

## Chapter 5.4

# The Influence of the Internet on Relationships Between Consumers and Vendors

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### ABSTRACT

In recent years a plethora of scholarly literature from the marketing and the information systems (IS) domain has dealt with the phenomenon of relationships. While during the precomputer era relationships always implied a social dimension, modern technology tries to mimic this interaction process by learning about customers' needs and addressing them individually. Interestingly, the central definition of a relationship remains vague in both marketing and IS. Finding the major constituents, therefore, could shed light on the question of whether technology actually could replace "social interactions." In this chapter, we show how relationships are defined in scholarly literature. Subsequently, consumers define what they perceive to be the crucial attributes of a relationship in general and with an online organization. The results indicate that the notion of relationship has to be redefined for online com-

munication and interaction and offer practical implications for designing the interaction process with online users.

### INTRODUCTION

For many years, electronic customer relationship management (e-CRM) stood out as one of the major research topics in the literature of IS and juxtaposed disciplines, such as relationship marketing (Romano & Fjermestad, 2002). From the company side, it can be seen as a great opportunity to use modern technology to learn more about individual customers' preferences, while they, in turn, should benefit from improved service. In order to be able to target their customers precisely, companies need to know many personal details, such as previous buying behavior and psychographic attributes. This increased need for information by companies somehow blurs the

borders between private and public information. Today companies gather and process details about users' personal preferences that were previously inaccessible to them, and they refer to this as the management of customer relationships. By doing so, they significantly have changed their typical interaction patterns by personalizing their communication style in order to address customers efficiently.

Given the multifaceted dimensions of how humans can interact with organizations, different research interests within this context have emerged. The term "relationship" can be used equally for business-to-business (B2B) and business-to-consumer (B2C) relationships. For the purpose of this chapter, only the latter will be considered. In addition to that, our focus lies on computer-mediated relations. IS researchers deal mostly with the underlying technology, business models and the interaction between humans and computers (Ganapathy, Ranganathan, & Sankaranarayanan, 2004; Goodhue, Wixom, & Watson, 2002; Romano & Fjermestad, 2003), while the theoretical foundation has been built by marketers since the term "relationship marketing" was first coined by Berry (1983b). Figure 1 shows a framework that follows the argument of Gummesson (2002), who states that eCRM can be seen as computerized CRM, which itself represents the values and strategies of relationship marketing turned into practical application.

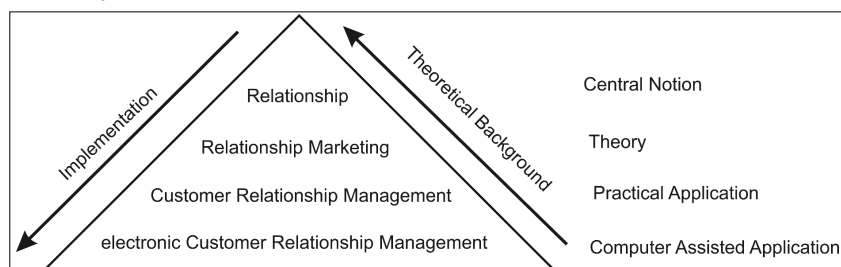
Since the notion of relationship stands out as the central term, further investigation of what exactly can be considered as the essential attri-

butes of a social relationship appears to be crucial for clarifying and operationalizing the goals of e-CRM initiatives. Therefore it seems to be useful to use relationship marketing literature as a starting point.

As can be seen from Table 1, most definitions of relationship marketing are circular, that is they use the term relationship in both explanans and explanandum, which can be perceived as an indicator that a relationship is considered to be something that is common knowledge and does not have to be explained. A different approach is followed, for example, by Morgan and Hunt (1994) who circumscribe the key elements of relationship marketing by stating that "commitment and trust lead directly to cooperative behaviors that are conducive to relationship marketing." Both constructs have been discussed extensively in scholarly literature in recent years. Salam, Iyer, Palvia, and Singh (2005) show how external factors may influence trusting beliefs, which in turn affect the perceived trustworthiness of the Web vendor and may lead to the development of a relationship.

A tentative definition of relationship can be found in the work of Hakansson and Snehota (1995), who describe a relationship as a "mutually oriented interaction between two reciprocally committed parties." However, the question that remains unanswered is the amount of "emotional proximity" or "social contact" that is actually perceived in a B2C interaction process. At the same time it could be asked whether "interactivity" would be a more appropriate term instead

*Figure 1. A derivation of eCRM*



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