12 in-depth interviews, and also the variability of code frequency after the 12th interview appears to be stable. Based on that, they suggested that 5 high quality interviews may have been sufficient to enable development of meaningful themes and useful interpretations.

Several recent completed qualitative researches in business and marketing also gave the author a benchmark that the 5 in-depth interviews done for this MPhil. research are reasonably sufficient to research theoretical saturation. For example, Tähtinen (2001) did 26 interviews in a doctoral research into the dissolution process of a business relationship. Pitron (2007) interviewed 20 people in a phenomenological inquiry into the influence of exemplary followership on organizational performance.

To sum up, the number of interviews conducted in this research was based on a theoretical saturation principle. The author carried on conducting interviews until this saturation point was reached. The decision for the saturation point was made with the help of more experienced researchers to avoid potential subjective bias. A review of the literatures on the number of interviews required in qualitative research and a benchmark of recently completed research also supported that 5 in-depth interviews are sufficient to reach a theoretical saturation point.

3.4.4. Representativeness of one SME client interview

The in-depth interview method based on analytical generalization in this research has determined the interview selection rationale. Many methodology scholars (Silverman, 2005, Mason, 1996, Yin, 2003, Saunders et al., 2006) suggested that theoretical sampling calls for selection of interviewees relevant to the theory to build, and these interviews should be typical, representative, critical, or deviant. In this research the author adopt theoretical sampling method by selecting "typical" or "representative" interview to answer the common complaint that in-depth interview does not enable generalization from unique to wider population.

The author carried on conducting interviews until this saturation point is reached. The decision for the saturation point was made with help of more experienced researchers to avoid potential subjective bias. A review of literatures on the number of interviews required in qualitative research and a benchmark of recently completed research also supported that 5 in-depth interviews are sufficient to reach a theoretical saturation point.

Out of the 5 interviews, 4 are insurance brokers and 1 is broker's SME client, interviewee C. Interviewee C is the Managing Director of a training company specializing in coaching entrepreneur to start and ramp up their businesses. The training company is a customer of interviewee B (Broker-Beta) for more than 6 years. During the period, interviewee C became a good friend of interviewee B, who is the insurance broker and risk advisor of interviewee C.

Interviewee C is a typical client for the UK insurance brokers, hence highly relevant and representative for other main-stream broker's client, due to the following reasons:

Firstly, the size of interviewee C's company is SME, which is highly representative of a typical UK broker's client. As reviewed in chapter 1, the UK insurance broking sector is dominant by SME brokers and SME client. Interviewee C is the Managing Director of one of the typical SME client.

Secondly, the nature of interviewee C's business is representative for UK SME client. Interviewee C provides training service to business start-up, consultancy and training is one of the most common services business may encounter in the UK. As compared to a client from manufacturing or agricultural sector, for instance, interviewee C is far more representative.

Thirdly, interview C is highly relevant since she is one of the best clients of interviewee B, who is the other key interviewee of the research. The interaction between broker and client can be observed through their interaction. Interviewee B is also a typical broker in the UK broking sector. The interaction between them is likely to be typical, representing similar relationships.

Finally, the length and depth of the relationship between interviewee C (client) and interviewee B (broker) is typical and representative, giving the fact that their relationship lasted for more than 6 years, covering the four stages of a typical broker-client relationships: initiating, growing, maintaining and terminating. Their relationship once went bad and almost terminated at a tense "tipping point".

3.4.5. Interviewer's rapport position and interviewing tactics

Any tactics used during the interviews must align with and naturally follows one's philosophical position. In this research, the interpretivism-constructivist position implies that the author as interviewer, should actively get involved in the interview process, build rapport and trust with interviewee, to facilitate the jointly construction of the "reality" with interviewees.

The majority of methodological literatures discuss interviewer should be either a "rapport" or a "neutrality" position during interview. Each of the position has a different context which underpins the "logical" position of interviewer. People supporting the rapport position (Douglas, 1985, Fielding and Thomas, 2001) argue that, since we are all human beings with emotions, the ideal situation for an interview is that interviewer can communicate trust and reassurance to build a relaxing and encouraging relationship with interviewee. To the country, people supporting the neutrality position (Ackroyd and Hughes, 1992) argue that the interviewer should keep the interview as an "object" so that the interviewee's idea will not be "contaminated". Between these two extremes, some scholar (e.g. Rapley, 2004) suggest a middle position, arguing that in a "mundane interaction of qualitative interview", the interviewer should not worry too much whether a question is too misleading or whether interviewer should disclose his/her personal feeling more so that the interviewee can share more.

The author takes a rapport position in this research. This is based on the interpretivism-constructivist philosophical position. Since the basic assumption is that the "reality" of the broker-client relationship is jointly constructed by the author and interviewees, it is necessary to build the rapport with interviewees to build deeper mutual trust and understanding, to facilitate the construction of such "reality". On the other hand, taking a totally neutral position would be impossible for the author anyway. Interviews with brokers are inherently interactional, in which both interviewer and interviewee will unavoidably influence each other and the interview data is jointly constructed by both. Hence taking a neutrality position would be "fallacious". The author would not be able to target whom to interview, picking up questions, deciding where to

follow up, and even does not know what cloth to wear during the interview if he want to be "totally neutral".

The author builds the trust with interviewee through two approaches before the interview taking place. One is through the referencing of friends and colleagues. For the interviewees who are referred to by existing interviewees, naturally trust has already been built into the relationship via such reference. The other way is through clear introduction of the research objectives and background. Interviewees are well informed about the position of the author and they would already have certain trust upon the author once they decided to accept the interview. Above all, interviewees are assured that the interviews are kept anonymous and confidentiality is guaranteed, which is fundamental for the interviewee to open-up themselves and talk/act as themselves.

The author is fully aware of the possibility that, the interviewee may try to demonstrate himself/herself as "adequate interviewee" and thus will talk in the way that he or she is supposed to talk, rather than what he or she really thinks. In such a case, the interview data collected will be more a reflection of the "social encounter" between the interviewer and interviewee rather than the interview topic itself. In this research, cautions has been given to this tendency of "being adequate interviewee" throughout the whole interview process to minimize such effects: When interviewees are contacted for the date of interview, in the invitation letter of participation and lastly before the interview start, the author always make it clear to the interviewee that, there is no "right or wrong" answers. There is no financial or even personal motivation for the interviewee to play an "adequate interviewee" role and tells untrue stories. Lastly, all the interview techniques used during the interviews in this research (as stated in last paragraph) cast very little pressure on the interviewee to "play a certain role" in the interview and facilitate them to "act as true self" in the interviews.

3.4.6. Secondary data collection

Secondary data include raw data and summaries, whether published or unpublished. It is common for an organization to store a variety of secondary

data to support their daily operations. There is not a commonly agreed classification of secondary data. Different researchers (Bryman and Bell, 2007, Harkim, 1982, Robson, 2002) have their own classifications but none of them capture the full variety of data (Saunders et al., 2006).

There are several advantages with secondary data, including the low resource requirement to get them, the permanence/availability of data, providing contextual data (Denscombe, 1998). Meantime, several researchers pointed out some disadvantages of secondary data: data available may not suit the research purpose, initial purpose of secondary data may affect the way data are presented, researcher has no real control over data quality (Stewart and Kamins, 1993, Kervin, 1999). For these reasons, secondary data source should be evaluated for overall suitability, precise suitability, costs and benefits (Saunders et al., 2006).

Secondary data about each customer is less relevant in this research, let alone the excessive workload involved in a big number of customers. Moreover, the research question is primarily set up from insurance brokers' perspective, which calls for a deeper understanding to the broker, rather than their customers. Therefore only secondary data about brokers are collected.

Data can be collected from several sources: the company's website, annual report, internal strategy/managerial document, media/internet news. Data collected from multi sources could reduce the potential bias in the secondary archival research methodology.

Data on company's website and other media/internet news are the most convenient and less costly way to get. However, the reliability of the data from internet can be doubtful. For this reason only data from trusted/known sources will be used in this research. The attitude and the stance of reporter will also be carefully considered.

Annual report is the most reliable source of secondary data in terms of their accuracy. Annual report are normally carefully presented and audited according to unified standards. However, the trouble with annual report is that

the data in these reports tend to select what the company considers to be most significant in such a way that shareholders will be pleased. The same may not be true for the purpose of this research.

Internal strategy/managerial documents are most reliable to reflect the true intention of the company. However, gaining access to such documents subjects to not only confidentiality issues, but also ethical concerns, therefore are not presented in this dissertation.

3.5. Data analysis process

The author acknowledges the qualitative data collection and analysis is a "complex, messy, ambiguous, time-consuming, creative, and fascinating" process which does not proceed in a neat linear fashion (Marshall and Rossman, 2006). The whole process is succinctly portrayed as follows:

> *"Qualitative data are exceedingly complex and not readily convertible into standard measurable units of objects seen and heard. They vary in level of abstraction, in frequency of occurrence, in relevance to central question in the research. Also they vary in the source or ground from which they are experienced." (1973, p108)*

The author also acknowledges that data analysis is a general term which consist description, analysis and interpretation of data. These three categories are not mutually exclusive, nor are clearly distinguishable by drawing a clear line between them. Basing on this understanding, the description and analysis of data in this research "go hand in hand to build a coherent interpretation" (Marshall and Rossman, 2006, p155).

The diverse nature of qualitative analysis make it impossible to have a standardized approach to analyze qualitative data (Saunders et al., 2006). Tesch (1990) categorized various qualitative data analysis strategies into four broad groups: 1) understanding the characteristics of language; 2) discovering regularities; 3) comprehending the meaning of text or action; and 4) reflection. The groups 1 & 2 are associated with analytic strategies that commence deductively, whilst the groups 3 & 4 are associated with strategies commence

inductively (Saunders et al., 2006). In a broad term, the data analysis in this research seeks for comprehending the meaning of text which is transcribed from the in-depth interviews and also the field notes made by the researcher.

Out of the many qualitative data analysis techniques used, there are only very few is relevant to this research. Ryan and Bernard's (1994) typology of qualitative analysis is clear and precise. They divide qualitative data into three broad categories: audio, text and video. Depending on the research philosophical position, text can be treated as proxy for experience through systematic elicitation or analysing free-flowing text, or alternatively as objective of analysis as in linguistic traditions incorporating conversation, discourse, narrative, grammatical structure etc. The text data collected in this research falls into the free-flowing text treated as proxy for experience category, for which the following data analysis techniques can be used: Grounded theory approach, schema analysis, content analysis (deduction-oriented), content dictionaries, analytic induction and ethnographic decision models (Ryan and Bernard, 1994).

The selection of an appropriate data analysis method for this research was a long and repetitive process involving a lot of struggles. The author reviewed most of the qualitative research methods books and being absolutely amazed by the diversity of approaches taken by existing researchers. Most of the researchers have defined data analysis process in association with their specific background or traditions. For instance, grounded theory (Strauss, 1987); phenomenology (Van Manen, 1990); discourse analysis (Potter and Wetherall, 1994); and narrative analysis (Leiblich, 1998). Eventually, the selection of data analysis method must be based on the overall research methodology and the purpose of such analysis. In this research, the author takes a generic data analysis procedure, as described by several popular researchers (Marshall and Rossman, 2006, Silverman, 2006).

In broad term, the purposes of data analysis in this research are: "1) to condense extensive and varied raw text data into a brief summary format; 2) to establish clear links between the research objectives and the summary findings derived from the raw data and to keep these links both transparent

and defensible and 3) to develop of framework or theory about the underlying structure of experiences or processes which are evident in the raw data" (Thomas, 2003 :p2). It is critical to keep these purposes in mind and constantly comparing the analysis work to align with the purposes throughout the whole process of data analysis, which as stated earlier, consist the following steps: organize data, immerse into data, generate categories and codes, coding data, generate themes, generate frameworks, and search for deviant cases and alternative understandings.

As preparation for data analysis, primary data collected from interview are audio-recorded and subsequently transcribed into written account using the actual words. This process can be time-consuming and exhausting (Saunders et al., 2006). To deal with the transcribing the author tried to use voice recognition software. IBM ViaVoice™ for Windows 9.1 is chosen as the best voice recognition software to suit the author's voice. The author has "trained" the software and it worked well. However, it is later recognized that the amount of errors made by the software and the time spent for correcting them far overweight the convenience. The used of voice recognition software for transcribing is therefore rejected.

Taking the "hard" route to transcribe all the interview data is a time-consuming job, yet it is rewarding as the researcher can familiarize himself with the data during the transcribing process. The finished transcription is cross-checked by peer students in the Business School of Bournemouth University to increase the validity of data.

In this research, codes and categories are generated, and codes fall into one or more categories. During the process of coding and putting them into categories, the theme will emerge. Such themes are then arranged to form an overall framework to answer the research question.

The creation of codes and categories can derive from different sources, such as: research objectives (Thomas, 2003), literature review, professional definitions, local commonsense constructs, researcher's values and prior experiences, researcher's theoretical orientations (Bulmer, 1979, Miles and

Huberman, 1994). Literature review is the most important source for code and category creation in this research.

Building a codebook is seen as a good practice and adapted in this research. A good code book "should include a detailed description of each code, inclusion and exclusion criteria, and exemplars of real text for each theme" (Ryan and Bernard, 1994 :p781). The following codebook is created for this research, and the codes are defined and exemplars are given.

Codes	Definitions	Exemplary words
Commitment	An enduring desire to maintain a valued relationship; desire for continuity manifested by the willingness to invest resources into a relationship	Affective, behavioural, obligation, and normative commitment
Communication	Amount, frequency, and quality of information shared between exchange partners	Bilateral or collaborative communication, information exchange, and sharing
Conflict	Overall level of disagreement between exchange partners	Manifest and perceived conflict or level of conflict, but not functional conflict
Cooperation	Coordinated and complementary actions between exchange partners to achieve mutual goals	Coordination and joint actions
Customer loyalty	Composite or multidimensional construct combining different groupings of intentions, attitudes, and seller performance indicators	Behavioural loyalty and loyalty
Dependence	Customer's evaluation of the value of seller-provided resources for which few alternatives are available from other sellers	Relative and asymmetric dependence, switching cost, and imbalance of power
Expectation of continuity	Customer's intention to maintain the relationship in the future, which captures the likelihood of continued purchases from the seller	Purchase intentions, likelihood to leave (reverse), and relationship continuity
Interaction	Number of interactions or number of interactions per unit of time between exchange partners	Frequency of business contact and interaction intensity
Overall Satisfaction	an overall evaluation based on the total purchase and consumption experience with a good or service over time	cumulative satisfaction
Relationship benefits	Benefits received, including time saving, convenience, companionship, and improved decision making	Functional and social benefits and rewards
Relationship investment	Seller's investment of time, effort, spending, and resources focused on building a stronger relationship	Support, gifts, resources, investments, and loyalty programs

Relationship duration	Length of time that the relationship between the exchange partners has existed	Relationship age or length, continuity, and duration with firm or salesperson
Relationship quality	Overall assessment of the strength of a relationship, conceptualized as a composite or multidimensional construct capturing the different but related facets of a relationship	Relationship closeness and strength
Relationship satisfaction	Customer's affective or emotional state toward a relationship, typically evaluated cumulatively over the history of the exchange	Satisfaction with the relationship, but not overall satisfaction
Seller expertise	Knowledge, experience, and overall competency of seller	Competence, skill, knowledge, and ability
Seller's performance	Actual seller performance enhancements including sales, share of wallet, profit performance, and other measurable changes to the seller's business	Sales, share, sales effectiveness, profit, and sales performance
Similarity	Commonality in appearance, lifestyle, and status between individual boundary spanners or similar cultures, values, and goals between buying and selling organizations	Salesperson or cultural similarity, shared values, and compatibility
Trust	Trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party	Trustworthiness, credibility, benevolence, and honesty
Trust on organization	trust on the seller organization that they will act in a way which is mutual beneficial to each other	trust the company, organizational trust
Trust on salesperson	personal trust on the reliability and integrity of the salesperson	personal trust
Word of mouth	Likelihood of a customer positively referring the seller to another potential customer	Referrals and customer referrals

Table 5: Data analysis codebook   Source: Author

Coding is supposed to be data reduction, not proliferation (Miles and Huberman, 1994). Many pages of text can be reduced into many segments, many categories and finally into 3-8 categories through an inductive analysis process. This process involves: initial reading through text; identify specific segments of information; label the segments of information to create categories (as a supplementary way of category creation from literature review); reduce overlap and redundancy among categories, and create a framework incorporating most important categories (Creswell, 2008 :p266).

The complexity in the qualitative data collected and the messy diversity in the existing literature of relationship marketing made it impossible to fix a codebook for the entire data analysis process. Hence the constant revision and refinement of the codebook is necessary. The author revised the codebook continuously during the data analysis process, particularly so in the early stage of analysis.

Using computer software to aim the data analysis is getting popular in recent years (Weitzman and Miles, 1995). Especially during the 1990s, a range of computer-assisted qualitative data analysis software (CAQDAS) have been developed in complementing the evolution of qualitative data analytic styles (Gibbs, 2002). CAQDAS can bring some conveniences for qualitative researcher: it can make qualitative analysis more accurate, more reliable, more transparent, and hence quicker and easier (Gibbs, 2002).

The author used NVivo to assist the data analysis process. Using the software makes the data analysis a much easier task in general. Meantime, the author paid attentions to the potential dangers carried by using such software. The biggest danger is that the research's feeling of being distant from the data (Fielding and Lee, 1998). In this research, the author did the transcription of interview data by himself. The transcription process makes the author more acquaint to the data and hence compromised the danger of using NVivo software.

The author acknowledges that, NVivo or even any other CAQDAS, is a tool for analysis, using the software does not automatically make the data analysis more valid. Good quality of data analysis still relies on good analytic work by the author, in the same way that "good writing is not guaranteed by the use of word processor" (Gibbs, 2002 :p13).

3.6. Criteria for assessing research quality

Certain criteria are often used to assess the "truth" of a piece of research, without them, research will be meaningless, so warned by Silverman: "*Unless you can show your audience the procedures you used to ensure that your*

methods were reliable and your conclusions valid, there is little point in aiming to conclude a research dissertation." (Silverman, 2005, p209). Sadly so, many qualitative researchers tend to ignore these research quality issues, and take an anecdotal approach in drawing conclusions or explanations. They use "brief conversations, snippets from unstructured interviews to provide evidence of a particular contention, and the representativeness or generality of these fragments is rarely addressed" (Bryman, 1988, p17).

The discussion as to whether quantitative and qualitative research could adopt the same accessing criteria has been going on for decades. Some (Mason, 1996, Silverman, 2004) argue that similar criteria could be used for both, some (Guba, 1981) argue for completely different criteria, whilst some (Hammersley, 1992) sit in the middle. However, this three position does not fully represent all the potential stances on this issue (Seale, 1999).

As a well-accepted fact, validity, reliability and generalizability are major criteria to evaluate quantitative research. Some qualitative researchers discussed the irrelevance of such criteria to qualitative research, largely due to the different nature of the two different research traditions making it difficult to evaluate their quality with same criteria. Even if, in some occasions, same criteria are used, they indeed mean a slightly different (Bryman and Bell, 2007). For instance, Mason (1996) argues that in qualitative research, the criteria for quality evaluation "are different kinds of measures of the quality, rigour and wider potential of research". LeCompte and Goetz (1982) altered the criteria into "external reliability, internal reliability, external validity and internal validity".

Qualitative research		Quantitative Research
Different criteria Guba and Lincoln (1994)	Similar criteria LeCompte and Goetz (1982)	Criteria
Credibility	Internal validity	Validity
Transferability	External validity	Generalizability
Dependability	Internal reliability	Inter-observer consistency
Dependability	External reliability	Replicability
Confirmability		Objectivity
Authenticity (wider political impact of research)		

Table 6: Comparison of criteria of assessing research
Source: Based on (Guba and Lincoln, 1994)

By comparing the different approaches of assessing research quality, it can be found that, despite the different terminology used, largely scholars use similar criteria. In this research, the author adopts LeCompte and Goetz's (1982) approach, using validity and reliability as the criteria for assessing the quality of this research. External validity (or generalization) is discussed in a separate section early in this chapter and the reason for doing so is also discussed in that section.

In a qualitative research like this one, a big challenge is that, how the author convince the audience that the findings of this research are based on critical investigation of all the accessible data, instead of the drawing easy conclusions by selecting a few convenient examples, in the "anecdotalism" (Silverman, 1985) way.

Three strategies are used to address the validity issue in this research: Triangulation, respondent validation and peer group validation:

> *"Triangulation refers to the attempt to get a true fix on a situation by combining different ways of looking at it or different findings. … Respondent validation suggests that we should go back to the subjects with our tentative results and refine them in the light of our subjects' reactions" (Silverman, 2005, p212).*

Although Silverman (2005) argued that many of the frameworks underlying qualitative research are not compatible with the assumption that truth can be obtained separately from different way of looking at it, his offering of "constant comparative method and comprehensive data treatment" as a way to maintain the refutability principle of qualitative research, are effectively a kind of triangulation by themselves (my emphasis). In this research, comparison of different interviews/companies represents a way of data triangulation which helps to minimize the drawbacks of an "anecdotalism" approach.

Regarding respondent validation, some researchers (Bryman, 1988, Fielding and Fielding, 1986) argue that the there is no reason to assume the

subjects/interviewees have privileged status as commentators on their account. The author disagree with their argument in the way that, at least in this research, putting the research findings back to interviewees to get their feedback is at least another source of data and insight to improve the overall validity of the research.

In the effort of peer group validation, the author has asked a number of peer group students in the business and management field to read the transcription, analysis and findings of the research. The author's supervisors, who are both academically and practically qualified in the research fields, have also validated the research data and findings.

Reliability refers to the consistency or the explicability of the research finding, i.e. whether another researcher can replicate the research with the same research design, sample, subject and contexts (Bryman and Bell, 2007).

Some qualitative researchers (Marshall and Rossman, 2006) argue that reliability should less be concern for qualitative research. If we treat social reality as always in flux, we should not worry about whether our research instruments measure accurately. Such an argument however, has the danger to rule out any systematic research with its assumption that there are no stable properties in the social world (Silverman, 2006). This assumption is contrary to the author's interpretivism-constructivist philosophy stance in this research, and the author does believe there is such a "truth" lies out there to be discovered, thus reliability is also addressed in this research.

To maintain reliability, or the consistency of research finding if replicated by different researcher or the same researcher on different occasions, it is incumbent on the researcher to document the research procedure. (Kirk and Miller, 1986, p72). Field notes or extended transcripts would be very helpful for the audience to "formulate their own hunches about the people or perspectives studied" (Bryman, 1988, p77). In this effort, the author keeps clear interview protocol, field notes, and documents the research procedure fully in details. All these documentation can be provided upon request.

The table below summarize the strategies used in each stage of the research process, against the different criteria of assessing research quality.

Criteria	Strategy	Research Stage
Validity	Triangulation	Data analysis
	Respondent validation	Data analysis
	Peer group validation	Data analysis
Reliability	Use interview protocols	Data collection
	Keep field notes	Data collection
	Document the research procedure in details	Research design

Table 7: Validity and reliability control tactics of the research　　Source: Author

3.7. Ethical issues

Different ethical issues may emerge during various stages of research. As a general rule, the *Code of Practice for Research Degree Student* published by Bournemouth University in September 2007 will be followed throughout this research.

Any ethical issues regarding sponsor's right to useful research and researcher's right to absence of sponsor coercion are clearly address in the Code of Practice.

In data collection stage, the author will respect participant's right to informed consent. Where interviews required, either written consent or verbal consent, formal or informal, will be obtained. Participant's right to confidentiality and anonymity, as well as the same rights of the organization will be equally respected by the researcher.

A serious ethical concern in this research is about the transparency of interview objectives. On the one hand, interviewees are supposed to be fully informed about the research objectives before the actual interview taking place. On the other hand, there is the worry that, those questions which most likely are highly likely not addressed by interviewees would impede their motivation to participate into the research. They might be afraid that their "shortcoming"

being brought to the lime light during interview and hence shed away from the interviewer.

Another ethical issue is the economic one. How will the interviewee benefit from the research? The research brings clear benefits to the researcher and his institute without any doubt. But, how about the interviewees? Even if they are happily being interviewed, it does not necessarily give the researcher a relief that they are economically fairly treated. As noted by Seidman (1991) "interviewing as exploitation" is not an issue can be easily resolved, especially in the current world aiming ideologically at everything being equitable.

Health and safety issue in this research is less a concern since most of the interviews will be conducted within local region. Apart from travelling to and from the interviewee's place, no significant health and safety issues can be foreseen. Travelling for interviews will be reported to research supervisors so that the researcher's movement is recorded. In any emergency during the travelling, the university external emergency number and/or supervisor, research administrator will be informed accordingly. Accurate contact information of persons involved has been obtained by now.

In the final analysing and reporting stage of the research, the author will take equal caution as to the participant's and organization's right to confidentiality and anonymity. I.e. names of individual participants and organizations will be replaced by virtual given names.

The publishing of the research findings may attract ethical issues, which should be naturally dealt with according to rules and regulations as stipulated in the *Code of Practice for Bournemouth University Postgraduate Research Students*.

The different sections in this chapter are relatively self-explanatory independent from each other, making it less relevant to draw a general conclusion for this chapter. To this stage, a brief summary of the research methodology chapter can be drawn as follows:

In this chapter, the author described and justified the philosophical, epistemological and axiological positions adopted in this research. In-depth interview is chosen as the most appropriate in this qualitative inquiry after balancing the advantages and disadvantages of a number of available methods, as well as the feasibility of each method. The author also discussed the generalization, validity and reliability issues, linking these issues closely with the justification of data collection techniques adopted.

4. DATA ANALYSIS AND CONCLUSION

In this chapter the data analysis process is discussed in detail, followed by the analysis of in-depth interview data . A summary of the data analysed is drawn, leading to the discussion and conclusion in the next chapter.

4.1. In-depth interviews conducted

As discussed in the methodology chapter earlier, the number of in-depth interviews conducted in this research was based on a theoretical saturation principle. The author carried on conducting interviews until this saturation point is reached. The decision for the saturation point was made with help of more experienced researchers to avoid potential subjective bias. A review of literatures on the number of interviews required in qualitative research and a benchmark of recently completed research also supported that 5 in-depth interviews are sufficient to reach a theoretical saturation point.

The 5 in-depth interviews are as follows:

Interview A (National Insurance Broker-Alpha)	
Time:	10:30-11:35, 15 April 2008
Venue:	meeting room, Stuart Alexander Limited Head Office, 130 Fenchurch Street, London, EC3M 5DJ
Interviewee:	Mr. Rob Holmes (RH), Group Marketing Manager
Interviewer:	Simon Ning (SN)
Transcribed by:	Simon Ning
Voice file name:	interview_StuartAlexander_RHomes_150408
Length:	1:00:02 hrs.
Interview B (Local Insurance Broker-Beta)	
Time:	15:30-16:30, 19th May 2008
Venue:	Board room, Hays Parsons, 11F, St. Lawrence House, 29 Broad Street, Bristol. BS1 2HF
Interviewee:	Ms. Sharon Watts(SW), Managing Director
Interviewer:	Simon Ning (SN)
Transcribed by:	Simon Ning
Voice file name:	interview_HayesParsons_SharonWatts_190508
Length:	00:56:00 hrs.

Interview C (Client)
Time: 11:30-12:20, 20th June 2008 Venue: Telephone interview, 07980901148 Interviewee: Ms. Teresa Bramwell (T), Founder & Director Interviewer: Simon Ning (SN) Transcribed by: Simon Ning Length: 00:50:00 hrs.
Interview D (National Insurance Broker-Delta)
Time: 13:30-14:30, 19th May 2008 Venue: Meeting room, Lockton Companies Int. Ltd., North Quay Temple Back, Bristol. BS1 6FL Interviewee: Mr. James Burgoyne, Executive Director (JB) Interviewer: Simon Ning (SN) Transcribed by: Simon Ning Voice file name: interview_Lockton_JamesBurgoyne_190508 Length: 00:56:42 hrs.
Interview E Transcript (National Insurance Broker-Epsilon)
Time: 14:00-15:00, 24th June 2008 Venue: Profile Insurance Brokers Ltd. London Office, Interviewee: Ms. Melanie Burns (MB), Director Interviewer: Simon Ning (SN) Transcribed by: Simon Ning Voice file name: interview_Profile_MelanieBurns_240608 Length: 1:00:02 hrs.

4.2. In-depth interview A

4.2.1. Interview description

Broker-Alpha is an expanding organisation committed to maintaining a strong local presence through their regional offices coupled with the strength and buying power of a national company. The company has it's headquarter in the City of London and branch offices in a number of major cities in south England. With approximately 200 staff, Broker-Alpha us committed to commercial business insurance and small business insurance. Broker-Alpha offers a complete range of insurance-related products/services such as insurance policies, risk management services and financial services. The four major lines of services they offer are: 1) advice and recommendations on risk exposure

and insurance needs; 2) arranging cover to meet requirements; 3) help with on-going changes; and 4) assistance on claims. A key achievement of the company has been significant growth without sacrificing the commitment to quality and service, and this achievement differentiates Broker-Alpha from the majority of other UK insurance brokers.

Broker-Alpha has a relatively complex website, from where they offer online quotations for insurance policies. Potential customers are guide through a simple process, through which they can get a rough idea of what the company can offer, based on the information customers provided.

The contact details on Broker-Alpha's website are rather limited. Apart from company telephone and fax numbers, there is no transparent contacts information to help the interviewer "break" into the company. The only possibility through the website is a messaging box system to pass any comments to a designated email address at the company's reception. The interviewer eventually has to gain access into the company by quite a number of telephone communications with the company's receptionist, sales manager, marketing manager and eventually, the Group Marketing Manager (hereafter referred as Interviewee A) agreed to be interviewed. Although the interviewer emphasized that the best person to be interviewed is Account Executives, the company finally allocated the Marketing Manager to be interviewed.

The interviewer was aware of interviewee A's motivation to participate in the research which was a company decision, not a personal one, thus attention has been paid to "not being marketed" by the interviewee.

Interview took placed in the "city office" of the company. The interviewer arrived a bit earlier and hence got a chance to browse the reading materials at the reception. Chrome and leather seating and modern design gave an impression of modernism and professionalism, especially so in the heart of the city of London. The readings at the waiting area are some news on the local newspaper and magazine about Broker-Alpha. An eye-catching article in a financial magazine on the desk was a "successful story" told by one of the account executives of the company as to how well they had served their client

with excellence of professional services. It seemed that the company's marketing, especially for the media presence, is well-planned and effectively implemented.

Throughout the interview, the communication with interviewee A was a bit "political". As the Group Marketing Manager, interviewee A was apparently concerned about the potential influence of this research, if published, upon the company's image, despite of the anonymity and confidentiality announcement made by the interviewer. The interviewer reiterated the anonymity arrangement during the interview and apparently interviewee A changed his attitude to be "frank and truth-telling" towards the later stage of the interview.

4.2.2. Within-interview analysis

Through the interview data, it is summarized that there are several key findings as follows:

> *Finding 1: Understanding customer needs and their buying behaviour is an important prerequisite for building and maintaining customer relationships. Customer expectation in each stage of relationship is different.*

Interviewee A discussed repeatedly the importance of understanding the needs and buying behaviour of customers. The key words used here by interviewee A are: customer needs (customer expectations), buying behaviour, frequency of communications.

Acting in the way as customer expected is the way to open the door to customer so that relationship with them can be build.

> *"The buying habit of the SME market will be a lot more, I guess, aligned with the way we do business. For example, we do a lot of direct marketing with emails, and letters (Interviewee A, p4). ...*
>
> *I think insurance brokers must be aware of, nowadays internet plays an important role in the market (Interviewee A, p4). …*

We put ourselves into the shoes of customers when we design our forms online. I do know how you feel, but if I visit a website, and it ask me to fill out 4-5 questions, I will probably switch off and get elsewhere. (Interviewee A, p8) …

As a result of customer satisfaction survey we did last year, we found that a lot of our customers are saying, well, we actually like to be dealt with emails. …We do have to listen to that sort of stuff, and if we found something fits into our plan, then we will do it." (Interviewee A, p9)

Broker-Alpha distinguishes SME customers from large corporate clients by the way of communication with customer.

"To try to approach a big corporate with letter and email, it does not work. But for many of SMEs, if they get a letter in mailbox on Monday morning, generally they give a look (Interviewee A, p5). …

From our perspective, SMEs are fairly easy to deal with, fairly easy to get in touch with (Interviewee A, p6)."

Frequency of communication depends on the needs of customers. Interviewee A stated that "whilst for a one-man band SME who pays a relatively nominal premium, they are not goanna need to speak to us every month about their insurances. However, if a corporate business who pays 25,000 pounds a year, they might need talk to us on a regular basis (Interviewee A, p7)". The company act positively and manage its frequency of communication with customers by maintaining a set of relationship campaigns:

"We need to stay in contacts with those people, so it is newsletters, customer satisfaction surveys. We do a lot around corporate entertainment, and events, with our clients and prospects. So it is really a mix of all kinds of activities, [via which] we bundle up relationship campaign." (Interviewee A, p7)".

Understanding customer needs and buying behaviour may seem an "old" concept in the traditional marketing system, and Interviewee A probably indeed has a mindset heavily influenced by the traditional marketing system. However, it can be clearly observed from the interview, that understanding

customer needs and expectations, and put the company into customer's shoes are a good starting point for building the relationship with customers.

> *Finding 2: Service quality is a key factor influencing customer relationship. Service quality comprise the range of services offered, trustworthiness and professionalism.*

Interviewee A emphasized the importance of service quality in four areas: the range of service, independence of service, professionalism, and costs. As an insurance broker, the company offer wider services than an ordinary insurance broker, and the company does try to get this message across to customers. Interviewee A also emphasized the importance of being neutral/independent when delivering their brokering service. Professionalism is another factor to improve service quality. Finally, the company try to offer lower cost products to customers, and that can only be done by keeping a good relationship with the suppliers of Broker-Alpha, their insurers.

Interviewee A reiterated a number of times the importance of a good relationship with the insurer. And this echoes the company's general strategy, as described in the interview description, that the company has the advantage of sitting in the city of London, close to all the insurance companies, and thus able to keep a good relationship with their supplier (the insurance company), get lower cost products, and hence pass the benefits of lower costs products onto end customers, Broker-Alpha's customers.

In this interview, it is indicated that relationship marketing involves multiple relationships with suppliers. Although this research focuses on the dyadic relationship between insurance broker and their customers only, such a dyadic relationship can only be put into a wider relationship network involving other stakeholders in the marketplace where the company operates.

> *Finding 3: Account executive is the sole-agent holding the customer relationship, and this situation creates a danger for the company. The company rectify the negative impact of personal holding of customer relationship by offering professional service through team efforts.*

"The account executive, and the relationship they hold with 'their' clients" (Interviewee A, p6), was the way interviewee A describe the ownership of the customer relationship ownership in Broker-Alpha. Although the company acknowledges that "obviously if an account executive move to somewhere else, if that executive has good relationship with clients, clients may move with him (Interviewee A, p9)", the company essentially keep the business customer relationship as a "business relationship" based on the professional way of services offering: "the bulk of SME customers stay with us because of the way we handle their business, their insurance, and the professional manner when we come across to do that (Interviewee A, p10)". Meantime, interviewee A believe the personal holding of business relationship is a trend of the insurance industry, and the company is balanced out by the fact that, "when we get new staff onboard, we also get that when we have new people joining us, it a kind of work out even" (Interviewee A, p10).

> *Finding 4: Trust is the most important elements in a customer relationship. Such trust is driven by professional, knowledgeable staff of the company. Trust differs in each stage of a relationship and to different type of customers. Trustworthiness in initiating and growing stage, and turns into calculative trust in growing stage and heuristic trust in maintaining stage.*

Interviewee A stated that trust/trustworthiness, which is the confidence for the customer to believe in the staff of the service provider, derives from professional and knowledgeable staff.

Interviewee A stated that "bonding" is not important for the company to keep a healthy relationship with customers. On one hand, the company is regulated by the Financial Services Authority to give customer full rights of cancellation of service in a "cool-off" period; and on the other hand, the company actively retain its customer by offering professional services, instead of binding customer in with incentives, said so by Interviewee A: "We would always let our expertise and our professionalism speak for itself, without saying that if you stay with me at the end of 12 month, we do X Y Z for you. We would not do that. (Interviewee A, p11)".

It is observed that interviewee A acknowledges the fact that, trust in each stage of the relationship with customer are different. At the earlier stage, the company relies on public communication to raise the awareness of the company so that the company becomes trustworthy towards customers. Whilst later in the growing and maintaining stage of the relationship, the contact with customer becomes closer, hence the relationship becomes more "personal", which is more likely to be heuristic trust as stated in this research.

> *Finding 5: Customer relationship may break at any stage. There are two critical moments for a relationship is at the policy renewal (initiating stage) and claims handling (growing and maintaining stage).*

Customer relationship is put under test at some critical moments such as policy renewal and when claims are made. The company and the account executives invest more into the relationship at these critical moments, in-depths conversation, face-to-face meetings, keep services error-free by investing into client database and reduce human mistakes and become less reliant on account executives.

> *"In general I can say most of SMEs are happy to receive newsletters once every 6 months or maybe via email, telephone, or courtesy visit. And obviously we speak to them in depth at the time their policy renewal (Interviewee A, p8). … What is critical is when the time comes at the end of the 12 month when renewal comes. For example the policy arrives late, or an error on the policy, any mistakes like that will put us in a bad life (Interviewee A, p11). … We have processes in place that these communications are automatically generated, so that there is less reliant on the account executives to remember all the renewal dates (Interviewee A, p8).. … Obviously when claim arise, and claim does not go the way you want it to go, you may looks elsewhere for your insurance. (Interviewee A, p10). … Despite a good relationship we have with a client, if that client file claims every 5 months, the insurer underwrite them would say, we need to increase their insurance premium. That is where our relationships with clients are tested (Interviewee A, p12).*

This interview reveals that the relationship with customer could be broken at any stage of a relationship, which is different from the conclusions drawn by many other researchers in this relationship development models. For an insurance broker, to build a relationship is hard work step by step, yet to ruin a relationship with customer could happen easily at one critical moment.

4.3. In-depth interview B & C

4.3.1. Interview description

Broker-Beta is a medium size insurance broker based in a prestigious location in a major city in west England. The company was founded in 1960's by its Chairman, who is still leading the company today. The company has over 40 staff and over 600 man/years experience and expertise in commercial insurance, providing insurance advice and brokerage service to its clients.

Broker-Beta has three business divisions: marine, education businesses, and general businesses, each division focusing on the clients with different risks and insurance needs. Each division of the company has several departments to server clients: Claims Department, Commercial Department, and other special departments for the niche market they serve. The company provide comprehensive solutions for its clients, including risk management advice, internal claims service and regular legal updates.

I visited the company's website before approaching them. Their website has a straightforward structure, with a number of web pages show the facts of the company, each business divisions, contact details, and a special page for claims. The three impressions I had with their website are: 1) the company have clear targeted customer segment (especially the marine industry), 2) the staff of the company is easily accessible, with full contact details listed on the website and, 3) they emphasize the importance of claims service to customer, and for that they have a whole webpage on their rather brief website specially designated for claims related services.

The initial contact was addressed to the Managing Director, who agreed to be interview after a number of emails explaining the research background, aims and objectives. The MD (hereafter referred as interview B) was apparently very interested in high level, non-commercial researches in the insurance industry. Interviewee B was very kind and offers help wherever possible to make the logistics of the interview hustle-free.

When I arrived at the reception desk on the day of interview, the receptionist informed interviewee B immediately and she came to reception to lead me into the meeting room where the interview took place. I walked through their open-planned office on the way to the meeting room, noticed that staff in the company communicate with each other easily face to face in the open office. Several staff greeted me with a smile on my way to the meeting room.

The overall impression to the company is that, the company got a group of professionals, yet the power distance within the company is rather low, people communicate nicely face to face, staff are easily accessible.

Interviewee C is the Managing Director of a training company specializing in coaching entrepreneur to start and ramp up their businesses. The training company is a customer of Broker-Beta for more than 6 years. During the period, interviewee C became a good friend of interviewee B, who is the insurance broker and risk advisor of interviewee C.

The interview with C was done by telephone. During the telephone interview, interviewee C started by answering questions in a passive way. Towards the middle the interview, she slowly changed her attitude when we touched upon the personal relationship and trust between her and interviewee B. This observation illustrated the importance of personal relationship (heuristic trust vs. calculative trust) in a relationship with customer.

It is sensible to combine the analysis of both interviewee B and C into the same interview, since they are in the same relationship. Their answers towards the same question, from two different perspectives, validate the research findings to a large extent.

4.3.2. Within-interview analysis

Through the interview data analysis, it is summarized that there are five key findings as follows:

> *Finding 1: Trust of customer is to be rest on the company, not account executives. Keep an account executive responsible for a client, yet build multiple contact points in the company to ensure business continuity in case of staff turn-over.*

The company manages their customer relationship with a team-based approach. Account executive is responsible for the relationship with the customer and they tend to take care the customer which they bring into the company by themselves. The account handler is the supporting function to the account executive, yet account handlers also have direct contact from time to time. Claims service team give claims related service to customer under the supervision of account executive.

The reasons customer relationships are managed in such a way can be in several folds:

Firstly, the company tends to maintain a "single face" to customer, that is the account executive. Customers are made comfortable to have a first contact point, for whatever services they may need. Always the same person taking care of a customer, gives customer the feeling of being "familiar" and "acquaintance" to the company, and hence less fear about uncertainty.

> *"They (account executives) tend to look after those ones (customers) they picked up. The only exception is that when I bring clients in. I warm them up, and pass them to the person who is expert in that area." (Interviewee B, p2)*

Secondly, the company deliberately put in multiple contact points to a client. That has several advantages according to Interviewee B: to ensure the company is always accessible when the account executive is absent (Interviewee B, p3); let the most experienced staff (claims team) do the job they have expertise in to provide professional service (Interviewee B, p3); and

most importantly, to ensure relationship continuity in case of staff turn-over (Interviewee B, p3, p7).

> *"We recently lost a member of staff, and this is attacking our business. Some of our clients is (are) leaving with him, and our retention rate is falling below 95%."(Interviewee B, p2)*

The company encourages account executive to build deeper personal relationship with customer. However, they also try to involve at least two staff with any customer to ensure the relationship can be maintained or repaired if one leaves the company. A good service mechanism may also help to persuade customer to stay in such situations (Interviewee B, p7).

Interviewee C confirms that, although interviewee B is the major contact point in Broker-Beta, interviewee C also has direct contacts with other colleagues in the broker company. That corresponds to the multiple contact points strategy of Broker-Beta:

> *"From time to time, Sharon (interviewee B) will visit me, sometimes with her colleagues. Apart from that, I also get newsletters from them. A girl in the office sends me those newsletters to me."(Interviewee C, p4)*

It is interesting to note that, interviewee C views that multiple contact points from a positive point of view. She feels a kind of "safety" with more contacts with Broker-Beta. Customer also appreciated the multiple contact points strategy could enhance relationship between them.

> *Finding 2: Communication with customer is critical especially in the maintaining stage. Keep regular contacts with customer and interact with them, pay special attention to the "touch points" where customer may need help.*

The company keeps regular contacts with customer by sending them newsletters. However, The Company tries to interact with customer rather than simply communicate one-way by newsletters. Such interaction can be done

through holding seminars, involving in charity with customer, participate into local business networking communities, and professional communities.

Face to face communication is preferred than telephone, and telephone communication is better than newsletters, since there are different levels of interactions with customer embedded in these communication channels.

> *"If we are in the area with prospects or existing clients, we tend to call upon visit other clients, because when you visit them, you will see the things which they got to tell you." (Interviewee B, p3). "I think writing is 7% of the (total communication), and the tone is 38%, body language 55%." (Interviewee B, p8)*

Interviewee B proposed two touch points, which are of critical importance for a relationship with their clients. One is the insurance policy renewal is due, the other one is in a claim. She emphasized staff must be professional (Interviewee B, p6), keep their promise to clients (Interviewee B, p5), respond immediately (Interviewee B, p3), and manage client's expectations (Interviewee B, p3) during on these "touch points".

> *"I think it is all down to the 'touch point' you have with the client. By the time of renewal, we will phone them to ……"(Interviewee B, p3). "The second area (touch point) is in claim." (Interviewee B, p5)*

Communication is the most important factor affecting the relationship between them. Interviewee C acknowledges communication helps them to build the trust between them, and the trust building is a process for both parties to work through together. She said the following when she talks about the importance of communication:

> *"We meet every week in the networking event. That is the opportunity to meet not only Sharon, but many other people in the group. Apart from that, there are 5 of us in the organization had set up a meeting monthly, we meet every month to have dinner, or afternoon coffee, etc. … It is important to keep such regular meetings so that…It is a process to build the trust with each other.*

Within the process we understand each other more and more. Sharon knows me, she knows my business, what I am doing." (Interviewee B, p4)

Interviewee C believes that face-to-face communication is more effective since other communications, such as written communication, does not catch the emotional part. This reflects interviewee C's consciousness that "emotion" composes an important part of communication, which is a key factor for effective customer relationship.

"Face to face is the best for sure. I think 80% of effective communication is done by face to face. You got the emotional side of it, you know. With written communication, you don't really catch the emotional part, do you?" (Interviewee C, p5)

Finding 3: Trust in the growing stage is more on a business level (calculative trust), or onto a personal level (heuristic trust), which is deeper and requires more relationship resource investment (time and money).

Interviewee B stated clearly that a relationship on personal level involves more resource investment than the relationship on business level. She gave the example that she develops her customer prospect by joining the local "business network mornings", for which she must wake up early every Tuesday morning for the breakfast meeting with presentations of other members.

"We get knowledge people to take part in the seminars. … People we use are known trustworthy partners. … that brings trust. I think it (meeting customer on seminars) helps to get to know each other better on a social level."(Interviewee B, p7). … When a client comes in that way (as a friend through social network), they tend to stay because I have a relationship with from the first day. (Interviewee B, p9)

Interviewee C states that she spends quite some time and effort to keep the relationship with interviewee B, she said: "*we meet every month to have dinner, or afternoon coffee, etc.*"(Interviewee C, p5). It is obvious that having dinner and coffee together is the resource both parties invested into their relationship.

The more personal their relationship gets, the more time and money they need invest into their relationship to build the "intimacy":

"We developed a kind of intimacy if you like. We talk about business, also we talk about personal life. You know, in business sometimes you feel alone, you need to talk to somebody. Sharon and I got so many similarities and we like to share with each other." (Interviewee C, p5)

Finding 4: Heuristic trust in a relationship means non-calculative. The company does not calculate the benefits of relationship with each customer. Referral business is the biggest benefits which cannot be accurately calculated.

The company found it difficult to be calculative on the benefits or the profitability of customers. The size of potential referral business is something cannot be estimated rationally. Instead, the company take a heuristic approach, and decide whether develop, maintain, or even terminate a customer relationship based on the judgment of the account executive, who is responsible for the profit and loss of all his/her customers as a whole.

On the other hand, when a relationship moves into a deeper stage, the customer would, in return, trust the relationship with Broker-Beta, and even rely on Broker-Beta to bring referee business to each other. And they both believe the referee brought over by the other party is trustworthy:

"It brings many personal friends as well as business prospects. People in the organization help each other by referring new prospects to each other's business, and the referee you got from the organization is trustworthy. … Because of the trust, the chance these people being referred has a better chance becoming my clients after that. In this way, we help each other with our business" (Interviewee C, p5)

Finding 5: The factors affecting the effectiveness of relationships are trust, keeping promise (commitment), manage customer expectation, professionalism, reciprocal benefits, and communication.

Coding of the interview transcript reveals that the key factors influencing a relationship are: trust, keeping promise (commitment), management customer expectation, professionalism, reciprocal benefit and communication. There are some other factors mentioned by the interviewee only occasionally, such as expected benefits, these less mentioned factors are filtered out in the findings.

Interviewee C clarifies the importance of trust, commitment in the growing stage of their relationship, and the importance of dependence in the maintaining stage of their relationship:

> *"Through this way, the relationship is founded on a solid basis, because of the trust and engagement from both sides." (Interviewee C, p4).*

> *"I trust her not only as a friend, I also trust her competence. I know she is good in her area. It would not make any sense if I am not sure she is no good in the area she works. I trust her, means that when she told me that I am covered, I know I will be covered." (Interviewee C, p5).*

> *"It is ok if you can't do something but you let me know. I can't stand with people who says they will do something, but they don't." (Interviewee C, p3)*

The interrelationship among the factors, so far, suggesting the following: 1) trust, commitment lead to professional service (professionalism and trustworthiness), which all together influence the effectiveness of relationship. 2) keeping promise (commitment) and managing customer expectation are integrated with each other. You can manage customer expectation by either promise less and keep it with less relationship investment, or, promise more and keep it with more relationship investment. But you should never promise more and invest less into a relationship, Customer will view it as lack of commitment into a customer relationship.

4.4. In-depth interview D

4.4.1. Interview description

Interviewee D is the Director of an international large-scale insurance broker firm Broker-Delta, the world's largest privately owned, independent insurance brokerage firm. The firm has 3,800 people around the world with 54 offices in the United States, Europe, Latin America, the Middle East and Asia.

Clients across the globe count on Broker-Delta for risk management, insurance and employee benefits. Their experts tailor solutions to the unique needs of each company, organization, and individual just about anywhere. Our long-term relationships with underwriters around the world allow Broker-Delta to structure and negotiate comprehensive coverage at the best price possible.

Broker-Delta's alleges that their organic growth and client retention rates are the envy of the industry. Since 1966, the company has grown from a one-person operation to a global enterprise while maintaining their entrepreneurial spirit, so they declared. Broker-Delta's fierce commitment to private ownership means that each associate has a single-minded focus on serving our clients. Their independence from Wall Street keeps us focused on client needs, not the demands of analysts or stock price.

4.4.2. Within-interview analysis

Finding 1: Broker assigns the same person to a customer so that the intimacy (trust) can be built with that customer.

Interviewee D explained the logic behind their customer service system that "always the same person for a client" is that, familiarity with client is developed. Familiarity is seen as the intimacy and the personal trust between the account executive and the representative of the client.

> *"So rather than simply work coming in and pull out on a daily or weekly basis to the people, it actually goes to the same people, hence, what we are hoping through that is, familiarity with clients is being developed. ……consequently*

the same person will be dealing with the same client, that kind of relationship will be built up." (Interviewee D, p3)

"Client are assured that they know a name, rather than everything is only our company's name and number, who they end up talking to, they know X was dealing with their specific accounts." (Interviewee D, p3)

Broker-Delta only communicates with their customer when it is necessary. That is the critical point where there is a claim or policy renewal time. However, even if in these rather limited contacting point, Broker-Delta always assign the same person to a client.

"What tend to happen is that that end don't have so many issues, ring up once a week, or might literally be ring up once a year only when the contacts being made again. Simply because from insurance point of view, no news is good news, they haven't had any problems, they haven't had any claims, it simply that they just need the renewal again. But even so, what we are trying to do, is even on that level, they are talking to the same person again. (Interviewee D, p4). ……Trust is built between the persons talking to each other. That ties us up with our client. (Interviewee D, p5)

Finding 2: Calculative trust is the primary type of trust for Broker-Delta's customer relationship.

Broker-Delta calculates the loss and gain right from the scratch when they deal with a client. Large client and SME client who brings different value to the company are treated differently, from a strategic point of view.

"That is the kind of core how we manager our client relationships. Literally it is that points of contacts, it is that kind of assurance. Behind that, it is the systems that, again, it tends to gear up for larger client, rather than SME client." (Interviewee D, p3)

Interviewee D justifies their customer handling differentiation strategy with some economical calculations. His justification reflects their calculative intention in a customer relationship. Time is seen as an important cost which they put into relationship with customer.

> *"Time is obviously a factor with SME business, simply because you have large number of transactions, large number of clients and load of works, change of names, change of addresses, people want higher limits, people have questions, people have claims etc. Hence you would not be able to spend quite same time on them as you would spend on a large client." (Interviewee D, p6)*

The relationship depth with customer is depending on the effort and time you spend with that customer. The more time and effort you spend, the better the relationship is. Interviewee D's comments reflects their calculative logic again when he compares the different customer handling strategy for large clients and SME clients.

> *"Equally, as I say, the insurance on the client part is the same, they probably simply pick up the phone, say I got this question, I got this issue, this need to be solved will be a lot less that those larger corporate client, who has many offices, many employees, a lot of problems. In that kind of sense, the amount of time you have to put in is not the same anyway. Really, as I say, because of the amount of time you spend talking to that client, you cannot build the same level of relationship as larger clients." (Interviewee D, p6)*

<u>Finding 3: The three major factors driving a good customer relationship are: trust, professionalism and appropriate communication.</u>

Professionalism of the company is reflected by the professionalism of its staff. Interviewee D emphasized the importance of professionalism of people. That correspondent to his earlier comments that their company always assigns the same person to a client. The professionalism of that same person is representing the professionalism of the company.

> *"Essentially, what people want, this is not rocket science you know, what people want is to make sure their insurance is done properly. Hence it is professionalism of staff. …… Essentially it is three things: trust, professionalism, and appropriate communication, those are the three factors we thought that giving us our edge." (Interviewee D, p8)*

Appropriate communication as indicated by interviewee D is basically using different method to communicate with customers with different communication needs. The nature of customers' business has an impact on the preference of communication method.

> *"Principle communication is still mail, old fashion post. Hence newsletters or leaflet etc.. We are trying to move towards email, particularly for those clients who prefer email as opposed from other methods. It is funny, by segment of business, some professions are more reluctant to mail than others, it is a not a generalization, for instance, solicitors prefer mails than emails. IT business as you can expect may prefer email than posts. Again you got the kind of variations between those extremes." (Interviewee D, p9)*

Interviewee D also mentioned earlier that contacting customer at appropriate time, especially when customer needs to be contacted. That is also seen as the appropriate communication with customer.

Sum up all the points regarding communication with customer, interviewee D's view of appropriate communication with customer can be concluded as 3 "right": assign the right people to communicate with customer at the right time with the right approach.

4.5. In-depth interview E

4.5.1. Interview description

Interviewee E is the Managing Director of an UK national insurance broker firm Broker-Epsilon. The company is mainly dealing with general insurance for their customers, splitting into 60% high-end private line insurance and 40% commercial insurance, most of which are SMEs. These customer scatter around the world, mainly in Europe.

Broker-Epsilon does not advertise, and even the company's website is out-dated needs updating. The main reason is that Broker-epsilon relies on recommendations of existing customers to obtain new customer. Hence relationship with customer is the key success factor for the company.

As the Managing Director of the company, interviewee E is responsible for customer relationship management, hence is the best person to be interviewed in terms of the overall relationship marketing strategy. She is proud of their 97% customer retention rate, which is very high comparing to the industry average.

4.5.2. Within-interview analysis

Finding 1: Relationship with customer can be broken at any relationship development stage, due to the highly competitive nature of insurance broking market.

Interviewee E described a situation which is in the initiating stage of the relationship when a customer asks for a quotation. If the broker does not handle the relationship properly, the relationship will terminate, just like interviewee E described: you do not get a second chance ever in business:

> *I think you don't get a second chance ever in business. So you have to be honest and open as you can. For example, I am saying to a client who own a pub, I have been around marketplace, and I have rebooked this renewal, I can't say that until I have done it. Because the client, everybody has got a friend, who got a better broker than you. If you say to your friend, oh my godness, I pay 10,000 pounds this year for my pub, don't worry, I got a friend will do for less, the friend will then do a good job, they say how can we didn't go to him at the first? how comes? Then I will leave the business. And words spread. (Interviewee E, p3)*

Finding 2: Heuristic trust is the key to the relationship with client. The value of heuristic trust is reflected with extended business and referral business. Heuristic trust costs a lot to maintain, yet it is an unavoidable cost.

Interviewee E distinguishes calculative trust from heuristic trust. She felt that the personal relationship a broker developed with client is the key to success. A successful relationship must be maintained on a personal level, such as flowers and card on very personal occasions, such as birth and funeral:

It (heuristic trust) is absolutely the key, because we know our clients, you know if a baby is born, they got flowers, if they move, they get cards, if somebody died, they get card, you know, when you can phone up the client, talk about the operation care they had, how is your feeling, and you care about them, you interested in them, and they stay with us. …… One of our clients, their daughter got married last month, the card was sent, we have a client who was very seriously ill, we have gone to visit them. (Interviewee E, p6)

The value of good customer relationship is also demonstrated with extended businesses from an existing customer helping the company to grow "organically". Interviewee E gives the following example:

You have to think whether it will organically get further business from SME. And that is what we are conscious of. We got a couple, two guys who own half a dozen pubs, the premium is quite decent, we got to do a lot of work, and then we look after the house, cars, and that is much less work involved, so that gentleman recommended us, that is the organic growth there, that is something you have to weight up. (Interviewee E, p10)

Interviewee E is against the idea of customer value evaluation. The potential value a customer may bring to a broker is not only monetary, but also referral business which cannot be easily quantified.

"I am afraid I am not a good analyst, I don't really have time to stay here number crunching. Unfortunately I am not. I cannot imagine myself in that situation, numbers are not my favourite. But how can you evaluate? What are you goanna do? What do you do with information you have got?" (Interviewee E, p7)

Although interviewee E said she does quantify the value of a customer, in fact the context shows that she is NOT quantifying the facial value of a customer. She pointed out the value of referral business should not be under-evaluated by a broker:

I am quantifying, in a subconscious way, I haven't I haven't worked out a formula, my confection is, this guy is not goanna won me any money, however,

the friend of his, I am goanna do him a favour, and I would be extremely disrespectful to him to tell this fellow stuff, so I am quantifying, I am taking a view, uh, so I just not use what my formula is. (Interviewee E, p9)

Spending time and money with existing customer to get referral business is cheaper than advertising to get new customers, interviewee E said so when she was asked about how does she balance the value of a customer and the cost, both social and monetary, she spend with a customer:

It is cheaper than spending money on advertising to people who have no experience of my service, if you recommended me (to other potential customers). (Interviewee E, p4)

However, interviewee E does realize that the social cost to maintain such relationship on a personal level can be very high. She illustrated this social cost with the following example, one of her clients who got really funny:

One of our clients who has gotten funny, she has got puppies, you have to come and see my dogs. (Interviewee E, p6)

Apparently interviewee E sees this example as a case where the client has requested too much in a business relationship. Yet she has to bear the social costs involved, hoping the relationship will be maintained.

Finding 3: Communicating with client in a professional way to show your trustworthiness in a terminating stage of the relationship may recover the broken relationship.

Even if a customer relationship moves into terminating stage, interviewee E still insists to treat client with great respect, and do not push client too hard. Instead, give client plenty of room to act freely.

If a client moved on price alone, we apart as friendly as we can, we just say, look, we understand. If you have any problems, just give us a call, don't think you are not a client you can't come back to us, they appreciate that, they remember it and they come back. (Interviewee E, p5).

Finding 4: Communication is an important factor across all stages of a relationship. Different ways of communication is requested for different types of customers.

For instance, big companies may request more formal communication. In comparison, communication with SME customers will be less formal:

> *When you dealing with big companies, sometimes it is not so easy to pick up the phone, sometimes the protocol suggest everything has to be email, a little bit more formal and a little bit differ than working with SME (interviewee E, p4).*

Face-to-face communication is critical for two reasons: it gives confidence to both party, and more effective because you can read other's body language:

> *"Yes definitely, 100%, I tell you why. ……No. 1, when you can see the risk, you can describe to underwriter, if housekeeping is good, you know, if you are asking a client, how does it work. ……if you are there you can see for yourselves, you can see the construction and the housekeeping, you can say to underwriter I have been there, I am telling you this is the class of risk. It is far better. …… No. 2, you can read this guy's body language, you can't read somebody's body language over the phone, you can get a voice or a tone, some people sound angry when they are not." (Interviewee E, p10)*

Finding 5: Satisfactory service and professionalism are key factors driving a good relationship. Products customization is a professional way to give customer satisfaction more than they expected.

Interviewee E listed a number of driving factors for a good relationship. Within which, satisfaction and professional service are most important. She emphasized such importance with the following statements:

> *"Being efficient, uh, doing what you say you are going to do, getting out your documents, doing everything your client need you to, you know, sending them document out, collecting the money, endorsement, dealing with the claim, you can't, it is difficult to define, do a good service, doing what you expect me to do, a little bit more." (Interviewee E, p8)*

Interviewee E describes the importance of tailor-made products, although this is something they are not doing yet. Product customization can be interpreted as professionalism of service.

> *"We are actually trying to do that (tailor-made products) now, some people who require little official policies, we were working on that, it is not something we have done before, so I am sort of relying some people to assist me.(Interviewee E, p14)*

4.6. Cross-interviews analysis and conclusion

Cross-interviews analysis is conducted in such a way that the key findings in 5 interviews are compared, and such comparison is categorized and linked back to the research objectives. Through the cross-interviews analysis of the findings from 5 in-depth interviews, it can be summarized as follows reflecting the research objectives:

Research objective 1: Form a development stage framework reflecting the nature of broker-client relationship.

All the interviewees agreed that a typical relationship between broker and client has initiating, growing, maintaining and terminating stages. Specifically, the following findings support the four stage relationship framework.

> *Trust differs in each stage of a relationship and to different type of customers. Trustworthiness in initiating and growing stage, and turns into calculative trust in growing stage and heuristic trust in maintaining stage. (Finding A4)*

> *Communication with customer is critical especially in the maintaining stage. Finding BC3: Trust in the growing stage is more on a business level (calculative trust), or onto a personal level (heuristic trust). (Finding BC2)*

> *Communication is an important factor across all stages of a relationship (initiating, growing, maintaining and terminating). (Finding E4)*

Two interviews finding pointed out the vulnerability of broker-client relationship that can be broken at any development stage, which is different from most of the existing theories. Finding A5 and Finding E1 states:

Customer relationship may break at any stage. There are two critical moments for a relationship is at the policy renewal (initiating stage) and claims handling (growing and maintaining stage).(Finding A5)

Relationship with customer can be broken at any relationship development stage. (Finding E1)

It is interesting that Finding E3 points out that the relationship can be retrieved even at its terminating stage, this adds to the cyclical nature of the relationship development model. Finding E3 states:

Communicating with client in a professional way to show your trustworthiness in a terminating stage of the relationship may recover the broken relationship. (Finding E3)

By summarizing the within-interview and cross-interviews analysis, the UK insurance broker's customer relationship development can be largely divided into four stages: initiating, growing, maintaining and terminating. A relationship typically start from the initiating stage, develop into growing stage, then maintaining stage and finally terminating stage.

A relationship may not necessarily have all the four stages, it may only has one or more stages. And the development may not always follow the sequence of the four stages. A relationship could develop into terminating stage from other stages, reflecting the fact that, UK insurance brokers are forced to be very careful in their customer handling process. The relationship with customer is not easy to build, but very easy to damage.

Research objective 2: Identify key components influencing relationship quality in each stages of the relationship.

The key components influencing relationship qualities have been extensively discussed in the within-interview analysis section. The cross-interview analysis will only focus on the similarity and differences of previous within-interviews findings.

All the 5 interviews findings suggest that the key components influencing relationship quality differs in each development stage. Among these findings, finding A1 and finding A4 is representative: "*Customer expectation in each stage of relationship is different (finding A1); Trust differs in each stage of a relationship and to different type of customers (finding A4).*"

In a predominant way, trust is seen as the most critical component in a relationship, and this is proved by findings A4, BC3, D1, D2 and E2:

> *Trust is the most important elements in a customer relationship. Such trust is driven by professional, knowledgeable staff of the company. (Finding A4)*

> *Trust in the growing stage is more on a business level (calculative trust), or onto a personal level (heuristic trust), which is deeper and requires more relationship resource investment (time and money). (Finding BC3)*

> *Broker assigns the same person to a customer so that the intimacy (trust) can be built with that customer. Calculative trust is the primary type of trust for Broker-Delta's customer relationship. (Finding D1 & D2)*

> *Heuristic trust is the key to the relationship with client. (Finding E2)*

Although different interviewees had slightly different understanding of different types of trust and trustworthiness, they eventually agree with the logic of distinguishing calculative trust and heuristic trust from trustworthiness. As stated in finding A4: "It is trustworthiness in the initiating and growing stage, and turns into calculative trust in growing stage and heuristic trust in maintaining stage".

In a more advanced way than other interviewees, interviewee B and C pointed out the risk of building the trust relationship with single employee. It would be

more sensible to have multiple contact points so that relationship continuity can be kept in case of staff turn-over. And equally important, attention should be paid to the critical "touch points" when a client needs more help during the maintaining stage of the relationship. This point will be discussed in details later in the marketing practice implications sector.

> *Trust of customer is to be rest on the company, not account executives. Keep an account executive responsible for a client, yet build multiple contact points in the company to ensure business continuity in case of staff turn-over. (Finding BC1)*

> *Keep regular contacts with customer and interact with them, pay special attention to the "touch points" where customer may need help. (Finding BC2)*

By summarizing the similarity and difference of findings across 5 interviews, it can be concluded that the key components affecting relationship quality varies along each stage of the relationship. In the initiating stage, the most critical components are trustworthiness, professionalism and communication; In the growing stage, the most critical components are trustworthiness, commitment, professionalism and calculative trust; In the maintaining stage, the most critical components are heuristic trust, communication, dependence, satisfaction and interaction; In the terminating stage, trustworthiness, professionalism and communication.
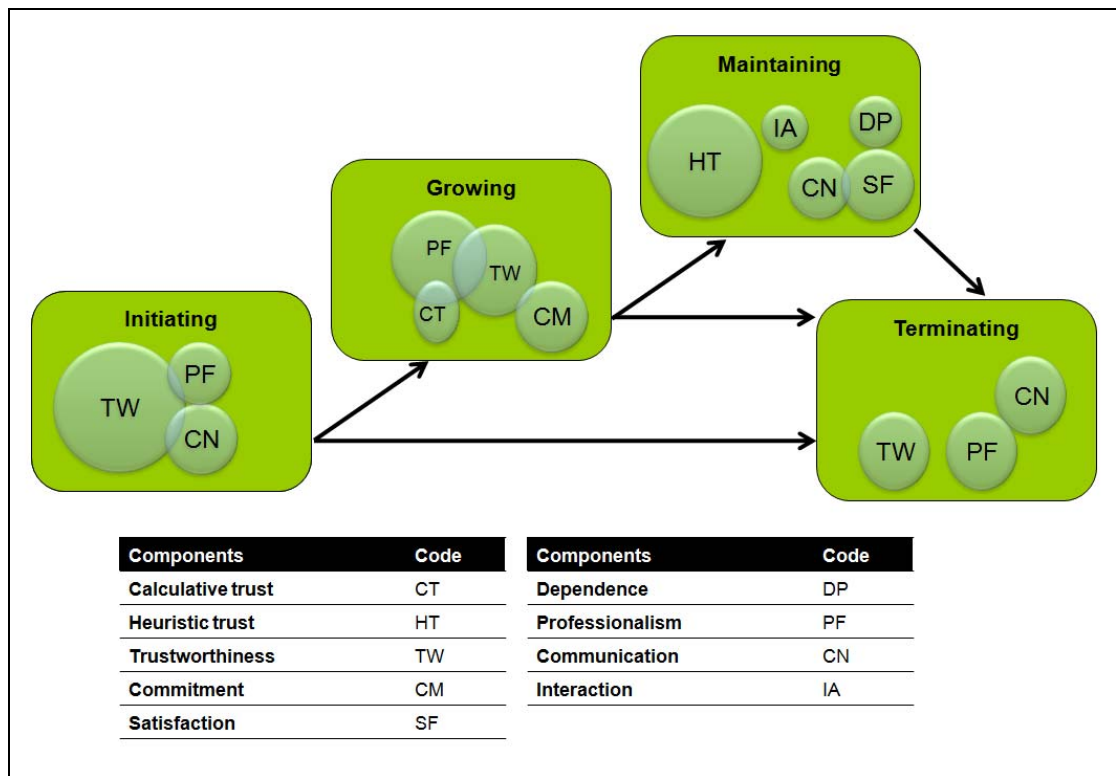
Figure 4: A relationship development stage model   Source: the author

Research objective 3: Discuss the model's implication towards marketing practice.

The resources required to develop a business relationship tend to increase with the closeness of the relationship (Conway and Swift, 2000). Up to a certain extent, there is a "zone of indifference" in which, customer's willingness to repurchase and recommend stays the same even if their satisfaction level increase (Hart and Johnson, 1999). Similarly, there seems to be a "zone of indifference" where spending more resources does not in fact increases the closeness of a business relationship. One of the interviewee expressed his view:

> *"For some customers, no matter what you do, you simply cannot get to a better relationship with them. They always keep arm length with you. …They are too busy and we are only one of their many business partners." (Interviewee B, p8)*

The data collected suggests that parties involved in the relationship tend to start the relationship with modest cautions and alongside the closeness building process, they may, noticed or unnoticed by either party, move into a "personal and friendly" relationship, which is heuristically oriented.

> *"Sometimes when you look back, you realize that your customer is more like a friend of yours. Customer will feel the same way. …(in such a relationship stage) customer are less price sensitive and you could charge a premium price, although I do not do that most of the times (Interviewee B, p6).*

An examination of these relationships indicates that the cost to maintain a relationship between the two parties increases quite sharply when the relationship becomes "too close". This is not a contradiction of the existing literature which argues that cost reduction is in fact one of the benefits of having a "good" relationship with a customer. Transaction costs could well decrease with the development of a relationship when trust is built. Both parties are more committed in a stable relationship than in a transactional relationship. However, once the relationship becomes "too close", some costs which were deemed unnecessary may occur.

> *"I remember all my customers' birthday, I send them cards, and gifts sometimes. That is to let them know that I care about them… that DOES cost money."(Interviewee D, p5)*

The costs incurred in building a relationship may include direct costs, indirect costs and psychological costs (Grönroos, 1992). Apart from all these relationship costs summarized by Grönroos, "Social cost" is one of the major costs for the employee of the companies studied. An Account Executive complained that her customer took too much of her private time.

> *"Even for shopping ideas she (customer) would ring me up for advice. I feel happy that she treats me like a personal friend. But, on the other hand, I have got quite a few customers like her. I cannot spend all my off-work*

time with them. Every one of us needs a work-life balance, don't we?"(Interviewee D, p8)

The social cost involved has put extra pressure on the employee of the broker company. Although the employee involved may see this as part of her role as Account Executive, the social cost involved cannot be easily neglected. Not surprisingly, the Director of the company feels that such "social cost" is part of the whole package an Account Executive committed to when they take on the job.

"Well, it depends. I do it (spend private time with customers) myself. It is the whole package you had taken on when you signed up for the job, isn't it? If you look at other people, other companies, more or less the sales guys all do the same". (Interviewee B, p9)

There are many events that happen in a relationship, some of them will push the relationship more close and others will have the reverse effects. Customers' expectation towards a broker is very high when they get to a "too close" stage. People tend to blur the boundary between what can be expected from a business partner and a personal friend.

"... a lady (customer) who lives in the same area as me, rang me up one day saying: 'I am in xxx hospital'. She expects me to visit her. And I am sure that if I don't, she would be so upset, that is no good for my relationship with her. (Interviewee D, p3)

In another interview, a relationship was damaged as the customer expectations were not met. The broker described the event:

"The gentleman always felt that I am a guy who always listens with empathy. He rang me up when his dog died. My first reaction was that, the dog was not covered under his (business insurance) policy. But that was not his intention to call me. He just felt upset and need somebody to listen. Unfortunately I was extremely busy on that day, so I said, can I call you back later? Guess what? He got angry with me for that response. I had a

really difficult time with him after that. …The customer eventually stopped their business with us when they are offered a better price elsewhere."(Interviewee B, p4)

"… (The reason I did not treat that customer with priority is) That is simply too much, I am not paid to do ALL that, the same with my company."(Interviewee D, p7)

It is obvious from the interview that the customer's expectation in a "too close" relationship can be excessively high. From the broker's perspective, a balance must be maintained between both the total costs (the cost to the company plus social costs to the broker himself/herself) and the total benefits (benefit to the company and the broker himself/herself). The "tipping point" for the broker (the sole agent of the broker company) is the moment when such total costs overweigh total benefits, as shown in Figure below. From the customer's perspective, the moments when such expectations are not met become a "tipping point" where relationship becomes sour. After the "tipping point", the relationship goes back into calculative orientation and parties may become for example more price-sensitive and may choose to terminate the relationship altogether, as indicated so by the interviewee.

According to these findings it would appear that B2B relationships can become too close. The conceptual model (below) was developed to describe the various stages of a relationship from transactional, through optimal to over dependence where the relationship is 'too close'.
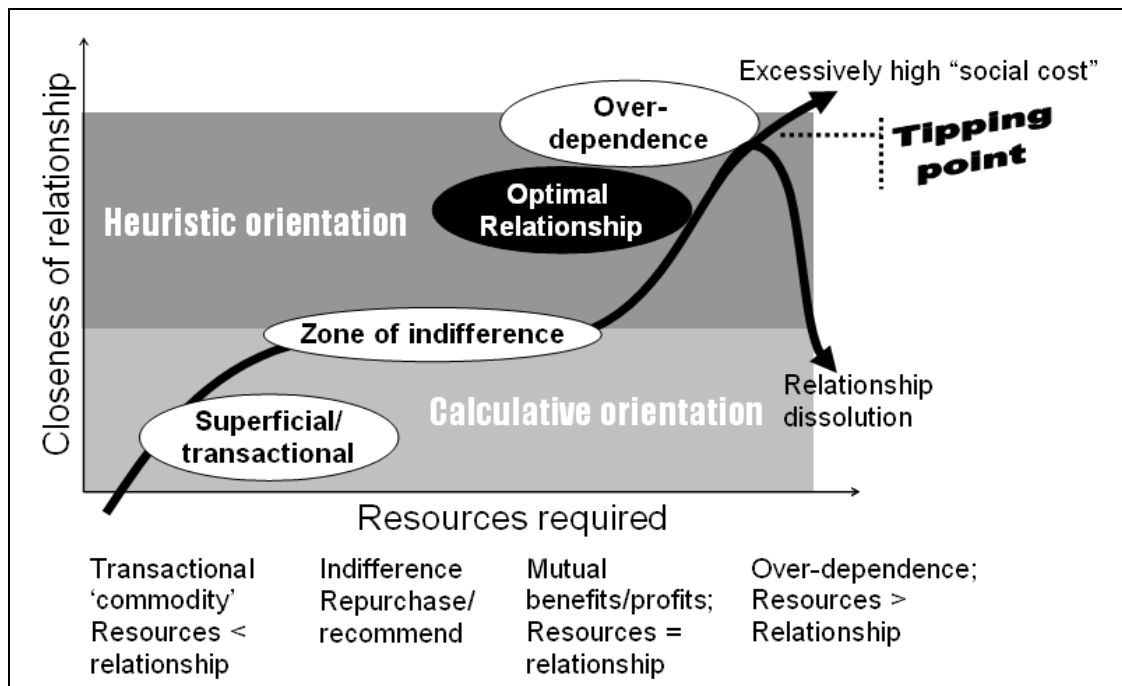
Figure 5: The tipping point in a customer relationship   Source: the author

In the transactional relationship stage, relationship closeness is low and the resource required to maintain the relationship is equally low. There then follows a "zone of indifference" where extra effort by the company in order to enhance the relationship, does not always make a relationship closer. An optimal relationship is the goal of relationship marketing where the relationship is mutually beneficial to both parties. Finally, if the relationship moves into an "over-dependence" stage, the resources required to maintain such a relationship will overweigh the benefits the relationship brings. In the over-dependence stage, the customer has very high expectation, if these are not met then the relationship is damaged or terminated by the customer.

5. MANAGERIAL IMPLICATIONS

The customer relationship development model is derived from real life in-depth interviews. The author started the research with the aim to put any academic models extractable from the research back into marketing practice. The relationship development model's managerial implication towards marketing practice is hence discussed in details in three aspects in this chapter.

5.1. A relationship can be lost at any development stage

The findings in this research suggests that, different from many other previous researches, a relationship with customer may all start from initiating stage, yet they do not always follow the same pattern to go through all the growing and maintaining stages. A relationship may develop into terminating stage straight after the initiating stage.

This reflects the fact that in the UK insurance broking industry, the customers face multiple choices and hence are increasingly becoming more demanding. A mistake at any stages of a relationship could become a "killing factor" to ruin a relationship, which was carefully build and maintained throughout years.

Hence insurance brokers are advised to tidy up their customer handling process so that all the processes are taken care of by responsible account executives. It is worth to note that, even if a relationship goes into terminating stage, the relationship still requires attention and, if handled correctly, the customer relationship might be retrieved and looped back into initiating stage again.

5.2. Different strategy for different stages of relationship

The key components affecting the relationship quality differs in each stage of relationship development. For UK insurance brokers, this implies that companies should adopt different relationship management strategies in different stages.

In the early initiating stage of the relationship, trustworthiness is the most critical component. Professionalism and great communication with customer will enhance the trustworthiness of a company, the strategy adopted in this stage could be hence focused on marketing communications to build such trustworthiness.

In the growing stage of the relationship, customers will have calculative trust upon insurance brokers. That implies that customer is not putting their full trust into insurance brokers. Commitment from the insurance broker side is required at this stage to enable the relationship to be pushed forward into a deeper stage – maintaining.

Once the relationship is in the maintaining stage, heuristic trust is the key component affecting the relationship quality. Typically both sides of the relationship holder are no more calculating the minor loss and gains in the relationship. Invisible benefits of the relationship will emerge, such as the referee business one customer could bring into insurance brokers. Insurance brokers should pay attention to interaction with customer, dependence with customer, customer satisfaction and communication. These components are no less important than the heuristic trust lies with customers.

The terminating stage is often neglected due to the fact that terminating stage does not bring economic value to a business. However, this research suggests that trustworthiness, professionalism and communication are critical for a good relationship in this stage. Insurance brokers are advised to end their relationship with customers with dignity and professionalism. This strategy might seems lack of short-term economic benefit, after all, treating unhappy customer who is leaving could possibly bring long-term benefit to the company when that customer restart a relationship with the company.

5.3. Avoid the pitfalls of being "too close" in a relationship

Within the concept of "relationship marketing", both academics and practitioners have rushed to promote a "close" relationship with customers. Few, however, have considered the potential pitfalls of a 'close' relationship;

can businesses really be too close for comfort? This research looks at the relationship between UK insurance brokers and their SME customers. By taking an interpretative approach, using in-depth interviews, the pitfalls in such a business relationship are identified.

This research pushes forward theories in the field of relationship marketing by exploring the neglected negative effects of a "very close" customer relationship, whilst also serving as a reminder for practitioners in the business field not to push their relationship with customers over the "tipping point" after which the relationship will dissolve.

The aim of relationship marketing is to achieve a mutually beneficial relationship where the objectives of both parties are met. This research questions whether businesses are fully evaluating the costs incurred in building relationships to the point where they become "too close". Our data suggests that parties involved in a relationship start their relationship with a calculative orientation and move into a heuristic orientation where both sides become less price-sensitive. It is found that as a relationship gets closer the personal or social costs to the relationship holder increases due to the high expectations of the customer. The relationship may decline after reaching a "tipping point", where the employee (the sole agent of the service provider company) find the total (social + business) costs overweigh total benefits.

Marketers are therefore alerted not to get "too close" to customer in a B2B relationship, whilst also managing expectations of the customers to avoid unnecessary conflict and tension. A relationship that is too close also carries risks. If the relationship holder is unable to maintain the closeness of that relationship then the relationship is likely to be at best damaged and at worst terminated. In addition, the business is exposed if the relationship is with one employee (e.g. an Account Holder) rather than the company. If the employee leaves the company then the account is likely to move with that employee (irrespective of restrictions within an employee's contract). There are also the lost opportunity costs, time spent with a high maintenance customer means less time to develop other relationships. Businesses would be advised to diffuse close relationships by creating multiple relationships with a customer

by creating additional contact points, e.g. with account holders, to share the relationship and rebalance the business-personal mix.

(The End)

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