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Segmented Intermediation. Advice Concepts in German Financial Services

Karoline Krenn *

Abstract: *»Segmentierte Vermittlung. Beratungskonzepte im deutschen Finanzdienstleistungsbereich«*. This article focuses on classification as an ordering component in the intermediation between production and consumption in markets. Classifications and corresponding categories build the cognitive infrastructure for engagements in production, distribution, and employment and consumption. In this article I emphasize the discriminating aspects of segmentation resulting from social grouping along categories. Segmentation structures the allocation of resources by means of access restrictions and distribution mechanisms among other things. Empirically, I explore the access to the client-orientated advice of private clients in the context of financial services. Interview data suggests that advisers of "high net worth" clients are able to maintain their client-orientation against organizational constraints. As remarkable as this finding is, it also shows that segmentation leads to adverse consequences regarding access to client-oriented advice. Opening up financial advice to lower income groups is far away from implementing consumer pre-eminence. The theoretical contribution of this article is to confirm the potential of market classifications for the study of market intermediation, which will be elaborated in a prospective research agenda.

Keywords: Market intermediation, market segmentation, financial advice, social inequality.

1. Introduction

This article[1] contributes to the subject of market classification by framing it as a problem of market intermediation. My interest lies in finding out how financial advisers conceptualize intermediation between financial products and clients. Thereby I am particularly concerned to what extent the segmentation of

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bank clients influences the service relation between advisers and their clients. While Fourcade and Healy (2017 [2013]) look at the effects of digitized classifications for the consumer credit market, my own focus is on "old style" classic categories (economic value) and the access to good investment advice. Financial advice services trade in the relational promise of good advice about financial investment. My findings will discuss varying treatment of customers according to their market segment. In doing so, the article looks at how classifications affect market actors (see also Chiapello and Godefroy 2017, in this HSR Special Issue). I relate testimonials from advisers on this intermediation to different segments and discuss to what extent segmentation practices in the financial service industry contribute to the reproduction of pre-existing social hierarchies through an unequal access to financial knowledge and a systematic exclusion from opportunities. In other words, this article looks into the effects of classification, i.e. segmentation, for the intermediation between production and consumption in the moment of trade. Thereby, I hope to contribute to a better understanding of the challenges in the financial advice field. Finally, my aim with this article is to push forward the empirical study of market intermediation as such.

Private clients in the financial service industry are (as is quite common for market consumers) subjected to organizational classifications (Lazarus 2012). Segmentation criteria are the profitability and "net worth" of the customer base (Storbacka 1997). More or less in all three German bank types (commercial banks, savings banks, and credit unions), clients are divided into a retail segment and a private wealth segment. This segmentation is a key element of a neo-liberal re-structuring process of finance that started in Germany in the late 1980s (Haipeter and Wagner 2007). By following this novel cognitive infrastructure, banks carried out a shift from a client- to a market- and sales-orientation.

The role of market segmentation is easy to understand when we look at it as a driver of market dynamics. As an ordering force it affects market-making. Segmentation operates with classification systems and with the categories they provide, which are considered to have an order-producing role (Douglas 1966). They build the cognitive infrastructure for production, distribution, employment and consumption along the supply and production chain (Desrosières and Thévenot 1979; White 1981; DiMaggio 1987; Bourdieu 2005; Zhao 2005; Desrosières and Thévenot 2005 [1988]; Zhao 2008; Fourcade and Healy 2017 [2013]). Moreover, market segmentation is strongly connected to market expansion, as it is often related to new products or services. Marketing introduced it as an alternative to mass-customization and a tool for individualized targeting of consumers (Smith 1956). In the case of financial advice services in Germany, bank manuals for investment advice portray the creation of a retail segment as opening up the access to financial planning for the lower income classes (Dexheimer, Schubert and Ungnade 1988). Nevertheless, the marketing litera-

ture tells us that client segmentation in banks is a strategy based on profit expectations (Storbacka 1997; Machauer and Morgner 2001).

Drawing on the value-orientated sociology of markets (Aspers 2011; Aspers and Beckert 2011; Beckert and Musselin 2013) and conventionalist literature (Bessy and Chateauraynaud 1995; Bessy and Eymard-Duvernay 1997; Bessy and Chauvin 2013; Diaz-Bone 2015), I use market classifications as the lens to highlight the social practice of intermediation between the spheres of production and consumption in the field of financial investment advice for private clients.

In this article, I will proceed as follows. First, I will look at theoretical approaches to market valuation and discuss the role of market intermediation. Second, I will outline my research perspective on financial intermediation. Then, I will contextualize client segmentation as an element of wider institutional changes in the German financial service sector. This is followed by a short section on method and data collection followed by my empirical findings from interviews about how financial advisors conceive their advisory role. In the discussion I evaluate my findings and draw conclusions about the social underpinnings of the knowledge production relation between advisers and their clients in financial services. The article ends with suggestions for opening up a new research agenda on the intermediation of production and consumption through market classifications.

2. Towards a Sociology of Market Intermediation

Recent approaches in market sociology explain the order in a market by looking at what is valued (Aspers 2010; Karpik 2010; Beckert and Aspers 2011). Valuations clarify what (or who) markets are about. Thereby, quality construction is based on classification systems and the attribution of qualities to categories or classes (Beckert and Musselin 2013), which makes market classification a central topic in these theories. Classification is a concept used in different literatures with varying meanings (see also Krüger and Reinhart 2017, in this HSR Special Issue). In its sociological origins, the concept of classification refers to a cognitive system of social representation (Durkheim 1915; Durkheim and Mauss 1963) providing categories to sort and group entities (Douglas 1966, 1986). Two features that I am going to take up again in the next section are especially relevant: first, classifications are instruments of distinction (Bourdieu 1984) and boundary-marking (Tilly 2005), and, second, categories have a tendency to naturalize themselves (Thévenot 1984; Bowker and Star 2000). Just for conceptual clarification, segments are, just like classes, an outcome of classification practices (see Chiapello and Godefroy, as well as Prid-

more and Hämäläinen 2017, in this HSR Special Issue).[2] Thus, segmentation describes a grouping of actors or goods in markets at the end of a chain of market classifications, which comes into existence when the cognitive infrastructure (Desrosières and Thévenot 1979; White 1981; DiMaggio 1987; Bourdieu 2005; Zhao 2005) of a market order (Hayek 1973; Aspers 2010) turns into an organized infrastructure. This happens in the labor market (Beckert and Zafirovski 2011) in relation to the quality of goods (Eymard-Duvernay 1989) and in marketing (Kotler 1989; Blecker and Friedrich 2006; Piller 2006). And it is exactly what Fourcade and Healy (2017 [2013]) call "within-market classification".

A market order solves the central problem of coordination in markets (Beckert 2009). The shaping of this order requires an active engagement with many actors involved: producers, marketing agents, retailers, consumers, and different types of intermediaries. How are goods and products brought together? How is a certain group of products connected to a particular group of consumers? The standard link between production and consumption is the market itself. Former approaches in the sociology of markets stress the structure and social organization of markets, the role of networks and institutions (Swedberg 2005) against the economist assumption that prices alone steer markets. Trade and exchange are theorized through the distinction between buyer and seller roles, the individualistic presumption of actor motives, embedded trust relations or as regulated by institutional arrangements such as property rights (Aspers 2010). The main strands in economic sociology deal with interconnected markets in industries, the coordination along the production chain and differentiation of producer markets (White 1981). However, this picture appears incomplete unless market intermediation is included as a dynamic engagement bridging the spheres of production and consumption particularly if we regard the construction of quality in markets (Beckert and Musselin 2013). What approaches do we find towards such a sociology of market intermediation?

Perceiving (quality) uncertainty as information problem, one could first think of intermediation as the brokerage of information. However, structural approaches discuss brokerage as a strategic tool (Burt 1992, 2005), but seldom as a practice that bridges the production and the consumption sphere. Here, there has been groundbreaking literature from the conventionalist approach (see also Diaz-Bone 2017, in this HSR Special Issue), which sets a special focus on intermediaries and their qualitative brokerage role in the process of economic coordination (Bessy and Chateauraynaud 1995; Bessy and Chauvin

[2] The sociological literature on classification is rather negligent of segmentation as a classification practice of its own. Prospectively, my view on segmentation as a classification outcome could be easily integrated into the systemization by Krüger and Reinhart 2017 (in this issue) either as element of a valuation infrastructure or as additional sixth building block of valuation.

2013; Diaz-Bone 2015). This literature argues that intermediaries shape markets by engaging in valuation (Bessy and Chauvin 2013). Beside the labor market and the question of recruitment (Bessy and Eymard-Duvernay 1997) this literature examines in particular the field of finance and financial market coordination (Orléan 2014).[3] The social engagement in valuation is used as a conceptual link for the social organization of the market exchange. On this view, the downstream end of market flows, the interface between producers and consumers, is more than a simple "yes" (= buy) or "no" (= don't buy) decision. One way of explaining consumer decisions is regarding choices as a kind of judgment, mediated by judgment devices (Karpik 2010). In the context of the mediation of quality-uncertain goods the relation between consumer needs (or wants) and qualities of products is discussed as the individualization (Callon, Méadel and Rabeharisoa 2002) or singularization of goods (Karpik 2010). From this direction, we see the first steps towards a sociology of trade (Cochoy and Dubuisson-Quellier 2000; Cochoy and Grandclément 2005; Karpik 2010). Most other approaches to consumption have a much more constricted perspective.[4] Sociology of consumption focuses on status, habits, styles, and social milieus (Veblen 1899; Bourdieu 1984). Consumer culture studies analyze how households are categorized by their consumption behavior (Lunt and Livingstone 1992). In marketing research, the probing, partitioning and prioritizing of consumer segments are individual strategies for positioning goods and services (Kotler 1989; Piller 2006).

Apart from my impression that a systematic investigation on bridging production to consumption is just about to start, a weakness of the existing theory of intermediation is negligence of its relational pattern. Role and norm conflicts arising from the in-between situation of intermediaries have not yet been sufficiently incorporated into the literature. In consumer markets but also in other interfaces of production and consumption, a core problem of intermediation lies in coordinating a frame of evaluation (Boltanski and Thévenot 2006) to determine what the quality of a product consists in. Intermediation is a bidirected relation embedded in a market infrastructure (culture, law, and organizations). Engagements in the attachment and translation of qualities, in the

[3] The sociology of finance takes a general interest in the intermediation of information (Knorr Cetina and Preda 2005). There we find studies on trade in the bond market which focus on opportunistic behavior of traders (Abolafia 1996), on the trading floor as social space (Beunza and Stark 2005; Hassoun 2005) and on intermediaries as evaluators (Rona-Tas and Hiss 2011) among other things. The prominent role of valuation in financial markets is explained by the circumstance that those markets are very sensitive to meeting legitimate categories in role performance (Zuckerman 1999). Zuckerman shows how the audience as third party acts as critic and mediates financial markets. A recent contribution is Orléan's work on the social forces producing value in finance (Orléan 2014).

[4] As another exception, debates on the *prosumer* (Ritzer 2015) as a portmanteau of producer and consumer need to be mentioned here. This study also points to the necessity of a systematic inquiry on the social foundations and structures of trading as social interaction.

matching of supply and demand are directed upstream to the production as well as downstream to the consumption side. Bringing a relational perspective on this triadic structure spots "ties that torture" behind intermediation (Krackhardt 1999). My contribution aims at identifying the conflicting social obligations connected with intermediation. A thorough and systematic inquiry is pending to look at interactions and spaces in which this conflict is processed. I don't want to give the impression that I could achieve this task within this article. Nevertheless, I want to contribute to this endeavor by discussing the example of financial advice.

This article brings a fresh theoretical focus to the debate by taking into consideration the following: considering the ordering power of market classifications it is plausible to assume that classifications are the key to understanding conflicts in intermediation as well. Accordingly, the theoretical interest of this article lies in exploring how the differentiation in actor segments affects market intermediation. In other words, it is about distinctions made between single market segments in the eye of the intermediary.

3. Financial Services as (Segmented) Market Intermediation

The service industry is an interesting field to study market intermediation. Not only is service regarded as a hybrid activity blurring the boundaries of production and consumption (Du Gay and Salaman 1992), service organizations uphold a tension between conventions of coordination because of the impact of human relations (Thévenot 2001).[5] The case of German financial services is all the more unique due to the shift from client- to market-orientation this industry went through in the late 20th century (next section). In the course of neoliberalization, the market expansion of financial products increased the need for intermediation. Generally, with post-industrialism and with a growing information economy, knowledge-based services become a more important domain of markets (Bell 1973; Castells 2010). In this particular case, product diversification and the growing complexity of financial instruments pose challenges for the financial literacy of clients (Lusardi and Mitchell 2014). At the same time, the participation in the financial market has turned into a key imperative of contemporary lifespan planning of the middle classes (Langley 2008). Various push and pull factors, such as the withdrawal of the welfare state and the expansion of personal pension plans, on the one hand, and the diversity of products on the other hand, make financial intermediation a non-trivial social interaction. Financial products don't sell like hot cakes. Recent studies point to the

[5] Thévenot (2001, 416) argues that a detachment from the domestic orientation, which is based on relations and trust, is difficult to effect in the service industry.

great significance of market intermediaries for the translation between product and clients' needs (Vargha 2011) and the different roles intermediaries might take here (Lazarus 2012).

Financial advice services mediate market transactions between bank organizations and bank clients.[6] In the typology of Bessy and Chauvin (2013), intermediaries may act as distributors, matchmakers, consultants or evaluators. From an organizational perspective advisers are distributers. With respect to mass-distribution as in the retail segment, intermediation means choosing a valuation frame (Boltanski and Thévenot 2006). Financial advisers are also matchmakers insofar as they aim at bringing supply and demand together. These matches follow categorizations and advisers play a decisive part in the use of categories, such as by expanding or restricting them. As consultants, advisers act as "brokers of language" when they connect symbolic meaning and material goods or groups of individuals (Bessy and Chateauraynaud 1995). Accordingly, intermediaries contribute in various ways to the cognitive segmentation of markets (Bessy and Chauvin 2013).

It is important to notice the conflict of roles and norms underlying intermediation to understand the challenges of financial advisers. Looking at the interaction structure of this intermediation, there are two positions, an adviser who is consulted as expert and a client who seeks to solve an investment problem. By theoretical abstraction, the advice role describes an interaction aimed at lowering the information asymmetry for the client regarding financial knowledge. Actually, this fits the picture of informational brokerage. With regard to the quality uncertainty of financial products advice giving involves the ascription of qualities, which is based on varying legitimated criteria. On the one hand, advice has a strong cultural connotation of disinterestedness (Schützeichel 2004). Good advice is legitimated by the orientation towards the client. On the other hand, the bank organization has a strong self-interest concerning the implications of advice for market actions. From this viewpoint, advisers are sales distributers. Legitimated by employment contracts, good advice follows sales objectives.

Having outlined these constraints on intermediation, I now want to specify my research questions. I am asking how financial advisers translate these contradictory demands in their conceptualization of advice. And relating this to market segmentation, I am interested in whether there are differences in this

[6] The need for mediation applies only for markets where consumers have difficulties in evaluating goods (Zuckerman 1999). Consumer decision-making in market exchanges with low complexity levels such as the purchase of bread rolls is likely to be routinized. Compared to this example, the purchase of financial investment products is more complex, less likely to be routinized and in many cases involves personal intermediation. This also makes it attractive for empirical investigation.

translation between different market segments. By following these questions I want to explore how segmentation affects market intermediation.

The driving assumption of my approach is that intermediaries not only contribute to segmentation, but that the sorting of clients into different market segments affects the manner of intermediation. As findings for French banking services show, valuation of clients and client segments affects the treatment they receive when it comes to consumer credits (Lazarus 2012). If this also holds for financial investment advice, this would also imply that market segmentation distributes access to financial knowledge and quality assessments unequally, and thereby also very likely affects life-chances. For a better understanding of the classification practices and consequences involved I will address boundary criteria and naturalizations of boundaries.

What are boundary criteria in financial services? Drawing on marketing literature, we find several different ways to segment customers: "(1) segmentation based on combining relationship revenue and relationship cost, (2) segmentation based on relationship volume, (3) segmentation based on customer relationship profitability, (4) segmentation based on combining relationship volume and customer relationship profitability" (Storbacka 1997, 484). In other words, boundary criteria are variations on profitability, which speaks against the marketing literature that conceives market segmentation as implication of increased consumer pre-eminence (Kotler 1989; Blecker and Friedrich 2006; Piller 2006). We find such segments in a spatial separation of "low net worth" and "high net worth" customers into special branch offices or sections. For a discussion on the limitations of customer segmentation practices see Pridmore and Hämäläinen (2017, in this HSR Special Issue).

The impact of segmentation depends on differences in the content of intermediation, which facilitate different market exchanges. Such distinctions have benefits as well as negative effects. Starting with the former, segmentation reduces complexity, provides orientation and focuses attention (Lounsbury and Rao 2004; Schneiberg and Berk 2010). When targeting clients intermediaries introduce a pre-selected range of products, whereby offers are tailored to group data such as milieu-specific interests or resources available, which saves time and information processing capacity (transaction costs). This is the idea behind customized solutions. They simplify market coordination. Its ordering capacity structures roles, makes activities predictable and stabilizes market relations (Hayek 1973; Aspers 2010). On the other hand, there are also negative effects. As already outlined in the introduction to this HSR Special Issue (Krenn 2017), a look at the history of social measurement reveals its contingencies. It is tools of measurement themselves that construct differences. Grouping does not just follow natural variances, it is an interventional logic (Hacking 1983). Groups are naturalized (Thévenot 1984; Bowker and Star 2000), which becomes relevant when evaluating the social impact of grouping. Arguing on basis of the nature of subjects/objects serves as moral licensing or justification. The sym-

bolic attribution of worthy behavior that resulted in the accumulation of capital validates the idea of a natural grouping (by wealth), which is particularly critical because it legitimizes the systematic exclusion from opportunities, and thereby reinforces the naturalization of categorical boundaries by segmentation. Segmentation by wealth valorizes economic achievement. In a Durkheimian reading, it reveals a homology between market classifications and the social structure.[7] There is even a stronger nexus. In cases where segmented practices distribute investment chances unequally they contribute to the reproduction of pre-existing social hierarchies. This is exactly what happens in the case of credit ratings and moral devalorization described by Fourcade and Healy (2017 [2013]).

Client segmentation appears in an even more critical light when we turn to a strand of marketing literature that discloses the motivational strategy behind it (Storbacka 1997; Machauer and Morgner 2001). Segmentation is related to customer relationship profitability. The textbook logic looks like this:

> identify your target segment; describe the characteristics of the segment members; determine their needs as to the product that you are selling, adapt the marketing mix components according to the segment's needs, sell the products, get increased product profitability and thus increased profitability of the firm. (Storbacka 1997, 479)[8]

However, this profit perspective stands in a sense in opposition to the common belief in the fiduciary relationship between banks and their clients, a particular element of the German tradition of client-oriented banking (Haipeter and Wagner 2007). This contradiction invites us to ask where this culture of profit comes from. For this reason the next section discusses the institutional context of segmentation and related job demands for advisers.

4. Financial Intermediation: The German Context

Starting around the 1990s, Germany's finance industry faced an institutional shift from client- to market-orientation.[9] Client segmentation is one of the key elements of related re-structuring processes in the financial service sector (Hai-

[7] In other market areas discussed in this HSR Special Issue (for example in the contribution by Akos Rona-Tas 2017) we find classifications connected to market behavior such as credit history. By these procedures, different classes of creditworthiness are morally justified (Fourcade and Healy 2017 [2013]). But as the authors show, even in these cases the classified market behavior is strongly connected to pre-existing social hierarchies.

[8] Storbacka (1997) also argues that this textbook logic oversimplifies the empirical phenomenon.

[9] The market-orientation of the bank organization corresponds with a sales-orientation of financial advisers. In the empirical part I will talk of sales-orientation instead of market-orientation because this terminology is closer to the interviewees.

peter and Wagner 2007). To understand its impact, one has to set these shifts in the context of a broader institutional change.

German banking is historically founded on family-managed private banks and a tradition of long-term trust relations (Pohl 1982; Reitmayer 1999). With rapid industrialization, universal banks became more important by the end of the 19th century (Tilly 1986; Fohlin 2006). But universal banks also followed a trust-based business strategy. Although most literature focuses strongly on corporate finance, client-orientation is a major characteristic of German banking.

After World War II, a tripartite structure of commercial credit banks, savings banks and credit unions was established. Regional market strategies and a low level of concentration kept competition low and flexibility high (Baethge, D'Alessio and Oberbeck 1999; Deeg 1999). From the 1980s on global financial competition encouraged market expansion. The financial service industry in liberal fore-runner nations had already identified the retail sector as a niche (Moran 1991).[10] Globalization and increasing competition also modified the strategic orientation of commercial and saving banks in Germany from highly regulated and bureaucratic to cost- and sales-oriented enterprises. More specifically it enforced a move from locally embedded compartmentalization to competition for segmental market share.[11] The disembedding of trading activities, the shift from owners and creditors to intermediaries and brokers, and the engagement in investment banking accelerated from 2002 on (Hardie and Howart 2009).

These market-driven transformations also upended the organization of financial services through a triple process of deregulation, increased rationalization and technological change. New leitmotifs involved saving costs by outsourcing services and by the use of new technologies as well as the segmentation of clients and products (Kitay et al. 2007). Most noticeable were the introduction of new delivery channels (e.g. ATMs), telephone banking and the employment of information technologies in data processing. Haipeter and Wagner (2007) however regard the segmentation of customers and products as the key element of restructuring processes in Germany.

[10] This has also to be seen in connection with structural changes in the organization of financial markets and their intrusion in additional societal spheres, discussed as financialization (Knorr Cetina and Preda 2005; Krippner 2005; Windolf 2005; van der Zwan 2014). Liberal market economies such as the UK were leading this process (Du Gay 1993). Changes for Germany first of all affected corporate financing. The extent of change described in the literature varies from a profound liberalization (Regini et al. 1999) to a bifurcation between old bank-based and new market-based mechanisms (Deeg 2005, 2009). Deeg's analysis shows that credit unions and savings bank maintained relational banking strategies with small and medium enterprises; major changes applied predominantly to large private banks (ibid.).

[11] On the general transition of the German system see Krahnen and Schmidt (2004) and Streeck (2009). In contrast to them, Hackethal (2004) argues against convergence.

With regard to labor relations, job functions were divided, branch-networks restructured (Baethge, D'Alessio and Oberbeck 1999), and hierarchically structured lifetime employment turned into fragmented careers with declining job security (Regini et al. 1999). New forms of management and control were a part of all this. Indirect governance mechanisms such as sales-based reward systems were introduced (Voß and Pongratz 1998), but by the end of the 1990s these were still the exception (Baethge, D'Alessio and Oberbeck 1999). Compensation by skill level and seniority was deeply rooted. The 2000s radically changed this. Along with a steady process of deskilling and increasing constraints on advisers' work autonomy, product offers were calculated by automated software systems (Shire 2005) which retrieved standardized products.

The literature also shows how these market-driven changes affected client interaction. The German tradition of financial advice services included long-term relationships with clients founded on interpersonal knowledge and trust. However, embedded relations were an obstacle to the novel sales culture which set sales targets for branches, and, subsequently, for employees. In order to redefine client interactions as "sales opportunities" (Baethge, Kitay and Regalia 1999, 10) a bank-driven mode of contact was introduced. As a side-effect, clients alternated between advisers. Client selection tools were based on automated classifications along client profiles. Clients thereby lost sovereignty to initiate the interaction (Korczynski 2001).[12] The main objective of this shift in control was the generation and management of demand for new financial products. The products in question range from ordinary securities to mutual funds, stock trading accounts and various retirement products (Greenwood and Scharfenstein 2013).

Until the 1990s, the shift away from a transaction-based organizational model toward a sales-orientation had a strongly experimental character. But nevertheless even at that early stage of the restructuring process three main negative effects were identified: conflicting job demands (Moldaschl 2001), paradoxical recognition requirements (Holtgrewe 2002), and threats to the commitment and consent to the organization's goals, especially through new remuneration practices (Baethge, Kitay and Regalia 1999).

All these joint developments increase uncertainty for the intermediation of production and consumption of financial products. It stands to reason to assume that advisers following a sales-orientation resolve conflicting job demands toward the production side. But is there still client-orientation despite organizational constraints? And is there a connection to segmentation of clients? The aim of this article is to investigate existing advice concepts in financial services empirically.

[12] Frequently, call-centers acted as new delivery channels (Korcynski 2001; Shire 2005), but call duties also devolved onto advisers.

5. The Empirical Study

In this empirical section I accomplish three things: After a short report on data and method, I analyze how financial advisers reflect on the intermediation of financial products and organize job requirements, and subsequently, in the summary of findings, I make a suggestion about the extent to which their conceptualization of advice is connected to client segmentation.

5.1 Data and Method

In the following I will present qualitative interview data with nine financial advisers collected in 2010 in Berlin.[13] I applied a narrative interview approach combined with problem-centered sections (Schütze 1977; Scheibelhofer 2008). The narrative interview has been shown in the literature to be especially suited for critical events or transformation processes (Holtgrewe 2009). The initiating question invited financial advisers to narrate their professional biography and their daily practice of intermediation. Interviews were recorded, transcribed and coded. For the analysis, I applied content analysis (Mayring 2000). It must be pointed out that interviewing has methodological limitations (Lamont and Swidler 2014). There is no guarantee of a complete correspondence between disclosed interview content and inner reflection, and the social desirability of response behavior has to be considered. Also, the sample is small and not representative (Gerring 2011). Therefore, these findings can only have an explorative character. Nevertheless, the data gathered raises important issues and concerns about financial advice service, which are fruitful for the discussion on (segmented) intermediation.

5.2 Empirical Findings: Advice Concepts in Action

Client-related activities in financial planning involve several steps: first contacting clients, then profiling their financial situation and making suggestions

[13] The study is based on nine interviews with financial advisers who were or used to be employed in banks and had active client contact. In the selection of interview partners I aimed for a field access that was as open as possible. Berlin-based bank branches from major private banks, credit unions and savings banks were personally approached to ask for their participation in the study. Only in one case (Volksbank) did this actually lead to an interview. Another interview contact was generated by the trade union. And finally, I contacted individual financial advisers through the professional social network XING according to their job specification; this approach produced the remaining interviewees. Among the interviewees, four belonged to credit unions and savings banks, two of whom dealt with the segment of wealthy clients. Five worked (or had worked) in private banks, one of whom was a freelance adviser still working at the premises of a private bank. Another one was on the job market, and a third interviewee operated independently. All but one had received their training before the 2000s, five of them in the 1980s or before. All but one were male.

for financial products. And in the long run, financial planning involves the maintenance of client-relations. Talking about these client-related activities evoked a strong desire in interviewees to explain themselves. The way advisers justified their practice revealed different orientations towards their conception of "good advice." It also incorporated their ideal of a client-adviser relation, and it exposed various difficult aspects of their actions.

Interview data in this section illustrates that client-orientation among advisers prevails in segments of wealthy clients. As outlined above, the adviser must deal with conflicting job demands. On the one hand, there is a cultural claim of disinterestedness. On the other hand financial advisers face organizational objectives. When clients come to bank branches to receive recommendations for their deposit or investment strategy, sales- and client-orientations run up against each other. Situational factors delegate the resolution of this conflict to financial advisers. In the following I will discuss different concepts of advice articulated by advisers. Then I will put these concepts in the context of client segmentations.

Client-Orientation

It was a strong observation that client- and skill-orientation were still quite pronounced for some of the interviewees. In cases of such an orientation I found these aspects narratively rooted in the job-training period, which was given an important role in these stories. The training period was cherished. One adviser in his late forties who received his training in the 1980s said that his job was taught as "a system of relations" (Int. 8, 708). The investment in training was an essential asset of a bank that aimed at a satisfied long-term relationship with clients (Int. 8, 266-9). This example is telling in another respect as well. This interviewee resigned from his job because he could no longer stand the contradictions between official rhetoric and management objectives in his bank.

The first critical issues in the accounts of client-oriented advisers began with the measurement of contact rates and appointment times. These key management rules were rejected. Advisers described standardized contact activity in accordance with a numerical regime, as for example during promotional campaigns, as opposed to the idea of a "good" advice practice. The following statement (from a male adviser in his mid-forties, employed in a regional credit union branch with a fixed salary) illustrates this quite well.

> He who is a good adviser, doesn't need exactly four weeks or six or eight weeks, in which he is doing something, instead a good adviser does that all year round. (Int. 2, 230-1)

The second issue concerning client-orientation is the assessment of the client's risk tolerance, which demonstrates the importance of intermediation. Electronic client profiles use standardized scales and categories. The understanding of these categories requires an individualized inquiry and interpretation, which in

general happens throughout the first meeting. The following interview passage makes this intuitively accessible.

> What does risk-averse mean? You have to ask the client: what do you see as risk-averse? […] or, what do you see as speculative? There are clients, […] they tell me: 'well, Allianz or Deutsche Bank, that's not speculative. They will never go bankrupt, they will still be around, even in a hundred years.' There are other clients, they say: 'what, oh, nothing that speculative, no and never.' (Int. 2, 891-6)

Among interviewees, client relations were uniformly perceived as shifting from long-term, trustful, personal ties to short-term interactions. Adviser-client relations in earlier times were assessed as a profound personal tie. Back then, client contact required more than one meeting and expanded over time. Its maintenance was highly valued among those interviewees. In contrast, the shift to flexible client service policies was rejected because they didn't allow any "intimate" relations to be built. Another reason introduced for long-term relations was the character argument: A successful adviser-client relation was regarded as a question of the "right match" of personalities (Int. 5, 356).

Accordingly, a third critical issue was the contrast between a (long-term) client-service based on sound client-ties to a (short-term) selling orientation, which is explicitly emphasized by the interviewee mentioned at the beginning of this section, a male adviser in his mid-forties with a strong client bond:

> If you want to make returns for your bank and be successful, this will only work with a sound client relation. Otherwise it is pure selling, and I strictly refuse to do that. […] I hold up my hands and say 'no'. About this issue I sometimes have problems with my employer because he sometimes has different expectations of me. […] [B]ut I refuse. […] [M]y credo is that I want to be able to look my clients in the eye in ten years' time. (Int. 8, 105-11)

In this interview a good client-relation was not only a matter of reputation but also regarded as a long-term profit strategy. It seems in this case that the trust and profit aspects are not inherent opposites but partly entangled.

Another issue in this group was the stress on individual skill. Nearly all advisers explained that they are ordered to offer only a certain selection of mostly home-brand products to clients, which is determined by the management beforehand and implemented in standard software. So there was a general awareness of constraints on product range. However, for some interviewees this was a source of friction. These interviewees put an emphasis on their own expertise and skill. Ideally, product recommendations for clients should amount to customized solutions based on the advisers' experience, and also with reference to "unwritten rules" (Int. 2, 443), based on customs. That is why a free choice of products was highly valued. In contrast, its complete replacement by software was criticized. In this connection, documentary obligations that were implemented by German legislation after the post-financial-crisis losses were like-

wise regarded as limiting their ability to operate quickly on behalf of the client (for example in case of fluctuations of stock prices).

In this connection, some advisers openly disclosed covert practices circumventing management guidelines on product choice and commissions (Int. 5, 423-7). I observed this specifically among interviewees with distinct role confidence and a secure organizational position in credit unions (Int. 2 and 5). In particular, software-automated product choices favoring home-brand products prompted deviating actions, consistently taken in order to satisfy clients.

A constant matter of tension was the fact that client-orientation lacks an institutionalized reward scheme. One consequence is increased job insecurity for advisers. Another consequence is their declining commitment, expressed by their considering resigning (Int. 2, 1221-36) or actually resigning from their job, which was explained by the youngest adviser interviewed in the following passage: "My main reason for resigning was that I didn't like the way I was supposed to do my job anymore, that you mustn't care about clients and their needs but only about transactions and products" (Int. 9, 365-8). Therefore this adviser defected from a large private bank to a specialized regional bank.

Sales-Orientation

It is noticeable that among interviewees with a sales-orientation a clarification of job labeling was a constant accompaniment to the narrative. Analogies and comparisons to other professions such as car dealers, mechanics, physicians, and lawyers were brought up together with the self-description in different contexts.

One adviser (a male in his mid-thirties, employed in a regional credit union branch with a fixed salary and small bonus incentives) phrased it in the initial sequence of the interview by saying that "the notion of adviser is misleading somehow" (Int. 4, 40-1) explaining that "we are of course in a certain sense salesmen – and that's nothing nasty in and of itself" (Int. 4, 39-40).

The interview material from these advisors pointed to the main task of their job, making money. There are however differences with regard to who potentially benefits. This is illustrated by the following passage by the only female interviewee: "the bank has to make money, the client has to make money […] at the bottom line we are all businessmen" (Int. 5, 73-5). Consequently, the accounting of sales numbers was an important issue for these advisers. This is illustrated by following interview passage from a male adviser from a credit union cited just above.

> There [is…] software. That is normal managerial control. I mean that's like in any other commercial profession, knowing exactly, if you are a good businessman, how much you make out of someone. So I mean I know exactly how much I make out of a business and I know how much I can discount or not. I know also, when I do it several times, if I lose credibility. (Int. 4, 232-7)

This position becomes more telling in several passages throughout the interview which emphasize the exchange aspect. Pecuniary returns for the bank and the individual adviser are seen as an exchange for the expenditure of time when providing a good service for clients. From the start, this adviser argues that "it should be clear to the client that advisers or salesmen naturally want to earn with what they do. I don't do my job on a voluntary basis. A business works when it works for both parties" (Int. 4, 131-4). He further clarifies this by stating in a later passage that "he is not selling off his products, he is taking prices for good services" (Int. 4, 251-2). It's all about "a balance between earning money and doing good for the client" (Int. 4, 926-7), and he likewise repeatedly made his point by saying that "anyone who accomplishes something should be (monetarily) rewarded" (Int. 4, 1059).

A difficult matter for this type of adviser is irritation about the publicity financial services receive. "Our profession has lately been suffering from a bad reputation because precisely the fact that we want to earn money is held against us" (Int. 4, 440-2). In this argumentative context he offers several analogies and comparisons to other trade businesses. One of the main problematic issues for this adviser is that clients seem to be ignorant of the time expenditure of advisers and little prone to reward it.

Sales-pressure is also a source of friction, negative reference and dissociation. Sales targets and the implementation of new technologies compromise advisers' conventional wisdom. This is generally put forward in the context of reward and sanction mechanisms. All interviewees were equally aware of the valuation practices in their organizations, which are commonly expressed by compensation schemes. Orientation to specified targets comes with a calculable benefit scheme. Performance is measured according to the number of deals executed or the aggregated amount of fees generated, and individual benefits are distributed on that basis.[14] In many interviews advisers expressed their discontent that their professional expertise doesn't count any longer.

The following interview gives a disenchanting account of seemingly indissoluble contradictions in intermediation. The interviewee argues that "the adviser has to reach his numbers and he doesn't reach those numbers if he acts in the clients' interest" (Int. 6, 210-1). His personal experience illustrates what consequences follow. "If the adviser is not able to realize what is targeted by the branch management then you are out. In my case, I was working six months for XY bank, and I am glad I don't have to work there anymore, but my con-

[14] Among the interviewees I found three different modes of compensation: fixed salary only, fixed salary plus commissions, and, commissions only. Advisers who worked on commissions only were freelance advisers, some of whom used the premises of single branches. For savings banks and credit unions it is common to offer fixed salaries or fixed salaries plus commissions. Among the interviewees, freelance advisers were only found at all in private banks or independently.

tract was not extended because I couldn't do things that were so likely to, well, 'screw over the clients' like the others" (Int. 6, 322-6). One example he gave covered (illegal) couple contracts where credit transactions were made on condition of taking out new insurance policies.[15] Another example was a deliberate increase of the credit sum, although the client's financially tight position was apparent. "The branch manager measures the adviser by contract closings. Do you reach the numbers or not? If the adviser wants to keep his job he has to reach the numbers […] and you don't reach the numbers if you act in the interest of the client" (Int. 6, 625-9). Although the sales-orientation has mainly negative valuations it is surprisingly dominant in this account. The inclination to the client receives cognitive legitimacy, but appears not to be an actionable alternative. This adviser is not an isolated case. The following statement from a male adviser in his mid-forties already cited above who shares a client orientation, in fact, mirrors a similar attitude: "if I am not making any money throughout the whole month, then I don't have a right to exist, either" (Int. 2, 240).

When the contradiction to conventional wisdom was too high, management objectives were contested or not followed. One vivid example is the evaluation of one interviewee of organizational efforts to rationalize product offers. A female adviser working in a credit union is not sparing with strong words such as "idiocy" when talking about objectives to cover the whole product range for each client: the fact that even "the absence [of a certain category of product] should call for justification [in the organization] is disgusting" (Int. 5, 642-3).

5.3 Summary of Findings

Let me summarize and connect these findings. The data generally demonstrates that institutional changes in the financial service industry have set the sales departments of bank branches under great pressure. Structural conditions such as the standardization of procedures and products and the employment of information technology and organizational reward schemes are, in the interpretation of financial advisers, obstacles to tailored financial solutions for individual clients. This contradicts the self-proclaimed intentions of customizing as marketing strategy. In summary, it seems that market intermediation is like walking a tightrope. Here the segmentation of clients appears as an ordering solution for these markets. Advisers assorted to the "high net worth" segment – in my empirical sample these are advisers with a client investment capital of more than €100.000[16] – differed from other advisers in the sample with regard to

[15] In my questions I only asked about investment recommendations; however, some advisers also slipped in information on lending activities.

[16] When describing their client segment, interviewees 4 and 5 explicitly mentioned this number among other markers such as the professions of clients (for example CEOs). Apart from this data, I have no further information on the precise segmentation procedures applied in the specific bank environments because of anonymity of the interview situation.

their intermediation capacity. Despite the explorative character of this study, it raises important issues and concerns about financial advice service, which are fruitful not only for future research on (segmented) intermediation. I want to highlight three findings, in particular.

A primary finding of this case study is that client- and sales-orientations are both present in advice concepts among financial advisers, in some cases united in one person. Each orientation was identified by a narrative pattern that is structured by a specific valuation of issues such as contacting clients, suggesting financial products and maintaining client relations, and the argumentative nexus drawn between these issues. We find inclinations to client-orientation in both market segments, however with different effectiveness and role confidence (see below). The study also showed that client-orientation and role confidence tend to overlap in credit unions. However, it is surprising that of all the interviewees, it is an adviser from a credit union who shows the most distinct sales-orientation (Int. 4). This fact hints to some interesting paradoxes in new banking strategies. Mirroring an argument from client-oriented advisers, interviewee 4 connects profit-orientation to long-term relations with clients (Int. 4, 865-99). Client loyalty is regarded as a sustainable profit strategy. However, it should be noted that this interviewee mainly deals with wealthy clients. In his account, the link between client welfare and organizational profit appears sound. Certainly, bank types and varying incentives systems need to be further taken into consideration. This aspect could be part of a future research agenda (last section).

The second finding concerns the effectiveness of the intermediation. I assume that advisers strive to carry out their job in line with their conception of good advice. If we regard effectiveness as the capacity to intermediate, then the data reveals that not all interviewees were equally able to carry out their advice conception as they would have liked to. It further shows that the effectiveness of advisers' concepts was strongly dependent on the client segment. Although this study is explorative, it suggests that certain advice orientations are more effective in specific job environments. The story of client-orientation in the retail segment of private banks is connected to a narrative of dissociation, scruples and failures (Int. 9). In the wealth segment it is a story about strong role confidence and self-assertion (Int. 2 and 5). In the wealth segment of credit unions as well, sales-orientation is part of a uniformly positive narrative (Int. 4). The contrast to client-orientation even seems to dissipate. In the retail segment none of the interviewees articulated sales-orientation as an intrinsic driver. It was connected to organizational reward and sanctioning mechanisms (Int. 6). Nevertheless, it appears to be coherent to conclude that sales-orientation is effective in the retail segment (as long as financial advisers can tolerate it). The point is that the effectiveness of intermediation underlies above-mentioned structural conditions of the working environment and varies across client segments. Table 1 gives a summary of these findings.

Table 1: Effectiveness and Benefits of Advice Concepts Across Client Segments

Client Segment / Advice concept	Retail Segment	Wealth Segment
Client-Orientation	*Ineffective*	*Effective*
	- Sanction Adviser	*+ Benefit client*
Sales-orientation	*Effective*	*(in-) effective**
	+ Benefit Adviser	+ Benefit Adviser

*In my sample, sales-orientation in the wealth segment mingles with client-orientation, which makes an account on the single effectiveness of sales-orientation difficult.

My last finding concerns the benefits to the persons involved in intermediation. There is no data on the financial return of clients. This limitation doesn't permit any conclusions on the impact of advice (either in terms of successful matchmaking or financial returns). Given that financial advisers have expert knowledge, it seems plausible enough to assume that effective client-orientation on the adviser side is of benefit to the client. Also, it can be assumed as obvious that following organizational objectives is to the benefit of the adviser. Organizational reward and sanctioning mechanisms set incentives for advisers to act as rational agents, which is to live up to sales objectives. However, the data gives no hint about the benefits of client-orientation in the retail segment (apart from rewards of personal conviction). But there is another aspect to this finding. The data suggests that the stronger the organizational standing of the intermediary is, the more she is in a position to occupy client-oriented evaluation frames. Reflecting on this result about intermediation as such invites considerations about what kind of positional infrastructure actually allows the intermediary to find a balance between the producer and the consumer. Obviously, a weak intermediary that can't effectively follow through with the preferred advice concepts is not only a disadvantage to the client, she is also in a disadvantageous position herself. So one problematical scenario in financial services is the case where the disadvantaged client is coupled with a disadvantaged adviser.

6. Discussion

What do these findings tell us about the intermediation between production and consumption in financial services? First, it becomes clear that intermediation is embedded in an institutional context and cast in an organizational mold that provides legitimate evaluation frames and classifications.

To what extent are client classifications a key to understanding market intermediation? It appears that segmentation of clients encourages unequal access to

effective client-oriented advice. Financial advisers in the wealth segment have a better chance to follow through with their client-oriented advice concept. Among all interviewees they show a strong role confidence, which preserves their independence from organizational constraints. The case of the sales-oriented adviser in this segment is also interesting. When dealing with wealthy clients, the contradictions to client-orientation are leveled out. The narrative stress on the exchange aspect genuinely included the client interest. All in all, advisers in the private wealth segment have preserved a strong confidence in their client-orientation and are able to balance conflicting obligations in the intermediation between production and consumption.

What does this result tell us about the market order in financial services? Although the empirical scope of the data is limited, the analysis of the interview content suggests an unsurprising conclusion on the stratification of the social structure. Client segments apparently differ in social status (an observation also supported by the physical design of branch offices). And the higher status of wealthy clients tends to generate a cumulative disadvantage for the retail segment. From the explorative character of this study, it would be premature to look at segmentation as a single cause of advice inequality. This has always already been preceded by an unequal distribution of wealth. However, there is a supportive indication in the literature that strategic marketing considerations applied in advice relations reinforce this distribution. Banks attempt to increase the relationship strength for the most profitable customer segment, the "high net worth" segment (Storbacka 1997). This would explain why the degrees of freedom are higher for advisers active in this segment. Further empirical inquiry is still needed into how segments exactly relate to each other, and also how social status rubs off on the intermediary and affects the intermediation process. However, there is support for the conclusion that socio-economic segmentation along wealth boundaries reinforces social stratification.

This observation points to the importance of continuously paying attention to the classification practices employed in the intermediation of production and consumption. As social constructions they are contingent upon non-mandatory distinctions. Nevertheless, they intervene heavily in market interactions and market exchanges. As outlined in the theory section, a social organization of complex markets wouldn't be feasible without the ordering power of classifications, so abandoning them altogether is not an option. What appears feasible is a systematic review of the social underpinnings of classifications and segmentation. The uncertainties involved in the drawing of categorical boundaries together with the massive intervention of classifications (segmentations) calls for a profound control system that would allow for the possibility of re-classification and realignment of related social practices. As we can see in the case of financial services, taking segmentation (by wealth) for granted silences

the claim for equal opportunities.[17] As advisers don't question the varying treatment of clients, because apparently the existence of sufficient financial capital seems reason enough, this observation also holds for the marketing literature. Here in particular the lack of critical study of classification practices shows. What is therefore needed is a deeper empirical investigation into the operation of classifications. This holds in particular considering the inclusion of large-scale electronic data-bases already documented for the consumer credit market (Fourcade and Healy 2013 [2017], Rona-Tas 2017, in this issue). One step in such an endeavor is the further examination of the role classifications play in the downstream intermediation of production and consumption for which it proves to be a fruitful approach.

So far I accomplished two tasks with this article: I elaborated on the problem frame of segmented market intermediation, and I presented empirical data on advice concepts in the intermediation of financial knowledge. However, this study still leaves many questions open, which points to manifold directions for future research. One aspect that has remained open is how advisers effectively resolve the intermediation between financial products and clients in social encounters. Comparing the retail and the private wealth segment, what are the particular features of intermediation in action in each segment? What kinds of devices are used? In this connection, it would be also insightful to learn if advisers reflect on client segments and segmentation processes, and if so, how? Regarding the particularities of client-orientation, how do advisers manage to keep it up? Which (narrative, relational) strategies do they employ or are available to them, which allies do they rely on, and how do they withstand organizational objectives? An examination of how such resilience is practiced would need to take organizational characteristics into consideration, such as the role of different bank-types, organizational cultures, and other workplace features, for example resistance in particular branches, as well as personal characteristics of advisers. In the final part of my contribution I want to sketch how a research agenda on market intermediation and classification could look.

7. What Follows? Research Perspectives

I started this article by arguing that the theoretical foundation of the study of intermediation between production and consumption is still advancing. In particular, the economy of conventions has a great impact here and has declared the "age of intermediaries" (Bessy and Chauvin 2013). While intermediation is

[17] It seems beyond doubt that products and specialized services depend on the available capital for investment.

becoming more important as a topic (for example in Beckert and Musselin 2013), there are still open research perspectives that I would like to stress.

Although limited in its scope, I could confirm in this study that the examination of market classifications opens up a promising research field for the analysis of market intermediation, particularly in areas where a critical inquiry into the social underpinnings of classification is still the exception. I unfolded this argument using the example of client segmentation. The critical point is the following. Intermediation is a two-way engagement. This becomes obvious in face-to-face contexts such as in the service industry (even more when classifications concern subjects, not objects). Although the presence of tensions has been acknowledged (Thévenot 2001), the research potential for intermediation dynamics has not yet been fully recognized. More systematic research is needed that throws new light on these tensions – even more so as market sociology in general would gain from a new linkage between intermediation and institutional embeddedness. To encourage discussion on that subject, I would like to close this article with a proposal for a research agenda that focuses on downstream intermediation and constraints in balancing tensions along this engagement. Let me be clear that I probably have not done justice to all the efforts in this endeavor so far nor do I want to claim originality.

What is the aim of such a research agenda, what does it want to explore? The purpose of a sociological inquiry into market intermediation is to paying attention to the formation of categories and segments, watch out for consensus and contestation and reveal the "definitional power" behind these interventions (Bessy and Eymard-Duvernay 1997; Bessy and Chauvin 2013). This includes regarding situational factors as well as the institutional context of intermediation and identifying actors, their orientations and their role constraints, all of which intervene in the bridging of the production and consumption spheres. Such a research program also involves identifying various devices (Karpik 2010) that structure intermediation. Market classifications fall under such devices. Through their ordering authority, they involve boundary-drawing and sorting, which pre-selects the possibilities of social interactions. Intermediation research aims at examining these processes and their implications and consequences.

A study of intermediation advances on the basis of empirical research. It needs data on the social structure of market intermediation, identifying bridging positions and patterns of relations. The purpose of such an inquiry is very much grounded in the idea that studying market intermediations tells us something about the organization of market exchange. Thereby it exposes an additional layer of a market order. The classification lens on markets discloses what is valued in markets. This could become particularly interesting in moments of transformation. Changes in market intermediation (such as the introduction of new market classifications) turn into indicators and measures of a changing market order.

Let me summarize the reasons why I believe such a research agenda is important. First, studying the intermediation of chains of production and consumption and shedding light on social underpinnings of markets provides a clearer view of the social reproduction of symbolic and material inequality in markets. Second, the intermediation of production and consumption is portrayed as a multi-level phenomenon involving organizational structures, interaction dynamics and the agency of actors. This is likely to provide a better understanding of the complexity of markets, the micro-meso-macro link, and in particular individual creativity and social resistance towards organizational constraints. As a side benefit of following this agenda, the insights won might support ventures aiming at the improvement of market operations, which in this case could mean creating market institutions that empower the position of the intermediary.

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