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## **Does Relationship Marketing Exist in Cyberspace?**

Ha Lau Ching and Paul Ellis

### **ABSTRACT**

- A central tenet of relationship marketing is that exchanges can be classified on a continuum ranging from episodic transactions to relational exchanges embedded in social bonds.
- The aim of this study is to assess whether the unique transacting properties of the Internet (e.g., interactivity, connectivity) promote or hinder the development of exchange relationships.

### **KEY RESULTS**

- The study reveals that exchanges conducted in unregulated cyber-markets are invested with similar expectations and norms regarding cooperative behavior as more traditional marketplace exchanges.

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Abbreviated Heading: Relationship Marketing in Cyberspace

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## INTRODUCTION

At base, marketing is concerned with the creation and management of different types of exchange (Bagozzi 1975, Houston/Gassenheimer 1987, Kotler 1972). Exchanges may be classified on a continuum ranging from discrete, once-off transactions between otherwise unconnected people, to more relational exchanges embedded in a fabric of social and emotional bonds. Exchanges of all types are of interest to marketers, although in recent years the study of relationship marketing, or RM, has sparked a vibrant and emerging stream of research (see for example, the papers by Anderson/Weitz (1989), Heide/John (1992), Morgan/Hunt (1994), Sheth/Parvatiyar (1995)). Relational exchanges are more than merely repeated transactions between two parties. In a single transaction, personalities and social bonds are extraneous to the exchange. But in relational exchanges each transaction is couched in terms of the trading history between known partners and a host of non-economic factors will come into play. Idiosyncratic social mechanisms will affect the exchange process in terms of the nature of collaboration and conflict resolution (Dwyer/Schurr/Oh 1987).

A transaction between a buyer and seller may be classified further according to content of the exchange. First, there is an exchange of information, followed by an exchange of goods or services in return for payment. There may also be some form of social exchange in terms of the experiences or meanings shared by the parties involved in the transaction (Bagozzi 1975). In normal conditions, discrete transactions will have a heavy information and economic content with little or no social exchange, whereas relational exchanges will be characterized by a stronger social and psychological component. Accordingly, one theme in RM research has been the identification of those exchange characteristics – for example, interpartner trust, commitment, closeness, etc. – which are most prevalent in relational-types of exchange.

But how does the *setting* or context of the exchange influence these outcomes? Specifically, how, if at all, do the unique transacting characteristics of the Internet affect the outcome of online exchanges? To date, this question has received scant attention from both RM scholars and internet marketing researchers (*cf.* Arnott/Bridgewater 2002; Chaston/Mangles 2003). Yet the question is significant when one considers that the Internet offers a number of unique exchange-enhancing features, such as addressability, interactivity and connectivity, that may reinforce or challenge traditional assumptions about the exchange process. Addressability describes the potential each website has for keeping a record of a customer's visits (Blattberg/Deighton, 1991). This ability to create a "memory" of each visit arguably gives the online firm an advantage in customizing their product offering to the unique needs of each client (Kierzowski et al. 1996). The interactive and connective nature of the Web also promotes the development of relationships in a way not captured in the traditional one-way information flow between customers and suppliers separated by time and space (Arnott/Bridgewater 2002, Maloff 1996). But on the other side of the coin, the Internet also promotes the free-flow of information between a large number of potential exchange partners. Distance and anonymity conspire to lower the costs of breaking commitments while abundant, costless information about prices promotes opportunistic contracting. In cyberspace institutional safeguards and social norms associated with transacting are, if not altogether lacking, at least qualitatively different from those safeguards and norms found in more traditional markets. In such an environment, exchange partners – either other businesses (B2B marketing) or customers (B2C marketing) – may desire more durable relationships to mitigate the threat of opportunism. But once achieved, do such relationships bear the same hallmarks as their more traditional counterparts (e.g., high levels of trust, commitment, closeness, etc.)? That is, do *online* relational exchanges exhibit similar traits as *offline* exchanges? Specifically, can online exchanges be meaningfully distinguished in terms of

traditional relational characteristics such as trust, commitment and closeness? These questions collectively define the central problem of this study.

## CHARACTERISTICS OF RELATIONAL EXCHANGES

In the RM literature, a number of variables are identified as being associated with relational exchanges. A typical list might include trust, commitment, closeness, long-term orientation, satisfaction with past experience, communication openness, the sharing of confidential information, lower opportunism, and the presence of relationship-specific investments. The aim of this study is to identify whether these associations exist in an online exchange context. A brief description of each variable and its implications for online exchange follows.

*Trust* in an exchange can emerge from social norms such as reciprocity (Gouldner 1960), or through prior relationships embedded with a pre-existing stock of trust (Uzzi 1996). In the RM literature trust is commonly defined as the perception of confidence in the exchange partner's future actions (Morgan/Hunt 1994). Because the conduct of e-commerce across jurisdictional boundaries is not without its risks, the issue of trust is arguably of greater importance for online rather than traditional exchanges (Ratnasingham 1998, Walther 1995). In the absence of institutional and legal safeguards, the threat of opportunism will be higher driving up the need to enact trust-building mechanisms or pursue trustworthy exchange partners. However, the anonymous nature of the Web may hinder the development of trust except in repeated exchanges with known others. Thus it could be anticipated that trust is key discriminator between discrete and relational online exchanges.

Relationships characterized by high levels of trust may exhibit other features, such as commitment, closeness, and a longer-term orientation. *Commitment* is recognized as an essential ingredient for successful long-term relationships (Anderson/Weitz 1992, Dwyer *et al.*, 1987, Morgan/Hunt 1994) and has been defined as "an enduring desire to maintain a valued relationship" (Moorman/Zaltman/Deshpandé 1992, p.316). Commitment in a relationship is thus a prime indicator of potential durability. *Closeness* refers to the social bonding or level of intimacy between buyers and sellers. Customers are more likely to be retained if they feel some attachment to the supplier; less close relationships are at more risk of dissolution (Kelly/Thibaut 1983). Thus closeness may enhance the stability and longevity of relationship (Nielson 1998). A buyer's *long-term orientation* describes the perception of interdependence of mutually-beneficial outcomes in a relationship. This is the situation where the seller will pursue activities with outcomes that will benefit the buyer in the long run (Kelly/Thibaut 1978). An orientation towards the long run is closely connected with the level of trust in a relationship (Geyskens/Steenkamp/Kumar 1998). Ganesan (1994) reasoned that a buyer's trust in a seller will affect the long-term orientation of the former in three ways: (1) it reduces the perception of risk associated with opportunistic behaviors by the seller, (2) it increases the confidence of the buyer that short-term inequities will be resolved over a long period, and (3) it reduces the transaction costs in an exchange relationship.

*Satisfaction*, which may be defined as a positive evaluation of the channel relationship, is an indicator of equity in an exchange (Frazier 1983, Ganesan 1994). Like trust, which is more forward looking, satisfaction with past experiences can provide confidence that the each exchange party is concerned about the other's welfare in the relationship. Unlike trust, satisfaction with past experience can only be determined in a post-hoc fashion and will therefore have little bearing on the formation of discrete transactions.

*Communication openness* has been defined as the sharing of meaningful and timely information between exchange parties (Anderson/Narus 1990). Open lines of communication are significant for they enhance trust by aligning the perceptions and expectations of the exchange partners (Morgan/Hunt 1994). In their study Moorman, Deshpandé and Zaltman

(1993) found that timely communication fosters trust by assisting in the resolution of disputes. As the Internet is primarily a communications tool, it can be assumed that repeated online transactions between exchange partners will reap the benefits of open communication, for example, in the promotion of trust. At a deeper level, the *sharing of confidential information* between exchange partners has also been cast as a correlate of trust in a relationship (Doney/Cannon 1997).

*Opportunistic behavior*, which has been defined by Williamson (1975, p.6) as “self-interest seeking with guile,” hinders repeated exchange. In the unregulated, information-rich environment of the Internet, the potential for opportunism is considerable. Anonymous buyers and sellers can renege on commitments as new information regarding prices comes to hand. Relational exchanges may emerge specifically to counter the threat of opportunism and may thus be characterized as having lower levels of opportunism than anonymous, once-off exchanges. Another way in which exchange partners may combat the threat of opportunism is by deploying investments that are specific to the needs of the other party thus signalling their intention to maintain the relationship. Such *relationship-specific investments*, or RSIs, may include specialized equipment, specially-trained staff, or the adaptation of a seller’s production processes to meet a particular buyer’s needs. Similar to Williamson’s (1975) concept of transaction-specific assets, RSIs are dedicated to a particular relationship and cannot easily be redeployed (Heide 1994). In an online context, the addressible nature of the Web promotes the delivery of highly customized content and communication and may be interpreted as evidence that one party is willing to make non-redeployable investments to promote the longevity of the exchange relationship.

### **Online Relational Exchanges**

The central question of this study concerns the issue of whether online exchanges exhibit relationship characteristics similar to traditional offline exchanges. Although no research on this topic has been conducted to date, there are a number of reasons to expect why this will, in fact, be the case. In the emerging world of e-commerce, institutional safeguards are all but absent and the threat of opportunism runs high. With fresh information and quotes but a few emails away, potential traders can surf the Web for the best deals and abandon commitments with the ease anonymity and distance provides. In such circumstances, relational exchanges offer a number of opportunism-limiting and trust-building advantages over more discrete transactions. These advantages can be expressed in hypothesis form as follows:

- H1. Online relational exchanges will exhibit higher levels of (a) trust, (b) commitment, (c) closeness, (d) satisfaction and (e) communication openness and (f) information sharing than ad hoc and repeat exchanges.
- H2. Online relational exchanges will exhibit longer-term orientations than ad hoc and repeat exchanges.
- H3. Online relational exchanges will exhibit lower levels of opportunism than ad hoc and repeat exchanges.
- H4. Online relational exchanges will exhibit greater relationship-specific investments between exchange partners than ad hoc and repeat exchanges.

The research method used to test these hypotheses is described in the next section.

## **RESEARCH DESIGN**

To investigate the research problem, in-depth interviews were held with the manager-owners of 84 small and medium-sized enterprises actively participating in some form of e-commerce.

All firms were located in Hong Kong with the majority actively exporting to distant markets in the US and Europe. In response to calls to sample firms from a variety of industrial sectors and evidencing B2B as well as oft-studied B2C transactions (Chaston/Mangles 2003), a diverse mix of firms active in both business- and consumer-marketing were identified through various online directories and Internet Service Providers. Prior to being asked to participate in the study, the websites of potential firms were reviewed following a procedure used by Soh *et al.* (1997) in their study of e-commerce adopters in Singapore. The aim here was to ensure that firms were active online marketers and were not simply using their website as a form of passive promotion.

A brief overview of the firms included in the final sample is presented in Table 1. As can be seen the sample contained a mix of manufacturers and service firms. As other studies have found no significant differences between manufacturers and service firms in their use of the Internet (Arnott/Bridgewater 2002), this mixing of sectors was considered to offer more benefits than costs.

INSERT TABLE 1 ABOUT HERE

### **Data Collection**

Due to the generally poor performance of mail surveys in Hong Kong, data were collected via interviews conducted at each of the 84 firms over a six month period. This methodological choice is consistent with a number of studies investigating both internet marketing practices (see, for example, the studies by Doherty/Ellis-Chadwick/Hart, (1999), and Poon/Swatman (1997)) and RM (see, for example, the studies by Frazier/Gill/Kale (1989) and Lewin/Johnston (1997)). One benefit of using interviews is that they generated insights about informants' online experiences which, although not having a direct bearing on the constructs being measured, were useful for interpreting the findings that emerged in the field. Interviews ranged in length from 20 to 60 minutes and averaged around 30 minutes. Although there was considerable scope for informants to "tell their story", each interview followed a standardized protocol or guide (available from the authors) containing the specific questions operationalizing the constructs under consideration.

### **Measurement**

At each interview site, informants were asked to provide detailed information regarding one specific online exchange with which they were personally familiar. Data collected on 84 online exchanges were then classified in one of three ways; ad hoc, repeat business, or relational exchange. A pure spot-market or ad hoc exchange was defined as a transaction conducted with no expectation of any future interaction between the exchange partners (Heide/John, 1992). At the next level repeat business could be distinguished from a relational exchange by the fact that the former is transaction-oriented whereas the latter is characterized by emotional bonding. To illustrate, a transactional view of the customer simply considers the sales value and margin earned from a sale, irrespective of whether that sale is a repeat purchase or not. In contrast, a relationship-oriented view considers the potential downstream revenues and contributions that could be earned from a long-term partnership with a particular customer. Using these definitions led to a roughly equal sampling of 31 ad hoc transactions plus 25 and 28 repeat and relational exchanges respectively.

Having recorded background details relating to a particular online exchange, the next step involved asking informants questions regarding the characteristics of the cited exchange in terms of trust, commitment and so on. Where possible, operational definitions for each variable were taken from existing RM research. Trust was defined as the seller's

(informant's) perception that the buyer will perform as promised in the relationship with honesty with six items were adapted from Doney and Cannon's (1997) study. Commitment was defined as a psychological attachment to the partner and a concern for their future welfare using three items from Vlosky et al., (2000). Closeness was measured using three items used were developed by Nielson (1998). Ganesan's (1994) paper provided four items that were used to measure the seller's long-term orientation and a further four that measured their satisfaction with past business outcomes. For communication openness four items were adapted from Morgan and Hunt (1994) and Vlosky *et al.* (2000). Two items taken from Doney and Cannon (1997) measured the extent to which informants share confidential information with their buyers. Four items from Gundlach and Achrol's (1995) study were used to assess the extent of buyers' opportunistic behaviour. Finally, the presence of RSIs was ascertained with four items adapted from Ganesan (1994) and Vlosky *et al.* (2000).

An early version of the interview guide was pre-tested on a group of nine firms. Based on feedback from informants in these firms a number of minor refinements were made to the instrument. In most cases the extent of adaptation required was minimal and reflected that in this study, unlike the original studies, the exchange in question had been conducted entirely via the Internet.

## **RESEARCH FINDINGS & DISCUSSION**

Although all the measures used in this study were validated in previous research, it was nevertheless important to verify the unidimensionality and internal consistency of the scales used. Issues concerning the dimensionality of scales were examined using factor analysis. The suitability of the data for factor analysis was initially assessed by calculating the KMO measure of sampling adequacy for each of the nine constructs. The information sharing construct returned a statistic of .50 and so fell short of the recommended cut-off of .60. However, all constructs passed Bartlett's test of sphericity and were therefore deemed suitable for factor analysis. Principal components analysis, along with an examination of scree plots, revealed single factor solutions in every case. No construct returned more than one component with an eigenvalue greater than one and these solutions explained between 51.7% (for relationship-specific investments) and 83.1% (for satisfaction) of the variance in the measures. These results support the unidimensionality of the scales in question.

The internal consistency of the scales was assessed by determining the Cronbach alphas for each scale. Table 2 reveals that two constructs fell below the conventional cut-off of 0.70. This prompted an examination of the item-to-total-correlations for closeness and relationship-specific investments. In the case of closeness, deleting the relatively low-loading third item (.34) boosted the alpha to .68. However, as none of the items measuring relationship-specific investments were lower than .40, all were retained. Finally, the first item measuring communication was found to return an unacceptably low loading of .25 and was also dropped (new alpha = .86). Descriptive statistics, along with the correlations between the finalized constructs, are reported in Table 3.

INSERT TABLES 2 & 3 ABOUT HERE

To test the hypothesis that online relational exchanges will exhibit different traits from ad hoc and repeat exchanges, one-way analysis of variance (ANOVA) techniques were employed. ANOVA, which has been used by other scholars comparing differences between online transaction types (Chaston/Mangles 2002), compares the variances between groups with the variance within groups. As can be seen from Table 4, the differences between the three groups run generally as predicted. But to test the hypotheses that relational exchanges exhibit

higher levels of trust, commitment and so forth, each dimension was subjected to a planned comparison where the means of the relational exchange group were compared with the combined means of the other two groups. Planned comparisons of this nature are appropriate in studies of low statistical power and where there is an *a priori* reason for speculating that one group will evidence means different from all other groups (Pallant 2001). The *t* statistics resulting from this procedure are shown in the Table and generally support the hypotheses. Two exceptions are noted. First, the difference between the groups on communication openness was not found to be statistically significant, leading to the rejection of H<sub>1c</sub>. Second, visual inspection of the means reveals that there was no difference in opportunism between the relational exchange and repeat business groups. Consequently, the results reported in the table arise from comparing the ad hoc and relational exchange groups and constitute only partial support for H<sub>3</sub>.

#### INSERT TABLE 4 ABOUT HERE

Table 4 shows that the three exchange types – ad hoc, repeat, and relational – can be meaningfully distinguished in terms of the presence of the various relationship traits as hypothesized. Across the sample, relational exchanges exhibited the highest levels of trust, commitment, closeness, and satisfaction with past performance. Ad hoc exchanges, in contrast, were the exact opposite. Parties involved in relational exchanges were far more likely to have a long term view of their relationship, were much more likely to share confidential information. In comparison with those involved in ad hoc exchanges, these informants reported their online exchange partners were less likely to act opportunistically while they themselves made heavier investments in their relationships.

These findings are significant for they reveal, for the first time, that exchanges conducted in unregulated cyber-markets are invested with similar expectations regarding cooperative behavior as traditional marketplace exchanges. In once-off exchanges little information is shared, partners remain detached, and the threat of opportunism runs high. In short, expectations remain low. With repeated transactions expectations shift and the threat of opportunism falls. Exchange parties are better placed to evaluate satisfaction with past exchanges and will be more likely to commit to transacting with the same party over the long run. At some point social and emotional factors come into play and the underlying basis for exchange becomes more relational. For example, one of the informants in the study, a printer, told of how his exchange relationship with a US customer had changed over time. Initially the two parties had simply exchanged business documents online, but now they also exchange photos of families and new babies. This shift from information exchange to social exchange marks the dividing line between the utilitarian nature of repeat business and the more emotive type of relational exchange. In this case the exchange parties had become more than business associates – they had become friends.

As this case example illustrates, the difference between repeated and relational exchanges is more than semantic. Relational exchanges operate at a completely different level in terms of trust and information sharing. This may have implications for the speed at which new deals are struck. Although no hard data was collected, anecdotal accounts from several informants suggested that when online exchanges have reached the relational level, less time is required to consummate new business deals. Because the two partners tacitly understand each other's needs, emerging opportunities can be quickly seized without the due diligence required of contracting with strangers. When time is limited, transactional details can be negotiated "on the fly" or even after the deal is completed (Uzzi 1997).

## IMPLICATIONS AND CONCLUSIONS

Does the Internet promise the wide-open freedom to transact in anonymous markets with the most efficient partners in the world? Or does it hold the threat of being held hostage by clients switching their orders to rival firms competing on the basis of price? Does information freely circulate in online markets? Or is strategic misinformation the name of the game when it comes to picking partners? Some preliminary answers to these questions have emerged from this study. Specifically, the findings show that virtual markets are not anonymous and that online exchanges bare many of the hallmarks of traditional offline exchanges. It follows that many of the standard prescriptions of RM may be transferable to e-commerce settings. Managers should also look to exploit the addressability and connectivity features of the Web to pursue relational exchanges with clients and suppliers. Relational exchanges not only lower the costs of contracting, but they may permit speedier responses to emerging opportunities in turbulent markets.

Although this study was cross-sectional in nature, the findings hint at the possibility that far from eliminating social aspects of exchange, transactions in cyberspace are governed by relational norms. However, further research is needed to substantiate this claim. Other questions pertain to issues of causality. That is, does the Internet promote relationship building or are relationship-oriented firms more inclined to exploit web technologies? Existing research on this point has not resolved this issue. Chaston and Mangles' (2003) survey of small UK manufacturer provided only partial support for their hypothesis that relationship-oriented firms would be more committed to e-technology than transactionally-oriented firms. But their result may be tainted by the observation that small firms in general tend to be constrained in their implementation of e-commerce (Arnott/Bridgewater 2002).

Research is also needed to examine the complementarities between traditional and online relationship-building mechanisms. In their survey of US purchasing agents, Deeter-Schmelz and Kennedy (2004) found that the Internet played a marginally more important role in the maintenance of basic, transactional exchanges in contrast with more collaborative agreements with suppliers. Their conclusion was that in high involvement B2B relationships characterized by a sense of partnership between firms, personal visits from suppliers' sales teams remain highly valued. In such settings the Internet can, at best, supplement traditional methods of relationship-building. However, the results of this study may be less applicable to small, highly internationalized firms such as those interviewed here. Small exporters typically lack the resources with which to actively cultivate relationships in multiple foreign markets.

A balanced conclusion, then, seems to be that sales teams, which may be accustomed to surfing the Web for prospective customers, should be encouraged to make use of the Internet's interactive features to develop more personal ties with key accounts. Such actions will be especially valuable for customers located in different countries for whom the risk of online transacting is greater. Conversely, for firms that are solely reliant on traditional offline forms of relationship building, the findings of this study reveal that many of the features associated with relational exchanges – higher levels of trust, satisfaction and so forth – can be developed via online means. In summary, executives should view the Net as a communications tool for building trust with exchange partners, rather than an impersonal marketplace of faceless deals.

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**TABLE 1: The Final Sample**

<i>Industry</i>	<i>E-commerce type</i>	<i>N (%)</i>	<i>Employees (N)</i>	<i>N (%)</i>
Toys	B2B manufacturing	14 (17)	<5	26 (31)
Handbags	B2B manufacturing	15 (18)	5-10	27 (32)
Printing	B2B services	15 (18)	11-25	14 (17)
Trading	B2B services	11 (13)	26-50	9 (11)
Travel	B2C services	10 (12)	51-75	4 (5)
Floral delivery	B2C services	10 (12)	76-100	2 (2)
Retailing	B2C services	9 (11)	>100	2 (2)
<i>TOTAL</i>		<i>84 (100)</i>		<i>84 (100)</i>

**TABLE 2: Reliability Analysis**

Scale items (Response cues)	Corrected Item- total correlation	Coefficient alpha
<b>Trust</b>		.82
1. This online buyer keeps promises it makes to our firms.	.62	
2. This online buyer is not always honest with us.	.57	
3. We believe the information that this online buyer provides us.	.77	
4. When making important decisions, this online buyer considers our welfare as well as its own.	.44	
5. This online buyer is trustworthy.	.76	
6. We find it necessary to be cautious with this online buyer.	.47	
<b>Commitment</b>		.72
1. We expect our relationship with this online buyer to continue for a long time.	.50	
2. We expect our relationship with this online buyer to strengthen over time.	.52	
3. We expect to increase our sales in the future via this online buyer.	.62	
<b>Closeness</b>		.64
1. We have an extensive relationship with this online buyer.	.53	
2. Personnel from our firm have become accustomed to working with this online buyer.	.51	
3. Others in my firm have spent a lot of time working with this online buyer.*	.35	
<b>Long-term orientation</b>		.78
1. We believe that over the long run our relationship with this online buyer will be profitable.	.55	
2. Maintaining a long-term relationship with this online buyer is important to us.	.69	
3. We would like to develop a long-term relationship with this online buyer.	.75	
4. We are willing to make sacrifices to help this online buyer from time to time.	.46	
<b>Satisfaction with past outcomes</b>		.93
1. Pleased – Displeased (R)	.80	
2. Sad – Happy	.84	
3. Contented – Disgusted (R)	.86	
4. Dissatisfied – Satisfied	.87	
<b>Communication</b>		.75
1. In our relationship, this online buyer keeps us informed of new developments.*	.25	
2. My company exchanges more information now with this online buyer than we did before the web site was developed.	.76	
3. My company shares information with this online buyer that we would not have shared before the web site was used.	.63	
4. My company is more likely to share information with this online buyer than with our other buyers.	.64	
<b>Information sharing</b>		.73
1. This online buyer shares proprietary information with our firm.	.57	
2. This online buyer will share confidential information to help us.	.57	
<b>Opportunistic behaviour</b>		.78
1. This online buyer exaggerated their needs to get what they desired.	.53	
2. This online buyer is not always sincere.	.65	
3. This online buyer altered facts to get what they wanted.	.73	
4. This online buyer has breached formal or informal agreements to their benefit.	.46	
<b>Relationship-specific investments</b>		.69
1. We have made significant investments in production facilities dedicated to our relationship with this online buyer.	.43	
2. If we switched to a competing buyer, we would lose a lot of the investment we have made in this online buyer.	.55	
3. We have invested considerable effort in building our relationship with this online buyer	.43	
4. If we decided to stop working with this online buyer, we would be wasting a lot of knowledge regarding their method of operation.	.48	

Notes: Eight constructs were measured with 5 point scales ranging from 1 (“strongly disagree”) to 5 (“strongly agree”). “Satisfaction with past outcomes” was measured by asking informants to “Describe your feelings with respect to the outcomes with this online buyer in past transactions.” Responses were measured on a 7 point semantic differential scale.

(R) = reverse-scored item

\* Dropped from the analysis

**Table 3: Descriptive Statistics and Correlations**

	<i>N</i> = 84	<i>Mean</i>	<i>S.D.</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1. Trust		5.13	1.00	1.00								
2. Commitment		4.56	.54	.41	1.00							
3. Closeness		3.07	1.06	.27	.23	1.00						
4. Satisfaction		5.45	1.17	.47	.35	.12	1.00					
5. Communication		4.92	1.25	.09	.13	.25	.13	1.00				
6. Information sharing		3.90	1.63	.24	.10	.36	.13	.31	1.00			
7. Long term orientation		5.68	.80	.56	.42	.28	.44	.16	.21	1.00		
8. Opportunism		3.53	1.16	-.47	-.20	-.18	-.28	.13	-.06	-.32	1.00	
9. RSIs		4.01	1.14	.22	.00	.27	-.01	.23	.22	.35	.00	1.00

Correlations above .22 are significant at  $p < 0.05$  (two tailed).

**Table 4: Comparing the Three Exchange Types**

	Relationship Type			ANOVA		Hypothesis Tests	
	Ad hoc	Repeat Business	Relational exchange	F-ratio	<i>p</i> <	<i>t</i>	<i>p</i> <
<i>N</i>	31	25	28				
H <sub>1a</sub> : Trust	4.44	5.40	5.64	16.58	.00	3.67	.00
H <sub>1b</sub> : Commitment	4.42	4.44	4.69	2.31	.11	2.31	.02
H <sub>1c</sub> : Closeness	2.39	3.16	3.73	16.67	.00	4.60	.00
H <sub>1d</sub> : Satisfaction	5.02	5.43	5.94	4.97	.01	2.75	.01
H <sub>1e</sub> : Communication openness	4.64	4.97	5.17	1.33	.27	1.24	.22
H <sub>1f</sub> : Information sharing	3.21	3.98	4.59	5.95	.00	2.78	.01
H <sub>2</sub> : Long term orientation	5.26	5.64	6.18	12.62	.00	4.47	.00
H <sub>3</sub> : Opportunism	3.97	3.27	3.27	3.79	.03	2.73*	.01
H <sub>4</sub> : RSIs	3.53	4.17	4.41	5.14	.01	2.21	.03

\* Ad hoc and relational group comparison only.

Note: Higher means indicate higher scores on each construct.