Value creation through planned communication and interaction in B2B relationships - Case: TDC Oy Finland

International Business Communication

Master's thesis

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2013

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Master's Thesis
Vilja Anttila
Fall 2012
International Business
Communication

Approved in the Department of Communication __ / __20___ and awarded the grade

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Objective of the Study

The objective of this thesis is to provide a research based theoretical framework on which a communication strategy for the case company TDC Oy can be created. A communication strategy is needed in order for the case company to manage and develop their customer relationships. Particularly the objective of the study is to address the elements of planned communication and interaction as factors that create mutual value in the customer relationship.

Methodology and the Theoretical Framework

The underlying theoretical framework is based on previous research conducted on the nature of business-to-business (B2B) relationships as well as relationship management and relationship development in general. Furthermore, as earlier academic literature does not provide an applicable concept that would provide a suitable analytical lens with respect to the research objective, the study introduces a new concept of *relationship communication* as the theoretical framework.

The empirical study was conducted in the form of theme interviews with 13 interviewees chosen from TDC's customer base. The interviews were designed to collect data on perceived relationship with TDC. In particular the interviewees were asked to discuss the messages they receive from TDC as well as their interaction with TDC.

Findings and Conclusion

The findings of the empirical study supported the introduced concept of relationship communication, as well as its theoretical basis. The findings indicate that a relationship becomes valuable when the two companies are engaged to interaction, as this generates personal bonds, new collaboration and knowledge exchange. Therefore, in order for a company to develop its customers relationships, a strategy is needed to ensure continuous interaction.

Key words: international business communication, customer relationship, business-to-business, relationship development, communication strategy, interaction, planned communication, value creation

Asiakassuhteiden kehittäminen suunnitellun viestinnän ja vuorovaikutuksen avulla Case: TDC Oy Finland

Tutkimuksen tavoitteet

Tutkimuksen tavoitteena on luoda tutkimusperustainen viitekehys case-yrityksen TDC Oy:n viestintästrategian pohjaksi. Viestintästrategian tarkoitus on mahdollistaa yritykselle hyvät toimintamallit asiakassuhteissaan. Tutkimus pyrkii erityisesti tunnistamaan suunnitellun viestinnän ja vuorovaikutuksen merkityksen ja roolin asiakassuhteessa.

Tutkimusmenetelmät ja teoreettinen viitekehys

Teoreettinen viitekehys perustuu aikaisempaan kirjallisuuteen yritysasiakassuhteiden luonteesta, sekä asiakassuhteiden johtamisesta ja kehittämisestä yleisesti. Koska akateeminen kirjallisuus ei suoraan tarjoa tutkimuksen tavoitteiden mukaista käsitettä ja teoriaa, kirjallisuuskatsauksen pohjalta on kehitetty uusi käsite ja tätä kuvaava teoreettinen viitekehys esitellään nimellä *suhdeviestintä*.

Empiirinen tutkimus tehtiin 13 teemahaastattelun muodossa. Haastattelujen tarkoituksena oli kerätä tietoja asiakkaiden kokemuksesta siitä, millainen heidän suhteensa TDC:hen on. Lisäksi vastaajia pyydettiin kertomaan erityisesti niistä viesteistä, joita he vastaanottavat TDC:ltä sekä heidän kokemuksistaan yritysten välisestä vuorovaikutuksesta.

Tutkimuksen tulokset ja johtopäätökset

Empiirisen tutkimuksen tulokset tukevat esiteltyä suhdeviestinnän määritelmää ja sen teoreettista viitekehystä. Tulokset osoittavat, että vuorovaikutus mahdollistaa henkilökohtaisten siteiden muodostumisen, yhteistyön kehittymisen ja tiedon jakamisen suhteessa. Jotta yritys vaikuttaisi asiakassuhteiden kehittämiseen, tulee sillä olla strategia aktiivisen vuorovaikutuksen ylläpitämiseen.

Avainsanat: kansainvälinen yritysviestintä, asiakassuhde, yrityssuhde, suhdejohtaminen, viestintästrategia, vuorovaikutus, viestintäsuunnitelma, arvon luominen

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1. INTRODUCTION

This section introduces the present thesis titled "Value creation through planned communication and interaction in B2B relationships". The introduction will begin with a discussion on the background to this thesis both from the perspective of theoretical literature (1.1.) as well as an introduction to the case company, TDC (1.2.). After this, the research gap and the research problem are identified (1.3.) and further clarified in the form of research objectives and research questions (1.4.). Finally, the outline of the study is reviewed (1.5).

1.1. Background of the study

The notion 'relationship' has been one of the focus points in academic communication in recent years. As an approach, the relationship focus is nothing new, but could possibly be qualified as neglected. For example Ballantyne (2004a) refers to the relationship focus as an "*old-new*" concept. Several authors indicate that customer relationship management has received a lot of academic attention since the 1990's (e.g. Grönroos, 2004; Ballantyne, 2004a). It is today considered to be a field with enormous possibilities in consequence of well-developed technological advances and changed attitudes in what customer-focused business can be. (Bullen, LeFace & Selig, 2010; Peppers & Rogers, 2004).

Bullen, LeFave and Selig (2010) believe that companies should acknowledge the difference between discrete transactions and a collaborative environment in which a relationship exists. This is relevant also for the case company of the present study. TDC operates in the field of telecommunication solutions in the business-to-business (B2B) market. TDC provides IT products and services such as Internet broadband, mobile broadband, data networks and unified communication solutions to its customers.

Even though telecommunications providers do offer transactions in tangible forms, it is important to recognize that the customer relationship entails more. As Brennan, Canning and McDowell. (2010) point out, particularly B2B relationships are challenging as B2B customers expect more professional and interactive service than consumers do. This demand, in combination with the B2B customers' high expectations to more personalized relationships than ever, is enough to challenge any company.

Having stated this, it is also important to recognize that an ability to respond to the high expectations of B2B customers can result in high level of customer satisfaction and a competitive advantage. Indeed, Peppers and Rogers (2004) believe that the managers of the twenty-first century are deeply concerned about declining customer loyalty rates. It is pointed out for example by Duncan and Moriarty (1998, p. 3) that acquiring new customers can be six to nine times more expensive than maintaining the current ones by providing good customer experiences. Additionally, a long customer relationship is more valuable to the company, since the customer is more likely to pay premium prices, make referrals and demand less support from the company.

The objective of this thesis is to provide a research based theoretical framework on which a communication strategy for the case company TDC Oy can be created. The strategy aims to enhance a relationship between the two companies. Therefore, this thesis also aims to find what needs to be done in order for the relationship to develop.

To meet the objective, this study assumed the perspective of communication as the central approach. This decision was made based on two arguments.

Firstly, academic literature unanimously recognizes communication to be an essential element of customer relationships, particularly in B2B contexts. For example Duncan and Moriarty (1998) believe that the building blocks of relationships are actually the messages communicated to the customer. Also for example Buttle and Biggemann, (2009), Bullen, LeFave and Selig (2010) and Ballantyne (2004a) perceive

communication as a major part of development of a collaborative relationship environment.

Secondly, TDC is committed to delivering value-creating service to its customers. For example according to Grönroos (2004) and Ballantyne (2004a), this can be achieved with suitable communication activities. Both authors state that when customers receive well-planned messages and interact with their service provider, the relationship becomes more valuable to them. As TDC does not have an existing communication strategy directed to their customers, it can be concluded that value-creation with the means of communication strategy does not systematically take place.

It should be acknowledged, that there are several overlaps with existing academic literature with regards to the research objective of this thesis. One of these is the literature on customer relationship management (CRM), which is a customer-specific knowledge management strategy. However, the present study aims to examine how not only to gain CRM information, but how to take advantage of it in the interaction with the customer in order to enable further development of the relationship.

Also, the present research design has many shared elements with the concept of relationship marketing, discussed by for example Grönroos (2004) and Ballantyne (2004a). Indeed, the existing literature on relationship marketing was so relevant that it was chosen to be the academic approach investigating customer relationships. This is why the three core elements of relationship marketing - planned communication, interaction, and value creation - will be used as the basic elements discussed in the literature review. (See Chapter 2).

However, relationship marketing provides only little content with regards to how communication should be managed in order to not only maintain but to build a mutually beneficial and interactive communication process. This issue will be further addressed in the literature review.

1.2. Case company TDC

TDC Finland is a part of the Nordic TDC group that provides telecommunication products and services to businesses in Finland. In 2010 TDC Oy Finland had a turnover of 90.2 million Euros and approximately 270 employees. The company headquarter is located in Ruoholahti, Helsinki. TDC provides information communication technology products and services such as Internet, mobile, data networks and unified communication solutions. Currently it is the only teleoperator with significant presence in Finland that has a customer base solely consisting of business customers.

The severe competition of the market share in the teleoperator industry has resulted in a general atmosphere, in which operators have become more focused on customer recruitment rather than customer maintenance. It has become a foremost priority for TDC to be identified to be different in comparison to its competitors in two ways. Firstly, TDC wants to be recognized for providing only business-to-business (B2B) service solutions. Secondly, TDC wants to be recognized for its superior customer service. These two have been successfully identified to be TDC's competitive advantage with respect to their customers.

In the fall of 2010, EPSI Rating conducted a survey regarding customer satisfaction in the telecommunication sector. Generally speaking, TDC received good results in the EPSI survey, particularly regarding their data services and products. However, an interesting detail attracted its attention: TDC's customers' loyalty suffers from a drop 2-4 years after establishing the customer relationship.

Figure 1. Loyalty split across length of customer relationship (in years)

EPSI Rating 2010
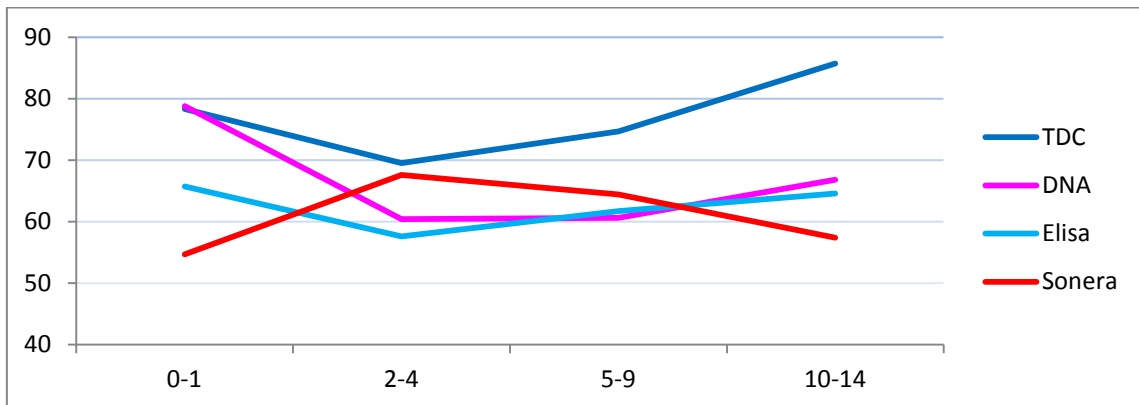
In the spring of 2011, the author of this thesis was requested to explore the customer loyalty drop. Even though this trend can also be seen in the competitors' business, TDC has been the one that has set customer satisfaction to be its competitive advantage. The trend indicates that customer expectations with regards to the relationship are met in the beginning, but then suffer from a drop between the years of 2-4 before gradually rising again. TDC wanted to discover why their customer loyalty declines during the first years to the worse. Furthermore, TDC requested suggestions on possible solutions to ensure a continuously high level of customer loyalty in the future.

The author of the present thesis familiarized herself with the company processes through her daily work and scheduled meetings with i.e. marketing, sales personnel, customer support, delivery, project managers and product managers. The processes and challenges with regards to customer relationship development were discussed in these meetings and they were proven to be a great source of information. The discussions of these meetings were compared with the quarterly figures of the customer satisfaction survey results from two years' time. This background data collection is discussed in more detail in the section on Methodology (Chapter 3).

Information gathered from these internal interviews and customer satisfaction survey results provided valuable overview on the customer-related processes at TDC and revealed consistencies as well as inconsistencies between the two perspectives on same issues. However, with respect to the research objective, a particular interest was paid to

the findings regarding a change in the nature of the customer relationship a few years after the relationship is first established. The internal discussion revealed that even though a lot of resources was invested into customer service, TDC's employees acknowledge a need for more consistent and strategic relationship management practices also during the static times of the relatinship. Similarly, the customer satisfaction surveys findings indicate that the customers criticize TDC for lack of initiative and consistency with regards to their relationship.

Based on the information collected, it was concluded that the customers feel distant or even neglected because the lack of consistent efforts from TDC. Customers were found to expect TDC to put these efforts into keeping the relationship active and vibrant also during more static phases. The findings indicate that this lack of initiative results in loss of loyalty over time, which then translates into a drop in the customer loyalty rate discussed in Figure 1.

1.3. Research objective and research questions

The objective of the present thesis is to provide a research based theoretical framework on which a communication strategy for TDC can be created. A communication strategy is needed in order for the case company to manage and develop their customer relationships. Therefore, the general research question is:

1. What is the role of communication in B2B relationships?

As the background data collection indicated, the need for a consistent communication strategy is found particularly important by the customers. Therefore, the thesis aims to identify the communicational elements that create value to customers, and that are most effective and beneficial ways to strengthen the relationship. In the light of the research objective, the two specific research questions falling under the general question are as follows:

2. What type of communication activities need to be designed to enable value creation in a B2B customer relationship?

3. How can interaction create perceived value for the customer and, consequently, enhance the customer relationship?

1.4. Outline of the thesis

After this introductory chapter an overview on relevant academic literature is presented. The literature review (Chapter 2) discusses recent literature regarding communication in B2B customer relationships and relationship development. The theoretical framework introduced at the end of the literature review will be used as the basis for the empirical study.

The chapter on methodology (Chapter 3) introduces and justifies the chosen methodology for the thesis and carefully explains how the data was retrieved and analyzed. Also the trustworthiness of the empirical study is discussed.

Chapter 4 introduces the main findings drawn from the data. The findings are placed under the communicational themes identified in the literature review and they are discussed in the context of the theoretical framework. In this section it is evaluated whether the

theoretical framework can be applied to the empirical study.

Finally, the conclusion (Chapter 5) will begin by summarizing the study. The theoretical implications will be evaluated and discussed in detail. Furthermore, managerial implications are introduced, with the suggestion that the case company can implement them to its business. Finally in this chapter the limitations, further suggestions of research and the position of the study in the field of international business communication are discussed.

The structure of the present thesis is illustrated in Figure 2.

Figure 2. Structure of thesis

1. Introduction	2. Literature Review	3. Methdology	4. Findings and discussion	5. Conclusion
• Background • Research objective • Research question	• B2B Relationship • Planned communication • Interaction • Value creation • Theoretical framework	• Research methodology • Data collection and analysis • Reliability and validity	• Value creation • Planned communication • Interaction	• Research summary • Theoretical implications • Position in IBC • Managerial implications • Limitations • Suggestions

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2. LITERATURE REVIEW

The purpose of this literature review is to examine existing academic literature on relevant topics that are found to be vital regarding the research questions. Ultimately, this literature review aims to provide a theoretical framework that can be used as the basis for the empirical study.

The literature review is divided into four sections. The first section of the three discusses business-to-business (B2B) markets. Secondly, the literature review looks into the concept of relationship marketing. Thirdly, the role of communication in relationships is discussed by addressing planned communication and interaction. Finally, the literature review will introduce a theoretical framework. The theoretical framework summarizes the conceptual findings and will be used as the basis for the empirical part of this thesis.

2.1. Nature of business-to-business market

Wright (2004, p. 3) defines the term B2B market as "goods and services marketed and sold by one organization to another organization". According to Wright (2004) the B2B market can reach over 40 percent of all transactions nationally, internationally as well as globally. The vast majority of the remaining market can be defined as business-to-consumer (B2C).

General definitions – for example the one by Wright (2004) - only give little insight on the actual nature of the B2B market. That is why specific defining characteristics have been widely discussed in the academic literature by comparing B2B to B2C. For example, as shown in Figure 3, Brennan, Canning and McDowell. (2010, p. 11) differentiate the two by discussing three separate attributes of the markets: (1) market

structure, (2) buying behavior and (3) marketing practices. The table provides an interesting framework as a basis for a relationship analysis in a B2B context.

Figure 3. B2B and B2C market

Brennan, Canning and McDowell, 2010 p. 11

Market structure differences

Dimension	Business marketing	Consumer marketing
Nature of demand	Derived	Direct
Demand volatility	Greater volatility	Less volatility
Demand elasticity	Less elastic	More elastic
Reverse elasticity	More common	Less common
Nature of customers	Greater heterogeneity	Greater homogeneity
Market fragmentation	Greater fragmentation	Less fragmentation
Market complexity	More complex	Less complex
Market size	Larger overall value	Smaller overall value
Number of buyers per seller	Few	Many
Number of buyers per segment	Few	Many
Relative size of buyer/seller	Often similar	Seller much larger
Geographic concentration	Often clustered	Usually dispersed

Buying behaviour differences

Dimension	Business marketing	Consumer marketing
Buying influences	Many	Few
Purchase cycles	Often long	Usually short
Transaction value	Often high	Usually small
Buying process complexity	Often complex	Usually simple
Buyer/seller interdependence	Often high	Usually low
Purchase professionalism	Often high	Usually low
Importance of relationships	Often important	Usually unimportant
Degree of interactivity	Often high	Usually low
Formal, written rules	Common	Uncommon

Marketing practice differences

Dimension	Business marketing	Consumer marketing
Selling process	Systems selling	Product selling
Personal selling	Used extensively	Limited
Use of relationships	Used extensively	Limited
Promotional strategies	Limited, customer-specific	Mass market
Web integration	Greater	Limited
Branding	Limited	Extensive, sophisticated
Market research	Limited	Extensive
Segmentation	Unsophisticated	Sophisticated
Competitor awareness	Lower	Higher
Product complexity	Greater	Lesser

Sources: Chisnall, 1989; Dwyer and Tanner, 2002; Ford et al., 2002; Lilien, 1987; Simkin, 2000; Webster, 1991; Wilson, 1999, 2000a; Wilson and Woodside, 2001.

Differences can be observed for example in marketing practice differences. The authors argue that B2B marketing is more personal and relationship-focused. In comparison to B2C marketing, there is less effort put into e.g. branding, competitor awareness and market research. It could be interpreted that B2B marketing is more focused on personal relationships and customer knowledge.

Similarly, with regards to buying behavior, B2B customers are evaluated to involve more complex buying processes, higher transactional value and higher level of formality and professionalism. Finally, the observations regarding market structure point out that B2B market has more heterogenic customers and larger overall value of market size, yet fewer buyers and more derived nature of demand.

Based on the finding by Brennan, Canning and McDowell. (2010) it could be stated that a B2B company would appear to be faced with a paradox. In order to be successful in their relationship with the customer they need to be professional and formal, yet also personal and flexible. Furthermore, the customer base is likely to be more difficult to manage; yet each relationship has larger overall value. It could be stated that delivering good service in B2B relationships demands more effort and resources. However, even though creating and maintaining a strong customer relationship is more difficult and challenging, it is also relatively more rewarding.

2.2. Relationship development

"*A firm's most valuable asset is its customers*"
(Peppers & Rogers, 2004, p. 3)

Woodside (2010, p. 32) notes that today the major challenge of companies is not so much in retrieving new customers, but the company's ability to develop and maintain a good relationship with the existing ones. He argues that a customer-centric strategy has the ultimate goal of extending the lifetime value of an individual customer. Grönroos (2004, p. 102) supports this view by stating that having a relationship-focused strategy

the company can create value to the customer, which is always a mutual benefit. As Ramani and Kumar (2008) point out, the success of relational performance can be evaluated by measuring customer satisfaction, customer ownership and positive word-of-mouth. Success in relational performance then triggers better performance in terms of customer-based profit.

It could be concluded, that scholars more or less unanimously agree that a relationship-focused strategy is current and relevant. The benefits of having a customer-focused strategy are generally perceived to result in creation of long-term, loyal customer relationships.

This relationship-focused strategy is referred in the academic literature as relationship management. Bullen, LeFave and Selig (2010, p. 155) define relationship management (RM) as a "systematic process for coordinating critical business interactions to increase trust and inter-dependence and add value to the engagement". In other words, relationship management aims to coordinate interactions in a way that helps to create a positive, strong relationship. The concept of RM is often associated with customer relationship management (CRM). CRM has been defined by Sweeney Group to be the tools, technologies and procedures that help a company to manage, improve, or facilitate customer interactions. (Davenport *et al.*, 2001).

For example Peppers and Rogers (2004) believe that every customer interaction is an opportunity to enhance the relationship and increase customer value. As Brennan, Canning and McDowell. (2010) point out, relationships in the B2B market are particularly difficult to manage since the customers are more demanding and their expectations paradoxical. (See Figure 3). Bullen, LeFave and Selig (2010) further believe that even though CRM has become a part of daily B2B business, organizational responsibility on it lands often upon managers who might not have the time or skills to contribute to the relationship.

However, before discussing relationship management activities further, different types of relationship types should be understood. This is critical, as suitable customer management is directly dependent on the nature of the relationship.

Figure 4 introduces the findings from a study conducted by Vantage Partners (retrieved from Bullen, LeFave & Selig 2010, p. 158). The table illustrates the different nature of relationship varying from the transactional mode to relational exchange (referred to in the table as "strategic), as well as the size of each of these segments illustrated by the percentage figure in the customer base.

Figure 4. Transactional and strategic relationship study

Bullen, LeFave & Selig, 2010 p. 158

"Transactional"			"Strategic"	
Parties are misaligned				
31.3%	29.5%	27.7%	9.8%	← Clients
3%	40%	33%	23%	← Providers
• Primary driver is cutting costs through economies of scale • Little or no innovation expected • No real integration needed between client and provider	• Primary driver is getting work done more efficiently or effectively • Small degree of customization of services • Provider has some specialized knowledge regularly accessed by the client	• Great degree of flexibility and customization of services • Significant level of integration between client and provider	• Full integration and shared responsibility are required • Innovation is core to the deal • Shared risks and rewards involved	

Bullen, LeFave and Selig (2010) state that a collaborative relationship is the basis of an ongoing strategic relationship, whereas transactional exchange is often one-time exchange and does not lead into a relationship development. Indeed, also Rajamma, Zolfagharian and Pelton (2011) further state that the more collaborative a relationship is, the more likely it will have satisfaction, commitment and performance as its output.

In addition to recognizing that the relationship can be more or less collaborative, it is also important to identify the characteristics that define the most successful relationships from the unsuccessful ones. According to Bullen, LeFave and Selig (2010)

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and Peppers and Rogers (2004), the elements are influenced by behaviors, actions and attitudes. Bullen, LeFave and Selig (2010) argue further, that a relationship is developed based on history, trust, on-going performance, future prospects and opinions or prejudices of the individuals in the relationship.

Existing academic literature suggests that a relationship requires presence of favorable emotional feelings, such as trust, commitment and integrity (Bullen, LeFave and Selig, 2010; Peppers & Rogers, 2010; Harwood & Garry, 2006). Similarly, a study by Dimitriadis (2011) shows that customers perceive the quality of the relationship enhancing, as they receive service which they perceived to minimize the learning time, and effort investment.

In order to define more clearly the exact elements that make a relationship successful, for example Bullen, LeFave and Selig (2010) and Peppers and Rogers (2004) discuss the framework of "six building blocks" of a relationship. According to the framework, in order for a company to have a strong relationship with a customer, it needs to recognize these relationship building blocks.

1. **Symmetry:** Balanced power is in negative correlation with the risk of conflict. Low conflict leads to stability and common interests.
2. **Fairness:** Behaving in a fair matter both in procedural aspects as well as co-creating fair outcomes of the relationship to both parties.
3. **Dependence/uncertainty:** Existence of interdependence on the other party strengthens the relationship. Dependence can occur in the form of sharing information, technology, techniques, etc. that contribute into achieving the common objectives.
4. **Satisfaction:** High satisfaction is in correlation with a strong relationship.
5. **Commitment:** Shared values and wanted outcomes create commitment to one another.
6. **Trust:** the five previous building blocks all contribute into creation and maintenance of trust in the relationship. Trust consists of elements such as

shared values, integrity, expertise and communication. Failures in any of the five other building blocks can easily injure trust in the relationship.

The six building blocks should, by no means, be interpreted as being the unanimous truth in the academic literature. In comparison, for example Dwyer *et al.* (1987) and Grönroos (2004) discuss a narrower scale of elements including emotional commitment, intimacy, collaboration, and interdependence. However, the six building blocks are consistent with the academic literature in general and entail exceptionally well the most repetitive major elements.

In terms of successful B2B relationships, the academic literature consistently suggests that the most valuable relationships are collaborative in their nature. This can be concluded from the fact that the six building blocks of a successful relationship are directly applicable to the elements and characteristics of a collaborative relationship presented in the Figure 4.

To sum up the discussion on relationship development, it could be assumed that a relationship entailing symmetry, fairness, dependence, satisfaction, commitment and trust is by definition collaborative. It appears that the level of high collaboration cannot be reached without the six building blocks discussed above. Similarly, the six building blocks are unlikely to exist in a relationship where no collaboration takes place. Ultimately, the findings suggest that collaborative and interactive approach to a relationship makes the relationship more valuable. (Rajamma, Zolfagharian & Pelton, 2011; Bullen, LeFave & Selig, 2010; Peppers & Rogers, 2004).

2.2.1. Relationship Marketing

"The core product is less seldom than the elements surrounding the core the reason for dissatisfaction." (Grönroos, 2004, p. 101)

As stated above, academic literature introduces several possible perspectives on how relationships can be perceived. For example Grönroos (2004), Woodside (2010) and Buttle (2008) identify perspectives such as rapport building, service marketing, network approach and relationship marketing as ways to develop customer-focused strategies of B2B companies. Buttle (2008) aptly states, that even though some schools of thought are quite similar, they generally describe a relationship in different terms and have different implications for relationship management. Therefore, it was concluded that the best way to analyze a customer relationship would be from a specific perspective.

The approach chosen for the present thesis is relationship marketing. There are three specific reasons for choosing this particular theory to be the one used in this thesis.

Firstly, according to the Nordic School of relationship marketing, customer relationships are the way to understanding and managing services. (Buttle, 2008). This should not be interpreted to mean that other factors such as networks, strategic alliances and partnerships – that are more emphasized in other schools of thought - would be strategically irrelevant. However, the overall objective of the thesis is to specifically discuss and analyze the interaction between the customer and the provider.

The second reason for the choice is the "triplet of relationship marketing". The Nordic School identifies the three major characteristics of relationships to be planned communication, interaction and value. (Grönroos, 2004; Buttle, 2008). Grönroos (2004) believes that in order for relationship marketing to succeed, communications must be utilized to support the establishment, maintenance and enhancement of relationship with customers. The whole triplet of relationship marketing is directly relevant to the research questions of the present thesis and is also continuously addressed in the academic literature discussing B2B relationships, relationship development and communication.

Finally, it could be assumed that the Nordic School of marketing and its main proponents Christian Grönroos and Evert Gümmesson would share a similar

environment and business culture of the case company, TDC. After all, TDC Corporation is a Nordic company whereas the Nordic school of marketing is popular particularly in Scandinavia and the scholars themselves live there. (Buttle, 2008).

Even though scholars have tackled the matter in recent years, there exists a lack of consensus on the definition of relationship marketing. Grönroos (1996, p. 7) defines relationship marketing as something that has an objective to "identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and this is done by mutual exchange and the fulfillment of promises". Gümmesson (2004, p. 136) on the other hand defines relationship marketing from the perspective of interorganizational networks: "Relationship marketing is marketing based on interaction within networks and relationships". According to Christopher, Payne and Ballantyne (2002), in comparison to earlier marketing frameworks, relationship marketing has the fundamental goal of extending the 'lifetime value' of customers through strategies that focus on retaining targeted customers. In essence this could mean that companies need to tailor and customize their relationship strategies based on the customer needs.

Regardless of the many definitions, however, relationship marketing has gained a general acceptance with regards to its relevance in today's business market as well as in relationship development. For example Davis and Love (2011) consider relationship development to be an inherent feature of relationship marketing. Also Christopher, Payne and Ballantyne (2002) believe that profitable, long-term relationships can be delivered through relationship marketing strategies in cooperation with CRM systems.

As indicated above, customer relationships often fall somewhere in between being fully transactional or relational (See Figure 4). Scholars seem to have a unanimous view on how the trend regarding the relationship between the customers and the providers has changed. The academic literature that discusses relationship marketing, customer relationship management and customer experience continuously emphasizes the importance of the general relationship shift from a transactional mode to a more

relational mode, also in B2B markets (see i.e. Christopher, Payne and Ballantyne, 2002; Grönroos, 2002; Rich, 2000; Grönroos, 2004; Rajamma, Zolfagharian and Pelton, 2011; Ballantyne, 2004b; and Latusek, 2010). Rich (2000) describes this shift as the most significant current development in the practice of marketing.

Christopher, Payne and Ballantyne (2002) evaluate the shift by stating that marketing has entered a new era. The more traditional marketing – referred to as a transactional mode - focuses on short timescales, volume and product features. However, the authors believe that this approach has become inadequate to cope with today's business environment. A shift is happening to relationship marketing, which alternatively focuses on customer retention, high customer service and the relationship quality. (Christopher, Payne & Ballantyne, 2002). Peppers and Rogers (2004, p. 25) describe the changed nature of business by stating that where customers "would once bargain with a business, they now tell managers of brand retail chains what they are prepared to pay, and specify how they want products designed, styled, assembled, delivered, and maintained".

Grönroos (2004) and Andersen (2001) believe that B2B relationships have become in fact unsuitable for the traditional marketing mix approaches. They argue that marketing departments are too often preoccupied with the planned marketing communication, with a little chance of integrating planned marketing with other customer relationship elements and processes.

According to Andersen (2001, p. 168), relationship development "may be described as a set of cumulative phases during which the trustworthiness of suppliers and buyers is tested and mutual norms governing exchange activities are developed". Grönroos (2004) explicitly describes relationship marketing as the process of identifying, establishing, maintaining, enhancing and possibly terminating relationships with customers.

Grönroos (2004) does not expect it to be a surprise to anyone that a relationship approach to marketing demands more effort from the company in comparison to

transaction marketing. However, this effort can be justified with the process of value creation in the on-going relationship that will be further discussed in chapter 2.2.3. In short, Grönroos (2004) believes that in order for relationship marketing to be successful and accepted to have value by the customer, there must be a positive process paralleling between the interaction processes and the planned communication.

As relationship marketing demands extensive resources and efforts from the organization, it is fair to say that it is not suitable for all companies. According to a study by Iglesias et al. (2011), the unifying key values of the corporate culture required for successful relationship marketing are client orientation and high degree of concern for employees. Also trust, commitment, teamwork, innovation, flexibility and result orientation are issues that should exist in the corporate culture in order for the company to be successful in their relationship marketing strategy.

In conclusion, Grönroos (2004) identifies three processes that need to be considered in order to enable successful relationship marketing strategy: (1) planned communication process, (2) interaction process and (3) value generation process. These three are referred to as the triplet of relationship marketing. According to Grönroos (2004), the interaction process is the core of relationship marketing, as it initiates interaction. Planned communication, on the other hand, is an important element of relationship marketing as it supports the interaction process. Finally, the value process is the outcome of relationship marketing. Grönroos (2004) concludes the triplet of relationship marketing by stating that when the three processes are integrated, a company has created a total marketing communication impact.

2.2.2. Value Generation

Ballantyne (2004b, p. 97) identifies several scholars – including Tzokas and Saren, 1999; Christopher *et al.*, 2002; and Donaldson and O'Toole, 2002 – that similarly to

himself believe that in line with a growing interest towards the relationship approach, there exists also a growing interest in the perspective of creating and delivering value. For example Ballantyne (2004a) believes that in order to understand relationships, one has to thoroughly consider the value-creation process. According to Grönroos (2004), the core difference between a transactional relationship and a collaborative relationship can be interpreted to exist in how the customer is given value to. In transaction marketing the solution offered to the customer is a physical product or a core service. In contrast, relationship marketing provides the relationship itself as a solution.

Johnston and Kong (2011, p. 6) refer to a study conducted by Coffman and Stotz (2007) in the context of perceived customer experience. The study showed that whereas 80 per cent of senior executives felt that their company provided a superior customer experience, not more than 8 per cent of their customers agreed. This clearly demonstrates a well-known problem with value creation. According to Johnston and Kong (2011), perceived value is what ultimately matters. Perceived value will be also the perspective from which value-creation is discussed in the present thesis.

Johnston and Kong (2011) believe, that a successful customer experience provides perceived value to the customer. However, as they point out, the benefits of succesful customer experience are not restricted to create value only to the customer. Company staff gain better understanding of the customer experience and are more committed to their work, with a pride mindset and a higher work satisfaction. Finally, succesful service encounters also enable cost reductions and efficiency gains.

Communication in itself is not what creates perceived value to a relationship. Lindberg-Repo and Grönroos (2004) specifically underline that in order to have value in communications, they need to be managed effectively so that they support the reciprocal value generation process. According to Grönroos (2004) relationship orientation – including planned communication and interaction processes – demands so much more effort that the entire strategy should consistently aim to create sufficient value to the

customer. After all, it would be counter-productive to invest the resources in a customer-centric strategy, if the customers did not find the strategy valuable.

For example Dimitriadis (2011) discusses the matter of perceived value in a relationship. He believes that it is important to understand what customers value, so that the company can then build relationships in a way that the customers appreciate. For example Grönroos (2004) emphasizes that the customer relationship goes beyond single transactions of products: a company needs to create value by turning the products into processes and holistic service offerings. Gale (1992), on the other hand, defines that customer value is the customer's opinion of the products or services (compared to competitors) in relation to the price of that product. Alternatively, according to Johnston and Kong (2011), value for the customer is created through (1) the service received, (2) the experience of it and (3) the outcomes of that service. Johnston and Kong (2011) also clearly point out that as the experience is always perceived by an individual customer, it is impossible to create a similar experience to more than one customer. The experience is judged based upon how well the expectations and needs have been met.

In conclusion, it could be said that value generation for the customer is the justification and the wanted outcome of relationship marketing strategy. When a company focuses on creating value, this directs planned communication and interaction to a direction that results in improved customer experience. The difficulty is that in order to have a customer-centric strategy, one must not only understand customers but know how to strive to reach the expected results (Grönroos, 2004 p. 103). Otherwise extensive resources spent on customer-centric strategies might go to waste, as the message does not create value to customers. Whereas it is impossible to duplicate customer experience, a continuous strive to meeting and exceeding different customer needs and expectations results in perceived value.

2.2.3. Communication in B2B relationship

"Communication is the human activity that links people together and creates relationships." (Duncan & Moriarty, 1998 p. 2)

The increasing stand-alone attention to communication in relationships is demonstrated throughout academic literature. Duncan and Moriarty (1998) find that scholars have begun to give more emphasis to communicating with their customers before, during and after transactions in order to build the relationship. Successful relationship maintenance requires an organization's ability to manage communication processes with customers in a way that allows value to be created, and this develops the relationship over time. (Lindberg-Repo & Grönroos, 2004). Duncan and Moriarty (1998) believe that it is communicated brand messages that are transformed into perceptions, and finally become the building blocks of relationships.

A number of scholars (for example, Buttle and Biggemann, 2009; Bullen, LeFave & Selig. 2010; and Ballantyne 2004a) have studied the role of communication with regard to relationship development. Communication is identified to being a major part of development of a collaborative relationship environment. For example Ballantyne (2004a) believes that developing or maintaining a special business relationship is difficult if there is lack of communication and mutual understanding. Duncan and Moriarty (1998, p. 2) agree with this by stating: "when communication is foremost and *listening* is given as much importance as *saying*, interactive relationships become the focus. The result of the latter is that a higher percentage of customers are retained and their value increased". Duncan and Moriarty (1998) continue to specify that communication is not only to serve as a persuasion tool, but should also adapt to roles such as informing, listening and answering – in the form of interaction and two-way communication.

Duncan and Moriarty (1998) point out an important aspect regarding the source of the messages. According to them, even though a company has consistent messages, it

should be acknowledged that the messages have different levels of impact depending on the source. For example, messages have less impact on customers when they are considered marketing communication in comparison to messages perceived as coming from other functions of the company, not to mention the messages originating outside the company. For example Andersen (2001) identifies referrals and reputation management to be essential sources of information that strongly influence the decision-making in the pre-relationship phase. According to him, information received from trusted friends and business colleagues may often form the basis of the initial ranking.

Both Grönroos (2004) and Ng *et al.* (2011) point out, that from the customer's perspective, unplanned messages have the most credibility. Messages can reach the customers for example through news stories, employee gossip, references, online groups and word-of-mouth communication. Grönroos (2004) also points out that absence of communication, and having no messages delivered to the existing customers, contributes to the total communication process. The absence of communication can take place in the form of for example silence following a service breakdown or lack of communication updating on processes.

Both planned communication and interaction should be consistent and aligned with the customer-focused strategy. This is why Duncan and Moriarty (1998) emphasize the importance of cross-functional relationship management in the organization. They believe that all parts of the organization need to plan and monitor messages for strategic consistency. According to Andersen (2001), this is possible for example with the use of episodical communication, in which the customer encounters are recorded into databases (CRM system) and can then be used to maintain a high level of updated information enabling the staff to speak with a unified voice.

Also, in order to maintain and develop the relationship, one needs to acknowledge other issues in communication in addition to the high-level communication strategies. As Duncan and Moriarty (1998) point out, all activities between two companies include communications. Therefore, it is necessary to recognize and manage also the indirect,

implied and hidden communication dimensions at all levels of contacts. Christopher, Payne and Ballantyne (2002) point out that especially B2B marketing requires a deep understanding of customers' businesses and their decision making units. According tot them a decision making unit refers to the people involved in purchase decisions in a business customer, such as the gatekeeper (who controls access and the flow of information), influencer, end-user (who often initiates the request), buyer (negotiates) and decision-maker (selects and approves purchases). In other words, one of the issues that a company needs to address when making a communications strategy is identifying the *actors* - the people that are involved in interaction.

Bullen, LeFave and Selig. (2010, p. 160-163) believe that a communication plan starts from a high level and is then executed downwards in various levels of management and employees. According to them, a high-level view entails three alternative designs: funnel design, network design and mirrored design. These three communication designs are further discussed next and they are illustrated in Appendix 1.

A funnel design of communications concentrates on the interaction between client and provider project managers. This design is often used at the exploration phase of Dwyer *et al.*. (1987, see p. 16 of this thesis) relationship development model, since it provides a way to decrease problems with cultural differences, common understand and proactive identification. However, the design has a total reliance on a few individuals. In comparison to this, **a network design** – which allows anyone to communicate with anyone – can provide a possibility of engaging everyone in the interaction process. However, the challenge in a network design exists in the lack of control. Guidelines can exist in a network design that enable a more controlled communication in the form of assigned roles, responsibilities and decision-making authorities, but this can prove to be a challenge to manage. As a compromise between the two there is a **mirrored design** in which clear communication paths are assigned for dedicated employees of both parties. A mirrored design can increase the quality of communication, but usually demands higher costs from both parties. (Bullen, LeFave & Selig, 2010, see Appendix 1).

Johnston and Kong (2011) agree with the general direction of the academic literature and state that the all customers have a service experience; good, bad, or indifferent. In other words, they believe that all service encounters provide an opportunity for emotional engagement - even in the smallest service encounters and interactions. Consequently Johnston and Kong (2011) also state that this requires the managers to not only consider the service they deliver but the experiences they provide

For example Bullen, LeFave and Selig. (2010) state that in order for relationship management to be effective, communication styles need to be considered. According to the authors, effective communications is well timed, detailed, accurate, fair, helpful, positive and suitably formal or informal. In addition to these requirements, Duncan and Moriarty (1998) emphasize the importance of encouragement and conversational feedback. Furthermore, Bullen, LeFave and Selig. (2010) believe that the communication channels should be chosen based on the particular situation. Communication channels could be e.g. face-to-face meetings, conference calls, video conferences, digital meetings, e-mails, instant messages, phone calls and site visits.

The findings by Vegholm (2011) support this as she states that, in order to develop favorable relationships, a company must develop close personal relationships with their customers. According to her findings, customers prefer a personalized, face-to-face relationship with a company representative who demonstrates understanding and professional advice. Also Andersen (2001) recognizes the richest and the most complete medium of communication identified to be face-to-face communication. Moreover, Andersen encourages managers to conduct face-to-face encounters at the customer's premises. According to him, this enables understanding the customer's environment, needs and wants – issues that can be qualified to be vital elements of customer knowledge.

In conclusion, communication is considered to be a fundamental element of any relationship. In terms of B2B relationship development, it is essential that all communication between the companies is coherent and consistent with the customer-

focused strategy – especially in terms of interaction, as unplanned communication is perceived to be the most credible by customers. Academic literature also suggests, that a communication strategy designed to support customer relationship development considers between whom, how and what communication should take place in a B2B customer relationship.

Grönroos (2004) argues that a relationship reaches the level of maintenance and enhancement when the processes of planned communication and interaction meet. These two will be discussed in detail in order to specify how the two can support each other and create a customer-focused communication strategy.

2.2.3.1. Planned communication

Planned marketing communication can often be seen in the form of integrated marketing communication – a concept that looks at various marketing communication efforts as a single strategy. Indeed, as Duncan and Moriarty (2998) point out, planned marketing messages can be anything that marketing communication utilizes, for example mass media, advertising, PR, web pages, sales presentations and brochures. According to Grönroos (2004), however, the concept of integrated marketing communication only takes into consideration the communicative activities that are more or less purely marketing communication. The two concepts are admittedly easily to be confused. According to him, integrated marketing communication concentrates more on delivering a consistent message throughout all of its channels. In contrast to this, planned communication focuses more on relevance and consistency of its messages in particular segments.

Planned communication creates promises – and therefore expectations – so it has a particularly important role in the relationship. (Andersen, 2001; Duncan &Moriarty, 1998). It is therefore important to acknowledge that planned communication does not necessarily have a positive role in the maintenance and enhancement of a customer

relationship. For example, planned marketing communication strategy creating expectations that are not fulfilled is unlikely to have developed the relationship further. If planned communication in itself would create strong customer relationships, it could be used as a synonym for relationship marketing. However, it is only the integration of the planned communication with interaction can create valuable relationships. (Grönroos, 2004).

According to McKenzie and Royne (2009), planned communication should be a multidimensional view of the marketing mix including any touch points with the customer. Furthermore, according to them, communication planning should seek to offer a degree of customization across all customers and one-to-one customer experiences. However, superficial personalization such as the recipient's name is not a sufficient strategy to provide customized customer experiences. Instead, customers find value in personalized context and relevance of the messages. (Ball & Shen, 2009).

Regardless of the one-way nature of planned marketing communication, Ballantyne (2004a) and Grönroos (2002; 2004) believe that is has the function of attempting to create a two-way or even a multi-way communication process - interaction. Also Duncan and Moriarty (1998) one-way communication strategies can be seen to be means that lead into interaction, which then lead into relationship development.

Grönroos (2004) demonstrates the processes of planned communication paralleling with interaction process in Figure 5.

Figure 5. Relationship marketing parallel

Grönroos, 2004 p. 106
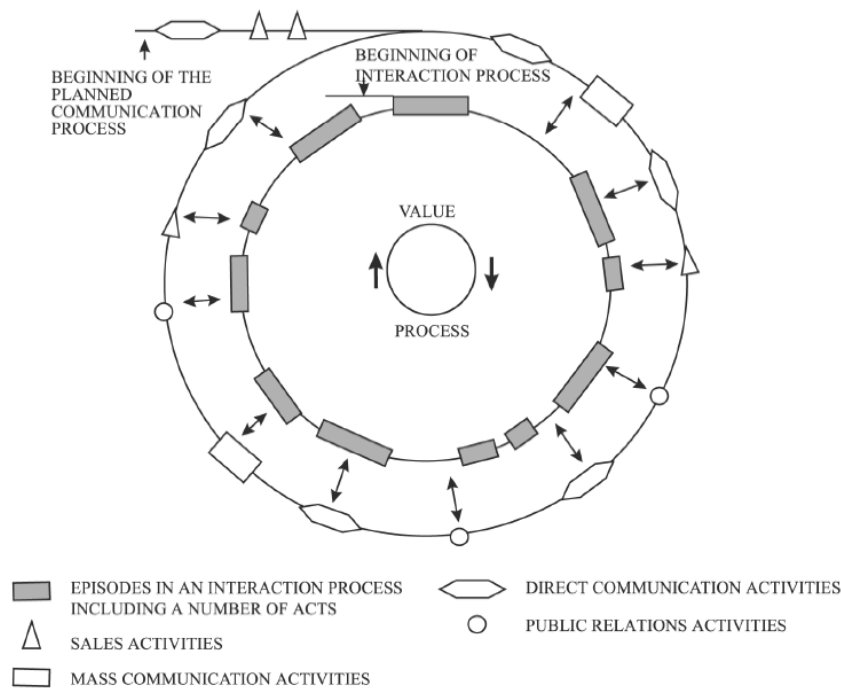
The figure illustrates several important elements of a communication process, identifying for example sales activities, mass communication activities, direct communication activities and public relations activities. There are three observations that should be identified, that provide support to the academic discussion on customer communication.

Firstly, an overall clarification should be made. As for example Holmlund argues (1997, discussed by Grönroos 2004, p. 104), communication processes exist overlapping and after one another within the relationship. The figure includes activities of planned communication (direct communication activities, public relations activities, sales activities and mass communication activities) on the outer circle. Planned communication should be designed to be suitable for each customer relationship, which

often results in different planned communication strategies implemented to different customer segments.

Indeed, scholars discussing communication planning emphasize the importance of segmentation widely (see e.g. McKenzie & Royne, 2009; Ramani & Kumar, 2008; Grönroos, 2004; and Peppers & Rogers, 2004). It is generally accepted in literature, that it is segmentation that differentiates communication planning from integrated marketing communication. According to the academic literature, the first step in communication planning is identifying specific segments with the most opportunity. (Peppers & Rogers, 2004; Ramani & Kumar, 2008).

Also Dimitriadis (2011) believes, that a company needs to have the value equation addressed and the tools to measure them in order to enhance benefits and reduce costs. In other words, a company should have a system of evaluating the value of the customer so that it can justify and measure the equation of the spent resources in contrast to the gained benefits of an enhanced customer relationship. However, segmentation should not be limited to the profitability figures. According to for example Jelínková *et al.* (2006), customers that provide positive references, valuable market information, efficient cooperation and willingness to take risks should be identified to be valuable customers as well.

The second observation drawn from the figure is, that planned communication process is positioned to begin before the interaction process. According to Grönroos, this is the situation in most cases and therefore segmentation and integrated marketing communication activities play important roles as they can ensure a continuous interaction. However, exceptions do take place. For example Gummesson and Polese (2009) point out that even though the academic literature often refers to the initiation of interaction as the seller's activities, studies have shown that in reality both parties are active.

A final observation to be made from the figure is that both the outer (planned communication) and the inner (interaction episodes) circle are consistent and coherent with one another – no communication takes place without acknowledging the past episodes. In this way, the two support each other and contribute into relationship development. As Grönroos points out, this is the reason why planned communication in itself is not enough to gain relationship development. As Jelinkóvá *et al.* (2006) clearly identify, interaction is not only what follows after implementing marketing communication to target segments, but often creates the nature and context for future communication episodes.

2.2.3.2. Interaction

Academic research unanimously appears to agree on the relevance of interaction in terms of relationship development (see e.g. Grönroos, 1990; Ramani & Kumar, 2008; Bullen, LeFave and Selig, 2010; and Jelinkóvá et al., 2006). According to this research, relationship should not be seen as something abstract, but as a product of people interaction. Duncan and Moriarty (1998, p. 8) state, that "if relationships are the objective, then impersonal mass communication must be supplemented, especially in business-to-business and service category, by personal customized communication that by definition is interactive".

Ballantyne (2004a, p. 117) defines dialogue as an interactive process of learning together. Peppers and Rogers (2004, p. 516) identify six characteristics a company should acknowledge prior to engaging in to dialogue:

1) Parties at both ends have been clearly identified
2) All parties in the dialogue must be able to participate in it
3) All parties to dialogue must want to participate in it
4) Dialogues can be controlled by anyone in the exchange

5) A dialogue with an individual customer will change an enterprise's behavior towards that individual, and change that individual's behavior toward the enterprise

6) A dialogue should pick up where it last left off

Based on this theory, it could be justified to say that managing interaction requires careful planning. Today, many companies use CRM systems as a routine way of managing dialogue in customer relationships. This presents new possibilities as well as challenges to the companies, discussed for example by Duncan and Moriarty (1998); Gummesson and Polese (2009), and Andersen (2001).

Andersen (2001) points out that even though IT provides media that stimulate interactivity in totally new ways, the general level of interactivity has decreased because the relationship operations have become automatic. Furthermore, in terms of building individual, personalized relationships with customers, for example Jelinkóva *et al.* (2006) point out that CRM systems enable a way to utilize already gained knowledge effectively in future communication planning and interaction.

However, even though CRM systems enable relevant communicating and sharing information about the customer relationships, this is more easily said than done. This issue is addressed for example by Ramani and Kumar (2008) and Veholm (2011). According to them, in order to perform well in the relationship, a company must not only collect and save information on its customers successfully, but also has to know how to take advantage of that information. This information management process is difficult; especially if a company is big, the information base is large and if the communication design is complex. Furthermore, as Grönroos (2000) points out, communication should provide the customers the experience of the company having a genuine interest and knowledge in them and their needs, requirements and internal value systems. The use of information that does not create value for customer but rather seems irrelevant or even intrusive, can create a sense of distrust and discomfort. (Shen & Ball, 2009).

In conclusion, interaction that demonstrates customer-specific knowledge can create value to a customer more than any other form of communication. However, knowledge management is challenging even with using information technology and CRM systems. Interaction processes in the form of a dialogue should be managed in accordance to the company size, communication channel and information complexity.

Nevertheless, the benefits of successful interaction are undeniable. According to the academic literature, these benefits can be identified to three elements: knowledge sharing, new collaboration and personal relationships. In order to further understand the critical role of interactivity, these benefits will be further discussed next.

Knowledge sharing

Relationship-specific knowledge is often recognized as the base for a successful relationship. For example Grönroos (2004) and Ballantyne (2004a) believe that it is one of the most important outcomes of interaction. The authors believe that the unique knowledge a company might have is difficult for competitors to copy and therefore creates a competitive advantage. According to Ballantyne (2004a), even in the most impersonal business relationships there is always relevant knowledge that participants can access.

Relationship specific knowledge provides information on how to deal with one another - tacit knowledge that might influence the cooperation positively. The knowledge can transform into solutions to problems and in this way create value to participants. Ultimately, as Jelinková *et al.* (2006) state, interaction enables a company to become an expert on its customer to an extent where it can not only understand but to predict the customers' wants and needs. This process of information sharing and creation of knowledge is referred to by Su *et al.* (2011) as "relationship transparency".

It should be acknowledged, however, that ineffective and unproductive knowledge sharing might result into negative effects. The customers may perceive the interaction to be an experience in which the company shows signs of not having the required

knowledge, not being able to utizile it or not having done insufficient research with regards to the relationship. (Harwood & Garry, 2006). A company that, for example, fails to continue dialogue from where it was left off or that is incapable of learning what kind of service the customer expects, is more likely to decrease the relationship value rather than to create it.

This is exactly the issue addressed for example by Jelinkóvá *et al.* (2006). Interaction in B2B relationship is very complex as it entails a large number of interacting individuals, several communication channels, multi-dimensional expectations and an extensive amount of data. Unless the tacit knowledge gained through interaction is managed in the form that it can be effectively utilized in future planned communication or interaction, it is likely to be forgotten. This is why the use of CRM systems should be at the core of all customer-related interactions in the company.

New collaboration

Novicecic *et al.* (2006, p. 315) argue, that "the primary goal of management should be to elicit collaborative service … customers in particular, so that it can manage relationships with them in a value-creating way". Witell *et al.* (2011) believe that organizations must develop their collaborative competence and perceive customers as active contributors with knowledge and skills instead of perceiving them simply as sources of information. Also according to Grönroos (1990) customers can be seen as co-producers of a service and the challenge for the company is to create a climate for customer conscious behavior and systems.

It is worth acknowledging, that an ideal relationship is now seen as more collaborative than ever, as was discussed in the context of relationship development (Chapter 2.2). The vast majority of scholars that discuss the relevance of interaction also discuss collaborative value creation (see e.g. Ballantyne (2004a); Gummesson & Polese (2009); and Witell *et al.* (2011)). As Jelinkóvá *et al.* (2006) point out, all interaction fundamentally is collaboration. If dialogue indeed is learning from one another by

interacting, a company then has a capability to learn something from customers that they would not have thought of themselves.

According to Witell *et al.* (2011), a large body of scholarly work considers customer collaboration to achieve value-in-use. According to their findings, collaboration generated not only considerable profits, but also lead into innovative solutions in comparison to traditional innovation processes.

At minimum, interaction always results in some sort of collaboration in the form of knowledge sharing. In the richest form of collaboration, according to Ramani and Kumar (2008), interaction can enable something referred to as customer empowerment. Customer empowerment reflects the extent that customers are able to connect with the company and actively shape the nature of transactions, as well as to connect and collaborate with each other by sharing information, praise, criticism, suggestions and ideas. As Ouschan *et al.* (2006) point out, already having an empowering communication style in the interaction processes makes the customer feel more empowered. They argue that this has a positive impact on trust and commitment. These are both critical elements of a successful relationship and therefore can be expected to be a valuable asset for a company.

Singh and Power (2009) identify customer empowerment in the form of collaboration having possible threats: collaboration can be for example costly, challenging to manage and attract opportunistic behavior. However, the authors evaluate the benefits of collaboration to exceed these risks.

Personal relationships

According to Gremler *et al.* (2001), employee-customer relationships can be defined by identifying them as being formal or personal. These two are differentiated by the specific role the parties have in the relationship. If the parties behave primarily based upon their roles during encounters, the relationship can be evaluated to be formal. In contrast, more personal relationships are mostly influenced by individual knowledge.

Interaction in itself is already the most social form of communicating, and personal connections are the most social aspect of it. Andersen (2001) uses the concept of social distance to describe the level of familiarity with each other's ways of working in a customer relationship, both at the individual and the organizational level. According to him, during a pre-relationship phase the social distance can be expected to be large but as the relationship develops, it will be reduced.

Gremler *et al.* (2001) uses Harley-Davidson as an example of a company using personal relationship as a strategy to enhance customer relationship. Harley-Davidson encourages its employees' to get to know their customers personally, show attention and care to them, and ultimately become their friends. It could be stated that the social distance in their case is small and the relationship is very informal. The strategy has been successful and Harley-Davidson has succeeded very well in shaping their relationship type in accordance to the customer wants and needs. Personal relationships have become so important to Harley-Davidson's business that the positive word-of-mouth generated from these relationships has practically replaced traditional marketing. Indeed, for example Gremler *et al.* (2001) and Ng *et al.* (2011) argue that a key relational outcome is a positive, spontaneous word-of-mouth which is considered to be the most trustworthy and influencing communication channel to customers.

However, benefits exist outside the generation of positive word-of-mouth, too. According to a study by Ng *et al.* (2011) and Dimitriadis (2011), benefits deriving from a personal relationship play an important role in relationship development. Gremler *et al.* (2001) state that the key dimension of the employee-customer relationship is trust. Furthermore, the authors believe that trust is created in consequence of three components: (1) familiarity, (2) personal connection; and (3) displayed care.

Firstly, (1) **familiarity** is defined by Gremler *et al.* (2001, p. 48) to be "customer's perception that the employee has personal recognition of the customer and knows specific details about his/her service needs". These specific details are prime example of a type of tacit, customer-specific knowledge that can create a competitive advantage.

Shen and Ball (2009) argue that personalized interaction by the service personnel may provide the customer experience of being treated with respect and concern – even if no additional service or attention would be given to that customer. Also for example, Dimitriadis (2011) argues that when customers know the employee in question personally, they often already consider that to be a high level of special treatment.

Secondly, (2) **personal bonds** also play a vital role with regards to personal employee-customer relationships. Gremler *et al.* (2001) state that phrases such as "we clicked" or "I connected with him/her" are signs of personal connection between two individuals. Information communicated during initial encounters are used to assess the common ground for the individuals – and two people with common ground (i.e. interests, personality and attitudes) are more likely to "connect", hence to form personal bonds.

Finally, Gremler *et al.* (2001) define (3) **care** to be the customer's perception on someone having a genuine concern of the well being of the customer. It is their assumption, that interpersonal genuine interaction triggers caring in any relationship. The perception of caring is likely to have a positive influence on mutual trust in the relationship, which has been identified to be one of the most important elements of a successful relationship.

Gremler *et al.* (2001) believe that the best way to develop interpersonal bonds and their components is to design the relationship environment to enable both formal and informal interaction opportunities between the employees and the customers. They further argue, that employees should feel encouraged to take part in versatile interactions with the customers. According to Gremler *et al.* (2001), a company with a relationship-focused strategy should not only enable these opportunities, but create them for their employees.

In conclusion, it appears that interaction creates value for customers in multiple ways and therefore should play the fundamental role in a customer-centric communication strategy. However, managing interaction is not easy even with the help of CRM systems

– especially in the case of demanding B2B customer relationships. Successful interaction management demands skills, time and resources.

Nevertheless, academic literature unanimously agrees on the fact that companies should encourage interaction. Ultimately, it is the most effective way to ensure customer perceived value in a relationship. It triggers more or less automatically the most vital aspects of valuable customer relationship. Firstly, interaction enables knowledge sharing. A company can gain competitive advantage if it is able to gain tacit knowledge on customer wants and needs. Secondly, interaction makes customer relationship collaborative. Collaboration does not only provide innovative ideas, but also is perceived by customers as a high-quality service experience. Thirdly, interaction triggers personal relationships between two companies. Personal relationships create familiarity, personal bonds and caring between the two companies.

These positive impacts of customer interaction overlap in many ways. It would be justified to say that one outcome does not exist without the others, but they supplement one another and create a valuable customer experience. The most important thing is, therefore, to make sure that interaction is actively encouraged and consistently managed. The positive effects will then naturally follow as the relationship develops.

2.3. Theoretical framework

The objective of the present thesis is to create a relationship-focused communication strategy to the case company. The concrete aim of the strategy is to provide a framework for maintaining and developing good B2B customer relationships. The literature review identified three major elements – planned communication, interaction and value creation – that are consistently recognized in academic literature to be relevant both with regards to relationship marketing as well as relationship development.

However, even though Grönroos (2002, 2004) successfully introduces and presents thorough argumentation for the relationship marketing approach, it is not directly applicable to the case study in this particular research project and would not provide answers to the presented research questions. For example Duncan and Moriarty (1998) point out that even though communication and marketing have many intersections, communication can be more valuable than marketing, as it identifies the points that link the two disciplines. According to them, theoretical roots for both marketing and communication are similar, but communication is the primary integrative element in managing relationships.

Furthermore, Duncan and Moriarty (1998) point out four major differences between traditional marketing and communication. Firstly, communication does not always aim to be persuasive as marketing most often does. Secondly, marketing is most often one-way communication, therefore it would exclude the concept of interaction. Thirdly, Duncan and Moriarty believe that in order to get through messages regarding something as extensive, abstract and complex as a relationship, marketing has simply too limited a scope in order to communicate all the necessary aspects. Finally, as the market is shifting towards being more service-based than ever before, communication – in the form of discussing, listening and negotiating – has become the heart of many marketing functions.

In the light of these arguments, it can be stated that there does not exist concept, theory, model or framework that would address a communications strategy that aims directly to enhancing a customer relationship. Therefore, this thesis introduces the concept of *relationship communication*. The concept is adapted from and created based on academic literature addressing relationship marketing, relationship development and communication strategies discussed in the literature review.

Relationship communication is not unheard of as a notion. Grönroos also actually uses the literal phrase of "relationship communication" in one of his figures (Grönroos, 2004 p. 107) but does not explicitly define or justify the stand-alone purpose of the concept.

Therefore it seems only natural, that the concept is introduced and defined in the present thesis. By doing this, phrases such as "communication based model for relationship", which was used for example by Duncan and Moriarty (1998), can be replaced.

By combining elements of relationship marketing, communication strategy and relationship management, the present thesis introduces the concept of relationship communication by defining it in the following way:

> Relationship communication = *Communication activities that aim to create, maintain and enhance interactive relationships and create value to customers.*

Since the scholars discussing the customer relationship approach perceive customer maintenance to be a priority over customer acquisition (see i.e. Grönroos, 2004; Woodside, 2010 & Ballantyne, 2004a), this was chosen to be the ultimate aim of relationship communication model.

Similarly to relationship marketing, the relationship communication model consists of planned communication and interactive communication. Figure 6 illustrates the relationship communication model by identifying planned communication, interaction and value creation.

Figure 6: Theoretical framework of relationship communication
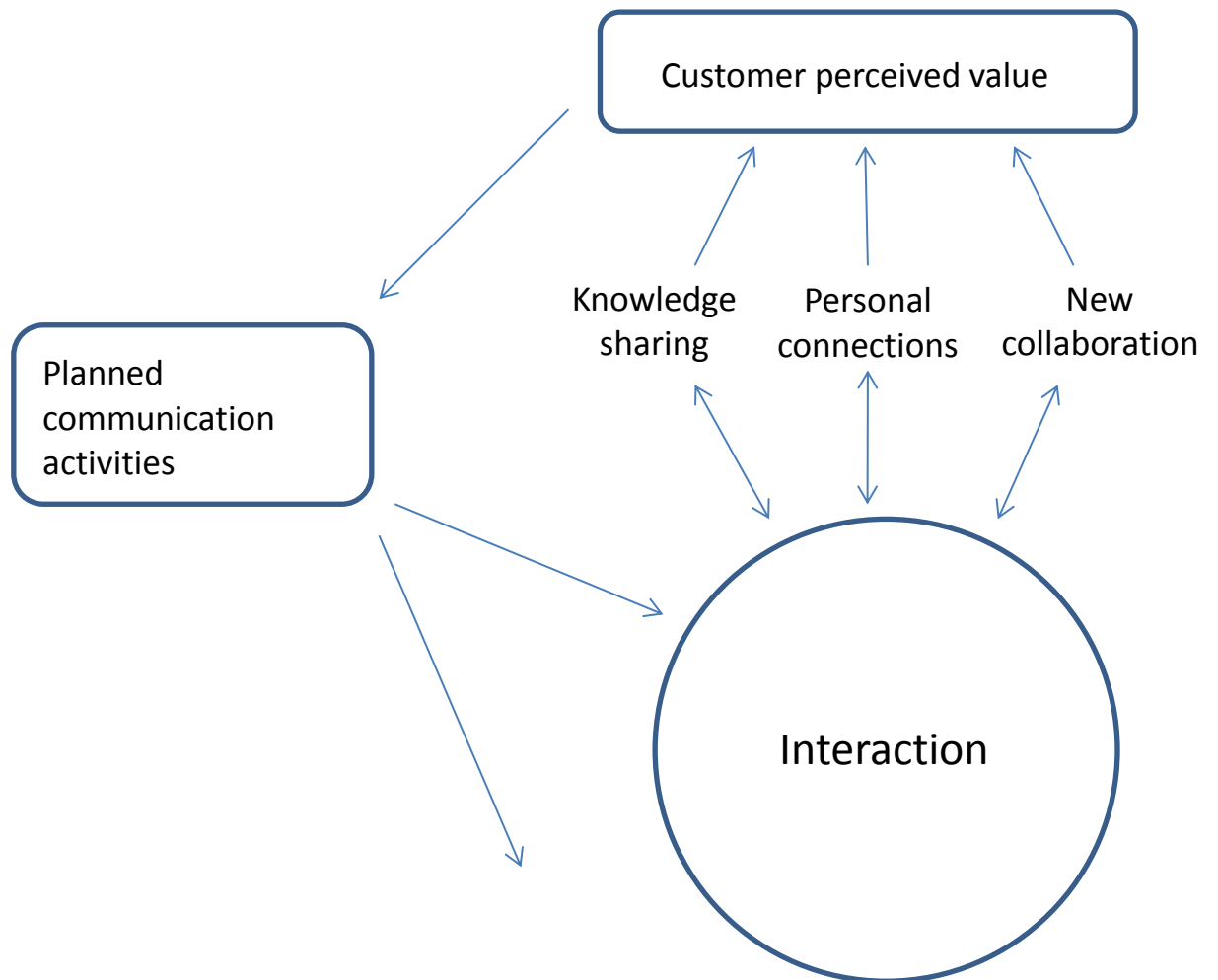
The underlining purpose of planned relationship communication activities is to send strategically chosen messages to customers. Based on the literature review, ideal communication activities should be customized, relevant and interesting to the customer. By nature, planned communication activities are often different forms of integrated marketing communication.

If planned communication messages do not lead into interaction, the messages can have the value of maintaining the present level of relationship by demonstrating the company's presence and knowledge on its customers. However, in order for the

relationship to develop, planned relationship activities should aim to trigger further interaction. For this reason planned communication tools, channels and messages need to be carefully considered as an essential part of a relationship communication strategy. It is interactive communication that actually can build, maintain and enhance the relationship.

The benefits of two-way communication are undeniable. In order for a relationship to develop, interaction should be in the center of the relationship management. When a service provider channels time and resources into relationship management through interaction, the benefits are immediate. Interaction enables gaining and sharing tacit knowledge on the customer relationship, enhances trust in the personal relationships; and working in a collaborative matter and empowering the customer.

Earlier literature review stated, that the benefits of interactions and – consequently – the relationship itself to be perceived as valuable by the customers. Gaining customer-specific information through interaction will ultimately help the company to understand how the customer perceives the relationship and what type of experiences would they find valuable. By investing into relationship development through relationship communication, a company is likely to gain competitive advantage in the eyes of the customer.

Finally, it should be ensured that the positive outcome of the interaction and the gained knowledge will be used contribute into the relationship in the future. Future planned communication should be directed by the lessons learned from interaction and a company should demonstrate their ability to shape the relationship in accordance to the gained level of trust, knowledge and collaboration. In a B2B environment, knowledge can easily be lost in the scattered communication activities and channels. This is why a wide use of CRM systems is necessary. If the relevant information regarding the status of a customer relationship is accessible in CRM system by everyone, also all future relationship communication can be consistent and relevant.

3. METHODOLOGY

This section contains an overview on the methodology used in this thesis, particularly focusing on the empirical study. The aim for the empirical study is to identify whether the introduced conceptual framework provides an accurate model for the creation of a relationship communication strategy.

Firstly, the single case study design is introduced and justified. Secondly, there will be a narration on the data collection, containing a description on the selection of the interviewees, interview methods and data analysis. Finally, the trustworthiness of the study will be examined.

3.1. Research methodology

The single-case study was chosen to be the method in the empirical study. Yin (2003, p. 13) states, that "a case study as a research strategy can be defined as an empirical inquiry that investigates a phenomenon within its context". Indeed, the literature review and the concluded theoretical framework serve as a basis to analyze in practice how planned communication and interaction can create value in B2B relationships in the context of the case company TDC.

Creswell (2002) approaches the concept of case study from a different perspective by defining it to be a study on an event, program, person, activity, or process. However, even though Creswell's (2002) definition is more concrete, both ultimately have a unified purpose of investigating the stated research problem in a context of TDC's business.

For example Malhotra and Birks (2000) identify three possible research methodologies to be quantitative, qualitative or a combination of both. A quantitative method collects data for a structured, statistical analysis. Alternatively, qualitative data collection is

verbal or visual and aims to have a deep understanding on a phenomenon rather than numerical data. The nature of the research problem demands in-depth analysis, interpretation and detecting patterns that might not be as obvious. For this reason, the methodology for this empirical study was chosen to be qualitative.

According to Morgan (1997) the most typical form of qualitative data collection is semi-structured interviews. As semi-structured interviews allow great depth of responses, more complex data and an effective communication, it was originally chosen to be the method also for the present thesis. However, already the first interview showed that even semi-structured questions were restricting the conversation on the customer experiences too much. The nature of the topic demands a possibility to form questions and to lead the conversation as freely as possible. As each customer relationship is unique, it was found more productive to lead the conversation based on fixed themes rather than fixed questions. Ultimately, this enabled the interviewees' to talk freely of their experiences in their relationship. As Hirsjärvi and Hurme (2000, p. 48) point out, the advantage of theme interviews is that it does not demand all the interviewees' to have similar experiences, but it analyzes perceived experiences as a whole.

3.2. Data collection and analysis

The empirical study of this thesis was conducted in the customer interviews and analyzed in the light of background information on the case company . However, it has to be noted that the background data collection plays an important role particularly in the recognition of the actual research problem, and consequently in the entire research following the problem identification. Therefore it was found to be necessary also to discuss the work behind the background data collection at least on a general level.

3.2.1. Background data collection and analysis

As indicated in the Introduction (Chapter 1), original research problem of TDC existed in the customer loyalty rates. The customer satisfaction study EPSI conducted in the fall of 2010 revealed that TDC's customer rates drop after 2-4 years into the customer relationship. This was the initial research problem presented to the author of this thesis and it was used as the starting point for the following research. Having the loyalty drop as a starting point, the present author began to familiarize herself with the company strategy, processes, solutions as well as its customers, starting from April 2010.

The problem identification began with an exploration on secondary data consisting of customer satisfaction surveys. The surveys (i.e. Net Promoter Score results) that were conducted quarterly in 2008-2010 provided an extensive amount of data that gave both quantitative as well as qualitative insight to the customer experiences and perceptions on being in a B2B relationship with TDC. The most valuable findings retrieved from the data were that (1) customer satisfaction is considerably highest in the segment consisting on most valuable customers, and that (2) no particular part of the customer support processes and services were criticized to the extent that it could be identified as alarming. In conclusion, secondary data gave little direct insight to what could have caused the drop in loyalty rate.

In addition to studying the secondary data, interviews were conducted within TDC. A total of 11 TDC employees from the sales department, customer support, delivery, product, marketing, billing and online services were interviewed. The purpose of the internal interviews was to not only to gain information on TDC's processes and strategy but also to gain understanding on how customer relationship management was perceived and experienced.

The internal conversations with TDC employees indirectly revealed the in-depth analyses needed. Instead of approaching the drop in the customer loyalty rate by assuming that something had been done wrong, the issue was now visible in a different

light. It would seem that after an intensive phase of sales negotiation and delivery, TDC does not have a strategy for continuous maintenance and development of the customer relationship. The focus on developing reactive processes shows in high rates of customer satisfaction, but the lack in proactive care results in the decrease in customer loyalty. One of TDC's employees admitted that, in his opinion, only the largest customers are contacted by TDC regularly during the static phases of the relationship.

The internal interviews at TDC were helpful in defining the research objective. In conclusion, the objective was set to be a creation of customer communication strategy. The aim of the strategy is to maintain and develop TDC's customer relationships. It was decided that the primary empirical study would investigate perceived communication between TDC and its customers that aims to strengthen the relationship, and how these communication practices could be developed further.

3.2.2. Primary data collection and analysis

The primary data for the study was collected through customer interviews. Suggestions on possible candidates for an interview were retrieved foremost from TDC's customer database and also by discussing with key account managers.

All interviewees needed to have been TDC's customers for a while already – preferably 2-4 years. The time-restricted focus was chosen for two reasons. The drop in the customer loyalty rates shown in the EPSI results is located to exist in 2-4 years and therefore the sample represents this stage. The selection criteria for the interviewees also included company size, past relationship activities, product portfolio, and the level of customer satisfaction. The final decision was to determine who would be interviewed from the company. The person to be interviewed was chosen to be the decision-maker of the organization in terms of IT solutions. Therefore the final interviewees consisted of eleven IT managers and one CEO.

All interviewees were reached via the phone, where the purpose of the interview was stated and the interview was scheduled. Altogether 13 interviews were scheduled to take place.

Table 1 describes the background data of the interviewees. It, for example, identifies whether the customer in question has purchased a service called Customer Relationship Manager (CRM) - an employee from TDC's customer support, who is responsible for the maintenance and development of an individual customer relationship. Customers that have purchased CRM service are offered to many communication activities that the others do not have, such as monthly meetings, information exchange on several organizational levels, a dedicated technical support person, and monthly reports on technical details. Overall, CRM customers have been found to have a higher level of customer satisfaction in comparison to others and, therefore, their feedback and comments come from different experiences.

The table also indicates, whether the customers have data and/or mobile products from TDC. This information is important, as TDC recognizes itself being a strong supplier of data products, but the mobile part of their services has proven to be more challenging. In fact, it has been noticed that a large portion of dissatisfaction from TDC's customers derives from technical issues, and the low quality reclamations regarding mobile services.

Table 1. Summary of interviewee characteristics

	Company	CRM	Relationship length	Data	Mob.
1.	AUT	x	2 yrs	x	
2.	SAM	x	3 yrs	x	
3.	XON		2 yrs	x	x
4.	TRA		2 yrs	x	x
5.	PRE		6 yrs	x	
6.	AVA		2 yrs	x	

7.	ORI		2 yrs	x	
8.	LOR		4 yrs	x	x
9.	BEG		2 yrs	x	x
10.	IPP		4 yrs	x	
11.	EMM		3 yrs	x	
12.	FIN		4 yrs	x	
13.	PUU		8 yrs	x	x

The interviews took place in the period of 23rd of August 2011 – 11th of October 2011. They were held face-to-face at the customer facilities. All the interviewees are discussed anonymously. Twelve of the interviews were taped, as one of the interviewees requested that the conversation would not be recorded. Based on the audio tapes and the notes from one of the interviews the conversations were written into a transcript.

Interview themes can be found from Appendix 2 and Appendix 3. It was expected, that there might be a great variety in the nature of the interviewees in terms of their natural capability to answer open-ended questions. Therefore, the themes were formed in a way that would enable maximum flexibility. For example, if an interviewee demonstrated a capability to talk freely and in a relevant matter about the theme in question, more specific questions were seldom needed. However, when some of the interviewees were reluctant to give in-depth answers and details, the more specific questions presented in the color gray in Appendix 3 proved to be a valuable way to ensure that sufficient information was gained.

The interviews were recorded and the written into transcripts within a week from the when interview took place. These transcripts were used as the basis for data analysis. The data analysis was conducted by placing findings under the discussed themes and by using colored labels to identify patterns and comments that were consistent with one another. Ultimately, the data was stripped from irrelevant comments or topics. After

this, general tracks of thoughts and comments were linked with one another. Comments and quotations that stood out as descriptive for particular findings were translated into English, but then left untouched. Finally, the main findings were possible to be identified under each theme. The section on findings was written directly based on these data analysis documents.

Prior to presenting the findings, it should be stated, that the group of interviewees does not represent average customers of TDC. As TDC employees suggested most of the interviewees, it is obvious that the final sample consists of individuals with a lot more active relationship with TDC than on average. Among the interviewees there are also a few customers who are known to have exceptional difficulties in their relationship with TDC. In these cases, the level of interaction is also higher than on average, since e.g. technical issues have required more attention than a normal maintenance processes would entail.

3.3. Trustworthiness

In order to ensure the trustworthiness of the study, the four tests defined by Yin (2003, p. 34) were conducted: (1) construct validity, (2) internal validity, (3) external validity and (4) reliability. The following procedures were taken by the author in order to ensure the findings to be as unbiased as possible. Even though Yin uses these in the context of case studies, it should be noted that the tests have been develop to be used in quantitative studies. It could be argued, that the tests cannot be used for qualitative studies. However, in the present thesis the tests were seen to provide a suitable framework with which the trustworthiness of the study could be evaluated.

The issue of construct validity addresses the issue of whether the chosen measures actually are relevant in order to gain valid information on the research problems in question. Construct validity was ascertained by conducting thorough background research before choosing the methodology. By confirming from multiple sources – such

as employees and company data – the relevant elements could be identified to appear continuously and to form a pattern. Also academic literature supported the observations and, consequently, confirmed the validity the research design. The data from the interviewees were carefully analyzed in the context of academic literature and the specified research questions. Therefore, construct validity was confirmed also outside the interviewers own knowledge and perception.

Internal validity is threatened, if the causal relation between two variables is modified consciously or unconsciously. This threat has been addressed by using multidimensional and versatile data analysis methods. The interviews were recorded and then written into a transcript before analyzing them further.

External validity is an especially important aspect to be addressed in a case study, as it refers to the possible generalization of the findings outside the actual study. It is acknowledged that the empirical findings are more concerned with the case company and are very much associated with the nature of relationship that TDC has with its customers – it would be unwise to generalize these relationships to be the reality in other cases, too, as all relationships are unique. That being said, the findings do show external validity in larger context, such as B2B relationships, customer-focused strategies and the relationship of maintenance and a customer.

Finally, the reliability of the study is confirmed if the study would – under the assumption that the same methods would be used – produce the same findings if conducted by someone else. In order to maintain reliability of the study, several people were included to oversee and comment on the process of data analysis. As the author of this thesis works in the marketing team of TDC, it was an existing threat that the analysis would be influenced by it. However, by having two people supervise the progress internally at TDC and one person outside the company as the thesis supervisor, it was easier to maintain objectivity. Secondly, in order to ensure that the interviewees would be as little affected by the intensity of a research situation as possible, the

interviews were conducted in an informal matter and without the presence of other TDC's employees.

4. FINDINGS AND DISCUSSION

The objective in this section is to introduce the main findings of the empirical research and, simultaneously, discuss them in the context of the theoretical framework on relationship communication. As the relationship communication framework has been created as a new concept, the main findings can either support or challenge it.

The findings and the discussion are placed under the themes that were identified already in the literature review and in the relationship communication framework: planned communication, interaction and value generation. However, the order in which the findings will be introduced is revised. The theoretical framework of relationship communication suggests that communication should always be designed with respect to customer value generation. Particularly, as Grönroos (2004) acknowledges, relationship-oriented strategies consume considerably more resources than the transactional approach. Creating and executing a relationship communication strategy should therefore be well justified.

Therefore, the first element discussed is the customer value generation (4.1.). Only after this, the findings related to planned communication activities (4.2) and the interaction between the case company and the interviewees (4.3) are explored. Finally, conclusions on the main findings are summarized to a form in which they can be further analyzed.

4.1. Value generation

One of the five themes that were discussed with the interviewees was designed to find out, what do B2B customers want, need and expect of their service provider. The objective is to identify specific attributes of a customer relationship that creates perceived value to the customers. The findings on the value specifically in planned communication and interaction are discussed further later on in chapter 4.2 and 4.3.

The first identified value-generating attribute is the product pricing. Monetary value was addressed by several of the interviewees specifically when they were asked to identify reasons for originally choosing TDC over its competitors. However, interestingly, it would seem that price can create tangible value to the customer at an early stage of the relationship, but the perceived value of saving money decreases as the relationship progresses. The interviewees found that non-tangible attributes are the ones differentiating a teleoperator from another and creating long-term value.

> *"The price was competitive, but that was not even the reason why we picked it. Our primary goal was to find a teleoperator that provides good service." (AUT)*

The second issue identified by the majority of the interviewees as a value-generating attribute is the company's ability to collaborate efficiently. According to the interviewees, the IT industry changes continuously and rapidly. This is challenging for the IT managers as well as their service provider: the systems and the solutions are continuously becoming more complex and expanding. This demands flexibility and smooth collaboration between the two businesses. The interviewees mentioned words such as *modern*, *flexible*, *quick*, *innovative*, and *skillful* while describing their ideal service provider.

The third issue recognized to be vital by the interviewees in order to create value to the customers is the ability to create solutions that would be particularly suitable for them. It was indicated by several of the interviewees, that whereas all teleoperators have the same technical capabilities, the customer experience varies. The interviewees found that a teleoperator who could adjust to their needs, created most extensive value.

According to the interviewees, this particular ability can only be accomplished by having the teleoperator representatives to be familiar with the customers' environment, business logic, wants and needs. Furthermore, in order to provide flexible service, it was found that the counterpart has to be familiar with the details of their products and the organization. These findings will be discussed further in the context of personal

connections (4.3.), as the discussion on the reasons enabling superior customer service quickly shifted to evaluations on personal characteristics and capabilities.

The fourth issue pointed out by the interviewees was the value of having access to people who personally have motivation and skills to solve their issues and address their concerns. Again, these expectations of the people with whom the interviewees' interact with are further discussed in the part on personal connections.

Finally, it was brought up in different forms by all interviewees that having a teleoperator, that shows sympathy to their concerns and understands their situation, creates value to the relationship.

> *"If there is this small technical problem, it means that 20 people in our office cannot work for hours. To a teleoperator that might be just another problem on a to-do list, but for us it means extensive financial losses in many different forms. A teleoperator who understands that situation and reacts immediately is what we need." (FIN)*

In conclusion, the interviews revealed five specific attributes that create value for the customer. Firstly, especially at the beginning of a customer relationship, price needs to be competitive. Secondly, the company needs to demonstrate efficient collaboration. Thirdly, a service provider needs to be capable to deliver flexible, personalized solutions. Fourthly, interviewees found value in working with motivated and skillful people. Finally, having an understanding and sympathetic approach to the customer relationship management was found to make a company stand out from competitors.

4.2. Planned communication

In this subchapter, the findings on planned relationship communication will be presented. Because relationship communications by definition should be perceived as

valuable, the findings will also show if and how the planned communications activities of TDC are perceived to create value to the customers.

The literature review suggests that planned communication often entails integrated marketing communication directed to targeted customers. The interview data regarding planned communication overlapped a great deal with the other themes as well. As Grönroos (2004) indicates in his relationship marketing model, planned communication has a function of triggering and enabling interaction. The relationship communication framework has a similar idea. The impact of planned communication on interaction was found to be one of the most important findings of the empirical study.

Before introducing the findings regarding planned communication in detail, a general observation should be made. Overall, it seems that TDC should invest in the creation and execution of planned relationship communication strategy. The interviews revealed that the planned communication activities that take place in current TDC customer relationships are not found to create value to the wanted extent. As indicated in the literature review, the value gained from planned communication can at minimum be receiving relevant information, but also it can trigger interaction which ultimately is the most valuable activity.

The vast majority of the interviewees were unanimous on two things while discussing TDC's communication activities.

Firstly, ten of the thirteen interviewees felt like TDC should be more proactive and systematic in their way of contacting and communicating to them. Already the secondary data had indicated that the customers might perceive the relationship to be too passive. The interviews conducted with TDC employees were found to indicate that when a customer relationship reaches stability, TDC does not have a consistent strategy to ensure that the needed attention to customers is given and that the communication channel is actively held open. Indeed, the findings of primary data suggest this to be true. Ten of the interviewees directly indicated that the relationship has suffered from

silence and lack of communication after the intensive phases of negotiation and delivery had been successfully finished.

Secondly, the communication was experienced to lack relevance. The findings suggest that the interviewees would like to receive more personalized messages from TDC. Nine of the customers indicated that they would find value in having planned communication for example in the form of regular face-to-face meetings. This, according to the interviewees, would be efficient way to create value in a relationship. Whereas received messages that are not specifically directed at them were found to be sometimes informative, the findings show that they do not create the same value as personalized messages do.

Next, the specific findings on TDC's planned communication activities will be discussed on two levels. First, interviewees' experiences of the impersonalized planned communication, e.g. mass messages, will be introduced. Secondly, more personalized forms of planned communication will be discussed, e.g. regular face-to-face meetings.

4.2.1. Impersonalized planned communication

As pointed out for example by Grönroos (2004) and McKenzie and Royne (2009), planned communication activities are confusingly close to the concept of integrated marketing communication. According to the authors, the difference between the two really exists in the fact that whereas integrated marketing communication is more concentrated on delivering a unified message, communication planning is more focused on messages being relevant for the receiver.

Indeed, when the interviewees were asked to identify the planned messages they receive from TDC, they mentioned different forms of marketing activities in particular, e.g. mass e-mails and customer magazine, but also informative letters, technical details, extranet messages and product-related marketing material.

All of the communication forms mentioned are impersonalized - hence mass marketing or automatic messages. These integrated marketing messages have been built to enhance TDC's image as a superior service provider. Therefore, TDC integrated marketing communication does aim to deliver a unified message. However, as a part of relationship communication strategy, integrated marketing communication should also aim to create value.

The findings show that impersonalized, planned messages can create value in terms of (1) consistency, (2) information, and (3) entertainment.

The importance of (1) consistency is identified indirectly by six of the interviewees. The findings suggest that even the existence of planned communication messages can impact the customer relationship positively. For example, even if monthly newsletter would not provide information or entertainment specifically targeting the recipient, he/she is still actively reminded of TDC's presence and its services and appreciates the active information flow.

> *"I do receive the TDC newsletter to my e-mail every once in a while. I don't always have time to read it, I mean, one receives so much e-mail all the time. But it's nice to receive it anyway, so that I can read it if I have time." (IPP)*

Obviously, the mere awareness of the relationship existence is not sufficient in the long run for maintaining a high value in a customer relationship – let alone can it develop relationship further. However, it appears to be a contributing factor. According to the interviewees, as long as the communication flow remains on a level that is not irritating, well-designed mass marketing messages are likely to be perceived more positively than silence.

The value in integrated mass communication activities can also be found in the (2) information value of the message. The findings show that if information of a message is relevant, it is likely to either trigger interaction or at least increase the customer interest and readiness for further communication.

"I did notice about the campaign for videoconference devices when the volcano went off, and traveling was not an option. I saw a mention in the newsletter, and then I read a few articles about them on your website as well, to see what TDC could offer as a solution." (FIN)

Finally, integrated marketing messages were found to have (3) entertaining value. Especially the customer magazine was perceived to be a communication activity that the customers enjoy reading, even though it is not targeted at anyone specifically. The findings show that the interviewees find especially cases and blogs discussing the company services, values and business in a casual, effortless way.

"New services and products, those I look through and consider if we could apply them to our business. I like reading reference cases, and reflect their solutions to ours." (SAM)

"I sometimes take the TDC magazine home and read it there, with time. It's really high quality and the cases are interesting." (AUT)

In conclusion, the empirical findings show that impersonalized relationship communication is most often actually integrated marketing communication. It was found to have a capability to prevent negative silence in a relationship. Furthermore, the findings suggest that the most widely appreciated impersonalized messages discuss current topics of interest or are entertaining. However, the findings show also that integrated marketing communication is not a sufficient in order to develop a customer relationship. The interviewees clearly indicate that it ultimately is personalized communication that makes a relationship valuable and triggers further interaction.

This is why integrated marketing communication strategy should be perceived only as minimum effort of relationship communication strategy. B2B customers expect more personal content than what impersonalized communication can provide. Therefore it can be concluded that the need for a concept of relationship communication exists.

4.2.2. Personalized planned communication

As Bianco (2004) indicates, planned relationship communication is simultaneously an opportunity and a necessity for a company in order to enhance and maintain their customer relationship on a wanted level. The empirical findings reveal how B2B customers indeed demand from their service provider in terms of communication.

For example Peppers and Rogers (2004) believe that in order for communication to be truly personalized, it has to be consistent with the existing customer relationship. In other words, messages should aim to respond to customer wants and needs, as well as to demonstrate the knowledge that has already been exchanged in the relationship. According to the interviewees, direct messages regarding the relationship itself are likely to not only catch the heir attention and be more memorable, but they also demonstrate TDC's commitment and relationship-specific knowledge.

According to the interviewees, TDC conducted personalized planned communication in two ways. Firstly, an external call center has been hired to keep contact with customers. Secondly, all customers have been assigned to an employee of TDC, who is responsible for their relationship management.

Let us first discuss the planned communication conducted by the external call center. The callers introduce themselves as TDC representatives and, based on the existing information in the CRM system, initiate a conversation that they find might be relevant for the customer. Most often the topic is about a campaign or collecting feedback.

The findings regarding phone calls received from the call center suggest two things.

Firstly, the findings show that the most valuable customers expect communication to demonstrate high level of customer-specific knowledge. However, smaller customers found value only in simply being contacted and they did not even expect a high level of knowledge. For example Interviewee IPP has a simple product portfolio and he does not

expect high level of customer-specific commitment from TDC. Therefore his experience of the external call center is very positive:

> *"I remember I once just received a phone call form TDC, asking how are we and if everything has been working as it should. That was pretty impressive, no other operator has cared enough to do that." (IPP)*

Secondly, the findings show that the perceived low quality of communication usually derives from the problems in the CRM system. Outdated and insufficient information does not only make it impossible to create relevant and personalized messages, but also demonstrates a lack of knowledge management. As external call center does not have any tacit knowledge on the customer-specific relationships, the callers are dependent on the information retrieved from the system. This incapability of communicating in accordance to the existing customer relationship appeared to often lead the interviewees to become reluctant to work with other people than their primary contact person, or to question TDC's ability to manage customer-specific information. For example Interviewee AVA had found this when someone other than his personal contact at TDC irregularly contacted him:

> *"Somebody called me about a campaign, and all I could say was 'We have that product already'. It was an external call center, I think." (AVA)*

In some cases the tacit knowledge translates into a good relationship management. This is for example the case with Interviewee IXO, since he has become a personal friend with his relationship manager. However, the quality of communication should not be dependant on individual people's knowledge but rather in the utilization of the CRM system. In these cases, the lack of information becomes evident to the customer when they are contacted by someone other than their KAM.

> *"I have received calls about a campaign on products that we already have. Why was it not KAM calling, it is his job!" (IXO)*

In conclusion, it could bee stated that communication from the external call center is seen only superficially personalized by the interviewees. Call center is dependent on the information in the CRM system, and the interviewees indicated that the call center often demonstrates low level or even absence of customer-specific knowledge. Therefore, the findings show that external call center have an ability to create value only in two cases: (1) if they demonstrate a high level of customer-specific knowledge, or (2) if the customer has less expectations in terms of demonstrating customer-specific knowledge.

In addition to the call center, the primary contact person at TDC is responsible for communicating with the customer. Every customer relationship has been assigned to a key account manager (KAM) who is responsible for the relationship development. Two of the interviewees were key customers, which means that instead of KAM they are assigned to customer relationship manager (CRM), with whom the relationship gets intensive attention and superior service.

According to the interviewees, personal e-mails or phone calls from the KAM or CRM are the most important communication activities. Having a contact person communicate to and with you regularly is likely to create most value to the relationship. However, only one respondent was satisfied with the level of communication with their KAM.

The empirical findings consistently show that the personalized planned communication from the KAM is generally seen to be insufficient in terms of quantity. Majority of the interviewees (eight out of eleven) indicated that their KAM is not demonstrating enough initiative in terms of communication in response to their expectations. Even though in many cases KAM was perceived to have sufficient level of knowledge about the relationship, the interviewees criticized them for having a lack of initiative regarding personalized planned communication:

> *"These days, we only hear from TDC when there is a problem. General care for the relationship is at minimum." (FIN)*

> *"TDC has contacted us as a customer very poorly, maybe we are a too irrelevant for them. Communication is close to zero. If we are not initiative ourselves, then nothing happens."* (HAR)

> *"Regardless of the situation with technical details, we should be more actively contacted by our KAM."* (AVA)

Only three of the eleven interviewees with KAM were not dissatisfied with the activity level of the relationship in terms of planned communication. Of these three, Interviewee XON is a personal friend of his KAM and in a continuous dialogue with him. Interviewee PRE recognized a conscious effort of his KAM contacting him regularly, as at the time of interview they were negotiating about the possibility of expanding their product portfolio. Interviewee IPP was simply satisfied with the current level of communication, even though he also recognized the relationship being relatively silent. He was satisfied with the phone calls received from the external call center and found them to be active enough to respond to his needs.

Message relevance should be the primary concern in personalized planned communication. As for example Grönroos (2004) suggests, it creates most value to the customer. In the case of TDC, this would mean that when a customer is being contacted by their KAM or CRM, they would initiate a conversation on a topic that is found to be particularly relevant for the recipient. This is consistent with the empirical findings. Several of the interviewees indicated that TDC should aim to know what kind of services, products and solutions to offer to each customer. The interviewees felt like in order to be offered the best solutions they should be something that would be relevant to them and that could possible trigger further interaction and relationship development.

However, the empirical findings suggest that customers do not perceive a problem to exist in having to receive irrelevant messages. Instead, customer with KAM found that the problem exists in the lack of consistent initiative of communication altogether. As indicated before, the customer experience appears to be in the quantity rather than quality of the messages. This demand for personalized messages introducing relevant

solutions was a shared interest with all the interviewees, for example Interviewee FIN and Interviewee LEM:

> *"I would be happy to hear from TDC about possible directions where the development could go. I sometimes read about new products from the newsletter, but that is it. There is no active selling on your side." (FIN)*
>
> *"We would have a will to make more innovative things. For example, we have talked about (...). But we haven't gotten around to speaking about it with our KAM yet. That has to be the first thing before even considering getting it." (LEM)*

Furthermore, the findings show that the customers are expecting face-to-face meetings being a part of planned relationship communication strategy. In fact, the only customers who had regular meetings with their contact person were the two CRM customers. In contrast to this, each interviewee with KAM indicated a strong demand for regular meetings becoming a part of the relationship management protocol as it shows in the following quotations:

> *"There should be regular meetings every quarter. There we would just review availabilities, ideas, reports, data… I don't remember us ever having done this." (LEM)*
>
> *"Twice a year, it would be good sit down, and just talk about what's going on. That would be a chance to give feedback, talk about possible problems, ask questions… Just to check if everything is ok." (AVA)*
>
> *"We should have meetings twice a year, unless there is anything dramatic. Just to see how things are going. After all, this is quite a complex solution that we have." (BEG)*
>
> *"Even if there would be no changes or specific needs, I feel like we should have basic meetings regularly. We have had these only a few times, and we had to request them ourselves. I do feel like it should be more TDC's initiative." (FIN)*

"We should have meetings with our KAM. So we can all know, where the relationship is and where would we like to take it." (HAR)

In comparison, the customers with assigned CRM did not find problems with the quality and quantity of planned communication. According to them, they do not struggle with any the issues that were specifically addressed by the KAM interviewees, such as failed personalization, lack of initiative or need for regular meetings. This suggests that the way TDC communicates to its key customers can be qualified to be value creating.

To conclude the findings on personalized planned communication, it would seem that customers expect more than what is currently being done. Impersonalized planned communication did not awaken criticism, but in terms of personalized planned communication TDC is found to have problems both in the quantity and quality of messages. Generally, the customers would like to see more consistency, knowledge management and face-to-face meetings. The findings also show that these problems exist specifically with the KAM customers, indicating that relationship communication is more successful in CRM customer relationships.

4.3. Interaction

The third main theme under which the findings are presented is interaction. As it was indicated in the literature review, this is the most important element of the relationship communication framework. According to the theoretical framework, planned communication triggers interaction, which is what creates value to customers.

The empirical data gained on interaction were understandably complex, as each customer relationship is unique. However, a framework introduced by Duncan and Moriarty (1998) can be used to identify patterns in the findings. The authors identify three important benefits of interactive B2B relationship: (1) knowledge exchange, (2) personal relationships, and (3) collaboration. All of these three outcomes can be

identified in the empirical data, brought up by the interviewees either directly or indirectly.

Nevertheless, it should be pointed out that of the three outcomes particularly knowledge exchange and personal bonds are very much intertwined. Both of these support each other and one does not really exist without the other.

4.3.1. Knowledge exchange

The empirical findings suggest that learning how to function efficiently in the relationship is one of the most valuable things in a business relationship for a customer. This relationship transparency, also known as tacit knowledge, takes place when companies learn from of one another through interaction. Several of the interviewees brought up that one of the major benefits of a good customer relationship is that, through experience and tacit knowledge, you become familiar with each others' processes and way of doing business.

According to the interviewees, gaining tacit knowledge on each other can make the relationship more flexible, efficient, effective, and – consequently – more valuable. For example Interviewee FIN and Interviewee IXO describe their learning curve with TDC in following way:

> *"We had a long history with our previous operator, so we had learned to know each other and were in a situation where certain processes were flexible to us in a critical situation. (…) After having been with TDC for a while, we learned that the best way to speed up the process is to request the technical person fixing the problem to call us directly. Stuff like that." (FIN)*
> *"TDC has learned our solution by now, even though it is complicated. We have been practicing for a few years now, so we don't have to explain them anymore to anyone really. It makes everything easier." (IXO)*

The benefits of knowledge sharing are multidimensional. Obviously, TDC can then save the information to the CRM system and use it in the future planned communication activities. This ensures the continuous relationship development. Moreover, the empirical findings show that customers appreciate demonstrating interest, knowledge and sympathy to their business. The following quotations show how this can create a valuable competitive advantage as a service provider:

> *"If I at least feel like teleoperator is interested in what our business does. That makes a difference." (IPP)*
> *"TDC understands out business continuously better. They already had a good general understanding when we started out, but of course it develops along with the relationship. They understand what functions are most critical to us." (SAM)*

The negative experiences on knowledge sharing were directly linked to the general inactiveness of communication. The customers who had indicated dissatisfaction in terms of planned communication activities from their KAM were the same ones who felt like TDC does not have sufficient understanding of their business. This finding supports the relationship communication framework: insufficient planned communication does not trigger interaction, which is the environment for knowledge sharing. For example Interviewee HAR found this to prevent further relationship development:

> *"Our business changes all the time, and some things are less critical than before, but then others have become vital. I don't think TDC is aware of these changes… How could they, when we do not really talk." (HAR)*

In conclusion, the empirical findings regarding knowledge exchange support the relationship communication framework. Indeed, it appears that knowledge sharing exists in all interactive relationships, and that this creates value to the customer. The benefits of knowledge sharing are perceived in the relationship becoming more efficient, flexible and familiar over time. Also, a company can gain competitive

advantage simply by demonstrating willingness to learn about their customer. The shared knowledge is a basis for any relationship development, as it increases customer understanding and therefore has a capability to shape any future planned communication and interaction.

4.3.2. Personal relationships

As Gremler *et al.* (2001) point, out, phrases such as "we clicked" or "I connected with him/her" are signs of personal connection between two individuals. The empirical findings show that "personal chemistry" and good personal relationships were found to be one of the most – if not the most - valuable attributes of a good B2B relationship. To a large extent, all the interviews became very focused on the personal connections. The findings show that the existence of personal bonds is strongly in correlation with the customer satisfaction and perceived value.

Empirical findings show that there are many benefits in having personal bonds between TDC and the customer. Getting to know one another personally was seen to increase the trust in the business relationship, which for example Bullen, LeFave and Selig. (2010) and Peppers and Rogers (2004) define to be the underlining element of the six relationship building blocks. Personal connections were also seen to influence also the other relationship building blocks, i.e. by making interaction more fluent, by increasing the balance between the parties, and by enabling collaborative, mutually valuable ideas. The interviewees described the positive experiences of personal connections in a following way:

> *"I have continuous contact with our KAM. We talk all the time. That is the reason why we are satisfied as a customer. As a person, I am straightforward, and our KAM is similar: we talk, we agree on something, and we do what we agreed on, that's it. I like it." (IXO)*

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> *"We had CEOs, IT managers, and other managers communicating and meeting. There was conversation on several levels of both organizations. Those were the best years in our relationship."* (HAR)
>
> *"I used to go play golf with the previous CEO every once in a while. I liked it - he did become a personal connection. It was mostly informal, maybe a little bit of business, but not too much."* (AUT)

Generally, the empirical findings suggest that personal connections create primarily two types of benefits.

Firstly, personal relationships seem to create loyalty between the two people and, consequently, companies. The interviewees were willing to promote their counter-parts good qualities and accomplishments. Moreover, the interviewees also have a tendency to support and defend the people with whom they have developed a personal bond. It could therefore be states that having a personal bond to the other party translates into increased understanding and sympathy.

Secondly, there were several indications of how personal bonds make interaction more relaxed and pleasant. The interviewees perceived that personal connections result in more efficient, relaxed, informal and enjoyable relationship. The findings show that in B2B relationships individual people prefer to work with people that they have already established familiarity with, as for example Interviewee HAR and Interviewee AUT point out:

> *"At the time, I knew the people in Helpdesk, and we were talking to one person to another, and this is when things worked well. They also learned to know the environment in which we work in."* (HAR)
>
> *"If TDC employees would know our employees, and vice versa… Then, whoever picks up the phone, but you would know his/her name. It would already be more personal. And it would bring consistency to the relationship."* (AUT)

Ultimately, the empirical findings indicate that relationship interaction should take place among individuals who have personal connections, as it creates significant value to the customer. Furthermore, the empirical findings suggest that when customers feel like they have personal bond either with their KAM, CRM or some other TDC employee, they are likely to be satisfied with the customer relationship in general. This would suggest that in order to have loyal and satisfied customers, TDC should support the development of personal connections between individuals.

The undeniable importance of personal connections can, however, also make the relationship management more difficult. The findings clearly reveal that in the case of TDC the close personal relationships can be as much as an advantage as a disadvantage. Several interviewees referred to experiences of the customer-specific knowledge becoming too centralized. As the following quotations demonstrate, this can then lead to excessive dependence on specific individuals:

> *"I have heard of situation in which the personal connections - which are so valuable to us – have turned into a disadvantage. The knowledge on the customer has been too centralized within the customer support, and when this one person is sick or out of office, then suddenly the high quality of customer support dropped dramatically." (PRE)*
>
> *"If it weren't for him, I wouldn't know who to call. I don't really know anyone else there. How would things work? How would it change our relationship? That's a good question!" (IXO)*
>
> *"Selfishly thinking, I would never like to change our CRM. She has been with for a long time, and knows our people… I mean… Everything ultimately comes down to people communicating to one another." (SAM)*

In conclusion, it could be stated that personal connections between the organizations are an essential part of good customer relationships. Interacting with a person with whom a customer has a personal connection to contributes into the relationship building blocks, including trust. The customers who were able to identify a trustworthy and familiar

person at TDC were not only satisfied with their customer relationship but also felt loyalty towards it. Therefore it could be stated that a successful relationship development benefits – and even is dependant on – the personal chemistry and connection between the individuals.

However, paradoxically, the relationship should not be entirely built upon personal relationships. If the trust and loyalty are directed towards an individual person rather than a company, the entire B2B relationship becomes dependant on singular people and their personal chemistry. If the personal bonds are concentrated in only a few individuals, the value of the relationship is very sensitive for any changes.

4.3.3. Collaboration

The third benefit that can be gained in interaction – in addition to knowledge exchange and the personal bonds – is new collaboration. This benefit is possibly the trickiest of all three to separate from the others, as "relationship" by definition is two-way communication and activities, hence, collaboration. However, as the objective of this thesis is to investigate B2B relationship development, "new collaboration" is identified to comprehend activities that the customers would perceive to be potential, new directions of the relationship, if given favorable circumstances and interaction.

The empirical findings indicate that customers are always curious to discuss ideas of finding collaboration, which would allow them to co-create something with TDC. Regardless of the current level of collaboration, all the interviewees indicated their interest in investigating the possibilities of expanding it. The interviewees, for example, found that communicating on a high management level, co-creating products, becoming a pilot for new products, or engaging into collaboration with the subcontractors would be valuable for them.

Based on the empirical findings, the most obvious way of findings new collaboration for the relationship is to find innovative, customer-specific solutions. The interviewees

indicate that new collaboration is a natural part of relationship development, if the relationship is interactive and two-way communication is encouraged. For example Interviewee TRA and Interviewee IXO recognize the value in finding new solutions:

> *"I think it would be true partnership, if the salesperson would know us well enough to say 'Hey, have you thought about this…' or 'Have you known that you could do this and that…'" (TRA)*
>
> *"Our KAM knows how we work. He is a good person to have, because he knows what to suggest to us, and what we would be relevant and interesting to us. Our needs may change rapidly, but he knows." (IXO)*

It could be stated, that new collaboration demands the relationship also to entail knowledge sharing and personal connections. Without understanding the customer wants and needs, the service provider is unlikely to find new collaboration that would create them enough value to encourage further commitment and investments. Furthermore, if there is no trust and understanding on a personal level of the individuals, new collaboration is more likely to appear risky and less attractive. However, the empirical findings indicate that knowledge sharing and personal connections become to exist by default over time, if the relationship is interactive. Therefore, new collaboration can and should be encouraged in any interactive relationship.

According to the interviewees, expanding collaboration has the capability of replacing traditional selling activities. The interviewees argue that when interaction takes place (1) among individuals who have established personal connection, and (2) when the service provider demonstrates customer-specific knowledge, traditional selling becomes insufficient way of communication in comparison to co-creating solutions and ideas with customers.

In conclusion, it could be stated that new collaboration should be sought for in any interactive relationship. When a service provider focuses more on relationship

development rather than selling, customers find high value in the collaboration. Co-creating personalized solutions demands high level of commitment but also great benefits for both of the parties.

5. CONCLUSION

The main objective of this section is to summarize the present thesis. The research summary (5.1) addresses each of the three research questions with the main findings. Secondly, the theoretical implications (5.2) are discussed and the revised theoretical framework is introduced. After this, the findings of this thesis are positioned in the discipline of international business communication (5.3) and to the context of the case company TDC in the form of managerial implications (5.4). Finally, research limitations (5.5) and suggestions for further research (5.6) are addressed.

5.1. Research summary

The objective of this thesis was to provide a theoretical framework on which a communication strategy could be created at TDC. The study was motivated by the challenges that TDC was facing in terms of its customer relationship management. Regardless of TDC's customer-centric mindset, customer loyalty rates have shown to be at a low level. It would seem that customers perceive TDC being too passive and distant in order for them to feel high level of loyalty.

In order to reach the research objective, more specific aims were identified. Firstly, it was recognized that the need for a communication strategy should be justified. Therefore this thesis aims to investigate if it is indeed possible to increase customer loyalty through a communication strategy, as assumed. Furthermore, the thesis is set to examine how this communication strategy should be created. The second aim is therefore to identify how different communication elements contribute into loyalty in a B2B relationship.

These issues were investigated both through literature review and qualitative research methods.

The literature review provided insight on B2B relationships and relationship development in order to gain understanding on how relationships can be managed and developed. After this the focus shifted on the theory of relationship marketing. Even though relationship marketing is not directly suitable for a communication strategy, it does provide valuable theory from which the theoretical framework could be developed. The three main elements of relationship marketing – value creation, planned communication, and interaction – are the elements that customer-centric communication strategy also entails.

The empirical study consisted of 13 theme interviews with TDC's customers. The interview themes were relationship background, relationship development, planned communication, interaction and value creation. The purpose of the empirical study is not only to explore the usability of the theoretical framework but also to specify them in the context of the case company.

The main findings of the study are presented below and have been categorized under the three research questions.

1. What is the role of communication in B2B relationships?

As demonstrated in the literature review, scholars unanimously accept communication to be a vital part of any relationship. For example Duncan and Moriarty (1998) believe that the communicated messages are the building blocks of relationship. Indeed, in addition to communication being part of a static relationship, it is also identified to be the core of relationship development.

The empirical findings provide straightforward support to previous studies. It was found that the quality and quantity of communication influences directly the customer experience. In fact, the customers who found their relationship with case company to be valuable and successful were the ones who are communicated to and with regularly. In contrast to this, the customers who perceived the relationship being disconnected and less valuable were the companies with whom effort were not made in terms of

communication. According to the empirical findings, communication efforts demonstrate commitment, caring and professionalism to the customers.

The literature review discusses the "six building blocks" of relationship, identified for example by Bullen, LeFave and Selig (2010) and Peppers and Rogers (2004). These six buildings block are symmetry, fairness, dependence, satisfaction, commitment and trust. Based on the academic literature, it can be stated that communication is not only play an important role in these relationship elements, but it actually is the core of them. Therefore, a systematic relationship development should reflect a systematic coordination of communication.

However, the literature review revealed an evident research gap in the current academic literature. It was discovered, that even though academic literature recognizes customer-specific communication to be a crucial part of relationship development, no concept or theory has been introduced for implementing it in a form of a strategy.

Therefore, a concept of *relationship communication* is introduced, with an according theoretical framework. The concept as well as the theoretical framework are adapted and created based on academic literature addressing relationship marketing, relationship development or communication strategies.

> Relationship communication = *Communication activities that aim to create, maintain and enhance interactive relationships and create value to customers.*

In conclusion, both the conceptual and the empirical findings indicate that communication is a crucial element of relationships, particularly B2B relationships. This is in consequence of B2B relationships being more complex and critical than a customer relationship with a consumer. Indeed, the empirical findings indicate that neglecting customer-specific communication in a B2B relationship is likely to result in losing the six relationship building blocks. Therefore it could be assumed that a

relationship-focused communication strategy could have a significant impact on customer loyalty and satisfaction.

2. What type of communication activities need to be designed to enable value creation in a B2B customer relationship?

The findings show that in order to develop a customer relationship, communication has to take place in the form of two activities: planned communication and interaction. It would be justified to say that planned communication does not create remarkable value in a B2B relationship in itself. It is interaction that has the capability to create value to customers and develop the relationship. However, planned communication is often needed to trigger interaction and therefore it is also an important part of relationship communication.

The findings show that two issues need to be addressed in order to develop a good relationship planned communication strategy: communication quantity and quality.

Firstly, the quantity of planned communication needs to be sufficient. The findings show that by contacting customers regularly and consistently, the perceived relationship value is increased. The customers perceive passive attitude in planned communication to be a sign of lack of interest and commitment. The empirical findings show that particularly having regular face-to-face meetings is found to create extensive value for the customers, as it demonstrates most committed form of relationship management.

Secondly, the quality of planned communication has to respond to the complex expectations of B2B customers. As suggested in the literature review, planned communication is very close to integrated marketing communication: planned one-way communication from a service provider to the customer. What differentiates planned communication from marketing is prioritizing relevance over anything else. Even if more general messages can be informative, entertaining or interesting, it is relevance that is found to be valuable and is likely to trigger further interaction. Several authors,

including McKenzie and Royne (2009) and Peppers and Rogers (2004), believe that identifying different segments ensures that planned communication can be relevant.

Indeed, the empirical findings support the value-creating effect of message relevance in planned communication. However, customer expectations in B2B relationships are beyond segmenting: instead, planned messages have to demonstrate customer-specific knowledge in order to be optimally valuable. These types of expectations create inevitable challenges for the service provider. Having a regular and consistent, customer-specific planned communication strategy does not only demand time and resources, but it demands also investing into knowledge-management skills and tools. Nevertheless, a company must be willing to invest into them if it wishes to reach the full potential of the relationship value.

However, planned communication in itself is not what makes a relationship valuable. Even though it can demonstrate professionalism, consistency and knowledge-management capability, the most important element of relationship communication is interaction. The primary objective of planned communication is, in fact, triggering interaction. The value-creating ability of interaction will be discussed in detail in accordance to the research questions number three.

In conclusion, it can be stated that planned communication and interaction are the fundamental communicational activities of valuable B2B relationships. Whereas interaction has the capability of the two to develop a relationship further, planned communication often triggers interaction. Furthermore, it can also demonstrate professionalism and commitment to the customer. Relationship planned communication should be customer-specific, even though it demands knowledge-management skills and resources, as it is likely to be the most successful and beneficial form of planned communication.

3. How can interaction create perceived value to the customer and, consequently, enhance the customer relationship?

The findings of this thesis leave no place for interpretation with regards to what type of communication creates most value to B2B customers. As it was repeatedly emphasized in the literature review, the true value of a relationship is generated through interaction. Indeed, as Bullen, LeFave and Selig (2010, p. 155) and Grönroos (2004) state, relationship management is actually about coordinating interactions in a way that further creates trust, interdependence and mutual value.

The findings of this thesis consistently show that B2B customers are not only willing to engage into interaction, but also expect it from their service provider. Without interaction, further relationship development cannot take place, but the relationship remains static and is therefore likely to fade away.

In a B2B relationship, the beneficial outcomes of interaction can be divided into three. The findings show that these positive impacts are a natural consequence of interaction. Therefore any B2B relationship that facilitates interaction is likely to simultaneously develop their relationship further and continuously create more value to the customer.

Firstly, an interactive relationship enables knowledge exchange. When the communication is two-way, both companies learn of one another and gain tacit knowledge. Over time, knowledge creates familiarity, flexibility and efficiency between the two companies. Secondly, interactive relationships enhance personal connections between individual people. Personal connections were proven to strengthen the customer satisfaction on a very personal level and to enhance all important relationship building blocks. Finally, interactive relationship is needed in order for new collaboration to be developed. Not only is developing the relationship to new forms a natural part of interaction, but it also be sought for as it is the best way to enhance the customer relationship. In fact, once the interaction has reached a level of natural

conversation, looking for new opportunities to develop it further becomes less about selling and more about collaborating.

In conclusion, interaction creates value to the customer as it enables knowledge sharing, personal connections and new collaboration. These three outcomes contribute to all relationship building blocks, making the relationship stronger. Interaction is also a requirement to ensure that the relationship does not become static, which is always risky, but continues to develop.

5.2. Theoretical implications

Academic literature widely recognizes communication as an essential element of relationship development. For example the theory of marketing relationship (Grönroos, 2004) rightfully places communicational elements to the core of the relationship. However, literature review revealed that there has not yet introduced a concept or theory that would be suitable for strategic communication activities that have a specific purpose of enhancing the customer relationship.

For this reason, the concept of relationship communication is introduced in the Theoretical Framework (Chapter 2.4). Relationship communication was defined as follows:

> Relationship communication = *Communication activities that aim to create, maintain and enhance interactive relationships and create value to customers.*

The theoretical framework consisted of the three main elements of relationship communication: planned communication, interaction and value creation. The framework illustrates the assumed process of relationship development that is the product of relationship communication. Based on the empirical findings, however, some evaluation on the framework can be made.

Figure 7. Theoretical framework of relationship communication
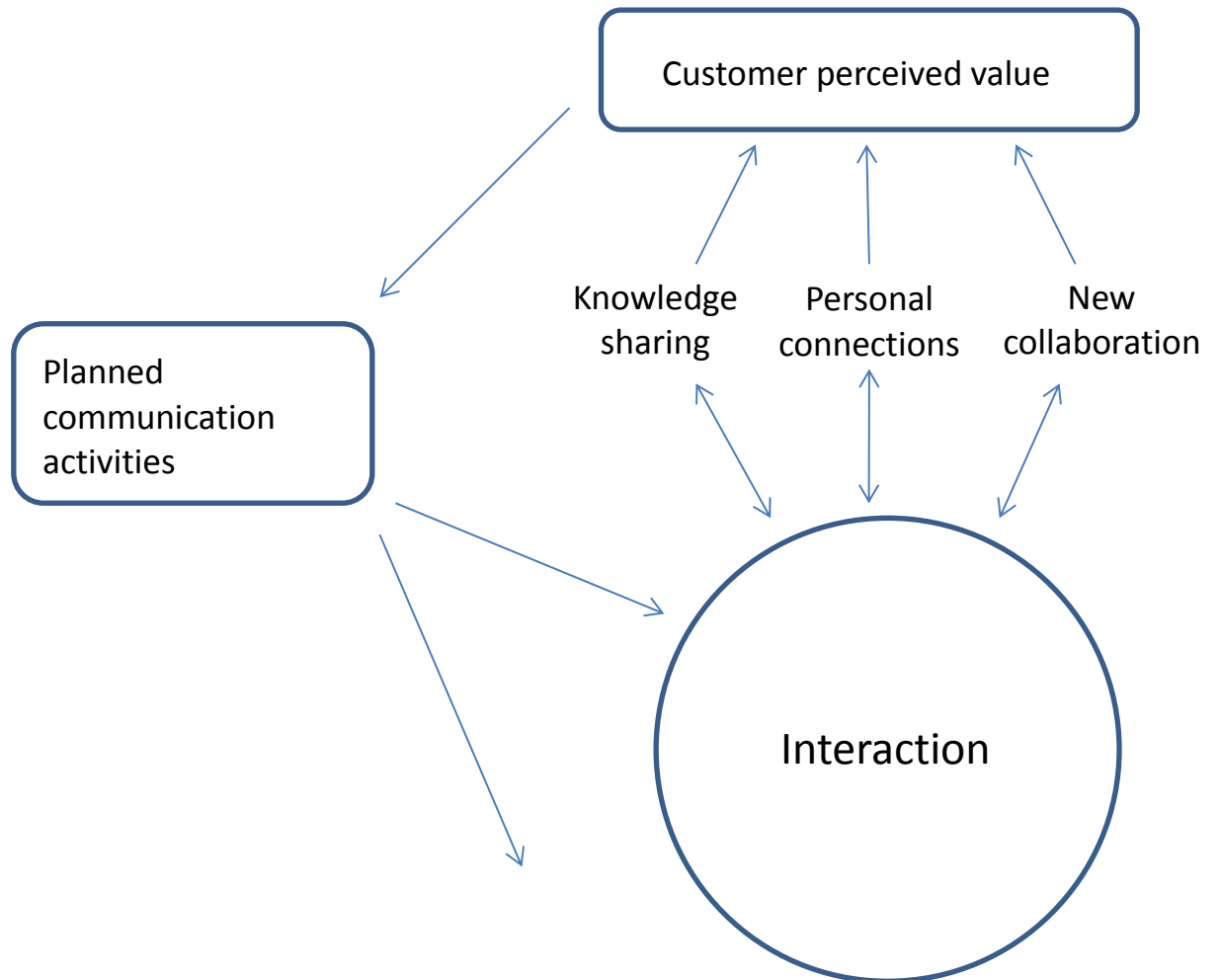

In terms of planned communication activities, it is found that they indeed have a capability to trigger interaction. However, the empirical findings give further precision on what type of planned communication messages are likely to lead into interaction. Whereas the conceptual findings very limited to discussing the message relevance, the empirical findings revealed that the most successful relationship communication has customer-specific planned communication activities. The findings show that personalized messages are most relevant form of planned communication, and therefore most likely to motivate the customer into interaction. Furthermore, the empirical

findings point out that even though not all planned communication activities trigger interaction, they still can create value by demonstrating commitment and knowledge-management skills.

Nevertheless, empirical findings confirm that interaction is indeed the most important relationship communication element. As the conceptual findings suggested, interaction is the basis for knowledge sharing, personal connections and new collaboration. These three outputs are a necessity in order for the relationship to become successful and for the relationship to continue its development. It can be said that when customers perceive value in the relationship, the relationship communication has reached its objective. However, the process continues, as future planned communication activities need to continue to ensure that communication continues to be sufficient both in terms of quantity and quality.

In the light of this discussion, the revised theoretical framework of relationship communication is presented in Figure 9. Theoretical framework was revised in two ways. Firstly, the framework now shows that even when planned communication messages do not trigger interaction, they can still create perceived value to customer. Even without interaction planned communication messages demonstrate professionalism and commitment to the relationship, which is appreciated by the customers. Secondly, planned messages that lead to interaction are identified to be "customer-specific messages". The messages that demonstrate knowledge-management skills are likely to be found most relevant by the interviewees and, therefore, are likely to trigger further interaction.

Figure 8. Revised theoretical framework of relationship communication
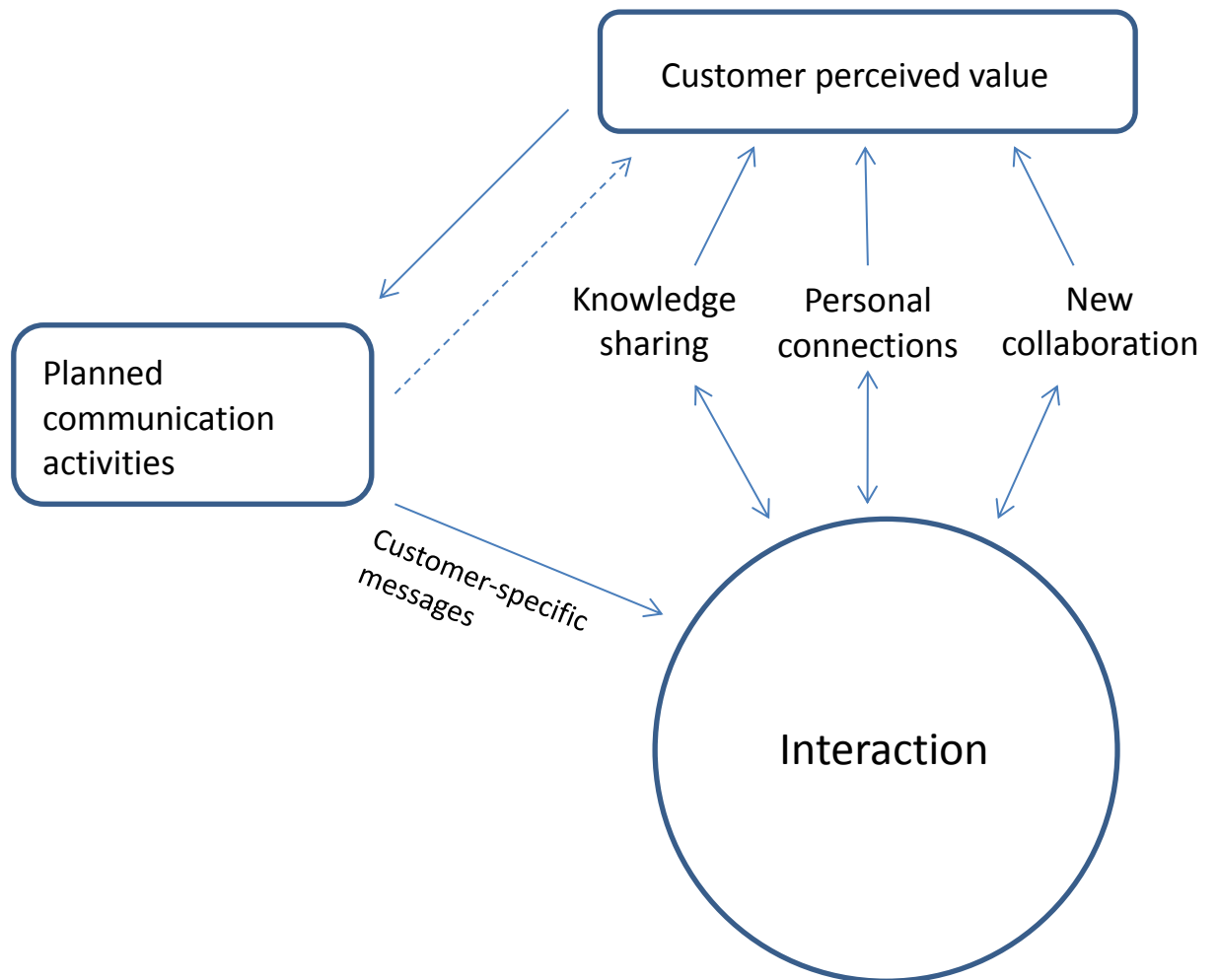
5.3. Positioning the study in the discipline of international business communication

The present thesis was conducted in the discipline of business communication, but it can be successfully implemented also to an international business environment as a communication research. As each relationship is unique, any relationship-focused theory or framework needs to be free of limitations. A relationship strategy should, in

simple words, function in a way that it can be applied to a B2B relationship regardless on the company's attributes such as culture, nationality, size, industry, etc.

The case company shows this true to be true. Even though TDC mostly holds domestic B2B relationships, a portion of its customer base is also located around Nordic countries. The theoretical framework and the concept of relationship communication are applicable to all these relationships as well. Similarly, they could be adapted to any other given environment. Naturally, the managerial implications are likely to vary, but the theoretical framework can remain unchanged. Personalized planned messages and interaction create value in a B2B relationship regardless of the business.

5.4. Managerial implications

Based on the findings of this thesis, practical suggestions were made to the case company TDC. The suggestions were delivered in the form of a separate report. In addition to analyzing in detail the possible reasons for the existing relationship management challenges, the report provides an in-depth discussion on the different customer experiences shared by the interviewees. The report concludes to suggest that TDC should create a relationship communication strategy in accordance to the introduced theoretical framework.

The empirical findings revealed valuable information on the customer experiences regarding relationship communication. Even though interaction is the communication form that enhances customer relationship the most important, the empirical findings indicate that TDC should focus on developing their relationship communication activities primarily in terms of planned communication.

According to the findings, the current planned communication of the case company is insufficient both in terms of quantity and quality. Especially larger customers without an assigned relationship manager feel that their expectations are not met in terms of the communication. These customers appear fall to a service gap that has gone undetected:

these customers are too invested and committed to be satisfied with impersonalized planned messages, but still not quite big enough that they would be given special attention to.

Having a large portion of important customers experience a lack of communication causes multidimensional effects that can be identified in the empirical findings. The empirical findings suggest that customers adjust their expectations in terms of communication effort based on the value of the relationship. Therefore, when the experiences cause the customers to lower their expectations, also the perceived value of the relationship decreases. In consequence, many customers feel less satisfaction, loyalty and commitment towards the relationship.

In terms of quantity, a majority of the interviewees found that they received value-creating planned messages from the case company rarely or almost never. As silence is perceived to demonstrate lack of commitment, effort and interest of the service provider, this often led into lack of customer loyalty and satisfaction. Also, the interviewees recognized that relationship has suffered, since planned communication has an important function of triggering interaction. The empirical findings showed that without sufficient quantity of planned communication, it is unlikely that interaction is on a sufficient level either.

Also the quality of planned communication was recognized to be lacking, too. As the priority of planned messages should be in relevance, CRM system plays an important role in communication planning, as it should provide all relevant information and knowledge on any customer. Even general messages can be relevant, if the recipients have been chosen based on variables such as company size, product portfolio and industry. Furthermore, the importance of a well-utilized CRM system is emphasized even more, when creating most valuable planned messages: customer-specific messages. Personalized message can have an extremely high value, when they demonstrate knowledge and understanding of that particular customer. However, the empirical findings showed that at times the case company's planned messages had

insufficient, outdated or wrong information. Inability to collect and utilize knowledge turns quickly into a disadvantage, as it causes the customers to receive irrelevant messages. It could be said that the CRM system is a great opportunity to increase the level of their message quality for the case company, but this demands an extensive change in the way information input is done in the company at the present moment.

Based on these observations on the empirical findings, the following suggestions were discussed in the context of the case company.

The first suggestion has to do with creating communication strategy. As relationship communication demands considerable resources, a company must clearly identify what objectives are realistic yet sufficient. It was suggested to the case company, that they should develop their segmentation model further. After this, standardized relationship communication strategy – for example in terms of message quantity and communication channel - could be introduced to each customer segment.

Secondly, it was suggested that the case company develops its CRM system in order to provide the superior customer service it aims to have. Currently, people responsible for relationship management find the system to be confusing and time-consuming. In consequence of this, CRM system has not become a natural way to manage the relationship and therefore it continuously becomes less and less useful as the existing information becomes more and more outdated. Therefore, the second suggestion is to develop the CRM system to become a standard tool for everyday relationship management. The objective would be to have knowledge on the customers would be managed in an appropriate manner. Availability on customer-specific knowledge is the only way to ensure that relevant messages can be created.

Finally, it is suggested that key account managers and other people responsible for relationship management would be provided with relationship communication objectives. Assuming that investments have been weighted with potential results within each customer segment and the necessary information on the customers can be found

from the CRM system, relationship management should be understood as a systematic relationship communication plan. Each relationship should be managed in a way that the customer received relevant messages consistently and frequently, interaction is continuously encouraged and the relationship is not left passive.

In conclusion, the suggestions given to TDC based on the findings of this thesis were:

(1) TDC should segment its customers based on their potential to optimize the needed resources for relationship development
(2) TDC should enforce CRM usage as the primary tool for customer-specific knowledge management
(3) TDC should set customer-specific relationship management objectives in the form of systematic relationship communication strategy

5.5. Limitations of the study

When evaluating and further using the findings of the present thesis, it should be acknowledged that the study has been influenced by several limitations and challenges. The limitations are roughly identified to exist in three ways.

Firstly, conflicting interests were a challenge for the author of this thesis. Primarily, this thesis was written at the Department of Communication of the Aalto University School of Business. Therefore, the most valuable output of the present thesis was found to be in the communication-related theory and findings. Particularly the theoretical framework of relationship communication was found to be a valuable finding. However, the interest of the case company was foremost in the practical suggestions on their relationship management. These conflicting interests made it difficult to have a clear focus. Therefore, the author made a decision to write a separate report for the case company in addition to this actual thesis. This other report focused more generally on relationship management and was more practical by nature. This proved to be the right decision, as it enabled the present thesis to focus more also on the conceptual findings.

The second limitation existed in use of existing academic literature. The vast majority of the used references used in this thesis are derived from marketing communication literature. Finding purely communication-related literature on relationship development turned out to be an unexpected challenge. It is this limitation that created the need for the creation of the concept of relationship communication and, therefore, it could be said that this matter is a research gap rather than a limitation. However, literature that would have been more focused on the field of communication would have made the background research less complex and more concrete.

Finally, drawing conclusions and detecting patterns from the empirical findings should be approached with caution. After all, each customer relationship is unique. Many variables influence the entire customer experience and, for example, the perception of the sufficiency of the intensity on the planned communication activities is always subjective. However, this can also be considered to be a challenge in a qualitative, in-depth study.

5.6. Suggestions for further research

It has already been indicated several times, the conceptual study of the present revealed a distinctive research gap. Even though the connection between communication and relationship development clearly exists, there is a lack of research on the topic. Therefore, further research should be conducted on this.

The following suggestions demonstrate the many questions regarding relationship communication that could be researched.

Firstly, the importance of consistent planned communication in terms of relationship development should be researched further. The literature review does address the issue only indirectly for example by referring to Bullen, LeFave and Selig (2010), who argue that collaboration cannot exist without communication. It was also assumed in the present thesis that planned communication would automatically trigger more interaction

and, consequently, make the relationship be more valuable. However, this is all hypothetical. It would be interesting to study how a consistent planned communication strategy actually changes a B2B relationship.

Furthermore, another interesting topic to be researched is the process of having positive outcomes derive from interactive relationship. Currently, academic literature has researched widely the relationship-enhancing benefits of interaction. However, only little research has been done to find out what is required in order for these outcomes to actually appear. For example, under what kinds of circumstances do face-to-face meetings trigger personal connections, or does this always happen automatically?

Finally, it would be necessary to further investigate the usage of the theoretical framework of relationship communication more. In order to increase its credibility, it should be applied to different companies and to different business environments.

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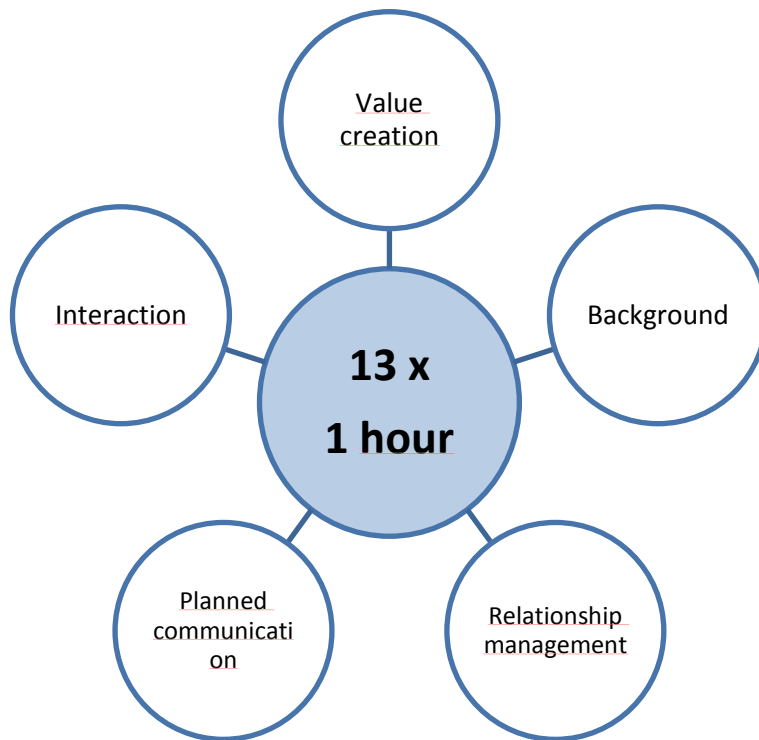
APPENDICES

Appendix 1: Funnel design, network design and mirrored design model

Source: Bullen, LeFave and Selig (2010, p. 160-163)
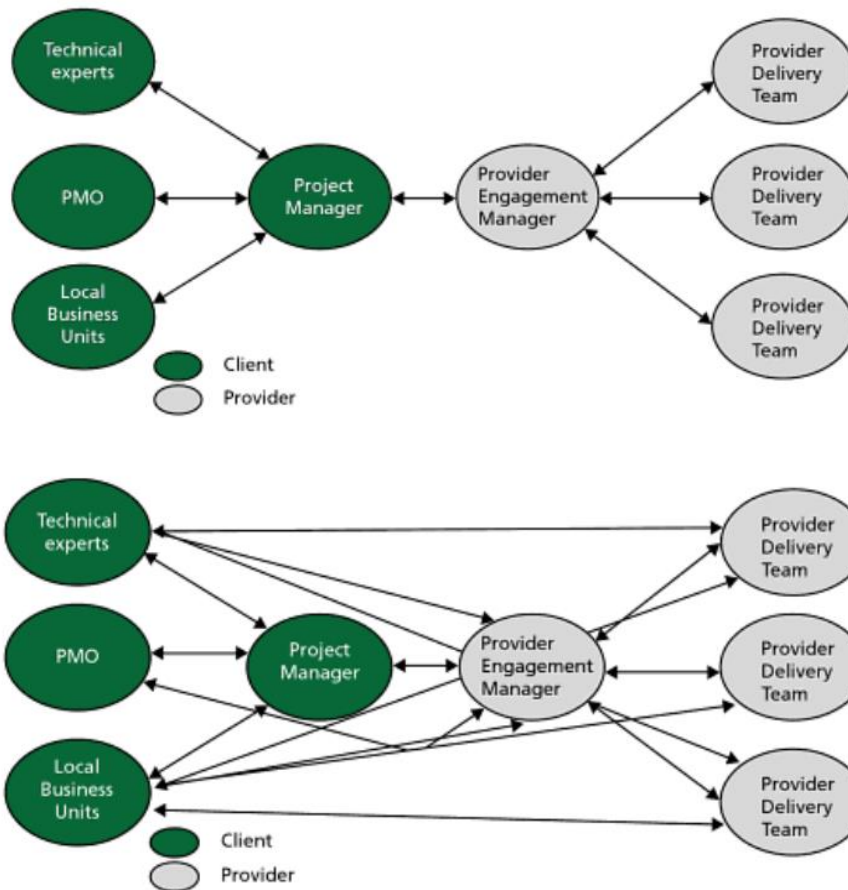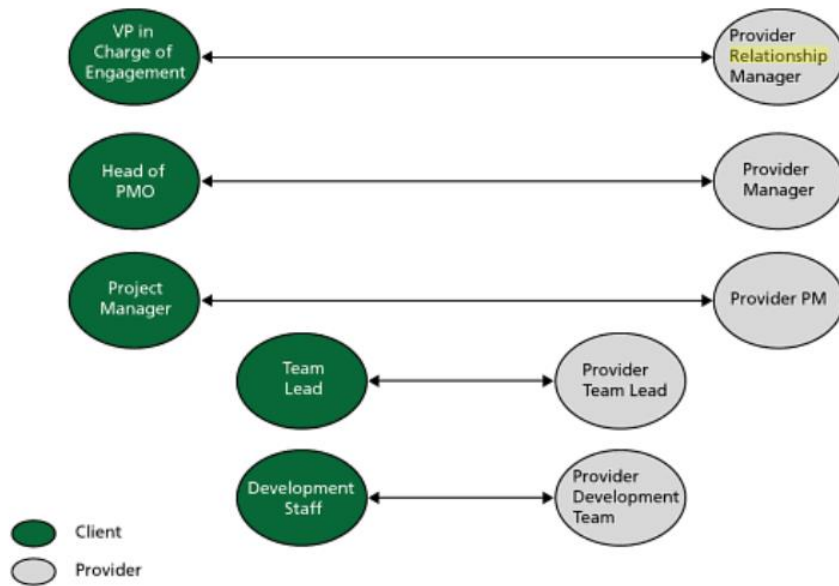
Appendix 2: Interview themes

Appendix 3: Interview questions (Original)

Tausta

- *Omin sanoin historia: koska alkanut ja minkälaisessa tilanteessa?*
- *Miten suhde ja teidän asiakastyytyväisyys on muuttunut vuosien varrella, ja miksi?*
- *Missä tilanteessa tällä hetkellä ollaan, ja miten tästä eteenpäin?*
- *Mikä on oma rooli tässä suhteessa?*
- *Minkälaisia kehityskeskusteluita teillä on ollut? Kenen kanssa, missä yhteydessä, miten niihin on tartuttu, mikä olisi oma mielenkiinto?*

Asiakassuhteen kehittäminen

- *Millainen olisi ihannesuhde TDC:n kanssa? Interaktiivisuus, innovatiivisuus, aloitteellisuus?*
- *Keiden ihmisten tai tahojen kanssa olet tekemisissä TDC:ltä? Kuinka usein, miten, milloin?*
- *Millaista yhteistyötä teette? Projekteja, tuotekehitystä, koulutusta..?*
- *Miten teillä nähdään TDC:n toiminta? Mitä on noussut esille eri vaiheissa?*

Viestintästrategia

- *Millä tavoin TDC viestii sinulle? Kanavat, intensiteetti, säännöllisyys?*
- *Millaiset yhteydenotot TDC:ltä herättävät välittömästi mielenkiintosi? Keneltä, mitä, kanava?*
- *Millaiset yhteydenotot TDC:ltä ovat turhia - suorastaan ärsyttäviä? Keneltä, mitä, kanava?*
- *Mikä olisi mielestänne paras tapa viestiä koulutuksista, uusista palveluista tai tuotteita? Kokemuksia, koska, kuinka usein, mitä kautta, keneltä?*
- *Minkälaisia kokemuksia ja mielipiteitä sinulla on seuraavista: uutiskirje, nettisivut, tapahtumat, koulutukset, extranetti, KAM?*

Vuorovaikutus

- *Miten vuorovaikutus vaikuttaa asiakassuhteeseen? Ongelmat, arki, neuvottelut, tyytyväisyys?*
- *Millaisa kokemuksia sinulla on TDC's kyvystä ymmärtää sinua ja yritystänne? Yritys, sitoutuminen, tiedonjako, hyöty?*
- *Millaiset ovat henkilökohtaiset kontaktisi TDC:llä? Ketkä, millaiset, miten syntyvät, hyöty?*
- *Millaista yhteistyötä haluaisitte tehdä TDC:n kanssa? Miksi, miten, hyöty?*

Merkitys

- *Minkälainen maine TDC:llä on alan keskuudessa? Verrattuna kilpailijoihin? Ennen ja nyt?*
- *Mikä on TDC:n vahvin kilpailuetu? Kokemuksia, palvelut, tuotteet, prosessit, ihmiset?*
- *Mitkä ovat TDC:n suurimmat heikkoudet? Kokemuksia, palvelut, tuotteet, prosessit, ihmiset?*

Appendix 4: Interview questions (English translation)

Background information

- *The history of the relationship: how and where did it start?*
- *How has the relationship changed over the years, and why?*
- *What is the current situation in the customer relationship, and where is it going?*
- *What part do you play in this customer relationship?*

Relationship management

- *What would be your ideal relationship with TDC? In terms of interactivity, innovativeness, intenseness..?*
- *Who are the people from TDC you most work with? How often, which ways, what situations?*
- *What is your collaboration with TDC like? Projects, product development, training...?*
- *How does your company perceive TDC as a service provider? What kind of issues have attracted attention?*

Planned communication

- *How does TDC communicate to you? Channels, frequency, intensity?*
- *What kind of messages catch your attention? From whom, about what, which channel?*
- *What kind of messages from TDC are not important – even irritating? From whom, about what, which channel?*
- *What would be an ideal communication strategy regarding trainings, new products and services? Experinces, frequency, channels, from whom?*
- *What kind of experiences you have of the following communication tools: newsletter, website, events, trainings, extranet, KAM?*

Interaction

- *How does interaction change the nature of a relationship? Problem solving, daily routines, negotiations, satisfaction, loyalty?*
- *What kind of personal connections do you have to TDC? Who, what kind, development, benefit?*
- *How would you evaluate TDC's knowledge on you and your company? Effort, knowledge sharing, benefits, eperiences?*
- *What kind of new collaboration would you be interested in doing with TDC? Why, what kind, benefit?*

Relationship value

- *In ICT industry, what are customer experience buzz on TDC in general? Reputation, image, development over time?*
- *What are TDC's competitive advantages to you? Experiences, services, products, processes, people?*

- *What are TDC's biggest challenges? Experiences, services, products, processes, people?*