"If you're gonna play the game, you gotta learn to play it right"

Relationship marketing in the online gambling industry

Authors: Joel Hedberg & Jack Liikanen
Tutor: Niklas Åkerman
Examiner: Christine Tidåsen
Semester: Spring 2012
Course code: 2FE55E
“Relationship marketing is not only a new way or improved way of communicating with customers: it is much more than that” – Christian Grönroos, Legend in Marketing
Acknowledgements

We would like to start our acknowledgment by expressing our special gratitude to all of you who made this thesis possible.

First and foremost, a special thanks to Monica Larsson for a warm welcome during our visit in Stockholm and for the providing of a deep insight in a seemingly closed industry. We wish you all the luck in the future, both career wise and in your personal life.

We would also like to thank all of you online gambling customers that participated in our conducted focus groups. Without you, customer value would be impossible to understand.

Furthermore, we would like to express our deepest appreciation to our tutor Niklas Åkerman, PhD in International Business, which despite a busy schedule, always have been available to provide us with valuable advices.

Last, but not least, a huge thanks to all the colleagues at the Linnaeus University School of Business and Economics that has enlightened these three years, creating an unforgettable lifetime experience. You all know who you are.

Kalmar 2012-05-24

Joel Hedberg  Jack Liikanen
Abstract

Business Administration, Tourism programme, Linnaeus University School of Business and Economics, Degree Project (bachelor), 15 hec, 2FE55E, Spring 2012

Authors: Joel Hedberg and Jack Liikanen.
Supervisor: Niklas Åkerman

Title: “If you’re gonna play the game, you gotta learn to play it right” – Relationship marketing in the online gambling industry

Background: The expansion of the Internet has created nearly endless possibilities for innovations in regards to the e-commerce environment. However, as new technologies emerges, so do the competition on the market. The online gambling industry is not an exception to this notion, characterized by numerous providers with more or less identical market offerings. In order to create competitive advantage to ensure economical growth, a need for customer retention instead of acquisition has been identified.

Research question: How can the utilization of relationship marketing foster long-lasting and value-bonded relationships between an online gambling company and its customers?

Purpose: The purpose of this thesis is to enhance the understanding of relationship marketing and its endorsement in the process of creating long-lasting and value-bonded relationships, and how the concept can be utilized by online gambling companies.

The purpose will be achieved by examining,
- how online services correlates with online gambling services, and
- in which way online gambling companies are actuating the concept of relationship marketing, and
- by mapping values which active customers in the industry desires when gambling online.

Method: The applied methodology is based on an inductive approach in coherence with the qualitative research method. The primary data which aims to enable the achievement of the stated purpose have been collected through the conducting of three focus groups consisting of online gambling customers in addition to a individual interview representing the online gambling industry perspective.

Conclusion: The findings from the empirical data have identified that the online gambling customer has hard to identify the very purpose of a potential relationship with an online gambling company. However, much of the value strived for by the customer can be generated by the successful implementation of a relationship marketing approach. Hence, relationship marketing can be a useful approach for online gambling companies in order to foster long-term and value-bonded relationships, with the simple understanding that the approach itself can generate desired customer values, and that relationships as such does not represent a value strived by the online gambling customer.

Suggestion for further research: See section 5.2 page 58

Keywords: Services, Online gambling industry, Relationship marketing, Customer value
# Table of Contents

1. INTRODUCTION

   1.1 Background
   1.2 Problem discussion
   1.3 Problem definition
   1.4 Theoretical approach
   1.5 Purpose
   1.6 Clarifications

2. METHOD

   2.1 Research method
   2.1.1 The inductive approach
   2.2 Collection of data
   2.2.1 Focus groups
   2.2.2 Individual interview
   2.2.3 Secondary data
   2.3 Transcription and analysis
   2.4 Criteria of science
   2.4.1 Validity and reliability

3. THEORETICAL FRAMEWORK

   3.1 Conceptualizing online services
   3.1.1 What are services?
   3.1.2 Traditional service providers vs. online service providers
   3.2 Relationship marketing
   3.2.1 What is relationship marketing?
   3.2.2 Customer expectations
   3.2.3 Components of the long-term relationship
   3.3 Value creation
   3.3.1 Value and customer value
3.3.2 The process of value creation

4. EMPIRICAL AND THEORETICAL ANALYSIS

4.1 Relating online services to online gambling

4.1.1 The availability element

4.1.2 The time element

4.1.3 The interaction element

4.1.4 The servicescape

4.2 Relationship marketing in an online gambling context

4.2.1 The online gambling company and relationship marketing

4.2.2 Dealing with customer expectations

4.2.3 Long-term relationship in the online gambling industry

4.3 Customer value in the online gambling context

4.3.1 Motives and values of online gambling

4.3.2 Value creation in online gambling

5. CONCLUSIONS

5.1 Purpose and research question

5.1.1 Correlating online services with online gambling services

5.1.2 Actuation of relationship marketing in the online gambling industry

5.1.3 The desired values of the online gambling customer

5.1.4 The research question

5.2 Suggestions for further research

REFERENCE LIST

APPENDICES

Appendix 1

Appendix 2

Appendix 3

Appendix 4

Appendix 5
1. Introduction

This opening chapter will endow the reader with a background for the selected topic. The primary section entails a depiction regarding the emergence of the online gambling industry. Thenceforth, the problem discussion aspires to elevate certain issues surrounding designated problem area of the thesis. Subsequently the problem will be circled followed by the formulation of the research question, and lastly, the purpose of this thesis will be presented.

1.1 Background

Doubtless, few, or arguably no technological innovation inherited from the 20th century has impacted our society and the everyday life of billions of people around the globe such as the birth of the Internet. Commenced as a privilege for users citied in the economical developed part of the world, the Internet has emerged as a commodity nearly accessible by all, regardless of nationality and, to some extent, income-level. According to statistics released by the ICT Data and Statistics Division of the International Telecommunications Union (2011), one third of the globes around seven billion inhabitants where connected to the Internet in the year of 2011, resulting in a nearly double growth of users since 2006. Further, Internet itself is facing a fast pace development, mainly in terms of growth in bandwidth, i.e. internet speed, resulting in new opportunities for innovations online. Needless to say, the internet has evolved from being another mysterious technological invention, to one of the most important communication platform of all time, embraced by both individuals as well as organizations.

In the mid-1990s, various representatives from the trade market began to take notice of the potential impact on commerce as an effect of the emerging new technology. Old business started to adopt, and new business was formed, initiating the development of electronic commerce, hereby referred to as e-commerce, definable as the use of the Internet to transact business (Chaffey & Smith 2008; Laudon & Guercio Traver 2011). Hence, the Internet has not solely changed the way of interaction, but has also granted the market of new opportunities in terms of conducting business online. Today, internet is flooded by different enterprises offering consumers products or services, and although e-commerce has not been immune to the worldwide economic recession of the 2000s, predictions points out a growth at high single-digit rates, resulting in e-
commerce as the fastest-growing form of any commerce (Laudon & Guercio Traver 2011).

One industry which have benefited vastly from the emergence of the Internet and the opportunities of e-commerce is recognized as the gambling industry (e.g. Cotte & Latour 2009; Shaffer et al. 2010; Seymour 2011). Based on the idea of gambling, which in commercialized form can be traced back to the establishment of European casinos in the 17th century, a phenomenon defined by Manzin & Biloslavo 2008);

“...as any activity in which a person risks something of value on the outcome of an uncertain event, in which the bettor does not exercise any control or is determined predominantly by chance” (Manzin & Biloslavo 2008:96)

In addition, Manzin & Biloslavo (2008) divides the games into two groups; gaming (refers to casino style games), and betting/wagering (refers to racing- and sport events). In line with the first establishment of e-commerce in the mid 1990s, stakeholders in the gambling industry early identified the innovation possibilities of the new technology. Consequently, the first online gambling provider, Interactive Casino, launched their online casino in 1995, initially offering a set of 18 different casino games to the customers. As early predicted by Neumann (1998), the ongoing development of the Internet would affect the gambling industry to such a high extent, that it is relevant to divide the industry in two different sectors; the gambling industry and the online gambling industry. As outlined by Wolley (2003), the online gambling industry consist of a composition of gambling providers, i.e. companies, mainly offering services such as poker, casino games, bingo and sports betting, with the mutual characteristics of being available online, depending on the Internet and other information technologies. Hence, the most significant difference between traditional gambling and online gambling is that online gamblers necessitate a computer, updated with the correct software, as well as access to the Internet (Manzin & Biloslavo 2008).

Moreover, Manzin & Biloslavo (2008) explain the increase of the online gambling industry not merely as a result of the technological improvements, but also the fact that it has provided the customer with the possibility to play from anywhere. According to data released by the Global Betting and Gaming Consultants (GBGC) confirmed that the online gambling industry was worth $30 billion worldwide in 2010 (Seymour 2011). Seymour (2011) argue that the industry, in all probability, will continue to grow mainly...
due to the extent of countries which presently has legalized some type of online gambling. Both Cotte & Latour (2009) and Seymour (2011) forecast that if the industry keep on growing in the same pace it will doubtless turn into the most reliable sector in the world with regard to the amount of tax revenue produced.

1.2 Problem discussion

Currently, many industries globally are experiencing an economic decline. However, this report does not concern e-commerce which at the moment oppose the economic recession and instead continues to grow in a steady and rapid velocity (Kim et al. 2011). Consequently to the expansion of e-commerce, it exist today an immeasurable amount of companies which exclusively are accessible for customers through the usage of the Internet. The enormous growth of e-commerce has conversely left the online market in an unfavorable and highly competitive situation, in which countless companies has faced the truth that they, to some extent, are delivering identical market offerings (Zou & Deng 2011). Liang et al. (2008) announce that as the amount of online transactions and Internet users is increasing, it has become evident that the focus of attracting new customers to embrace Internet technology has more or less disappeared; now it is more about ensuring customer loyalty. In accordance with this, many researchers proclaim (e.g. Payne & Holt 2001; Eadington 2004; Kotler 2008; Grönroos 2011) that instead of searching for new customers, companies must focus on retaining and exploiting the existing customers. Payne & Holt (2001) proclaim that the cost of maintaining existing customers tend to be much less than the cost of attaining new customers. This is not an exception for the online gambling industry and despite the seemingly numerous economic opportunities facing the gambling industry online, certain problems need to be solved in order for the, as discussed by Shaffer et al. (2010) and Seymour (2011), predicted growth to be realized.

After the dot-com bubble (e.g. when the Internet grew between 1995 and 2000), Geissler (2001) highlighted the importance of understanding the user’s experience and how people interacted over the Internet. This was further emphasized by Liang et al. (2008) who underline that in order to exploit existing customers to the highest degree as possible, online companies (e.g. those within the online gambling industry) need to create an apprehension of how to communicate to customers for the purpose of making the customers stay with them and their online setting.
The scale of gambling companies online is presently outsized, and has consequently made it harder for customers to assort and choose between them (Shaffer et al. 2010). The process of getting the customer to your particular website is one thing, but making them stay is something different, which according to Lee et al. (2011) necessitates an understanding for the concept of customer relationships. Customer relationships give a competitive advantage, an opportunity to “stand out” from the countless online gambling companies. Kimiloglu & Zarali (2009) stresses that customer relationship management represents one of the prime competitive advantages which companies can utilize in order to prevent customers from shifting to other companies. Besides, research shows that more and more companies shift from being transaction-oriented into relationship-oriented (Lee et al. 2011). As a result, relationship marketing has thus become an important and central term for stakeholders in the online gambling industry. Xin (2009) reinforces this by stating that relationship marketing has become one of the keys to success in obtaining strong competitiveness in the online market. However, Liang et al. (2008) explicate that the leading issue and challenge for online companies is the difficulty to apply relationship marketing onto an online context. Liang et al. (2008) emphasizes that nearly all previous study regarding relationship marketing has been conducted by observing physical (i.e. traditional) companies and consequently overlooking relationship marketing in the online context. Kimloglu & Zarali (2009) further emphasizes that the implementation of relationship marketing for online companies necessitate, in contrast to traditional settings, a higher intensification (i.e. the amount of emphasis put on relationship marketing should transcend the emphasis made by traditional companies), due to the fact that relationships with customers is much more complicated to create online.

Services, unlike tangible goods, cannot be seen, felt, tasted or touched. The very purpose of an online gambling company is to provide its customers with a service. Wilson et al. (2008) highlight the core dilemma of offering a service as the intangibility. In addition, Manzin & Biloslavo (2008) announce that everything concerning online gambling company’s market offerings is characterized by intangibility, since they only exist on the Internet. Kim et al. (2011) describe the expression “What is not visible, does not exist” and its correlation to the Internet as a progressively accepted truth. For that reason, online gambling companies withstand a disadvantage opposed to traditional companies out there in the “real world”. Gummesson (2007) emphasizes that the
provision of a physical servicescape to customers is of great significance. Added to that, Rose et al. (2011) proclaim that traditional company's greatest competitive advantage over online companies is that they have the physical meeting (*i.e.* face-to-face interaction) to their favor. The ability to display knowledge and values that eventually leads to a connectedness is not easy to accomplish without a personal contact (Rose et al 2011). Besides, the absence of a face-to-face interaction automatically reduces customer’s confidence and consequently their trust for the company (Liang et al. 2008). Gummesson (2008) announce that it is during the physical meeting when the process of value-creation and relationship building commence. Conversely, for online gambling companies, this physical aspect implies challenges completely due to their non-existence in the real world (Cotte & Latour 2009). The question which they need to ask is; how do we create relationships without the physical meeting? The correspondent location of reaching out to customers for online companies, contradictory from the traditional, is the website. The website represents the place where online companies interact and meet their customers (Kim et al. 2011). The utmost important part for online companies is therefore to understand *how* and *when* customer relations take place on the website. In order to achieve this, a close contact with the customers, even more closely than compared with traditional companies, is required (Kimloglu & Zarali 2009). This demanding venture of building customer relationship online, further strengthen the emphasis of developing an apprehension of relationship marketing (Xin 2009).

In recent years a variety of research has been made in order to achieve an understanding surrounding the online gambler’s behavior (*e.g.* Manzin & Biloslavo 2008; Cotte & Latour 2009; McCormack & Griffiths 2010). McCormack & Griffiths (2010) distinguished in their research that one consequence which online gambling has generated is that the social nature of gambling has reduced, and converted into something that is far from being characterized as socially. Furthermore, Manzin & Biloslavo (2008) conducted a study in which they interviewed 396 gamblers who only visits traditional casinos. The study aspired to achieve an understanding of the motivation why these gamblers preferred a physical casino instead of gambling online. The results revealed that one of the primary motivations for visiting traditional casinos was the fact that they sought to socialize with others at the casino. In accordance, Cotte
& Latour (2009) disclose in their research that the lack of social interaction, within the frames of online gambling, represents a widespread opinion amongst online gamblers. Moreover, a widely discussed topic related to the Internet and which is necessitated for the purpose of reaching a connectedness in a relationship, is recognized as loyalty (Xin 2009). Loyalty, emphasized by Leverin & Liljander (2006) as a commitment from the customer’s side to rebuy or repatronize a service/product consistently and overlook other company’s marketing offerings, is considered as a fundamental aspect for all sorts or relationships. Besides, and in order to recount the pre-discussed aspect of a physical meeting, customer loyalty tends to be harder to achieve without that personal contact. Consequently, online companies must discover other aspects which augment the loyalty and compensate for the non-existing physical dimension.

The term *gambling* can be explicated as any activity in which a person risks something of value on the outcome of an uncertain event with the primary reason of winning additional value (Manzin & Biloslavo 2008). Underlying for this and the online gambling industry is that the person who risks the value make it after own choice (Cotte & Latour 2009). No one has forced the person to partake in the gambling and potentially losing the invested value. Whether the gambling will occur or not is entirely up to that person to decide (Shaffer et al. 2010). Even so the person will gamble or not, the aspiration for value necessitates a company who provides the gambling services. This illustrates, to some extent, the process of value-creation in the online gambling industry; that companies enables for customers own creation of value (*i.e.* it is up to the customer to visit the website in the hunt for desired values). Online gambling companies provides games which customers exploit for either losing or, for what most strives, winning money. Grönroos (2011) declare that customers seek for value to become “better off” in some manner, whether it is economic or something else.

The customer controls the gambling completely on its own (*i.e.* the customer decides when to visit the website, for how long time, and for how much money). Consequently, the service offered by online gambling companies requires a high involvement from the customer’s part, and therefore it is reasonable for viewing the customer as a co-producer of value (Grönroos 2011). Gummesson (2007) contemplate of the term service as the same as value, and since an online gambling company provide the customer with a value proposition (*e.g.* gambling games on their website) the value is only created when
the customer use and consume this service, which happen simultaneously as the interaction between the customer and the supplier and/or the service. The interaction is consequently an important part of the value-creation for any company online (e.g. a gambling company). With regards to the intangible of online gambling, an interaction, in terms of compensating face-to-face interactions, can be difficult to achieve and further also obstruct the creation of value. Grönroos (2011) and Vargo et al. (2008) announce that reciprocal value creation (i.e. value for both supplier and customer at the same time) is the basis of any business. However, which is referred to repeatedly in relationship marketing literature (e.g. Gummesson 2007; Grönroos 2008; Srivastava & Singh 2010); it is the customer’s perception of the value that counts and not the supplier’s. Thus, the dispute for any company, in particular those online, is to distinguish how customer’s percept the company’s values (Vargo et al. 2008) and consequently recognizing with which values to use when attracting customers into a relationship. This argues for that relationship building and the process of creating value online imply restraints for service providers on the Internet (e.g. the online gambling industry).

1.3 Problem definition

As the above discussion highlights, the magnified size of the online gambling industry stresses online gambling companies to endeavor customer retention, and to some extent reject the process of conquering new customers. The venture of preserving existing customer further advocates an enhanced comprehension of relationship marketing. Seeing as this theory lack a conceptualization of its relation and approach to the online environment, the implementation and fostering of relationships is rigid to accomplish. Several disadvantages for online gambling companies have been evoked as a result of that these company’s availability for customers is limited to their online platform. The deficiency of a physical interaction counteracts the potential of creating a deeper contact with customers resulting in an unawareness of their needs and wants. The ignorance of customers’ needs and wants further disturb the company’s understanding of which value customers strives. Additionally, since value often is created by both customer and supplier through interactions with one another, the scheme of compensating the crucial face-to-face dimension represents a challenge for online gambling companies.
This thesis mean to reflect over these restraints, and collectively with the declared conditions in mind, following research question has been formulated:

*How can the utilization of relationship marketing foster long-lasting and value-bonded relationships between an online gambling company and its customers?*

### 1.4 Theoretical approach

*This section aspires to motivate and explain the selection of the theories exploited in the thesis.*

The rationality concerning why the concept of online gambling has not received attention in the theoretical framework origins from the straightforward fact that existing literature and empirical data surrounding such theories are deficient. However, since online gambling, to some extent, reconcile in the definition of an online service, the connection between the online gambling services and generic theories involving online services has been a favorable approach when connecting theory to the empirical data in the ensuing analysis. Likewise, seeing as relationship marketing also has received substandard attention as regards to conceptualizing it to the online environment, this thesis embraces the concept of relationship marketing from the traditional (*i.e.* offline) marketing perspective and latter in the analysis merging them on basis of the collected empirical data.

### 1.5 Purpose

The purpose of this thesis is to enhance the understanding of *relationship marketing* and its endorsement in the process of creating long-lasting and value-bonded relationships, and how the concept can be utilized by online gambling companies.

The purpose will be achieved by examining,

- how online services correlates with online gambling services, and
- in which way online gambling companies are actuating the concept of relationship marketing, and
- by mapping values which active customers in the industry desires when gambling online.
1.6 Clarifications

When referring to customer or the online gambling customer, the end customer is processed. Thus, this thesis concerns relationship between the supplier and the consumer (B2C).

The terms online gambling company, online gambling provider and online gambling supplier will be used synonymously to vary and enhance the linguistic experience of this thesis.

In addition, the terms Internet services and online services will be used synonymously with the matching motivation as mentioned above.
2. Method

The following chapter aims to present and motivate the applied methodology of this thesis. Initially, the research method and the research approach will be presented, followed by the collection of primary and secondary data in addition to the process of transcription and analysis. Lastly, a discussion over the criteria of science, concerning validity and reliability of this thesis will be conducted.

2.1 Research method

The purpose of this thesis endeavor to enhance the understanding of relationship marketing in regards to long-lasting and value-bonded relationship between company and customer in the online gambling industry. This necessitates achieving a deeper understanding for how online gambling companies as well as their customers relate to relationship marketing and interrelated concepts. Hence, in order to achieve this purpose, the qualitative research method has been applied. According to Bryman and Bell (2011), two main research methods can be identified; the qualitative and the quantitative. In comparison to a quantitative study, the qualitative research method emphasizes words rather than quantification in the collection and analysis of data, with the aim to gather an in-depth understanding of human behavior. Hence, the qualitative research focus to investigate the why and how of a particular behavior, instead of just what, where and when (Kumar 2000). The word how, also visible in the research question, represented a starting point when recognizing the assorted problems of this thesis (e.g. how customer perceive relationships with online gambling companies).

Although the discussion of an application of the quantitative research method aroused early in the research process, given the nature of the issues under investigation, a necessity of understanding rather than quantifying the behavior of the online gambling customer was identified. This further supports the selection of the qualitative research method, which according to Grønmo (2006) is characterized by proximity and sensitivity, granting the researcher a possibility to understand the stated problems on a deeper basis, explained by Repstad (2007) as a direct consequence of the fact that the problem has been investigated in contrast to a few number of surroundings. Moreover, Repstad (2007) argues that the qualitative research method strives to identify and emphasize certain characteristics and properties of the investigated phenomenon. Thus, this is in line with the purpose of this thesis, as regards to recognizing certain
Method

caracteristics in the online gambling industry both from a company and a customer perspective, which moreover reinforces the selection of research method. Holme & Solvang (1997) accentuates that it is the interpretations, experiences and references of the researcher that creates the basis of the study. Hence, the interpretations, based on the collected empirical data which will be presented later in this chapter, in addition to previous experiences of the investigated subject, is at the center in this thesis.

2.1.1 The inductive approach

Moreover, Bryman & Bell (2011) explicates that the qualitative research method to a high extent can be characterized by an inductive research approach, which focus on empirical data in order to detect the relation between theory and reality. The contrary, recognized by Abnor & Bjerke (1994) as the deductive research approach, make use of predictions and existing theories which is analyzed with the purpose of investigating if the predictions were righteously made. The result of this thesis is based on collected empirical data, gathered from both online gambling customers in addition to the industry, which later in the research process have been analyzed in contrast to the established theoretical framework consisting of relationship marketing and value creation. Hence, an inductive approach has been taken.

According to Grønmo (2006), another important characteristic of the qualitative research method is its adaptability, granting the researcher the option to change the course of the data collection and adapt to new experiences during the research process. Repstad (2007) emphasizes that the human being in most cases perceive expressions in different ways, why the researcher should used the gathered information and adjust the collected data after new experiences and findings in the theory, by some authors referred to as an abductive research approach. Although some adjustments, both theoretical as well as empirical, have been conducted during the research process, mainly in terms of shorter follow-up questions direct to the respondents as an result of interesting findings in the litterateur regarding the subject, the approach should still be considered as inductive, supported by e.g. Gummesson (2000), arguing that an research approach is either inductive or deductive.

2.2 Collection of data

Kumar (2000) emphasizes that the qualitative research method relies on small samples of the reality, which may not be representative of the target population. Thenceforth, the
qualitative research is sensitive for gradations, and is not as precise as the quantitative method. Further, the processes of investigation and collection of data should be regarded as a chain of interpretations, known in advance by the researcher (e.g. Holme & Solvang 1997; Svenning 2003). The empirical data applied in this thesis has mainly been collected by the conducting of three focuses groups consisting of online gambling customers, as well as a semi-structured interview with a representative from the online gambling industry. Hence, the empirical data collected only represents the opinions held by the respondents, opinions that not necessarily represent those of other online gambling providers or the target population. Moreover, the ratio between the numbers of respondents representing the customer perspective in contrast to the one of the online gambling providers may be questioned. However, prior research regarding the relationship marketing takes a starting point in the organizational perspective, and to some extent overlooking the customer perspective. This further represents the depiction in the online gambling industry, meaning that there is a need for supplementary research regarding the customers’ perspective. Relationship marketing involves both customer and organization and even though it is the organization who utilize the concept, the approach also affects the customers. Therefore, when selecting the ratio it became clear that the empirical data collection should focus on gaining an understanding of the customers’ point of view.

According to Bryman & Bell (2011), several methods in the process of collecting empirical and theoretical data can be identified in line with the qualitative research method. The methods mainly differs from one another in terms of the environment in which the research is conducted, the extent of which the respondents is aware of the study, the sample size, and the structure imposed in the data collection. The primary data, explained by Patel & Davidson (2003) as the data collected by the researcher in the process of research. Hence, the primary data of which this thesis is based on have been collected through the implementation of the data collection methods explicated by Kumar (2000) as focus groups and individual interviews.

2.2.1 Focus groups

In order to investigate the customer perspective on value, but as well their perception of relationships in regards to the online gambling industry, three focus groups consisting of active customers of the online gambling industry have been conducted. According to e.g. Krueger (1994); Malhotra & Birks (2003); Bryman & Bell (2011), a focus group
can be described as a meeting where approximately six to twelve respondents are gathered together with a moderator to discuss a certain topic. In contrast to an individual interview, the aim of the focus group is to establish a casual and non-complex interaction between the presented group members, which may increase the opportunity of spontaneous and honest response (Malhotra & Birks 2003). Hence, a focus groups functions as a group interview, where the individual perceptions of the participants can lead to associations and reactions which further steams into the emerge of new perspectives (Krueger 1994). Since this thesis requires an in-depth-understanding in regards to how relationship marketing endorses long-term and value-bonded relationships, and in line with the restraints mentioned in the introduction, the problem will be partly investigated in a customer-oriented perspective. Thus, the conducting of focus groups was considered to be a helpful tool in line with the qualitative research method, mainly since it enables for interaction with a larger amount of respondents on a deeper level. Moreover, the stated problems contains several issues that can be considered as complex and complicated (e.g. the concept of value which involves several dimensions that can be rigid to recognize) for one respondent representing a customer perspective to deal with alone, e.g. through an individual interview.

**Prior to the implementation**

The process of selecting between the invited group members of each focus group was initiated by communication through the use of either telephone or e-mail, where the individuals was asked if they gamble online at least a couple of times monthly. This structure of selecting respondents for a focus group is by Krueger (1994) referred to as random telephone screening, especially useful when conducting various market research where customers with similar characteristics is being sought. As can be identified from the final result of the three focus groups, only six of the participated focus group members turned out to be females. However, since an equal number of both sexes was invited to participate prior to the implementation of the focus groups, and only six responded positively to if being an online gambling customer, it could be contemplated that this to some extent represent the actual ratio of male contra female customers in the online gambling industry. Kumar (2000) implicates that besides the environment, the respondents need to feel comfortable with the topic, which oblige a narrow selection of respondents for the discussion.
After the selection process was completed, the respondents (from hereby referred to as the customers from the reminder of this chapter) where invited mainly via the telephone, where the time, date and location for the focus groups was explicated. Since the customers were geographically spread out throughout Sweden, three different locations of the meetings was decided, all prior to the hometowns of the respondents. The amount of customers in each of the three groups was determined to six, since this was considered to reduce the risk of not letting everyone share their opinions. This is supported by Kumar (2000), stressing the importance of not exceeding the recommended amount of people in the group, mainly to grant every respondent with the opportunity to contribute with ideas.

**The implementation**

The implementation of the three focus group meetings were conducted, as earlier mentioned, on three different geographical locations, with the common characteristics of all consisting of six customers each (See appendix 1 for specific information regarding time, geographical location and participants). Thence, the customer was greeted upon the arrival, and before the actual meeting was initiated, some time was allocated for the consumption of beverage and different snacks, which further granted the customer with the opportunity to socially interact before the actual process of discussion began. Krueger (1994) states that this is one of the advantages in the conducting of a focus group, further emphasizing that a focus group is a socially oriented research procedure, which is in line with the human beings needs to socialize with one another.

After a shorter introduction of the subject of investigation, where the customers was more than welcomed to ask questions if one aroused, a short inquiry was handed out the all the participants (see appendix 2). The purpose of the inquiry was bilateral, both in order to further introducing the topic of discussion, as well as ensure that the customer did not change their exceptions regarding basic question by getting influenced by others. In order to facilitate the transcription of the focus groups, two dictaphones were used to record the meetings, which all the participants agreed to. According to Krueger (1994), and further emphasized by Bryman & Bell (2011), the recording is a requirement for the effectiveness of the data collection process in terms of focus groups, and grants the researcher with information of the dynamics of the group.
Thence, the moderator (one of the researchers selected in advance) initiated the actual purpose of the meeting by directing the questions (see appendix 3 for the focus group template) non directed to the group, of which in all three cases discussions around the topics aroused, which have been analyzed further in this thesis.

### 2.2.2 Individual interview

Since the stated purpose of this thesis partly consist of the organizational view on relationship marketing and value-creation in regards to the online gambling industry, a necessity to interview representatives from the industry was identified. Kumar (2000) mentions three different types of individual interviews; standardized, semi structured, and unstructured. The standardized interview is characterized by predetermined questions, both in number and content, whilst the unstructured interview more resembles a normal conversation, often used when the researcher is unfamiliar with the subject in research. Hence, the semi structured interview can be explained as a combination, consisting of both predetermined questions, as well as space for interaction and further discussion between the researcher and the respondent (Bryman & Bell 2011). The individual interview conducted in the primary data collection process of this thesis has taken the form of a semi structured interview, mainly because it increased the possibility to receive more sincere response and new approaches to the researched problems based on the interpretations of the respondent. Thence, the actual interview was based on an interview guide (see appendix 5) with generally formulated questions in matter to the subject, which gradually resulted in follow-up questions and discussions.

**Prior to the implementation**

In order for the gathered information of the semi structured interview to be relevant, Merriam (2009) emphasizes the necessity of identifying respondents with knowledge and understanding of the problem and very subject in research. Henceforth, the interview process was initiated by the contacting of five companies active to various extent in the online gambling industry through telephone and e-mail, where the subject and the purpose of the thesis was carefully explained. Thence, two companies expressed their sincere motivation of participation, both with similar concept in regards to product assortment. However, since one of the companies is not exclusively active online, in line with the purpose of this thesis, and the fact that the chosen respondent have an in-
depth understanding of the online gambling industry and the subject of relationship marketing due to long experience, the choice was obvious (see appendix 4 for further information regarding the respondent).

**The implementation**

The implementation initiated by an additional presentation of the purpose of the thesis, as well as information about the researchers, information arrangements and recording of the interview. This formalized technique to initiate an interview is emphasized by researchers (e.g. Patel & Davidsson 2003; Denscombe 2009) as procedure to establish trust and confidence, with the aim of reducing tension and make both the respondent and the interviewer more convenient. The respondent agreed to the recording of the interview via a dictaphone, which facilitated the conversation since no complex notes needed to be taken. Denscombe (2009) highlights that the recording of an interview may make the respondents feel repressed and inhibited. Moreover, Patel & Davidsson (2003) argues the time consuming effect as a direct cause of the followed transcription of the recordings. Nevertheless, the advantages of capturing the audio from the interviews was considered to outweigh the disadvantages and the respondent insisted on not feeling uncomfortable with the recording.

**2.2.3 Secondary data**

Bryman & Bell (2011) defines secondary data as the data which have been collected by other researchers for the purpose of their investigations. Hence, data collected from scientific articles or litterateur can be identified as secondary. According to Kumar (2000), a secondary data research can also be used to gather information or data with purposes other than solving the actual problem. Secondary data can often be identified from internal records within an organization as well as various external sources such as government publications or newspapers. Because of the generally high amount of secondary data available, the researcher has to localize and utilize the data with the highest degree of relevance to the conducted research (Kumar 2000). The extent of secondary data in this thesis is in some sense limited, mainly due to the lack of earlier research concerning the subject. However, some secondary data have been applied, mainly to enhance certain aspects in the introductory chapter for which a possibility of collecting primary data was considered as nonexistent.
2.3 Transcription and analysis

After the process of collecting the primary data of which this thesis is based empirically on, the material was transcribed in order to assist the following analysis. Since both the individual interview, as well as the three focus groups had cautiously been recorded auditory, the procedure of transcription resulted in four written empirical reports, of which one consist of the interview with the respondent from the company of investigation, and the other three of each focus group. Holme & Solvang (1997) emphasizes the transcription of data as an important element in order to achieve an extensive analysis as possible. Moreover, Bryman & Bell (2011) declares that qualitative empirical data often is processed in the form of printed text, further structuring the material. Thenceforth, the compiled empirical reports was printed which facilitated the process of analysis further.

Since all of the conducted focus groups, as well as the individual interview, was conducted in Swedish, the transcription involved a translation from Swedish to English. In order to maximize this effort as much as possible, we selected to translate the empirical data which we apprehended to have highest relevance to the forthcoming empirical analysis. This procedure connects with Holme & Solvang (1997) who denote this as clarification, in which the researcher separate the insignificant from the substantially. In the empirical analysis, the interpretations followed the directions emphasized by Holme & Solvang (1997), meaning that the analysis should be conducted with a critical stance. This was a favorable approach to embrace in the interpretation of both the individual interview and the focus groups. In the individual interview, the critical stance was encompassed due to the fact that the respondent could be viewed as a spokesperson of the online gambling industry, and thus merely depicting positive aspects. When interpreting the result from the focus groups, the critical stance entailed several times to discern the underlying meaning of the answers from the customers. During the focus groups it became noticeable that some customers were more experienced in the subject of online gambling. Thus the critical stance was required in order to interpret those customers with less experience, which at times contributed with relatively shallow answers that enfolded some underlying meaning.
2.4 Criteria of science

2.4.1 Validity and reliability

According to Bryman & Bell (2011) two frequently recurring terms in regards to measuring the scientific quality of a research can be identified; validity and reliability. As explicated by Grønmo (2006), validity and reliability intends to verify the result and quality of the research process, ensuring authenticity and creditability. Kumar (2000) further stresses that validity in a research context measure to which extent the researcher has investigated that of what was intended. Since the validity is to a high extent affected by objectivity, it is mainly more difficult to achieve in a qualitative study, since it is normally characterized by closeness between the researcher and that of study (Bryman & Bell 2011). In order ensure the validity of this thesis, the objectivity have been taken into consideration during the whole research process. Hence, the collection and analysis of the empirical data has not been affected by the personal beliefs and opinions shared by the researchers. Further, as explicated by Dubois & Gadde (2002), a foundation for analytical inference is the logical coherence, i.e. the extent to which the theoretical framework is empirical grounded. Thus, validity in a basic sense, in addition to previous mentioned factors, concerns whether a developed theoretical framework is a relevant representation of the empirical findings. Hence, the basic notion of validity in regards to this thesis refers to the extent to which the theories concerning relationship marketing and value-creation is a valid representation of the empirical data collected from the three conducted focus groups in addition to the individual interview representing the organizational perspective of the online gambling industry. Thence, in order to enhance the validity, a critical and deep analysis of previous research has been conducted, as well as ensuring that stated theories are up-to-date. Moreover, Merriam (2009) emphasizes the horizontal review, explained as sharing the research with colleagues providing comments and feedback on the results obtained during the research process, as a method to improve the validity. Hence, during the research process of this thesis, the assigned tutor in addition to colleagues have been granted to read and review frequently, concluding the validity of this thesis as high, ensured by all the above mentioned techniques.

In regards to reliability, according to Yin (2006), a study can be considered as reliable if the operations of the study, such as the process of collection empirical data, can be repeated with the same results by the same or other researchers. However, this...
conception derives from the quantitative research method, and the logic of how to conduct experiments, and thus not applicable in accordance to this thesis. When research is conducted in an social context, such as the focus groups or the individual interview of which this thesis primary empirical data consist of, the probability of receiving the same results twice are unattainable, mainly due to the fact that the human being is responsive to their environment and that the situation of what have been researched could later on change. Hence, the fact that a number of people have experienced the same phenomena or share certain opinions does not make an observation more reliable. As an response, Merriam (2009) argues that the reliability of studies conducted in an social science context should be conceived of whether the empirical and theoretical results are consistent with the collected data, rather than the likelihood of getting the same results twice. In order to achieve this consistency, the empirical and theoretical analysis have been structured in line with the theoretical framework, further connected the empirical data with existent theories in regards to the subject. Further, the reliability have been improved by avoiding an technical jargon, which could have caused misunderstandings, during the conducted focus groups, and in addition providing the respondents with the possibility to review the empirical data after its collection.
3. Theoretical framework

The following chapter aims to present the theoretical framework of which will further be analyzed in correlation to the collected empirical data. In line with the inductive research approach of this thesis, the theoretical framework have been processed with the purpose of analyze the theories relevance in coherence with the reality. Thus, the chapter is divided into three sections; conceptualizing online services, relationship marketing, and value creation.

3.1 Conceptualizing online services

Since the online gambling industry can be defined as a service provider active in an online environment, the necessity of establishing a theoretical understanding of providing a service online in contrast to a service in physical environment is required. Hence, a conceptualization of certain online aspects which concur with the problems stated in the introductory chapter of this thesis will be presented theoretically in this section.

3.1.1 What are services?

The review of services and its role in marketing enfolds an extensive history, in particular as regards to the attempt of attaining a theoretical explanation. Rathmell (1966) highlighted early on that services is recognized as processes and that they are produced simultaneously as they are consumed. Modern researchers (e.g. Grönroos 2007; Gummesson 2007; Wilson et al. 2008) support this statement and develop the concept further by adding activities and performance to the connotation. Moreover, when scrutinizing services from a broader spectrum and as Grönroos (2007) proclaim, services also involves interactions which entail that the production and the consumption of services often takes place during interactions between customers and the services. Gummesson (2007) clarifies that these interactions does not necessarily involve customer-to-employee interaction, it can occur between customer and the service itself (i.e without employees partaking). In addition, with the intention of providing solutions (e.g. offerings) to the customers, the service providers make use of physical resources. Anderson (1995) recognized early that services which are based on physical resources can be identified as high-tech services, which also concurs with how Grönroos (2007) define the matter. Besides the physical resources, Grönroos (2007) characterize high-tech services as technical system and information technology. In contrast, Grönroos
(2008) mention the high-touch services, identified as those services which involve humans, as an element which has to be considered when providing high-tech services.

3.1.2 Traditional service providers vs. online service providers

Since both traditional service providers and online service providers offers intangible services they are considered to some extent similar. According to Wilson et al. (2008), one key determinant as regards to if an offering qualifies as a service or not is recognized as the *intangibility*, thus not consisting of tangible objects. Wilson et al. (2008) claims that services on the Internet can also be characterized by the intangibility, but also that services on the Internet imply some differences in regards to those offered by a traditional service provider.

*Environmental boundless*

Firstly, since the Internet does not occupy any physical space, online service companies are not limited in their service offerings. This acknowledgment implies what Nguyen & Leblanc (2002) recognized early, that intangibility to some scope could be used as a competitive advantage for online companies. Besides, Wilson et al. (2008) in concurrence with this proclamation, enclose that online companies can take care of a much superior quantity of customers than traditional (*i.e.* physical) companies. However, the prevailing prominent flow of customer on the Internet inflict, to some extent, with the one of the fundamental factors for service companies; to take account to the customers’ experiences (Chaffey et al. 2009). Due to the rivalry and amount of companies on Internet, customers will easily shift from service providers’ websites if their experience is of poor quality (Gay et al. 2007).

*Restricted interaction*

The developments made in information technologies have provided companies with new opportunities to develop their services towards customers (Gummesson 2007). At the same time, since services on the Internet are consumed and produced at once, the availability of the service becomes limited to the web. However as emphasized by Laudon & Guercio Traver (2011), information technology has nowadays made online services more available, mainly due to that Internet can be accessed from anywhere. Accordingly, Rose et al. (2010) emphasizes that customers’ usage of online companies’ services (*i.e.* using their websites) oblige companies to enable, the before mentioned,
interaction on their website. Indisputable for any interaction, the human factor is seen as an important issue, and Wilson et al. (2008) proclaim the fact that the performances, which refer to service creation, often is produced by humans (e.g. service provider’s employees) to some degree. In fact, and emphasized by Chen & Macredie (2010), employees cover an important part due the actuality that, in the eyes of customers, the employees partly represent the service. However, argued by Lin (2008), services cannot be created without customers partaking in the interaction of the service. Customers’ participation and behavior in the interaction depends on how they perceive and experience the service (Lee et al. 2011). One aspect for service provision in offline environments recount that in the service creation process, service providers (e.g. employees) and customers have the possibility to interact face-to-face in a physical environment. This environmental aspect represents the most distinctive difference of service provision when comparing online service provision to traditional offline service provision. Whilst relating the concept of services to the Internet, the environmental aspect implies disparities, as regards to customers’ responses of the provided service.

**Intangible servicescape**

Progressions in technology have shaped new prospects for online purchases concerning when and where customers are able to interact online with an organization (e.g. mobile commerce which provide customer with the opportunity to use Internet and its services from anywhere at any time) (Laudon & Guercio Traver 2011). Consequently there has been a rising discussion in literature (e.g. Gay et al. 2007; Chaffey et al. 2009; Hopkins et al. 2012) about customer online experiences and interactions on the website. In the literature regarding services and service marketing, the servicescape (i.e. the service setting or environment) is one basic component that may affect the service provision (e.g. Grönroos 2007; Fisk et al. 2008). The servicescape can be defined as a built physical environment, which can either enhance or inhibit the efficient flow of activities in regards to the service setting (Grönroos 2007). According to Hopkins et al. (2012), the servicescape in an online context, from hereby referred to as the e-servicescape, can be identified as the website where the e-commerce is conducted. Aligned with the definition of a servicescape, even though the fact that the webpage environment is not physical built, Hopkins et al. (2012) further claims that previous research concerning servicescape in a traditional setting may have meaningful application in an online context. Hence, Bitner (1992) suggested three significant dimensions of in terms of a
traditional servicescape as *ambienc*e, *function* and *design*. Each dimension can be relevant to various degrees in all service settings, taking different levels of significance depending on the nature of the provided service. According to Hopkins et al. (2012), who draw parallels from the ambient conditions of the traditionally servicescape to the e-servicescape, proclaim that these conditions have a direct effect of how long time and money a customer spends on the webpage. Nguyen & Leblanc (2002) prolong this and in more detail explicate that the ambient conditions are various elements, such as color light, temperature, noise, odor and music, and that all of these can impact the customer’s five different senses, and thus their perception and also their response to the servicescape. Indisputably, some ambient conditions are tough to apply in the e-servicescape (*e.g.* odor and temperature). However, Harris & Goode (2008) state that e-servicescapes has numerous possibilities to resemble a physical servicescape, and that the physical environment can be compensated if the website is designed in a way which awaken ambient feelings in the customer’s response and reactions. In addition, Kim et al. (2011) advocate an increased focus of providing more service attributes is favorable in order to achieve a higher resemblance. Seeing as ambient conditions are important to apply to a website, functional performance on the website has to be considered (Lee et al. 2011). In terms of functions and design, Harris & Goode (2008) accentuate that the e-servicescape’s design (*i.e.* aesthetic appeal), layout and overall functionality impact customer’s response to the website and its services. Lee et al. (2010) mean that customers’ individually emotional attitudes inflect in their perception of the e-servicescape. Additionally Rose et al. (2010) explain customers’ response in relation to levels of security; how well aspects such as authentication, confidentiality, privacy protection and payment protection are mediated through the e-servicescape. Researchers (*e.g.* Wilson et al. 2008; Kim et al. 2011) claim that the privacy (*e.g.* the assurance of not sharing data, secure credit card information) is a fundamental aspect in every customer purchase action on the Internet. The intangibility prevailing on the Internet, contributes to the pre identified physical environmental absence. Rose et al. (2010) further announce that customer experience is much about a face-to-face interaction, and that current literature lack attention on this concept in relation to the online context. The absence of physical employees in the online setting has implications for customers’ confidence and trust to websites. However, Soumya et al. (2011) recognizes, up until now, an augmentation regarding customers’ trust of the privacy and security capacity in online services. However, Chaffey et al. (2009) argue that it is constantly important that
online companies make certain that their websites mediates and reassure consumers about their security principles. Besides, since no employees are at hand and human interaction is limited, making services available at the click of a mouse is an important aspect of customer service (Kim et al. 2011). Since intangible services on the Internet are unable to provide physical interactions (Gay et al. 2007), service provider on the Internet should focus on apprehending customers’ responses to their services and servicescapes (Chaffey et al. (2009). This facilitates the procedure of understanding how to adjust and improve the intangible facets of the website’s services (Rose et al. 2011).

**Information infinity**

Chaffey et al. (2009) pronounce information acquisition as one of the primary reasons for consumers to use the Internet, and Rose et al. (2011) adds that companies in the online environment, since they do not have a limit of space, can display an enormous more amount of information in comparison with traditional companies. Hence, Wilson et al. (2008) jointly with Chaffey et al. (2009) highlights the importance of the online company’s information provision to be correct and rapid, such as if problems would occur. This also includes the aspect of being available at all times, and as well compensating for potential problems. Moreover, Chaffey et al. (2009), in consensus with Gay et al. (2007) argue that the company can exhibit specific information to each customer, whether it is through mail or when the customer logs on to their website (i.e. personalization). Related to this is what Wilson et al. (2008) emphasizes as the importance of a website to achieve the highest possible level of efficiency (i.e. the ability of customer to get to the website with minimal effort).

A consequential outcome, as regards to the countless scale of information online, has been recognized as the matter of *pricing services*. Chaffey et al. (2009) announce that the Internet, collectively with customers’ enhanced *price transparency* (i.e. their increased knowledge about pricing due to increased availability of pricing information) and company’s *price-reduction* (mainly due to the avoidance of costs that occur when operating a physical store), has caused what Gay et al. (2007) denotes as a descending pressure on price (i.e. online companies can offer lower prices). Chaffey et al. (2009) call attention to that higher rivalry considering pricing amongst companies on the
Internet, contribute to what Gay et al. (2007) denote as the obligation to continuously review competitors websites.

3.2 Relationship marketing

*Since the purpose of this thesis concerns the area of relationship marketing, this section aims to conceptualize the meaning of relationship marketing, and above all in terms of how companies can use the concept when building customer relationships. In addition, as the notion of a long-term relationship is important for the purpose of the thesis, the long-term constituent will be entailed along with adjacent features.*

3.2.1 What is relationship marketing?

The importance of relationships marketing, particularly in a service context, has received such considerable research attention that some authors claims it represents a paradigm shift within the marketing community (*e.g.* Macintosh & Lockshin 1997, Wilson et al. 2008, Liang et al. 2008). Definable as marketing activities focusing on attracting, maintaining and enhancing customer relationships (Grönroos 1994), relationship marketing has changed the focus of the marketing orientation, highlighting retention and long-lasting, intimate customer relationships instead of acquisition and attraction of short-term transactional customers (Wilson et al. 2008). According to Gummesson (2008), the basis of relationship marketing consist of relationships, networks and interactions between the organization and its customers, emphasizing the fundamental understanding that marketing processes is built into the entire management of the selling organization’s network, market and society. Grönroos (2007) clarifies that a successful relationship marketing springs from a marketing perspective as regards to reflecting over all business functions within an organization, and not merely those functions focusing on specific marketing processes. This statement, in coherence with Wilson et al. (2008), declare that relationship marketing is more than purely a marketing technique, but also a way of conducting business, where focus is put on keeping and improving relationships with current customers rather than attracting new ones. Moreover, Grönroos (2007) emphasizes that it is imperative to recognize that relationship marketing do not represent a set of marketing tools (*e.g.* new types of loyalty programs, direct mail) although these can be useful parts when implementing a relationship marketing strategy.
The overall goal of relationship marketing is to build trusting relationships, which serve to maximize customer satisfaction, and in the long run lead to a long-term relationship with the customer (Nwakanma et al. 2007). As emphasized by Gummesson (2008), relationship marketing aims to establish a *win-win* situation (*i.e.* both the customer as well as the provider should gain something from the relationship). Hence, collaboration and responsibility from all the involved parties is considered to be a necessity of high priority. Seeing as the competition between service providers is increasing, Liang et al. (2008) underline that the objective of establishing long-term relationship with customer is a prerequisite in the relationship marketing approach.

### 3.2.2 Customer expectations

The philosophy of relationship marketing assumes that a consumer prefers to have an ongoing relationship with one supplier, rather than shifting between a numbers of different providers in their search for what they want. However, one frequently discussed term in the literature concerning relationship marketing (Grönroos 2007; Nwakanma et al. 2007; Gummesson 2008; Wilson et al. 2008) is the customer expectations regarding the relationship. The discussion over customer expectations stems from the fact that not all customers are interested in the participation of a relationships, often depending of the type of products that is being consumed (Wilson et al. 2008). Grönroos (2007) divides customer expectations into three categories; *transactional, active relational* and *passive relational*. Transactional expectations connote that the customer is only interested in the solutions for their needs to an acceptable price, and therefore does not appreciate contact with the supplier or the service provider in between purchases. Active relational expectations refers to that the customer is actively examining the opportunity to interact with the supplier or service provider in order to gain additional value for the purchase. Hence, a lack of interaction will eventually lead to disappointment since the value inherent in the relationship is missing. Moreover, passive relational expectations denote that the customer desires the opportunity to contact the supplier or service provider if they need to. However, in spite of the willingness to seek contact, the customer seldom responds to invitations to interact. In order for a service provider to adjust and implement the most beneficial relationship strategy, one must understand the relationship expectations of its customer, as well as the potential purposes of staying with just one service provider (Wilson et al. 2008). Since the customer is in the very center of activity in relationship marketing, a
need for getting to know the customer on a more intimately level is necessary (Nwakanma et al. (2007). This is in line with Grönroos (2007), who states that one key in the process of understanding the customer expectations is interaction, *i.e.* two-way communication. Further, without interaction between the customer and the supplier, one could argue if a relationship is existent in the first place. According to Nwakanma et al. (2007), the customers must be understood, further emphasizing that the supplier should embrace the customer to share their desires as well as concerns, and eventually have them fulfilled. Hence, a service provider embracing a relationship marketing approach must keep an open ear to their customer base and communicate openly and honestly.

### 3.2.3 Components of the long-term relationship

Berry (2002) emphasizes that part of maintaining customers, when discussing relationship marketing. Grönroos (2007) announce that companies should realize that serving and directing your marketing to existing customer is equally important as marketing yourself towards new customers. Barron & Harris (2003) pronounce that the conquering of new customers is only the initial step in the whole marketing process. Berry (2002) enunciated in his earlier studies that the literature as regards to keeping your customers for a longer time was foolish. He exemplified this in following manner;

> “Why not seek a more balanced marketing effort to not only open the front door for new customers, but also close the back door to existing customers?” (Berry 2002:71)

Berry (2002) continues, aligned with Grönroos (2007), and accentuates the potential in relationship marketing. It is lucid that customers usually necessitates re-using some services more than once and is further obvious that these customers have plenty of suppliers to choose between (Berry 2002). Hence, if customers strive for the same kind of service continuously companies need to understand that gaining a long-term perspective is worthwhile (Grönroos 2007). Even though a closely depicted scheme in the process of implementing a successful relationship marketing strategy is hard to find, mainly due to the fact that some schemes will work for one company but can be ineffective for another, several important attributes or characteristics of relationship marketing can be identified in the literature (Nwakanma et al. 2007). These include *commitment, trust* and *satisfaction*, which are considered by Antioco & Lindgreen (2002) and Baron & Harris (2003) to be directly interlinked and depended of each other.
Commitment can be described as to which extent an enduring desire to maintain a valued relationship can be identified from all involved parties (Grönroos 2007). From a supplier perspective, commitment deals with the desire to maintain a long-term relationship with the customer (Antioco & Lindgreen 2002). A high degree of supplier commitment should consist of both concern and respect, where concern deals with the customer’s needs and respect take consideration into how much personal information the customer need to share (Nwakanma et al. 2007).

Research over the years has stressed that customer are attempting to reduce the risk around purchase action made by entering long-term relationship with suppliers that they trust. According to Baron & Harris (2003), the commitment from all involved parties is a result of the perceived trust in the relationship. Trust is emphasized by several researchers (e.g. Antioco & Lindgreen 2002; Grönroos 2007; Gummesson 2008; Liang et al. 2008) as a crucial attribute in relationship marketing. Grönroos (2007) suggest that trust in a general business context can be identified as one party’s expectation that the other party will behave in a certain predictable way in any given situation. If the predictions do not exceed the reality, the trusting party, in this case either a customer or a supplier will experience a higher degree of negative outcomes than they otherwise would (Berry 2002). Furthermore, Antioco & Lindgreen (2002) proclaim that relying on each other in the relationship, mainly in terms of believing that one party will not act opportunistically, is of vital significance. Cannon et al. (2010), aligned with Berry (2002) identify trust as essential in relationship building and that trusting an exchange partner contributes to continuity, hence a long-term relationship.

Grönroos (2007) depicts the level of satisfaction, in any service encounter, as fundamental in terms of influencing customers in to a certain future behavior. In agreement with this, Lam et al. (2004) underline satisfaction as one key driver of a long-term relationship. According to Liang et al. (2008), satisfaction encompasses a relative judgment, made by the customer, which considers the benefits obtained through a purchase in relation to the cost and efforts made to acquire the benefit. A satisfied customer is more motivated to patronize a service provider and also endorse it to other potential customers (Lam et al. 2004). Baron & Harris (2003) connotes that satisfaction, to a high extent, is influenced by service providers’ offerings presented to its customers. This connotes with what Lam et al. (2004) recognize as the customer perception of the value in either the offering or the relationship with the service provider. The customer
satisfaction is also coherent with if the initially expectations and efforts of the purchase reconcile with the obtained benefits (Antioco & Lindgreen 2002).

Moreover, Lam et al. (2004) depict a connection between customer satisfaction and customer loyalty, and studies has revealed that satisfaction is the first step when achieving customer loyalty, and hence a long-term relationship. Customer loyalty impacts the service provider’s performance, and is further frequently renowned in marketing literature as an important source for gaining competitive advantage (Chaffey & Smith 2008). Lam et al. (2004) enunciate that from a service perspective, customer loyalty can be connected to the level of relationship commitment (i.e. the customer’s overall affection and deep commitment to the service or service provider). Although some disagreement can be identified (e.g. Reinartz and Kumar 2002), many researchers agrees that profitability follows customer loyalty, which further can be linked to relationship marketing and customer retention (e.g. Chaffey & Smith 2008, Leverin & Liljander 2006, Liang et al. 2008). Moreover, customer loyalty can be labeled as customers’ dedications, in a continuous manner, repatronize and rebuy services from merely one service provider (Chaffey & Smith 2008). In this sense, customer loyalty is united with customer satisfaction, since a loyal customer will recommend the service provider to others, and continually stand by the service provider and its services (Lam et al. 2004). According to Leverin & Liljander (2006), customer loyalty should be considered as fundamental, mainly because the fact that it is far easier to attain purchases from an old customer than a new one. At the same time, Liang et al. (2008) stress that the service providers’ increased effort on preserving loyal customers inherits from the common recognition that customer loyalty extract profitability.

3.3 Value creation

In line with the stated purpose of this thesis, where value can be emphasized as an important fraction, this section will initially confer the concept and characteristics of value and customer value. Subsequently, the process of value creation and the service dominant logic will be theoretical reasoned.

3.3.1 Value and customer value

Armstrong & Kotler (2009) emphasizes the primary engagement for marketers in any marketing area as to understand customer’s needs and wants. They explicate needs and wants by recounting the example of a person who needs food but wants a specific dish
Theoretical framework

(e.g. a hamburger with french fries). Armstrong & Kotler (2009) translates further customer’s wants and needs into market offerings (i.e. products, services, information, or experiences). Customers who purchase any sort of market offering pays a price, and expect to receive what researchers in marketing (e.g. Zeithaml 1988; Ford et al. 2006; Fill 2006; Vargo et al. 2008; Grönroos 2011) explains as value. Value has always been renowned as complicated to define (Ravald 2009a). The concept of value and its role in the marketing environment has an extensive history of discussion and reflection in literature (Holbrook 2006). Walter (2001) endorses value and its existence in the marketplace as fundamental for every business. Since the time of Aristotle there have been many assorted attempts to explicate the concept of value (Vargo et al. 2008). However, it is obvious that value is a word which each individual comprehend in their own way. Consequently, it implicates that it exist countless definitions of value and supposing that every person gives its own significance to the phrase, every person will think about something distinctive and subjective when the word “value” is uttered (Ravald 2009b). Zeithaml (1988) documented early on that the intricacy of researching on value is caused by the numerous meanings of value held by individuals.

Ravald (2009b) distinguish three aspects of value; social, ethical and economic value. The social value refers to when individuals or groups assign certain recognitions to experiences, goods, services, concepts and theories. The ethical value is to some extent connected to the social value, but put emphasis on moral and religious practices in the society. Economic value is characterized by the satisfaction which occur when individuals or groups obtains from goods and services. Furthermore, the economic value is dependent on in which marketing environment the exchanges occur, partly because of individual attitudes against goods and benefits. From a marketing perspective, the economic value would be the most interesting, which aligns with Ravald (2009b) who claim that a ground pillar in marketing is to maximize the value for customer through your goods or services with the purpose to enhance satisfaction and loyalty. However, when concerning marketing as an entirety, the social and ethical aspects are hard to overlook. Though it is the economical aspect which lies in the center of attention, firms must understand that the customer perception of what is good and bad is controlled by their individual preferences which in hand are affected by the norms in society (i.e. social and ethical values).
Many scientific articles on value (e.g. Payne & Holt 2001; Vargo & Lusch 2004; Holbrook 2006) connect the notion of value to customer value. Fill (2006) emphasizes the customer’s perception of value as the primary and the utmost important perception, and that firms in any marketing area should try to identify these perceptions. Holbrook (2006) states that customers do not merely strive for services, they seek after satisfying experiences. Services are considered as a sort of tool which generates experiences. In addition, Sánchez-Fernández et al. (2008) and Grönroos (2011) explain that customer purchase-decision is based on which benefits that the purchase will derive.

Fill (2006) emphasizes that every customer is unique in its striving for both tangible and intangible features of a service, and that these features, in the end, will lead to an individual value generated through the customers purchase actions. This further implies that customers selects among different market offerings and choose the offering which match their needs and will satisfy them to a higher extent, which also is emphasized by Holbrook (2006). Holbrook (2006) contemplates of customer value as an interactive relativistic preference experience. In accordance with Payne & Holt (2001), Holbrook (2006) explains that the interaction between the customer and the services is relativistic, and it is relativistic in three ways (i.e. the preferences); comparative, personal, and situational. The first, the comparative preference, is recognized as the customer performing a comparison among different services, the second, the personal preference, is emphasized as the fact the value differs for every person, and the third, the situational preference, mean that the evaluation of value depends on in which situation it occurs. Therefore, customer value, enclosure a subjective facet which depends on how each person relate to the three mentioned preferences. Holbrook (2006) suggests that these aspects represent the core in customer value in order to generate value-creating experiences. Consequently, as regards to what Fill (2006) and Holbrook (2006) confer, value relates to what the customer expects from a market offering (i.e. service) and also experience after purchasing it. This obliges marketers to consider and reflect on how to build a competitive advantage in order for the customer so select them (Parasuraman 1997).

Srivastava & Singh (2010) proclaim, in accordance with Armstrong & Kotler (2009) and Grönroos (2008) that the customer’s perception of value embraces the entirety of a service, which further connects to the utility of the service. However the customer’s gaze of the entirety can to some extent be limited, as recognized by Zeithaml (1988),
Theoretical framework

which through a exploratory study, discovered that the components of value as regards to what is given and what is received is complex for consumers to calculate. This notion encompasses what Sánchez-Fernández et al. (2008) and Grönroos (2011) denotes as the connection between *sacrifices* (what is given) and *benefits* (what is received). Payne & Holt (2001) explicate that the benefits, which customers aspire, generates from a trade-off and interaction between customer and products/services. A trade-off occurs when you give away a certain value and receive a different value in return (*e.g.* a customer who uses money in order to purchase a certain product/service). Srivastava & Singh (2010) proclaim that an understanding for the trade-off, between benefits and sacrifices in a product/service, helps companies to achieve a more sustainable competitive advantage. In addition, Payne & Holt (2001) disclose the weight of recognizing customer’s intention when trading benefits against sacrifices, both during the purchase process and during the consumption/usage of the product/service.

3.3.2 The process of value creation

Holbrook (2006) describes value as the customer’s estimation of how well a product or service can satisfy their needs. Accordingly, customers will choose the offering which offers them the best value, and therefore the organization must develop a strategy for creating value (Ballantyne & Varey 2006). Fill (2006), in concert with Bruhn & Georgi (2006), proclaim that the value is created through a chain of activities, *i.e.* the *value-chain concept*. Fill (2006) divides these activities into primary activities and support activities. Primary activities refer to actions which are considered necessary for an organization such as investing in proper materials for the purpose of converting them into services and then distribute them to customers. Support activities, which further encompasses what Ballantyne & Varey (2006) recognize as vital in value creation processes, facilitate the primary activities (*e.g.* technology systems, service systems), and customer’s perception of value depends on how well those activities are linked together. Furthermore Fill (2006) distinguish three processes which is emphasized to provide sustainability in regards to the activities; innovation processes (*i.e.* generation of new products), operation processes (*i.e.* delivery and performance) and customer creation and support processes (*i.e.* provision of an economic stability).

Grönroos (2009) points out value as being created for the customer through the relationship between the supplier and the customer. The value is created by the customers, partly in interaction with the supplier (Payne et al. 2008). Hence, value is
created for the customer, both by the customer when it uses a product/service and also, which Ballantyne & Varey (2006) emphasize, through the interaction with the supplier. Grönroos (2006) stresses that it is not the product or/and the service which needs to be in focus, it is the customer’s value creating process, in which value occur and is perceived by the customer which needs to receive focus. As acknowledged by Ravald (2009a), value creating processes are hard to understand and further badly defined in service marketing due to rigid aspects, such as when, where and how value is created.

From a service perspective, and in line with Vargo et al. (2008), value creation can be explained by the phrase value-in-use. Grönroos & Ravald (2011) state that value-in-use implies that customer value is created and derived during the use of services and that value creation occurs in an interactive usage process, which aims to improve the customer well-being. Customers are not first and foremost interested in what they buy and consume per se, instead they search for positive experiences implanted in the service activities they utilize (Grönroos 2006). The notion of value-in-use is connected to what researchers refer to as the service-dominant logic, first introduced by Vargo & Lusch (2004). In consensus with Shaw et al. (2010), Vargo & Lusch (2004) elucidate service-dominant logic as a result of the product-to-service transition, meaning that each interaction between a customer and supplier is a service and that all exchange is based on service. Grönroos & Ravald (2011) state that the application of service-dominant logic means to facilitate processes which support customer’s value creation in their daily activities and processes. The service perspective permeated in service-dominant logic recognizes these processes as a set of resources which are interacting with one another with the purpose to support customer’s value creation. These resources refer to those who participate in the value creation. Vargo et al. (2008) names these as operant resources, and explain that it is all about the skills and knowledge of those who do the value creation. The ensuing issue for service-dominant logic is to define who the operant resource is. In coherence with Kowalkowski (2010), Gummesson (2008) distinguish that customers were prior seen as a quite passive operant resource, but in line with the appearance of service-dominant logic, they are now seen as an active operant resource for any company in the marketing environment.
4. Empirical and theoretical analysis

The following chapter aims to discern the collected empirical data in relation to previously presented theories. Each paragraph encloses initially an elucidation of composed empirical data, followed by a correlation to previously established theories and last of all embrace an analysis. In section 4.1, the empirical data collected from both the conducted focus groups in addition to the individual interview with Monica Larsson will be processed and analyzed. Thenceforth, since relationship marketing have been approached from a suppliers perspective, section 4.2 further engages the data from the individual interview, and subsequently, since value is approached from a customer perspective, section 4.3 concerns the empirical data from the focus groups.

4.1 Relating online services to online gambling

4.1.1 The availability element

Andersson, Berg and Pettersson (FG-1) highlights that the online gambling services can be used from anywhere. Larsson agrees and pronounces; “...whether you are sitting at home in your couch, or if you are out walking the gambling it's reachable from anywhere”. In addition, Kronberg and Joelsson (FG-2) note that that in order to use the gambling company’s services you need to acquire devices which Internet can be accessed through. Larsson depicts that; “...nowadays even older people, who hasn’t grown up with the Internet, gamble online. This may be because of the rapid progressions made in web-based products”. In line with this, Wedin (FG-2) and Castaing (FG-1) believe that since e.g. mobile technology has progressed in recent years, there has been an increase for gambling through your mobile phone, and thus making the service even more available from anywhere. The recognition of necessitating a device in order to gamble draw features from the intangibility of an online service provider, explained by Laudon & Guercio Traver (2011), meaning that as Internet services are intangible, they are consumed and produced at the same time. Additionally, Gummesson (2008) state that since services further can be recognized as processes in which two parties are involved, customer participation becomes fundamental. The identification regarding mobile technology can be connected with Chaffey & Smith (2008), elucidating that information technology has enabled for those online companies exclusively existing on the Internet to survive. With this in mind, online gambling is reliant on its customers purchasing Internet supporting devices (e.g.
computer, mobile phone) and afterwards using the provided gambling services. The customer participation was an underlying agreement from the focus groups, meaning that they need to use something in order to participate in the service. As the availability of online gambling services through the Internet was a notation which permeated all of the focus groups, it is evidently that the theoretical assertion, made of online service providers generally regarding the intangible feature, corresponds with online gambling companies.

4.1.2 The time element

Östlund (FG-2) accentuates, that besides being able to undertake an online gambling company’s services from anywhere, the time element of the service is favorable included, meaning that gambling online has no-time limit and that traditional gambling providers are not capable of being open at every hour of the day. In line with this, Berg (FG-1) recount that nowadays, since there are not so many traditional gambling companies around, and perhaps that when one can afford indulging oneself in gambling, you might not have the possibility to get to the traditional gambling company. Also Pagden (FG-1), Olsson (FG-3) and Kindh (FG-2) fills in by proclaiming that the limited amount of traditional gambling companies often is restricted to a certain deadline. In addition, Ottosson (FG-3), in consensus with Svensson (FG-1), reflect over the independency of the time dimension; “…for example, whenever you forget to bet on a soccer game, you can just log on to your computer and place your bets quickly before the game commence”. The detection by Östlund (FG-1), as regard to the time limit, confers with the description of Laudon & Guercio Traver (2011) in concern to the accessibility opportunities generated by the Internet. Nguyen & Leblanc (2002) further distinguish that online services provides the customer with flexibility and thus enhancing their possibilities to purchase online services on their own conditions. Given that the usage of the Internet and online services has increased customer’s flexibility to choose when they want to undertake gambling activities fortify the customer participation to a higher extent. This implies that online gambling, alike any online service provider, can out-compete traditional service providers in terms of open hours, and thus more rapid accessibility to its customers.
4.1.3 The interaction element

Pettersson (FG-1) draw attention to the fact that the intangibility of gambling online services imply a subsequent impact, that is having service employees of the online gambling company close at hand. The underlying rationale with his statement was further revealed by Ljunggren (FG-3) and Andersson (FG-1) which both highlighted the dissimilarity between an online and traditional gambling provider as the online gambling provider’s deficiency of a face-to-face meeting. Castaing and Berg (FG-1) mentioned that in case of ambiguities, *e.g.* during gambling procedures, employees in a traditional gambling company can be of service and assist the customer physically *i.e.* face-to-face. Wedin (FG-2) described that “… *In traditional gambling you really notice the employees and that they sort of become a part of the service, in online gambling you don’t have that, since there is no visible person in the computer*”. This harmonizes with what Chen & Macredie (2010) state; that employees in a physical environment partly represent the service, and that, as Lin (2008) further depicts, service providers which present a physical environment, in which interaction with customers take place, are able to embrace the face-to-face meeting. Lee et al. (2011) emphasizes the distinction between online service providers and traditional service provider as the coarsest difference. As it can be seen, online gambling feature, in consensus with online service providers, a lack of employees with the ability to respond to their customer in a tangible manner. The possibility to inflict on the customers is restricted to the website, making it increasingly important to identify how the interaction takes place.

On the other hand, and as emphasized by Österberg (FG-3), Andersson (FG-1) and Kindh (FG-2), the Internet as a medium for performing interaction between customer and service employees, enable for the interactions online to be carried into effect more rapidly. Olsson (FG-3) draw attention to the fact that “…*interaction with gambling companies can be achieved faster. For example if you want help with something from your nearest physical gambling salesperson you need to take yourself to their store. When you seek help from online gambling representatives you can either fast use your phone or computer from home.*” In addition, Larsson highlight that on the website of the gambling company which she works for has applied a chat-portal open around the clock, and that this has enabled for quick interactions to occur. The recognition of Internet as rapid interaction tool connect with Gummesson (2007), who highlight that progressions which enables Internet access has enhanced the velocity of interactions
between online companies and their customers. In addition, as regard to what Olsson (FG-3) mentioned about interaction with representatives in online gambling, Laudon & Guercio Traver (2011) stress that online services, and thus interactions are available at all times due to online companies ability to respond customers through Internet. One can discern that the technology improvements, to the highest degree, have made online gambling company’s activities closer to access for their customers. The intricate of that online gambling companies, and online service providers in general, are not available to meet their customers in person, can to some extent be replaced by the fact that they instead are able to meet their customers much faster, although in an intangible behavior.

4.1.4 The servicescape

As part of the discussion of intangibility and its correlation to online gambling companies, Andersson (FG-1) pronounced that online gambling companies in contrast to traditional gambling companies do not have a physical environment, where they are able to exhibit their services and meet with their customers. Larsson concurs with this but emphasize that, the need of a physical environment to meet customers, is dependent on which gambling service that are provided, meaning that some gambling services may necessitate a physical environment more than others. Sandberg (FG-3) narrates that those services, with a physical servicescape, are more authentic. Östlund (FG-2) interject, in regards to the authenticity, that money on the Internet lack authenticity; “…a traditional gambling company, who handles real money has a higher authenticity then online gambling companies. What I mean is that money on the Internet does not feel real, they are just electronic numbers.” In addition, Castaing (FG-1), who concur with the statement made by Östlund (FG-2) denotes authenticity as some kind of feeling and that undertaking gambling online, besides the authenticity, further involves an absence of feelings overall. In accordance, Magnusson (FG-3) portrays an example from when gambling poker in a casino; “…At the real casino you sit down at the table, you see your opponents, feel your cards, and smell that special scent which most casinos have. You can’t get those feelings when you are playing through the Internet.” However, Olsson (FG-3) and Berg (FG-1) note that many websites now have applied features to generate more feelings. Olsson add (FG-3) that “…many websites put in some music or some kind of animation to look more like the traditional gambling company”. The detected absence non-physical environment can be connected with what researchers (e.g. Harris & Goode 2008; Hopkins et al. 2012) recognize as the e-
servicescape. The feelings, which many in the focus groups discussed, correlates to the ambient conditions recognized by Nguyen & Leblanc (2002). In line with the distinguished absence of feelings (e.g. authenticity) as a result of the servicescape and its attributes being intangible, Hopkins et al. (2012) state that ambient conditions are nearly impossible to embrace on the Internet. However, in line with the recognition of websites applying features to appeal feelings, Harris & Goode (2008) announce that e-servicescape, despite its intangibility, can resemble traditional servicescapes and stimulate ambient feelings in customers’ response. It is noticeable, that despite the fact that online gambling companies can resemble traditional gambling servicescapes, authenticity is something which cannot be embraced. An important observation to contemplate is that the focus groups referred to authenticity in regards to tangible objects. This means that one can say that all feelings which arouse in relation to tangible aspects cannot be applied in the online environment, and thus nor for online gambling companies.

Sandberg, Magnusson and Ljunggren (FG-3) led into the discussion about privacy due to the amount of information available on Internet. Andersson (FG-I) fills in by claiming that on the web, in comparison with gambling traditionally, everything is saved electronically. He further depicts that “… if I would win 78 millions I wouldn’t want that someone would be able to take part of that information.” Olsson (FG-2) mean that it is easier to understand online gambling providers’ privacy principles due to their possibility of displaying the information on their website. The privacy dimension concur with what Rose et al. (2010) identify as level of security on the e-servicescape, and also as a part of the functionality of an e-servicescape, meaning that security features has to both work properly and appeal customers’ aesthetically in order for the customers to rely on online service provider. The electronic aspect, as regards to gambling services and its intangibility, imply difficulties for online service providers’ security stipulation.

Svensson and Andersson (FG-I) declared that one difference, between the servicescape of an online gambling provider and a traditional, is the amount of information provided. Ottosson (FG-3) added to this that online gambling can fill up their websites with plenty of information for their customer. Kronberg (FG-2) claim that online gambling providers, being specialized in gambling can more easily help customers as regards to using gambling services. In contrast, traditional gambling providers, as emphasized by
Ottosson (FG-3), are in general not rich of information. In line with this, Andersson (FG-1) state that; “...often when you go to a traditional gambling provider the employees doesn’t feel particularly skilled, they don’t have the information which can be found on the online gambling company’s websites.” Larsson further announce that since some gambling services at times can be rigid to understand it is favorable for online gambling companies to display relevant information, such as tutorials on how to gamble. Joelsson (FG-2) which have the same opinion as Larsson pronounce that; “...the employees in traditional gambling companies are not always capable of assisting every customer and that the online gambling companies due to that their employees are experts in gambling can help customers with ambiguities to a greater extent.” The recognition made by Svensson (FG-1) and Joelsson (FG-2) can be accentuated by Chaffey & Smith (2008), aligned with Rose et al. (2011), who claim that online service providers are capable of endowing their websites (i.e. servicescape) with countless more information than traditional service provider. Moreover, Wilson et al. (2008) connote that parallels, between Internet’s infinite storage capability, and customers’ growing interest for information seeking, can be identified. Besides, the discernment made by Larsson, regarding gambling providers online, holds features from what Wilson et al. (2008) detect as a result of online services not having a limit in their offerings, and thus able to enrich their expertise in form of an augmentation concerning the information available. The focus groups’ uncovering of online gambling companies’ abilities to display more information, support what Nguyen & Leblanc (2002) analyze to be a competitive advantage for online companies. Hence, the acknowledgments made by the focus group members, recount that online gambling has benefited from the unrestricting information provision. Moreover, it also means that online gambling companies, alike online service providers, can heighten their expertise by the accessible information on their websites. In addition, since the focus groups members highlighted the importance of information available on gambling providers’ websites, the statement regarding customers’ growing interest of seeking information can be strengthened.

Another aspect which came to discussion in all focus groups was that customers are unconstrained to compare gambling companies in terms of their prices. Sunesson (FG-2), which connected this to when he is sports betting, highlighted this in following manner; “...There is a much higher range of odds on the Internet...you can compare between a loads of websites in the hunt for the best odds.” Kindh and Östlund (FG-2)
continue and claim that it is usual that online gambling companies have better prices. This price recognition made by the focus groups can directly be connected to what Chaffey et al. (2009) stress as price transparency. Further, the recognitions relates to what Gay et al. (2007) stress as a price reduction from online companies, due the fact that online companies avoid costs generated from operating a physical servicescape. As online gambling companies, alike online service provider, can utilize their capacity of displaying information on their servicescapes it is easier for customers to compare them between each other. This further depicts the possibility for gambling companies on the Internet to continuously measure each others’ services and thus the prices of them. In some way this could be seen as paradox since more information means more competition and more information also enables for the customers to get a better overlook of the services and the prices.

4.2 Relationship marketing in an online gambling context

4.2.1 The online gambling company and relationship marketing

According to Larsson, the establishment of a relationship between the customer and the supplier is of high importance in the online gambling industry, mainly due to the augmentation of online gambling providers, and, as an effect, the minimal product differentiation currently existing on the market in regards to the perception of the potential customer. Hence, the relationship can function as a comprehensive competitive advantage to other online gambling companies, especially those with next to exactly the same product assortment. This is in coherence in regards to the available research concerning relationship marketing (e.g. Grönroos 2007; Gummesson 2008; Wilson et al. 2008), accenting customer retention instead of customer acquisition as a response to the escalating competition on several industries active on the global market. Thenceforth, the interview with Larsson identifies that the concept and purpose of relationship marketing in the online gambling industry is relatively recognized, and in an industry facing rapid augmentations in terms of competitions due to relatively similar product offerings, and moreover be an important approach for an online gambling provider in order to create competitive advantages among other strategies. Larsson further adds that the relationship marketing approach permeates the entire company where she is employed, from the very concept of business, throughout the management, and all the way to the employees focusing on various support tasks. Thus, the relationship approach mentioned by Larsson is in consensus with e.g. Grönroos (2007),
emphasizing that relationship marketing is not merely another marketing tool of which only those functions regarding various marketing activities within a company should focus on. Instead, as further supported by Wilson et al. (2008) and Gummesson (2008), relationship marketing should be embraced by all business functions within the organization. Hence, the concept of relationship marketing has shown to made its way into the online gambling industry, and since its now is somewhat of a core belief in the mentioned company, it could be considered as an achievable approach to the industry in whole.

In regards to why the customer should embrace the relationship with an online gambling provider, Larsson accentuates that it must be clear that not only the supplier gains the benefits from the relationship. Thence, the relationship approach should be based on the customer benefits, since a satisfied customer increase the probability for retention, which by no doubt is valuable for the company. In coherence, Gummesson (2008) states that one key characteristics of relationship marketing in contrast to a transactional perspective is the aim to establish a win-win situation, engendering two satisfied parties, in this case the online gambling company and its customers. This however creates a necessity of collaboration and responsibility from all the involved parties. This is in coherence with Larsson, further stating that the collaboration can be a valuable resource for both the customer as well as the online gambling provider. Hence, one example of collaboration in the relationship marketing approach is by Larsson declared as the earlier mentioned chat function which her company has establish. As such, the chat function can be explained as an interactive text-based platform along with the actual product, where the customers can interact with either an employee of the company (referred to as a chat host), or other customers gambling at the same time. The interactions can either be in direct regards to the actual products, and certain support issues related to them, or of more casual social form. Larsson depicts “…sometimes a customer can provide the requesting customer with superior or more rapid respond than our own chat hosts”. This demonstrates that the online gambling industry has made use of their possibilities provided by information technology in order to facilitate processes which embrace the relationship marketing approach. Moreover, in this sense, the online environment enables interactions between customers and employees (i.e. the chat host) at the same place, and thus facilitating the process of creating customer relationships.
4.2.2 Dealing with customer expectations

Although the customer relationship have become more or less an necessity for online gambling providers, Larsson emphasizes that is equally significant to understand that not all gambling customers want to engage in a relationship with its providers. Hence, the understanding of those customers only striving for the consumption of the actual products is important. As in regards to the company in which Larsson is employed, the customer that solely desires to gamble have the option to disable some of the relationship focused tool on the servicescape, such as the chat function. This is in coherence with several research concerning relationship marketing (e.g. Grönroos 2007; Nwakanma et al. 2007; Wilson et al. 2008), underlining that not all customers want to participate in an relationship with the service provider. Hence, the customer merely striving for a transactional exchange must also be taken in consideration, and not only those striving for a relationship.

According to Larsson, although several possibilities of investigating the needs and wants of the clientele is apparent online (e.g. by queries or other types of surveys), the most efficient method to understand the expectations of the customer is through a personal two-way communication (i.e. interaction). Larsson agrees that, due to the lack of a physical encounter between the customer and the supplier, interaction in an online context can be considered as difficult. However, online gambling companies can use the technological benefits inherited of the Internet, to facilitate the interaction with the customer. Apart from various chat functions, online gambling companies should focus on the availability of not only the product, but also those functions supporting the interaction with the customer. Hence, as an example, Larsson depicts “…our company is unique in the industry in terms of the possibility to contact us. From as early as nine in the morning up until twelve in the night may the customer come in contact with an employee”. Further, another approach to support the interaction between an online gambling provider and its customer and enhancing the possibility for a relationship, is by Larsson mentioned as communicating with the customers in an offline context. Thus, during the last couple of years, the company in which Larsson is employed has arranged trips for the customers to one of the most popular (in terms of the amount of visitors) tourist destination in Europe, as well as several cruises on the Baltic Sea. The trips are open for all customers, no matter of activity level or purchase level, in subject to availability. In consensus, Grönroos (2007) stresses the need for interaction in order to
understand the relationship expectation of the customer. The approach of reaching the customers in the offline environment draw features from what Nwakanma (2007) depict as getting to know the customer more intimately, and which is a core action in relationship marketing. The offline interaction draw features from what Antioco & Lindgreen (2002) recognizes as displaying your concern to your customers needs, and thus displaying the aspiration for generating a commitment to your customers. The action of meeting customers outside the Internet could facilitate the process of applying relationship marketing and hence potentially gaining a long-term relationship with customers. Since most research has been made on relationship marketing in the offline context, this could be a favorable starting point for online gambling companies who wish to implement relationship marketing within its business strategy. Since relationship marketing, to some extent, concerns a face-to-face meeting, one can distinguish that if online gambling companies achieve an understanding of the significance regarding the face-to-face meeting, it may facilitate the process of applying the concept in to the frames of the Internet, and thus to some degree compensate the absence of a face-to-face meeting.

Another strategy which can be connected to a relationship marketing approach in the online gambling industry, and further facilitating interaction, is by Larsson explicated as the focus on reducing the personnel turnover, especially in those functions directly interacting with the customer, “…this increase the possibility for the customer to come in contact with the same employee as in previous interactions with the company”. According to Larsson, several advantages of can be identified, mainly that the customer and the employee get to know one another on a more personal basis. As stressed by Nwakanma et al. (2007), the customer should be perceived as the center of a relationship marketing approach, and therefore the necessity of knowing the customer on a more intimately level is apparent. The personal support that Larsson mention connects to what Grönroos (2007) state as a two-way communication, and in line with what Nwakanma et al. (2007), the strive to achieve a personal basis in the communication, reflect to that a company must communicate openly and honestly. Consequently, the actions on the website, mentioned by Larsson, signify a way to achieve an honest and open communication to customers through the Internet.
4.2.3 Long-term relationship in the online gambling industry

According to Larsson, the various relationship marketing approaches previous explicated (e.g. the chat portal and the communal trips) aims to facilitate the possibility for the relationship to sustain during a longer perspective of time. However, it is necessary to emphasize that a relationship with an online gambling provider should be optional, and although it is anticipated that the relationship should last, the customer should at any time have the preferences to end it. The description from Larsson is in consensus with Antioco & Lindgreen (2002) and Grönroos (2007) in regards to relationship commitment from the supplier’s perspective, highlighting the desire to maintain a long-term relationship with the customer. Further, Nwakanma et al. (2007) emphasizes that a high degree of supplier commitment consist of concern and respect for the needs and wants of the customer, since sensitive personal information (in the case of the online gambling industry e.g. social security number and credit card information) is expected to be shared. In reference to the before mentioned possibility to deactivate relationship focused tools, such as the chat portal, companies in the online gambling industry can make their customer relationship optional.

Moreover, although the understanding of the Internet and the fact that an increasingly number of people perceive the safety online as improved, Larsson states that some online gambling customer, often depending on age and previous internet experience, still is concerned in terms of safety issues in an online gambling context. Thenceforth, it is important for an online gambling company to elucidate and explicate how the products are functioning and that the safety has been taken in consideration, by for example have accessible information displayed on the webpage (i.e. the e-servicescape). By doing so, the customers trust in the online gambling company can be increased. This is in coherence with Baron & Harris (2003), relating the perceived customer trust on the supplier to the commitment, and further explained by Grönroos (2007) as one party’s expectation that the other party will behave in a certain predictable way. Since the safety issue is high valued by customers, the deployment of security principles on the website could be recognized as a way for online gambling companies to increase customers perceived trust and hence their commitment to the company.

Lastly, Larsson states that relationship marketing and its aim for customer retention should in the long-term create loyal customers. The outermost loyal customer in an online gambling context is by Larsson further defined as “…a customer dedicated to
only one online gambling provider”. However, it should be emphasized that the customer do not necessarily need to consume the products (i.e. gamble) to a higher extent than other customers. Instead, Larsson describe that the loyal customer embrace the interaction possibilities, providing feedback to the online gambling company, which can be absorbed and be converted into products development. By so, a loyal customer is not only positive for the online gambling provider, but also other customers in addition to the customer itself. Larsson´s description of a loyal customer is to some extent consistent with several researchers in regards to relationship marketing (e.g. Leverin & Liljander (2006); Chaffey & Smith 2008; Liang et al. 2008). It is noticeable that Larsson’s description regarding a loyal customer entails those aspects which are necessarily in order to create a long-term relationship. Since the online gambling industry faces a high competition, it is evident that those actions (e.g. optimizing interactions, feedback) represents a way for online gambling companies to embrace customer loyalty within their industry.

4.3 Customer value in the online gambling context

4.3.1 Motives and values of online gambling

According to several researchers (e.g. Zeithaml 1998; Ford et al. 2006; Grönroos 2011), value, as in simplified terms in regards to a purchase can be described as what the customer expects to receive in exchange for money, is of high importance in relation to understanding the needs and want of a customer. However, the very concept of value is hard to define, mainly since it is perceived individually (i.e. different individuals will think differently when the term value arouse), resulting in difficulties but also necessities to understand the value of which the customer strives for (Ravald 2009b). In consensus Fill (2006) states that the customer’s perception of value should be considered as the primary and utmost important perception, which further needs to be identified in any marketing area. Collectively, the conducted focus groups have in conclusion identified that, in coherence with the theory regarding customer value (e.g. Holbrook 2006; Vargo et al. 2008), the value which online gambling customer endeavor is to the utmost extent individual. However, and as the basis for this analysis, some general agreements over the value in an online gambling context can be identified. As in regards to the question of the very purpose of gambling, in this case online, the majority of the customers in the focus groups agreed over the financial aspect of gambling (i.e. the opportunity to win money). Pettersson (FG-1) states that without the possibility of
earning money as a result of the gambling process, the experience would get a different meaning. This is further supported by Berg, Castaing and Svensson (FG-1), emphasizing that gambling in their minds is directly related to money and the possibility of riches. Both focus group two and three highlighted the same aspect, the economical factors as the purpose for gambling, as summarized by Kindh (FG-2) “…someday will be my turn to be rich”, and Ottosson (FG-3) “…whenever I am gambling, I imagine myself on a beach far away, rich and with little worries of tomorrow”. Thus, although perceived customer value is individual, the financial value of the online gambling product has been identified as a core motivation to gamble by all the customers engaged in the conducted focus groups. However, the online gambling customer tend to be aware of the relative low possibility of winning a larger sum of money, by some defined as merely a dream unlikely to be realized.

Although the members of the three focus groups, with some diminutive exceptions put the financial aspect of gambling online as the uttermost value of which they strive for, a deeper analysis of the discussions that aroused identifies other aspects that can be defined as customer value. In some cases, the customers even changed their perception in terms of the importance of the economical value. Hence, the findings from the focus groups which will be presented subsequently support the theories stated by Holbrook (2006); Sánchez-Fernández et al. (2008) and Grönroos (2011). Again, as in regards to the question concerning the purpose of gambling, in all the three conducted focus groups, the discussion progressed to the matter of what happens if the gambling turns out unsuccessful, i.e. the invested sum of money results in a equal or lower rebound than anticipated. Wedin (FG-2) depicts this by recounting the example of buying a lottery ticket and only receiving a payback of what was spent initially, “…if you buy a lottery ticket for 25 SEK and wins the same amount, you get excited. It is all about the thrill”. This is further underpinned by Olsson (FG-3), who narrates an memorable online gambling experience, “…the payoff when I got all the 13 correct results on Strycktipset was merely 6700 SEK, and we was ten people that was going to split that sum. But it was the thrill and the feeling of finally reaching the goal that was of importance, since it will probably take me another 12 years to get 13 correct results

---

1 Strycktipset is a sports betting 1-x-2 based product of the Swedish gambling company Svenska Spel. Developed as early as 1934, today an estimated number of 1,3 million customers consumes the product weekly. (svenskaspel.se)
again “. The significance of the thrill or the feelings of gambling online is further proclaimed by e.g. Castaing (FG-2) among the other customer, stating that even though most people should know that the chance of winning a larger sum of money is relatively low, the very feeling can be a purpose of gambling itself. As stated by Holbrook (2006), the customer does not merely strive for the actual product or services, but also for satisfying experiences. Furthermore, according to Sánchez-Fernández et al. (2008), and moreover supported by Grönroos (2011), the customer decides to purchase that of will derive the benefits of their desire (emphasized as a value). Henceforth, although it is impossible to deny the importance of the financial value in terms of online gambling, emphasizing other customer values can be argued as equally important. As mentioned before, most of the online customers are aware of the online gambling providers' advantages concerning the actual product (i.e. the products are designed in such a way that the provider inherits a greater possibility to win than the customer), but still chooses to gamble. Hence, the customer consciously strives for other values than merely the financial when participating in gambling online, whereas one can be defined as satisfying experiences.

Apart from an inconsequential number of customers participated in the focus groups, the far majority answered more than one, in regards to the question of how many online gambling companies currently being an active member at (in this case gambling to some extent more than once a week, where the number differed from two up to sixteen). However, of those, all stated that one online gambling provider got most of their attention. In the discussions that aroused with the aim to identify why one provider was of preference, the opinions diverged. Österberg (FG-3) emphasizes the necessity of both a well-known brand, in addition to proven products as a result from an established concept. This is in coherence with Castaing (FG-1), Joelsson and Kronberg (FG-2) accentuate the importance of a recognizable brand. Sunesson (FG-2) highlights the need of a wide range of product assortment, where added services such as the live streaming of various sport games can distinguish an online gambling provider from its competitors. According to Magnusson (FG-3) and Kindh (FG-2), the higher the possible payback of the gambled money, the more enticing the online gambling provider gets. In consensus, Fill (2006) explicates that every customer is unique in its striving for both tangible and intangible features (i.e. the customer selects among different offerings and chose that of most probability to match their needs) in the
purchase process, which eventually generates the perceived value. In accordance, Holbrook (2006) further adds three dimensions, referred to as comparative, personal and relativistic, interlinked with the enclosed subjective individual facet of value.

The analysis of the findings of the focus groups further identifies other values that the online gambling customer subconsciously strives for. As regards to the question why the customer determines to gamble online, some disagreements can be identified in all of the three conducted focus groups. However, one important aspect shared by nearly everyone was the availability online, which none could recognize is existing in the traditional context of gambling. Österberg (FG-3) reconcile the availability of the online servicescape as one of the main motivation of gambling online instead of in a physical context, “...it is easier and more available than gambling in a store, and I can play whenever the urge comes to mind”. This is in consensus with Svensson and Pagden (FG-1), emphasizing that regardless of the time or current geographical location, one may gamble online. This is in coherence with e.g. Srivastava & Singh (2010), elucidating that the value perceived by the customer is caused by embracing a product or a service as an entity. As further explicated by Grönroos (2007) in accordance with Armstrong & Kotler (2008), the customers gaze solely the utility of the purchased product or service and what is received and what was given. Henceforth, as detected by Zeithaml (1998), components of value as regards to the given and the received can be complex for the customer to comprehend. Thus, the online gambling customer tends to be conscious regarding some of the values targeted to be perceived, mainly the financial value and the value of satisfaction. However, the discussions indicates that some values, that may be equally important as a purpose for participating in gambling activities online, the customer have hard to emphasize (i.e. comprehend) as a value, even though it understand the entity of the product or service.

**4.3.2 Value creation in online gambling**

From the focus groups discussions over the difference of gambling online in contrast to a more traditional, physical context, another customer value can be identified. Pagden (FG-1) states that even though the Internet grants us with an availability that seldom can be matched in the real world, the safety online is to some extent limited. Casting (FG-1) support this statement, explained by the fact that you cannot fully understand what is really going on behind the computer screen, unless you are “…some sort of technological expert”. Berg (FG-1) further adds that when gambling online, a necessity
of providing sensitive personal data to the gambling company is current, mainly in terms of social security number and credit card information, which can be avoided when gambling offline. The need for safety is by some customers directly linked to the e-servicescape where the gambling occurs. Olsson (FG-3) argues that the design of the webpage is directly correlated to in what extent one can trust on an online gambling provider.”…I think that a poorly constructed website makes you lose trust in the company”. Thence, the needs for an ability to be able to trust an online gambling company were in agreement of all the conducted focus groups in the online gambling context.

Some important factors of online gambling which cannot be directly interlinked to the actual consuming of the products, in this case the gambling can further be identified from the focus groups discussion. Ljunggren (FG-3) explicates that although the simplicity of the gambling must be emphasized, it should be equally uncomplicated to receive the sum of money from a potential winning. This is in coherence with Sunesson (FG-2) stating that one important factor when choosing an online gambling provider is the feasibility to make a deposit (i.e. transfer the money on the customers gambling account to his or hers personal bank account). Pettersson (FG-1), with support from the rest of focus group 1, adds that “…there is time playing when you actually needs the money fast. It can therefore be very frustrating when you read the disclaimer on the webpage, displaying that it will take 2-3 days for the deposit to reach your bank account”. This in consensus with e.g. Fill (2006) and Bruhn & Georgi (2006), stating that customer value is created through the relation between the primary activities and the support activities, further explained as the value chain concept. The primary activities in this case can be identified as the actual gambling product (e.g. poker, bingo, sports betting), whereas support activities can be highlighted as those elements supporting them, by the customers most accentuated as the technology facilitates the gambling and the payback of a potential winning. According to Ballantyne & Varey (2006), the customers’ perceived value is to a high extent based on how those activities interact, why support activities should be emphasized as equally important as the primaries. Hence, the findings from the focus groups support the need for interaction between the primary activities and the support activities. Without those functioning, the perceived customer value will debilitate.
Another central discussion which aroused in the conducted focus groups was the customers’ perception of a possible relationship with an online gambling company. Thence, the opinions differ, mainly in three distinctive ways; those who not desires a relationship, those who cannot identify the necessity of it; and those who can. Sandberg (FG 3) argues that, although relationships with a company in some situations can be important, the relationship with an online gambling provider seems unnecessary. Magnusson (FG 3) supports this statement, by adding that he simply wants to consume the services offered by the company, why he finds the relationship as only time consuming and annoying. This is further incoherent with Östlund (FG-2), who simply states that “…I do not need a relationship with an online gambling company”. In regards to those customers not directly rejecting a relationship with an online gambling provider, some confusion around the very phenomena can be identified. Berg (FG 1) implies that, albeit defining herself as an regularly online gambling customer, no relationship approach from any of the gambling companies she normally consume from have been identified. Wedin (FG 2) reconcile that “…since you never have engaged in a relationship with an online gambling company, it is hard to proclaim that it is really necessary, or for that sake unnecessary”. However, some customers emphasized the possible advantages of a relationship with an online gambling company, although they agreed to the previous statements of never being able to distinguish a relationship approach from their online gambling providers. Andersson (FG-1) explicates that a possible relationship could influence his present gambling habits, simply making him gamble more. This is supported by Olsson (FG-3), but further adds “…unfortunately, it feels like the online gambling company, or any company in that sense, have more to gain from the relationship with a customer than the actual customer has”. In terms of the process of value creation, Grönroos (2009) emphasizes that the perceived customer value is being created through the relationship between the suppliers, in this case the online gambling company, and the customer. Thus, in consensus with Payne & Storbacka (2008), Ballantyne & Varey (2006) explicates that customer value is created by the customer, but through the interaction with the supplier. Although the purpose of the relationship can be considered as apparent for the supplier (i.e. the financial benefits of customer retention instead of acquisition), the findings from the conducted focus groups emphasizes that the very sense of the establishment of a relationship in an online gambling context from a customer point of view is deficient.
Lastly, the discussions in the focus groups concerned interaction, both with the online gambling company, but also with other customer. In terms of customer-to-customer interaction, the opinions differed vastly between the customers. Pagden (FG-1) depicts “…why should I seek interaction with the other customers when gambling online when there are other websites especially designed for this cause”. However, Sunesson (FG-2) states the need for interaction with other online gambler depends to a vast extent on which product it matters, moreover adding “…when playing poker for instance, it can sometimes be enjoyable to be able to speak with the other players while gambling”. This is further supported by both Berg (FG-1) and Magnusson (FG-2) in regards to chat functions, stating that although not the direct purpose of gambling, those functions can further enhance the level of satisfaction. However, in regards to the interaction with the online gambling customer, the attitudes from the customers emerged. Sandberg (FG-3) emphasizes that direct contact with the online gambling provider can affect the whole experience “…when gambling online, it is of high importance that the support functions of the provider works both well and swiftly”. In alignment, Pettersson (FG-1) states that although close contact is not important, the online gambling provider should emphasize functional support systems, mainly through e-mail and direct text-based chats. This is in coherence with e.g. Grönroos & Ravald (2011), and the application of an service dominant logic in order to facilitate the customer value creation process. Hence, although the findings from the focus groups indicates that the purpose of interaction with other customers is to a high extent individual, further depending on the product, interaction with the online gambling provider should be emphasized as of high importance, especially when various support issues arises. Thenceforth, close contact and interaction between the online gambling companies can be seen as an important facet of the process of value creation in an online gambling context, even though some customers have hard to conceptualize it.
5. Conclusions

The following final chapter aims to address the purpose of this thesis, by initially presenting the result from the theoretical and empirical analysis in correlation to questions formulated in order to achieve the purpose of this thesis. Subsequently, a presentation of the conclusions will be implemented, responding to the formulated research question and the stated purpose of this thesis.

5.1 Purpose and research question

The purpose of this thesis is to enhance the understanding of relationship marketing and its endorsement in the process of creating long-lasting and value-bonded relationships, and how the concept can be utilized by online gambling companies.

The purpose will be achieved by examining,

- how online services correlates with online gambling services
- in which way online gambling companies are actuating the concept of relationship marketing, and
- by mapping values which active customers in the industry desires when gambling online.

Research question:

How can the utilization of relationship marketing foster long-lasting and value-bonded relationships between an online gambling company and its customers?

5.1.1 Correlating online services with online gambling services

When scrutinizing the correlation between an online service and an online gambling service, and thus the circumstances which arise when providing it to customers, four core elements has been recognized; availability, time, interaction and servicescape. As regards to the first recognized element, the availability of online gambling services, both the online gambling customers in the focus groups and the company interview distinguished that online gambling is limited in their availability to the Internet. Alike any service exclusively accessible through the Internet, online gambling requires a device which the Internet can be accessed through. Moreover, as recognized by the online gambling customers, customer participation is vital in terms of them purchasing the devices to undertake the online gambling companies’ services. A highlighted feature
of online gambling regarding the availability is that the information technology has resulted in the fact that the gambling service can be used from anywhere. Moreover, the time element, has proven to be a applicable feature to the online gambling service, meaning that it does not exist a time limit for undertaking the service (i.e. gambling companies do not have a deadline to follow when providing their services). This time element provides what customers in the online gambling industry detected as a high flexibility for the customer, and thus partaking in the gambling service after own conditions. Online gambling customers can choose to utilize the service whenever it suits them, characterizing the service as rapid in terms of accessibility. Hence, the time element enables for higher customer participation.

The interaction with employees was emphasized by both the customers and the respondent from the online gambling company. The interaction between customers and employee in the online gambling service context is characterized by the fact that employees cannot be close at hand in regards to a face-to-face interaction. Further, it was distinguished that the employees of gambling providers partly represent the service. This may have certain implications for gambling providers on the Internet, since they are unable to exhibit themselves to the customer physically. Thus, the employee of an online gambling company cannot be noticed by the customers in a physical sense which could detain them from representing a part of the gambling service. However, in contrast to traditional gambling providers, interaction with online gambling companies, as regards to reaching and contacting the employees, is achieved rapidly on the Internet, mainly due to the highlighted improvements made in information technology such as mobile technology. The interaction between customer and employee in the service process is something which characterizes both gambling as well as general service providers on the Internet. This further portray that their services become different, to some extent, since employees of a service company impinge on customers’ perception of the service. To conclude the interaction element one can distinguish that, though interaction in a tangible way is impossible through the website, online gambling companies are able to meet their customers in a faster way which, according to the online gambling customer in the focus groups, could to some extent compensate the absence of a face-to-face interaction. Lastly, the online gambling customers recognized the servicescape element as something which differs between online and traditional gambling companies. Online gambling companies, in contrast to traditional gambling
companies, are not able to build a tangible servicescape. Moreover, it was detected that the online gambling servicescape is perceived to be less authentic, as a result from the intangibility. The servicescape of an online gambling provider entails a consideration of aspects like ambience, function and design. Ambience conditions have been recognized as dependent on how the function and the design are implemented on the website. Variables which, in particular, are necessitated to be considered for the servicescape of an online gambling provider has been identified as; the availability and provision of information, privacy settings, expertise of employees and pricing of services.

The initial starting point regarding services in general was that the intangibility could be recognized as the core dilemma. However, the mentioned elements of an online gambling company’s service offering entail that intangibility in some aspects can be used as a competitive advantage towards traditional gambling companies. Seeing as the elements of an online gambling service confer with the description of the online service in general signifies the correlation between these in theoretical terms.

5.1.2 Actuation of relationship marketing in the online gambling industry

The online gambling industry currently comprehends the necessity of embracing the concept of relationship marketing, mainly due to that the industry is overflowing of gambling companies with similar service offerings. It has been demonstrated that the online gambling industry is presently, to some extent, building trusting relationships, and aiming for an enhanced customer satisfaction with the purpose of reaching a long-term relationship with the gambling customers. It has been demonstrated that relationship marketing, in consensus with established theories, is presently being utilized by online gambling companies, and thus permeating the concept throughout the entire organization, from the bottom of the hierarchy to the top. It has been revealed that online gambling companies who apply a relationship marketing approach intend to aspire to establish a win-to-win situation, hence that the relationship between the online gambling provider and its customer shall generate mutual benefits. The underlying problem for online gambling companies is to apply the concept of relationship marketing into the online context. Since online gambling companies are restricted to the Internet is involves certain obscurities, whereas the main issue is not being able to face your customers in person. However, and as revealed, online gambling companies possess opportunities to compensate for such factors and develop new strategies that exploit the capacity which comes in hand with being exclusively available on the
Internet. For example, in order to increase customers’ perceived trust and degree of commitment to the online gambling, it has been revealed that gambling companies online utilize their possibilities to exhibit security principles on their website.

Online gambling company which utilizes relationship marketing is, aligned with the core purpose of relationship marketing, making contact with their customers on a deeper level. This is actuated by, firstly, using the power of the information technology, such as enabling the interaction on the website by e.g. using an interactive chat portal in which both customers and employees can interact. The chat portal is also a tool for facilitating collaboration with customers. The collaboration opportunity offered by such features as a chat portal offers customer a chance to interact among each other, and hence creating relationship with other customers, and not only the company. Another approach for interaction is the personnel turnover, meaning that each customer has a personal support person. Interacting with the same person in case of ambiguities facilitates the process of achieving a deeper two-way communication. An important aspect which can be correlated to the interaction is the fact that some online gambling customers do not seek after such relationship focused features. However, it has been recognized that those gambling customers who do not desire such features are equally as important as those who seek such relationship focused features, for the most part because they also generate profits to the company. An attempt to solve this paradox has been implemented in the online gambling industry by giving the customer the possibility to turn off such functions.

5.1.3 The desired values of the online gambling customer

In the conducted focus groups, discussions aroused direct and indirect regarding what values the customer desires when participating in various gambling activities online. Thus, several customer values that can be considered of high significance for the online gambling customer have been identified. Those are as follows: financial, experiences, safety, trust, availability, simplicity, and interaction.

The basis of the discussion in regards to customer value in the online gambling industry inherits from the theoretical and empirical findings, clarifying that customer value is perceived individually. However, the value which has been identified is some shared by all concerned online gambling customers, and others only mentioned by the vast majority. Initially, the importance of the financial value of which the online gambling
customer strives for is impossible to repudiate. Without the opportunity, and therefore also risk, to either lose the invested sum of money or receive an higher amount in rebound, the very essence of gambling attenuates. Although the customer is aware of the relatively low probability of actually winning on such products offered in the online gambling industry, nevertheless by free will decides to gamble. Hence, the financial value can be argued as the core value of gambling, emphasized by all the processed online gambling customers as the very purpose of gambling.

However, since the vast majority of customers in an online gambling context seldom become millionaires, or even close for that matter, other values have been identified, inherited from and directly supporting the financial value. As such, the value of the experiences has been highlighted by the online gambling customers, often explained as the thrill or excitement of risking money, and the satisfaction that may follow when certain predictions have been made right or that the luck simply have been present. Although the extent of significance of the experiences can variegate depending on the customer, experiences can be argued as another main motivation, other than the financial, for the customer to gamble, especially since the online gambling industry is characterized by an uncertainty of the returning from the made economical investments.

Further, as an effect of this uncertainty, and that the online context often is perceived as more unsafe in contrast to an physical environment, trust and safety have been highlighted in the customer discussions. Although the reason for why a customer trust on an online gambling provider differs to some extent between every customers, an necessity for the customer to understand what is going on has been identified, which can be supported by accessible information on the e-servicescape. Furthermore, without the ability to trust the online gambling provider, and feeling safe that certain shared information, such as social security number and credit card number is not abused, the customer would most likely decide not to gamble.

Another identified value depicted by the online gambling customers is the availability of the online gambling industry in contrast to a physical gambling provider. Regardless of time or geographical location, the customer may consume the products of their choice, which is not an option in the traditional physical servicescape of those gambling providers not existent online. Furthermore, steamed from the availability, the value of simplicity has been identified from the theoretical and empirical analysis. Simplicity is, in consensus with the other values, perceived different among different customer, where
some defines it as the *simplicity to gamble* and others as the simplicity to make fast deposits in terms of potential winnings. The simplicity can further be correlated to the mentioned value of *interaction*, where most of the customers emphasized the interaction with the online gambling company as an necessity in order for certain needs such as support issues to be satisfied.

### 5.1.4 The research question

The theoretical and empirical analysis have in conclusion emphasized two important characteristics; relationship marketing involves a close contact between the online gambling provider and the customer, and that the starting point for the process of value creation origins from how the customer perceive the value of which the online gambling provider offers. Thenceforth, the two characteristics can be connected with each other, since the relationship marketing approach aims to achieve a closer and more intimate contact with the customer, and accordingly facilitating the identification of which values the customer desires when gambling online. In the online gambling industry, it is not manifested that the customers primarily seeks a relationship. However, as identified from the empirical analysis, much of the value that the customer strives for can be generated through the application of a relationship approach. Seeing as the interaction with the customer occurs on the online gambling providers website (*i.e.* e-servicescape), relationship marketing contributes to an increased focus of strengthened contrivances of the online gambling company that embraces a relationship marketing approach. Moreover, this entails that online gambling companies can favorable exploit relationship marketing, and thus customer relationships, but with the fundamental demarcation that the customer must be able to voluntary enter and leave the relationship. Hence, the prosperous subsequent conduct for online gambling providers should be to implement contrivances in the e-servicescape that facilitates the possibility for the customer of either embrace or ignore those features infused by the relationship marketing approach.

With reference to the purpose of this thesis and the stated research question, the theoretical and empirical analysis has verified that online gambling companies which actuates an relationship marketing approach can make their customer both stay longer, and in addition, enhance the possibility to provide the customer with its desired value. Hence, although the relationship itself does not represent a value strived by the customer, the relationship marketing approach as such can generate desired customer
values thus procreating customer retention, and further foster long-term and value-bonded relationships in the online gambling industry.

5.2 Suggestions for further research

As listed below follows several suggestions for further examination of the marketing approach relationship marketing and how it can be implemented in the online gambling industry in order to create long-term and value-bonded relationships between a customer and a provider.

This thesis has investigated the online gambling customer as an entity, with the single requirement of gambling online at least one occasion weekly. Hence, since it can be assumed that the motivation of engaging in a relationship with an online gambling provider can differ depending on which product the customer usually consumes (e.g. poker, bingo, sports betting), it would be of interest to distinguish different online gambling customer segments and investigate their attitudes towards relationships in an online gambling context.

Furthermore, the purpose of this thesis has, due to geographical boundaries and time constraint, been investigated on the Swedish online gambling market. Since it can be assumed that the perception of a relationship with an online gambling provider, and all business relationship for that matter, may be influenced by various cultural factors, thus it would be of interest of apply the study on another online gambling market in another national context other than the Swedish.

Moreover, the conducted focus groups consisted of an uneven distribution of both men and women, due to the difficulty to locate female online gambling customers, and in addition age brackets. Thence, since it can be assumed that the perception of a relationship with an online gambling provider may differ between the sexes as well as different generations, it would be of interest to further focus the study on either a specific gender or age group.

Additionally, it has been identified that although some values can be argued as strived for by of every online gambling customer, value is to a high extent individual. Hence, what one customer can perceive as value, another may disregard. Thence, online gambling companies that want to embrace an relationship marketing approach should
carefully investigate their customer cluster and what value they strive for in order to maximize the effect of the relationship, for both the customer as well as the company.

Lastly, this thesis has, mainly due to argument that most of the research concerning relationship marketing has been conducted from an suppliers perspective and the fact that the Swedish online gambling market is to some extent reduced, only investigated how one online gambling provider accentuating relationship marketing. Thus, further research should embrace more online gambling companies to participate in similar studies, which could further embrace the concept of relationship marketing in the online gambling industry in regards to long-term and value-bonded relationships.
Reference list


**Electronic sources:**


**Interviews:**

Monica Larsson, Customer relationship manager, 4/5-2012

66
# Appendix 1. Focus group presentation

## Focus groups 1 (FG-1) – Nyköping 5/5 -2012

<table>
<thead>
<tr>
<th>Participant</th>
<th>Age</th>
<th>Gender</th>
<th>No. providers</th>
<th>Gambling frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cim Svensson</td>
<td>23</td>
<td>Male</td>
<td>2 providers</td>
<td>2 times/week</td>
</tr>
<tr>
<td>Siw Berg</td>
<td>53</td>
<td>Female</td>
<td>1 provider</td>
<td>1 time/week</td>
</tr>
<tr>
<td>Johannes Andersson</td>
<td>24</td>
<td>Male</td>
<td>2 providers</td>
<td>3 times/month</td>
</tr>
<tr>
<td>Yrjö Pagden</td>
<td>56</td>
<td>Male</td>
<td>1 provider</td>
<td>1 time/week</td>
</tr>
<tr>
<td>Pontus Pettersson</td>
<td>24</td>
<td>Male</td>
<td>4 providers</td>
<td>3 times/week</td>
</tr>
<tr>
<td>Julie Castaing</td>
<td>22</td>
<td>Female</td>
<td>2 providers</td>
<td>1 time/week</td>
</tr>
</tbody>
</table>

## Focus group 2 – Kalmar (FG-2) 7/5 – 2012

<table>
<thead>
<tr>
<th>Participant</th>
<th>Age</th>
<th>Gender</th>
<th>No. providers</th>
<th>Gambling frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emil Sunesson</td>
<td>25</td>
<td>Male</td>
<td>16 providers</td>
<td>2 times/week</td>
</tr>
<tr>
<td>Rasmus Östlund</td>
<td>22</td>
<td>Male</td>
<td>2 providers</td>
<td>1 time/week</td>
</tr>
<tr>
<td>Jens Kindh</td>
<td>23</td>
<td>Male</td>
<td>4 providers</td>
<td>2 times/week</td>
</tr>
<tr>
<td>Karl Kronberg</td>
<td>22</td>
<td>Male</td>
<td>1 provider</td>
<td>1 time/week</td>
</tr>
<tr>
<td>Alma Joelsson</td>
<td>24</td>
<td>Female</td>
<td>5 providers</td>
<td>2 times/week</td>
</tr>
<tr>
<td>Klas Wedin</td>
<td>24</td>
<td>Male</td>
<td>3 providers</td>
<td>3 times/month</td>
</tr>
</tbody>
</table>

## Focus group 3 – Karlshamn (FG-3) 28/4 – 2012

<table>
<thead>
<tr>
<th>Participant</th>
<th>Age</th>
<th>Gender</th>
<th>No. providers</th>
<th>Gambling frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joakim Olsson</td>
<td>30</td>
<td>Male</td>
<td>5 providers</td>
<td>3 times/week</td>
</tr>
<tr>
<td>Ida Österberg</td>
<td>26</td>
<td>Female</td>
<td>2 providers</td>
<td>1 times/week</td>
</tr>
<tr>
<td>Johan Sandberg</td>
<td>26</td>
<td>Male</td>
<td>7 providers</td>
<td>3 times/week</td>
</tr>
<tr>
<td>Ludvig Magnusson</td>
<td>25</td>
<td>Male</td>
<td>3 providers</td>
<td>2 times/week</td>
</tr>
<tr>
<td>Johannes Ljunggren</td>
<td>24</td>
<td>Male</td>
<td>1 provider</td>
<td>3 times/month</td>
</tr>
<tr>
<td>Julia Ekberg</td>
<td>19</td>
<td>Female</td>
<td>2 providers</td>
<td>1 time/week</td>
</tr>
</tbody>
</table>

---

2 Number of online gambling providers currently a customer of.
Appendix 2. Focus group inquiry

Name:

Age:

Gender:

1. How often do you gamble online?

2. What is your main reason for gambling?

3. Can you identify more reasons?

4. At how many online gambling companies are you currently a customer of?

5. If more than one, are there any of those you visit more frequently?

6. If yes, why?

5a. What advantages contra disadvantages can you identify when gambling online?

5b. What advantages contra disadvantages can you identify when gambling offline?
Appendix 3. Focus group template

Physical contra virtual
What primary differences between gambling online in contrast to a physical environment can you identify?

Do you prefer to gamble in a physical environment, and in that case, why?

What differences between services in an online versus an offline environment can you identify?

What is your main purpose of gambling online?
Can you identify any other purposes?

Do you feel safe when gambling online, and can you identify any differences between safety online and offline?

Do you feel that you can trust the online gambling companies of which you normally visit?
Can you identify any differences in terms of trusting an online gambling company in comparison to one active in a physical context?

Do you sometimes feel that you miss the physical contact with either an employee or other customers when you gamble online?

The contact with the online gambling provider
Have you ever been in contact with an online gambling provider?

Who initiated the contact and for what purpose?

How did you experience the contact?

Do you feel a necessity of close contact to the online gambling company, and in that case, why?

What your opinion is in regards to contact with other online gambling customers on the e-servicescape?

The relationship with an online gambling company
What is your opinion of the relationship with a company in general?

Do you feel that a relationship with an online gambling provider could be necessary, and in that case, why?

Have you ever experienced a relationship with an online gambling provider?
If yes, what benefits could you identify?
Appendix 4. Presentation of the respondent

Monica Larsson – Customer relationship manager, Stockholm

Monica Larsson has a long experience from the online gambling industry. She began her career as an online gambling analyst at the age of 17, and since then been involved in the establishment of two of the largest online gambling companies focusing on various Bingo products on the Swedish market. Furthermore, Larsson has been one of the founders of a whole new concept in the online gambling industry, more specifically the concept of the providing of chat features together with the actual gambling product. Today, seven years after her entry on the industry, Larsson is in charge of managing the customer relations at one of the companies previously mentioned.

The company, who desires to remain anonymous, is one of the largest online bingo providers on the Swedish market, although other gambling products is in addition included in the product assortment. The company emphasizes the customer relationship, which can be identified not only in the very business concept, but also on the e-servicescape, where the customer is embraced to take personal contact with the employees.
Appendix 5. Interview guide

Marketing activities

Marketing activities in the online gambling industry
Loyalty and registration bonus
Interaction with the customer
Difference between the online and the offline environment

Physical environment contra online environment

Customer motives for gambling online
Advantages and disadvantages of the online environment
Service online
Safety and trust online
Lack of the physical encounter

Relationships

Retention contra acquisition
Relationship marketing strategies
Long-term perspective
Customer benefits and supplier benefits
Customer expectations

Customer value

Customer value in online gambling
Co-creation of value
Measuring customer value

Loyalty

Customer loyalty
Enhancing customer loyalty
Loyal customer contra regular customers
Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterized by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.