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New Perspective on Customer Orientation of Service Employees: A Conceptual Framework

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New Perspective on Customer Orientation of Service Employees: A Conceptual Framework

Customer orientation of service employees (COSE) refers to the capacity and skills of employees to (1) identify, understand and satisfy their clients' needs, and (2) act to that end. The COSE model has been used extensively to assess customer orientation of service employees within different settings. However, minimal modifications from the original have been presented so far, and the proposed settings were unrelated to highly relational services such as private banking (PB). PB is defined as the services specifically designed to satisfy the financial needs of high net worth individuals (HNWI); they are usually delivered by only one contact person – the private banker. Thus, PB is based on a personal and long-lasting relationship between the private banker and the client. Drawing on the literature regarding customer orientation and PB, trust, loyalty and word of mouth are identified as the potential consequences of COSE, improving on previous models. These new propositions are accompanied by a conceptual framework of COSE that is able to address the PB particularities by considering some moderating variables that are inherent to the PB service (customer segment and type of banking firm). Further avenues for research are then charted in light of the new conceptual framework developed.

Keywords: Customer Orientation, Service Employees, COSE, Private Banking, Financial Services

Introduction

Since the concept of relationship marketing (RM) was first coined by Berry (1983), an enormous amount of research into the topic has been published, making the field a mature one (Berry, 1995).

When faced with the challenge of conducting new research in such a mature field, academics must determine which contexts, research settings and sources have to be used to broaden the theory. According to Saunders, Lewis and Thornhill (2009), the research objective should ultimately determine the context and the sources to be used.

This is why customer orientation (CO) and private banking (PB) were chosen for this research as an ideal combination for establishing a setting whose characteristics have the potential to challenge some of the most common constructs of RM theory.

On the one hand, CO is still highlighted as a crucial element for companies and service employees (Anosike and Eid, 2011), despite being coined as a construct some decades ago (Saxe and Weitz, 1982). It remains of high interest for academics in the new century (Brady and Cronin, 2001).

PB, on the other hand, is particularly significant for the wider banking industry in Europe, where PB services catered to 39% of the total assets under management (AUM) in 2014 and was considered attractive or very attractive by 82% of their professionals (J.P. Morgan and Oliver Wyman, 2014). In fact, PB is one of the most profitable services within the financial services industry (Baglolle, 2004).

The relevance of PB as a field of academic research not only stems from its importance to the financial service industry, but also from its specific characteristics, which make PB not just another personal and long-lasting relationship service, but different from any other in several aspects.

Based on the service classification proposed by Lovelock (1983), PB would be classified as similar to retail banking or insurance services in terms of the nature of the service, the relationship with the customer and the demand/supply nature. However, the service employee's level of judgment is well above that of a retail banking employee and is more similar to that of a legal or healthcare service professional. Additionally, because of the personal nature of the service, the delivery method will vary according to the customer's needs. In other words, the PB employee will happily move to where the customer is and not the other way around, as typically occurs in retail banking or healthcare services.

Since differences exist between retail banking and PB, all companies involved in PB have followed strategies for their corresponding business units that differ from those used for the retail banking unit, with the aim of offering a differentiated service to their PB customers (Stanley, Moschis and Danko, 1987; Lassar, Manolis and Winsor, 2000; Mylonakis, 2009; Horn and Rudolf, 2012).

PB is a service whose key pillar is the personal relationship that is established between one employee, commonly known as the private banker, and the customer (Javalgi, 1992; Baglole, 2004; Yu and Ting, 2011). The role of the private banker is rendered even more important because in the vast number of cases, he or she is the only contact managing the design and delivery of the service (Molyneux and Omarini, 2005; Halstead, Jones, Lesseig, and Smythe, 2008). The performance of the private banker is a result of superior preparation and specialist skills (Lassar, Manolis and Winsor, 2000; Molyneux and Omarini, 2005), as well as the capacity to establish a strong relationship with the customer. Such a relationship, as with other services, stems from the employee's level of customer-oriented behaviour. However, despite its importance, this type of behaviour has never been studied in the PB industry.

As such, the private banker and his/her CO could be considered an ideal field of inquiry in the service marketing discipline. CO is essential to PB employees due to the customised nature of the service and the high level of decision-making authority PB employees enjoy when serving clients. Moreover, the client-employee relationship is based on mutual trust – the private banker advises the customer and manages his/her worth, and often knows every detail of the customer's private life (Stanley, Moschis and Danko, 1987; Javalgi, 1992; Baglole, 2004). This makes such a relationship special and particularly demanding, and hence, expressly different from other service relationships.

Despite the attractiveness of establishing private bankers as a role model for other service employees, and the importance of PB within the financial services industry, the unique nature of PB has been the subject of very few academic studies (Burgstaller and Cocca, 2011; Horn and Rudolf, 2011; Yu and Ting, 2011). The majority of existing studies have been based on the simple application of research in retail banking services (Strandberg, Wahlberg, and Öhman, 2012); to the best of our knowledge, no specific research into the CO of private bankers or any associated consequences has been conducted.

Thus, the purpose of the present study is to investigate the role of COSE in PB. To do this, we have proposed a series of research questions and objectives to guide our discourse. These will be presented in the following section, followed by a thorough review of the CO and PB literature. We will then present some propositions about the role of COSE and its moderators and consequences, followed by the results of our study and their implications, and an analysis of the limitations of the study and suggestions for additional research.

With this paper, we hope to contribute to the further development of RM theory by looking at one of its common constructs and tools – COSE – through the lens of a challenging service setting in terms of the type of employee-customer relationship, PB. Such an approach opens up an interesting debate regarding the typical way that academics explore the most accepted paradigms; they test the paradigms in different settings without ensuring that those settings are the most appropriate.

Objectives and Methodology

The overarching aim of this research is to investigate and understand the peculiarities and implications of the customer orientation of service employees (COSE) in the private

banking (PB) business. Consequently, the following research questions (RQ) have been proposed:

- RQ1: What differentiates PB from other services and makes it an adequate setting for studying the CO concept?
- RQ 2: What are the consequences of COSE within PB?
- RQ 3: What variables with regards to the PB service could have a moderating effect on COSE?

In order to address the above research questions, several objectives should be accomplished:

- Identify the specific characteristics of PB that distinguish it from other services and define it as an extreme setting within the relationship marketing (RM) field.
- Study the theoretical evolution of the CO concept from its inception, and critically review other CO models, to confirm whether the COSE model is adequate for modelling the particularities of the PB service.
- Investigate the importance of private bankers' COSE level, from both an academic and industry perspective, using a systematic literature review.
- Design and propose a model to assess the antecedents and consequences of COSE in PB, including the different variables that can act as moderators of the established relationships.
- Propose recommendations for academics and practitioners.

Regarding our methodology, the attainment of these objectives was pursued by following a deductive approach (Saunders, Lewis and Thornhill, 2009), leading to the integration of two bodies of knowledge, namely CO and PB, and to the further proposition of new and untested relationships, resulting in a new conceptual framework

(Gilson and Goldberg, 2015) linking the different constructs being considered (Cropanzano, 2009).

Literature Review

Customer Orientation of Service Employees

Customer orientation is not a new concept in service marketing literature. Since Saxe and Weitz (1982) designed their Selling Orientation – Customer Orientation (SOCO) scale and empirically tested the scale with sales forces from different retail, industrial, and service companies, several authors have developed different conceptual models and respective measurement scales (Narver and Slater, 1990; Deshpandé, Farley, and Webster, 1993; Brown, Mowen, Donovan, and Licata, 2002).

Such a variety of perspectives has made it difficult to achieve consensus on the meaning of CO, and its differentiation with the construct of market orientation (MO), that was proposed and tested via two separate approaches, one by Kohli and Jaworski (1990), and another by Narver and Slater (1990).

According to Hennig-Thurau (2004), COSE is the characteristic of a service employee who (1) has the capacity and skills to identify, understand and satisfy the needs of the client, and (2) acts to that end. COSE consists of four traits possessed by service employees: a) technical skills, b) social skills, c) motivation and d) decision-making authority (Hennig-Thurau, 2004). Technical and social skills are those needed by an employee to respond to the customer's requirements; motivation refers to the employee's personal incentive to fulfil those needs; and decision-making authority is the employee's perceived freedom to do what it takes to fulfil the customer's needs (Hennig-Thurau and Thurau, 2003).

In a study focusing on the customers of media retail and travel agent companies, these four dimensions were found to positively impact customer satisfaction, commitment and retention (Hennig Thurau, 2004) – three consequences of the COSE construct that were considered crucial to service companies' success and were assumed to be an indirect measure of business performance. It is noteworthy that Hennig-Thurau's (2004) COSE model has been applied and validated in up to 15 empirical studies within different service industries and countries.

Other well-established constructs and scales have also been adapted to the service sector (Kelley, 1992; Ifie, 2014). Moreover, previous authors have studied the consequences of CO (e.g. Susskind, Kacmar and Borchgrevink, 2003; Homburg and Stock, 2005; Ha and John, 2010). Regrettably, none of these studies employed a comprehensive and multi-dimensional model like COSE, and after a careful literature review, it can be asserted that no specific study has used the model proposed by Hennig-Thurau and Thurau (2003) to test the direct relationship between COSE and customer trust, customer loyalty, and word of mouth.

Private Banking Services

Private banking or wealth management is a group of products and services specifically designed and managed to address the special needs of high net worth customers, commonly known as high net worth individuals (HNWI) (Yu and Ting, 2011). Since needs differ greatly between such customers, the customer relationship be personalised and customised as described by Javier Marín, the former chief executive officer (CEO) of Santander Bank (Marín, 2005).

According to Marín (2005) and Molyneux and Omarini (2005), PB is usually provided by the following three types of firms, with each one following specific business models:

- PB business units of larger commercial or retail banking corporations (such as the PB services offered by HSBC and Santander), which tend to include in their offering products not related to investments, like credit cards or mortgages.
- Specialised private banks (not related to commercial banks), such as UBS Wealth Management or Pictet & Cie, whose main objective is solely to offer investment products and related services.
- Independent Financial Advisors (IFA) focused on HNWI, which include local and smaller firms that are not incorporated as banks and therefore use the financial products of third parties.

Regardless of the type of firm, the PB service is generally based on a single contact – the private banker – whose relationship with the customer is expected to last as many years as possible or even across different family generations of a family in instances where younger individuals inherit an older customer's wealth. Such a relationship must be built on two basic pillars: confidentiality and trust. These factors make the banker-customer relationship very close, and the alignment of interests between them, the service employee and the client, and the banking firm becomes critical (Molyneux and Omarini, 2005).

Another important characteristic of PB is that the portfolio of products and services offered to HNWI is only justified by a minimum amount of investible assets; meeting this minimum is required in order to gain access to PB services. The minimum varies depending on the firm, but is usually total investible assets of over €500,000

(Pinto, 2015). PB customers are often categorised into three sub-segments: HNWI with a total worth between €500,000 and €5 million; very high net worth individuals (VHNWI), with assets ranging between €5 million and €30 million; and ultra high net worth individuals (UHNWI), with a wealth in excess of €30 million. In the PB arena, HNWI are not just the customer sub-segment considered to be the entry level for PB services, but they are also the broadest group of PB customers (Yu and Ting, 2011).

Despite the general characterization of PB clients as individuals with large amounts of assets, their situation and needs may vary significantly. For instance, the situation of a young person who wins the lottery is completely different from that of someone who inherits a family fortune. This explains the impossibility of offering a standardised service, and why the relationship with the client is paramount and must be customised to his or her needs (Marín, 2005).

These aspects make the private banker a key component of the PB service; it is the private banker who must develop the trust that the client places in the bank. The private banker is also the only employee of the bank that can (and should) handle all of the client's personal, sensitive and confidential information. The role of the banking institution is to provide private bankers with the resources and specialised support they need to create sufficient trust and a close relationship with the client, which will allow them to maintain the client-supplier relationship over the long term.

The customer-banker relationship normally needs a few years to consolidate and ends up prevailing over the customer-bank relationship. Baglolle (2004) considers five years to be the minimum time required for solidly establishing the customer-banker relationship. Moreover, the level of service that the customer receives from the banker is often more important than the differences in profit the banker makes with the

customer's money (Baglolle, 2004). This is why PB is not about companies, but about individuals and relationships.

All of these features of PB pose a challenge to banks in terms of attracting versatile and proactive private bankers who are willing to undertake ongoing training, and who are skilled at identifying, understanding and providing a response to client needs (IEAF, 2006). Howcroft (1991) stated that banks are required to improve in areas such as recruiting, training and internal communication. Additionally, because of the high human impact and variability of the service, it is crucial to have intelligent, committed and enthusiastic staff (Sanghera, Chernatony and Brown, 2002).

Research Gap

According to Hennig-Thurau and Thurau (2003), the outcomes of successful relationship marketing are the same as those of COSE. In other words, COSE is a means to achieve RM goals. Heskett, Jones, Loveman, Sasser and Schlesinger (1994) suggested that when RM goals are attained, not only does customer satisfaction increase, but so does customer loyalty and the likelihood of positive word-of-mouth communication with peers.

Prior to defining the COSE concept, Hennig-Thurau, Gwinner and Gremler (2002) found that loyalty, word of mouth and trust are outcomes of the RM concept. However, although they went on to base COSE on RM theory, the empirical test that Hennig-Thurau conducted in 2004 surprisingly did not include any of the outcomes of RM identified in 2002, and was set in a retail context, where almost no formal relationship exists (Lovelock, 1983); most of the following studies on this topic used a similar service context. The settings that were chosen by Hennig-Thurau (2004) were travel agencies and retailers of media products. Both services are defined as mostly

transactional, discrete and without a formal relationship between the customer and the employee (Lovelock, 1983). No explicit connection to the RM theory was made, restricting the contribution of COSE's empirical test towards RM theory development. These two aspects of the original study (the exclusion of RM outcomes and a focus on transactional services) significantly limit the potential of the COSE model.

Based on the characteristics of PB and private bankers outlined in the literature review, the COSE model and its different elements are well suited to the study of that service. However, although the literature covers a broad collection of CO outcomes for financial service employees – e.g. trust (Tam, 2001), intention to recommend the service (Guenzi and Georges, 2010), and satisfaction (Lassar, Manolis, and Windsor, 2000; Halstead et al., 2008) – no studies have explored the COSE construct in an extreme situation of the employee-customer relationship like the one found in PB so would serve to further develop the RM concept, as proposed by the present study.

Propositions and Results

Main Propositions

The above review confirms that COSE is an appropriate model to use for studying a purely relational context such as PB, as was the original intention of Hennig-Thurau and Thurau (2003). When looking at the PB industry, private bankers and how they behave and manage their customers are the central aspect of the business. The private banker must have the skills, willingness and empowerment to be customer oriented during all stages of the PB service.

The four dimensions of COSE defined by Hennig-Thurau (2004) – technical skills, social skills, motivation, and decision-making authority – can be used to assess CO importance and level of private bankers, similar to what Hennig-Thurau (2004) and

others have done for different services. Based on the rationale presented above, the following proposition is suggested:

Proposition 1: COSE has a positive impact on PB firm's performance.

Due to the particularities of the PB service, it is necessary to determine the specific characteristics of the service that require modifications to the model conceptualised by Hennig-Thurau (2004), with its four equally-weighted dimensions. Thomas, Rao and Javalgi (1990) and Howcroft, Hamilton and Hewer (2007) showed empirically that a customer's wealth is related to his/her expectations regarding the relationship with, and characteristics of, the financial service employee, and the impact of those factors on the service outcome. A qualitative study conducted by Värlander and Julien (2010) in the banking industry showed that bigger banks exercise higher control of employees' decisions compared to smaller banks. This finding aligns with those of Pun and Jaggernath-Furlonge (2012), who concluded that company size affects the level of employee empowerment.

After reviewing the characteristics of the PB service, it is notable that its delivery differs depending on the specific customer sub-segment being served (HNWI, VHNWI or UHNWI) and the configuration of the firm offering the service (Yu and Ting, 2011; Molyneux and Omarini, 2005). For instance, wealthier customers require a more complex and extensive range of products, as they have more capital to invest, and so higher technical skills are expected from the banker. Likewise, independent and smaller firms, because they lack certain support resources, tend to provide higher decision-making authority to their employees. This is why it would be logical to expect a higher importance to be placed on the private banker's technical skills when dealing with UHNWI, or on the decision-making authority of the private banker in independent firms. Therefore, the following propositions are suggested:

Proposition 2a: The customer segment influences the role of each of the four dimensions of COSE.

Proposition 2b: The type of firm influences the role of each of the four dimensions of COSE.

With these two propositions, the characteristics particular to the PB service are taken into account.

Trust

Any exchange implies certain levels of risk and uncertainty, particularly in high credence services (Zeithaml, 1981), as financial services are (Eisingerich and Bell, 2007). In such cases, trust – which is understood as the confidence that one's vulnerabilities will not be exploited by the other participant in the exchange (Sabel, 1993) – takes a prominent role in creating a competitive advantage for companies (Barney and Hansen, 1994) and higher value for customers (Sirdeshmukh, Singh, and Sabol, 2002). Therefore, trust is highly attractive for the customers in such a context.

In the case of banking services, numerous studies have explored the particularities of trust within the financial services industry (Tyler and Stanley, 2007). The existence of banks is related to the existence of trust at the personal and corporate levels (Knights, Noble, Vurdubakis, and Willmott, 2001).

Tyler and Stanley (2007) showed empirically that trust was a mutual means of managing risk between the parties (bank, banker and customer) and they reached two conclusions:

- Personal and corporate trust (i.e., trust in the financial service employee and trust in the banking firm) are not necessarily correlated due to the especial role of the banker in the service provision. A certain dissociation between personal and

corporate trust can exist, as is the case with PB.

- Personal trust is created due to the reliability, efficiency, and honesty of bankers and their personal behaviour.

According to Baglolle (2004) and Molyneux and Omarini (2005), a series of aspects render the PB service different from other banking services. The PB service is based on a single contact person, the private banker, who develops and manages the relationship with the customer, and with whom the customer shares all of the financial information related to his/her wealth as well as any personal information (such as family circumstances) that could eventually affect his/her financial situation. Therefore, confidentiality and trust form the basic pillars of both the relationship and the service. Trust in the context of PB is understood as the customer's confidence in the private banker, not only with regard to his/her professionalism and honesty (Tyler and Stanley, 2007), but also in terms of the specific actions taken by the private banker to manage the customer's wealth and how these actions are adapted, planned and executed day to day.

Logically, gaining the trust of the customer is the permanent goal of any private banker who is customer-oriented and who aspires to establish a strong relationship with the customer. Therefore, the following proposition is offered:

Proposition 3: Private bankers with a high level of COSE should generate higher levels of customer trust.

Loyalty

According to Jones and Sasser (1995), customer loyalty increases company profitability. As such, several attempts have been made in the literature to measure the different antecedents of loyalty in the context of banking services. One example is the

research conducted by Keisidou, Sarigiannidis, Maditinos, and Thalassinos (2013) in the Greek banking sector. Another study, conducted by Ball, Coelho, and Vilares (2006), confirmed the direct and indirect effects of service personalisation on loyalty in the banking industry, through the development of trust and satisfaction. The relationship between satisfaction and loyalty in the banking context was also validated by Miguel Dávila, Cabeza García, Valdunciel, and Flórez (2010).

The main difference between retail banking clients and HNWI clients is their expectations and behaviour in relation to investment banking services. Some authors (Thomas, Rao, and Javalgi, 1990; Baglole, 2004; Marín, 2005) summarise these differences as follows:

- Clients with greater resources demand higher returns on investments and have lower aversion to risk.
- Higher net worth individuals appreciate better service and are willing to pay for it; therefore, they require total transparency and have greater expectations.
- UHNWI customers normally utilize at least two private bankers working for different institutions. They do so to compare performance and decide which one to deposit the majority their savings with year after year.

Seiler and Rudolf (2014) measured the impact of the existence of a private banker on customer loyalty. However, they did not study which employee characteristics influence customer loyalty, nor did they differentiate between loyalty to the employee and loyalty to the firm. That differentiation was proposed by Dick and Basu (1994), who stated that customer-employee loyalty is determined by the link between the parties (affective loyalty) rather than the technical and measurable considerations about the company (cognitive loyalty).

As a result of this difference and the nature of the PB service, which is characterised by a high level of personalisation and a long-term relationship, the loyalty of the customer toward both the private banker and the firm is crucial. For the purposes of this study, loyalty refers to the attitude and behavioural intention of the customer to remain a customer, leading to a lasting relationship with the private banker and the maintenance of the majority of assets with the same banker (or firm, in the case of loyalty to the firm) under the following two circumstances:

- The customer is approached by another banker (or firm) to gain him/her as a new customer or to propose that he/she increase the amount of assets delegated to that banker (or firm).
- The banker decides to move to a new firm and asks the customer to move his/her assets to the new firm (loyalty to the private banker), or, on the contrary, the customer prefers to stay with the same firm but uses a different private banker (loyalty to the firm).

While it is logical to assume that a lack of CO on the part of the private banker would prevent customer loyalty from developing, the role and impact of service employees and their characteristics (as opposed to their mere existence, as studied by Seiler and Rudolf (2014)), have generally been excluded from previous studies due to the specific context of retail banking services, where employee-customer relations are not necessarily as close as those found in PB. Hence, a new proposition is suggested:

Proposition 4: A customer's loyalty to the private banker and the firm is positively influenced by the private banker's COSE.

Word of Mouth

Word-of-mouth communication (WOM) refers to informal communication about a product or service; it is independent of the company providing the service or product and is therefore out of the company's control (Silverman, 1997). The influence of WOM when a customer is considering the use of a new service provider has been studied and confirmed (Herr, Kardes, and Kim, 1991). Furthermore, some studies have concluded that WOM is particularly crucial when deciding about which financial services providers to use (File and Prince, 1992; Choudhury, 2014).

With regard to PB, it is a financial service that is often surrounded by a halo of mystery and intrigue because wealthy people do not usually talk about how much money they have or how they make it. For that reason, such customers tend to be discreet and very cautious regarding whom they choose to disclose their financial information to (Yu and Ting, 2011). This makes it very difficult for private bankers to identify potential customers. As such, references from acquaintances who are satisfied with the private banker and the firm are the most effective marketing tool (Marín, 2005).

The antecedents of WOM were originally studied by Oliver (1980), whose analysis confirmed that satisfaction not only influences consumer attitudes but also affects the behaviour that occurs after the transaction, as in the case of WOM. However, Dick and Basu (1994) suggested that due to the level of personal engagement required to participate in WOM activities, these activities are more influenced by the level of loyalty than by satisfaction. Similarly, in the context of banking, Chochol'aková, Gabčová, Belás, and Sipko (2015) confirmed that WOM is affected by satisfaction, although they suggested that there may also be other factors influencing WOM.

Zeithaml, Berry and Parasuraman (1996) defined three aspects of WOM: the positive message about a service, the recommendation to use it, and the encouragement to use it. The first two aspects were further developed by Harrison-Walker (2001), who added the intensity of the recommendation – or the frequency of the recommendation, the number of people to whom the service is recommended, and the details of the service that is shared – and the praise of the message – or the level of positivity and pride in using the service. Both studies found a positive direct impact of service quality on WOM (Zeithaml, Berry and Parasuraman, 1996; Harrison-Walker, 2001).

In relation to PB, word of mouth can be defined as the informal communication from one PB customer to another about his/her private banker (intensity and frequency) and eventually the encouragement to contact the private banker in order to explore the possibility of also becoming a customer. Whether or not WOM communication is ignited by customer satisfaction or loyalty, logic dictates that the COSE of private bankers and the relationship that is established with the customer are the ultimate argument used by customers to recommend their private banker to other potential customers. Based on the above reasoning concerning WOM and the empirical evidence from prior literature, the following proposition is suggested:

Proposition 5: Private bankers with a high level of COSE stimulate positive WOM communications from their customers.

Conceptual Framework

Using the research propositions outlined above, and based on the peculiarities of the PB sector, the COSE model developed by Hennig-Thurau (2004) was adapted and further developed to cover the aforementioned research gaps. The following conceptual framework is therefore proposed:

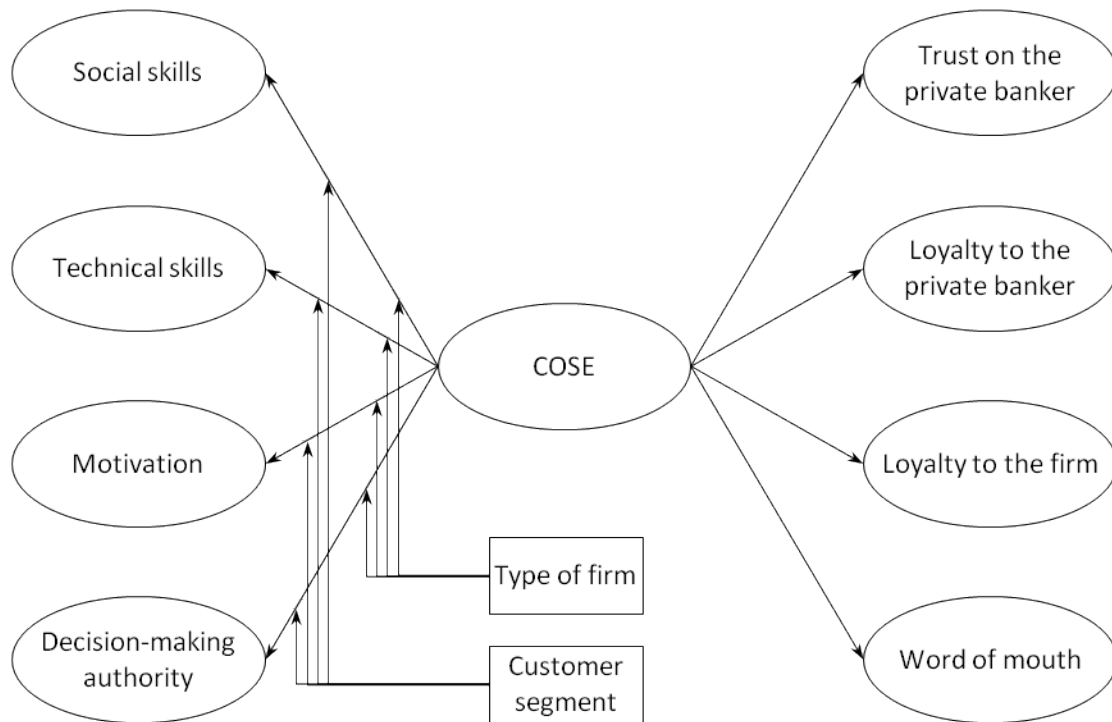


Figure 1. COSE conceptual framework for PB (Own elaboration based on Hennig-Thurau, 2004).

This conceptual framework outlines the following relationships: (1) COSE influences trust, loyalty and WOM, and (2) the type of firm and the customer segment moderate each characteristic of the private banker's level of COSE.

Regarding the moderating variables, the following effects for each would be expected:

The type of firm

The type of entity offering the PB service could influence COSE dimensions as follows:

- In PB units of larger banking corporations, the private banker's level of

decision-making authority could be lower, as bigger banks tend to have more control over their employees.

- Specialised private banks, the decision-making authority and technical skills of the private bankers could be higher, as they work more autonomously, with less support from technical teams in the firm.
- With independent advisors, the role of motivation and decision-making authority would be more important, as they do not work for any bank in particular but act as independently-run businesses.

The customer segment

The customer segment is determined by the amount of investible assets under the responsibility of the private banker. Therefore,

- HNWI (those customers with the smallest amount of assets) will not notice a great influence of the private banker's technical skills and decision-making authority on the level of COSE, as these customers tend to be satisfied with a more limited portfolio of products.
- VHNWI and UHNWI (those customers with the highest amount of assets) will require higher technical knowledge on the part of the banker in order to access a broader range of products, as well as higher decision-making autonomy so that the service can be adequately customised without requiring authorisation from firm management.

Discussion and Contribution

While it is acknowledged that RM is now a mature theory (Berry, 1995), that does not mean that there is no room for new contributions to the field. By applying a well-

established construct of RM, such as COSE, to a new context, it is possible to broaden the field.

Based on the service classification proposed by Lovelock (1983), PB is presented as a purely relational service, where the role of the private banker is crucial to establishing and developing a relationship with the customer. Moreover, the characteristics of the PB service makes it unique within the financial services industry (Horn and Rudolf, 2012). Therefore, it is an adequate context in which RM and COSE can be further developed.

When using the COSE model to further develop RM theory, it is imperative to align not only the theory and the construct, but also the outcomes. This alignment will provide the COSE model the greatest opportunity to improve, based on how it has been used so far. As such, this research offers a few contributions to the field, derived from the extensive literature review and the propositions made regarding the COSE model.

The first contribution is related to the PB service. By combining academic and professional research on the topic, this study should help to establish a clear characterisation of the PB service. Such a clarification will help future researchers who are looking at the PB industry to be aware of the explicit boundaries of the service and its components, including the service/products offered, the customer segments served, the type of firms involved, and the service models applied.

Another set of contributions made by this paper is related to the COSE model (Hennig-Thurau, 2004) and RM theory. The COSE model, as it is currently conceptualised in the literature, and the measurement of its impact on customer satisfaction, retention and commitment (Hennig-Thurau, 2004; Hanzaee and Mirvaisi, 2011; Moghadam, 2013; Bramulya, Primiana, Febrian and Sari, 2016) fall short in

terms of allowing further development of RM theory, despite the potential for using COSE to assess other consequences in a more relational setting like PB.

This is why PB was chosen specifically for this study. The RM theory and the COSE model need such a context in order to be studied adequately. However, the model needed a few adjustments. As such, a main contribution of this study has been the elaboration of the five research propositions presented above. A new conceptual model of COSE was also developed based on those propositions, incorporating the type of firm, the segment of customers, trust, loyalty and WOM. This adapted COSE model should respond better to the expected outcomes of RM and the particularities of PB service.

Lastly, this research offers several contributions for professional practitioners. The paper outlines the importance of COSE for private bankers in terms of two major aspects:

- The characteristics of a customer-oriented private banker. Since talent acquisition is a main concern of companies, particularly in the service industries, where frontline employees play a critical role, knowing the exact characteristics that make a private banker more oriented to the customer should help those companies identify candidate private bankers to employ by assessing their level of COSE.
- The consequences of COSE. Due to the importance of trust, loyalty and WOM in the overall performance of the firm, identifying how COSE influences these outcomes should allow companies to improve the achievement of their relationship marketing strategy goals.

Limitations and Future Research

Despite efforts made to produce a robust study, there are a few limitations that should be acknowledged, as with any research study. These limitations are mainly related to the conceptual nature of the study, as it lacks an empirical test of the propositions. Furthermore, a significant amount of the studies cited looked at European PB context in particular. Due to the highly regulated and customised nature of the PB business, differences between geographic regions may be significant. Nevertheless, the three service models defined in the literature review is applicable to the majority of economic models, which means that starting from that classification should let the particularities of a specific country or region to be identified in terms of the prevalence of one service model over another. This will allow the research findings to be adapted to different contexts.

Future areas of research could look at the propositions made regarding the application of the COSE model within the PB sector. The new perspective of the COSE model presented in this paper could be empirically tested and validated. Such research could follow either a qualitative or quantitative approach. The former approach should help, through the participation of different PB professionals, determine whether the COSE model and the consequences outlined here are correct and can be applied by practitioners. The latter approach could use a customer survey, for example, to quantitatively test if the relationships proposed in this study are valid and to see how strong they are.

In summary, this paper has opened up multiple research avenues; the present study can be used as a tailored theoretical framework for any investigation related to CO and PB, and also as an invitation to further develop or empirically confirm the model.

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