Markets from interactions: the technology of mass personalization in consumer banking

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Abstract

This paper explores the interactional foundations of markets as it examines a puzzle in banking technology. Customer Relationship Management was introduced at a Hungarian bank to personalize clerks’ interactions with clients. The software assembles customer profiles and calculates individualized sales offers. However, as bank clerks interact with software and client at once, the outcome is standardized—they offer the same set of products to everyone. To explain this result the paper asks how interaction accomplishes market exchange and complements the structural orientation of economic sociology, including the latter’s sampling bias (selecting accomplished transactions as opposed to all buyer-seller interactions) and view of social relationships (as independent variables rather than market outcomes themselves). Using observations of bank-client encounters and interviews at a bank, the paper provides fine-grained analysis of the interaction process, finding that the very properties of face-to-face interaction reverse personalization via technology and result in standardized financial offers. As bank clerks interact with the software-generated client profile and with the client in person, they develop strategies of inserting products into the interaction.

The paper contributes to the theory of markets in two ways. First, interaction dynamics structure market exchange because the specific spatial and temporal order of interaction enables and constrains the possibilities for exchange. Second, social relationships and fleeting impersonal transactions are not mutually exclusive ways of doing exchange. Once we inspect the process of interaction between buyer and seller, we realize that exchange entails both anonymous calculative and familiar-trusting elements. This allows us to de-emphasize the analytical distinction between “social” and “economic” aspects of markets.
1. The problem of mass personalization

Are markets interactional accomplishments? Why do sellers strategize about interacting with buyers if exchange is structurally determined, away from the interaction? We can study these questions through the problem of mass personalization. In mass consumer markets, the sellers’ problem today is how to personalize what they offer, and do this on a large scale. Firms today try to anticipate what individual consumers will like and make individualized product offers based on those anticipations. They do this by using technologies that calculate masses of data. The online retailer Amazon is the best known example of the trend towards “one-to-one marketing.” Amazon’s algorithm finds a list of books that match the customer’s profile, displays the books, and the customer may or may not look at them. In contrast, the widespread information and communication technology Customer Relationship Management (CRM) customizes the situation of direct interaction between buyer and seller.

Ironically, the most personal mode of exchange—the face-to-face interaction—becomes the least personal in the attempt to further personalize it. The Customer Relationship Management system gathers and analyzes the bank’s data about any single consumer. For example, the client’s visits to any bank branch are recorded in detail—what the client wanted, which clerk was servicing them, with what result. CRM assembles a client’s profile, delivers it to a single computer screen for the bank clerk, and recommends a list of products that matches the profile. When the client visits the branch again, the clerk’s job is to offer products from that list. My ethnographic study of the Customer Relationship Management software in branch banking showed that instead of a more personal service, bank clerks end up offering only a limited set of products to everyone. The result is far cruder than Amazon.
Why did mass personalization yield a non-personal result in the moment of social interaction? The cynical argument would be that of course the result is depersonalized, as the bank wasn’t really interested in creating a personal experience—it just wanted to exploit its knowledge about clients’ finances. But this is simply not the case. The basis of CRM is “relational marketing,” a theory where building a relationship with the client is the ultimate mode of making profit, and the strategy only works if the relationship is genuine. The project of CRM is to make all clients known, creating relationships where none existed before. The bank wanted to build relationships with previously unknown clients, in order to do hardcore selling. Therefore, it is impersonal not because the firm is disingenuous, not really interested in providing personal service, and the personalization ideology is a thinly veiled attempt to manipulate consumers. The bank did not anticipate the consequences of bank clerks “implementing” the technology in their live interactions with clients.

To explain this puzzle, then, we need to ask, how does interaction produce market exchange? What is the tedious activity of sellers and buyers to attempt and carry out exchange? Practitioners’ experience—whether they are field salesmen or Amazon—is that selling things is hard. Studying the structure of market transactions cannot tell us about the process of making a deal. Sociologists have not studied this question because they take structures as given, and market exchange as “happening”. This is partly because economic sociology focuses on proving that social structure determines exchange better than economic agency. This paper takes the interaction between seller and buyer as the unit of analysis. It looks at the ways in which the relational process of interacting produces market outcomes.¹

¹ While studies in economic sociology commonly select successful interactions resulting in sales, I study the interactional “noise” around market transactions. First, every sales manager knows that a lot of failure happens before some success is achieved. The ratio of successful vs. unsuccessful sales encounters is very small. According to the director of a home loan agent office in Hungary, every 10th client meeting will eventually result in the closing of a deal (kotes). Second, often there is a lot of contact preceding or following a transaction—especially in the provision of
The key to our puzzle is that the very properties of face-to-face interaction that make personalized product offers possible also reverse the attempt and depersonalize. Once you require to sell to people in the interaction, you are much more limited in what you can do. I find that bank clerks offer the same set of products to everyone because to make an offer, they have to pay attention to the dynamics of the interaction, while they are completely immersed in it. In other words, accomplishing the interaction itself accomplishes market exchange. Thus, the two kinds of personalization—CRM profile and the client in person, the technology and the face-to-face—cancel each other out when they are combined in one situation. As a result of matching the CRM profile with the client in person, bank clerks insert product offers into the interaction with the client. They develop heuristics to reduce failure and to simplify the situation’s complexity. In their calculation of whether and what to offer, clerks switch back and forth between relating to the client as familiar or as stranger.

Based on this finding I argue two things: 1) the spatial and temporal order of interaction structures market exchange, contrary to current ideas that exchange is structurally determined, and the technologies used affect the outcome, and 2) social relationships and fleeting impersonal transactions are not conflicting ways of doing exchange, as we have thought; most exchange blends the social-relational and the economic-anonymous aspects.

The paper has four main parts. First I discuss previous approaches to the problem of interaction and exchange in economic sociology. Second, I make the theoretical argument that interaction structures exchange. As it unfolds in a specific spatial and temporal arrangement, interaction enables and constrains the ways in which the mass product and the given consumer can be fitted to each other. Variation in outcomes of interaction comes to a great extent from variation in the design and ensuing process of interaction. Third, I describe my methodological approach—

services such as banking, but also with products that require servicing in the sense of maintenance or instruction (Bechky 1994, Orr 1996).
to study markets as everyday situations of practical calculation—and describe my ethnographic data. In the remainder of the paper I discuss the argument in detail and support my claims with evidence.

2. Interaction is unproblematic in economic sociology

Personalization of banking interactions invites the larger theoretical question, how do supply and demand meet in practice? Weber identified the situation of exchange as the second phase of market action, equal in importance to competition. “Dickering”—Weber’s term for negotiation between buyer and seller—is not studied in the main approaches of economic sociology due to the one-sidedly structural approach of economic sociology, which has developed in response to the agency one-sidedly attributed to economic actors by economics.

Economic sociology treats interaction between buyer and seller as the unproblematic basis of markets. From the perspective of structural models, the kind of exchange that will happen is already determined, so interaction is merely where structural forces are played out.  

2 We can derive its course and outcome from the working of institutions that form and enforce conventions (Fligstein 2001), from personal network dynamics that generate trust (Granovetter 1985), or from positioning among firms that establishes an observable ranking (White 2002). Interaction thus “reproduces the social structure that underlies the market” (Leifer and White 2004).

While interaction between buyer and seller is recognized as a tool for making markets by actors themselves, the sociology of markets has not analyzed this microfoundation. It has focused

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2 Some concrete examples are firms’ hiring decisions and consumers’ buying decisions determined by the network structure of the market (Burt; Fernandez et al. 1997, Mizruchi and Brewster-Stearns 2001, DiMaggio and Louch 1998), the cultural dispositions of salesman and homebuyer determines their power to persuade and challenge (Bourdieu 2005), and the race relations in a given community determine how grocers and customers handle violence (Lee 2002).

3 Lee slices interactions—by class, race, market niche, experience (i.e., length of time in business: more experience allows for better handling of situations and for fostering relationships with clients)—to show that “structural factors” determine the occurrence of conflict. My aim is to understand the role of interaction dynamics in market exchange.
on the patterning of social ties at a group level, and not on processes at a micro-level. Following the convention of looking at corporate organizations as the unit of analysis, a great body of work has addressed the “macro” levels of interaction, taking place between firms or between populations of firms (Barron 1999, Kogut and Walker 2001, etc).\textsuperscript{4} While this line of research has contributed enormously to understanding how structures of social relations affect the structure of transactions, it does not have the tools to answer the questions about how interaction between seller and buyer fine-tunes market coordination.\textsuperscript{6}

If the outcome to be understood is the transaction, then studies using the embeddedness approach \textit{sample on the dependent variable} when they typically measure interaction as observed transaction—selecting only interactions that result in transactions. In fact, the \textit{relationship} between actors is often conceptualized and operationalized as observed \textit{transactions} between actors. The embeddedness approach of economic sociology has emphasized the role of personal ties in producing market outcomes, which are explained by economists as the result of impersonal functioning of markets (Granovetter 1985, Baker 1984, Uzzi, Krippner 2001). The common measure for personal tie, however, is that the parties have completed a transaction. That is,
successful selling or buying is treated as evidence of a network tie between social actors (organizations, individual traders).  

3. **Theoretical argument: market exchange is an interactional accomplishment**

If we take social relationships or the anonymity of transactions for granted—the way we have in the idea of socially “embedded” markets—interactions do not seem to matter. The outcome (transaction) is already determined away from the interaction, either because one has direct access to one’s close trading partner, or parties can calculate their positions in advance and just complete the deal when they come into contact. For market actors, however, these ways of relating are not set in stone and they recognize the capacity of interaction to redirect social relations. By introducing the personalization technology of CRM, the Hungarian bank wanted to move from anonymous transactions to ones based on relationships. We therefore cannot theorize that anonymous exchange or that relationships “happen.”

Therefore in this paper I argue that interaction occupies a key place in market exchange. That is why the bank wants to intervene in it by getting clerks to offer extra products, not just the one the client originally wanted to buy. Customer Relationship Management software transforms how clerks interact with clients and that has consequences for the kind of relation that emerges between bank and client. Nonetheless, interactions are uncertain enough that the outcome of such interventions cannot be completely controlled by its designers or its participants.

The reason that social structural forces or economic rational calculations cannot completely determine what happens in exchange is that actors reproduce the moral order in social

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7 Sometimes, transacting is referred to as interaction between market participants (Baker 1984, 1998). But not all interactions between buyer and seller are successful in the sense that they produce a transaction.

8 Institutional economics, especially Williamson, recognize the importance of the practical costs of engaging in market exchange. But they have not been interested in the “production” of exchange: how actors arrive at agreements.

9 That we still work along this assumption is more striking when we think of non-market domains.
situations understood as non-violent. Weber portrays market exchange as a *struggle* between buyer and seller who have opposing interests (Weber 1978). Exchange for him is a non-violent means of resolving social conflict (Schwedberg 2005), a process of negotiation. Here I want to draw attention to the “non-violent” aspect of negotiation: put in the language of ethnomethodology, the interacting parties are producing the moral order even as they are struggling against each other’s interests (Garfinkel 1967). Actors work on accomplishing successful interactions, whether in markets or not, and this has tangible consequences. Studies of doctor-patient interaction have shown that doctors end up prescribing certain drugs—like antibiotics—partly because they are good conversation enders (Maynard and Heritage 2006). We look for similar effects on market exchange.

This paper makes two arguments. First, interaction dynamics structure market exchange because the specific spatial and temporal order of interaction enables and constrains the possibilities for exchange. Second, social relationships and fleeting impersonal transactions are not mutually exclusive ways of doing exchange. Rather, interaction between buyer and seller entails both anonymous calculative and familiar-trusting elements. I develop these arguments below in detail by bringing evidence from my research.

4. **Data and methods**

The evidence for my claims comes from an ethnographic study of bank-client encounters, conducted in order to observe how interactions produce transactions. The unit of analysis here is the situation, and I defined a situation as one interaction between a bank clerk and a client. No situation has clear boundaries, but banking interactions at the branch constitute fairly bounded situations, set apart by abrupt breaks between each client. The core of my fieldwork consisted of participant observation and in-depth interviewing in the central branch of a medium-sized
Hungarian bank. I examined the everyday work of bank clerks as they serve clients. I listened to the conversations of clerks with clients, gathered material artifacts (brochures, graphs, printouts) they used in client meetings, and followed them around in their day, discussing their work and careers. I conducted semi-structured in-depth interviews with both the clerks and their managers, as well as with top bank executives and researchers across the Hungarian banking sector.

I looked at how people interact in concrete situations. Market interactions can be studied with the tools sociologists use to study situations. I applied insights from ethnomethodology to market exchange. This perspective allows us to do two things: 1) to see exchange as a process that unfolds in space and time in concrete situations, and 2) to identify the internal structure of market interactions. Social order is something that a situation’s participants achieve through their ongoing efforts to sustain the situation (Garfinkel 1984). Actors actively accomplish situations, which means that they keep them from breaking down. This work is usually invisible because they succeed. When they succeed, situations seem to be naturally occurring. It follows that markets seem to be naturally occurring. Innovations in selling highlight the role of interaction because actors want to engineer the situation. That actors think of interaction as full of uncertainty and failure, gives us a chance to unpack exchange as the result of interaction.

Studying situations means to study how their participants manage to get through them. First, as Goffman observed, actors are immersed in the interaction: “a successful encounter is too demanding of the attention of participants to allow for much preoccupation with external factors (Goffman 1961). Second, ethnomethodological studies ask how social order is assembled on site, therefore “the overriding preoccupation …is with the detailed and observable practices which make up the incarnate production of ordinary social facts, for example, order of service in a queue,

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10 This is because social actors have a “natural attitude,” a disposition that doesn’t question everything about the world. Actors usually “suspend disbelief” so that they can carry on with their lives, but sociologists can go in and take these situations apart to examine how taken-for-grantedness of everyday life, and for our purposes, the market, is constructed.
sequential order in conversation, and the order of skillfully employed improvised conduct” (Lynch, Livingston and Garfinkel 1983: 206). The relevant object for my ethnomethodological study of market interaction was the production of a transaction or sale from the observable practices of participants.\(^{11}\) How does one interpret what the actors are doing? Here I built on a new line of economic sociology, headed by Michel Callon, which treats calculation as a collective social and technical process. This approach brings calculation back from economics into sociology by asking 1) how calculative agents are made, and 2) how these agents calculate with technical devices and come to agreement through calculation, resulting in exchange (Callon and Caliskan 2008). However, this discussion has mostly been theoretical and has not been applied to the empirical study of interaction.

5. Customer Relationship Management rearranges interaction, transaction, and relationship

Through an example I next analyze the situation of personal interactions aided by CRM as a spatial and temporal event. I identify the social and technological components of interaction that contribute to its outcome—what kind of products are sold and why. Finally I discuss clerks’ practices in blending considerations of relationship with the client and non-personal, on-the-spot selling of products.

Faced with a growing mass of anonymous clients—Hungarians who are learning about banking and who are busy switching banks for better offers—the bank wants to capture these calculating consumers and get them to stop calculating and stay with the bank. I do not describe

\(^{11}\) This is a different use of ethnomethodology than the study of intersubjectivity, the central question for Knorr Cetina and Brueggers (2002) in a setting of distant market actors. I left aside their question—whether transactions require a sense of shared reality between parties—in order to understand how behavior and statements produce outcomes.
here the bank’s project of mass personalization in detail. The key is that the bank wanted to capture these calculating consumers and anchor them, that is, get them to stop calculating:

„The bank would like to increase [the average number of products per client], since the more products with which a client is linked to the bank, the smaller the chance that another bank can lure that client away.”
(regional manager of branch network)

The goal is therefore to create a “hard and fast” type of loyal relationship with the client. The idea is that the more products one has with a bank, the easier it is to transfer money between them, and the harder it is to terminate the services. The client will therefore not even consider the good deals at other banks.12

5.1 A naturally occurring interaction

The “naturally occurring” market exchange is accomplished as an interaction. I look at how the conversation unfolds and how it is sustained. The bank had a project to transform the interaction at the branch to achieve more selling, while also building relationships with clients. The following is a situation that I observed between a bank clerk and a client of the bank after the personalization technology had been introduced.

A new call number blinks and a woman is next. My guess is that she is in her 50s or 60s. She sits down in front of the clerk and tells the clerk that her CD just matured.
Client: What should I do? What kind of good opportunity is there?
Clerk: I have two questions. One, how long can you go without this money? [client makes gesture] And two, can you add to your savings?
Client: Yes, I can. Somewhere along, the clerk asks for the client’s ID and enters the ID number into the computer screen in front of her, which brings up this client’s profile. Throughout the interaction, the clerk is looking at the screen and the woman simultaneously.

12 This is a “raw” way of thinking about consumer loyalty. For the bank’s practical purposes, loyalty is a behavior characterized by “consumers not switching banks.” The consumer does not have to feel loyal in order for the loyal behavior to arise. The latter can be the outcome of creating many “hard” ties with the consumer: by selling products.
Let’s see the CRM screen. The CRM profile displays two main things: what is called the cross-selling offers for this client, and below that, the so-called 360 degree view of the client, which is an overview of the client’s accounts at the bank (this is the slogan of CRM providers such as Oracle or Salesforce). The recommended products for this particular customer are: special rate checking account (this is the theme of the current mass marketing campaign), credit card, pension fund, internet banking, and savings account.

Clerk: I can offer the “Savings account” for you, with 9% interest. The client likes the savings account, and the clerk opens one for her, in CRM. At a later point in the interaction, the clerk is entering data into the computer and printing. While she is doing that she asks:
Clerk: ….Do you usually go abroad, by the way?
Client: Yes, but rarely. Once a year, maximum.
Clerk: Because we have an Ahico travel insurance, too, for which you can apply with the card, it’s 3,000 Forints a year.
Client: Oh, they cheated me badly!
The clerk must be surprised but doesn’t show it. She asks in a matter-of-fact tone:
Clerk: Where?
Client: In ’83 with the union.
That is, 1983. The client said it as if it happened yesterday.
The clerk must be relieved but again, doesn’t show it. She briefly hesitates, then continues:
Clerk: This one you can apply for with almost all cards, and for travel abroad…
Client: …and everywhere?
Clerk: Yes.
Client: How long is it valid?
Clerk: As long as you have the card.
Client: And that’s 3000 Ft?
Clerk: Yes, annually.
Client: Hmmmm, I don’t want this one for now, because I don’t even have that much money on me…for now only the savings account and the card.
Clerk: You can arrange the insurance later, too. We have—to go with the card—a free service that sends you a notification to your cell phone about card transactions.
Client: I don’t want this.
Soon afterwards, the client is signing papers (the contract for the new account and bank card application), and meanwhile the clerk works in CRM, she checks off the products she has sold and the products the client declined.

5.2 Interaction dynamics affect the outcome of exchange

In the end, CRM is a relative failure since the product offers are depersonalized because the two different ways of personalization (the profile’s calculation of data and the face-to-face encounter) cancel each other out. This is evident when we take apart the process in which clerks, a
technology, and a customer interact. Below I show how getting through the situation becomes intertwined with getting a sale. Putting the “naturally observed” interaction next to clerks’ own accounts—about their strategies of calculating what to offer and their use of CRM software—we get a way into how actors immerse in the interaction, and at once manage it, in order to achieve their tasks.

5.2.1 Mass personalization creates a hybrid client of profile and person

Towards the beginning of a banking encounter, the clerk matches the identity of the client with that of the profile, and from this moment on, the profile and the person become linked—they are part of the same situation. When a client of the bank comes in to talk with a bank clerk, first the clerk asks for identification and types the ID number into CRM. As soon as the client is located in CRM, the situation is defined for the clerk as the task of matching the CRM client and the client sitting across the counter.

In the conventional setup of consumer banking, the client is usually an anonymous transacting party for a clerk. In order to generate more sales, the bank re-entangles the client (Callon 1998) from this anonymous position into a kind of relationship, by simulating familiarity through the technology of Customer Relationship Management.

The digital persona of the screen is composed of two parts: the pre-calculated “cross-selling offer” and the raw “360 degree view of the client.” The highlighted middle section of the screen in Figure 1 lists the product recommendations, which are the centerpiece of the bank’s new selling strategy. The list is also called the “cross-selling” offer. It is calculated by the “analytical” part of CRM that builds predictive models of consumer behavior, and it is delivered to the site of

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13 By anonymous I mean that clerks, even though they saw very detailed information about clients, such as date of birth, address, account balances—did not keep track of most clients. Some clients had personal relationships with some clerks, by which I mean that they talked about “non-financial” topics.
interaction, to the “operational” part of CRM, as a ready-made black box for the clerk. The “cross-selling” offer is a list of products that CRM finds as a close match to the given customer profile. Next to each recommended product we find aids for pitching the product to that particular client. For example, if a client already has a checking account with the bank, and the system recommends a savings account, the comment box will provide the reasoning that there are regular transfers to that account and the balance is always high. The black box of the cross-selling offer gives a range of possible connections with the live client, and the clerk has to select from there. The second main part of the digital persona is the “360 degree view” of the client. The clerks couldn’t see the client this way before, they only saw parts of the information. It gives a quick idea for the clerk—a centrally accessible customer profile that lists the complete history of a client’s transactions, all of her banking products and all her communication with the bank. CRM allows the clerks, as they also phrase it, to “see the client as a whole.” The client’s various accounts are listed with codes and we see the numerical values, the balances. By clicking on an account one is able to access the whole history of account activity.

The two clients exist in different temporalities, in different technical constructions, and the ways of knowing them, accessing them, and interacting with them is different. CRM gives the current status of the client, her past use of products, and a tentative future—the recommended matching of products—all within the same screen. The screen is visually ordered into distinct parts and color-coded for recognition. The client’s needs are already made explicit and there is a proposal for how to satisfy them, since the algorithms search for the closest match that fits the client’s portfolio of products. This proposal is visible at the center of the screen as a neat list, with a product name in each line.

By contrast, the live person can be judged by their appearance, style, and habitus—yet her needs are not readily visible. These needs must be inferred from the quick-paced conversation. As
physical bodies on opposite ends of the counter, the parties are literally face-to-face and they are giving cues both linguistically and through the management of their bodies. However, the expert is surrounded by devices, while the client is in the bare-bones position of individual decision-maker. In the moment of deciding, the client is without her calculative equipment. This also suggests why so many attempts at selling financial plans fail: clients want to retreat to their familiar space of calculation—home, or friends—to make sense of what they had been offered. The two temporalities and spatialities come together when the clerk operates the CRM software while handling incoming clients. The activity of reading and manipulating software is compounded with the dynamic of the natural language conversation and the conventional elements of the interaction order in a bank.

Matching profile and person is a complex calculation of choosing a product that is suitable for the client, based on the ongoing interaction and the needs suggested by the profile. By calculation I mean a very practical process of sorting, commensuration and reduction, which has both quantitative and qualitative components, in line with emerging definitions in the social studies of the economy (Callon and Muniesa 2005, Callon and Law 2005).¹⁴

Clerks approach their task of handling this hybrid client with the understanding that there should be a correspondence between the on-screen client and the client-in-person, since CRM produces a replica of the client. CRM is a digital persona for whom the computer-generated list of products is adequate—they serve this electronic person’s needs. There is ready access to the on-screen client because the task of the CRM display is precisely to make the client accessible (by showing her banking history). Products seem to follow from this description of the client. But

¹⁴ “[C]alculation can be understood as a three-stage process. …First the relevant entities are sorted out, detached, and displayed within a single space. Note that the space may come in a wide variety of forms or shapes: a sheet of paper, a spreadsheet, a supermarket shelf, or a court of law, all of these and many more are possibilities. Second, those entities are manipulated and transformed. Relations are created between them, again in a range of forms and shapes: movements up and down lines; from one place to another; scrolling; pushing a trolley, summing up the evidence. And third a result is extracted. A new entity is produced. A ranking, a sum, a decision.” (Callon and Law 2005)
there is no ready connection between the human and the technological versions of the client. Clerks have to recognize the sameness of the client.

Yet matching the hybrid client is pragmatic, in two ways. First, it is not about fitting two parts together into a consistent whole, rather it is about identifying parts that match. Second, instead of trying to “purify” this hybrid client (Latour 1993)—namely, to decide that the real client is either the computer or the person—most of the time clerks work with the jumble of the human and the technological. But they cannot just sustain the connection for the duration of the encounter—for example, to recognize that in the moment, the client might take product X, not considering whether that connection would hold up after the client left. Rather, they have to create a lasting relationship between the two clients, as dissatisfied customers are a backlash to the bank, and thus, to clerks.

5.2.2 Mass personalization creates a hybrid sales force that calculates together

Clerks precede and finish CRM’s calculations because they have to determine what product is suitable for the client in the situation. The problem is that for CRM, all situations are selling situations because its definition of situation is the “client session”. This is because for CRM, a situation is equal to what is called a “session” in Information Technology, and it cannot take the live situation into account. A session begins when a clerk logs onto the profile of a specific client (by entering the client’s Client Identification Number at the bank, or the client’s account number), and lasts until the clerk is logged in. In a session-situation the arrangement and quality of data (product portfolio, personal information, account activity, balances, account histories) defines what actions are possible with the “CRM client”. These possibilities are what the clerk needs to match with the actions possible to carry out with the live person.
Clerks say they don’t read the CRM profile for the sake of the *interaction*. The awareness that there is a technology that is inadequate or an obstacle to the flow of the conversation, pushes situations away from the natural and more towards breaching (Garfinkel 1984). Clerks as computer users criticize the CRM software as too clumsy for fast-paced live interactions. They contrast its impractical visual design and slowness with the norms of good service: “You cannot be buried in the monitor while the client is there,” they say. Obviously, these accounts are self-serving, as the clerks are justifying why their work is more important than the software’s. This resistance is allowed by management, as long as clerks perform well. Management is trapped by using the clerks to sell because management doesn’t have access to the interaction directly, and must endow the clerks with the discretion needed to size up the situation and determine what, if anything, can be offered without damaging the presumed relationship with the client.

Yet, even when clerks say they are only looking at the person, not the profile, to determine what to sell, they are in fact using the profile. The speaker above and others who said they rarely use the CRM recommendations check the screen at least to make sure that they aren’t offering something that the client already has.

5.2.3 “Do you usually go abroad, by the way?”—calculative strategies and interaction management

Matching profile and person involves translating between the different versions of the client. Money as it is present on the CRM screen is meaningful to the clerk, but it isn’t to the client. The screen is not compatible with the person’s “accounting system” (Zelizer 2007), it is un-translated. This money has to be re-entangled in order to make it relevant for the live person. The clerk from the situation described above explains how she translates from the CRM pre-calculated offer to the conversation with the person:
“Today, now that we have these selling techniques, for a bank card, if I log in to a client and I see that CRM recommends an Ahico insurance, because the client doesn’t yet have it, that’s the first thing that I tell the client; I don’t let him/her go without mentioning it! And usually it is like, so, I ask the client specifically whether he/she travels abroad frequently. You can link this—for example, I am waiting for CheckSign [signature verification machine] for a signature, or the computer is thinking, and then I ask the client kindly-gently that ‘while we’re waiting here, can I ask you if you travel abroad frequently?’ and they say ‘yes, I do.’ …This is the product we have that can be offered most easily, and we weren’t doing this before. If the client specifically asked for it, we did it (laughs). But we have so many products now that the client doesn’t know, and they go ‘wow, you can ask for this [insurance]? I always went to an insurance company’…and that [one-time insurance for a short period] cost more for him/her than our annual fee! And so they are usually happy about this. So, this is our product that can be sold the easiest.”

Over time and over a mass scale of transactions, the practices of matching product and consumer using the on-screen profile and the live person solidify into strategies of calculation. These strategies rely on the clerk’s own typology of clients, such as „someone who always breaks their CD before maturity”. In the quote above, the clerk offered the client travel insurance by translating that “expert good” into a relevant question about the client’s lifestyle. But insurance wasn’t in the CRM list! Nonetheless, she offers this product to everyone. The answer to the insurance question is rarely a flat ‘no’. So, the clerk has devised a way of always being able to offer this product.

Invention of such mini-scripts as for travel insurance shows that products are not “easy to sell” due to some inherent property they have. Products become “easy to sell” because clerks find a way to translate them, so they can be pulled into the conversation seamlessly.\(^\text{15}\)

Clerks work on accomplishing successful interactions, interactions that are smooth. Product offers have to become parts of such an interaction. The interaction is the unit of calculation for the clerks. They don’t want to force the client, and they have limited time to make

\(^{15}\) Clerks sell the product they identify as the “easiest”. Sure, that makes sense: they want to do the minimum work and sell what is easiest in order to keep their jobs. But this explanation misses the key question: what makes a product “easy”? First, there isn’t a single shared wisdom of what works, since different clerks name different products more suitable, even if they work right next to each other. The answer is that products are not inherently easy-selling or not. Clerks have to turn them into easy-selling ones.
an offer. The interaction is already crowded, since the client has come into the branch with a specific request that has to be addressed first, before any selling can be done. To avoid failure of interaction, they find the least risky products, where the clients are less likely to decline and the interaction stays good. Yet products are not completely given as easy or not: which one sticks depends on whether the clerk can work out a good interaction sequence around the product. This is based on trial and error. Clerks exclude products with which they had bad experience.

Clerks develop “islands” of interaction around a product, and identify places in the interaction to insert these islands. First, the quote shows that she comes up with a self-made sales script about the insurance product, a script that allows her to offer it to anyone—do you travel abroad? You can ask this of anyone, and the chance of no is very rare. The latter is because the clerk adapted to the clientele of the branch, and the branch is located in a very affluent neighborhood. Second, the quote also shows that it’s not enough to come up with a script; they also have to figure out where to insert it in the interaction. There are predictable and more spontaneous parts to the banking interaction that clerks have incorporated into their strategy of calculation. An important concern is whether a product can be “derived” from the client’s initial inquiry about another product.

Another given of the computer-aided interaction is that as clerks enter data into the profile and print computer-generated contracts, there are always silences in the conversation when only the machines are working. The clerk quoted above discovered these “down times” as useful to introduce a completely new topic—and product—into the conversation. The most situational element is the utterances of the client across the counter. Clerks have to identify cues in what the client is saying, and launch their scripts from there. Thus, translation is symmetrical—the person is translated into the profile. If the client herself mentions going abroad, clerks associate that to travel insurance, check if the client already has it, and ask the client if they are interested.
In sum, clerks develop heuristics to handle the mass scale of matching the profile and the person, in one short situation after the other. These heuristics stabilize as calculative strategies with which clerks can approach a given interaction. These strategies enable them to manage the interaction, so that the client stays satisfied and they can get their job of selling done.

5.2.4 “Oh, they cheated me badly!”—breaching and repairing the situation

Situations can fall apart when a participant’s action calls into question the situation’s underlying moral order. The situation above is suddenly in danger of breaching. The client steps out of the frame of a pleasant conversation about what’s good for her and warns that she can just as well look at financial companies as cheaters. The parties are also adhering to customary rituals of service interactions: greeting, the clerk asking the client “how may I help you”, ID check, clerk asking the client to wait while she is “pulling up the profile”, the client presenting to the clerk what they came for, the clerk problem-solving in front of the customer’s eyes. However, raising the delicate issue of basic trust in finance throws off the course of ritual. (This is comparable to when a doctor refers a patient to a specialist, and the patient replies—that clinic messed up my surgery badly!) Now this is no longer a selling situation.

The clerk is doing emotional labor, reacting sympathetically but not clearly siding with either the client or the insurance company. Emotional labor is the explicit effort to induce emotions the reflect courteousness and professionalism (Hochschild 1983), to keep the interaction in its course. The clerk manages to stay unfazed, she chooses to acknowledge the complaint (“When?”), but as soon as it turns out that it wasn’t recently, she pretends it never happened, and continues talking about the current product. She repairs the situation, so it is about selling, once again. The biggest turn in an interaction is when an angry client comes in, and the clerk can solve his problem and calm him down so much that she can start offering other products (clerk B13).
5.2.5 “You can arrange the insurance later, no problem”—switching frames between selling and relationship to achieve a good interaction

To achieve a satisfactory interaction, clerks switch fluently between framing the situation as a one-time chance to sell and buy, and as a long-term relationship with spaced-out selling and buying. Good interactions are ones that have good endings. Not necessarily happy ones, but ones that provide closure so that participants can disengage from the encounter satisfied. To manage interactions, clerks stop pushing products after several attempts because banking encounters are brief and fast-paced. They need to close them quickly, on a good note.

When the client still ends up declining the insurance (the product that is supposed to be the easiest to sell), the clerk’s reaction is to shift the frame from on-the-spot selling, and emphasize that they are in a long-term relationship. If this is a relationship, then the client not taking the insurance is not really a decline—it is rather a deferral. The clerk has to enter data about the results of the interaction, and if the client declined the offer, that goes into the system, too. Offers are counted by management, not just accomplished transactions, that is, successful offers. Moreover, the data about the client declining the insurance this time, can be used to bring this product up with her, later….This scene shows that market interactions have the ambiguity of being opportunities to sell and buy, while also being instances in a potential relationship.

5.2.6 Interaction and market outcomes: CRM produces connections but reproduces the mass market

In sum, personalization has a productive and a reproductive effect on the market. It is market-building because putting a profile next to the person generates new connections (or in Beunza and Stark’s terms, associations) between products and consumers. Yet, it reproduces the mass market because clerks offer a narrow range of products to everyone. They do this because they can only
make offers if they conform to the interaction ritual, or invent ways to exploit the predictable
dynamic of the interaction. In other words, while CRM proposes new connections between
products and people, which the clerks did not think of before, however the face-to-face setting
works against nuanced calculation.

First, the productive effect of CRM can be seen in the description that a clerk in her thirties
provides. She had been at the bank before CRM was introduced, and she talks about how CRM
has changed the way they see clients:

“So, previously we never thought that [trails off]—for example, if someone had a
bank card, you checked what the limit was on the card, you modified it if
necessary, you checked if the card was active, we activated it [if it wasn’t], and
you didn’t do anything more. Today, now that we have these selling techniques,
for a bank card, if I log in to a client and I see that CRM recommends an Ahico
insurance, because the client doesn’t yet have it, that’s the first thing that I tell the
client.”16

Second, the specific products that have emerged as „easy to sell” are a limited set. These are the
products that have proven to be the least risky, risk being defined as the client’s face-to-face
rejection of the offer. Again, sales riskiness is not an inherent property of a product, but rather it is
the combination of product and clerk’s presentation of the product (see discussion above).

Although each clerk had a different “basket” of what handful of products she normally
offers, the main products clerks sold, according to my observations, were travel insurance (see
example above), debit card, internet banking, telephone banking—both of these are free

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16 Of course, clerks often do not convey directly what CRM recommends. They are not simply extensions of the
machine. I discuss this in the next section on matching profile and person as an act that is specific to the situation.
Moreover, clerks don’t use CRM just because it’s there. Management had to buttress CRM with other technologies, so
that clerks use it, and use it in the desired way. Even so, the complexity of clerks’ task—selling more while also
cultivating a relationship with the client—allows for ways to justify not using CRM as directed. I discuss this in the
section on feedback, failure, and supervision.
services—and the promotional products which were featured in the bank’s mass marketing campaigns.\(^\text{17}\) Another clerk, however, finds the bank card the easiest to insert:

> “What I always do is [to check] if there is some kind of card-like thing there [in the client’s portfolio]. If there isn’t, then you can always sell him/her some kind of card. Card and the insurance that is linked to it are the easiest to sell and the easiest to spot [on the screen, whether the client has this product already]”

(female clerk, in her 30s; B17)

The products that proved to be most difficult to sell are some of the “consultative” products, particularly investments; and what we may call more “obscure” products such as home insurance. As one of the clerks suggested, the problem is how to derive these from the conversation at hand. During my fieldwork I never heard a clerk mention pension plans, despite the fact that these regularly show up on the CRM recommendation list. Home insurance and loans were also rare. In the interviews clerks talk about the difficulties of bringing up these products casually in conversation.

### 5.3 Exchange blends relationship and anonymous calculation

The switching of “transactional” and “relational” frames within a single encounter leads us to the question of separating the “social” and the “economic” element of markets. The two seem to constantly intermingle. Clerks are managing the interaction with one eye on selling and the other on keeping the client loyal to the bank. To have a good interaction and still sell, clerks insert products into the interaction—this requires calculation of what can be inserted without disruption. That is based on the momentary information from the profile and the person (the quasi-familiar), and on the clerks’ rules of thumb about products, clients and situations (suitable for dealing with strangers). Anonymous and familiar blend in the banking interactions in four ways:

\(^{17}\) This is an intersection of mass marketing and personal marketing, when the clerk identifies the mass offer as personally relevant. Free and cheaper services can be sold easier because there is less negotiation needed with the client, since the advantage is more visible as a lower price (lower loan rate, for example), and easier to convey.
First, the clerks’ calculative strategies treat the client simultaneously as familiar and as a stranger. This is clear from the quotes above. That is, the heuristics to arrive at which product to offer draw on both the knowable client of the screen, and the other on the stranger across the counter. They figure out the client type and match that to the few products they figured out how to insert into the interaction. The quote about travel insurance shows that the clerk is using both familiarity with the client (from the profile—what products the client has) and generic rules of interacting with strangers. Second, during the interaction itself clerks are switching the frame of the situation back and forth between „one-shot selling” and „long-shot relationship” with the client, depending on what seems to work in the moment (see above).

Third, and ironically, clerks conceal their full familiarity with the client, on the grounds that it would scare clients away. Remaining strangers to each other—the “natural” relation if there was no CRM screen between them—sometimes preserves the relationship. Automation cannot handle this, only the clerks can manage the balance between familiarity and strangers in the interaction. The bank has to somehow use the information that it has amassed about the client. The customer profile of CRM is the knowledge based on which a friendly relationship should emerge between bank and client in general, and clerk and client in particular. This is the profit-oriented expectation of the relational marketing approach.

The clerk, of course, will never be able to approach the client-in-person on a friendly basis, just by looking at the client in CRM. At the other extreme, too much familiarity alienates the client: while the client should feel that the bank knows him, he cannot feel that the bank knows so much about him. So the bank doesn’t want to show the client the CRM screen. It is easy to see that familiarity and being strangers is a more general tension in markets. There is always ambiguity about how much the trading parties know about each other. No one discloses all that they know about their partner, but that is part of the agreement to engage in an exchange.
Evidence of this balancing act is that clerks oppose disclosing some of the information they have about the client’s previous inquiries at the bank. For example, one clerk expressed disagreement with the idea that when a client goes to one of the branches and inquires about a mortgage because she is about to build a house, the next time she visits another branch they would ask her, ‘So, how is your house coming along?’ (B12). Clerks thus recognize CRM as a technology of “consumer surveillance” (Pridmore 2008), and also as the technology that surveys them. Namely, there are features to orient the clerk’s style of service. With the idea of giving the next user a better grip on how to approach the client, ideally CRM documents previous clerks’ observations of client behavior (such as positive, friendly, aggressive, upset).\textsuperscript{18}

Fourth, clerks may try to purify—to define the interaction as a pure case of either relationship or of one-time chance. Let’s consider this account as a method of calculation. Clerks size up the situation at once and may decide it’s not the right time. A female clerk who has worked at the bank for years says,

“I take a look at him and I see that he’s in a hurry, so I don’t bother him with a product offer. He wouldn’t appreciate it, and next time I wouldn’t be able to sell anything to him. Besides, forcing something is damaging to the relationship.”

6. Conclusion

This paper makes two arguments. First, exchange unfolds as participants manage the interaction. The case of Customer Relationship Management has shown that market is a social accomplishment, a tenuous process whose outcome cannot be taken for granted. Markets are not

\textsuperscript{18} However, the bank has been unsuccessful in getting sales staff to fill out the “client attitude” and “client expertise level” cells, which are located in the upper corner of the screen, next to the account number and address information. The clerk cited above said they are afraid that it will backfire on them to include subjective information on clients. If it turns out that the client happens to know someone higher up at the bank, those managers can pull out that client’s file and they will know which clerk evaluated the client negatively.
completely determined by either social structures or economic rationality. The relative failure of CRM to personalize the product offer shows that one cannot decide everything in advance and merely execute it in the interaction. The interaction process enables and limits the kinds of actions that are possible and actors are caught up in merely participating in the interaction. Over time and on a mass scale, actors devise strategies to manage the interaction in order to accomplish exchange. The outcome is that the situated matching of products to consumers reinforces the mass market. Clerks end up offering similar products to everyone: the free services, the promotional items, and a few specific products they identify as “easily” insertable into the interaction. Exchange turns out to be a blend of relationship and anonymous, fleeting encounter—not simply one or the other.

Methodologically, interactions are better proxies of social structure than observed transactions, which have been the common object of study for the sociology of markets. The latter are the success cases, the tip of the iceberg, but in order to understand how interaction produces exchange we need failure cases as well. Economic sociology has a sampling bias because it has focused only on accomplished transactions, that is, the successful interactions. From the project of Customer Relationship Management we learn that failed interactions matter in two ways. First, the calculating system of clerk and CRM learns from failure how to generate better product offers. Clerks take less risk than an automated system which offers everything all the time. The prospect of failure leads to generic sales pitches. Second, relationships cannot be measured simply as transactions because interactions that do not yield transactions are not wasted—they count towards the relationship. CRM’s relationship-based model for market-building is to get the most out of interactions by generating information that allows for the continuation of sales opportunities.

Based on the research program of the “new economic sociology” (Dobbin 2004) we now take for granted that personal relationships produce markets, when in fact the process of producing
the market can produce the relationship. The greatest achievement of what some call the “embeddedness approach” (Krippner 2000) had been to establish that market outcomes are produced by already existing social relationships. But exclusive focus on this has abandoned the possibility that relationships can be the outcome of market processes rather than their pre-existing cause. I studied interactions without the assumption that they are already relationships, allowing for market encounters between complete strangers.ii

My second argument is that relationships and anonymous, instantaneous transactions are not mutually exclusive ways of conducting exchange. Customer Relationship Management’s stated purpose is to shift clients from the anonymous, one-time encounter towards the familiar, long-term relationship. The bank’s goal is to stop clients from calculating. The bank chooses the interaction to produce relationships and sell because that is the site through which social relations can be accessed and reworked. Moreover, the bank has more control and feedback over what happens than in non-interactive settings. The bank reconfigures the situation from a traditional face-to-face interaction into interaction between two hybrids: a client that is part CRM profile, part live person, and a clerk that is non-stop connected to CRM, and calculating collectively with the machine. In the transformed situation, supply and demand meet by matching the hybrid client: profile and person.

Michel Callon and others (Callon 1998, Callon, Muniesa, Millo 2007) have argued that the anonymous, rational calculating actor is possible but instead of being a given, such market actor is produced by disentangling him/her from the complexity of the social world. I am arguing that the reverse is also true. The case of Customer Relationship Management shows that actors develop technologies in order to build markets that are explicitly based on relationships. The world that economic sociology describes in the idea of embeddedness—that people prefer to trade with people they know—is created to a great extent by actors’ strategic projects to shape the way
market exchange is done. Before CRM, the bank’s traditional approach to clients was the anonymous way of one-on-one service, with scattered data about a client. Inserting the individualized CRM profile of a client into the face-to-face interaction means that this anonymous client is re-entangled with some of her relations in the world, specifically to those that are visible through monetary flows.

Thus, both the momentary transactions between *homo economicus* exchange parties and the exclusive long-term trading relationships between friends are calculative strategies. As extremes on a continuum, they are *outcomes* of the market—results of different technological designs of interaction—that are hard to achieve and even harder to sustain as pure types. The calculative strategies that clerks develop to manage interactions, constantly blend the familiar with the stranger, and loyalty with selling. To calculate when and what product to offer a given client, bank clerks develop strategies of calculation. In the situation, these help them to manage interactions with clients, so clerks can still achieve their sales obligations and also keep clients satisfied. These practices call into question the distinction between the *social* and the *economic* aspects of markets.
Appendix

Figure 1. The schema of the main CRM screen

<table>
<thead>
<tr>
<th>Client name</th>
<th>Kovacs Anna</th>
<th>Subjective evaluation of client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client number</td>
<td>123456</td>
<td>Expertise</td>
</tr>
<tr>
<td>Client information</td>
<td>(link)</td>
<td>Attitude</td>
</tr>
<tr>
<td>Client value</td>
<td>O O O O</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Action</th>
<th>Response</th>
<th>Features</th>
<th>Reason for recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>savings account</td>
<td>offered</td>
<td>requested</td>
<td></td>
<td>only has checking account with bank, to access checking account</td>
</tr>
<tr>
<td>debit card</td>
<td></td>
<td></td>
<td></td>
<td>investment account shows creditworthiness</td>
</tr>
<tr>
<td>credit card</td>
<td></td>
<td></td>
<td></td>
<td>company policy</td>
</tr>
<tr>
<td>travel insurance</td>
<td>offered</td>
<td>interested</td>
<td>free</td>
<td>to conveniently access balances</td>
</tr>
<tr>
<td>pension fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>internet banking</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product list</th>
<th>Product code</th>
<th>Account number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking account high-traffic</td>
<td>LF-234</td>
<td>3000999988801</td>
</tr>
<tr>
<td>Market rate mortgage SFR</td>
<td>LJH-567</td>
<td>600044477702</td>
</tr>
<tr>
<td>Time deposit two-month</td>
<td>LB-890</td>
<td>200033366603</td>
</tr>
<tr>
<td>Telebanking</td>
<td>TB-001</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product detail</th>
<th>Date</th>
<th>Transaction</th>
<th>Credit</th>
<th>Charge</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking account</td>
<td>7/2/07 branch</td>
<td>200000</td>
<td></td>
<td></td>
<td>280000</td>
</tr>
<tr>
<td></td>
<td>7/3/07 ATM</td>
<td></td>
<td></td>
<td>30000</td>
<td>250000</td>
</tr>
<tr>
<td></td>
<td>7/11/07 vendor</td>
<td></td>
<td></td>
<td>2300</td>
<td>247700</td>
</tr>
<tr>
<td>Time deposit two-month</td>
<td>Start date</td>
<td>End date</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6/5/07</td>
<td>8/4/07</td>
<td>300000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Vargha 30
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