

**PREPARING TO NEGOTIATE:
AN EXPLORATORY ANALYSIS OF THE ACTIVITIES
COMPRISING THE PRE-NEGOTIATION PROCESS
IN A BUYER-SELLER INTERACTION**

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A significant body of research has focused on the negotiation process, especially how skilled negotiators gain an advantage in the marketplace. However, the preoccupation with negotiation table exchanges has been at the expense of understanding what negotiators do prior to arriving at the table, which often determines what options they have while actively conversing. While previous research into negotiation antecedents has tended to focus on the demographic characteristics of the negotiator, the focus of this research is on defining the activities that negotiators often conduct in preparation of the negotiation encounter. Comprehending these activities should illuminate priorities, tendencies, and coveted behaviors/actions that people invest in prior to a negotiation encounter. The researchers identify and test a list of 34 pre-negotiation activities in a business negotiation situation, specifically in a buyer-seller encounter. Managerial implications and suggestions for future research are also discussed.

INTRODUCTION

Negotiation, defined as a process by which parties attempt to reach an accord that specifies how they will act toward one another (Sawyer and Guetzkow 1965), is a fundamental phenomenon in inter-firm exchange behavior in business markets. In fact, marketing theorist Wroe Alderson (1957, p. 113) referred to negotiation as the “crowning process of business effort.” Given its central role and pragmatic importance in the exchange process, it should come as no surprise that over the years a significant stream of research has focused on the negotiation process. Much of this research has attempted to identify why some negotiators tend to make better deals than others. In general, this research has tended to focus on either the actual negotiation interaction, that is what happens at the negotiation table, or negotiator antecedent variables, such as negotiator age (Rubin and Brown 1975), experience (Phelps and Shanteau 1978), education (Rubin and Brown 1975), gender

(Rolloff and Greenberg 1979), or national origin (Graham 1983).

While much has been learned from negotiation research, it has been suggested that what the negotiator does to prepare for the negotiation interaction may have a significant impact on their success, or failure, in the negotiation interaction (Rognes 1995). In fact, Lewicki, Saunders, and Milton (1997, p. 91) go so far as to suggest that, “other things being equal, the negotiator who plans better does better.” More recently, Peterson and Lucas (2001) proposed a conceptualization of the pre-negotiation process in the sales arena. According to their framework, shown in Table 1, the pre-negotiation process consists of four components or phases. Two of the phases, formulation and strategy development, are directly related to planning activities, the other two phases focus on collecting information that will facilitate the process (intelligence gathering) and practicing/rehearsing the application of the plan in advance of the negotiation encounter (preparation phase). Unfortunately, to this point no empirical research has explored any aspect of this pre-negotiation process.

The purpose of this study is to begin to address this research shortcoming by exploring the activities individuals undertake in preparation for a sales-oriented negotiation situation. In particular, this research will focus on a situation in which the *terms* of an agreement (e.g., pricing, delivering, warranty, support services, etc.) are under negotiation. The objective of the research will be to explore what negotiators “do” prior to the negotiation table in order to obtain the best terms. To that end, we will first identify a comprehensive list of activities that are often used in preparing for a business negotiation encounter. Next, using a graduate student population participating in a simulated sales-oriented negotiation situation, we will confirm that these activities are, in fact, used in the pre-negotiation planning process. The outcome of the research will be a thorough list of pre-negotiation activities for a buyer-seller negotiation context.

TABLE 1
Four-Phase Pre-Negotiation Framework
Suggested by Peterson and Lucas (2001)

Intelligence Gathering	Act of collecting, processing, analyzing, and evaluating available data concerning the other party and relevant environmental factors.
Formulation	Entails developing goals, specific objectives, and setting the parameters for each issue to be negotiated.
Strategy Development	Strategy is a plan that integrates a person’s goals and action sequences into a cohesive whole.
Preparation	Involves rehearsing verbal communication, arranging/creating support materials, and attending to logistical concerns.

**IDENTIFYING
 PRE-NEGOTIATION ACTIVITIES**

Identifying a comprehensive list of activities utilized by individuals as they prepare to negotiate seems to be a natural beginning point toward gaining a better understanding the pre-

negotiation process (Hunt 2002). In his paradigm for developing better constructs Churchill (1979) suggests beginning the construct development process with a thorough review of the existing literature on the subject in question. Following Churchill’s suggestion, the academic negotiation literature was searched for insights into the pre-negotiation process. Due to the limited number of rigorous academic studies in this area, the search was augmented by research published in the trade press and textbooks. This review of the literature resulted in 21 planning activities. Using the Peterson and Lucas (2001) Four-Phase Pre-Negotiation Framework as a classification structure, each of the 21 items fit suitably into the conceptualization through a sorting task involving two independent judges. See Table 2.

After the literature review, additional activities/items were sought to augment the domain specification. To that end, a panel consisting of three senior business people, each with over 20 years of business experience, and two senior marketing faculty members involved in teaching and researching in the negotiation area was convened to review the list of pre-negotiation activities. This panel suggested an additional 12 pre-negotiation activities.

To validate the list of generated items and to estimate the amount of time expected to perform each item, personal interviews were then conducted with a group of sales representatives from five different firms and senior negotiators from a large public accounting firm. These individuals were chosen because they routinely negotiating agreements with clients. The interviews led to a refinement of several items as well as the addition and consolidation of further items. This particular group was selected for the interviews since negotiation is an integral aspect of their position. They were asked whether these activities were: (1) certainly characteristic, (2) somewhat characteristic, or (3) not characteristic of pre-negotiation planning and preparation activities. When asked to suggest additional pre-negotiation activities this group

TABLE 2
Pre-Negotiation Planning Literature Review Items

Information Gathering Activities:

1. Collect primary data (consult with others in your firm, client's firm, 3rd party firms)
2. Collect secondary data (industry, government, trade publications, Internet, annual reports, 10k, etc.)
3. Gather data on market conditions, future trends, and how they may affect each party
4. Review history of the relationship from internal sources/data

Formulation Activities:

5. Set negotiation objectives
6. Define issues to be deliberated
7. Define the bargaining mix (what is on the table and what is not)
8. Set limit levels on issue(s) (optimistic, realistic, pessimistic)
9. Conceive BATNA (Best Alternative to a Negotiated Agreement, point where you agree not to do business)
10. Incorporate potential plans of the other party
11. Create a negotiating team assign responsibilities, role, and deadlines)
12. Outline the role you will assume (if part of a team)
13. Consult with others regarding your plan/strategy

Strategy Development Activities:

14. Develop trade-off strategy on the issues (what you will give for what in return)
15. Devise collaborative strategies (cooperative ideas and options)
16. Devise competitive attacking strategies (options to be highly aggressive)
17. Devise competitive defending strategies (options to defend against attacks)
18. Devise concession strategy (slow, but planned concessions to appease client)
19. Develop strategy(ies) that use a 3rd party to influence client actions (friendly/coercive influence asserted from 3rd party)

Preparation Activities

20. Role Play
21. Script opening ceremonies (formal opening statement)

could only suggest one additional activity. Thus, 13 items were added (see Table 3) to the list of 21 activities gleaned from the literature.

All the items were deemed to be either certainly or somewhat characteristic of the pre-negotiation process according to the group of experts, yielding a total of 34 activities. Finally, a pilot test was executed using 47 graduate students in a Southeastern university. The respondents were asked to review the activities and determine if some activities were missing and/or the anticipated times to execute the activities were incorrect. This pre-test supported the initial work and did not change the results; changes were grammatical in nature. The complete list of pre-negotiation items can be found in Table 4.

VERIFYING THE PRE-NEGOTIATION PROCESS ACTIVITIES

The second step in this research utilized a negotiation scenario approach to verify that the 34 activities were, in fact, used in the pre-negotiation process and seeking additional activities that could be added. The negotiation scenario used for this prescribed the general role the respondents were to play leading to a pending negotiation. The scenario was a modified version of Graham's (1984) widely used Bolter simulation. The Bolter simulation (see Appendix A) entails the buying or selling of capital equipment for the purposes of extracting natural gas. There are a range of issues that a negotiator would need to prepare to discuss including purchase price, delivery

TABLE 3
Additional Pre-Negotiation Process Activities Suggested by
Marketing Faculty Members, Senior Marketing Management and Study Respondents

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1. Knowledge of the competitive alternatives the client may be pursuing
 2. Review history of the relationship from internal sources/data
 3. Review the previous strategies used by both you and the client
 4. Knowledge of client's anticipated preparation
 5. Understand the other's decision-making unit (structure and process)
 6. Create an agenda for negotiation
 7. Define your interests
 8. Outline the role you will assume (if part of a team)
 9. Prepare questions from client (questions that are in need of answers)
 10. Prepare for anticipated questions from client (answers to questions or objections)
 11. Prepare a mutual interest business topic (topic both parties find relevant to business concerns)
 12. Prepare visual and other aids (charts, graphs, presentation aids)
 13. Logistical concerns (seating arrangements, food, drink, room availability)

terms, payments terms, and a service agreement. Other researchers have used the Bolter scenario and have found it robust and complex enough to connote a real world experience (Alexander 1988; Alexander, Schul, and Babukus 1991; Westbrook 1997). Given their role as lead negotiator, the respondents were then asked to assume that they had 500 points (each point representing a unit of time to be spent) to distribute across the negotiation phases of this specific scenario. They were asked to divide their points among the three phases: 1) pre-negotiation (generally includes intelligence gathering, formulation, strategy, and preparation activities), 2) negotiation (includes actual face-to-face interaction with the client), and 3) post negotiation (includes implementation and follow-up issues). Based on the amount of points they allotted themselves for the pre-negotiation phase, each person was asked to scrutinize the list of preparation activities identified in the first phase of this research, and circle the ones they would undertake in order to prepare for their upcoming negotiation.

The list of activities given the respondents was categorized into four segments, intelligence gathering, formulation, strategy, and preparation. Each activity listed was associated with a point value. In order to gain this information or level of preparation, they had to spend the necessary points to obtain it, (i.e.,

“collecting primary data” costs 15 points). They were allowed to invest their points in whatever categories they wished. The activities within each category were in random order, thus no hierarchy was implied. If they wished to add an item to the list they could do so, and they could assign their own point value to it.

The subjects participating in this phase of the study were 178 graduate students at a major Southeastern university. The use of graduate students is often deemed acceptable in many types of research (Kardes 1996). A total of 172 usable responses were received, yielding a 97 percent response rate. The respondents tended to be male (64 percent), less than 34 years of age (82 percent), with an average of five-six years work experience, with 96.5 percent currently employed while pursuing their degree.

Table 5 presents the ranking of pre-negotiation process activities this sample indicated it would complete. A review of Table 5 indicates that all 34 activities were used by 14 percent to 84 percent of the respondents, offering support that these activities are, in fact, used by business people as they prepare for negotiation situations. Respondents were also given the option of adding additional activities in each category. Only three respondents added a total of four activities, which were clearly simple rewording of activities already on the list. These results suggest that the list of activities

TABLE 4
Pre-Negotiation Planning Activities

Information Gathering Activities:

1. Collect primary data (consult with others in your firm, client's firm, 3rd party firms)
2. Collect secondary data (industry, government, trade publications, Internet, annual reports, 10k, etc.)
3. Gather data on market conditions, future trends, and how they may affect each party
4. Understand other party (general profile, personality profiles, and communication patterns of others involved)
5. Knowledge of the competitive alternatives the client may be pursuing
6. Review history of the relationship from internal sources/data
7. Review the previous strategies used by both you and the client
8. Knowledge of client's anticipated preparation
9. Understand the other's decision-making unit (structure and process)

Formulation Activities:

1. Set negotiation objectives
2. Define your interests
3. Define issues to be deliberated
4. Define the bargaining mix (what is on the table and what is not)
5. Set limit levels on issue(s) (optimistic, realistic, pessimistic)
6. Contrive BATNA (Best Alternative to a Negotiated Agreement, point where you agree not to do business)
7. Create an agenda for negotiation
8. Incorporate potential plans of the other party
9. Create a negotiating team assign responsibilities, role, and deadlines)
10. Outline the role you will assume (if part of a team)
11. Consult with others regarding your plan/strategy

Strategy Development Activities:

1. Develop team strategy (who will speak, who will introduce demands, concessions, solutions)
2. Develop trade-off strategy on the issues (what you will give for what in return)
3. Devise collaborative strategies (cooperative ideas and options)
4. Devise competitive attacking strategies (options to be highly aggressive)
5. Devise competitive defending strategies (options to defend against attacks)
6. Devise concession strategy (slow, but planned concessions to appease client)
7. Develop strategy(ies) that use a 3rd party to influence client actions (friendly/coercive influence asserted from 3rd party)

Preparation Activities:

1. Role Play
2. Script opening ceremonies (formal opening statement)
3. Prepare questions from client (questions that are in need of answers)
4. Prepare for anticipated questions from client (answers to questions or objections)
5. Prepare a mutual interest business topic (topic both parties find relevant to business concerns)
6. Prepare visual and other aids (charts, graphs, presentation aids)
7. Logistical concerns (seating arrangements, food, drink, room availability)

TABLE 5
Response Frequencies of Pre-Negotiation Process Activities

<u>Negotiation Activity</u>	<u>Percentage Selecting</u>
<u>Intelligence Gathering</u>	
1. Collect Primary Data	84.4%
2. Obtain Client Preparation info	70.5%
3. Collect Secondary Data	62.4%
4. Review Previous Strategies	53.8%
5. Review History of the Relationship	45.1%
6. Understand other side's decision unit	40.5%
7. Obtain Competitive Alternatives	37.6%
8. Gather Data on Market Conditions	30.1%
9. Understand Other Party	29.5%
<u>Formulation</u>	
1. Incorporate action plans of other	65.3%
2. Outline your personal role	61.8%
3. Define your interests	54.3%
4. Contrive BATNA	54.3%
5. Define the bargaining mix	47.4%
6. Consult with others on the plan	45.1%
7. Define issues to be deliberated	42.8%
8. Set limit levels on the issue	39.9%
9. Create agenda for negotiation	35.3%
10. Create negotiating team	30.1%
11. Set Negotiation Objectives	23.7%
<u>Strategy</u>	
1. Develop 3 rd party strategies	80.9%
2. Devise Competitive attack strategies	64.2%
3. Devise Competitive defend strategies	50.9%
4. Devise Concession strategies	46.2%
5. Develop trade-off strategy	38.7%
6. Devise Collaborative strategies	31.2%
7. Develop team strategy	20.5%
<u>Preparation</u>	
1. Script opening ceremonies	68.2%
2. Perform role-plays	64.7%
3. Address logistical concerns	59.3%
4. Prepare mutual interest topic	55.5%
5. Prepare visual and other aids	27.2%
6. Prepare questions for client	23.7%
7. Prepare for anticipated questions from client	14.5%

identified in this research compose a comprehensive list of pre-negotiation activities.

SUMMATION AND IMPLICATIONS

It has been suggested that entering the negotiation encounter unprepared provides the opposition a negotiation edge (Smith 2007). However, little research has focused on pre-negotiation preparation activities. This study has contributed by beginning the process of exploring the activities negotiators perform when preparing for a negotiation encounter within a business-to-business sales negotiation. Using earlier works by academics and in the trade press, a list of activities that negotiators undertake prior to a negotiation session was developed. This list of pre-negotiation activities was expanded with suggestions from business negotiators, marketing faculty members, and study respondents. The initial testing and validation of the framework offered support for the 34 items generated via pre-testing and then tested on a sample of 172 respondents. The results of this initial study suggested that the 34 items generated appear inclusive.

The results of this study offer several managerial implications. For example, it has been suggested that negotiation proficiency can become a corporate competency (Ertel 1999; 2004). To that end, Ertel suggests the development of a companywide infrastructure designed to facilitate systematic improvement in negotiation proficiency. As part of that infrastructure, the comprehensive list of pre-negotiation activities identified in this research should prove useful in several areas.

First, the list of pre-negotiation activities identified in this research can be useful in hiring job candidates that possess negotiation skills. One approach would be to observe the candidate's use of the pre-negotiation planning activities. For example, observing the responses to interviewer questions such as, "Why would you like to work for our company?" and, "What income offer are you expecting or needing to accept this position?" offer insights into the degree of pre-negotiation effort and ability.

Another approach would be to ask the job candidate to role-play through a business negotiation scenario, similar to the format presented in this research, observing the candidates use, or lack of use, of each of the pre-negotiation activities.

The pre-negotiation activities identified in this research should also prove useful in developing negotiation-training programs. The first step in the training program would be evaluating the proficiency of the current employee base on each of these activities. The second step would be developing a training program designed to improve the employee base in the pre-negotiation planning activities that need improvement. As a component of on-going training and improvement efforts, the list of pre-negotiation activities can be used as a guide for post-negotiation analysis.

The list of pre-negotiation activities developed in this research should also prove helpful to management as the list highlights the steps that should be covered in the pre-negotiation planning process. Certainly the time constraints that may be inherent in many business negotiation situations may require negotiators to limit, or even omit, certain planning activities. In fact, the results of this study suggest that several of the activities would be a low priority for pre-negotiation planning for many of the respondents in the sample. For example, in this study only 14.5 percent indicated that they would include preparing for anticipated questions in their pre-negotiation planning activities. Additionally, other items that would intuitively seem important pre-negotiation activities but were used sparingly included developing a team strategy (20 percent), and setting negotiation objectives (23 percent). These results suggest that management should reinforce the value of each of the pre-negotiation activities and the need to include as many of the activities as possible given the constraints of the negotiation situation. For example, if preparing for anticipated questions is deemed to be an important pre-negotiation activity the training program should stress its inclusion.

FUTURE RESEARCH CONSIDERATIONS

The newly developed framework and activities of the pre-negotiation phase captures the beginning portion of the negotiation process, but this study is very embryonic. Being one of the first empirical investigations in this domain, future studies should test and re-test these findings, and further explicate the activities undertaken prior to a negotiation encounter. While the list of pre-negotiation activities appears robust, confirmation and augmentation of the 34 activities is crucial to domain specification. Another aspect of the present study that merits further research is the extension of the current conceptualization to other research settings. Do the pre-negotiation activities grow or contract if the ensuing encounter promises to be highly competitive or collaborative? Also, does the international generalizability of this research hold? Do Asians, Europeans, or Arabs have a different set of activities they perform? While acknowledging the infancy of this investigation, it makes an important initial contribution to a newly defined domain of negotiation research. Obviously, a key eventual outcome would be to understand associations between planning inputs and negotiated outcomes, especially if a stepwise regression would help define a hierarchical relationship between pre-negotiation activities. In short, what are the most vital (and perhaps parsimonious) pre-negotiation activities to undertake to improve negotiated outcomes?

Scaling work needs to be undertaken. The list of pre-negotiation activities developed in this research should now be translated into scales that can measure the various facets of those activities. Among other things, understanding the importance of each activity would be beneficial. We would also like to ascertain in some way, the quality of these activities as they are undertaken, and link quality to performance in the negotiation process with further links to outcomes. While performing or not performing a pre-negotiation activity might be important to understanding how it links to performance of

negotiation behaviors, in all likelihood it will be the performance of those pre-negotiation behaviors that is most predictive. For example, as previously mentioned only 14 percent of the respondents included “preparing for objections” as a pre-negotiation activity. If constraints require the omission of certain pre-negotiation items, it would certainly be helpful to understand the relative importance of each item – thereby omitting those items that are deemed less important.

In closing, this research has begun the process of exploring the activities that business negotiators utilize in anticipation of a negotiation encounter. Of course, care must be taken in generalizing from this exploratory study. While research limitations exist, interested stakeholders now have a list of planning activities that comprise the pre-negotiation process. It is our hope that this list of pre-negotiation activities will focus practitioner attention on these important planning activities and stimulates other researchers to direct their attention on this broadened conceptualization of the antecedents of the negotiation encounter.

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APPENDIX A The Bolter Scenario

You are the lead sales representative in a contract negotiation between two firms over the sale of a complex compressor system used in the offshore production of natural gas. Stated simply, the compressor forces the natural gas from the seabed into a system that allows for its capture. The two involved firms are: 1) Bolter Turbines Inc.—a manufacturer of natural gas production equipment (with whom you are a salesperson), and 2) Maverick Natural Gas Inc.—a producer of natural gas with production operations concentrated in the Gulf of Mexico. This contract negotiation is based on the potential purchase by Maverick of one compressor *system*, but there is always a desire of selling additional units.

Maverick has been a customer for several years and knows you and your company through previous work you have performed for them. This compressor *system* would represent a lucrative increase in business from your client, and would be one of the first sales for a new and improved compressor system. The sales process has proceeded relatively smoothly, a few bumps here and there, but now the big decisions must be made during the negotiation.

Over the past few months, you (the Bolter sales representative) have been actively involved in preliminary sales negotiations with the Maverick purchasing agent and other Maverick staff members over the purchase of the *system*. This product is a specialized compressor system recently developed by your firm, and is rated as the best in the market at extracting natural gas. You have offered Maverick a general price range for the *system* (\$2-3 million), but have not talked any specifics yet.

Your role in the negotiation will be to negotiate with the other party to reach a decision on a contract for the *system*, including finalizing the price on the compressor, the price of the service contract and the delivery date. Again, your task is to complete the negotiations and get a signed agreement for the 1) compressor system, 2) service contract and 3) delivery date of the equipment.

Those receiving the **Completive** stimuli were given additional information; emphasis original.

Important Information:

It is your professional feeling, and other sources have confirmed it, that the Maverick negotiators are only concerned with making as much money from this deal as possible. They are not out to hurt you necessarily, but they do not feel the need to help you either. You anticipate Maverick being highly competitive with you. In fact, they will be as competitive as it takes so they can reach their objectives on every issue. You must take care of yourself if you intend to reach your goals and corporate objectives.

Those receiving the **Collaborative** stimuli were given additional information; emphasis original.

Important Information:

It is your professional feeling, and other sources have confirmed it, that the Maverick negotiators will tend to be *highly* collaborative

with you. They have a reputation for working well together with those who cooperate with them. They think your *system* can be a good business arrangement for both parties. Maverick still wants to win as much as they can, but they also want you to win as well. While you might not agree on everything, you have reason to believe that everyone has the best intentions and will work together to find an agreeable solution.

COMMENTARY ON CONCEPTUALIZING THE SERVICESCAPE CONSTRUCT IN 'A STUDY OF THE SERVICE ENCOUNTER IN EIGHT COUNTRIES'

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This commentary identifies and discusses several key shortcomings relating to conceptualizing the servicescape construct. Two mainstream marketing articles are used to exemplify the sometime overlooked and accepted oversights regarding accurately conceptualizing the servicescape construct. The manuscript also provides the foundation for advancing international services marketing thought by suggesting an International Servicescape Construct Conceptualization that has a comprehensive three dimension hierarchical factor structure.

*"...To address the aforementioned research voids, we first propose a conceptual framework that incorporates the effects of three distinct store environment dimensions: design, social, and ambient."¹
(Baker, Grewal, and Voss 2002)*

INTRODUCTION

Though Baker, Grewal, and Voss (2002) conceptualized a three dimensional store environment (i.e., servicescape) that focused on the domestic marketing environment solely, the need to expand this discussion (i.e., enhancing the apparent mainstream marketing academicians' servicescape conceptualization) to the global marketplace is critical, relevant, and more importantly long overdue. Other prominent researchers such as, Keillor, Hult, and Kandemir (2004) started an international marketing focus on conceptualizing the servicescape; but we purport that the extant literature now provides a more generally applicable, advanced, reliable, valid, and robust conceptualization of a service firm's physical environment than used in their 2004 article. Baker, Grewal, and Voss (2002) stated that the actual retail store environment conceptualization "...research voids..." (p. 120) are broad in the marketing literature, and

we agree. However, this commentary addresses the servicescape construct's conceptualization questions definitively.

The data collected by Keillor, Hult, and Kandemir (2004), in its own right, is tremendous with respect to exploring global business (i.e., collecting usable data from the People's Republic of China alone is a feat). The countries contained in the 2004 study (Australia, China, Germany, India, Morocco, the Netherlands, Sweden, and the US) are geographically as well as culturally diverse, and thus make their assessment (i.e., physical goods quality, service quality, servicescape, and behavioral intentions) harder to accomplish. As more societies continue to globalize, the examination of service encounters on an international basis is becoming increasingly more important to both practitioners and academicians (cf., Keillor, Hult, and Kandemir 2004; Lovelock and Yip 1996). Keillor, Hult, and Kandemir (2004) state that no one had examined "...the relative importance of physical goods quality, service quality, and servicescape on behavioral intentions..." in a single study prior to their project. We applaud and agree with the study's use of a comprehensive services research model that included consumer behavioral intentions. However, we would like to share some additional thoughts on the servicescape's conceptualization in order to improve our ability to utilize the construct more effectively

both domestically and abroad in future comprehensive services models.

The servicescape is defined as everything that is physically present to the consumer during the service encounter (cf., Hightower 1997). This commentary focuses primarily on identifying and discussing an enhanced servicescape construct conceptualization that significantly clarifies and expands Keillor, Hult, and Kandemir's (2004) as well as Baker, Grewal, and Voss' (2002) results regarding the service firms' physical environment.

SELECTED LITERATURE REVIEW

It is assumed that the readers have a substantive background and knowledge in the following literature areas: atmospherics, retail store environment, servicescape, environmental psychology, and services marketing. We open the commentary with Baker, Grewal, and Voss' (2002) assertion to demonstrate the highly complex servicescape construct. Some, after a first read, may think that there is a general agreement in the marketing literature on the actual servicescape construct's conceptualization. However, we suggest that there is distinct disagreement and or misunderstanding of how to actually 'best' conceptualize the servicescape construct.

This manuscript uses the same conceptualization for the servicescape construct that the most cited mainstream marketing 'servicescape researcher' to date, Mary Jo Bitner, referred to as "...promising" in 2000 (p. 45). Footnote (1) is taken directly from Baker, Grewal, and Voss' (2002) *Journal of Marketing (JM)* article for illustrative effect. This footnote was offered and accepted as appropriate support for the authors' three dimension store environment construct. Similarly, there is no room here to provide an extensive multi-area literature review section that some may require in order to fully appreciate the commentary. If additional theoretical and empirical background is needed, see the following publications: Bitner (1992); Bitner (2000); Brady and Cronin (2001); Baker,

Grewal, and Voss (2002); Hightower, Brady, and Baker (2002); Hightower (2003); Keillor, Hult, and Kandemir (2004); Hightower, Brand, and Bordeau (2006); Hightower and Shariat (2009).

Keillor, Hult, and Kandemir (2004) investigated several key services constructs' influence on consumers' behavioral intentions from an eight-country perspective, and answered the pervasive call for further empirical investigation of comprehensive services research models that included consumer behavioral intentions (cf., Cronin, Hightower, and Hult 1998; Bitner 2000; Baker, Grewal, and Voss 2002; Hightower, Brady, and Baker 2002; Hightower 2003; Hightower, Brand, and Bordeau 2006; Rosenbaum 2005; Hightower and Shariat 2009).

At first glance, Keillor, Hult, and Kandemir's (2004) use of Baker and Cameron's (1996) servicescape conceptualization appears straightforward, however, when their approach is coupled with their interpretation of the Nordic School of Service Marketing (NSSM) evaluating service encounters "...along two dimensions..." (p. 11), the servicescape construct appears to become limited to no more than two dimensions at best. It is suggested that Keillor, Hult, and Kandemir's (2004) reliance on Baker and Cameron (1996) along with incompletely incorporating the NSSM's body of work into their servicescape construct, created a significant gap in the construct's conceptualization.

The servicescape construct is best conceptualized to have three dimensions (cf., Bitner 1992; Bitner 2000; Brady and Cronin 2001; Baker, Grewal, and Voss 2002; Keillor, Hult, and Kandemir 2004). The services marketing literature has a number of detailed investigations/discussions about the "technical" and or "functional" qualities of service encounters in general, (cf., Brady and Cronin 2001; Gronroos 1984, 1982; Gronroos and Gussmesson 1985) and we concur with the literature depicted in the above citation. However, while placing a strong emphasis on

the extant literature, we suggest that additional consideration be given to the servicescape construct's conceptualization to include three dimensions as depicted in Figure 1. The figure includes three distinct hierarchical factor levels: overall, dimensional, and subdimensional.

COMMENTARY

Herein, the servicescape is posited to have a hierarchical factor structure. It is further suggested that consumers think of the servicescape at three different levels simultaneously: 1) an overall level, 2) a dimension level, and 3) a subdimension level (cf., Hightower and Shariat 2009; Hightower, Brand, and Bourdeau 2006; Hightower 2003; Hightower, Brady, and Baker 2002; Hightower 1997). We assert that Keillor, Hult, and Kandemir (2004) do not include this servicescape hierarchical factor structure because they only partially address the components identified in (B). However, Figure 1 includes an overall servicescape level (A) and a subdimension level for the design and social factors (C and D respectively- also not identified, discussed, or included in Baker, Grewal, and Voss 2002). Figures 1, A, C, and D are counter intuitive in nature, yet when fully understood, they provide necessary information that enables a more complete and comprehensive assessment of the service firm's entire physical environment. The omission of the content represented by Figures 1, A, C, and D may contribute to the disparate empirical results reported in Keillor, Hult, and Kandemir's (2004) study. We suggest that researchers use the more comprehensive servicescape conceptualization depicted here in future servicescape assessments (domestic and abroad) across multiple industries, i.e., auto service, theme parks, video rentals, banking services, electronics retailers, restaurants, theaters, discount stores, and sports stadiums (i.e., Hightower and Shariat 2009) or in more socially controversial service settings. For example, Rosenbaum (2005) investigated whether or not homosexuals and or Jews are "welcomed" in certain establishments.

Keillor, Hult, and Kandemir link the servicescape (p. 12) with the NSSM's two dimensional technical and functional service quality outcome discussion (this relationship is not in dispute here), but they never fully and or completely operationalize the construct in its true hierarchical three-dimensional factor structure. They utilize what appears to be a visually intuitive version of the servicescape construct. It appears that only second order factors were used to conceptualize the servicescape construct (i.e., the lay 'verbal' or 'spoken' components of the physical environment, namely ambient, design, and social dimensions –Note: these are also utilized in Baker, Grewal, and Voss 2002). Ambient, design, and social servicescape dimensions together only account for one of the three hierarchical factor levels that exist for the complete servicescape construct (see Figure 1, B). In our opinion, Keillor, Hult, and Kandemir (2004) inappropriately use Baker and Cameron (1996) as a basis for a seemingly enlightening servicescape discussion (p. 12 and 18). They suggest that by using the three items shown below, the study identifies the servicescape construct's essence. We posit that they were unsuccessful in conceptualizing and operationalizing the complete servicescape construct.

8. *They have attractive facilities.*

9. *The layout of their facilities makes it easy to use them.*

10. *Their facilities are comfortable.*

(Keillor, Hult, and Kandemir 2004, p.31)

The extant conceptual and now empirical servicescape literature confirms that this three-item servicescape construct operationalization is incomplete (cf., Hightower 2003; Hightower, Brady, Brand 2002; Hightower, Brand, and Bourdeau 2006; Hightower and Shariat 2009). By using items 8, 9, and 10 above only as the consumers' servicescape perception operationalization, Keillor, Hult, and Kandemir's (2004) results for India and Sweden become troublesome at best. The three-item measure used is incapable of appropriately capturing the *entire* servicescape environment as well as empirically indicating

Figure 1
International Servicescape Construct Conceptualization

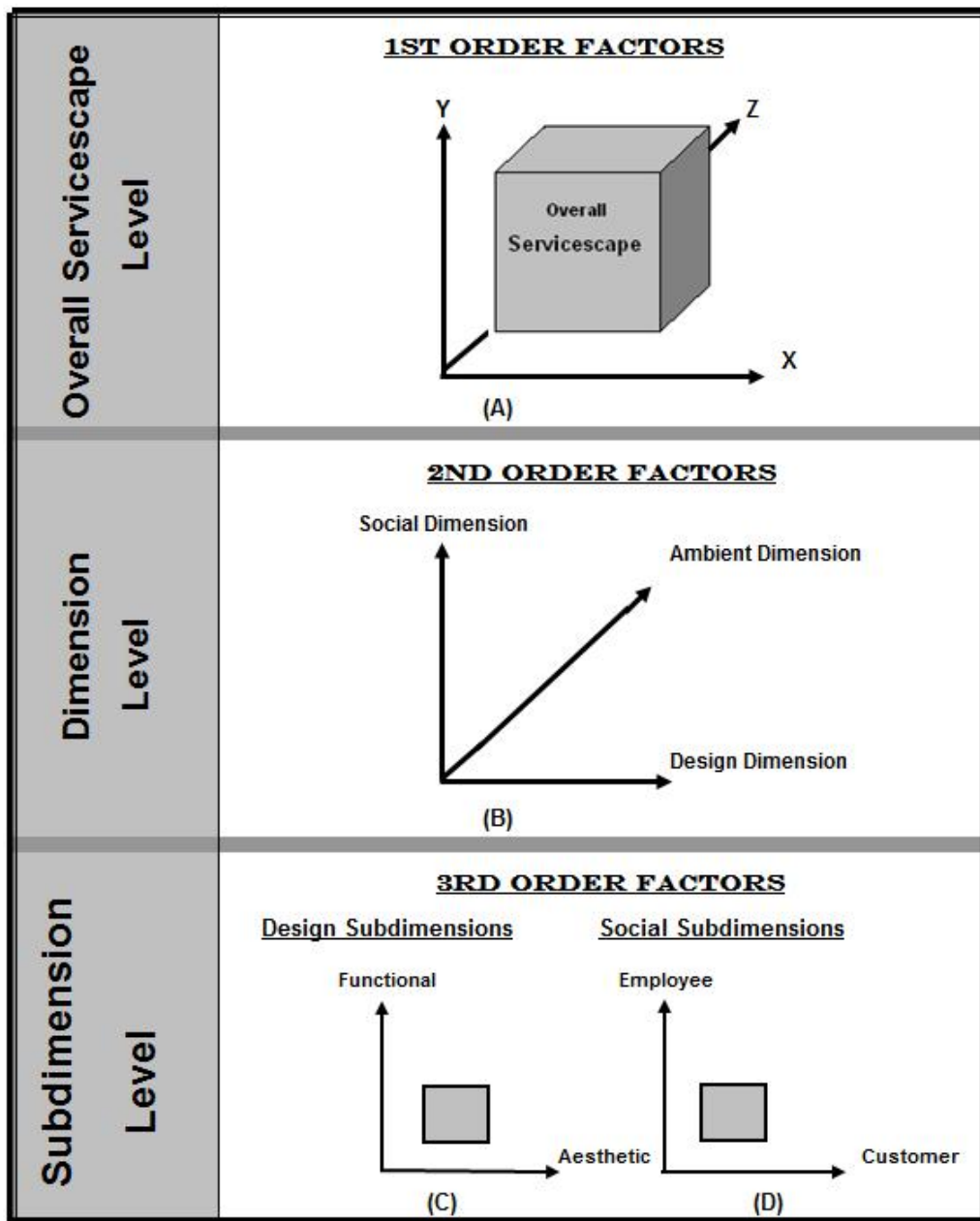
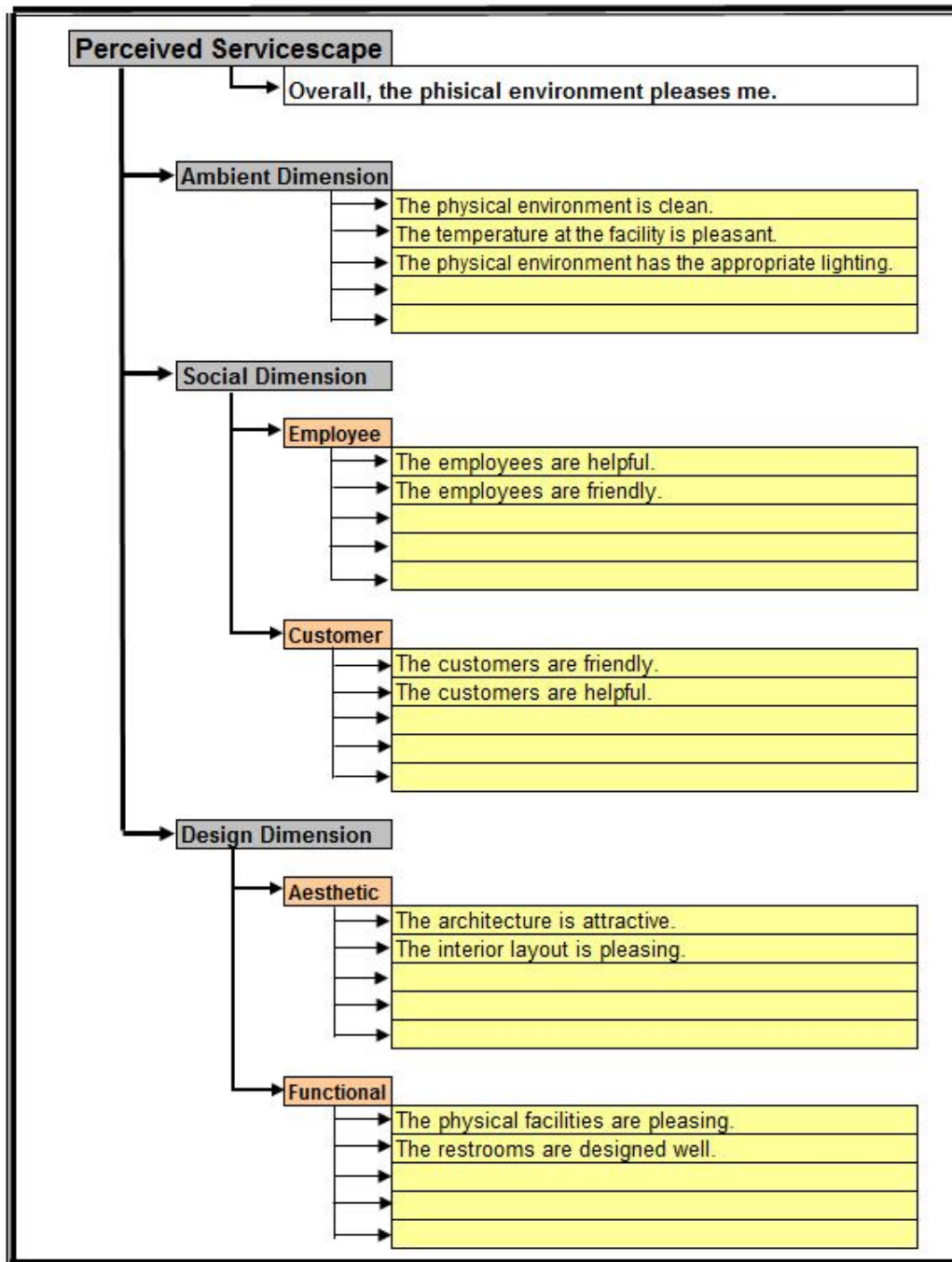


Figure 2
Proposed International Servicescape Scale-Base Items



its proper influence on consumer behavioral intentions.

Main Stream Marketing Results' Discussion

Their results may appear to support the servicescape's influence on behavioral intentions for the grocery store and fast-food industries; however, these results were not substantiated in Australia, China, Germany, Morocco, the Netherlands, and US markets. We suggest that some servicescape dimensions are more complex and have more than one component as identified in Figure 1. These dimensions (i.e., design and social second order factors) have subdimensions that combine related attributes into subgroups. The hierarchical first, second, and third order factors are not adequately represented in the Keillor, Hult, and Kandemir (2004) three-item scale (i.e., that contains second order factor items only) used to imply complete servicescape measurement. Similarly, it is unclear as to how Baker, Grewal, and Voss' (2002) items directly relate to their design, social, and ambient store conditions. Baker, Grewal, and Voss (2002) contradict their own explication of the 'store environment' dimensions with the heavy usage of music attributes alone to operationalize their ambient factor.

Note, that this failure to include these additional factor levels does not completely diminish Keillor, Hult, and Kandemir's (2004) contributions to the literature. However, it may significantly limit their ability to advance the emerging view of the servicescape's influence on consumer behavioral intentions, especially with international data. Again, this gap (i.e., the lack of including at least the minimum three factor levels necessary to appropriately operationalize the servicescape construct) highlights the need for this commentary and further investigation of this crucial point. Figure 1 suggests that the ambient factor has no subdimension (meaning attributes that depict the ambient factor are in one group only), the design factor has two subdimensions—functional and aesthetic, and the social factor has two subdimensions—employee and

customer (cf., Hightower and Shariat, 2009; Hightower, Brand, and Bourdeau 2006; Hightower 2003; Hightower, Brady, Brand 2002).

Furthermore, Keillor, Hult, and Kandemir (2004) completely omit the servicescape construct's first (i.e., overall) and third level factors (i.e., the subdimensions), and that may confound and confuse the assessment of the entire physical environment, especially across industries and internationally. For example, they provide heavily mixed servicescape results observed in Australia, China, Morocco, the Netherlands, and the US markets. These heavily mixed results, we suspect, stem primarily from the authors using an incomplete measurement tool, especially in a multinational multicultural multi-industry setting.

Their assessment tool could also have been improved by investigating the possibility that the consumer may have an "overall" assessment of the physical environment. Thus, we suggest that the three-item scale used in Keillor, Hult, and Kandemir (2004) may have difficulty assessing the overall consumer response, especially in a global setting. It appears that the three-items may capture a part of the servicescape's essence; however, we believe that future international researchers should include all three factor order levels as depicted in the International Servicescape Scale (see Figure 2).

Ambient Factors

Ambient factors generally exist below the level of customers' immediate awareness, so customers may be less totally cognizant of these conditions in the environment. Some common examples of ambient environmental attributes are lighting, temperature, aural, scent, and cleanliness. Consumers expect a certain level of ambient environmental conditions to exist and may be unaware of these background components unless the attributes are absent or unfavorable. For discussion purposes note that Figure 2 does not include, according to some mainstream marketing academics, the

seemingly intuitive ambient music and/or scent items. We understand that aural and scent attributes may be extremely useful in some specific service settings; however, recent empirical research (i.e., Hightower and Shariat 2009) suggests that aural and scent attributes are not necessarily required to obtain valid servicescape assessments in diverse multi-industry service settings. Thus, aural and scent attributes are not *perfunctorily* included in the parsimonious yet complete International Servicescape Conceptualization model.

Certainly, one would add aural and/or scent attributes to the core ambient attributes in a specific servicescape model for venues similar to the Grand Ole Opry in Nashville, Tennessee; Carnegie Hall in New York City; Main Street Disney World Orlando, or San Francisco's Fisherman's Wharf. However, as stated earlier, Figure 2 captures the core (i.e., minimally required) servicescape attributes common across multiple venues, industries, and countries. Thus, some items 'included' or 'not included' in Figure 2 may appear to be counter intuitive on first read to some academicians (cf., Hightower and Shariat 2009). Baker, Grewal, and Voss (2002) admit that "...music, is relatively easy and inexpensive from a retailer's standpoint, represented the ambient dimension in our study" (p. 129). They go on to further acknowledge that "Although the ambient dimension includes elements other than music (e.g., scent, temperature), we could not vary those elements in the videotaped scenarios." This is a significant methodological shortcoming that cannot, in our opinion, be controlled for in their case as purported in the article.

The "manipulation checks" used by Baker, Grewal, and Voss (2002) do not account for the lack of validity in what their own definition states that the entire "ambient" dimension includes. Thus, it appears that based on "convenience", several historical aural studies, and opinion, 'music' is included initially (i.e., study 1) and is kept in the model (i.e., after marginal empirical results were reported in study 2) in this methodologically superior *JM*

study. It is suggested that the authors' ambient dimension as described (p. 129-130) in the 2002 study does not capture the entire ambient dimension of the store environment based on their own description, the literature, and the earlier discussion. In other words for the purposes of this study, does the "ambient" dimension of the servicescape equate to "music" only attributes? Further research will provide the answer to this question; however, given the seriousness of this oversight, Baker, Grewal, and Voss' (2002) results may not represent the actual retail store environment's ambient dimension as depicted in their Figure 1 (see p. 121) and Figure 2 (see p. 134). If this oversight is relevant, then how are the other relationships tested in their structural equation model impacted by this potential change to the exogenous variable (i.e. labeled ambient factors)?

Design Factors

Design factors can be thought of as visual cues that make one think verbally of what is seen. The functional subdimension can include but is not limited to common components such as layout, comfort, privacy, and ingress/egress ability (Hightower and Shariat 2009). The aesthetic subdimension can include but is not limited to common components such as architecture, color, style, materials, and fixtures (Hightower and Shariat 2009). Another key point here is that the aesthetic attributes are more tangible than ambient attributes and may have a stronger impact on the perceived servicescape, and thus we posit a similarly strong impact on behavioral intentions for some cultures around the world. It is posited that the consumers' culture may cause specific similarities and or differences in the behavioral intentions as evidenced by (c.f., Hightower, 2003; Hightower, Brand, and Bordeau, 2006) Haitian-Americans' negative reaction to the color 'red' when included in a funeral home service environment. "Generationally" Haitian-Americans appear to have a strong aversion to the color red in a funeral home setting; be it an animate or inanimate item. Based on cultural traditions and beliefs, the color 'red' does not

work well in a funeral home for Haitian-Americans that are generation Y and older. The color 'red' is considered "evil" and or associated with the "Devil" by Haitian-Americans regarding the funeral service environment. Thus, a funeral home owner or manager that targets Haitian-Americans should be aware of how 'colors' may impact the firm's targeted market behavioral intentions.

Social Factors

The social factor is defined as the people component of the physical environment. The customer component can include but is not limited to attributes such as crowding, dress code, and general behavior (Hightower and Shariat 2009). In some venues the customers themselves are more important than in other venues. World Cup soccer matches can place a general uneasiness and or stress on a number of fans that contemplate attending certain games between rival clubs based on a variety of personal reasons (i.e., security in World Cup soccer matches). For example, what is the likelihood of fan rowdiness or violence? Especially, if the fan is considering taking his or her family to the match that may include small children.

The employee component can include but is not limited to attributes such as the employee's appearance, behavior, and accessibility (Hightower and Shariat 2009). Returning to the World Cup example, employees (i.e., security guards, police) may play a key role in determining if, when, or how a soccer fan will participate in the event. For example, the number of both uniformed and plain clothes police present, available, and accessible to a "needy" fan at the game, their demeanor and overall attempt or lack thereof to enforce the laws, as well as their treatment of the respective fans can influence fan behavioral intentions. The extant literature (cf., Bitner 1992; Bitner 2000; Hightower 2003; Hightower, Brady, Brand 2002; Rosenbaum 2005; Hightower, Brand, and Bourdeau 2006; Hightower and Shariat 2009) suggests that the servicescape can make the consumer respond both cognitively

and emotionally. This is decidedly different from Keillor, Hult, and Kandemir's (2004) conceptualization of the servicescape as being a "...more subjective aspect of the service encounter..." (p. 12). Their approach limits the construct to being merely a part (i.e., a one level factor, see Figure 1, B) of the actual services setting reality during a service encounter, rather than depicting the *entire* construct. The researchers may have investigated a small portion of a single dimension (i.e., possibly addressing the affect component), but they completely omitted two entire levels of the servicescape construct's hierarchical factor structure.

International Research Implications

We agree with Keillor, Hult, and Kandemir's (2004) call for the use of a simplistic and parsimonious assessment tool when gathering data in eight vastly different countries based on the obvious numerous translation, culture, and ethnic diversity issues involved. Using the *Journal of International Marketing (JIM)* as a quality indicator, one would believe that the authors used the appropriate methodological approach to simplify the items included. However, their initial conceptualization and subsequent operationalization of the servicescape construct may have limited the instrument's ability to reliably and validly capture the entire physical environment's measure (i.e., the servicescape) and its relationship to consumers' behavioral intentions in those eight countries. Therefore, the results and or findings based on their limited measured construct may become problematic for other academicians and practitioners that attempt to utilize them, regardless the publishing journal's status. Thus, we call for additional international servicescape measurement research using the generalizable, parsimonious, and comprehensive International Servicescape Scale.

The mainstream marketing literature has long suggested that the physical environment (i.e., servicescape) influences the customers' behavior. Consumers rely on environmental

cues in much the same way they rely on packaging to categorize and form their initial beliefs about consumer goods (cf., Baker 1987; Baker, Berry, and Parasuraman 1988; Kotler 1973; Markin, Lilis, and Narayaman 1976; Shostack 1977). The same literature also historically suggests that "...because services are intangible, customers often rely on *tangible cues*, or *physical evidence*, to evaluate the service before its purchase and to assess their satisfaction with the service during and after consumption..." (i.e., Zeithaml and Bitner 1996, p. 519, *italics* not added). The relationship between the service environment and consumer behavioral intentions has also been supported empirically (cf., Keillor, Hult, and Kandemir 2004; Baker, Grewal, and Voss 2002; Wakefield and Blodgett 1994; Wakefield, Blodgett, and Sloan 1996; Hightower 1997; Hightower, Brady, and Baker 2002).

Keillor, Hult, and Kandemir (2004) attempted to internationally test a new and significant hypothesis that was an intuitive intellectual progression from Hightower's (1997) original hypotheses and results. The new hypothesis was formally stated as:

H₃: The servicescape is positively associated with customers' behavioral intentions.

H₃ was strongly supported in India and Sweden; marginally supported in Australia, China, Morocco, the Netherlands, and the US. The results from Germany, however, did not support H₃ at all. Normally, this is a significant point for some researchers.

What happened to H₃ in Keillor, Hult, and Kandemir (2004)? The lack of strong consistent support for H₃ across industries and countries is quite interesting (especially for high quality publications such as *JIM*), and suggests that the instrument used does not account for, nor capture the complete physical environment as does the comprehensive servicescape model conceptualized in Figure 1 and its operationalization depicted in Figure 2. Given the conceptual and empirical background in conjunction with the manuscript herein, we

posit that the International Servicescape Construct Scale shown in Figure 2 outperforms the three-item servicescape measure used by Keillor, Hult, and Kandemir (2004).

CONCLUSIONS

The best means of conceptualizing an international service firm's physical environment is to use Figure 1. In other words, the researcher (especially in international service settings) should account for the possibility that the consumer may think of the servicescape in multiple levels, simultaneously: 1) an overall assessment level of the physical environment, 2) at the dimension level (i.e., design, ambient, and social factors), and 3) at the subdimension level (i.e., functional, aesthetic, customers, and employees) Hightower and Shariat (2009). It is posited that the items used in Keillor, Hult, and Kandemir's (2004) study address only one level (at best) of the three level servicescape construct (see Figure 1). As stated earlier, this mainstream marketing oversight (i.e., the omission of two entire servicescape factor levels) may help explain some of the significant variations in their results.

Figure 2 depicts 12 items representing the most parsimonious and complete international servicescape assessment instrument in the marketing literature. We posit that servicescape's hierarchical factor structure model can be used across many different service industries and countries. Figure 2's conceptualization is robust, and thus we assert that different industries, as well as companies within these industries can alter the "base" items of interest (i.e., by including additional items with the "base" required items as shown in Figure 2) for each level of the model in order to optimize the International Servicescape Scale for their respective country, industry, and business. We also suggest that, as firms become more global, there will be an increased need for a reliable and valid "base" means to compare servicescapes domestically and abroad. We offer the International Servicescape Scale as an initial step in gaining

consensus within the many different marketing research academic groups on the most appropriate servicescape conceptualization. The servicescape scale as depicted in Figure 2 displays good reliability and validity results across ten service industries in the US (cf., Hightower and Shariat 2009). We call for interested parties to use the scale and publish their empirical results such that the services marketing literature as whole can advance.

In summary, the global nature of the Keillor, Hult, and Kandemir (2004) study is substantial from the international assessment perspective; the number of diverse countries included, data set size, and should be commended as such. We agree with their position that the physical environment has a positive influence on consumers' behavior intentions in service encounters around the world and across many industries. This commentary is offered as a means to frame several common oversights associated with the servicescape construct's conceptualization and its potential influence on consumer behavioral intentions. We also suggest that researchers and practitioners utilize the instrument depicted in Figure 2 to develop a customized tool relative to their firm, industry, and country. We call for more in-depth empirical servicescape scale development and testing, especially in comprehensive services models that include servicescape's influence on consumer behavioral intentions across multiple services industries and countries. In other words, compare Hightower and Shariat (2009) scale's performance with other published, multi-industry, comprehensive, yet parsimonious, and empirically sound servicescape measurement tools.

The publication of this commentary demonstrates an interest by some scholars in actually advancing the marketing literature regardless of the affiliations involved. It also expands academic and practitioner collective knowledge regarding the notably broad "... research voids..." in mainstream marketing's depiction of an extremely complex, important, yet seldom fully understood services construct (i.e., Baker, Grewal, and Voss 2002, p. 120).

We agree with Keillor, Hult, and Kandemir (2004) in that continued exploration of the servicescape could provide "...a more complete understanding of phenomena that are important in different countries..." (p. 30). This commentary is theoretically and empirically supported in the literature, relevant to current research topics, critically insightful, and more importantly long overdue.

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¹⁴These dimensions, discussed by Baker (1987), are consistent with the ones Bitner (1992) uses in describing "servicescapes." Bitner's three dimensions are ambient; space/function (similar to design); and signs, symbols, and artifacts. Whereas marketing researchers traditionally have approached the design and ambient cues under the umbrella construct of store atmospherics, researchers in the field of environmental psychology distinguish between them for two fundamental reasons. First, ambient cues tend to affect nonvisual senses, whereas design cues are more visual in nature. Second, ambient cues tend to be processed at a more subconscious level than are design cues. There is some empirical evidence that design and ambient elements have differential effects on consumer responses (Wakefield and Baker 1998)." Entire footnote taken directly from Baker, Grewal, and Voss (2002), *Journal of Marketing (JM)* for effect.

BANK PERSONNEL'S PERCEPTION OF BANKING SERVICES AND IMPLICATIONS FOR SERVICE QUALITY

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This exploratory study examines the perceptions of bank personnel regarding bank services offered to customers by the banks in Turkey. The specific objectives of the study are to examine the perceptions of the bank personnel regarding the importance of the bank services; to compare the personnel perceptions of bank services by selective demographic profiles; and to discuss the implications of the results for service quality. The study found significant perceived differences of bank services by personnel position, gender, and age, but not education level. These differences, or "gaps", if not taken care of, could have adverse impact on bank service quality and in turn, on bank performance. The study presents a framework showing the potential impact of bank personnel characteristics on bank service quality. This framework and the results of the study could help managers to improve the quality of banking services offered to customers.

INTRODUCTION

In today's dynamic marketplace, consumers have more choices and a wide variety of alternative banking services. A main challenge for banks is to understand how a customer decides which bank to choose when many of the banks offer similar products and services, such as free checking, phone access, and on-line and/or mobile banking. Stickler (2001) states that two things that can differentiate one bank from another and attract the customer: (1) customer service and (2) how the banks present and sell their products and services. Customers tend to go where they are made to feel welcome and offered the best quality service (Stickler 2001). However, if customers are not aware or informed of the products and services that a bank offers, they may not have any reasons to go to or stay with that bank. Therefore, banks must effectively communicate their products and services to their customers and target market.

To this end, it is essential for banks to examine how their bank personnel perceive the services and activities that they offer to their customers. Schneider, Parkington and Buxton (1980) reported that bank employees' perception of the organization they work for is closely related to the customers' perception of the quality of service that the organization provides. A study by Yayla, Kaya and Erkmén (2005) showed that the ultimate success of any service quality program implemented by a bank can only be gauged by creation and retention of satisfied customers. They claim that the role of customer-contact personnel in the attainment of these goals is of paramount importance. Thus, they recommended that in delivering high quality services to the external publics (i.e., customers), banks should not ignore the specific needs of their internal publics (personnel), notably their customer-contact employees.

These studies suggest that whether or not bank personnel perceive the services as being important for creating customer satisfaction will have a significant impact on the quality of services actually delivered and, in turn, impact actual customer satisfaction and banking performance. Therefore, the overall purpose of

this research is to examine how bank personnel perceive the banking services and also to investigate if demographic characteristics of personnel have any impact on bank service quality they offer in banks in Turkey, a developing country. Most previous studies dealing with bank service quality, bank performance, and benchmarking in banking have been conducted in the United States and Western Europe. While those studies have contributed to our understanding of these issues, little is known about the same issues in the developing countries. Moreover, it is possible that the demographic characteristics of the bank personnel could influence their perception of service quality offered to customers to the extent that this could lead to service quality differences. The results of this study could offer insights into bank personnel's perceptions of banking services and the potential impact of the personnel demographics in delivering high quality, highly satisfying customer service, and from the perspective of a developing country.

Overview of Banking Industry in Turkey

In Turkey, the banking industry, which has dominated the financial markets, has experienced several systematic crises since the late 1970s. In order to improve the banking system and to liberalize the repressed domestic financial system, Turkish authorities removed, or minimized many restrictions on domestic and external financial intermediation and gradually started to introduce free-market based reforms during the 1980s. These liberalization processes and the free-market reforms have brought several changes in the Turkish banking industry. The number of foreign banks in Turkey increased from 4 to 23, giving them a significant presence in Turkey (Kibritcioglu 2005). Also, a majority of the new private banks are owned by large Turkish conglomerates which use their banks to finance their other companies (Damar 2004). In 2004, there were over 48 private and state-owned banks with more than 6,106 branches (Pinar and Donmez 2005).

All of these recent changes in the Turkish banking industry have brought new significance to bank marketing. Banks have started paying more attention to marketing practices in order to successfully compete, especially with foreign banks. As Once (2000) shows in his study, marketing in the Turkish banking sector has gained significance since 1980. A number of new marketing tools such as CRM, Relationship Marketing, Database Marketing, automatic teller machines (ATMs), e-Marketing and Interactive Marketing are being used by many Turkish banks (Cobanoglu, Yener and Sipahi 2005). Also, alternative banking channels via telephone, personal computer / Internet and POS were utilized by various banks starting in 1996 (Kambir, Aydin and Nart 2003). Since late 1997, telephone banking services have become popular among Turkish consumers (Polatoglu and Ekin 2001).

Despite the late start in accepting and implementing these recent marketing techniques and other developments in the banking industry, Turkish banks have worked hard to become more customer-oriented and to be successful institutions in Turkey. This new orientation has become even more critical for all the banks in Turkey that are susceptible to today's increased global competition and dynamic economic forces. After the 2001 economic crisis, which lasted for about five years, the Turkish banking industry has just started recovering and growing again in 2006. This recovery and growth is also reflected by the recent growth of foreign banks from 2 percent in 2001 to 13 percent in 2005. Several European banks have already tapped into opportunities in the local banking market by purchasing stakes in Turkish banks (Green 2005). For example, Fortis Bank purchased a stake in Disbank in the summer of 2005 (now called Fortis Bank), and General Electric Co. bought a minority stake in Turkey's third largest bank, Garanti Bank, which is a full service consumer and commercial bank with 405 branches and 10,805 employees (Kranhold 2005). All these changes have increased competition among domestic and foreign banks (Yayla, Kaya and Erkmen 2005).

These developments in the Turkish banking industry seem to have improved the quality of services the banks provide to their customers. Recently, Global Finance (Green 2005) selected the best banks in five areas/sectors. These banks are: 1. Best Commercial Bank in Corporate Services: Akbank, 2. Best commercial Bank in Retail Services: GarantiBank, 3. Best Bank in Credit Card lending: Yapi ve Kredi Bankasi, 4. Best Foreign Bank: Citibank, and 5. Best Investment/Securities Bank: Oyak Bank. The criteria used to determine the winners included an objective and subjective mix of assets, profitability, strategic and expanding relationships, customer service, innovation and management savvy. It seems that the entry of foreign banks has increased stability and efficiency as well as improved the quality of financial services in the Turkish banking industry. Moreover, the foreign banks have transferred and introduced new processes such as credit scoring methods and technology (Yayla et al. 2005). The entry of foreign banks which resulted from a stronger Turkish economy and improved banking regulations has had a positive effect on the Turkish banking industry.

Service Quality

Service quality and its measurement have become an important research topic because of its apparent relationship to cost (Crosby 1979), profitability (Buzzell and Gale 1987; Rust and Zahorik 1993), customer satisfaction (Bolton and Drew 1991), and customer retention (Reichheld and Sasser 1990). Service quality indeed is regarded as a driver of corporate marketing and financial performance (Buttle 1996). A sound measure of service quality is necessary for identifying the aspects of service needing performance improvement, assessing how much improvement is needed on each aspect, and evaluating the impact of improvement efforts. The evaluation of quality for services is more complex than for products because of their intrinsic nature of heterogeneity, inseparability of production and consumption, perishability and intangibility

(Frochot and Hughes 2000; Zeithaml, Bitner and Gremler 2006).

Since service quality is an elusive concept, there is considerable debate in the relevant literature about how best to conceptualize this phenomenon. Though an all-embracing definition of service quality is not possible yet, definitions of service quality proposed by researchers revolve around the idea that it is the result of the comparison of customers' expectations about a service and their perceptions of the way the service has been performed (Grönroos 1984; Lewis and Booms 1983; Parasuraman, Zeithaml and Berry 1985; 1988). Based on this definition, the SERVQUAL as a multi-item scale gap model was developed by Parasuraman et al. (1985; 1988) which conceptualizes and measures elements of service that are evaluated by customers in assessing service quality. According to SERVQUAL conceptualization, service quality can be assessed on five dimensions of tangibles, reliability, responsiveness, assurance, and empathy with a total of 22 scale items. The scale is founded upon the view that the customer's assessment of service quality can be conceptualized as a gap between customer expectation and his/her perception of the delivered service. Without a doubt, SERVQUAL has had a significant influence on academic and business communities. However, the scale has been challenged by a number of subsequent empirical studies dealing with service quality (Babakus and Boller 1992; Carmen 1990; Gagliano and Hathcote 1994; Lee 2005).

The assumption underlying the service gap is that dissatisfaction will result if expectations are not met. In banking, customers come to the bank with certain expectations or assumptions of what their banking experience will be like as they go through the banking transaction. While exceeding these expectations is likely to result in a high level of satisfaction, loyalty and recommendation, falling short of those expectations could adversely affect the customer satisfaction, and ultimately retention and loyalty. Individual firms have discovered

that increasing levels of customer satisfaction can be linked to customer loyalty and profits (Heskett, Sasser and Schlesinger 1997), which indicates a relationship between customer satisfaction and customer loyalty. This relationship is particularly strong when customers are very satisfied, as the research showed in the Xerox experience (Menezes and Serbis 1991). Also, Enterprise Rent-A-Car learned through its research that customers who gave the highest rating to their rental experience were three times more likely to rent again than were those who gave the company the second-highest rating (Reichheld 2003). These findings indicate clear linkages have been drawn between customer satisfaction, loyalty, and firm profitability (Zeithaml et al., 2006).

Role of Personnel in Service Organization

Personnel in all service organizations (large or small) serve as boundary - spanners and perform the role of part - time marketers (Gummesson 2001). Specifically, the front line (or contact) personnel play a significant role as part-time marketers. It should also be noted that the activities of these contact personnel can be important in creating an image of a service organization which can influence target customers' perception of an organization.

In improving quality in the service sector, the importance attached to personnel has been increasing. Personnel planning assume much greater importance in the banking services, as in most of the services, where personnel have a high level of contact with customers. Therefore, it is essential that service organization clearly specify what is expected from personnel in their interaction with customers (Palmer 2007).

Palmer (2007) suggests that personnel who have front line encounters with customers should be trained to treat these encounters as promotional opportunities. Palmer (2007) points out that training might seek to develop a number of skills in front-line personnel such as:

- a) Developing ability to spot cross-selling possibilities for front-line personnel: A Bank clerk who sees a customer repeatedly using a service that is not

adequately fulfilling his or her needs could be trained to try to sell another service which better meets the customer's needs. Training should make such personnel aware of services available and give them skills in approaching customers effectively and referring them on to appropriate personnel.

- b) Clearly defining sales responsibilities of the operational personnel: A bank clerk, for example, may be trained to encourage customers to deposit more money or use other investment tools which the bank offers.
- c) Promoting customer loyalty and referrals: Bank personnel's interaction with customers could be important for the customers to return and tell their friends about their good experience and/or pass on banking literature to their friends.

The importance of the above personnel skills for service quality and business performance is further magnified by intangibility and inseparability of services. Since personnel are the most visible aspect of the service organizations, they offer one of the first tangible opportunities regarding service quality and make a significant contribution in shaping the customers' first impressions about the service organization and development of the subsequent customer relationship. Inseparability of production and consumption of services leads to the service encounter (or moments of truth) when the customer interacts with the service provider. Anderson and Mittal (2000) claim that these service encounters (or moments of truth) are where promises are kept or broken and where the proverbial rubber meets the road – sometimes called the “real-time marketing.” Thus, it is in these service encounters that customers receive a snapshot of the organization's service quality, and each encounter contributes to the customer's overall satisfaction and willingness to do business with the organization again. Also, personnel make a significant contribution to the perception of overall service quality through interactive

marketing (Bitner 1995; Kotler 2002) and a creation of the service brand; in short, they represent the service organization and for some organizations, they are the business (Palmer and Cole 1995). Therefore, it seems reasonable to state that accurate employee understanding of the customer enables both employee and the firm to adjust appropriately to customer needs (Lovelock 1996). While previous research correlating customer and employees views of service is sparse and offers mixed conclusions, the study by Schneider and Bowen (1985) and Schneider et al. (1980) found high correlations ($r = .63$ and $r = .67$ respectively) between employee and customer attitudes about overall service quality in a bank setting.

Prior research emphasizes the critical importance of personnel for service quality during the service encounters (Bitner 1995; Anderson and Mittal 2000; Kotler 2002). However, these studies did not investigate if personnel characteristics could have any impact on the quality of service delivered to customers. It is possible that certain demographics of personnel (i.e., gender, age, education, etc.) could affect the service quality offered to consumers. For example, past studies found differences between women and men in the workplace regarding emotion and confidence (Fisk and Stevens 1993), stress in the work place (Babin and Boles 1998), in decision making (Powell and Ansic 1997), and aggressiveness and being autonomous (Hoffman and Hurst 1990). Lin, Chui and Hsieh (2001) found that the relationship between personality and service quality is moderated by gender. A study by Pinar, Crouch and Rogers (2004) examined if the demographic characteristics of bank personnel influenced the importance of banking services offered to their customers. The results of their study found significant differences regarding the perceptions of banking services between managerial and contact personnel, male and female personnel, and part-time and full-time personnel. For example, female personnel perceive focusing on customers as they enter the bank and greeting them is significantly more important than the perception of male

personnel; full-time personnel perceive giving attentive service and closing significantly to be more important than part-time personnel, and managerial personnel perceive greeting and cross selling to be more important than contact personnel. These results suggest that the personal characteristics could have a significant effect on (bank) service quality and customer satisfaction that ultimately impact the overall performance.

Objectives of the Study

Previous studies examined customers' perceptions of bank services and attempted to identify the changing target market needs and preferences to better serve these customers. However, in order to better serve their target customers, banks must also know the perceptions of their personnel regarding the relative importance of bank services in providing high quality, highly satisfying service. As stated before, the overall aim of this paper is to examine the bank personnel's perceptions of the services offered by the banks to their customers. The specific objectives of the study are: (1) to examine the perceptions of the bank personnel regarding the importance of the bank services offered to customers; (2) to compare the personnel perceptions of bank services by selective demographics of bank personnel; and (3) to discuss the implications of the results for service quality and provide managerial recommendations for long-term strategy and competitiveness. Since most bank services are offered by bank personnel, banks must examine how their personnel perceive these services and activities that they offer to their customers. Whether or not bank personnel perceive the services as being important for customer satisfaction may have a significant impact on the quality of services actually delivered; and, in turn, impact actual customer satisfaction and banking performance. Also, examining the bank service quality by demographic characteristics of the bank personnel may provide some valuable information for the bank managers to improve the service quality. Finally, since this study is conducted with Turkish banks, the results could

provide some insights into the personnel perceptions of the banking services in a developing country.

METHODOLOGY

To examine the personnel's perception regarding the importance of the banking services for customer satisfaction, a survey instrument was designed and administered to the personnel at the banks and/or their branches that participated in the study in two major cities of Turkey. While the SERVQUAL (Parasuraman et al. 1985; 1988) is one of the most commonly used scales to measure service quality, we developed a new scale in order to measure the specific services offered by the banks as customers complete their banking transactions. As service quality plays an important role for customer satisfaction (Best 2004; Kotler and Keller 2006; Zeithaml et al. 2006), and personnel play an important role in delivering the "promised" services to customers (Kotler and Keller 2005; Zeithaml et al. 2006), banks must evaluate their personnel's perceptions of these services for offering high quality service and creating customer satisfaction. Moreover, given that customer satisfaction is an excellent market-based performance metric and barometer of future revenues and profits (Best 2004), the above scale could be valuable for banks to identify the weak service areas to increase customer satisfaction, and in turn, improve their performance.

In developing the survey instrument, we utilized the previous research and literature reviews (Lathim 2001; Lubin 2001) and previous mystery shopper studies (Pinar, Taylor and Crouch 2003; Pinar and Eser 2007). Lubin's (2001) study suggests the quality of bank services usually experienced by customers should include the following key areas: customer banking transaction/experience of greeting customers, building rapport, needs discovery, product availability, presentation of how products meet needs, and the effectiveness of closing. The survey instrument developed for this study was broad enough to cover the entire

"cycle" of the customer banking experience and includes the following seven sections: (1) greeting customers with a smile in a timely manner; (2) building good rapport; (3) giving attentive service with sincerity and eagerness; (4) determining the customer's needs by asking questions and listening; (5) presenting with enthusiasm and good product knowledge; (6) offering other products for cross-selling; and (7) completing with an effective closing.

The survey instrument covered each of the above mentioned sections of bank services. Three bank managers, as experts in the banking industry, were asked to evaluate each item for its consistency with each part of the above seven sections regarding the customers' banking experience and, if needed, suggest improvements and additional items for inclusion. Based on the bank managers' suggestions, the items that had a high consistency with the sections of consumers' banking experiences were included in the survey instrument. This process, which improved the internal consistency of the scale items (Churchill 1979; Narver and Slater 1990), produced a list of items (or statements) for measuring each of the seven sections. These items were also submitted to two academicians who are experts on developing measurement scales for further refinement of the scale items. Based on these procedures, the final measurement instrument included a total of 39 scale items (A complete list of scale items can be obtained from the contact author). Responses to these items were measured on a 5-point Likert type scale with 1 = least important and 5 = most important. In order to avoid response biases, the items were not measured as very unimportant to very important, rather, they were measured as least important to most important. This scale suggests that all the measurement items were important, but some items might be more important than other items.

Since the survey instrument was originally developed in English, it was translated into Turkish, and then it was later back-translated into English to avoid translation errors (Ball,

McMulloch, Frantz, Geringer and Minor 2002) and to make sure that the intended meanings of the questions were maintained. The Turkish version of the instrument was also pre-tested with several faculty members in order to assure the appropriateness and consistency of the scale items. In addition, as recommended (Zikmund 2003), the survey instrument was pre-tested with 15 bank personnel to further assure that the Turkish version of survey questions were clear and were not confusing. Based on the feedback of these pretests, the instrument was further improved and refined.

The survey instrument also included several demographic questions. Respondents were asked their gender; how long they had worked in the banking industry and in their current bank; whether their position was clerical, teller or loan officer vs. supervisor or managerial; their level of education, and the extent of their internal and external training. These factors were used for profiling respondents and comparing the responses.

The survey was conducted in two major cities of Turkey (Ankara and Izmir). Several banks / bank branches were contacted in both cities and their managers were asked to participate in the survey. It is unfortunate that some of the banks refused to participate in this study. Since some banks are state (government) owned, and others are private (Turkish) and foreign owned, an attempt was made to include state, private, and foreign banks in order to compare the banking service perceptions of their personnel. A total of 17 banks/branches (3 state owned banks, 3 foreign banks, and 11 private banks) accepted the offer to participate in the survey. The survey instrument containing the measurement scales and questions regarding respondent characteristics was administered to all personnel at the participating banks/branches. In order to increase the response rate, the bank/branch managers' cooperation and support was requested. Each bank employee received the survey instrument. In order to preserve their anonymity, each was asked to put the completed survey into an envelope. A total of 427 useable surveys were returned for analysis,

and of these 427 surveys, 109 surveys are from 3 state owned banks, 47 surveys from 3 foreign banks, and 271 surveys from 11 private banks.

Respondent Profiles

The selected profiles of the respondents show that the majority of the personnel are female (69.7 percent) and 30.3 percent are male; 28.0 percent of the personnel hold supervisory or managerial positions, and the rest (72.0 percent) hold clerical, teller, or loan officer positions. Concerning education level, a small percent of the bank personnel (17.1 percent) have high school degrees, a vast majority (73.9 percent) has college or university degrees, and only 9.0 percent have graduate degrees. On average, the respondents are 32.4 years old, have 9.3 years of work experience in the banking industry, and 7.5 years of experience at their current bank. Also, respondents indicated that they had an average of 89.3 hours of internal training and 18.1 hours of external training during the past 5 years.

RESULTS

Overall Perceptions

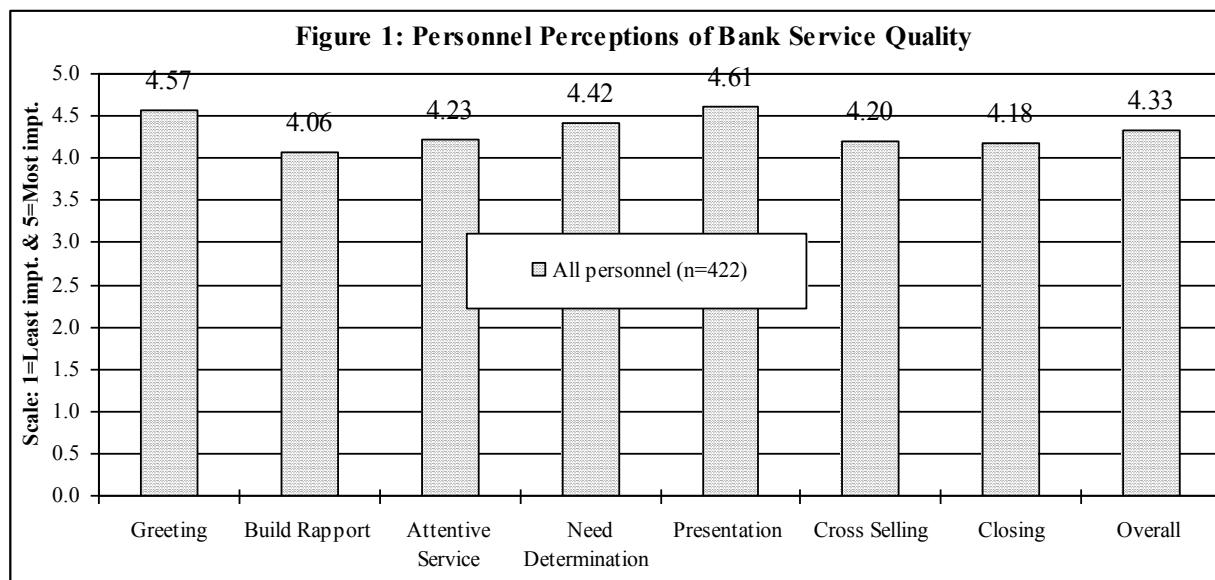
The first objective of the study was to examine the perceptions of bank personnel regarding the services they provide to customers. In order to accomplish this objective, the survey instrument contained seven sections covering banking services that customers experience from the time they enter the bank until they leave the bank after completing their transaction(s). From now on, these sections will be referred to as customer bank experience factors, or just "factors". Personnel at participating banks were asked to evaluate how important they perceived each of the items/statements in these factors to be in delivering high quality, highly satisfying customer service. The item scores in each factor or part were averaged to obtain the mean scores for each factor. A reliability analysis was conducted in order to examine the consistency of the items in each of the banking service factors. Cronbach's alpha coefficients are .700

for greeting, .726 for building rapport, .711 for giving attentive service, .794 for need determinations, .763 for presentation, .776 for cross selling, and .830 for closing. The coefficients for all factors are above the recommended threshold level of .70 for an exploratory study (Nunnally 1978, p. 245), which reflects a high level of consistency among the scale items in each factor. The high Cronbach alpha coefficients suggest reliability of the items used for measuring all seven bank service factors.

The overall mean and the means for each factor are presented in Figure 1. The overall mean perception of 4.33 out of a possible 5 suggests that bank personnel perceive all banking service factors to be fairly important in providing high quality, highly satisfying service. The means for each factor range from a low of 4.06 for building rapport to a high of 4.61 for presentation. These results suggest that the bank personnel seem to consider these bank services "important" or close to "very important". Of all the factors, the bank personnel consider "presentation" the most important factor (mean of 4.61), followed by "greeting" (mean of 4.57), "need determination" (mean of 4.42), "attentive service" (mean of 4.23), "cross selling" (mean of 4.20), "closing" (mean of 4.18) and "build

rapport" (mean of 4.06). The lowest score for "building rapport" might suggest that the bank personnel may think that "customers come to the bank to take care of their business"; thus, the bank personnel may assume that building a rapport may not be considered important for high quality, highly satisfying customer service.

In order to gain a better perspective regarding the relative importance of each factor, these factors are compared to the overall mean, which serves as a benchmark or reference. Comparisons of the factor means to the overall mean show that three of the factors, "presentation", "need determination" and "greeting", are higher than average. The higher means suggest that bank personnel may perceive these factors as being more important for high quality, highly satisfying service than the other factors. The means for the other four factors are lower than the overall mean. Of these four factors, "building rapport", "closing" and "cross selling" are considerably lower than the overall mean, which indicate that the bank personnel do not perceive these factors to be very important for high quality, highly satisfying service. The low scores for these factors might point out the current weak and/or deficient service areas where banks need to take corrective actions and train their personnel for delivering high quality, highly satisfying



service. For example, since "building a good rapport" and "closing" are the weakest factors, they might offer the most opportunity for improvement. Even though cross selling is one of the weak areas, Turkish banks have many different products and services to offer to their customers and bank personnel might have not perceived this factor as being very important for delivering high quality customer service.

It is interesting to note that "greeting" seems to be perceived as important for giving high quality service, whereas "building rapport" is less important; this may imply that bank personnel assume that "greeting" is part of "building rapport" and could be sufficient for "building good rapport". Given the importance of "building good rapport" in customer relations, the bank managers might address this issue. These comparisons show that the overall average score, serving as a benchmark, gives the bank managers an excellent opportunity to identify the "weakest" or "right" areas that may impact customer satisfaction and their banks' competitive advantage in the market.

It could be argued that when time is a constraint, bank personnel differentiate between what is necessary, what they must do, and what is optional or value added if time permits. Greeting the customer, determining their needs and presenting the product are necessary and, therefore, important. Building rapport, giving attentive service, cross-selling and closing are not absolutely necessary to the completion of the transaction. These could be viewed as optional and not as important. If this is true, perhaps time is the culprit and scheduling changes to allow for more time to be spent with customers may be necessary for improvements in customer service. When personnel are under time constraints, they may view the importance of their tasks from a different perspective. Additional training would also be helpful in this case.

Effects of Demographic Characteristics on Bank Service Quality

The second objective of the study was to compare perceptions of bank services by selected demographic characteristics. The goal is to investigate if bank personnel with different demographic backgrounds differ in their perceptions regarding the importance of the bank services for high quality, highly satisfied customers. The data was collected by differentiating respondents by personnel position (managerial vs. contact), gender, education, and age. The differences in the perceptions of service quality may have an impact on the quality of service delivered in each of these service factors. This could provide the bank managers an opportunity to improve the "weak or problem" areas of bank services that could be associated with demographic characteristics of the bank personnel.

Comparing Contact vs. Managerial Personnel

A study compared the perceptions of the front line or contact personnel (clerical, teller, and cashier) to those of managerial (supervisors or managerial) personnel regarding the importance of these factors for giving high quality, highly satisfying service. The results are presented in Figure 2. Overall, the managerial personnel (mean of 4.39) perceive these factors to be more important in providing high quality, highly satisfying service than do contact personnel (mean of 4.30) ($p < .05$). As for the individual factors, higher means for managerial personnel on *all* factors indicate that managerial personnel perceive these banking service factors to be more important than do contact personnel. Other than "presentation" and "cross selling" which are not statistically different, the mean comparisons are statistically significant for "greeting" ($p < .05$), "building rapport" ($p < .01$), "attentive service" ($p < .10$), and "closing" ($p < .01$). The significant differences between the perceptions of managers and contact personnel could be a potential source of a problem for bank service quality delivered to

the customer. Even though managers believe that these factors are important for high quality service, if the contact personnel do not perceive them as being important, there could be serious service quality problems.

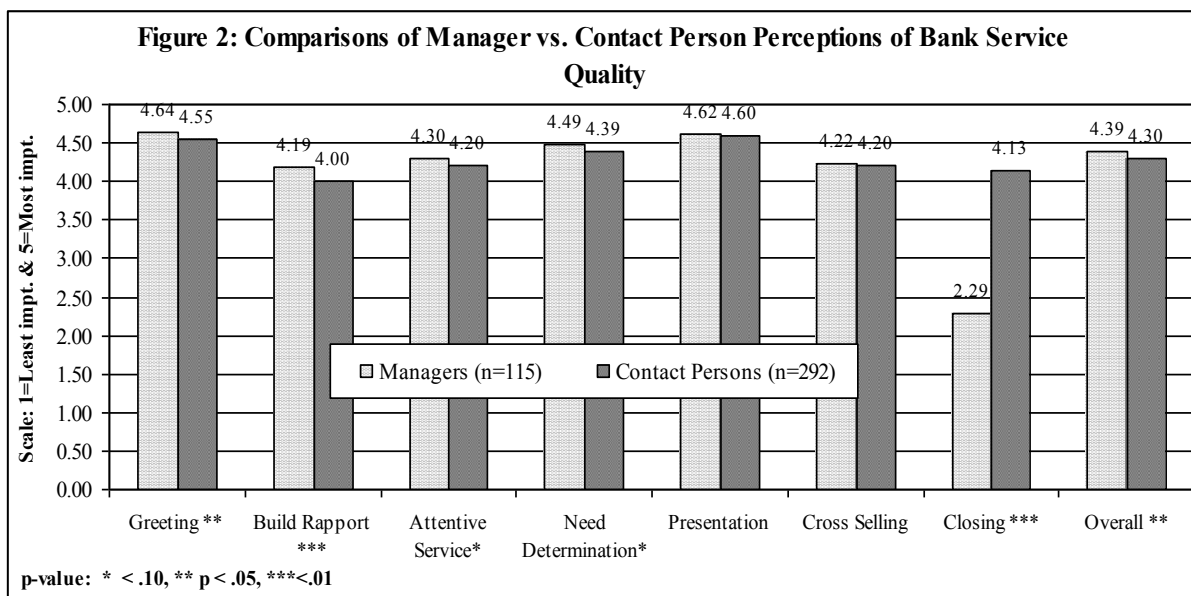
If we again consider time constraints on the contact personnel's ability to fully service the customer, it makes sense that contact personnel would have a different perspective than their managers. This is particularly evident for the factors "building rapport" and "closing" which represent the largest difference in importance ratings. These two factors may be considered optional tasks when contact personnel are running out of time, but very important when managers view the scenario without time constraints.

Effects of Gender on Perception

Figure 3 compares the perceptions of male and female personnel. Overall, female personnel perceive these factors as being significantly more important (mean of 4.36) than male personnel (mean of 4.21) ($p < .05$). The comparisons of the individual factors in Figure 3 show that female personnel perceive

"greeting", "attentive service", "need determinations", "presentation", and "closing" as being significantly more important than male personnel do for delivering high quality, highly satisfying service. These findings indicate that female personnel place more importance on first impressions by focusing on consumers and greeting them properly when customers enter the bank, giving attentive service, determining customers' needs, giving a good presentation, and successfully completing the presentation. It is interesting that the female and male perspective is so different. Is this a function of characteristics specific to females or is there another explanation? Whatever the reason, since these factors are critical for the success of the bank, male personnel may require further training in these weak areas.

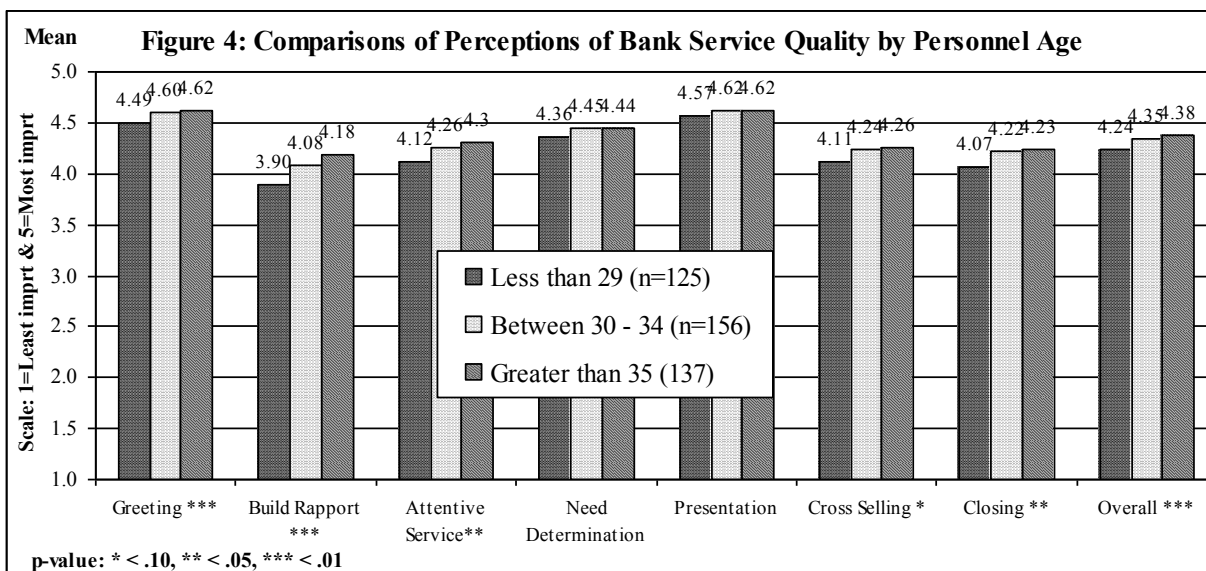
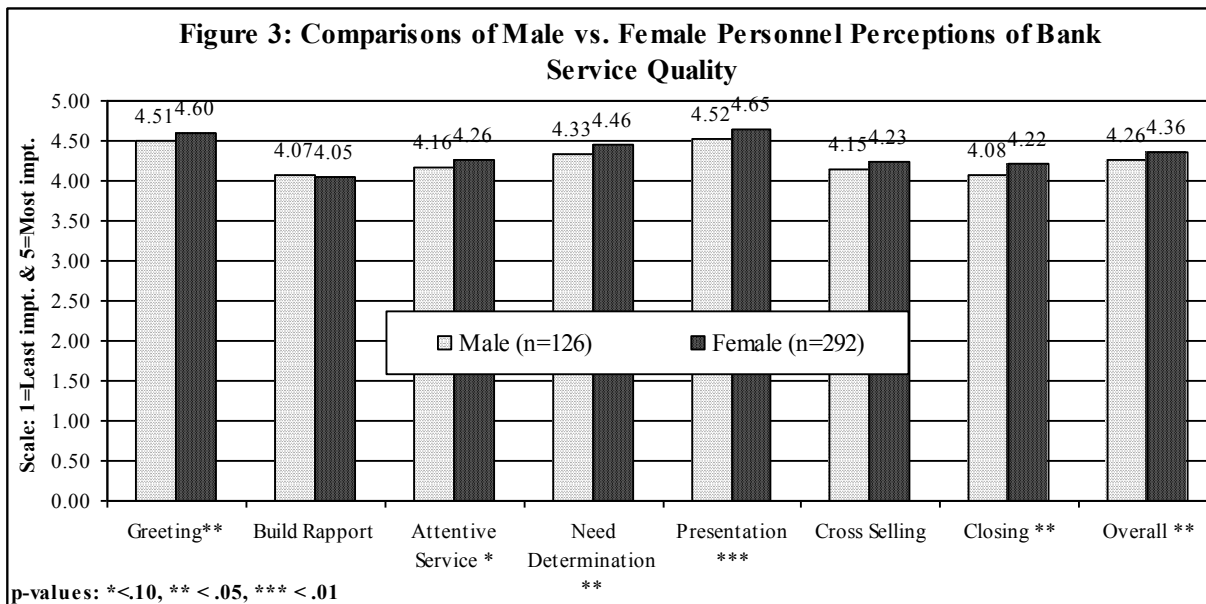
There are no significant differences between the perceptions of male and female personnel for "building rapport" and "cross selling". However, since both genders have the lowest mean scores for these service factors, and given the importance of building a good rapport for long-term successful customer relations, banks may have to train their male and female personnel in this area.



Impact of Personnel Age on Service Quality

The study also examined whether the age of the personnel impacted the perceptions of importance of the factors for delivering high quality bank services. The bank personnel were divided into three age groups, each representing one third of the respondents. This produced three age groups of (1) 29 years of old or less, (2) between the ages of 30 and 34 years old, and 35 years old or older. The underlying logic for this grouping is to use age as a proxy for experience and maturity where the first group could be considered as less experienced/

mature, the second group as mid-level experienced/mature, and the third group as being the most experienced/mature. The results of the one-way ANOVA for overall score and each service factor by the three age groups are presented in Figure 4. The table shows significant differences in overall perceptions among the three age groups ($p < .05$). The pairwise comparisons of the overall means for the age groups (not presented here) found significant differences between age groups of 29 years old or less and 30-34 years old ($p < .05$), and 29 years old or less and 35 years old



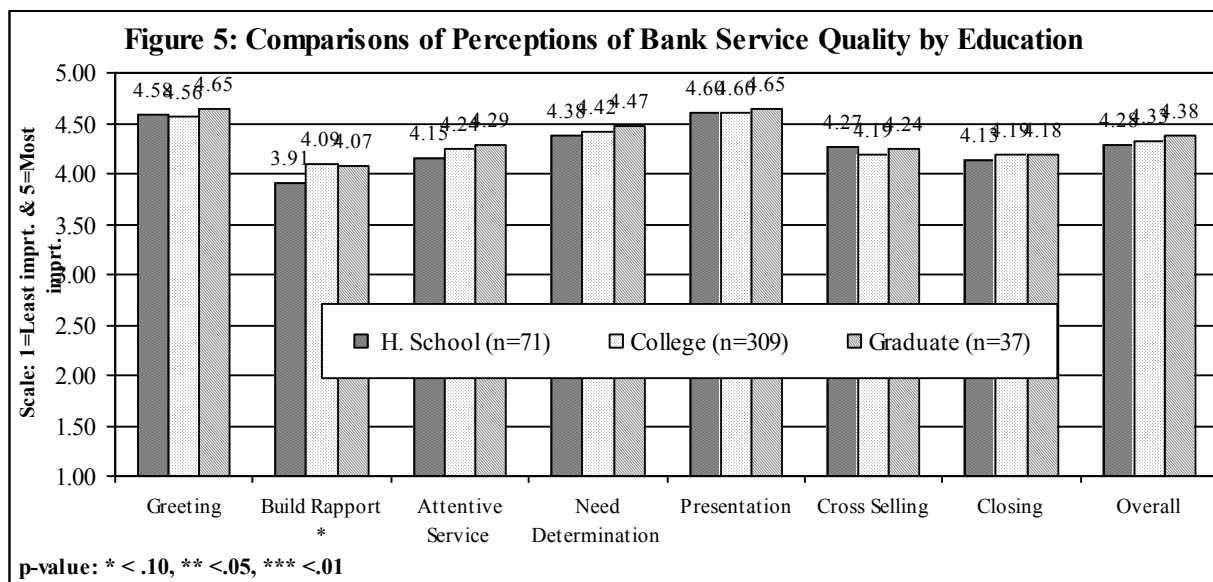
and older ($p < .01$). These results suggest that the age of personnel seems to impact the perceptions of bank service quality. Since the mean score for less than 29 year olds is lower than those of the two other age groups, the young and/or new personnel may not realize and/or were not trained in the importance of these service factors as much as the other two groups in delivering high quality, highly satisfying bank service.

Individual factors with significant differences based on age include "greeting" ($p < .10$), "building rapport" ($P < .01$), "attentive service" ($p < .05$), "cross selling" ($p < .10$), and "closing" ($p < .05$). These results suggest differences in the perceptions of the three age groups regarding the importance of these factors for high quality, highly satisfying bank services. The pair-wise comparisons (not presented) show significant differences between age groups of 29 years old or less and the other two older age groups, where significance varied from $p < .10$ to $p < .01$. This is similar to the overall results. The comparisons are not significant between the age groups of 30-34 years olds and 35 years old and older ($p > .10$). It is important to note that the mean scores for less than 29 year olds are consistently lower than those of the two other age groups for all bank service factors. These results indicate that

age (or experience/maturity) of the personnel does seem to influence the perceptions of the importance of these bank service factors in delivering high quality, highly satisfying bank services. Two of the factors, "need determination" and "presentation", are not statistically different based on age ($p > .10$). This suggests that the age of the personnel does not impact the perception of bank service quality in terms of need determination or presentation. All these findings could have some important managerial implications for training the bank personnel that could improve the quality of banking services.

Impact of Personnel Education on Service Quality

In addition, the study examined the effects of personnel education on perception of bank service quality and the results are presented in Figure 5. The one-way ANOVA showed only one factor, "building rapport", to be significantly different based on education ($p < .10$). This suggests that other than in one case, bank personnel regardless of their educational level, have a similar perception regarding the importance of these bank factors in delivering high quality, highly satisfying service. The pair-wise comparisons of the three education groups found a significant difference between the bank



personnel with high school education and with college education ($p < .05$). The other comparisons were not significant. This suggests that other than in one case bank personnel regardless of their education level have a similar perception regarding the importance of these bank factors in delivering high quality, highly satisfying service.

CONCLUSION AND LIMITATIONS

The overall results of this study show that the personnel at the participating Turkish banks generally consider all the banking services or factors fairly important (overall mean of 4.33 out of 5.00) in providing high quality, highly satisfying services. Regarding the individual factors, personnel at all banks collectively perceive that presentation, greeting customers as they enter the bank, and determining customer needs are the most important factors in providing quality banking services. The results indicate that bank personnel consider building rapport, giving attentive service, cross selling and closing as being less important for high quality service. These findings suggest that those banking service areas could be considered as deficiencies or weaknesses that need to be improved for better performance. This is especially critical for bank's success, given the importance of service quality for customer satisfaction (Bolton and Drew 1991), customer retention (Reichheld and Sasser 1990), and the link between customer loyalty and profits (Heskett et al. 1997).

The study found a difference between the perception of managerial personnel and contact personnel. The differences are significant for overall perception, as well as for all factors, except presentation and cross selling. These results suggest that the managerial personnel consider these factors more important than the contact personnel do for providing high quality, highly satisfying banking services. As suggested by Parasuraman et al. (1985) and Zeithaml et al. (2006), these discrepancies or "provider gaps", if not taken care of, might become a serious problem for the performance of the banks. As a short-term solution to close

these gaps, the bank management might communicate and/or explain the importance of these factors or banking services to their contact personnel for customer satisfaction and better bank performance. In the long-run, banks could train their personnel on these deficient service areas and/or recruit more customer oriented personnel.

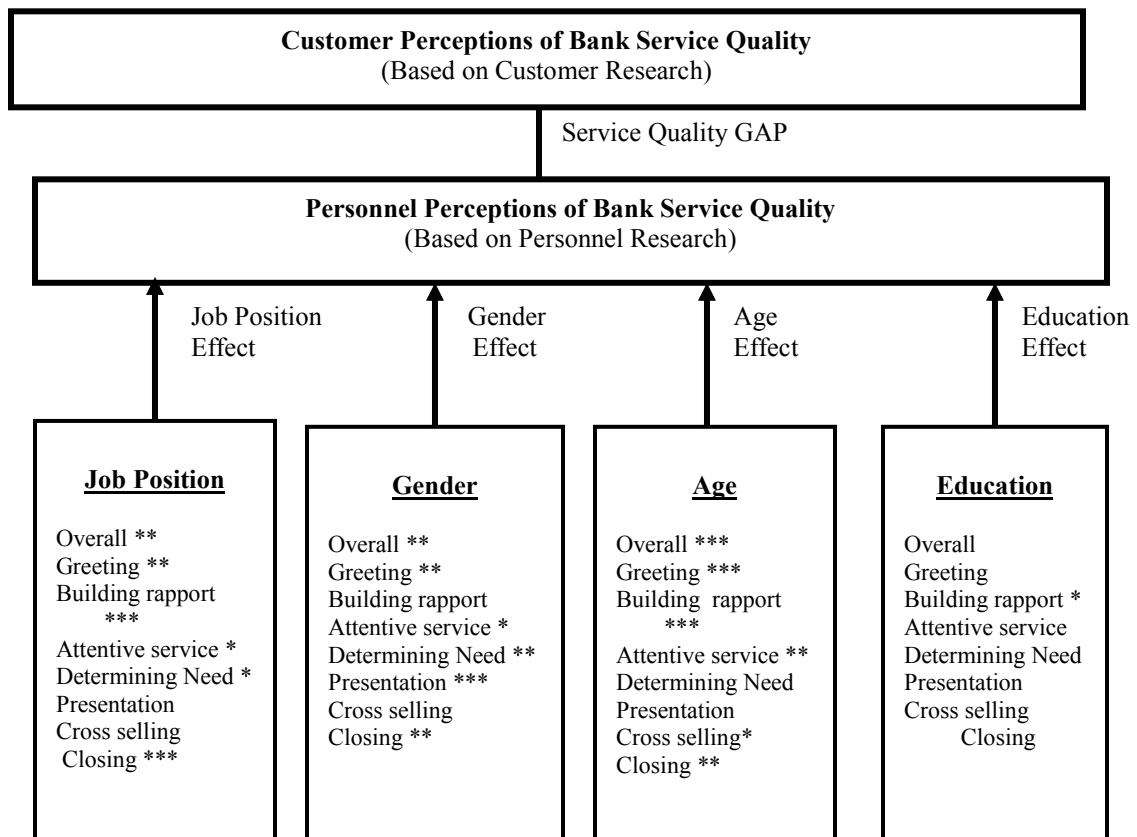
Time constraints could be part of the problem by causing contact personnel to value task oriented factors as more important than value added services. If they don't have sufficient time to close properly or develop rapport, they may consider these factors as less important than the greeting or presentation. Contact personnel must have sufficient time to provide a complete package of customer service including all of the seven factors analyzed in this study. Since contact personnel serve as boundary - spanners and perform the role of part - time marketers (Gummesson 2001), Palmer (2007) suggests that they should be trained to develop skills needed to take advantage of the customer encounters as promotional opportunities.

The comparisons of the means indicate significant differences between the perceptions of the males and females regarding all of the banks services except building rapport and cross selling. Specifically, the results show that the mean scores for female personnel are significantly higher than those of male personnel for service factors of greeting, giving attentive service, need determination, presentation, and closing, as well as overall service quality. These findings suggest that whether the banks hire male or female personnel, it makes a difference in providing high quality, highly satisfying customer service. In this regard, banks may have to review their hiring decisions and better train their male personnel in order to offer better service. This is especially critical for male contact personnel who deliver the banking services. Concerning the age of personnel, those who are younger than 29 years old seem to place less importance on these service factors in offering high quality,

highly satisfying service. The implications of these findings are that (1) recently hired personnel may not appear to understand the importance of these factors for providing high quality, highly satisfying service, (2) they may have not received proper training regarding the importance of these factors for bank service quality, and (3) older personnel may have learned the importance of these factors for service quality through their experience over time. Finally, since the study found no significant differences among the educational levels for all but one bank service factor, it seems that education does not affect perceptions of customer service by bank personnel. This is also apparent from consistently high service factor means for all education groups.

The potential impact of the bank personnel characteristics on bank service quality is presented in Figure 6 as service quality GAP. Unlike the GAP model presented by Parasuaman et al. (1985), we define service quality GAP as the difference between the customer perception of bank service quality and personnel perception of bank service quality. The definition in our framework indicates that there could be a service quality difference (or GAP) between the quality of bank services customers perceive they are getting and the quality of bank services personnel think they are offering. Such a discrepancy or GAP could have significant consequences for customer satisfaction, customer loyalty and ultimately for firm (bank) performance. The results presented earlier show that personnel at all banks collectively perceive that building rapport,

Figure 6: Potential Impact of Personnel Demographic Characteristics on Bank Service Quality



p-values: * p < .10, **p < .05, ***p < .01

giving attentive service, cross selling and closing as being less important for giving high quality service than greeting customers, determining customer need, and giving presentation. There is no doubt that these perceptions would be reflected by the service quality received by customers.

The framework we present in Figure 6 suggests that the demographic characteristics of the bank personnel may contribute to these quality perceptions. Specifically, we propose that the personnel position (managerial vs. contact persons), their gender, age, and education level of the bank personnel job position could have an impact on the service quality delivered. As shown in Figure 6, the effects of these demographic factors are labeled as *job position effect*, *gender effect*, *age effect*, and *education effect*. The results of our study found a significant difference between the perceptions of contact personnel and managerial personnel for overall service quality, as well as for greeting, building rapport, attentive service, need determination, and closing, where managerial personnel perceived these factors as being more important than contact personnel. These perceptual differences, labeled as "*job position effect*", could have a significant impact on the service quality delivered to customers because contact personnel do not perceive these factors as being as important as do managerial personnel; thus, they may not pay enough attention to these factors. Also, managerial personnel may be promising more about these factors through external marketing, leading to a service quality GAP between what customers are promised and what they received.

As presented earlier, the comparisons of perceptions of male vs. female bank personnel found a significant difference between the two genders for overall, greeting, attentive service, need determination, presentation, and closing. These differences, labeled as "*gender effect*", could cause a difference in service quality offered to customers. Since results indicate that female personnel believe more strongly than male personnel do in the importance of these factors for delivering high quality banking

services, these differences in perceptions could impact the quality of service received by customers. Similarly, the age of the personnel had a significant impact on the perceived importance of the service quality for overall perception, as well as greeting, building rapport, attentive service, cross-selling, and closing. These findings suggest that these differences among age groups, labeled as "*age effect*", could lead to a different quality of services offered to customers. Finally, the study showed that the education level of the personnel, labeled as "*education effect*", does not seem to have a significant effect on bank service quality offered to customers, except in building rapport.

Because of the intangibility and inseparability of services (Zeithaml et al. 2006), personnel, especially contact personnel, at service organizations play a critical role in delivering the quality of service expected by customers. Moreover, the framework presented in Figure 6 suggests that the demographic characteristics of personnel's position, gender, age and education could have a significant impact on the service quality delivered by banks. The implications of the findings in Figure 6 are: 1.) banks must understand not only the perceptions of all bank personnel together, they must also examine the potential effects of demographic characteristics of the personnel on bank service quality offered to the customers. 2.) The framework suggests that differences between the customer's perception and the personnel's perception of the banking service could lead to a service quality GAP. In order to close this GAP, banks must understand service quality from the perspectives of both the customers and the bank personnel. This point is also supported in prior research by the high correlation between employee and customer attitudes about overall service quality in a bank setting (Schneider and Bowen 1985; Schneider et al. 1980). Also, as presented in Figure 6, since personnel demographic characteristics could impact the service quality offered, managers must work on eliminating the potential effects of these demographic factors on bank service quality. In

doing so, they could reduce the service quality GAP.

While this exploratory study provided very useful insights into the perceptions of bank personnel regarding the services offered by Turkish banks, the study has a number of limitations. Therefore, caution should be exercised when interpreting the findings. One limitation is that the study was conducted in only two cities. Including banks/branches from more cities could improve the generalizability of the findings. Another limitation is the number of banks/branches participating in the study, resulting from unwillingness of the banks that were contacted to participate. While the results are important and valid, more banks/branches in more cities could have further strengthened the results of the study. The final limitation is that the scale developed for this study needs to be replicated in different countries with a larger number of banks/branches to determine if the scale and analyses are universal or specific only to Turkey.

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ELECTRONIC COMMERCE RESEARCH: THE FIRST 15 YEARS IN THE FIELDS OF MARKETING, MANAGEMENT, AND INFORMATION SYSTEMS

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Electronic commerce (EC) research examines the process and consequences of conducting business electronically. By definition and scope, EC research is cross disciplinary in nature, yet past attempts to classify and synthesize EC research have been piecemeal with only a subset of a given field's journals being considered. This article presents the results of a business-oriented cross disciplinary review and classification of the first fifteen years of electronic commerce research from twenty-five leading journals in the traditional college of business fields of marketing, management and information systems. The purpose of this analysis is to answer three fundamental questions: 1) What are the overarching categories of EC research? 2) What are the dominant themes within those broad categories? 3) What are the seminal articles within each discipline? The answers to these questions provide researchers with a basis for understanding how EC research has evolved and identify research opportunities.

INTRODUCTION

How people shop and search for information has dramatically changed over the past fifteen years. With the advent of widespread commercial Internet technologies, the changes in business operations and consumer behavior have been unprecedented. In the United States alone, purchasing has grown from nothing in 1993 to more than \$1 trillion in 2007, accounting for more than three percent of all retail transactions. Globally, the adoption of the Internet has allowed over 500 million Asians and 300 million Europeans instant access to news, information and online events through mobile and PC-based connections. The myriad of uses of the Internet has evolved such that consumers use it to make purchases, seek health information, and even vote in national elections. Businesses have developed worldwide virtual teams and conduct meetings with clients and employees on a daily basis through webcasting. However, even such positive contributions to society are countered by negative consequences of the Internet such

as reduced barriers to vices including gambling and pornography.

As the use of the Internet has grown, so has academic interest in addressing issues surrounding the implementation, adoption and use of the Internet in society and business. Important questions such as 1) How has the Internet affected consumer behavior? 2) How should firms present information in a secure and positive manner? and 3) How should firms proceed in the development and deployment of Electronic Commerce operations? are often posed by businesses and researched by academics. As academic interest has grown in Electronic Commerce (hereafter EC), so has the number of topics investigated by researchers.

EC, by definition is cross disciplinary in focus and scope. The main business fields that have addressed EC operations have been information systems, management, and marketing. In this paper, the authors' goal is to assess the combined cross disciplinary contributions of these three business disciplines to the study of EC.

Prior Reviews in Electronic Commerce

Previous studies of EC research have followed one of two paths. The first path has been an assessment of EC research topics in a specified subfield of journals (Romano and Fjermestad 2001; Tomasello 2001). For example, in the field of communications research, Tomasello (2001) reviewed five communications journals from 1994 to 1999 with respect to research trends within those journals, classifying the research topic into six predefined categories. Similarly, Kim and Weaver (2002) examined the methodological and theoretical approaches of communication-based research from 1996 to 2000. In the field of management information systems, Romano and Fjermestad (2001) examined selected articles that addressed issues in electronic customer relationships.

The second path represents a more abstract approach and attempted to examine the broader impact of EC on a specific field of study within business (Cho and Kang 2006; Ngai and Wat 2002). For example, Cho and Khang (2006) examined research trends and patterns using a content analysis of fifteen journals in communications, marketing, and advertising. Similarly, Urbaczewski, Jessup, and Wheeler (2002) examined the theoretical perspective within predominantly information systems activities.

Though all these reviews provide value and provide researchers guidance toward understanding EC, each of the reviews have included a mix of what would be considered the research agenda-setting journals and articles which would have a more limited dissemination. Additionally, the extant reviews do not attempt to integrate EC research across disciplines, thus potentially obscuring the overall impact of EC. The present study attempts to address this issue. In short, the authors hope to expand on the knowledge of EC research by providing a comprehensive synthesis of the driving literature of the fields of marketing, management, and information systems. With this goal in mind, the research questions are as follows:

RQ₁: What are the overarching categories of EC research?

RQ₂: What are the dominant themes within those broad categories?

RQ₃: What are the seminal articles within each discipline?

METHOD

Sample

The data considered for this research included full-length published research articles in the fields of marketing, management and information systems. This cross-disciplinary approach was deemed necessary in order to provide a complete picture of the research that would be of interest to business academics and practitioners. Only academic journals were included in the search. These journals represent the highest level of research and can be considered the agenda-setting research journals of the fields. They are the source most used by academics for acquiring and disseminating new and innovative research. The editorial missions of these journals routinely state that they seek articles that contribute significantly to the field.

Twenty-five journals which represent the leading journals of the field of business (Marketing, Management and Information Systems) were selected to be included in the analysis. The leading marketing journals (*Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Journal of Marketing Research*, *Journal of Consumer Research*, *Marketing Science*, *Journal of Retailing*, *Journal of Advertising*, *International Journal of Electronic Commerce*, *Journal of Public Policy and Marketing*, *Journal of Consumer Psychology*, and *Psychology and Marketing*) were included in the analysis. In the field of management, the four leading journals (*Journal of Management*, *Management Science*, and *Organization Science*) were included (*Academy of Management Journal*, a top management journal, was included in the initial search but contained no relevant articles.). From the information systems research, seven dominant journals (*Communications of the ACM*,

Decision Support Systems, Journal of Management Information Systems, Information Systems Research, MIS Quarterly, IEEE Transactions of Engineering Management, and Decision Sciences) were selected. Additionally, the leading general business journals which are cross disciplinary in nature, (*Journal of Business Research, Harvard Business Review, Journal of Business, and Journal of World Business*) were also included. Though argument can be made that journals listed in a specified field can be considered cross disciplinary in nature, the authors utilized available publication lists from several

universities to develop and validate this classification. Table 1 lists the journals where articles were found that were included in the analysis, the number of articles from that journal, and the journals' impact ratings according to the Social Science Citation Index (as of spring 2008).

Article Selection

First the authors established an overarching definition of EC research. This analysis utilizes a modified definition similar to that used by Hayashi (1996) and Urbaczewski, Jessup, and

TABLE 1
Journals Used in Analysis with Impact Rating and Article Count

Journal	Impact Rating	Count
Marketing		
<i>International Journal of Electronic Commerce</i>	1.429	56
<i>Journal of Advertising</i>	0.667	16
<i>Journal of Consumer Psychology</i>	1.763	1
<i>Journal of Consumer Research</i>	2.043	9
<i>Journal of Marketing</i>	4.831	9
<i>Journal of Marketing Research</i>	2.389	10
<i>Journal of Public Policy and Marketing</i>	0.649	16
<i>Journal of Retailing</i>	1.196	17
<i>Journal of the Academy of Marketing Science</i>	1.463	11
<i>Marketing Science</i>	3.977	12
<i>Psychology and Marketing</i>	0.948	7
Management		
<i>Academy of Management Journal</i>	6.079	0
<i>Journal of Management</i>	1.954	1
<i>Management Science</i>	1.687	25
<i>Organization Science</i>	2.815	1
Information Systems		
<i>Communications of the ACM</i>	1.509	118
<i>Decision Sciences</i>	1.620	11
<i>Decision Support Systems</i>	1.160	49
<i>IEEE Transactions on Engineering Management</i>	0.825	2
<i>Information Systems Research</i>	2.537	28
<i>Journal of Management Information Systems</i>	1.818	39
<i>MIS Quarterly</i>	4.731	12
Cross Disciplinary		
<i>Harvard Business Review</i>	1.505	19
<i>Journal of Business</i>	0.882	3
<i>Journal of Business Research</i>	0.815	40
<i>Journal of World Business</i>	0.627	1

Wheeler (2002), defining EC research as any research that examines *the process and consequences* of the use of computer networks to conduct business electronically (the exchange of goods, services, or information) with one’s suppliers, customers, competitors, or consumers (authors’ modification in italics). This definition is intentionally broad in order to encompass the strategic impact of Internet segments such as the World Wide Web, e-mail, online chat, virtual reality, instant messaging, and intranets on business operations (e.g., Cho and Kang 2006). A starting point of 1993 was selected because this was the year that the first user-friendly web browser, NCSA Mosaic, was introduced (Zwass 2003) and the topic of EC was addressed in any of the top-level journals. The endpoint of the research investigated here was articles that were published in March 2007.

To obtain appropriate articles the authors implemented a search strategy which included the use of EBSCO Host. EBSCO Host is a research database which contains full text articles of each of the selected target journals. First, the tables of contents of each issue of each journal were examined to determine which articles were a relevant fit. Next, a list of fifteen keywords and phrases was created based on previous research as well as the subject classification in EBSCO Host for the articles found in the first step. EBSCO Host was then searched for these keywords. Any articles published in peer-reviewed journals that were not found on the initial inspection of the journals were included during this phase. The list of the keywords can be found in Table 2. Next, a backward citation analysis using the Social Science Citation Index (SSCI) print and electronic resources was then conducted on each article. Relevant articles that were cited were found and inspected to determine if the article was: 1) in a leading journal, and 2) focused on EC research. This iterative search process resulted in the initial inclusion of 557 articles. The resultant pool of articles were then examined by each of the authors and reviewed for the purpose of eliminating any articles whose content did not meet the stated definition of e-commerce. We believe that the

resultant set of 513 articles encompassing the years 1993 – 2007 and twenty-five journals, while not exhaustive, does encompass a comprehensive basis for understanding the topic across disciplines. A complete bibliography of the 513 articles which were reviewed is available from the authors.

TABLE 2
Keywords used in Electronic Database Search

Keywords and Phrases Utilized in the Search
e-commerce
electronic marketing
online services
online auctions
Internet strategy
interactive shopping
electronic pricing
online learning
adoption / diffusion of electronic markets
online advertising
electronic market efficiency / effectiveness
electronic agents
online relationship marketing

Measures

During the analysis phase of this study, a bottom-up approach was taken. The articles were coded into sixty-three emerging categories. Articles which were found to address multiple research subjects were included in each relevant category, resulting in more than half of the articles being coded into multiple categories. This method allowed the researchers to evaluate which topics were prevalent. The researchers independently reviewed each of the articles and coded them separately. Any differences in opinion were discussed and resolved (overall agreement rate of ninety-three percent).

Table 3 provides an overview of the number of articles published by each journal and the year each article was published. This illustrates the true cross-disciplinary nature of e-commerce research. Longitudinally, it appears that research has been most concentrated in the *Communications of the ACM* and *Decision Support Systems*. However, recent research

appears to be more concentrated within *Management Science*, *Journal of Business Research*, *International Journal of Electronic Commerce*, and *Communications of the ACM*. Figure 2 suggests an overall increasing number of articles published regarding EC research.

RESULTS

We now present the following findings regarding each of the research questions.

RQ₁: What are the overarching categories of EC research?

The classification system employed by Ngai and Watt (2002) informed the system employed by the authors. The classification framework, shown in Figure 1 represents the four broad

topic areas of the published articles– Consumer Behavior, Distribution, Organization, and Conceptual – into which the emergent categories were classified. To determine membership in each category, the authors counted the number of articles appearing in each of the journals. Articles that were classified in more than one subtheme were allowed to be counted in multiple themes.

Consumer behavior issues received the most attention, with thirty-six percent of the articles published across all major journals. All journals had at least one article addressing Consumer Behavior, with the exception of *Journal of World Business* which had none. Consumer behavior is truly an interdisciplinary research area. Marketing (ninety-five articles) and information systems (seventy-nine articles)

FIGURE 1
E-Commerce Research Classification Categories and Themes

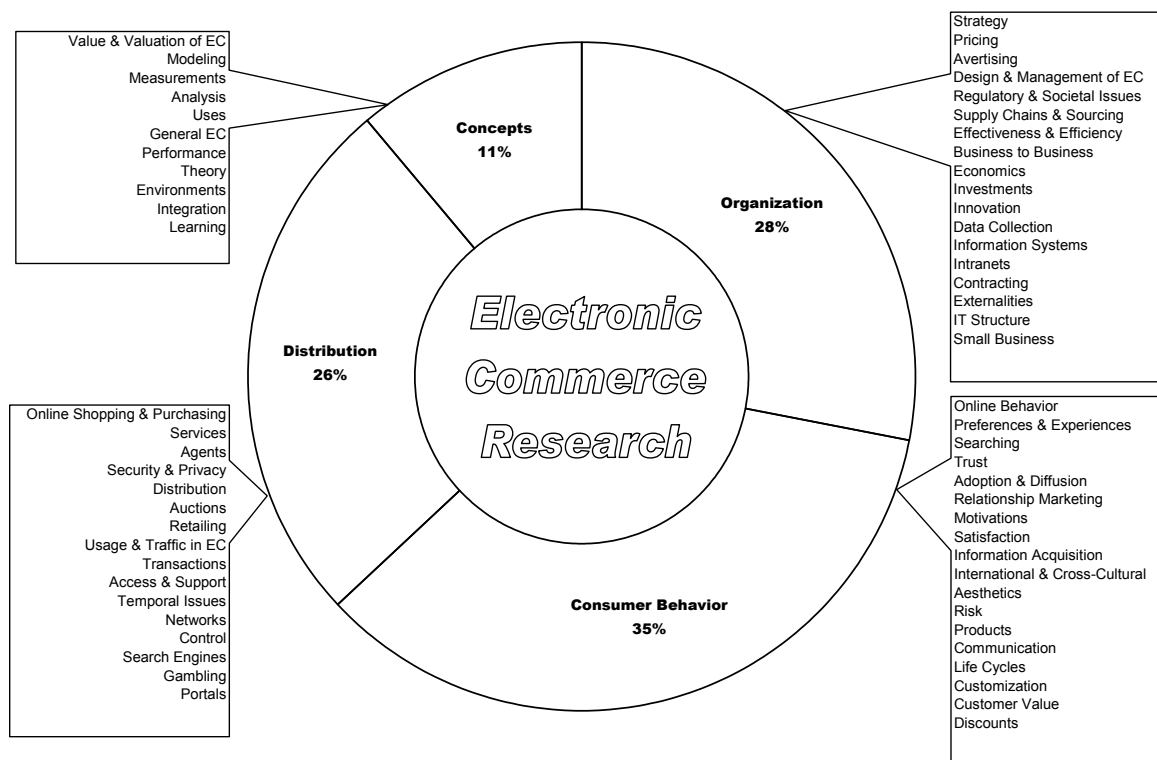
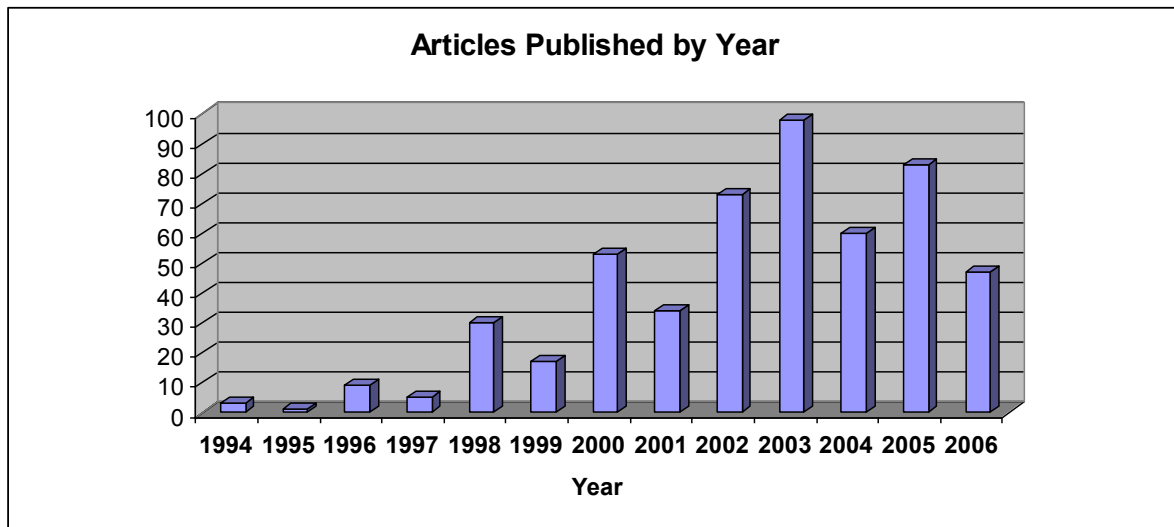


TABLE 3
Breakdown of Number of Articles in Each Journal by Year

Journal	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total	% of Total	
<i>Communications of the ACM</i>	2		5		14	8	11	7	21	32	9	9		118	23.00	
<i>Decision Sciences</i>								1	2	2	1	3	2	11	2.14	
<i>Decision Support Systems</i>					6	2	9	4	9	11	2	6		49	9.55	
<i>Harvard Business Review</i>			3	1	2	2	7	3		1				19	3.70	
<i>IEEE Transactions on Engineering Management</i>										2				2	0.39	
<i>Information Systems Research</i>								1	15	1	7	4		28	5.46	
<i>International Journal of Electronic Commerce</i>											10	10	20	16	56	10.92
<i>Journal of Advertising</i>								2	7		3	3	1	16	3.12	
<i>Journal of Business</i>											1	1	1	3	0.58	
<i>Journal of Business Research</i>					7			1	5	8	2	11	6	40	7.80	
<i>Journal of Consumer Psychology</i>										1				1	0.19	
<i>Journal of Consumer Research</i>							3	1	1	2	1	1		9	1.75	
<i>Journal of Management</i>												1		1	0.19	
<i>Journal of Management Information Systems</i>		1		1			7	4	2	6	11	7		39	7.60	
<i>Journal of Marketing</i>	1		1	1				1	1	2		2		9	1.75	
<i>Journal of Marketing Research</i>							1	1	1	2	1	1	3	10	1.95	
<i>Journal of Public Policy and Marketing</i>							7	1		6	2			16	3.12	
<i>Journal of Retailing</i>							1	4	2	2	4	2	2	17	3.31	
<i>Journal of the Academy of Marketing Science</i>				1				1	4	2			3	11	2.14	
<i>Journal of World Business</i>							1							1	0.19	
<i>Management Science</i>						1	2		2		3	10	7	25	4.87	
<i>Marketing Science</i>						1	4			4		1	2	12	2.34	
<i>MIS Quarterly</i>				1	1	2	1	2	1	2	2			12	2.34	
<i>Organization Science</i>										1				1	0.19	
<i>Psychology and Marketing</i>										1	1	1	4	7	1.36	
Total	3	1	9	5	30	17	53	34	73	98	60	83	47	513	100.00	

FIGURE 2
Sum Count of EC Research by Year



published the most articles about consumer behavior, and the dominant journals are *Communications of the ACM* (thirty-two articles), *International Journal of Electronic Commerce*, and *Journal of Business Research* (each with twenty-six articles).

Next were Organization and Distribution, each with twenty-seven percent of the articles reviewed. The category of Organization was also very cross-disciplinary yet not as much so as Consumer Behavior. Three journals contained no articles addressing organizational concerns – *Journal of Organizational Science*, *IEEE Transactions on Engineering Management*, and *Journal of Consumer Psychology*. Marketing (eighty-three articles) and IS (sixty-four articles) published the most articles relating to organizational concerns. The dominant journals were *International Journal of Electronic Commerce* (thirty-three articles) and *Communications of the ACM* (twenty-six articles).

The category of Distribution was a bit more concentrated with five journals containing no articles in this area – *Journal of Consumer Psychology*, *Journal of Management*, *Organization Science*, *Journal of Organizational Behavior*, and *Journal of World*

Business. The most articles appeared in *Communications of the ACM* (fifty-one articles), *Decision Support Systems*, and *International Journal of Electronic Commerce* (each with twenty-four articles).

The category of Conceptual, or theory-building, research is the least researched with only two journals having more than ten conceptually-oriented articles over the study period (*Journal of Management Information Systems* and *Information Systems Research*). Conceptually-oriented articles are fragmented across disciplines and several journals contain no conceptual articles (*Journal of Consumer Research*, *Journal of Public Policy and Marketing*, *Journal of Consumer Psychology*, *Journal of Management*, *Organization Science*, *Journal of Organizational Behavior*, and *Journal of World Business*).

RQ₂: What are the dominant themes within the broad categories?

The larger subcategories, as shown in Table 4, are listed with some of the more representative articles within that broad category. The classification system employed was similar to that used to address Research Question 1 (Ngai and Wat 2002). In order for an emergent theme

to be considered, the authors set the cutoff at ten articles addressing that theme. The same method has been utilized by others (Urbaczewski et al. 2002). A benefit of this method is that themes that have attracted a large number of researchers serve as a proxy for importance. Conversely, themes that are less important are addressed less frequently. Alternatively, one could argue that those themes that are less-researched provide methodological challenges or lack proper conceptualization that encourages further exploration. This issue is addressed at a later point.

Consumer Behavior

Online Behavior: Articles placed into this category describe the factors that directly influence purchasing decisions as the consumer is surfing the web. Research in this area focuses on how consumers behave in different sets of circumstances online and focuses overall on how information is gathered as well as the ways that eWOM and virtual communities influence decision-making. Some researchers have conducted comparisons of consumer behavior influenced by various media such as the web, television, and print. Also in this category, researchers have examined the characteristics of online consumers. More limited work has considered post-purchase behaviors such as satisfaction and reactions to product delivery. In terms of satisfaction with online retailers, a number of the articles addressed the reasons that consumers switch or stay. Also, descriptions of human-to-computer interaction have included both the consumer's usage of the website as well as the ways in which the characteristics of the website impact the overall online consumer experience.

Preferences and Experiences: Consumer perceptions of the web experience characterized this theme. Researchers have examined both the site characteristics that influence behavior and the consumers' characteristics that impact their online experience. They have also described the impact of site interactivity such as 3-D or rich media on consumers' online

experience. Lastly, researchers have discussed the influence of the amount of site personalization on the consumer's experience.

Searching: The articles in this subcategory included articles that addressed actual consumer search for products in the e-commerce setting. The researchers examined primarily the power of search to influence purchase decisions, the importance of search accuracy, and search dynamics. Authors also discussed the impact of search for various types of goods, both experience and credence. Limited research has been devoted to issues of disability accessibility related to search.

Adoption and Diffusion: Early entries in this stream of literature attempted to predict adoption of the Internet and the eventual diffusion of the technology on a global scale. As the technology and the diffusion literature stream has matured, there has been coverage of when firms' should participate in e-markets as well as investigations of the factors which contribute to consumers' decisions to adopt EC. The most recent article in this category was published in 2005, indicating that it would appear that this stream has reached its peak.

Trust: The importance of consumer and business trust in e-commerce channels was examined in these articles. A great number of these articles examined the role of trust in deciding to engage in EC and its role in the selection of an e-retailer. Articles have looked specifically at trust mechanisms such as e-seals and links. Another topic that has received attention is the measurement of online trust. Most of the articles discussed trust in a B2C context with some attention paid to C2C trust and much less to B2B trust.

Advertising: Advertising as a factor that moves a consumer through the purchase process and as a component of website design was the focus of these articles. Several authors examined the importance of understanding the impact of various components of web advertising such as ad congruity, 3-D effects, animation speed, interactivity, repeated exposures and page

TABLE 4
Emergent Themes within Categories and Article Counts
(Shaded areas represent dominant themes.)

Organization		Consumer Behavior		Distribution		Concepts	
Strategy	110	Online Behavior Preferences, Experiences	82	Online Shopping and Purchasing	55	Value and the Valuation of EC	24
Pricing	26	Trust	45	Services	30	Modeling	16
Advertising	22	Searching	29	Agents	26	Measurements	15
Supply Chains and Sourcing	18	Adoption and Diffusion	28	Security and Privacy	22	Analysis General EC (Not cat. Specific)	9
Design and Mgt of EC	17	Advertising	27	Auctions	19	Performance	9
Regulatory and Societal Issues	15	Satisfaction	22	Retailing	17	Theory	8
Business to Business	13	Relationship Mktg Motivations	16	Distribution Usage and Traffic in EC	14	Uses	7
Efficiency	5	International and Cross-cultural Issues	13	Transactions	11	Environments	4
Investments	5	Information Acquisition	10	Access and Support	9	Integration	4
Economics	4	Aesthetics	9	Temporal Issues	8	Learning	2
Innovation	4	Risk	8	Search Engines	8		
IT Structure	3	Products	5	Networks	6		
Data Collection	2	Communication	4	Control	5		
Information Systems	2	Life Cycles	3	Gambling	4		
Intranets	2	Customization	3	Portals	2		
Contracting	1	Customer Value	2		1		
Externalities	1	Discounts	1				
Small Business	1		1				
Total Articles	251	Total Articles	317	Total Articles	237	Total Articles	100
Percentage of Total	27.73%	Percentage of Total	35.03%	Percentage of Total	26.19%	Percentage of Total	11.05%

complexity. Consumer characteristics such as curiosity, involvement with the web ad, and online experience were also examined. Less attention has been paid to the integration of web advertising and tools used to measure the effectiveness of web advertising. Some authors also discussed the role of the webpage as an advertisement, and limited research has addressed the legal implications of wireless advertising.

Satisfaction: Articles in this stream were primarily concerned with the factors that contribute to satisfaction with online providers and the online experience. Some also addressed satisfaction with multi-channel distribution. Beginning in 2002, there also

seemed to be a greater interest in measuring overall satisfaction with e-commerce.

Relationship Marketing: The increased emphasis placed on relationship marketing in the literature was reflected in the articles that were grouped in this subcategory. Some articles were prescriptive in nature, describing the antecedents and consequences of online relationship marketing while other articles discussed the optimal ways to maintain customer relationships.

Motivations: These articles addressed consumer and firm motivations in the utilization of electronic channels. Beginning with an overarching model of participant

motivations (Alba, Lynch, Weitz, Janiszewski, Lutz, Sawyer and Wood 1997), most of the articles in this stream examine motivations as predictors of behavior. Some explored hedonic vs. utilitarian motives and others looked at the factors contributing to an individual's intention to search online.

Organization

Strategy: Representing the most researched subtheme of EC, the articles placed into this category describe several strategic perspectives. Approximately thirty percent of the articles in the category discussed strategic decisions by the firm regarding the implementation of an e-channel. About twenty percent of the articles examined industry-specific case studies of firms who are participating in e-commerce. Another twenty percent covered future strategies. Fewer articles assess strategy as it relates specifically to consumer behavior. Other themes that emerged included the ways that firms are integrating the e-channel into their existing channel structure, the success of Internet channels, and descriptions of alliances and reactions to competitor actions.

Pricing: The articles in this literature stream displayed a maturing process regarding Internet pricing. The early literature seemed to focus on whether the Internet would decrease or even completely eliminate price competition, but this stream evolved to describe the medium's impact on price-related search, price dispersion, and pricing strategy.

Design and Management of E-Commerce: More specific than the overall business strategy, these articles discussed the logistics required to design and implement an EC channel. Effective website design from a theoretical perspective is important, as well as the design of m-commerce components, and the design of negotiation systems.

Supply Chains and Sourcing: The articles in this subcategory addressed three primary themes. A popular topic was the selection of strategic channel partners such as the use of

drop shippers vs. full inventory ownership, forward buying, or alliance formation. Other research discussed the design of the e-supply chain specifically. Finally, some authors described the impact of e-replenishment and supply chain structure on costs and efficiency.

Regulatory and Societal Issues: The proliferation of EC has created a fertile environment for information predators. The bulk of the articles in this stream related to issues of consumer privacy. Only a couple dealt with firms' intellectual property rights. Antitrust issues have also been addressed. Another broad stream related to negative behaviors in general such as gambling, spam, failure to design sites that are usable by the disabled, and unsolicited wireless advertising.

Business to Business: Several articles discussed the impact of B2B EC. The majority of them described the design of efficient e-marketplaces, addressing issues such as privacy, agents, overall adoption, and descriptions of participants. Other research examined various components of satisfaction in B2B relationships.

Distribution

Online Shopping and Purchasing: These articles were predominately from a firm perspective and examined various aspects of the online shopping experience. An extensively researched area was site design and the ways in which it impacts perceived quality and satisfaction. Another important stream discussed internal customer characteristics of those who shop online and subsequent consumer decision-making process in the online setting.

Services: The Internet as a channel for service delivery is the theme of these articles. The authors described the evolution of services functions by discussing the ways that the web is shaping not only service industries decision to use web portals but also the manner in which services are delivered. A number of articles also described the role of consumer

characteristics in the decision to use an online service provider as well as in satisfaction with services, loyalty to service providers, and switching.

Security and Privacy: Security and privacy implementation decisions on the firm's side as they impact both firms and consumers were the subjects of this stream. The majority of the authors discussed privacy concerns from the consumer's standpoint. Another stream examined the primary privacy concerns from the standpoint of business. Among these, the primary subjects of concern seemed to be international privacy, methods for data security, and legal and ethical issues.

Agents: These articles addressed online search agents, their design, and impact on the market. The research areas included the role of agents in auctions and their impact as product recommenders. Search strategies were described as well as the design of agents as personable companions. Adaptive agents were also researched as were the potential dangerous effects of agents on price perceptions and the potential profitability generated by agents.

Auctions: Online auctions have had a serious impact on the ways that consumers shop for both goods and services. Several of the articles in this subcategory examined online bidding strategies, while others discussed various auction outcomes such as fraud reduction, mediation, and third-parties. A few also described efficient auction design and implementation.

Distribution: The articles in this category followed two primary streams. The first dealt with the firm's decision whether to utilize multi-channel distribution. The second discussed organizing distribution channels for digital goods.

Retailing: The impact of EC on retailing was examined in these articles. The vast majority of them discussed the development of a theory of e-retailing and its differences from traditional retailing. The remainder dealt with issues

involving decision-making regarding subjects such as inventory policies and channel decisions.

Usage and Traffic: These articles discussed the factors that drive e-commerce traffic and the implications of being able to measure and predict that traffic. Included were descriptions of the ways that e-commerce is utilized, including descriptions of flow and cross-cultural use. Other articles described methods for predicting and tracking EC usage.

Conceptual

Value and Valuation of EC: The articles in this literature stream addressed the impact of adding a net channel to the firm's marketing mix as well as limits to the value provided. Other research addressed the requirements to make an online venture successful. Another theme was the value to consumers of online shopping.

Modeling: The authors of these articles applied modeling techniques to EC policies and procedures to better describe their impact on both firms and consumers. These models were of two types – theoretical and mathematical. Theoretical models have been developed to describe transaction quality, website usage, online communication, privacy concerns, customer experience, and the diffusion of e-business cross-culturally. Mathematical models were used to demonstrate clickstream behavior, brand loyalty, trust, forward bidding in auctions, market entry by firms, and supply chain choices.

Measurements: The articles in this subcategory predominantly represented attempts to develop measures that tap various aspects of the consumer experience. Some are general scales developed to assess the overall experience while others more specifically measure information privacy and trust, interactivity, or consumer knowledge. Instruments have also been developed to measure firm EC performance and value.

RQ₃: What are the seminal articles within each discipline?

The evolving knowledge within each discipline regarding EC is grounded by a core set of researchers. These researchers have provided the theoretical and empirical foundations for their fields. To identify the seminal articles, the authors of this synthesis utilized the web-based Social Science Citation Index. Each article collected was evaluated in terms of number of citations. No distinction was made as to where the article was cited due to the fact that seminal articles by definition will start a research stream at a number of research levels. In order to be considered seminal, the research piece needed to be cited more than thirty times prior to June 2008. Table 5 presents a summary of seminal articles in each discipline. We now briefly discuss these seminal articles.

Seminal Papers in the Field of Marketing

The dominant journals in the marketing discipline were the *International Journal of Electronic Commerce* (fifty-nine articles), *Journal of Retailing* (sixteen articles), *Journal of Public Policy and Marketing* (sixteen articles), *Journal of Advertising* (fifteen articles), *Marketing Science* (thirteen articles), *Journal of the Academy of Marketing Science* (twelve articles), *Journal of Marketing* (nine articles) and *Journal of Marketing Research* (nine articles). Nine articles have formed the base of EC research in marketing. The primary EC research streams in marketing research included modeling the adoption process (394 citations-two articles), the implications of EC (164 citations - two articles), the impact of competition (121 citations-two articles), customer experience online (97 citations - one article), and the use of agents (59 citations - two articles).

Hoffman and Novak's (1996) article on the conceptual foundations of marketing in the EC environment (291 citations) and Alba et al.'s article modeling EC adoption (183 citations) are by far the most heavily cited articles across all disciplines. Also within marketing, the

implications of EC have been examined by Peterson et al. (1997) with 103 citations, Szymanski and Hise (2000) with forty-six citations and Zeithaml, Parasuraman, Malhotra (2002) with fifteen citations. Lynch and Ariely's (2000) research on search costs and their effect on competition (eighty-two citations) as well as Bakos and Brynjolfsson's (2000) research regarding bundling and competition (thirty-nine citations) have been influential as well. Studies of customer experience in marketing have relied heavily on Novak, Hoffman and Yung (2000) modeling efforts (ninety-seven citations) as well as Haubl and Trifts' (2000) research regarding the role of agents in decision making online (fifty-nine citations).

Seminal Papers in the Field of Management

The dominant journals within the field of management that have been outlets for EC research have been in *Management Science* (twenty-four articles). Two articles have formed the basis of management-oriented EC research. Brynjolfsson and Smith's (2000) dominant article with one hundred and thirty five citations reflects the field of management's emphasis on comparing EC to traditional channels. An additional important contribution within the management discipline is Keeney's (1999) description of the value of EC to consumers with forty-five citations.

Seminal Papers in the Field of Information Systems

The dominant journals in the information systems discipline have been *Communications of the ACM* (100 articles), *Decision Support Systems* (forty-eight articles), *Journal of Management Information Systems* (thirty-seven articles), *Information Systems Research* (twenty-one articles), *MIS Quarterly* (eleven articles), and *Decision Sciences* (ten articles). Eighteen articles form the base of EC research in Information Systems. The topics receiving the most attention from information systems researchers include the use of online agents (344 citations - five articles), consumer

TABLE 5
Seminal Articles with Times Cited, Authors, and Journal

Author(s)	Year	Journal	Times Cited
Marketing			
Hoffman and Novak	(1996)	Journal of Marketing	291
Alba et al.	(1997)	Journal of Marketing	183
Peterson, Balasubramanian, and Bronnenberg	(1997)	JAMS	103
Novak, Hoffman, and Yung	(2003)	Marketing Science	97
Lynch and Ariely	(2000)	Marketing Science	82
Haubl and Trifts	(2000)	Marketing Science	59
Szymanski and Hise	(2000)	Journal of Retailing	46
Bakos and Brynjolfsson	(2000)	Marketing Science	39
Zeithaml, Parasuraman, and Malhotra	(2002)	JAMS	35
Management			
Brynjolfsson and Smith	(2000)	Management Science	135
Keeney	(1999)	Management Science	45
Information Systems			
Etzioni and Weld	(1994)	Communications of the ACM	105
Maes, Guttman, and Moukas	(1999)	Communications of the ACM	102
Bettman, Lohse, and Johnson	(1999)	Communications of the ACM	64
Lohse and Spiller	(1998)	Communications of the ACM	61
Agrawal and Karahanna	(2000)	MIS Quarterly	59
Glushko, Tenenbaum, and Meltzer	(1999)	Communications of the ACM	46
Lederer et al.	(2000)	Decision Support Systems	43
Friedman, Kahn, and Howe	(2000)	Communications of the ACM	41
Koufaris	(2002)	Information Systems Research	39
Palmer	(2002)	Information Systems Research	39
Palmer and Griffith	(1998)	Communications of the ACM	36
Norman	(1994)	Communications of the ACM	34
Bhimani	(1996)	Communications of the ACM	34
Wong, Paciorek, and Moore	(1999)	Communications of the ACM	34
Liang and Huang	(1998)	Decision Support Systems	34
McKnight, Choudhury, and Kacmar	(2002)	Information Systems Research	33
Wurman, Walsh, and Wellman	(1998)	Decision Support Systems	33
Gefen, Karahanna, and Straub	(1999)	MIS Quarterly	33
Cross Disciplinary			
Porter	(2001)	Harvard Business Review	101
Rayport and Sviokla	(2000)	Harvard Business Review	88
Chesbrough and Teece	(1996)	Harvard Business Review	74
Reichheld and Schefter	(2000)	Harvard Business Review	50
Kaplan and Sawhney	(2000)	Harvard Business Review	49
Iansiti and MacCormack	(1997)	Harvard Business Review	43
Klein	(1998)	Journal of Business Research	36
Gulati and Garing	(2000)	Harvard Business Review	35
Eighmey and McCord	(1998)	Journal of Business Research	34
Hoffman and Novak	(2000)	Harvard Business Review	33
Ghosh	(1998)	Harvard Business Review	33

behavior online (297 citations – six articles), EC adoption (110 citations – three articles), website design (seventy-five citations – two articles), and online security (thirty-four citations - one article).

Describing the use of agents online, Etzioni and Weld's (1994) article describing softbot-based interface research leads the pack with one hundred and five citations. This is closely followed by Maes, Guttman, and Moukas' (1999) research on agents that buy and sell (102 citations). Other agent research includes Glushko, Tenenbaum, and Meltzer's (1999) agent-based EC research (forty-six citations), Norman's (1994) research on how consumers interact with agents (thirty-four citations), Wong, Paciorek, and Moore (1999) examination of mobile agents (thirty-four citations), and Wurman, Walsh, and Wellman (1998) flexible double auction research (thirty-three citations). Consumer behavior research in information systems journals has focused on such topics as Bettman, Lohse, and Johnson's (1999) predictors of online buying behavior (sixty-four citations); Lohse and Spiller's (1998) article (sixty-one citations); as well as Agrawal and Karahana's (2000) and Koufaris' (2002) descriptions of the ways that consumers experience online activities (fifty-nine and thirty-nine citations respectively); and Friedman, Kahn, and Howe's (2000) and McKnight, Choudhury and Kacmar's (2002) discussion of online trust (forty-one and thirty-three citations respectively). Information systems research has also focused on EC adoption with Lederer, Maupin, and Zhuang's (2000) article on the use of the TAM model (forty-three citations) and Liang and Huang's (1998) transaction cost model approach with thirty-four citations, as well as Gefen, Karahanna, and Straub (2003) integrated trust and TAM approach with thirty-three citations. Site design has also been an important area of research with Palmer's (2002) site performance metrics (thirty-nine citations) and Palmer and Griffith's (1998) model for website design (thirty-six citations). Lastly, the work of Bhimani (1996) provides the foundation for

research into online security (thirty-four citations).

Cross-Disciplinary

The dominant cross-disciplinary business journals which have been outlets for EC research have been *Journal of Business Research* (thirty-nine articles) and *Harvard Business Review* (eighteen articles). In this area of research, there have been three primary research agenda – strategy, consumer behavior online, and customer acquisition. The most heavily-cited area is that of strategy with a combined total of 456 citations across several authors. Seminal streams within strategy include overall business strategy (Ghosh 1998; Porter 2001); virtual channels (Gulati and Garing 2000; Rayport and Sviokla 2000); product innovation (Chesbrough and Teece 1996; Iansiti and MacCormack 1997); and developing B2B marketplaces (Kaplan and Sawhney 2000). The next represented agenda is consumer behavior online with work by Klein (1998) producing thirty-six citations and Eighmey and McCord (1998) producing thirty-four citations with research regarding consumer use of websites. Additionally, customer acquisition work by Hoffman and Novak (2000) produced thirty-three citations, and Reichheld and Scheffer (2000) produced fifty citations with research regarding customer relationship management.

DISCUSSION AND CONCLUSION

In the research presented here the authors embarked on an ambitious task. In short they sought to answer the general question, "In what areas has EC research been investigated across disciplines?" We parsed this question down to three manageable research questions, 1) What are the overarching categories of EC research? 2) What are the dominant themes within those broad categories? and 3) What are the seminal articles within each discipline? Extensive review of over five hundred articles from twenty five journals allowed a presentation of the historical findings on the previous pages. Overall, the growth of interest and scholarly

articles has shown that EC is an extremely important factor in the fields of marketing, management and information systems. Researchers have investigated the impact of the Internet in a broad array of settings and contexts – from the perspective of EC impact on a firm’s ROI (Chircu and Kaufman 2000) to the role of privacy seals on consumer trust (Aiker and Boush 2006).

Additionally, in Table 4 the analysis indicates those areas that have been heavily researched as well as those that are less researched. The body of the paper contained an extensive description of the heavily researched areas. Though these areas are important, the reader should note that focusing on these areas for ideas regarding future research may be more difficult in an attempt to uncover unique contributions. Examination of Table 4 indicates that there are a number of areas that have not received as much attention as others. Probably one of the most important areas is the development of theories in EC. Arguably, theory development is a more difficult task than theory testing. Future researchers should be encouraged to develop theoretical frameworks that focus on the EC environment as opposed to comparisons between environments (i.e., print vs. web). Theory development will allow EC research a solid conceptual foundation instead of relying on the application of theories developed for other settings. Note that the most heavily-cited papers uncovered by RQ 3 are theory-oriented papers.

A second under-researched area appears to be dark side behaviors online. Dark side behaviors such as online gambling and viewing pornography have received some attention but other behaviors such as falling prey to phishing schemes and Internet scams have received much less. From a public policy standpoint, understanding the implications of these issues from both the perpetrators’ and the victims’ standpoints are necessary in order to develop educational campaigns and online filtering. An additional dark side behavior that has its roots in flaming is cyberbullying, especially through social network sites.

Future research could investigate the role of customer co-production. This research could take the form of understanding the technical requirements necessary for a firm to initiate co-production, or the use of customer site actions in the development of new products. Currently, few papers have addressed the issues of how to use customer-generated information that is stored on the company’s servers.

Lastly, much firm-oriented research has been conducted or implemented through large companies. A known advantage of the Internet is the ability of any firm to operate a web site. Future EC research can examine issues that are germane to small businesses given that they face unique resource and personnel constraints.

Regarding this research, several practical implications for managers also exist. Familiarity with the articles that explain the reasoning behind experimental results is something that can benefit managers. Managers have a unique perspective that they derive from day-to-day, hands-on experience with consumers and other practitioners. Through studying what marketing academics have examined, these managers are in an excellent position to leverage research findings to their specific use.

In conclusion, in this paper the authors sought to synthesize EC research across the leading journals in the fields of marketing, management and information systems. The suggested areas of future research based on this classification of past research can serve as a starting point for researchers who desire to move the understanding of EC forward.

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