

***THE IMPACT OF
MARKETING COMMUNICATIONS
ON CUSTOMER RELATIONSHIPS:
An Investigation into the UK Banking Sector***

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CHAPTER 6

A TYPOLOGY OF CUSTOMER RELATIONSHIPS

6.1 INTRODUCTION

The purpose of this chapter is to develop a typology of customer relationships. In the following chapters, this typology is used to explore the potential of marketing communications to enhance or threaten the development of relationships.

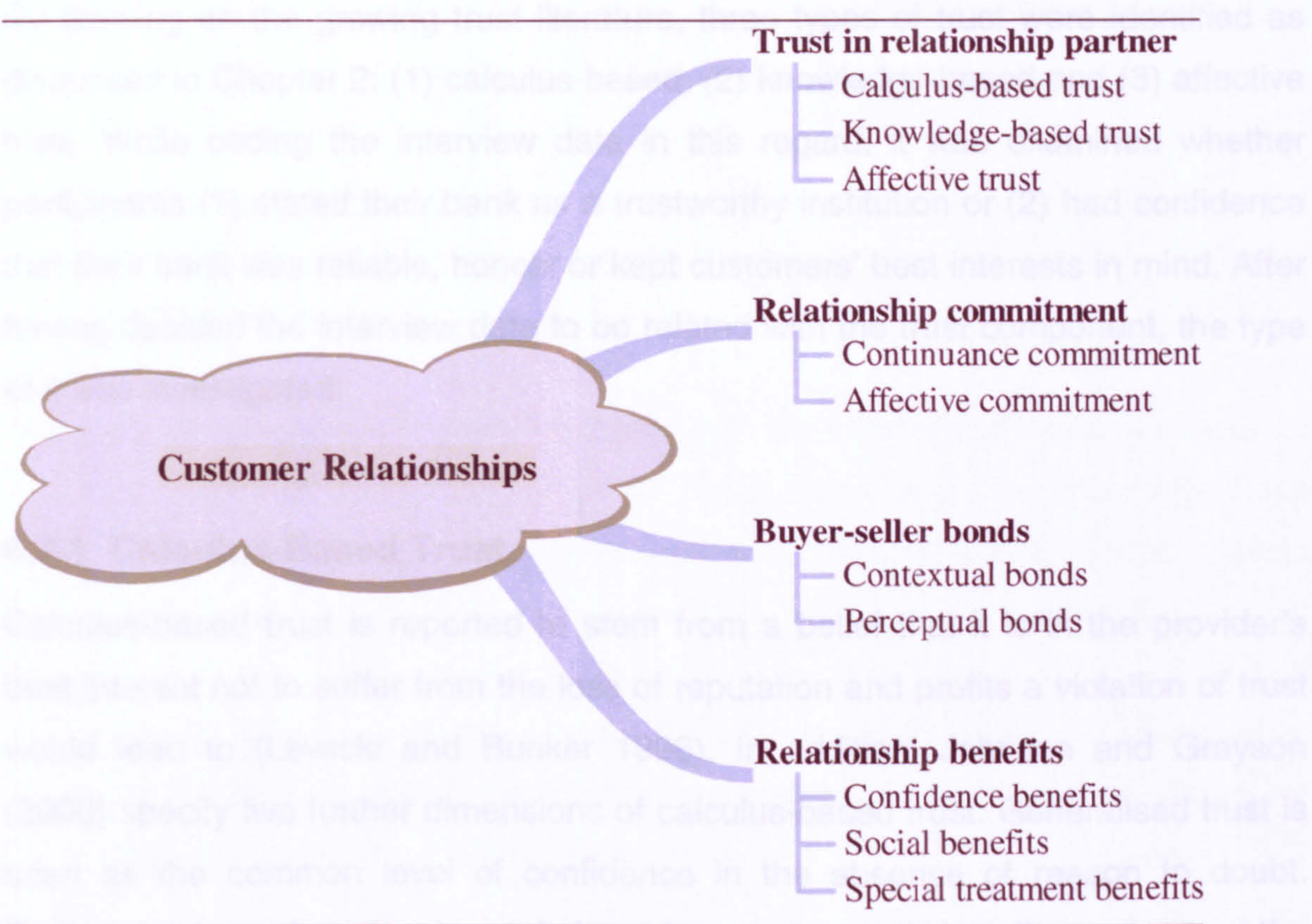
Given the complexity and variety of relationships, there is no consensus in the marketing literature on what types of relationships customers can have with service providers, nor what the salient characteristics of such relationships are. One group of scholars approach relationship development as a linear process, i.e., a given phase depending on the successful completion of previous stages (e.g., Dwyer *et al.* 1987; Ford 1990). However, more recent studies suggest that relationships are multi-faceted, and differ in form and character as a function of the relative weight of various relationship components (Lewicki and Wiethoff 2000). As not all customers desire to form relationships with organisations, not every customer wishes to establish the same type of involvement with service providers either. Some customers focus on transactional exchanges, and others on the relational aspect (Goodwin and Gremler 1996). Therefore, a single linear relationship model is viewed as being too limited to manage increasingly complicated and multi-faceted business relationships (Liljander and Strandvik 1995; Barnes 1997; Bendapudi and Berry 1997; Coulter and Ligas 2004; Laing and Lian 2005). Consequently, a number of relationship typologies are developed. Among these, Laing and Lian (2005) focus on corporate customers. Transferring knowledge derived from business-to-business contexts to customer relationships is not constructive since business exchanges between industrial firms usually involve some degree of adaptation which is usually not the case in consumer markets (Liljander and Strandvik 1995). Hence, there is a need for research into relationships in a business-to-customer context. Moreover, previous studies fail to systematically bring together all fundamental components of relationships, and do not take into account multiple levels of each component (e.g., Liljander and

Strandvik 1995; Barnes 1997; Garbarino and Johnson 1999; Coulter and Ligas 2004).

Approaching relationships from a multi-faceted perspective offers an insight into why different researchers have reported results that appear to contradict each other. For example, Priluck (2003) claims that banking may rely more heavily on relational transactions because of the importance of trust in financial matters. Similarly, Howcroft and Durkin (2000) report that, in pure service studies, customer commitment may be determined merely by the quality of service encounter interactions. In comparison, other studies assert that a relationship between customers and their financial institutions are primarily based on customer inertia and convenience (Barnes *et al.* 2000; O'Loughlin *et al.* 2004) with little affective elements (Coulter and Ligas 2004). These seemingly contrasting findings can be explained if it is accepted that in these studies researchers refer to different types of relationships.

In order to identify fundamental relationship components, a thorough review of the relationship marketing literature was carried out as presented in Chapter 2. In that Chapter, conceptual and empirical studies concentrating on the nature of customer relationships and documenting key aspects of relationships were highlighted. As a result, four fundamental components of customer relationships were identified as illustrated in Figure 6-1. Recent approaches to relationship development suggest that each of these components comprise a number of sub-types which would shape the nature of relationships (e.g., Morgan and Hunt 1994; Lewicki and Bunker 1996; Bendapudi and Berry 1997; Gwinner *et al.* 1998; Wetzels *et al.* 1998; Johnson and Grayson 2000; Liljander and Roos 2002; Laing and Lian 2005).

Figure 6-1 Fundamental components of customer relationships as informed by relationship marketing literature



Going beyond mere customer satisfaction, loyalty or service quality, the four fundamental components of customer relationships (all of which are informed by the literature) are taken as the starting point to explore customer relationships. Drawing on the research interviews, the nature and type of customers' trust in their organisations (Section 6.2), relationship commitment (Section 6.3), bonds towards their organisations (Section 6.4) and benefits received from their organisations (Section 6.5) are investigated. Subsequently, all participants are brought together along with their identified relationship components and their underlying dimensions (i.e. types) (Section 6.6). Participants who show similar component types are categorised together (for example, customers who stay with their banks primarily because of the lack of alternatives are grouped together). Then, each of these categories is approached as an indicator of a particular relationship type; and the categories taken together illustrate a typology of customer relationships.

6.2 CUSTOMER TRUST IN RELATIONSHIP PARTNER

By drawing on the growing trust literature, three types of trust were identified as discussed in Chapter 2: (1) calculus-based, (2) knowledge-based and (3) affective trust. While coding the interview data in this regard, it was examined whether participants (1) stated their bank as a trustworthy institution or (2) had confidence that their bank was reliable, honest or kept customers' best interests in mind. After having decided the interview data to be related with the trust component, the type of it was investigated.

6.2.1 Calculus-Based Trust

Calculus-based trust is reported to stem from a belief that it is in the provider's best interest not to suffer from the loss of reputation and profits a violation of trust would lead to (Lewicki and Bunker 1996). In addition, Johnson and Grayson (2000) specify two further dimensions of calculus-based trust. Generalised trust is seen as the common level of confidence in the absence of reason to doubt. System trust, on the other hand, is based on a community's written rules and the effectiveness of regulatory institutions in enforcing these rules.

Analysing the research data in line with this description of calculus-based trust, 22 participants were identified to show some signs of calculus-based trust which could be categorised into two broad headings as customer-related and organisation-related characteristics (Table 6-1).

Table 6-1 Participants with calculus-based trust towards their financial institutions

Characteristics Impacting on Calculus-Based Trust	Number and Code of Participants	
Customer-Related Characteristics		
taken for granted	7	(Alice, Daisy, Florence, Jack, Keith, Shirley, Tess)
indifference with choice	5	(Kevin, Keith, Newton, Oscar, Peter)
Organisation-Related Characteristics		
being a big (high street/global) bank	6	(Hannah, Oliver, Peter, Ray, Sarah, Shirley)
lack of violation	5	(Emily, Grace, Harry, Niall, Patrick)
deterrence (due to regulatory system or competition)	3	(Carla, Lewis, Tess)

Customer-Related Characteristics

Trust in a financial institution was taken for granted as supported by seven participants (Table 6-1), which is in line with previous research (Ball *et al.* 2004):

I think you've got to trust your bank... Like you really have to trust your police force, and you have to trust your doctor. (Jack, age range: 55-64, banking with Bank11 for 34 years)

Moreover, five participants were indifferent with their banking choices in relation to the trust component (Table 6-1). Trust did not seem to be a differentiator for these customers in comparing banks due to customers' perceptions of "all banks being the same":

I wouldn't compare banks according to honesty or trustworthiness. I would reckon they've all got to be that, and if they're not they shouldn't be in business. (Keith, age range: 55-64, banking with Bank2 for 2 years)

Organisation-Related Characteristics

With regard to organisation-related characteristics which facilitated the development of calculus-based trust, three characteristics were identified. Firstly, for six participants (Table 6-1) the fact that their financial institutions (or the parent bank if they were holding accounts with a subsidiary bank) were among the "big" banks was the source of their trust in the service provider:

Again, it's just personal perception; but even though there is that the world is your oyster type thing, there is still that trust in the big four as being where your money is safe. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

Secondly, as long as this "taken for granted" type of trust was not violated during the relationship's lifetime, this helped to maintain trust in their service providers (Table 6-1):

But I've not really had any reason not to trust them in that respect. I don't know other than that. (Niall, age range: 35-44, banking with Bank11 for 19 years)

Lastly, Carla's, Lewis' and Tess' trust in their banks were based on perceptions that their banks would be deterred to act otherwise due to either the efficiency of the regulatory system or the competition:

I think they have to be, because there's so much competition out there now that if they weren't you wouldn't be with them for one moment. (Tess, age range: 35-44, banking with Bank3 for 20 years)

Calculus-based trust is reported to be present mostly at initial stages of relationships (Deutsch and Coleman 2000; Johnson and Grayson 2000). The research data presented evidence that this may not always be the case. Of the 22 participants with calculus-based trust as listed in Table 6-1, half showed no evidence of other types of trust but calculus-based. These 11 customers were with their banks from 1.5 years (Sarah) to 30 years (Hannah). Investigating communalities among these 11 participants, service providers were approached as "just a bank" with hardly any distinguishing feature or characteristic. In this regard, it did not matter much which bank the participant was with as long as the provider was a registered financial institution:

It's just a money shop. I don't think I have any respect for any of them really... The whole thing is it's just like going into [a supermarket chain] or [a nationwide retailer]. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

In addition, by opening a bank account, customers felt confident that their money was in secure hands. By depositing their "livelihood" (Elisa and Daisy) into their trustworthy banks, customers now had less worry about their money disappearing:

If you choose to open an account that basic trust is there, because otherwise you're going to store your money under your bed. (Shirley, age range: 25-34, banking with Bank3 for 5 years)

Relationships based on mainly calculus-based trust were stated to be the most fragile (Deutsch and Coleman 2000) because of the lack of history or communication to rely on (Lewicki and Bunker 1996). Elisa provided some evidence of how fragile a relationship could be if it was fundamentally grounded in

calculus-based trust. While talking about her trust in her service provider, Elisa compared her main bank with another bank that she also had an account with. The below quote represents how Elisa felt about her relationship with her second bank:

So, if anything went wrong with my Bank8 now, that would be it! There is very little trust as it is; and there'd be one little thing for me to say "Right, that's it!" (Elisa, age range: 18-24, banking with Bank12 for 10 years)

In brief, customers with calculus-based trust were found to have confidence in their banks essentially because they were "financial institutions", and therefore it was perceived to be a safe place to carry out financial dealings. In this respect, there were hardly any perceived differences between banks. Service providers would continue eliciting trust because of the existence of an effective regulatory system and competitive pressures. However, when organisations rely on customers with mainly this type of trust for the development of their businesses, extra caution is required since relationships based on this type of trust may be less future-oriented, and hence more fragile.

6.2.2 Knowledge-Based Trust

Knowledge-based trust is reported to count on information acquired over time through repeated interactions rather than deterrence (Lewicki and Bunker 1996; Johnson and Grayson 2000; Liljander and Roos 2002). This type of trust is believed to be more resistant to temporary events which are to customers' dissatisfaction (Johnson and Grayson 2000; Liljander and Roos 2002).

Approaching the research data with this literature in mind, it was questioned whether trust expressed in a service provider was as a result of satisfactory communication between the parties throughout the relationship. The results are presented in Table 6-2.

Table 6-2 Participants with knowledge-based trust towards their financial institutions

Characteristics Impacting on Knowledge-Based Trust	Number and Code of Participants	
staff competency <ul style="list-style-type: none">➤ being responsive to customer needs/requests➤ satisfactorily problem solving➤ keeping promises	10	(Alice, Betty, Bianca, Daisy, Elisa, Ian, Lewis, Ray, Richard, Thelma)
secure system	9	(Alice, Elisa, Jessica, Lewis, Melissa, Niall, Oscar , Peter, Tess)
lack of problems	8	(Ben, Felicity, Jessica, John, Martin, Patrick, Ray, Tess)
business and system efficiency	5	(Bianca, Daisy, Diana, Florence, John)

Of the 38 research participants, 23 of them showed some signs of knowledge-based trust (Table 6-2). Investigating characteristics impacting on this trust, firstly the level of staff competency appeared to be influencing customers’ trust in their service providers. Also termed as “expertise”, Crosby *et al.* (1990) have found that expertise is an important aspect of relational quality while Selnes (1998) reports that, in addition to expectations towards the core product, customers are likely to have expectations towards the supplier regarding their level of competence. In this research, the responsiveness of the staff to customer requests/needs, whether promises were kept and problems were solved satisfactorily were classified under “staff competency”. These characteristics may also indicate customer-orientation. When customers felt that they were dealing with competent staff who were customer-oriented in their interactions then this would reflect on the customer trust in their service providers:

I would stick with them, because I know them and trust them... I know they’ve given us good levels of customer service in the past. So what I mean is there’s no uncertainty about what I expect from that organisation. (Lewis, age range: 35-44, banking with Bank12 for 5 years)

A salesperson’s problem solving assistance is regarded as a promoter of customer trust (Crosby *et al.* 1990). Supporting this view, the research data suggested that service encounter interactions particularly in person gained higher significance when customers were experiencing problems, highlighting the role of communication at the service encounter (Table 6-2):

I've always been quite confident, and the ebay incident has reinforced that trust that should anything happen to my money, then I would be okay. (Richard, age range: 25-34, banking with Bank8 for 13 years)

When a problem is not given high priority by organisations this would not only create frustration for the customer but may adversely affect the development of trust:

I will accept that with any large organisation occasionally there's going to be a mistake. When that's done I expect an instant apology, the mistake to be rectified immediately and closed. If I don't get that then that would be good cause not to trust them. (Diana, age range: 55-64, banking with Bank10 for 27 years)

In addition to satisfactory problem solving, customers also expected their companies to be responsive to their needs as well as keeping their promises:

I've found them to be very reliable... Everything I've requested I've received. They seem to be on the ball... So, they seem to be aware, they seem to know, they seem to be efficient. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

Trust in company staff requires special attention since what was experienced at the service encounter is likely to have a potential to influence the perceived trustworthiness of the organisation on the whole:

...the feeling that you have between the two of you reflects on the organisation. So, that's another feeling that you have about banks. Their trustworthiness is people that's in it. Let's face it; human resources are the most valuable assets that any organisation has. (Diana, age range: 55-64, banking with Bank10 for 27 years)

Secondly, security was among the most commonly mentioned factors in establishing knowledge-based trust. The marketing literature approaches security as an indicator of shared values, and is stated to be a significant determinant of customer trust (Mukherjee and Nath 2003). In this research, security was reported mostly in terms of remote communication with service providers (Table 6-2):

Yes, I think Bank3 is a trustworthy bank... Their security aspect seems to be 100 percent for me. It's really good. (Alice, age range: 25-34, banking with Bank3 for 17 years)

The third commonly cited characteristic was the perceived lack of problems between banks and their customers. Offering mostly error-free service without necessarily exceeding customer expectations seemed to be adequate to establish trust in service providers for a group of customers (Table 6-2):

I think the trustworthiness has been built up through years of having no problems with my accounts, and I think I've been very lucky. (Tess, age range: 35-44, banking with Bank3 for 20 years)

Finally, business and system efficiency was reported to be influential in facilitating trust by five participants (Table 6-2):

They sent me a nice letter saying: "We've just sent you one [cheque book]. Are you sure you want another one?" So, they seem to be aware; they seem to know; they seem to be efficient. And I would put efficiency with reliability. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

It was observed that when trust is mostly grounded in characteristics such as "lack of problems" or "secure and efficient system" this type of trust had similarities to calculus-based trust, particularly in terms of customers' emotional involvement. Of the 23 participants with knowledge-based trust, 17 showed no emotional connection with their service providers. Relationships for these customers were built on factors such as the convenient location of the branch and the bank being the first or family bank. As long as there were no major unsatisfactory events, customers maintained their trust in their service providers:

I've no strong feelings about my bank one way or the other... It's a very functional relationship as far as I'm concerned. (John, age range: 55-64, banking with Bank10 for 37 years)

However, when knowledge-based trust had developed mostly through service encounter interactions in person this type of relationship seemed to be relatively

more sustainable and more likely to lead to a close relationship. While talking about their trust towards financial institutions, 12 participants mentioned the importance of personal interactions, either in a face-to-face setting or over the telephone. The importance of human interactions in establishing trust was particularly evident among the relatively older generation who had experienced one-to-one banking with a branch manager in the past. However, some evidence was found that interactions with bank staff were also influential in establishing trust for younger remote bank users:

The personal touch to their style does a lot to build trust... You don't have a person in front of you, in a branch; [so] there's a much bigger barrier that you have to get over with trust. (Jessica, age range: 25-34, banking with Bank6 for 10 years)

Briefly, unlike participants with calculus-based trust, customers with knowledge-based trust did not display uniform characteristics. One group of customers regarded their banks to be trustworthy primarily because their banks had invested in a secure and efficient system, and as a result customers were experiencing minimal problems. On the other hand, while talking about trust, another group of customers gave more emphasis to communication at the service encounter. When such interactions were handled to customers' satisfaction, they could enhance trust in service employees and/or the organisation as a whole, with the potential to develop emotional connection between the parties.

6.2.3 Affective Trust

As a distinct form of interpersonal trust, affective trust is stated to be another type of trust (McAllister 1995). Once affective trust has developed, a foundation of calculus-based trust may no longer be needed.

Affective trust is grounded in emotional ties developing as parties know each other as the relationship progresses (Mayer *et al.* 1995; McAllister 1995). The relationship partner is seen demonstrating care and concern for the customer which is not totally role-prescribed, and therefore not being directly rewarded. Customers with affective trust, thus, have full confidence in the service provider and believe that the provider will act in their best interest (Lewicki and Wiethoff

2000; Liljander and Roos 2002). Owing to the existence of emotional ties between parties, Owing to the existence of emotional ties between parties, a violation of affective trust needs to be of great magnitude to dissolve the relationship (Liljander and Roos 2002). Although affective trust tends to occur most frequently in intimate personal relationships, it can also develop in business relationships if the parties come to know each other very well (Lewicki and Wiethoff 2000). Establishing such trust is likely to make business relationships closer and more personal.

Identifying affective trust from the research data, it was investigated whether participants (1) showed any signs of emotional attachment to their bank, and (2) had full confidence that their bank acted in their best interests. Consequently, Table 6-3 was drawn up.

Table 6-3 Participants with affective trust towards their financial institutions

Characteristics Impacting on Affective-Based Trust	Number and Code of Participants
being looked after/cared	4 (Alice, Elisa, Florence, Ray)
being listened to	3 (Florence, Ian, Ray)
being supportive of financial circumstances	2 (Alice, Elisa)
social responsibility	2 (Bianca, Florence)

Examining what aspects of banking interactions might have a potential to establish affective trust, a total of six participants presented some signs of affective trust, which could be categorised into four groups (Table 6-3). Two brief comments can be made by looking at the nature of these four types of characteristics. Firstly, personal interactions have emerged as an important aspect of establishing this type of trust. Secondly, some insights were gained relating to the nature of personal interactions such as the need to go beyond “serving customers in a polite manner”. For example, asking Bianca which marketing communications practices have reinforced her trust towards her bank, Bianca replied:

But not the service encounters. They're trained to be polite, and it's what you would expect. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

The most commonly cited characteristic by these six participants was treating the customer as an individual, i.e. making them feel “being looked after or cared” (Table 6-3):

But obviously they recognise that I am still a person that banks with that company, somebody to be looked after... They do treat you as an individual, that's important. And no matter what your circumstances are they still look after you as an individual. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

Next, participants underlined the importance of “being listened to” by their banks in establishing trust (Table 6-3):

As soon as it's your turn somebody just literally jump towards you, and they are always ready to help... They have dedicated offices... to listen to you... Even if you're finished with your queries they're still ready to ask you if you have more queries. So that makes you feel good as a customer. (Ray, age range: 25-34, banking with Bank11 for 5 years)

Thirdly, Alice and Elisa provided evidence on the importance of approaching customers with a long-term view. Alice's financial circumstances had worsened considerably after the loss of her partner and being left behind with a baby. On the other hand, Elisa was an undergraduate student at the time of the interview, and she had to work to finance her studies. Being an undergraduate student did not leave Elisa much scope to use a wider range of financial products. Despite having relatively limited banking needs, understanding their customers and being supportive of their circumstances have reinforced Alice's and Elisa's trust in their service providers:

I think they're great. I would recommend them because I've not had any problem and they've been so supportive of my situation. (Alice, age range: 25-34, banking with Bank3 for 17 years)

Finally, although personal interactions were vital in establishing affective trust, this trust did not necessarily need to be grounded in interactions with bank staff. Florence and Bianca had some emotional attachment to their banks due to perceived social responsibility of their providers. This is in line with studies

proposing that commonly shared values between the relationship parties can strengthen the customer trust (e.g., Lewicki and Wiethoff 2000; Mukherjee and Nath 2003). Both Florence and Bianca were banking with the same banking group, and the reputation of their banks being an “ethical bank” appeared to be a source of their confidence in their financial institutions:

I've got confidence that, to my mind, they're ethical, and I think that's the main feature of it. (Florence, age range: 55-64, banking with Bank5 for 4 years)

In short, when customer relationships were grounded in affective trust, this appeared to be leading to more sustainable relationships. For example, Elisa and Ray showed some kind of emotional ties with their banks based on satisfactory interactions, particularly with branch staff. Ray had been banking with Bank11 for five years. When asked whether he would consider his bank for other financial products, the reply was “Yes, of course!” The reason was stated to be:

I think because it's a matter of trust really. I feel good about being over there... So I don't care paying a few extra pennies... I go there, I know it's not going to be a big hassle to get things done, I know people over there; they're trustworthy. (Ray, age range: 25-34, banking with Bank11 for 5 years)

Similarly, Elisa's satisfaction with her bank created such a connection with her bank that she did feel almost guilty when she found out that her bank did not offer a student account, and therefore Elisa had to look for another provider:

There was so much trust with Bank12, I actually felt quite uneasy about going with another bank... I didn't want to. That's probably why I don't want to be so involved with... The fact that I've been with Bank12 for so long, that trust is quite solid now. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

In addition, when relationships were built on affective trust they were more resistant to service failures, hence creating a unique competitive advantage for organisations:

The mistakes they have made are perfectly routine, and could have occurred anywhere; and have apologised and been very graceful about apologising. And I understand these things happen. (Ian, age range: 55-64, banking with Bank13 for 42 years)

It needs to be underlined that there was a variation of relationship and communication background among these six customers with some evidence of affective trust. For example, Bianca, Florence and Ray were with their banks for less than 10 years while it was for 42 years for Ian. Bianca's main communication channel with her bank was the Internet, while it was branch for Ian. Additionally, the participants' communication frequency ranged from daily (Elisa) to twice a month (Bianca). Nevertheless, all of the six participants felt that the communication was tailored to their needs. In addition, Bianca, Elisa and Ian were found to have perceptual bonds towards their banks (as discussed in Section 6.4). These aspects are classified under closeness in the trust literature, which is defined as the distance between the relationship partners (Laing and Lian 2005). Unlike studies which suggest that affective trust is more likely to develop in circumstances involving frequent and extended interaction (Johnson and Grayson 2000), no supporting evidence was found in this research. This may be because the nature of communication which helps reduce the distance between the relationship parties is more important than the mere frequency aspect. As a critical component in promoting customer trust and relationship development (Laing and Lian 2005), the closeness of a relationship appeared to be an important aspect for the development of affective trust.

6.2.4 Lack of Trust

Although trust is the fundamental component of a relationship, this does not necessarily mean that a relationship cannot be maintained without trust. The research data presented some evidence that relationships may well continue despite the lack of knowledge-based or affective trust, or even calculus-based trust in some instances.

Five participants had some concerns in terms of trustworthiness of their service providers. Carla described her banking relationship as "a pretty good experience"

due to not having many problems. Asking Carla whether she would call her bank trustworthy it appeared that her trust in the regulatory system was the main source of her trust, i.e. calculus-based trust. Other than this, trust was not a consideration when it came to banking:

I don't think about them in that sort of way, because I don't know anybody there. In the old days I knew the bank manager; but at the moment Bank1 [the parent bank for Bank4] is just a faceless organisation. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

Investigating what made Bank1 a "faceless organisation", Carla had been conducting most of her banking transactions through remote channels such as ATMs, post and the Internet. When the interviewer stated maybe it was this range of communication channels that had impacted on her lack of trust, Carla disagreed:

I think even if you went into the branch you wouldn't build up a rapport... It's just the way banks are at the moment. When I was with Bank11 I had the same bank manager for 10 years or something, so there was definitely trust there... but I don't see myself doing that with Bank1, or any modern banking really. Modern banking is different. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

This quote implies that Carla's understanding of trust is closely linked with the nature of communication during the service encounter. Despite the lack of affective trust, Carla was with Bank4 for nearly a decade. Her perception about all banks being the same in terms of their communication with customers was the main reason of Carla's commitment to her bank. One might wonder if a relationship can continue despite the lack of affective trust and the customer still describes the experience as "pretty good" why organisations should invest in establishing affective trust. The data presented evidence that relationships with predominantly calculus-based and no affective trust lacked future orientation, and therefore were very fragile:

I don't feel particularly loyal... Because there's nothing there; so if the service deteriorated I wouldn't have any qualms about leaving. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

A similar approach to banking was presented by Gloria and Jack. Both customers were rather dissatisfied with their banking experiences, which led to the lack of knowledge-based and affective trust in their banks:

I don't think I spoke to anyone who was prepared to do anything about the slightly weird thing that I needed to sort out. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Despite their lack of trust, Gloria and Jack kept their relationships with their banks for 15 and 34 years respectively. Investigating reasons behind this, similar to Carla's situation, Gloria and Jack thought that changes in the banking system towards centralisation and automation resulted in an efficient system. However the experience of banking was rather poor due to the removal of human contact out, hence threatening the development of trust between the parties:

It became one massive business. There's no personal touch, no personal care, no personal correspondence... It's just a business now. (Jack, age range: 55-64, banking with Bank11 for 34 years)

Moreover, the standardisation of service interactions with customers was one of the underlying reasons of the lack of trust towards service providers as shared by four participants. All felt that customers were, in a way, forced to fit into strict procedures without taking into account their individual circumstances, which were regarded as unrealistic at times:

They now have to stick strictly by the rules. Like, there's a girl [name], she's the teller... And she's been my neighbour for... 20 years. But she has to see my passport to give me an extra £1... It's my neighbour for God's sake... She'll say "It's the rule"... And that's the only thing I find really disagreeable. (Jack, age range: 55-64, banking with Bank11 for 34 years)

Likewise, Casie's lack of trust in her bank was linked to the negatively perceived nature of service encounters. Despite her concerns about the trustworthiness of her bank, Casie has maintained her banking relationship because of her dependence on the service provider.

For Isabelle, on the other hand, the lack of communication with her financial institution was the main source of lack of trust in her bank. Her lack of trust in her bank had reached the stage where Isabelle was about to terminate her banking relationship at the time of the interview:

If they could cancel my card, without notifying me, I don't think that's based on trust. (Isabelle, age range: 25-34, banking with Bank10 for 4 years)

Collectively, participants' lack of trust was found to be closely linked to their negatively perceived communication at the service encounter. In addition, changes in the banking towards a more centralised system were interpreted as resulting in an erosion of the relationship that existed in the past, as also confirmed by previous studies (e.g., Barnes *et al.* 2000). Remote banking interactions appeared to create a barrier that in part was responsible for hindering the development of relationship closeness. As reported by Nielson (1998), closeness facilitates social bonding between relationship partners through an extensive personal contact. Being a product of various aspects such as the degree of customisation, level of coordination of business activities and the strength of social bonds (Laing and Lian 2005), closeness provides a valuable indicator of the nature of trust between the relationship parties. By taking away personal communication and reducing the degree of personalisation, organisations may have increased the distance with their customers, resulting in diminished levels of trust the customer has in their bank. However, the lack of trust may not always lead to the relationship termination. For example, with the exception of Isabelle, all four remaining participants intended to stay with their banks despite having some doubts about the reliability or integrity of their service providers. This then leads to relationship commitment which is explored in the next section. Summarising the discussion in this section, data in Tables 6-1, 6-2 and 6-3 were combined along with the discussion in Section 6.2.4. Subsequently, Table 6-4 was drawn up which lists participants based on the type of trust they have in their financial institutions.

Table 6-4 Summary of underlying dimensions of trust the participants had in their financial institutions

		Calculus-based trust	Knowledge-based trust	Affective trust	No Trust
1	Casie				√
2	Gloria				√
3	Isabelle				√
4	Carla	√			√
5	Jack	√			√
6	Emily	√			
7	Grace	√			
8	Hannah	√			
9	Harry	√			
10	Keith	√			
11	Kevin	√			
12	Newton	√			
13	Oliver	√			
14	Sarah	√			
15	Shirley	√			
16	Ben		√		
17	Betty		√		
18	Diana		√		
19	Felicity		√		
20	Jessica		√		
21	John		√		
22	Martin		√		
23	Melissa		√		
24	Richard		√		
25	Thelma		√		
26	Daisy	√	√		
27	Lewis	√	√		
28	Niall	√	√		
29	Oscar	√	√		
30	Patrick	√	√		
31	Peter	√	√		
32	Tess	√	√		
33	Bianca		√	√	
34	Elisa		√	√	
35	Ian		√	√	
36	Alice	√	√	√	
37	Florence	√	√	√	
38	Ray	√	√	√	

NB: The symbol √ indicates cases where evidence was found on that particular relationship component for a given customer.

6.3 RELATIONSHIP COMMITMENT

Along with trust, relationship commitment is an essential component for successful long-term business relationships (e.g., Dwyer *et al.* 1987; Morgan and Hunt 1994; Liljander and Strandvik 1995; Wetzels *et al.* 1998; Garbarino and Johnson 1999). As discussed in Chapter 2, the literature makes a distinction between two types of commitment: continuance and affective commitment (e.g., Allen and Meyer 1990; Morgan and Hunt 1994; Bendapudi and Berry 1997; Wetzels *et al.* 1998), which are both examined in turn in the following sections.

6.3.1 Continuance Commitment

Continuance commitment is a type of commitment with minimal emotional attachment between partners. This type of commitment is accompanied by a cost-avoidance mind-set (Meyer and Herscovitch 2001) or dependence-based relationship maintenance (Bendapudi and Berry 1997).

In order to classify the type of commitment for participants, they were asked a number of questions investigating whether they intended to continue banking with their current service providers in the future (as presented in Chapter 5). Then, reasons behind their commitment were explored. It was examined whether participants reported rewards/gains or termination/switching costs as influential in their decisions to maintain their banking relationships. In these cases, the type of commitment was interpreted as continuance commitment. An overwhelming majority of customers (32 participants) showed some signs of continuance commitment, which could be categorised under organisation-related and customer-related characteristics. Table 6-5 lists characteristics which impacted on customers' continuance commitment to their service providers, and reflections of this on organisations.

Table 6-5 Participants with continuance commitment towards their financial institutions

Characteristics Impacting on Continuance Commitment	Number and Code of Participants	
<i>Organisation-Related Characteristics</i>		
product features	17	(Alice, Bianca, Carla, Felicity, Florence, Hannah, Harry, Jessica, Lewis, Martin, Newton, Oliver, Oscar, Patrick, Ray, Sarah, Thelma)
service experiences	12	(Betty, Hannah, Harry, Melissa, Newton, Niall, Oscar, Peter, Ray, Shirley, Tess, Thelma)
convenience	5	(Ben, Betty, Gloria, Jack, Peter)
<i>Customer-Related Characteristics</i>		
status quo <ul style="list-style-type: none">➤ customer inertia➤ indifference with choice➤ “if it ain’t broke don’t fix it”	20	(Ben, Betty, Carla, Diana, Emily, Grace, Hannah, Harry, Jack, John, Kevin, Martin, Melissa, Newton, Niall, Patrick, Peter, Richard, Shirley, Tess)
historical legacy expectations	4	(Diana, Grace, Martin, Newton)
<i>Reflections on Organisations</i>		
commitment being restricted to specific product/s	9	(Ben, Betty, Grace, Hannah, Niall, Peter, Shirley, Tess, Thelma)
organisation not being 1 st point of contact	8	(Ben, Carla, Grace, Kevin, Melissa, Niall, Peter, Richard)

Organisation-Related Characteristics

Starting with organisation-related characteristics, a total of 26 participants presented evidence on the impact of organisation-related characteristics on their relationship commitment. Product features, in particular interest rates and banking charges, were the most commonly cited characteristics in this category. As listed in Table 6-5, 17 participants stated product features to be a main reason in their commitment to their service providers:

I wouldn’t stay with them if I could get a better deal. (Thelma, age range: 35-44, banking with Bank7 for 4 years)

Not only interest rates and charges, also the package offered was a consideration in customers’ decisions to maintain their relationships (Jessica and Sarah):

They come with fairly new products; for example my mortgage is connected to my current account and my savings. So, it’s quite a modern product... So, that’s why I’ve stayed with them. (Jessica, age range: 25-34, banking with Bank6 for 10 years)

Apart from product features, relationship commitment was closely associated with service experiences which were described as “not being dissatisfied” or “not having any problems” (Table 6-5). What appeared to be striking out of these 12 participants was that they kept stressing their banks’ abilities to meet fundamental banking needs such as processing direct debits, standing orders and cashing requirements:

I think it’s quite important in banking that we look at our accounts, and there aren’t any surprises [like] “Where’s my wages gone?” (Peter, age range: 25-34, banking with Bank8 for 10 years)

Experiencing minimal problems in such primary banking activities was perceived to be adequate to give “enough of an edge” to customers to maintain their relationships:

I wouldn’t say that they’re [Bank8] majorly different. I’d say they’re pretty homogenous really; but they do have enough of an edge for me to stay with them. (Newton, age range: 25-34, banking with Bank8 for 10 years)

The literature informs that “trouble-free banking” should be approached with caution; since it is not sufficient by itself for relationship commitment from a long term perspective (Jones and Farquhar 2003).

Exploring what else might lead to continuance commitment, convenience was found to be an influential factor (Table 6-5). For Ben, Betty and Peter the location of their branches played a significant role in their banking relationships while for Gloria and Jack it was the free car parking facility that differentiated their banks:

The only reason I keep my account with them now, frankly, is because they have a car park, which is a consideration. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Despite the central role of product features, service experiences or the convenience factor, changes in these organisation-related characteristics did not appear to pose an immediate threat to the future of relationships:

If we looked around we might be able to find a couple of percentage points different, but a couple of percentage points isn't going to make that much difference; and it's not really worth us going to the hassle of switching for that.
(Oscar, age range: 25-34, banking with Bank9 for 5 years)

Some customers' relationship commitment appeared to be less to do with organisation-related factors, yet more due to their own circumstances as explained in the following section.

Customer-Related Characteristics

Customers were observed to have some leeway before considering terminating the relationship, or "comfort zone" as Diana called it. The extent of this zone depended on customer-related characteristics including the status quo and historical legacy expectations. In particular, 20 participants stated that they were committed to their service providers in order mainly to preserve the current state of their financial affairs (Table 6-5):

It's almost laziness, or fear of changing the status quo. (Emily, age range: 45-54, banking with Bank11 for 17 years)

For 11 interviewees, their desire to preserve the status quo was related to the customer inertia which was demonstrated by "being lazy" about searching for alternatives. Maintaining a banking relationship out of inertia was claimed to be a general tendency among customers (John and Patrick):

A lot of people will do like me; they will just stay with the bank... Ten people will move 100 will stay. (John, age range: 55-64, banking with Bank10 for 37 years)

Preserving the status quo was also facilitated by perceived few differences among banks in terms of product features and banking services; therefore being indifferent to who the provider was (6 participants):

I mean it wouldn't matter to me if they were Bank10, or anyone. They just happen to be Bank11. (Jack, age range: 55-64, banking with Bank11 for 34 years)

When customers did not perceive many differences between financial institutions, the current provider seemed to have a high chance of being a long-term relationship partner. When asked whether they intended to stay with their current financial institutions five participants responded in a quite similar manner:

There's an English saying that says "if it ain't broke don't fix it"; that's actually my view. It's not broken; it's serving me very well; I'll continue to. (Diana, age range: 55-64, banking with Bank10 for 27 years)

These findings are in line with previous studies. Past research has demonstrated that customer behaviour in the context of financial services is often characterised by inertia and little difference is perceived between the providers (Jones and Farquhar 2003; Ball *et al.* 2004; Farquhar 2004; O'Loughlin and Szmigin 2005).

In addition to the status quo, customers appeared to be willing to continue their relationship with their current providers out of expectations that the relationship history would be in their favour one day (Table 6-5):

Given that I've got an honest track record for 3 years, you feel that this would count in your favour. That sort of inertia factor, it's sort of a historical legacy which I guess you sort of feel that should be worth something. (Martin, age range: 55-64, banking with Bank11 for 35 years)

Having presented an insight into the nature of continuance commitment, the reflections of this type of relationship commitment vis-à-vis organisations were looked at. The lack of emotional attachment to service providers was evident among customers with predominantly continuance commitment:

It's not a very emotive thing for me; my bank account. It's just something that happens. And it's very useful, and it works. But it's not emotive like some other products or some other services you might get involved in. (John, age range: 55-64, banking with Bank10 for 37 years)

When customers felt minimal emotional attachment towards their banks, relationships were found to be restricted to maintaining a specific product, which was a current account. This was despite service experiences mostly being

reported as “not dissatisfactory”. Customers were willing to take the relationship into the future mainly because of the status quo, historical legacy expectations or dependence on the service provider. Yet, they had no particular intention of increasing the share-of-wallet for their bank (Table 6-5):

I have every intention of leaving my main account there and no particular intention to take any other products up with them. (Niall, age range: 35-44, banking with Bank11 for 19 years)

What such a specific relationship type could mean for organisations is that current service providers had little chance of being the first point of contact should their customers need further financial products (Table 6-5). This might also be due to increasing customer awareness of alternative financial products. It was observed that customers were aware of a range of financial products on the market. To some extent, they were prepared to spend time and effort to shop around for the most convenient products for their future banking requirements:

I wouldn't look at them first for other products. I would look elsewhere, because I know that elsewhere would be better... I would use perhaps an Internet comparison site. There's one; it lists all the products in terms of rates et cetera. (Peter, age range: 25-34, banking with Bank8 for 10 years)

To summarise, continuance commitment is based on preserving the status quo as the dominant factor, closely followed by product features. That is, relationships fundamentally grounded in continuance commitment are rather fragile relationships whose future depends on customer inertia and pricing strategies. It is asserted that this type of commitment is “spurious”, and hence it should be relabelled as “passive acceptance” (Panther and Farquhar 2004). What continuance commitment could mean for organisations is that customers would be willing to stay with their banks essentially because they “cannot be bothered to switch” as long as they receive average rewards relating to product features. In such cases, organisations have little chance of expanding their businesses through their existing customers, since they would unlikely be the first point of contact for their customers' future needs.

6.3.2 Affective Commitment

Affective commitment is commonly characterised by favourable emotional attachment between relationship partners (e.g., Allen and Meyer 1990; Bendapudi and Berry 1997; Wetzels *et al.* 1998; Fullerton 2003). When a relationship is built on affective commitment, customers are believed to share, internalise and identify with the values of their organisations (Morgan and Hunt 1994). Having an affectively committed customer base is considered to play an important role as a competitive advantage in the increasingly competitive financial services sector (Jones and Farquhar 2003).

Focusing on research interviews, relatively few customers (9 participants) presented evidence that their commitment to their financial institutions had some kind of emotional orientation. Investigating characteristics related to the nature of affective commitment, as in continuance commitment, they can be grouped under two main categories as organisation-related and customer-related characteristics. Table 6-6 lists characteristics with the potential to influence affective commitment, and the reflections of this type of commitment on organisations.

Table 6-6 Participants with affective commitment towards their financial institutions

Characteristics Impacting on Affective Commitment	Number and Code of Participants
<i>Organisation-Related Characteristics</i>	
service encounter interactions <ul style="list-style-type: none">➤ listening & understanding➤ making customer feel special➤ being responsive to customer needs particularly at critical points	7 (Alice, Daisy, Elisa, Florence, Ian, Lewis, Ray)
product features	4 (Alice, Florence, Lewis, Ray)
<i>Customer-Related Characteristics</i>	
being the first/family bank	3 (Elisa, Niall, Peter)
Reflections on Organisations	
strong desire to continue relationship	3 (Florence, Ian, Ray)
organisation being 1 st point of contact for further needs/wants	3 (Alice, Ian, Ray)

Organisation-Related Characteristics

In the previous section, product features and service experiences were discussed as the two most commonly cited characteristics for customers with continuance commitment. They were also important characteristics for affectively committed customers, yet for different reasons.

Firstly, service encounter interactions were found to have a high potential to develop emotional attachment with organisations as reported by seven participants (Table 6-6). Characteristics such as “not being dissatisfied”, “not having any problems” or “service experiences being OK” were replaced by communication skills of service providers. Making customers feel that they receive something extra beyond merely “not having problems” was a commonality among the seven participants. This feeling was particularly demonstrated by listening and understanding customers throughout the relationship life time:

I do like to have my bank with a feeling that they're on the pulse and they know what they're doing, and I can communicate immediately with them. And I think that's quite important. (Florence, age range: 55-64, banking with Bank5 for 4 years)

Another communication skill which was found influential for the development of affective commitment was concerned with making customers feel special. Elisa and Ray talked, at length, about how special their banks made them feel in their service interactions, which, in turn, formed a favourable attachment towards their financial institutions:

I think the fact that their people in their local branch know me and are always more pleasant... “Hello Miss E! How are you?”... I feel special, that I've been loyal with them so long that they're rewarding me with that personal touch. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

Furthermore, responsiveness of the organisation at critical points (for the customer) was identified as significant. For Daisy, attachment to her bank went back to times when she first started with her financial institution. At the time, Bank7 was stated to be the only bank who offered a specific type of account that Daisy had needed. Since then, it has been about eight years that Daisy has been

banking with Bank7. She described her banking experiences as mostly meeting her requirements; yet with no evidence on any particularly outstanding aspect. However, Daisy presented some emotional attachment to her bank mainly because the provider responded to her needs when she needed financial help eight years ago:

Bank7, at the time, did not have any criteria to open this bank account. So I think that was putting their customers' interest in mind... So I do feel loyalty in a sense to Bank7, because they offered that opportunity, and I wouldn't have been able to get through with lots of things that I've done since then without this account. (Daisy, age range: 45-54, banking with Bank7 for 8 years)

Daisy's case may imply that being responsive to customer needs could have an impact on organisations in the longer-term, especially if the interaction has taken place at a critical point in the relationship. Although Daisy's mostly remote service experiences with the bank have hardly been more than "problem-free", she appeared to be rewarding her service provider for their help during the most critical time by giving her commitment to the organisation. This may have some implications on financial institutions especially when dealing with customers who are in the process of being transferred to debt collection departments or agencies.

Communication with the given service provider, in addition to communication with other providers, had an impact on the evaluation of participants' banking relationships, and on their relationship commitment (Elisa, Florence and Ian):

On the rare occasion I have said "I need to go into the bank to sign some papers", they've immediately put me through to the branch. In a previous bank I've had to ring and "No, we can't put you through; we're not allowed to put you through" and to me that's absolute claptrap... There does seem to be that extra. (Florence, age range: 55-64, banking with Bank5 for 4 years)

One incident that is worth highlighting is Bianca's case. Bianca had affective trust in her service provider as well as showing some signs of emotional attachment. However, it appeared that Bianca was very cautious about having an affective connection with her bank. A dissolution experience with her previous bank due to

the breakdown of her trust had made Bianca be cautious about business relationships on the whole:

After having a bad experience with Bank10, where I had everything from being 7 years old to 50, I decided to spread things around, and not be loyal to a particular bank. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

While positive communication at the service encounter had a potential to reinforce the relationship development between an organisation and its customers, negative communication appeared to have a much wider scope transcending the given relationship. In this sense, business relationships resembled personal relationships where people would behave rather cautiously in their relationships with other people once their trust was violated by someone they had valued in the past.

Customers were willing to continue with the organisation in the future when they felt that they were listened to and understood throughout the relationship, and also that their banks were responsive to their needs particularly at critical points. Customers' relationship commitment, in such cases, was facilitated by their feelings of reduced uncertainty and anxiety embedded in satisfactory communication at the service encounter (Alice, Lewis and Ray):

Within five minutes of speaking to someone everything is sorted in my mind; and then I can get on with the rest of my day. It's a 2-minute phone call that takes a lot of pressure off. (Alice, age range: 25-34, banking with Bank3 for 17 years)

In addition, satisfactory service communication impacted on relationship commitment through reinforcing knowledge-based trust. All of the nine affectively committed customers (Table 6-6) had also presented knowledge-based trust (Table 6-2). While talking about the future of their banking relationships, Lewis and Ray pointed to trustworthiness as a factor impacting on their relationship commitment. In other words, knowledge-based trust seemed to be a facilitator for the development of affective commitment:

I decided that, as I was already with Bank12, I would stick with them because I know them and trust them; and that's why I chose Bank12 for the personal loan.
(Lewis, age range: 35-44, banking with Bank12 for 5 years)

Secondly, despite service communication being so influential in establishing affective commitment, it did not mean that product features would lose their impact totally for affectively committed customers. Interest rates and banking charges were considered by almost all customers while evaluating the future of their relationships, yet to varying degrees. The impact of product features on customers, regardless of their commitment level, might be explained by the nature of financial products:

The rate of interest is obviously very important... Let's face it, that's what banks are for; that's their fundamental purpose, isn't it? (Diana, age range: 55-64, banking with Bank10 for 27 years)

The importance of price in customer recruitment (Howcroft *et al.* 2003) and relationship commitment (Jones and Farquhar 2003) is empirically supported in previous studies. In this research, some evidence was found that price plays a role in relationship continuance for customers regardless of having continuance or affective commitment.

Customer-Related Characteristics

For customers with continuance commitment, preserving the status quo was one of the main motivations to keep their banking relationships. Conversely, this did not seem to be a prominent characteristic in terms of the future of their banking relationships for affectively committed customers. The customer-related characteristic for affective commitment was more to do with "being the first/family organisation". For example, for Niall and Peter, their commitment to their banks did not seem to have an emotional facet in the first place. Niall's commitment seemed to be due to his inertia and perceived hassle of shifting his automated payments. Similarly, an "if it ain't broke don't fix it" attitude to banking had framed Peter's commitment to his service provider. Both participants described their banking experiences as "it's been OK". A deeper analysis, though, showed that Niall and Peter felt more "loyal" to their main banks than other service providers they were

holding accounts with. A reason for this attachment was found to be these banks being the first financial institutions that customers opened an account with:

The fact that it's my first bank account is quite nice to still have it... I guess it could be a tie to my past to thinking back to opening my first account, and it's where I used to live and I grew up and so on... There's a kind of emotional tie, isn't it? (Niall, age range: 35-44, banking with Bank11 for 19 years)

Likewise, Elisa's bank was her main service provider, which was opened when she was a teenager by her parents. In addition to favourably perceived service experiences, Elisa pointed out the importance of her bank being "the family bank" in her relationship commitment:

My parents find that, that's where they've banked all their lives and obviously that's then been passed down on to me. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

Having explored the nature of affective commitment, reflections of this type of commitment on organisations were investigated. Affectively committed customers were found to be presenting a high desire to continue their banking relationships fundamentally grounded in satisfactory service experiences (Table 6-6):

As far as my relationship with my own bank is concerned they appear to be looking after me and giving me what I need; so, I'm quite happy and am likely to remain loyal to them. (Ian, age range: 55-64, banking with Bank13 for 42 years)

Additionally, when customers felt affectively attached to their financial institutions they also pointed out the institution as the first point of contact for their further financial needs or wants (Table 6-6):

I think I will be looking, in the next year, to change my mortgage company, and my first port of call will be Bank3. (Alice, age range: 25-34, banking with Bank3 for 17 years)

To summarise, the importance of service encounter interactions in establishing affective commitment was evident among affectively committed customers. This is

in line with past studies which propose that customer satisfaction and commitment would be determined by the quality of the personal interactions during the service delivery (e.g., Goodwin and Gremler 1996; Howcroft and Durkin 2000). Additionally, similar to customers with continuance commitment, product features appeared to retain their significance for affectively committed customers as well. This implies the central role of product features in the context of financial services, as confirmed by literature findings (Howcroft *et al.* 2003; Jones and Farquhar 2003). It should be taken into consideration that financial services do vary in terms of their perceived complexity and the simultaneous use of multiple delivery channels ranging from arms-length such as online banking to more personal such as branch banking. This means that customers use specific communication channels depending on circumstances at a given time. Therefore, throughout the relationship lifetime customers would opt for a transactional orientation with their service providers in some circumstances, and for a more relational one in other times. There has been some support in the relationship marketing literature in recent years for customers showing both transactional and relational orientation in their business relationships (e.g., Pillai and Sharma 2003; Sheth and Shah 2003; Laing and Lian 2005) with limited empirical evidence from the perspective of individual customers. If organisations succeed in increasing the number of affectively committed customers, they can have a higher chance of retaining customers in a more profitable way. This is because affectively committed customers were found to intend to stay with their banks not because they “could not be bothered to switch” factor but because they “wanted to”. Also, these organisations seemed more likely to be the first point of contact for their customers’ future needs.

In Chapter 2, it was proposed that relationship-prone customers would be more likely to develop affective commitment towards their service providers. In the following section, the interview data is analysed from this perspective.

Customer Relationship Proneness

It is acknowledged that not all customers want a relationship with business organisations (Ganesan 1994; Patterson and Ward 2000). Some customers may consider attempts by their organisations to form a long-term relationship as an

invasion of privacy, and may prefer a more distant relationship (Bove and Johnson 2000). In contrast, others may be intrinsically inclined to engage in a relationship and may welcome relational attempts by their organisations (Berry 1995; Odekerken-Schröder *et al.* 2003). Referring to such a tendency as relationship proneness, Odekerken-Schroder *et al.* (2003:180) define the construct as “a consumer’s relatively stable and conscious tendency to engage in relationships with retailers of a particular product category”. Odekerken-Schröder *et al.* have found that relationship prone customers have a higher tendency to remain loyal to their retailers. This was a conscious tendency rather than commitment out of inertia or convenience. Based on this argument, in this research customer relationship proneness has been approached as a contributing factor to relationship commitment, in particular affective commitment.

In order to identify the level of proneness for the interview participants, three questions developed based on studies by de Wulf *et al.* (2001) and Bove and Johnson (2000) as presented in Chapter 5:

- Q1.** When it comes to your financial needs, do you like to be a regular customer of one bank or building society or do you prefer banking with a number of institutions? Why?
- Q2.** Would you generally be willing to make an extra effort to bank with the same institution for all your financial needs? Why?
- Q3.** In general, what do you think about bank staff chatting with their customers during the service encounter?

Starting with Questions 1 and 2, Table 6-7 categorises the research participants depending on whether they would prefer keeping all their financial products with one provider.

Table 6-7 Participants’ preferences on keeping all their financial products with one against multiple institutions

Number and code of participants		
Prefer spreading financial products in a number of financial institutions, and would make no extra effort	30	(Ben, Betty, Bianca, Casie, Diana, Daisy, Emily, Felicity, Gloria, Grace, Hannah, Harry, Isabelle, Jack, Jessica, John, Keith, Lewis, Melissa, Newton, Niall, Oliver, Oscar, Patrick, Peter, Ray, Richard, Sarah, Shirley, Tess)
Prefer keeping everything with one financial institution, and would make extra effort	5	(Alice, Carla, Elisa, Florence, Kevin)
The answer depends on the type of the financial product	2	(Ian, Martin)

Overwhelmingly, 30 participants (Table 6-7) would spread around their financial products in a number of institutions rather than putting everything in one basket. This tendency was due to receiving a better return (20 participants), spread risk as a caution to the bankruptcy of the institution (8 participants) and a combination of both (Lewis and Shirley):

In general, I'd say I was the sort of person who likes to spread risk... In case something goes wrong in one area, and then your other areas are safe. So that's the only side of it, I suppose, that makes me uncomfortable. (Sarah, age range: 25-34, banking with Bank6 for 1.5 years)

In comparison, only five participants (Table 6-7) stated that they would prefer keeping all their financial products with one provider primarily due the ease and convenience of it:

If you've got lots of accounts scattered all over the place you'd lose touch with them. If they're all consolidated in one place you've got a pretty good idea of what's going on at any time and you can go into one place and sort out what you need to sort out in all your accounts there. Convenience really I think. (Kevin, age range: 45-54, banking with Bank3 for 20 years)

Ian and Martin, on the other had, thought that the answer depended on the type of the financial product. For basic banking products such as the current account, credit card or e-savings account they preferred to gather these products in one institution. However, for their investment portfolios Ian and Martin had a tendency to shop around for the most convenient product:

I don't mind having Bank11 current account, credit card, e-savings account, that's fine, but I do have this big investment portfolio which now is my real wealth. The bank is just dealing with sort of day to day and week to week transactions. So as far as the investment portfolio goes, but that's a whole different ballgame. (Martin, age range: 55-64, banking with Bank11 for 35 years)

Moving on to the last question aiming to identify the level of relationship proneness of the customers, data was obtained from 32 participants as presented in Table 6-8.

Table 6-8 How participants think about bank staff having informal conversation with their customers during the service encounter

Number and code of participants		
Favourable	16	(Elisa, Daisy, Felicity, Florence, Gloria, Grace, Ian, Isabelle, Jack, John, Keith, Lewis, Melissa, Niall, Oscar, Richard)
Not favourable	10	(Alice, Ben, Betty, Bianca, Carla, Casie, Hannah, Ray, Shirley, Tess)
Depends on how busy the branch is	6	(Diana, Emily, Kevin, Oliver, Peter, Sarah)

Sixteen participants commented favourably about bank staff having informal conversation with their customers at the service encounter (Table 6-8). Attempts by branch staff to engage in a dialogue with customers were interpreted as “helping to build a relationship” (Elisa, Daisy, Grace, Isabelle, Lewis, Richard) by making the customer feel that he/she is “not just a financial number” (Felicity and Keith) and “offering a personal touch” (Oscar) in a “sociable” (Florence and Gloria), “welcoming” (Ian), “friendly” (John) and “warm” (Melissa) environment:

I think that's a good thing. I think it means that the bank takes a personal interest in you as opposed to just a financial one, and would probably take your interests on a slightly higher level than just the bank's needs. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

These participants also underlined that such conversations should not be at the expense of the service efficiency (Florence and Keith), should not involve asking too personal questions (Grace, Isabelle, John, Melissa and Oscar), take into

account the number of people waiting behind (Felicity, Ian and Grace) and be also “sincere” (Oscar):

I don't want them to be asking me how Granny is, or things like that, but it's common decency: “Hello, how are you?”, “I'm fine, thank you”. There's probably a bit of psychology in it as well. If the staff are nice you're more likely to come back and bank with them. Yes, it's just common decency. (Oscar, age range: 25-34, banking with Bank9 for 5 years)

In comparison, ten participants approached unfavourably to a scenario of bank staff having an informal conversation with a customer at the service encounter (Table 6-8). Time considerations appeared to be the main reason behind this tendency:

There are usually queues and queues in banks anyway, so you simply want them to be polite, efficient and do what you want to be doing as quickly as possible. I'd probably find it annoying if I was behind someone that they were chatting to. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

Tess presented an interesting perspective into bank staff's having informal conversation with their customers at the service encounter. Highly concerned about the breach of anonymity and confidentiality of her personal and financial data, Tess stated that such an informal conversation with her banker would be discomforting for her:

I like the anonymity of banking. I would hate to walk into a branch and they would say, “Well, that's that Mrs T and she's come in for such and such”. I quite like the anonymity of being a customer and having very little face-to-face transactions... Not intrusive as such, but I'm there, I've got something to be done, I want to be in and out. (Tess, age range: 35-44, banking with Bank3 for 20 years)

On the other hand, six participants (Table 6-8) reported that they would approach such a scenario favourably only if there were no people waiting in the queue:

If they were doing this for a long time, and ignoring a long queue I would be getting very annoyed, but I think, if they're just making an effort to be human and friendly it's a good thing. (Sarah, age range: 25-34, banking with Bank6 for 1.5 years)

Bringing together Questions 1, 2 and 3 for an understanding of the nature of the participants' relationship proneness, it appears that Questions 1 and 2, represented in Table 6-7 (p:164), may not be a good conceptualisation of customers' relationship proneness in the context of financial services. These questions were designed in light of studies by De Wulf *et al.* (2001) and Bove and Johnson (2000). De Wulf *et al.* used food and clothing as their context while the study by Bove and Johnson was a theoretical one. Financial services have different characteristics in comparison with food and clothing. In the case of some financial services such as an investment product or a mortgage, even small changes in product features may have considerable financial implications on some customers. Hence, "keeping all products with one institution" or "making an extra effort to bank with the same institution for all financial needs" may not necessarily be a good indicator of customers' relationship proneness in this context. This may necessitate a new conceptualisation of the concept for financial services, which is beyond the scope of this research.

Nonetheless, the third question appeared to be presenting a better understanding of the level of customers' relationship proneness. As presented in Table 6-8, 16 of the 32 participants had a favourable approach to bank staff having informal conversation with the customer, while 10 had an unfavourable attitude and six participants' favourable approach was conditional. Investigating the type of commitment of these 32 participants, three tables were brought together in Table 6-9: Table 6-5 (participants with continuance commitment towards their service providers), Table 6-6 (participants with affective commitment towards their service providers) and Table 6-8 (how participants think about bank staff having informal conversation with their customers during the service encounter).

Table 6-9 How participants think about bank staff having informal conversation with their customers during the service encounter and their type of relationship commitment

	Number and code of participants		
Favourable (16 participants)	Continuance Commitment:	9	(Felicity, Gloria, Grace, Jack, John, Keith, Melissa, Oscar, Richard)
	Affective Commitment:	6	(Elisa, Daisy, Florence, Ian, Lewis, Niall)
	No Commitment:	1	(Isabelle)
Not favourable (10 participants)	Continuance Commitment:	8	(Ben, Betty, Bianca, Carla, Casie, Hannah, Shirley, Tess)
	Affective Commitment:	2	(Alice, Ray)
Conditional (6 participants)	Continuance Commitment:	5	(Diana, Emily, Kevin, Oliver, Sarah)
	Affective Commitment:	1	(Peter)

Accepting that having informal conversation with bank staff at the service encounter is a sufficient indicator of the customer's relationship proneness, Table 6-9 seems to suggest that participants with a higher relationship proneness may be more likely to develop affective commitment towards their providers. Moreover, it may be possible to establish a long-term commitment with customers which goes beyond mere inertia, convenience or lack of alternatives despite the customer's low level of relationship proneness, as in the case of Alice, Ray and Peter. In conclusion, the findings appear to suggest that, as proposed, customer relationship proneness could be interpreted with the potential to promote the development of a favourable emotional attachment between relationship partners.

Summarising the discussion in this section, data in Tables 6-5 and 6-6 were combined and subsequently Table 6-10 was drawn up which lists participants based on the type of their relationship commitment.

Table 6-10 Summary of underlying dimensions of relationship commitment of the research participants

		Continuance Commitment	Affective Commitment	No Commitment
1	Isabelle			√
2	Gloria	√		
3	Jack	√		
4	Carla	√		
5	Emily	√		
6	Grace	√		
7	Hannah	√		
8	Harry	√		
9	Kevin	√		
10	Newton	√		
11	Oliver	√		
12	Sarah	√		
13	Shirley	√		
14	Ben	√		
15	Betty	√		
16	Diana	√		
17	Felicity	√		
18	John	√		
19	Martin	√		
20	Melissa	√		
21	Oscar	√		
22	Patrick	√		
23	Richard	√		
24	Tess	√		
25	Thelma	√		
26	Jessica	√		
27	Bianca	√		
28	Daisy		√	
29	Lewis	√	√	
30	Niall	√	√	
31	Peter	√	√	
32	Alice	√	√	
33	Elisa		√	
34	Florence	√	√	
35	Ian		√	
36	Ray	√	√	

NB: The symbol √ indicates cases where evidence was found on that particular relationship component for a given customer.

6.4 BUYER-SELLER BONDS

Most business relationships continue due to buyer-seller bonds with varying binding capacities. Buyer-seller bonds influence the relationship development by creating a sense of connection, dependence or entrapment on the part of the customer (Berry 1995; Gwinner *et al.* 1998; Oliver 1999). As discussed in depth in Chapter 2, two types of bonds were identified: contextual and perceptual bonds. Contextual bonds include legal, economic, technological, geographical and time bonds. Customers with contextual bonds are more likely to feel like a hostage of the firm due to the nature of exit barriers; hence are mostly perceived in a negative sense (Liljander and Strandvik 1995). Perceptual bonds, are viewed as more positive connotations since they are connected with customers' values and preferences (Liljander and Strandvik 1995). Customers with perceptual bonds are likely to have positive feelings because of the nature of emotional or psychological attachment to their organisations.

Drawing on the 38 research interviews, participants showed a range of bonding behaviour, which had also played a role in their relationship commitment. In order to identify types of relationship dependence or connection with their banks participants were asked (1) what kept them banking with their current providers and (2) how they felt about switching their main bank account to another provider as described in Chapter 5. Responses were categorised under two broad bond types as contextual and perceptual bonds, in accordance with the review of the relationship marketing literature.

6.4.1 Contextual Bonds

In comparison with previous studies grouping contextual bonds under legal, economic, geographical, time and technological bonds (Liljander and Strandvik 1995), in this research, except technological bonds, all types of contextual bonds were identified from the research data as illustrated in Table 6-11. In addition, another bonding type which was labelled as "personal circumstances" by the researcher emerged from the data.

Table 6-11 Participants with contextual bonds towards their financial institutions

Types of Contextual Bonds	Number and Code of Participants	
time bonds	24	(Alice, Ben, Daisy, Diana, Elisa, Emily, Felicity, Gloria, Grace, Hannah, Jack, John, Keith, Kevin, Martin, Melissa, Newton, Niall, Oliver, Oscar, Richard, Shirley, Tess, Thelma)
personal circumstances	3	(Alice, Casie, Shirley)
➤ financial		
➤ credit rating		
legal bonds	2	(Jessica, Patrick)
geographical bonds	2	(Gloria, Jack)
economic bonds	1	(Keith)

The most commonly reported exit barrier was time bonds (Table 6-11). Perceived hassle of “shifting an existing account” or “opening a new bank account” was found to be forming a considerable deterrent in relationship termination. In terms of shifting their main accounts, participants were highly concerned about interferences to their scheduled payments either out of negative experiences in the past (6 participants) or negative experiences reported by other people (4 participants):

I’ve got a number of direct debits and things, that pay out regularly and, I know that, that can be a bit of a nightmare to change. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

Not only how problematic transferring automated payments could be but also perceived bureaucratic and time-consuming account opening procedure had a deterrent effect on customers by forming time bonds between the parties (Kevin, Martin and Tess):

If somebody knocked on my door from Bank12 and said “we can do your current account, you don’t have to fill in a single form and we can guarantee you that there’s going to be absolutely no hassles switching your account from Bank3 to us”, I would probably do it. (Tess, age range: 35-44, banking with Bank3 for 20 years)

Secondly, Jessica and Patrick presented examples of legal bonding which played a role in customer commitment by binding them to their organisations. Jessica felt that her fixed-rate mortgage contract “made her more fixed” with the service provider, while Patrick’s overdraft did not allow him to switch his bank account:

I've certain obligations to the bank; so I'm not really free to go elsewhere. It will change in the future as and when. (Patrick, age range: 25-34, banking with Bank10 for 13 years)

Other identified contextual bonds were geographical (the availability of a convenient branch location) and economic (a loyalty scheme) bonds for Gloria, Jack and Keith.

Finally, personal circumstances of individual customers influenced the type of commitment for some customers. For example, Alice and Casie felt dependent on their banks due to their financial circumstances. This was particularly evident for Casie who was, at the time of the interview, experiencing a very unsatisfactory relationship with her provider. Her financial circumstances were preventing Casie from searching for alternatives:

In fact, I'm intending to change my bank when I get the chance... I'm only working part-time. I think, in order to open another bank account, if you say you've got an income of [British pounds] they're not interested, are they? (Casie, age range: 45-54, banking with Bank14 for 4 years)

Similarly, Alice felt that her banking relationship was a trapped relationship. Her limited income kept Alice with her bank:

I'm in a trapped situation at the moment. I'm happy with what everyone's doing with me, because beggars can't be choosers. I don't have much money. (Alice, age range: 25-34, banking with Bank3 for 17 years)

Apart from financial circumstances, credit rating appeared to be an influential factor in relationship commitment. For Shirley who had a relatively short overall banking experiences, establishing a positive credit history was important; thereby it was forming some bonds with her service provider:

Normally I feel my credit may be affected if I close it for no particular reason. It can run life-long even if you don't do any transactions with them. (Shirley, age range: 25-34, banking with Bank3 for 5 years)

Among these five forms of contextual bonds, time bond was found to be the most dominant form for relationship maintenance. Nearly all participants with contextual bonds presented time bonding behaviour either as the only bond or in combination with other forms.

Examining the impact of contextual bonds on customer relationships, participants intended to continue the relationship until “there was a big/major reason” to change (Richard and Thelma) or the bank pushed it over the “threshold” (Newton, Peter):

I guess there’s threshold; it’s not very high but it keeps me with my bank. (Peter, age range: 25-34, banking with Bank8 for 10 years)

Participants with contextual bonds were less responsive to changes in product features. Customers appeared to be willing to shift to a competitor only if they were offered “quite a significantly better package” (Keith) or “a couple of percentage points [in interest rates]” (Oscar). Otherwise, customers did not think switching the provider was “worthwhile” (Keith and Niall), and they were prepared to continue with their banks until being “really disenchanted with” (Newton) or “really made cross or ripped-off” (Alice).

Contextual bonds did not only compensate for less favourable product features, but also for minimal service satisfaction:

They always say how easy it is, and then you hear so many stories that it isn’t, and I just think, personally, as I don’t have a problem with what I have at the moment, leave it alone. (Grace, age range: 45-54, banking with Bank3 for 7 years)

In Section 6.3, receiving problem free service was found to be adequate to promote relationship commitment based on evidence from 12 participants (Table 6-4). Maintaining a relationship as long as it meets minimum customer requirements regardless of offering the best product features or a highly satisfactory experience was regarded as an effective risk-reducing behaviour by Hannah:

At the time, it seemed like too much risk for changing. I don't know whether that's the reality or not, because I never did it. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

6.4.2 Perceptual Bonds

Eight participants were identified as having some kinds of perceptual bonds towards their service providers. Both Bianca and Lewis showed signs of ideological bonds towards their banks. The fact that Lewis' service provider was a "mutual institution" whose customers were also shareholders had created a connection with his bank. In comparison, Bianca banked with Bank14 for the last 7 to 8 years, which was a subsidiary of Bank5. Bank5 was also known with its support for certain ethical values. Bianca's emotional ties with Bank5 which went back to her childhood as well as peer attitude on these values had played a significant role in her relationship with Bank14:

Bank5 was started in [place], which is near where I was born... I grew up with it... I have a very strong affinity to Bank5... All my friends... banked with Bank5... So there was something inside me, as well, that wanted Bank5. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

The impact of being the first or family bank on relationships was noted earlier in the commitment section, which was also found to have a potential to establish connection between relationship partners (4 participants). There were some indications that, with the exception of Elisa, the emotional attachment of the other participants could be related to personality traits to some extent:

My wife's father was manager of the branch when I opened the account. And she used to live at the bank... Perhaps, as I say, there's a certain amount of loyalty; this family connection. (John, age range: 55-64, banking with Bank10 for 37 years)

Elisa, on the other hand, had started banking with Bank12 when she was a teenager. She regarded her bank as "a quite prestigious" organisation. Banking with Bank12 was a kind of social status indicator for Elisa:

They tend to be a bit more prestigious... a different class of people... It's like [a competitor brand]... That gold [competitor] card says something about your class and your status in society. Bank12 perhaps wants to do that for its customers. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

In contrast, Ian was the only participant whose emotional attachment to his bank was fundamentally grounded in service encounter interactions. Ian's experiences with his service provider not only reinforced his affective commitment but also facilitated knowledge bonds as a form of perceptual bonds. The bonding was to such an extent that Ian kept returning to his bank after a number of attempts with other financial institutions because of attractive incentives offered by competitors or the lack of his bank's branches in some places he had lived. Asking what kept him with his bank for 42 years, Ian talked at length about how satisfactory service encounters have been for him, which made banking much easier as well as making him feel special:

I was fairly confident that they would listen to me and try to say yes... It was easier for me to negotiate with somebody who knew my background than just to walk in as a member of the public and wait for an appointment and see somebody who might not care. (Ian, age range: 55-64, banking with Bank13 for 42 years)

In addition to service encounters, perceptual bonds could be promoted through other marketing communications. For example, Daisy who had a black ethnic background was extremely pleased about the design of two recent advertising campaigns by her bank. In one of the campaigns, a black person was representing the bank while in the other "diverse people" were acting as customers. Criticising most advertising campaigns concentrating on "white European-looking people", Daisy thought her bank was "very revolutionary" in its approach and this made the provider "a good bank" to bank with.

Summarising the discussion in this section, data in Table 6-11 were combined with the discussion in Section 6.4.2. Subsequently, Table 6-12 was drawn up which lists participants based on the type of buyer-seller bonds.

Table 6-12 Summary of underlying dimensions of buyer-seller bonds of the research participants

Contextual Bonds		Perceptual Bonds
1	Casie	√
2	Gloria	√
3	Jack	√
4	Emily	√
5	Grace	√
6	Hannah	√
7	Keith	√
8	Kevin	√
9	Newton	√
10	Oliver	√
11	Shirley	√
12	Ben	√
13	Diana	√
14	Felicity	√
15	Martin	√
16	Melissa	√
17	Oscar	√
18	Patrick	√
19	Richard	√
20	Tess	√
21	Thelma	√
22	Jessica	√
23	Alice	√
24	Bianca	√
25	Lewis	√
26	Peter	√
27	Ian	√
28	John	√
29	Daisy	√
30	Niall	√
31	Elisa	√

NB: The symbol √ indicates cases where evidence was found on that particular relationship component for a given customer.

6.5 RELATIONSHIP BENEFITS

A common element in relationship marketing strategies is reported to be an incentive or benefit offered to customers in order to promote relationship maintenance (Berry 1983; Sheth and Parvatiyar 1995a; Grönroos 1996; Sheaves and Barnes 1996). According to a pioneering study on relationship benefits (Gwinner *et al.* 1998), three main forms of relationship benefits have been

identified to be influential in the development of relationships: confidence, special treatment and social benefits.

6.5.1 Confidence Benefits

Confidence benefits are associated with reduced risk and anxiety, faith in the trustworthiness of the service provider and knowing what to expect, which are particularly important dimensions of customer relationships (Grönroos 1994; Gwinner *et al.* 1998).

Searching the research data for signs of relationship benefits, it was investigated whether service providers helped to reduce the risk of banking for participants, and improved participants' confidence in their financial institutions. As a consequence, 11 participants were identified to be presenting some kinds of confidence benefits, which could be centred on four themes as illustrated in Table 6-13.

Table 6-13 Participants who receive confidence benefits from their service providers

Characteristics Impacting on Confidence Benefits	Number and Code of Participants
communication in person	6 (Alice, Diana, Elisa, Emily, Ian, Ray)
customising communication to customer needs	4 (Elisa, Emily, Florence, Ian)
stability of service encounters	4 (Alice, Bianca, John, Kevin)
branch standardisation	3 (Alice, Diana, Harry)

Starting with communication in person characteristic, six participants emphasised that service encounter communication in person had increased their confidence in managing their bank accounts (Table 6-13). Both branch (Ian) and call centre interactions (Alice) appeared to have a high potential to promote relationship benefits when customers could speak to a person rather than using an automated system:

[Bank3 call centre], for me, is my favourite thing because you actually speak to somebody... It's a two-minute phone call that takes a lot of pressure off. (Alice, age range: 25-34, banking with Bank3 for 17 years)

Communication in person particularly gained importance when customers were dealing with more complicated products such as financial investments and advice

(Diana). Additionally, personal interactions were found to reduce the uncertainty for new products especially at the launch stage (Diana). Customers also desired the availability of a person to contact as a back-up for routine transactions in case of the service failure (Elisa, Emily, Ray):

I feel confident because I know that if I do something wrong there'll be somebody there to back me up. (Emily, age range: 45-54, banking with Bank11 for 17 years)

Secondly, customising communication in light of individual customers' needs and wants was another aspect of relationship benefits that enhanced customer relationships. In addition to being able to speak to a person, customers also expected their interactions to be personalised taking into account their individual circumstances (Table 6-13). For Emily, Florence and Ian, their banks had allocated a specific banker to deal with their enquiries. This is a similar practice that most banks employ to communicate with their business customers. When a similar practice was applied to personal customers it could facilitate customer relationships. Investigating why having a dedicated team member could be important for customers, as expressed by Florence, this made customers feel that they were treated as an individual rather than a mere account number. Customising the communication was a particular concern at the service recovery process, which may well be a critical point in a relationship. The below quote shows how communication at the service recovery could strengthen the relationship between the parties:

There was a few days ago, a very minor problem, but I got a phone call to tell me what the problem was and a phone call to tell me what they were doing about it... I now can see what they've done and how it's progressing... I'm very happy and confident because I know what they're doing. (Florence, age range: 55-64, banking with Bank5 for 4 years)

Thirdly, the stability of service encounters throughout the relationship lifetime was adequate for four participants to improve their confidence in their service providers (Table 6-13). As pointed out by Kevin, this was because such stable interactions were making life easy, and this was what customers would expect from their banks:

It's making life easy. There are some businesses that are different, where you've got to add value and be special but for businesses like that [banking] it's just making life easy. If you don't notice it, that's what the customer wants. (Kevin, age range: 45-54, banking with Bank3 for 20 years)

Finally, branch standardisation was found to be impacting on confidence benefits (Table 6-13). For Alice, Diana and Harry their confidence in banking had been underpinned by having standardised branches over the country. This created a feeling of security and comfort for the customers in the sense of receiving consistent service regardless of the geographical location:

My awareness of Bank10, the banks [i.e. branches] are identical all over the country... They're all built with the same colour and format... Always familiarity gives you a sense of comfort and security from an individual perspective. (Diana, age range: 55-64, banking with Bank10 for 27 years)

6.5.2 Special Treatment Benefits

Special treatment benefits are about discounts or price breaks, time savings, special additional services and preferential treatment that are provided only to regular customers (Gwinner *et al.* 1998). For service differentiation to occur, the extras should be genuine, that is not readily available from competitors, and are also valued by customers (Berry 1983). By definition, special treatment benefits are forms of communication, which are likely to be more effective at the service encounter. This highlights the key role of communication at the service encounter in relationship development.

Concentrating on the research data, five participants felt that their banks offered extras to their customers in appreciation of their banking relationships. Sometimes these extras were specifically for the individual customer, and in other cases they were designed for all customers. For example, offering mince pies and sherry at Christmas time (Elisa), a football poster (Elisa) or a little elephant (Alice) in accordance with sponsorship activities, an umbrella when it was raining (Jack) or simply an "excellent cup of coffee" (Florence) or a newspaper (Ian) while waiting were a few benefits offered by banks. Despite the lack of personalisation (i.e. offering these to all customers equally regardless of their relationship background)

this did not seem to be an important issue for customers. It was noted that this was valued and offered a personal touch, and contributed to customers' relationship commitment:

About six months ago... It was pouring with rain, and the guy said, please help yourself to an umbrella... That's caring about your customers; it's a personal touch. It takes away from that clinical aspect. (Jack, age range: 55-64, banking with Bank11 for 34 years)

Further, there were other cases where preferential treatment was more personalised. Ian, as a result of using a specific branch regularly for a long time, had been familiar with most branch staff. He believed that the bank staff were extra courteous when it was Ian's turn. And this made Ian feel special and a valued customer. Going beyond preferential treatment, Ian also received special additional services that are not advertised and offered publicly:

That, I don't think, is an advertised product but I'd heard of it with another bank. When I asked about it they said "We will do it for you", and I was quite pleased with that. (Ian, age range: 55-64, banking with Bank13 for 42 years)

Similarly, as a regular customer, the bank staff knew Elisa by name. This was also partly due to her parents being regular customers of the same branch, which reflected on Elisa as "being treated with that same respect as a descendant of those loyal customers". Elisa was very impressed by not only receiving individual attention, but also being offered extra services adapted to her financial circumstances:

Because we can't give you a student overdraft... they said we'll give you an overdraft just in case you go over. But if you do go over, it will be a very, very low rate. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

Receiving financial discounts was another aspect that participants thought their banking history had made a difference. Among these, refunding late payment fees (Carla and Ray), unauthorised overdraft fees (Elisa, John and Richard) or other banking charges (Daisy) were reported favourably by participants:

I wrote to them and said “You can see from my records that it was just an oversight” and they gave me the money back. So maybe there is some benefit because they would have noticed that I’ve been there a long time. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

Additionally, an increase in credit limits (Ray) or offering more competitive rates (Richard) was favoured by participants:

The mortgage I did. I received special treatment because I was a customer, and they gave me a better deal. (Richard, age range: 25-34, banking with Bank8 for 13 years)

An interesting point raised by Elisa relating to special treatment benefits was about whether such benefits were a one-off treat or continued throughout the relationship lifetime. While talking about relationship benefits, Elisa compared the two banks she was holding accounts with. Her main bank kept sending her a birthday card every year, whereas the second bank offered a railcard as an account opening incentive with no further benefits. One might think that a free railcard would be a more financially attractive reward compared with a birthday card. This was not the case for Elisa:

Even though I’m a well established customer with Bank12, they’re continuing this loyalty... rewarding me for being there as long as I have... With Bank8, I have a railcard on it; that’s the incentive. But they’re not following that through to keep loyalty; Bank12 are. So, that’s the difference. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

6.5.3 Social Benefits

Social benefits include feelings of customer familiarity, personal recognition, friendship and social support, and maybe driven from customer to customer interactions and friendships as well as customer to service employee communication (Berry 1983; Czepiel 1990; Arnould and Price 1993; Sheaves and Barnes 1996; Gwinner *et al.* 1998; Price and Arnould 1999).

A total of six participants were identified as having received some forms of social benefits from their financial institutions. Being known by their local branch staff and being greeted in person was an important aspect of their banking relationships for Elisa, Harry and Ian. This made Elisa feel that her commitment to her bank was being rewarded with such a personal touch, therefore felt special:

I feel quite appreciative of things like that. Although banking is serious... she's concentrating on what she's doing, but she's also making that effort "Hallo, loyal customer. How are you?" (Elisa, age range: 18-24, banking with Bank12 for 10 years)

Likewise, for Hannah and Harry, being known by their local branch staff (for Hannah in the past, since she mostly uses online banking now) meant a more "friendly", "interactive" and "comforting" experiences which impacted on their banking relationships by creating "personal touch":

At the end of the day if somebody recognises your face "Hello! How are you doing?" it's a personal touch. That's better than the impersonal "come in, sit down, get out", which is obviously very annoying at times. (Harry, age range: 35-44, banking with Bank8 for 21 years)

Being known had reached such a significant level for Harry and Ian that they got to know little things about their local bank staff, and vice versa. Also they were recognised and greeted outside the bank (Harry and Elisa) or in another branch (Richard).

Examining the possible outcomes of developing a rapport with the customer, firstly, customers felt that it was important for any business to know their customers (Hannah). When service providers recognised their customers and treated them individually, this "meant a lot" for them (Elisa), and was interpreted to be "worth much gold" (Gloria). In these situations customers felt appreciative (Elisa), more committed (Elisa and Ian), being valued (Gloria) and looked after (Ian); in short they had "a nice experience" (Richard):

I [was] made one feel a valued customer... It's very basic "How's the dog? Did you enjoy your holiday?"... And on those occasions I would come out [of] that branch with a smile on my face... She was the best asset they had really. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Moreover, Niall stated that a relationship that once was offering social benefits may be rewarding for organisations in a much longer-term. Niall opened his main bank account 19 years ago in his, then, local branch. Because of the branch being a local one in an area that he was brought up, he got to know the staff in there. Once Niall started his university degree he moved out of the area but kept his banking account. Following that, Niall started carrying out the majority of his banking business remotely, such as automated telephone banking, the post or ATMs. However, he still felt the impact of social support that his local branch offered almost two decades ago:

I suppose at a subconscious level I used to know people who worked in the branch, who I was at school with, a couple of people. So, when I send things to the branch I still think of those people answering my letters, even though they're probably long gone. (Niall, age range: 35-44, banking with Bank11 for 19 years)

While some participants were highlighting relationship benefits offered by their banks as a result of being a customer of the institution, some complained about the lack of any extras, which is looked at in the following section.

6.5.4 Lack of Relationship Benefits

Examining how customers felt when their service providers offered hardly any relationship benefits, this appeared likely to make customers feel that it was not a mutual relationship. It was more of a case of customers "keeping with/ staying loyal to their banks" rather than any conscious effort made by their service providers (Alice and Diana):

I am keeping with them. They're not keeping me realistically... If there were lots of people like me, we could be persuaded to go elsewhere, I suppose, because they're not doing as much as what they could, maybe, to keep their customers. (Alice, age range: 25-34, banking with Bank3 for 17 years)

When financial institutions concentrated on the mere provision of the core service, customers complained about the lack of personalisation of the service, which made them feel like "a number":

I'd like to think that they consider me as an individual, cause at the moment you just feel like a number... So I'm not really on their kind of radar. (Daisy, age range: 45-54, banking with Bank7 for 8 years)

In addition to the lack of service customisation, participants felt disappointed by the lack of recognition, or at least familiarity, presented by their local branches, which in some cases they had been a customer for a decade:

"Do you have an account with this branch?" And I was rocked. I thought my face must at least be familiar. I've been going there for ten years; they must at least know... that I am a Bank11 customer. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Finally, Carla and Gloria strongly felt the lack of a rapport with their banks. Both viewed this as a result of modern banking structure with a direction towards centralisation and banking automation. Consequently, bank branches lost most of their autonomy in favour of centralised call centres. The modern banking was found to be changing the nature of banking relationships profoundly, as commented on by customers:

I think it goes along with the change in banking. I think years ago people were interested in, if you were in business, keeping you afloat, or if you were like me bringing up two children on your own, they would sort of help. But I think at the moment, no, they're not interested at all. They're only interested in whether you can keep your account running properly or not. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

Modern banking was perceived to be threatening the development of relationships fundamentally by taking face-to-face interactions out of the experience, and therefore reducing social and special treatment benefits (Carla, Daisy and Gloria). Gloria presented the most extreme case of this approach. Her disappointment about these new changes in banking, coupled with rather dissatisfactory service encounters, led Gloria to claim that it was time for banking “to take the people out of the loop” for good:

Those people [bank staff] would probably get far more work satisfaction and much more done if they didn’t have to be bothering with customers... Service encounters have kind of been a bit of “disservice” in some ways. Because I remember service and now... it’s such a different thing. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Summarising the discussion in this section, data in Table 6-13 were combined with the discussion in Sections 6.5.2, 6.5.3 and 6.5.4. Subsequently, Table 6-14 was drawn up which lists participants based on the type of relationship benefits.

Table 6-14 Summary of underlying dimensions of relationship benefits of the research participants

	Confidence Benefits	Special Treatment Benefits	Social Benefits	Lack of Benefits
1 Jack		√		
2 Daisy		√		
3 Emily	√			
4 Kevin	√			
5 Bianca	√			
6 John	√	√		
7 Florence	√	√		
8 Ray	√	√		
9 Niall			√	
10 Richard		√	√	
11 Harry	√		√	
12 Elisa	√	√	√	
13 Ian	√	√	√	
14 Gloria				√
15 Felicity				√
16 Carla		√		√
17 Diana	√			√
18 Alice	√	√		√

NB: The symbol √ indicates cases where evidence was found on that particular relationship component for a given customer.

Having discussed the types of trust, relationship commitment, buyer-seller bonds and relationship benefits and identified participants who presented evidence on these types, now the possibility of identifying a relationship typology is explored. To this end, customers who showed similarities in terms of the four types of relationship components (i.e., trust in relationship partner, relationship commitment, buyer-seller bonds, and relationship benefits) were categorised together. Subsequently, four major categories (i.e. relationship types) emerged from the data as discussed in the following section.

6.6 ALTERNATIVE RELATIONSHIP TYPES

Four relationship types were identified from the 38 semi-structured interviews aiming to gain a deeper understanding on the nature of customer relationships (Table 6-15). In identifying relationship types, types of trust and relationship commitment were taken as the starting point to determine the relationship type. Having identified customers' prominent relationship trust and commitment types, buyer-seller bonds and relationship benefits were examined for each participant. In

other words, the data presented in Tables 6-4, 6-10, 6-12 and 6-14 were accumulated. In light of the combination of these four relationship components, the participants were categorised into four groups. To check the internal validity of this procedure, each interview transcript was read thoroughly one more time at the end of the procedure. The aim was to investigate whether participants' descriptions of their banking relationships were in line with the identified groups. Eventually, four distinctive relationship types were identified, labelled as "faltering", "functional", "interactive" and "affective" relationships, which may represent a typology of relationships that service providers can form with their individual customers. In order to assess whether these relationship types may be due to marketing strategies of specific banks, Table 6-15 also presents the participants' main banks.

As noted at the introduction section, these relationship types are not viewed as linear. Early explorations of customer relationships take the view that relationships progress linearly through some forms of a lifecycle (e.g., Dwyer *et al.* 1987; Palmer and Bejou 1994; Stern 1997). However, more recent studies assert that qualitatively, rather than linearly, different relationships exist (e.g., Garbarino and Johnson 1999; Price and Arnould 1999; Liljander and Roos 2002; Laing and Lian 2005). The latter perspective is the adopted approach in the current research.

Table 6-15 Identified relationship types presented along with a summary of research participants with various levels of relationship components

	TRUST				COMMITMENT			BUYER-SELLER BONDS		RELATIONSHIP BENEFITS			
	CBT	KBT	AT	No Trust	CC	AC	No Commitment	Contextual	Perceptual	Confidence	STB	Social	Lack of Benefits
FALTERING	Casie (Bank 14)			✓				✓					
	Gloria (Bank 11)			✓	✓			✓					✓
	Isabelle (Bank 10)			✓			✓						
	Jack (Bank 11)	✓		✓	✓			✓			✓		
	Carla (Bank 4)	✓		✓	✓						✓		✓
FUNCTIONAL	Emily (Bank 11)	✓			✓			✓		✓			
	Grace (Bank 3)	✓			✓			✓					
	Hannah (Bank 10)	✓			✓			✓					
	Harry (Bank 8)	✓			✓					✓		✓	
	Keith (Bank 2)	✓						✓					
	Kevin (Bank 3)	✓						✓		✓			
	Newton (Bank 8)	✓				✓		✓					
	Oliver (Bank 10)	✓				✓		✓					
	Sarah (Bank 6)	✓				✓							
	Shirley (Bank 3)	✓				✓		✓					
	Ben (Bank 11)		✓			✓		✓					
	Betty (Bank 10)		✓			✓							
	Diana (Bank 10)		✓			✓		✓		✓			✓
	Felicity (Bank 2)		✓			✓			✓				✓
	John (Bank 10)		✓			✓			✓	✓			
	Martin (Bank 11)		✓			✓			✓				
	Melissa (Bank 11)		✓			✓		✓					
INTERACTIVE	Oscar (Bank 9)	✓			✓			✓					
	Patrick (Bank 10)	✓			✓			✓					
	Richard (Bank 8)		✓			✓		✓			✓		
	Tess (Bank 3)	✓			✓			✓					
	Thelma (Bank 7)		✓			✓		✓					
	Jessica (Bank 6)		✓			✓		✓					
	Bianca (Bank 14)		✓	✓		✓			✓	✓			
	Daisy (Bank 7)	✓				✓		✓			✓		
	Lewis (Bank 12)	✓				✓			✓				
	Niall (Bank 11)	✓				✓		✓				✓	
AFFECTIVE	Peter (Bank 8)	✓			✓				✓				
	Alice (Bank 3)	✓			✓			✓		✓			✓
	Elisa (Bank 12)		✓	✓		✓		✓		✓	✓	✓	
	Florence (Bank 5)	✓		✓		✓				✓			
	Ian (Bank 13)		✓	✓		✓				✓		✓	
	Ray (Bank 11)	✓		✓		✓				✓	✓		

NB: CBT: Calculus-based trust; KBT: Knowledge-based trust; AT: Affective trust; CC: Continuance commitment; AC: Affective commitment; STB: Special treatment benefits

6.6.1 Faltering Relationships

As illustrated in Table 6-15, five participants were identified to be in a type of relationship that was labelled “faltering” in this research. These five participants banked with four different financial institutions; some of which were registered as online banks (Banks 4 and 14) while the others were among the high-street banks (Banks 10 and 11). As the name suggests, faltering relationships were in the process of dissolution or continued despite high levels of customer dissatisfaction. In other instances, the relationship continued solely because of the feelings of being trapped with no choice of dissolution.

This relationship type has been subject to a few studies in the relationship marketing literature. For example, Barnes (1997) and Liljander and Strandvik (1995) identified a group of customers who stayed with their organisations for many years despite demonstrating low levels of relationship satisfaction. Classifying this relationship type as “dissatisfied” (Barnes 1997) and “forced” (Liljander and Strandvik 1995), these authors warn that organisations may be at risk of losing their customers once the tie is released.

This research presented a valuable insight into the nature of relationships that are at risk of dissolution. The lack of trust in service providers was the commonality among the five participants in faltering relationships. The lack of trust was essentially grounded in the nature of service encounter interactions which could be described as (1) a shift towards centralisation and automation at the expense of communication in person (Carla, Casie, Gloria and Jack) and (2) the lack of customer-orientation, i.e., service personalisation (Gloria, Isabelle and Jack). It was apparent in these five interviews that the way the relationship parties interacted was a major threat to the development of trust. Only Casie and Isabelle talked about problems experienced during the delivery of the core service, whereas for Carla, Gloria and Jack it was the diminishing level of personal interactions and the nature of communication that were addressed frequently throughout the interviews. Carla, Gloria and Jack were all resentful of changes in the banking system towards automation and centralisation, and believed that these new changes resulted in an erosion of the relationship that existed in the past. Having experienced one-to-one relationships with their branch managers in

the past, these customers felt alienated with the reducing level and nature of personal communication that the modern banking offered. When service encounter interactions stayed at a highly formal and routine level this was found to discourage the social element of the interaction, hence causing customer complaints (Carla and Gloria).

In addition to the lack of trust, Carla and Jack also showed some signs of calculus-based trust in their banks. According to Lewicki and Wiethoff (2000), within the same relationship elements of trust and distrust may peacefully coexist since those experiences would be related to different interactions in varied contexts. Despite the lack of trust, Carla, Gloria and Jack had continuance relationship commitment. They intended to maintain their relationships with banks fundamentally due to the perceived lack of better alternatives or contextual bonds. Carla and Jack had experiences of special treatment benefits from their banks; however they were mostly one-off occasions.

In comparison with the literature findings (e.g., Liljander and Strandvik 1995; Barnes 1997), the current research presented evidence that faltering relationships can be grounded in factors other than low levels of customer satisfaction or being trapped in. This research demonstrated that service encounter interactions in person had a considerable potential to hinder the establishment of trust between the parties, flagging up the role of communication skills in customer relationships. A group of customers were identified, who are accustomed to and enjoy informal interactions with their service providers. When this was taken away for a more standard and formal communication the customers felt disappointed with the new changes, and the closeness of the relationship was damaged.

The quotation below represents how customers in faltering relationships described relationships with their service providers:

I think they are trying as much as they can to get more from the customers. It's a draining system, a parasitic relationship. (Isabelle, age range: 25-34, banking with Bank10 for 4 years)

6.6.2 Functional Relationships

A total of 23 customers (Table 6-15) were identified to be in this most basic relationship type, which was labelled “functional” in this research. The 23 participants banked with eight different financial institutions; some of which were registered as online (Bank 9) or telephone (Bank 6) banks while the others were among the high-street banks (Banks 2, 3, 7, 8, 10 and 11).

A similar type of relationship was identified in a number of studies in the relationship marketing literature as presented in Table 6-16.

Table 6-16 Previous studies identified a relationship type similar to functional relationships

How The Relationship Type Is Labelled (Author and Year)	Characteristics of Relationship Type
Elementary relationship (Laing and Lian 2005)	<ul style="list-style-type: none">➤ low levels of trust➤ arm’s length closeness➤ short-term orientation➤ highly formal communication
Professional relationship (Coulter and Ligas 2004)	<ul style="list-style-type: none">➤ focus is on obtaining the service and functional benefits from the provider➤ no personal attachment to the provider
Satisfied but not close (Barnes 1997)	<ul style="list-style-type: none">➤ very satisfied with the relationship➤ feel relatively low levels of closeness➤ prefers to maintain minimal contact and transact their business on a less personal level➤ desire to use technology to gain efficiency
Indifferent (Liljander and Strandvik 1995)	<ul style="list-style-type: none">➤ relationship is maintained out of habit➤ neither positive nor negative commitment to the company; weak bonds➤ no particular importance of the service to the customer➤ feeling that there are small differences between service providers

The current research confirmed many of the characteristics identified in the past studies in terms of this relationship type. The emphasis in the current research was on the fundamental components of relationships by addressing multiple dimensions of these components. This approach is believed to alleviate the interpretation of various studies. For example, “short-term orientation” (Laing and Lian 2005) and “maintaining a relationship out of habit” (Liljander and Strandvik 1995) are likely to indicate the existence of continuance commitment and the lack of affective commitment in a relationship. Then, these studies could be interpreted as looking at a similar relationship type.

Two commonalities were identified among customers with functional relationships: types of commitment and buyer-seller bonds. Except Keith, all showed evidence of continuance commitment with no emotional element. Preserving the status-quo was an important aspect of these participants' relationship commitment. For Keith, it was the time and economic bonds that kept his banking relationship. Also, except Harry, Sarah and Betty, other participants in this group pointed out contextual bonds as an influential factor in their relationships.

Investigating the nature of customer interactions, the interactions between the participants and their banks were highly formal. Communication with service providers was predominantly through remote channels, such as the Internet or telephone. When customers occasionally interacted with service providers in person, their queries were handled in a routine way with little signs of service personalisation. In other words, customers' basic banking needs were met to some extent through the mere provision of an error-free service. When prompted, a consensus was observed among customers that, despite their satisfaction with the service, their banking communication was highly formal. Customers mostly felt that their organisations regarded them as "just a number" instead of promoting feelings of being "special".

Highly formal communication (as indicated by mostly routine and standardised interactions between the parties) appeared to be also impacting on the type of trust. Ten participants showed signs of calculus-based trust only, while 13 participants' trust was identified as knowledge-based trust. None of them presented any evidence on affective trust. According to Lewicki and Wiethoff (2000), when people's interactions stay within the same limited context, this will impede on relationships since they are unlikely to gain additional knowledge about the other. This may be the case for ten participants who were satisfied with the service received and intended to maintain the relationship, however with no evidence of knowledge-based or affective trust.

In comparison with faltering relationships, customers with functional relationships felt that their organisations made some efforts to reward their customers. However, relationship benefits were mostly one-off treats, and not perceived to be

part of the relationship building efforts; therefore customers did not view that the benefits were sufficient to differentiate their banks in the competition.

Examining the impact of functional relationships on organisations, it was found that the future of the relationship was strictly limited to a specific product, time period or location, therefore rather fragile in nature. Within this scope, customers were prepared to “use their banks as best as they can” with hardly any emotional connection with the providers.

The majority of the research participants were classified under functional relationship. This may imply that this relationship is a common relationship type. The literature offers some support to this view. For example, O'Loughlin *et al.* (2004) and Barnes *et al.* (2000) declared that the relationship between a customer and a bank is entirely based on inertia or convenience, with little or no affective content. Similarly, in an empirical study, Liljander and Roos (2002) found that the majority of customers presented “a satisfying but spurious” relationship with their service providers. Data from the current research suggested that functional relationship is more likely to be one of the relationship types rather than the only type. Yet, the seemingly dominance of this relationship type may have lead some scholars to approach this relationship type as the single relationship type.

In short, this research presented further support to past studies reporting that customers, in this type of relationship, have little emotional attachment to their organisations (Coulter and Ligas 2004), maintain the relationship mostly out of habit or inertia (Liljander and Strandvik 1995), and display low levels of trust (Laing and Lian 2005) and closeness (Barnes 1997; Laing and Lian 2005). Furthermore, this research suggested that the highly formal nature of communication taking place between the parties could actually encourage the formation of functional relationships. One study (Laing and Lian 2005) was found to have reported on the nature of communication (highly formal) as a characteristic of this type of relationship. The authors' focus was on inter-organisational relationships. In light of the results of the current research and the one by Laing and Lian (2005), it could be stated that depending on the nature of communication between organisations and their customers certain types of relationships are likely to be

encouraged regardless of it being in a business-to-business or business-to-consumer context.

The quotation below represents how customers in functional relationships described relationships with their service providers:

As far as I'm concerned it's a product. It's a bit like having a TV set; you press the button and expect it to come on. If it doesn't come on you get annoyed and go out and buy another TV set. It's like that basically. (Kevin, age range: 45-54, banking with Bank3 for 20 years)

6.6.3 Interactive Relationships

Five participants (Table 6-15) were identified to be in interactive relationships with their service providers. These participants banked with five different financial institutions: one was registered as an online bank (Bank 14), one was a building society (Bank 12), and the others were among the high-street banks (Banks 7, 8 and 11).

This relationship type was labelled "interactive" which was borrowed from a study by Laing and Lian (2005). Laing and Lian, by concentrating on corporate customers, developed a relationship typology consisting of four relationship types. "Interactive relationship" was one of the relationship type identified by these authors. They characterised interactive relationship by medium levels of trust and closeness between relationship partners, medium-term future orientation and formal communication. The current research highlighted a similarity between corporate and individual customers regarding the relationship type. In a similar manner, Coulter and Ligas (2004) identified a relationship type which was characterised by some forms of emotional attachment to the service provider. Labelling this as "casual acquaintances", Coulter and Ligas reported that this relationship differed from professional relationships due to being less business-like and less formal.

In this research it was found that the distinguishing aspect of interactive relationships was the nature of buyer-seller bonds. All five participants in this group showed some kinds of perceptual bonds: ideological (Bianca and Lewis),

the provider being the first bank (Niall and Peter), and ethnic similarity/recognition (Daisy). Except “being the first bank” which is considered to be a customer-related characteristic, the other perceptual bonds are related to how an organisation projects itself to customers, and the way this is communicated. No participants in faltering relationships were found to have any forms of perceptual bonds while John was the only participant in functional relationship, who presented some evidence of perceptual bonds. John opened an account with his main bank 37 years ago purely because his wife’s father used to work in the bank. John’s case is similar to Niall and Peter in terms of the nature of the perceptual bond being customer-related. While Niall and Peter were appeared to reflect this on their emotional attachment to the banks, this was not the case for John. Looking at the time when the bonding behaviour was initiated (i.e., the account was opened in these cases), it was 37 years ago for John, while Niall and Peter opened their accounts 19 and 10 years ago respectively. This may suggest that when a perceptual bond is built exclusively on customer-related factors, its effect on customer relationships may diminish in time.

Of the five participants in interactive relationships (Table 6-15), four were found to be affectively committed to their banks. For Daisy and Lewis, the affective commitment could be attributed to interactions with their providers while Niall’s and Peter’s emotional ties were related to their perceptual bonds. The trust component did not show any emotional element on the participants with the exception of Bianca. Similar to functional relationships, participants in interactive relationships had limited interactions with their service providers. These participants tended to use automated and self-service delivery channels regularly. Communication with their providers, therefore, was mostly standardised, involved routine transactions with occasional human interactions and highly formalised.

Interactive relationships were the only identified relationship type where the emotional element of the relationship did not seem to be exclusively related to service encounter interactions in person. This may highlight the importance of planned marketing communications and word-of-mouth communication in developing interactive relationships. This could be a relationship type that, when successfully managed, remote service providers can use to their advantage in order to preserve their customer base.

The quotation below represents how customers in interactive relationships described relationships with their service providers:

Originally one of the reasons we chose Bank12 is... they have a different status under law. So, what that means is they don't have to satisfy shareholders; instead they have to satisfy their customers, which is us. (Lewis, age range: 35-44, banking with Bank12 for 5 years)

6.6.4 Affective Relationships

Five participants (Table 6-15) were identified to be in affective relationships with their service providers. These participants banked with five different financial institutions: one was a building society (Bank12) and the rest were high-street banks.

Due to the weight of emotional element in this relationship, it is labelled "affective relationship". Similar types of relationships in the literature are called "personal acquaintances" and "friendships" (Coulter and Ligas 2004), "valued" (Liljander and Strandvik 1995) and "embedded" relationships (Laing and Lian 2005). In these studies, such relationships are characterised by positive long term commitment to organisations (Liljander and Strandvik 1995; Laing and Lian 2005), high levels of trust (Laing and Lian 2005), customisation (Laing and Lian 2005) and willingness to socialise with service providers (Coulter and Ligas 2004).

Three major commonalities were identified among the participants with affective relationships: the underlying dimension of trust, commitment and relationship benefits. Firstly, all five participants (Table 6-15) presented evidence on knowledge-based as well as affective trust in their service providers. How the service provider interacted during the service delivery or recovery processes, how secure the system was, and the efficiency of the system were all promoted the development of knowledge-based trust. It was, however, the communication skills such as listening to, caring for or empathising with the customer that promoted the development of affective trust. This highlights the role of communication in promoting affective trust. Comparing the relationships, participants in interactive and affective relationships showed similarities: both groups of customers were satisfied with their service providers and had positive banking experiences. In

addition, customers in functional and interactive relationships showed similarities: communication with their service providers were mostly standardised, involved purely routine transactions with occasional human interactions, and were highly formalised. In contrast, the participants in affective relationships interacted with their banks in much varied contexts, which promoted the development of a deeper knowledge. For example, customers experienced how their banks responded to a considerable change in their financial circumstances (Alice), when the customer was at a new phase in life such as a student life (Elisa), and how their banks managed a service failure process (Florence, Ian and Ray). These were the occasions that the providers' communication skills were crucial and the service personalisation gained importance. Customers in affective relationships frequently referred to the way they were treated at the service encounter, which made them feel they, as a customer, were appreciated and valued.

Secondly, all the five participants had affective commitment to their service providers. Service encounter interactions which were beyond mere error-free provision of the core service were the major facilitator of relationship commitment. The participants talked, at length, about the informal nature of communication which resulted in "excellent/perfect" interactions between the parties. Subsequently, product features lessened their significance to some extent on the customers who would be less likely to be allured to competitors.

Investigating whether participants in other relationships presented evidence on affective trust, affective commitment or relationship benefits, Bianca was the only participant who showed evidence on affective trust. The reputation of her bank being an "ethical bank" appeared to be the source of Bianca's trust in her financial institution. Despite presenting an emotional element in her banking relationship, Bianca's relationship type was identified as interactive. In comparison, Florence who banked with the parent bank of the same provider raised the same point (i.e., the bank being an ethical bank) as the source of her trust in her provider. However, she was identified to be in an affective relationship. Examining what made the two participants fall into different relationship types, it appeared that Bianca's interactions with her service provider were rather limited based on predominantly on-line interactions and were highly formalised. In contrast,

Florence talked, at length, about the informal communication taking place between the parties as well as the personalised aspect of service encounter interactions.

Moreover, four participants in interactive relationships were found to be affectively committed to their banks; yet none with affective trust. This may imply that affective relationships require affective trust as well as affective commitment. Having just affective trust (Bianca) or affective commitment (Daisy, Lewis, Niall and Peter) would not be sufficient for an affective relationship to be established. A commonality among Bianca, Daisy, Lewis, Niall and Peter was that their affective trust or commitment was formed with no particular support from marketing communications.

The last commonality among the customers with affective relationships was the type of relationship benefits. All five participants commented that the nature of service encounter interactions in person promoted their confidence benefits, while the service personalisation offered them extras and made the relationship special. These benefits were not unique to participants in affective relationships. Some participants in other relationship types also enjoyed being treated differently and felt confidence in their service providers (Table 6-15). Yet, according to the research data, only the five participants in affective relationships felt that the benefits were part of the relationship building efforts whereas for the other participants the relationship benefits were mostly one-off treats with no history. Hence, it could be argued that in establishing affective relationships it is equally important that relationship benefits are offered throughout the relationship.

Questioning benefits of establishing affective relationships from the perspective of organisations, customers in affective relationships could be stated to be the best assets of providers since these customers appeared to be the least responsive group to competitors' enticements.

The quotation below represents how customers in affective relationships described relationships with their service providers:

Compared to the other bank I use, they're much more helpful in Bank12, and they're very pleasant to deal compared to the other bank... Product features is shadowed by my loyalty to them. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

CHAPTER 7

PLANNED MARKETING COMMUNICATIONS AND CUSTOMER RELATIONSHIPS

7.1 INTRODUCTION

This chapter explores the impact of planned marketing communications on customer relationships. Taking the relationship typology identified in Chapter 6 as a basis, this chapter first investigates the level of awareness of customers in terms of planned marketing communications. Then, it is questioned whether and how this awareness translates into customer relationships; i.e., the identification of customers whose relationships are enhanced or threatened by planned marketing communications. In the final stage, these customers are categorised according to relationship types developed in Chapter 6 with the aim of understanding whether certain planned marketing communications are more likely to be related to specific relationship types.

Planned marketing communications are investigated by focusing on three key communication channels: advertising, corporate sponsorship and direct marketing. The impact of advertising on customer relationships is investigated based on two key aspects discussed in Chapter 3: establishing corporate/brand image and relationship advertising efforts. Similarly, sponsorship practices are looked at from the perspectives of establishing corporate/brand image and corporate social responsibility. After examining the level of customers' awareness of their organisations' participation in sponsorship it is investigated whether this awareness transfers to customer relationships. In the following section, direct marketing is focused. After identifying positively and negatively perceived aspects of direct marketing it is explored whether such feelings have a potential to enhance or threaten the development of relationships between organisations and their customers. Finally, in the conclusion section the three communication channels are looked at simultaneously.

As a final note, it needs to be underlined that these marketing practices are researched as they are perceived by customers, and do not necessarily reflect the true scope of the communication.

7.2 ADVERTISING

From the review of marketing communications literature, two aspects of advertising were identified as likely to influence customer relationships: “corporate/brand image” and “relationship advertising”. The research data are discussed by concentrating on these two aspects. In order to avoid bias in the data, these aspects were not mentioned to participants during the interviews. Instead, participants were invited to talk about their level of awareness of their banks’ advertising practices, what they liked and disliked in these practices, and whether they felt that these practices impacted, in any way, on their banking experiences.

7.2.1 Corporate/Brand Image

Starting with customers’ awareness of advertising, 28 of 38 participants could recall mass media campaigns by their service providers (Table 7-1). It was observed that a number of attributes were used by organisations to establish a corporate image, as reported by these customers. Some service providers were stressing key product attributes in their advertising while others communicated heavily organisation-related attributes. However, a more common practice among financial institutions appeared to be combining both product-related and organisation-related attributes in their promotional activities as illustrated in Table 7-1.

Table 7-1 Advertising attributes and their impact on customer relationships

LEVEL OF ADVERTISING AWARENESS		
Identified advertising attribute	Participant number and codes	
product attributes	5 participants	Felicity, Ian, Isabelle, Keith, Patrick
organisation attributes	9 participants	Bianca, Diana, Hannah, Lewis, John, Martin, Niall, Oliver, Richard
organisation and product attributes	14 participants	Alice, Daisy, Gloria, Harry, Jessica, Melissa, Newton, Oscar, Peter, Ray, Sarah, Shirley, Thelma, Tess

IMPACT OF ADVERTISING ON CUSTOMER RELATIONSHIPS		
Participant code	Attributes delivered in the message	Affected relationship constructs
Positive impact		
1 Alice	➤ organisation attributes ➤ product attributes	trust
2 Daisy	➤ organisation attributes ➤ product attributes	commitment, perceptual bonds
3 Harry	➤ organisation attributes ➤ product attributes	trust, commitment
4 Jessica	➤ organisation attributes ➤ product attributes	commitment
5 Newton	➤ organisation attributes ➤ product attributes	commitment
6 Peter	➤ organisation attributes ➤ product attributes	trust
7 Ray	➤ organisation attributes ➤ product attributes	commitment
8 Sarah	➤ organisation attributes ➤ product attributes	trust
9 Thelma	➤ organisation attributes ➤ product attributes	commitment
10 Bianca	➤ organisation attributes	commitment
11 Hannah	➤ organisation attributes	trust
12 Lewis	➤ organisation attributes	commitment
13 Martin	➤ organisation attributes	trust, commitment
14 Oliver	➤ organisation attributes	trust
15 Keith	➤ product attributes	commitment
Negative impact		
1 Gloria	➤ organisation attributes ➤ product attributes	trust, commitment

Categorising advertising practices according to attributes used, nine interviewees talked about advertising campaigns from a perspective of establishing corporate image through organisation attributes, such as corporate brand/image and financial performance indicators, with hardly any reference to product features:

I think I've seen a certain [image] quite a few times... I think it's quite a strong image of theirs... I've got no idea what they were trying to sell. (John, age range: 55-64, banking with Bank10 for 37 years)

In comparison, five participants stated that the campaign's focus was on the product and its benefits, while 14 interviewees could recall the use of both organisation and product attributes in media advertising by their banks:

I think in general [TV adverts were] about Bank11's account, not about a particular service... And I think in the newspaper it was very much specific about a product. (Ray, age range: 25-34, banking with Bank11 for 5 years)

Of these 28 customers who could recall advertising messages by their financial institutions, 15 talked about advertising in a way to have facilitated their relationship commitment and/or trust towards their banks whereas for one participant the relationship was affected in a negative direction.

(i) Positive impact of advertising on customer relationships

Analysing the data from a perspective of promoting product and organisation attributes, firstly, media campaigns appeared to have limited potential to influence customer relationships when the message communicated merely key product or organisation attributes. Of the five participants who could recall the use of product features in their banks' media campaigns, Keith was the only customer whose relationship commitment appeared to be reinforced by campaigns delivering merely product features (Table 7-1):

They are re-marketing the sort of package that I went for... They [marketing communication activities including advertising] all help reinforce the satisfaction... They're trying to expand market share, so you feel they're a successful, proactive organisation, and that's good. (Keith, age range: 55-64, banking with Bank2 for 2 years)

Investigating why establishing corporate image merely through product features may have limited impact on customer relationships, research participants seemed to have a common concern in terms of advertising practices focusing on product attributes. Customers felt that this type of advertising was primarily directed towards recruiting new customers. In particular, six participants had complaints in this regard while John raised a similar point in terms of his relationship with his previous bank:

Sometimes it feels like they are talking to new customers instead of existing customers, or want to get their leaving [old] customers back, so the existing customers are a bit ignored. (Melissa, age range: 25-34, banking with Bank11 for 7 years)

On the other hand, Lewis was pleased about a campaign by his bank which specifically emphasised that they were targeting both existing and new customers. Keith and Kevin interpreted such an approach in advertising as a commonly applied business policy:

I think it's a business policy of all business... focus on new business and new customers than they do on their existing customers... I suppose when a bank does it... I just accept it as a fact of life really. (Kevin, age range: 45-54, banking with Bank3 for 20 years)

Product-related characteristics were not the only way of communicating with large audiences. Organisation-related features were another way of promoting corporate image. Of the nine participants who could recall the use of organisation features in their banks' media campaigns, five participants presented some evidence that these adverts reinforced their trust in their service providers and/or relationship commitment (Table 7-1). Participants appeared to be more receptive to advertising trying to establish an image through the use of organisation-related attributes. This was particularly evident among Bank8 customers. Bank8 was running mass media

campaigns continuously for a number of years with particular emphasis on enhancing the corporate image of the bank. Five out of six participants who banked with Bank8 (Harry, Jessica, Newton, Peter and Sarah) expressed positive opinions towards these campaigns. Bank8's advertising was reported to be communicating key product attributes along with developing a brand image or market positioning, which have reinforced the development of customers' relationship commitment and/or trust:

All their various media campaigns saying Bank8, the bank... I suppose on a subliminal level it's comforting knowing that the bank I am currently with is keeping up with the big boys, and it's operating as a proper bank... So from that level I consider them trustworthy. (Harry, age range: 35-44, banking with Bank8 for 21 years)

A similar pattern was also observed among other bank customers. For example, Alice stated that her bank pushed itself very well by using popular people in its adverts which helped the bank create a high profile and increase awareness of the product range. Such a positive image perceived by Alice contributed to her trust in her service provider. For Hannah and Oliver, marketing campaigns by their banks, communicated issues regarding power, seriousness and stability, which have enhanced the progress of their relationships:

As I said the[ir] advertising is serious, boring but serious; so I suppose that goes in the direction of being trustworthy. (Oliver, age range: 35-44, banking with Bank10 for 11 years)

In some situations, not own branding but the corporate parent's brand image was found to be influential in developing customer relationships. Six participants (Bianca, Carla, Casie, Jessica, Oscar and Sarah) banked with divisions of high street banks. The image of these subsidiaries seemed to be closely related to the perceived image of the parent bank:

I was quite angry with the bank I was with... I started looking around at adverts and I realised then it was Bank5... so I decided to go with Bank14, because it was Bank5. (Bianca, age range: 55-64, banking with Bank14 for 7 - 8 years)

In addition to brand image or market positioning, corporate image can be projected through advertising messages which inform customers about corporate strategies. There was some evidence that mass media marketing campaigns might enhance customer relationships if the communication was about current corporate strategies. Lewis, in depth, talked about a media campaign by his bank emphasising equal treatment towards both existing and new customers. Lewis interpreted this campaign as how fair his organisation was towards potential as well as existing customers, which has reinforced Lewis' relationship commitment. The same advert was perceived similarly by Gloria who banked with a different financial institution. Likewise, Martin expressed positive views to a similar campaign by his bank:

I suppose there has been an interaction between their campaign, my interaction with the bank, my feelings about the bank. It has influenced me towards thinking the bank is making an effort in a strategic way, and it probably has encouraged me to stay with the bank. (Martin, age range: 55-64, banking with Bank11 for 35 years)

On the other hand, instead of emphasising solely product or organisation attributes, some organisations tended to combine both types of attributes in their advertising messages, which seemed to be a more effective way of communication regarding to relationship development. Of the 14 participants who stated that their banks' advertising campaigns were using both organisation and product attributes, nine provided evidence on the positive impact of such advertising on their banking relationships (Table 7-1):

They have advertisements on the TV, newspapers, and web sites... They are very visual, and they're very approachable... They present a personal front, even though the product is a distance product... It's very sensible to be combining your accounts in Bank6. (Sarah, age range: 25-34, banking with Bank6 for 1.5 years)

This is, albeit in a limited scale, an interesting finding. Previous studies assert that the effectiveness of advertising can be improved by promoting corporate-related characteristics rather than specific products (Davies 1996), especially in industries such as financial services (Balmer and Stotvig 1997). The research data suggested that UK financial institutions tend to communicate product-related

attributes (either solely or combined with organisation-related attributes) as part of their promotional activities. More interestingly, this appeared to be facilitating the development of customer trust, relationship commitment and perceptual bonds. This may imply that UK financial institutions have managed to develop successful brand identities; so customers may not perceive financial products as a very standard product.

Furthermore, the assertion by Witcher *et al.* (1991) that advertising works through image associations was confirmed by this research. For example, 28 participants were aware of their banks advertising, and 23 of these could remember organisation-related characteristics (either solely or in combination with product attributes) in these adverts. Additionally, it was discussed that advertising aiming to establish a strong corporate image or market positioning could enhance customer trust, relationship commitment and/or perceptual bonds, even if this was advertised by the corporate parent. This can be explained by the potential of corporate image in reducing customers' perceived risk (George *et al.* 1985), and therefore facilitating the development of trust between the relationship partners (Fletcher and Peters 1997; Peng and Wang 2006). This research has presented an empirical support to these conceptual assertions.

(ii) Negative impact of advertising on customer relationships

Some advertising messages were found to have a potential to threaten the development of customer relationships as highlighted by Gloria. Negative service interactions with her financial institution throughout 15 years of banking experience left Gloria with no trust. Additionally, her relationship commitment was basically linked to the convenient location of the branch as well as her perceived lack of alternatives offering a better product. Gloria expressed that the corporate image projected through advertising blending both product and organisation characteristics contradicted significantly with the actual service experiences with her bank:

Bank11 picked the advertising strand that they're open 24 hours a day, you'll always get through to your branch; which you can't... I don't understand what made them think that they could make anybody take that advert seriously. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Gloria clearly stated that such contradictory messages between service encounters and advertising had hindered the development of her trust and commitment towards the bank:

I don't think they are [honest] actually. I don't think people get what they think they're getting from Bank11... I don't think that the experience that they advertise and promise is what they deliver. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

However, not every negative interpretation about advertising translated into customer relationships. For example, Isabelle was about to terminate her relationship with her service provider at the time of the interview, mainly due to unsatisfactory service interactions. Like Gloria, Isabelle's interpretation of her bank's adverts was very negative; yet with no impact on relationship trust or commitment:

[In their leaflets] They say: "Come into the branch and we're happy to listen to you"... It's not portraying their real identity... It's just more to pull in, but you don't get what they promise to give you. (Isabelle, age range: 25-34, banking with Bank10 for 4 years)

Moreover, for Diana her bank's advertising was too abstract to stimulate any thoughts or feelings while the style of advertising was perceived to be "old-fashioned" for Hannah and "cheesy" for Felicity:

They're quite kind of cheesy adverts... I guess because they're a bit silly they do stick in your mind. And that's the most embarrassing... It was a cheap version of something they got [with] the lowest possible budget to do. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

Grace, on the other hand, in one occasion, felt that her bank's advertising was actually contradicting with customer values, and the provider was not being socially responsible. This prompted Grace to contact to her bank:

I did actually make a complaint about one of Bank3's adverts... and they did have to remove the advert. It wasn't just my complaint; there were a lot of complaints... I felt that was completely inappropriate because that was a life-threatening event, and it shouldn't have been treated so trivially. (Grace, age range: 45-54, banking with Bank3 for 7 years)

Nonetheless, there was no data suggesting that these thoughts hindered the development of customer relationships for these customers. These findings may imply the limited role of advertising in threatening customer relationships. In other words, negative comments on advertising per se would not translate into customer relationships.

7.2.2 Relationship Advertising

As discussed in Chapter 3, the content and style of language used is asserted to be highly important in stimulating thoughts, feelings, and actions of the message receiver which could be translated into customer relationships (Stern 1997). It is argued that organisations should communicate messages such as “sympathetic listener”, “responsive to customer needs”, “caring listener” and “helpfulness and friendliness” since this would promote feelings of connectedness between the parties (Stern 1997).

By combining Table 7-1 with participants who presented data on relational advertising, Table 7-2 was drawn up. This table presents the likely impact of advertising on customer relationships in terms of the image attribute(s) delivered and thoughts/feelings stimulated by the advert.

Table 7-2 Relational advertising and its impact on customer relationships

Participant code	Attributes delivered in the message	Thoughts/feelings stimulated by the advert	Affected relationship constructs
1 Alice	➤ organisation attributes ➤ product attributes	➤ prestigious	trust
2 Harry	➤ organisation attributes ➤ product attributes	➤ prestigious	trust, commitment
3 Jessica	➤ organisation attributes ➤ product attributes	➤ prestigious	commitment
4 Keith	➤ product attributes	➤ prestigious	commitment
5 Ray	➤ organisation attributes ➤ product attributes	➤ prestigious	commitment
6 Sarah	➤ organisation attributes ➤ product attributes	➤ prestigious	trust
7 Newton	➤ organisation attributes ➤ product attributes	➤ prestigious ➤ customer-oriented	commitment
8 Bianca	➤ organisation attributes	➤ customer-oriented	commitment
9 Daisy	➤ organisation attributes ➤ product attributes	➤ customer-oriented	commitment, perceptual bonds
10 Lewis	➤ organisation attributes	➤ customer-oriented	commitment
11 Martin	➤ organisation attributes	➤ customer-oriented	trust, commitment
12 Peter	➤ organisation attributes ➤ product attributes	➤ customer-oriented	trust
13 Thelma	➤ organisation attributes ➤ product attributes	➤ customer-oriented	commitment
14 Hannah	➤ organisation attributes	➤ old-fashioned ➤ not prestigious	trust

Revisiting the data to investigate what thoughts and/or feelings the communication stimulated in the customer, advertising aiming to promote organisations as a prestigious corporate was raised by seven participants (Table 7-2). The following comments were interpreted as indicators of prestigious promoting advertising: Employment of celebrities/famous people to communicate the message (Alice), professional looking/glossy perceived advertising (Harry), messages showing the organisation as an elite corporation (Jessica, Sarah), messages illustrating the organisation as a major player in the global market (Newton, Sarah), messages emphasising pioneering/innovative nature of the organisation (Jessica). A reason that such messages were coded as prestigious promoting was that the advertising appeared to be stimulating customer thoughts or feelings merely by

communicating the desired image of the organisations with no reference to customer needs or wants.

In comparison, for seven participants (Table 7-2), the banks' advertising style was putting customers more in the centre of the communication. For example, for Bianca it was the simplicity of the language used that was positive, while (as already explained) Martin and Lewis liked that their banks' advertising was communicating how customers would benefit from their new corporate strategies. On the other hand, Daisy was pleased that her bank's advertising was taking into account the diversity of customers. Daisy stated that her bank's advertising messages were addressing a particular segment of the society who was largely ignored by most advertisers: black, overweight and ordinary looking people. Despite not openly articulated by this respondent, Daisy's association with this segment was interpreted to be a reason behind the positive impact of the advertising on her banking relationship.

Furthermore, there were differences among participants about favourable aspects of advertising. Some participants favoured a serious style of advertising in the context of banking (Elisa) whilst others were pleased about the use of colourful design (Bianca) and humour in banking adverts (Daisy and Thelma). Some even complained that banks did not use enough humour in their advertising (Harry):

Bank7 advertises with one of their own staff singing up-to-date songs, and my son went around for above six months singing one of them... Although you are watching it in a sense laughing, you still get the message behind it. (Thelma, age range: 35-44, banking with Bank7 for 4 years)

Based on these comments and data presented in Table 7-2, a number of conclusions can be drawn. Firstly, prestigious promoting messages were as much favoured as customer-oriented messages. This seems to be contrary to the Stern's conceptual study (1997) stressing the centrality of customer-oriented messages in enhancing customer relationships. The intangible nature of financial services makes them difficult for customers to evaluate prior to purchase or sometimes even after the purchase and consumption. Customers might lack the technical knowledge to do so, as in the case of purchasing a financial investment

product or medical advice (Sharma and Patterson 1999). This often means that customers must rely on the credibility of service providers (O'Malley and Tynan 2001). Projecting a prestigious image through the employment of famous public figures, communicating messages such as how elite, professional or pioneering the organisation is may be an indicator of establishing corporate credibility, and thus reducing customers' perceived risk of the service. Secondly, opposing comments among participants' interpretation of bank advertising suggest that customer characteristics would play an influential role in the effectiveness of advertising in stimulating thoughts and feelings. This provides empirical support for Stern's (1997) argument.

7.3 CORPORATE SPONSORSHIP

Twenty participants were not aware of any sponsorship activities by their main financial institutions while four were vaguely aware. This low level of awareness implies that sponsorship is the least visible part of promotional activities as viewed by customers. Concentrating on the 14 participants who stated to have some knowledge of their banks' sponsorships, six participants reported such activities to have reinforced their relationships with service providers and for one participant it was the absence of sponsorship that appeared to have fostered his relationship commitment (Table 7-3).

Table 7-3 Participants whose relationships were enhanced through sponsorship activities

Participant code	Sponsorship characteristic	Which relationship construct was facilitated?
1 Alice	➤ building profile	trust
2 Ray	➤ building profile	trust, commitment
3 Shirley	➤ building profile	trust
4 Florence	➤ social responsibility	trust, commitment
5 Ian	➤ social responsibility	trust, commitment
6 Tess	➤ social responsibility	commitment
7 Lewis	➤ not aware	commitment

The research data suggested that two aspects of sponsorships had a potential to influence customer relationships: establishing corporate/brand image and sending messages about corporate social responsibility.

7.3.1 Corporate / Brand Image

The impact of corporate sponsorship on customer relationships was improved to the extent that it projected a favourable corporate/brand image (i.e., building profile). In particular, as perceived by Alice, Ray and Shirley, sponsorship activities helped their service providers build a business profile, which facilitated the development of relationship commitment and trust towards their banks:

One of the giant media pavilions has been sponsored by Bank11 ... And you feel good about it. Because that's your bank; and they're making efforts to advertise themselves, to make themselves available to lots of people... Just the kind of satisfaction really. (Ray, age range: 25-34, banking with Bank11 for 5 years)

Looking at the nature of sponsorship activities or events, an overwhelming dominance of professional sport was observed. Of 14 participants who were aware of their banks' involvement in sponsorships, 12 customers talked about a number of sports including cricket, football, golf, rugby and motor racing. The participants also mentioned their banks supporting some sporting events such as Formula One, Olympics, Premiership League, Rugby World Cup and Six Nations Rugby. A study back in early 1990s (Thwaites 1995) asserts that sport has been the most popular sponsorship programme among UK financial services institutions. The research data suggested that this might still be the case.

In Section 7.2, it was discussed that establishing a sustainable corporate/brand image is a major purpose of advertising practices. In this regard, a similarity was observed between advertising and sponsorship practices, supporting assertions that sponsorship is simply another form of advertising (Witcher *et al.* 1991) or they are used to achieve similar objectives (Hoek *et al.* 1997).

7.3.2 Corporate Social Responsibility

Recent studies suggest that organisations should not only sponsor commercial activities but also should contribute to their communities (e.g., Sen and Bhattacharya 2001; Fill 2005). It is reported that sponsorship practices can improve customer relationships when such practices are perceived to be sincere and indicators of social responsibility (Rifon *et al.* 2004). Corporate social responsibility reflects an organisation's status and activities with respect to its

perceived societal obligations such as environmental friendliness, commitment to diversity, community involvement, sponsorship of cultural activities or corporate philanthropy (Brown and Dacin 1997). Support for such views came from Grace, Oliver and Richard, all of whom approached sponsoring sports from a negative perspective with a preference towards more society-oriented activities or events:

You're thinking they're spending lots of money for that event just to be seen. If it's a marathon or something related to fundraising then it's a different story. I would say, okay they've got lots of money and they're spending it for this... So it's good quality measure, but I don't think you see that a lot. (Oliver, age range: 35-44, banking with Bank10 for 11 years)

Likewise, participants expressed that they would prefer their banks returning some of their funds back to the society (Tess) by supporting local organisations (Peter), worthwhile causes (Ian and Niall) and underprivileged people (Isabelle). For example, Ian had negative views on banks supporting popular sports which already generate considerable funding. However, he thought it would be much more preferable if minority sports which did not attract much funding would have been sponsored. This would indicate that the organisation is genuinely supporting the activity:

Are they buying advertising or are they supporting the sport?... If my bank was supporting motor racing I think I would be a bit upset; so I think what we're looking at here is ethics. Do I agree with what the bank is doing? (Ian, age range: 55-64, banking with Bank13 for 42 years)

Of these participants with a positive view on banks showing some form of social responsibility by being involved in cause-related activities or events, Florence, Ian and Tess provided some insight. Their service providers' involvement in such sponsorships has reinforced the development of customers' relationship commitment and/or trust. For Florence, her bank's social responsibility was in the form of offering a range of affinity cards, which aimed to give support to non profit making organisations. On the other hand, Ian's bank supported minority sports as well as participating in activities run by schools and higher education institutions. Similarly, Tess approached her bank's involvement in sponsorship activities from a view of returning some of the corporate profits back to the society:

It's probably good that they do sponsor things... If you were with an organisation who kept all their money for themselves and their shareholders, and nothing went to the benefit of other people, it would be a very greedy society. (Tess, age range: 35-44, banking with Bank3 for 20 years)

Conversely, 5 participants (Jack, Lewis, Martin, Oscar and Sarah) approached their banks' involvement in sponsorship activities with caution. All agreed that financial institutions should concentrate on their core business activities. Otherwise, funds spent on sponsorship could not have been for customers' best interests:

I can't think of any that has been particularly [by] Bank9... which is good; because instead of sponsoring something they could put another half percent on the interest rate. (Oscar, age range: 25-34, banking with Bank9 for 5 years)

Of this group, only Lewis provided evidence on the impact of sponsorship on customer relationships. Lewis stated that his bank's lack of involvement in sponsorship activities has reinforced his relationship commitment. This was because the bank was considered to be acting towards its customers' interest by not being involved in any sponsorship activities, therefore using business funds responsibly:

Sponsorship is another way of spending money. You might be building brand awareness... but that's expensive... and hits the bottom line which in the case of Bank12 would hit the interest rates. So as far as I'm concerned not doing high-level sponsorship like that is good. (Lewis, age range: 35-44, banking with Bank12 for 5 years)

This may be explained by customer characteristics. Although it is presented that when customers know about a company's corporate social responsibility associations this would affect how customers feel overall about a company (Brown and Dacin 1997), Sen and Bhattacharya (2001) argue that a company's corporate social responsibility actions have a potential to establish a bond between firms and their customers when customers have a personal support in the given cause.

Finally, it was investigated what else could have differentiated the seven participants for whom sponsorship appeared to be enhancing customer relationships (Table 7-3) from those 14 participants with some level of awareness of their bank's sponsorship activities. The literature informs that the success of corporate sponsorship depends on the level of coordination between the sponsorship and other marketing communications activities (Hastings 1984; Erdogan and Kitchen 1998). In particular, a coordination of objectives between advertising and sponsorship is highlighted by Witcher *et al.* (1991) and Hoek *et al.* (1997). Referring to the research data, Alice, Ray and Shirley all expressed that advertising campaigns were stimulating thoughts about how prestigious the organisation was (Table 7-2); which appeared to be in line with the perceived objectives of their banks' sponsorship activities (Table 7-3). Similarly, Elisa, Newton and Richard approached sponsorship activities by their banks from a perspective of profile building; yet with no evidence of relationship enhancement. Looking at types of messages delivered through advertising, coordination between the two types of activities was found only for Newton. Newton's limited awareness of his bank's sponsorship activities particularly in the past, with hardly any recent knowledge, may offer an explanation. This might imply that past sponsorship activities have limited impact on relationship development.

On the other hand, Florence, Ian and Tess' banking relationships were facilitated by sponsorship activities which communicated issues with regard to corporate social responsibility. Focusing on their banks' advertising campaigns, Florence was not aware of any advertising by her bank whereas Ian and Tess could not elaborate on the nature of advertising activities by their banks. Despite the lack of coordination between advertising and sponsorship, for Florence, Ian and Tess sponsorships appeared to have made a positive impact on their relationships. This might be due to the nature of the sponsorship. In these three cases sponsorships were more likely to resemble public relations rather than advertising.

Therefore it can be concluded that when the main aim of sponsorship is to create awareness and establish corporate image through mostly commercial activities/events the coordination with advertising will be likely to improve the communication's effectiveness. However, when the main aim of sponsorship is to communicate with customers through involvement in local groups or communities

this could enhance the development of relationships without further support from advertising.

7.4 DIRECT MARKETING

An overwhelming majority of participants (33 participants) were aware of direct marketing practices by their financial institutions. The research data showed direct mailing as the commonly referred type of direct marketing. This is in line with a report by Ridgway (2000) who reported UK financial mailings accounting for 40 per cent of total mailings volumes and 34 per cent of spend. Fourteen participants indicated direct mailing to be the main way of communication by their banks:

I'm not aware that they've ever contacted me by telephone and certainly not by text messaging. Post is their main way of communicating to me as far as marketing is concerned. (Ben, age range: 45-54, banking with Bank11 for 20 years)

With advances in information technology, there has been a shift towards the use of more cost effective electronic channels. Six participants reported to be receiving marketing communications electronically from their banks either as the only channel or combined with the post, whilst no participants claimed to be receiving text messages from their banks:

It's good that they don't send the stuff through the post... They email sort of all the time really. (Casie, age range: 45-54, banking with Bank14 for 4 years)

Moreover, customers were more tolerant of receiving direct marketing from companies with which they were already in a relationship. Despite having negative attitudes towards direct marketing in general and perceiving such practices by their banks mostly not to be customer-oriented, six participants (Betty, Bianca, Diana, Felicity, Peter and Tess) showed relatively higher levels of tolerance to their banks. This was particularly when it came to communicating through the post or electronically:

I don't really mind from them, because I do, not belong to them, but I do, if you see what I mean. They haven't picked my name out of anywhere. It's because I'm on their books. (Betty, age range: 55-64, banking with Bank10 for 43 years)

This is in line with a study by Wang and Petrison (1993) stating that customers are more positive to be approached by companies with which they do business. The literature was revisited to understand why this might be so; and an argument was found specifying that customers have different thresholds of customer privacy (Patterson and O'Malley 2000), which depend on the type of information communicated, reputation of the organisation collecting the data, relevance of the message and customer characteristics (Wang and Petrison 1993; Campbell 1997). Maybe, the existence of a relationship between the organisation and customer could also play a role in customers' evaluations of direct marketing practices.

In terms of participants' views towards direct marketing, all 38 participants reported views. Nine interviewees presented positive views on the practice, while 13 had negative views and 16 participants talked about both positive and negative aspects of direct marketing practices by their banks.

7.4.1 Positive Views on Direct Marketing

Concentrating on direct marketing practices perceived positively by customers, Table 7-4 shows the identified characteristics as (i) diversifying dialogue with customers, (ii) relevance to customer needs and (iii) level of frequency, which are discussed in turn.

Table 7-4 Positively perceived aspects of direct marketing and the impact of these aspects on customer relationships

Identified communication characteristics		Participant number and code	
➤	diversifying dialogue with customers	5 participants	(Elisa, Florence, Ian, Jessica, Martin)
➤	relevance to customer needs	4 participants	(Carla, Elisa, Florence, Ian)
➤	level of frequency		(Alice, Ben, Emily, Florence, Grace, Keith, John, Martin, Newton, Oliver, Richard, Shirley, Thelma, Tess)
	low	14 participants	
	none	3 participants	(Lewis, Oscar, Patrick)
	opted out	4 participants	(Felicity, Gloria, Melissa, Ray)

POSITIVE IMPACT ON CUSTOMER RELATIONSHIPS		
Participant code	Communication characteristics	Enhanced relationship construct
1 Florence	➤ relevance to needs ➤ diversifying dialogue ➤ low level of frequency	trust, commitment, confidence and special treatment benefits
2 Elisa	➤ relevance to needs ➤ diversifying dialogue	trust, commitment and confidence benefits
3 Ian	➤ relevance to needs ➤ diversifying dialogue	trust, commitment, confidence and special treatment benefits, perceptual bonds
4 Jessica	➤ diversifying dialogue	commitment
5 Felicity	➤ no direct marketing	commitment
6 Lewis	➤ no direct marketing	commitment
7 Oscar	➤ no direct marketing	trust and commitment

(i) Diversifying dialogue with customers

Interviews with Elisa, Florence, Ian, Jessica and Martin suggested that, in addition to promoting marketing offers, direct marketing can be used to diversify the dialogue between the parties. This could be achieved in a number of ways. Firstly, inviting customers to give feedback on the organisation’s performance was approached favourably by Ian and Martin whereas Daisy complained about the lack of such consultation:

Actually they do send me questionnaires... It’s usually about satisfaction with the branch... I think it shows they’re going through the motions of at least making an effort. (Martin, age range: 55-64, banking with Bank11 for 35 years)

Secondly, Florence reported that she received annual reports from her bank, which informed customers about the company’s yearly performance. Similarly,

Jessica was emailed newsletters on a monthly basis giving advice on issues such as security alerts:

On e-mail, it tends to be a newsletter. Like, an October newsletter, and it might say this is an update this month, look out for security alerts, and then it has just some information about products. (Jessica, age range: 25-34, banking with Bank6 for 10 years)

Thirdly, communicating broader issues such as society-oriented messages was viewed positively. Participants, on the whole, showed some interest in their organisations' business activities beyond product features. Emily expressed that she would consider how ethical an organisation was when starting a new banking relationship. Harry terminated his relationship with his previous bank due to the bank's perceived unethical activities. Likewise, John, Patrick and Richard stated that they would change their service provider if their banks were involved in unethical activities:

I'm sure they're doing many things I disagree with ethically. If I were to become aware of them, and it was quite public, then I think that would prompt me to change my bank account, regardless of how much hassle it was to change my direct debits. (Richard, age range: 25-34, banking with Bank8 for 13 years)

In a similar manner, Niall regarded his bank as a "clean bank" while Bianca, Florence and Grace (her second bank) were pleased that their banks had a reputation of being ethical:

They choose not to be involved with certain things where, I suppose, they could make huge amounts of money. They choose that for ethical reasons. So, these are my few reasons for thinking Bank14 is not as bad as most. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

From a direct marketing perspective, when her bank sent literature about fair trade or a green issue, or informed the customer what type of investments the bank has initiated or terminated this was perceived favourably by Florence:

I feel that they are at least telling me where they're going and how they, as a group, are progressing. And I like that sort of feeling that I'm being consulted. Or informed perhaps might be more reliable. (Florence, age range: 55-64, banking with Bank5 for 4 years)

Finally, Elisa talked, in depth, about how she and her sister were pleased by the introductory packs received after they joined their banks as young customers:

When I first joined Bank12 I got a CD and they'd send you vouchers and things like that - just a compilation of their type of music and things like that. So nice stuff which is a friendly way of banking that they understand young people. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

(ii) Relevance to customer needs

As expected, the research data suggested that the potential of direct marketing to facilitate relationships will be improved when the communication is well-targeted in light of the history of the relationship with the customer. Carla, Elisa, Florence and Ian talked favourably about their banks' direct marketing practices which were based on the customers' background information such as demographic information and financial circumstances, or had a holistic view of the customer:

I have... a royalties account... I get direct marketing from the bank in connection with this royalties card... I seem to get stuff that is sensible and relevant for me, so I'm happy with it. (Ian, age range: 55-64, banking with Bank13 for 42 years)

Investigating how participants interpreted receiving messages which took into account customers' background information, such direct marketing practices generated positive feelings towards the organisation by making the customer feel that they were being "looked after" (Florence and Ian), "valued" (Ian) and regarded as "an individual rather than a number" (Elisa):

They do look at me as an individual, which I think is very important, rather than treating all of its people in its database as one unit... That's what makes people feel just like a number. If you're treated as an individual, you feel special like the bank is talking to you. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

(iii) Level of frequency

Participants, on the whole, were pleased with the level of frequency of direct marketing practices from their service providers. In particular, 14 participants (Table 7-4) found these practices at an acceptable level:

It's one of those things that I'll accept; because it's not too often. And it's useful to have a glance through. (Emily, age range: 45-54, banking with Bank11 for 17 years)

In addition, seven participants (Table 7-4) presented positive views due to absence of direct marketing practices. This was as a result of either the participants' conscious choice of having opted themselves out of marketing communications or their banks' lack of involvement in such practices:

I ticked all the boxes to say: "Do not send product things"... I get more from my other banks than I do from Bank11 - they seem to have taken the point very well. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Furthermore, frequency level does not only relate to promotional offers, but any type of marketing communications. For example, Ian and Martin talked about receiving customer satisfaction surveys. Ian stated that he received the survey on a yearly basis while Martin felt that it was every two months. Although the practice was favoured by both participants, the frequency level adversely affected the efficiency of the practice for Martin:

It seems ever so frequent. And it's usually about satisfaction with branch. What's so silly about it is that they come so frequently that I may not have visited the branch since the last one. (Martin, age range: 55-64, banking with Bank11 for 35 years)

It needs to be expressed that not in all cases opting oneself out of marketing practices means zero level of direct communication. For example, after contacting their banks to exclude themselves from marketing database, Gloria, Melissa and Ray occasionally received inserts along with their statements. For Felicity, her bank stopped direct mailings due to her request, yet shifted the communication to the customer's e-mail account. Since such contacts were perceived to be on a much less frequent level than before, the customers were pleased with the outcome in general.

7.4.2 Impact of Positive Views on Direct Marketing on Customer Relationships

Seven participants presented evidence on the impact of these positively viewed direct marketing practices on customer relationships. As shown in Table 7-4, direct marketing appeared to have reinforced these customers' commitment, trust, confidence and special treatment benefits as well as facilitating the establishment of perceptual bonds towards their financial institutions.

All identified characteristics including relevance to customer needs, diversifying dialogue with the customer and the level of frequency emerged as influential in terms of developing participants' relationships with their banks. The findings suggest that when the "relevance" characteristic is combined with "diversifying the dialogue" it is more likely to enhance the relationship development based on data from Elisa, Florence, Ian and Jessica. All of these participants were experiencing mostly customer-oriented communication from their banks throughout their banking relationships with few exceptions. For example, Elisa received an insert on mortgages when she was still an undergraduate student with very low income level. Likewise, Ian was sent information on child's trust account despite being retired. However, in neither case this seemed to have adversely affected the customers' positive views towards their banks' direct marketing practices on the whole.

On the other hand, Carla was contacted by her bank to upgrade her account, which was regarded to be "quite impressive". However, no evidence was found on the impact of this communication on customer relationship. This might be due to this communication being a one-off marketing practice. Carla reported direct marketing from her bank mostly to be about product offers, which were of no interest to her.

These interviews suggest the importance of keeping customer-oriented communication on a continuous basis. When customers feel the communication is mostly customised they might be more tolerant to one-off occasions when they are mistargeted.

In a similar manner, Elisa presented evidence on the importance of direct marketing being practiced throughout the relationship. Elisa's parents had opened a bank account for her when she was a teenager. At the time Elisa received direct mailings quite frequently mainly explaining issues such as how to manage a bank account. Now, at different needs, her bank adjusted the nature of direct marketing according to Elisa's changing needs and interests:

They made it easier for me to manage it in that way by sending much more new information than that I get now... It's almost like teaching, it's sort of being spoon fed enough information to be able to stand on my own two feet and manage a bank account by myself. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

Moreover, direct marketing on the whole is perceived rather negatively. "Junk", "spam", "advertisement" and "mass communication" were how participants called direct marketing practices. Maybe out of such an overall attitude, when customers could exclude themselves from the marketing practices this seemed to facilitate the development of relationships. The below quote represents how customers interpret the lack of direct marketing practices in a positive way. Oscar expressed that he hardly remembered receiving any direct marketing from his bank. Later on when he was asked which marketing practices impacted on his trust towards the bank this is what Oscar answered:

The fact that they don't do direct marketing again, or they haven't... because if they're constantly trying to push things on me I'll be more likely to think, why are you trying to push that on me?... Whereas the fact that they don't means that they're obviously spending money elsewhere. (Oscar, age range: 25-34, banking with Bank9 for 5 years)

Comparing these findings with the literature results, this research has presented an empirical support to those studies reporting that the effective utilisation of customer information can facilitate a dialogue between the relationship partners, and can contribute to customer satisfaction, trust and development of closer bonds (Patterson and O'Malley 2000). As a response to overcoming customer concerns of direct marketing practices, Evans *et al.* (1996) and Mitchell (2003) discuss about a need to adopt more sophisticated ways of interacting with customers. This

research suggested a number of examples of how direct marketing communications can be designed in more sophisticated ways. Additionally, in comparison with studies reporting little impact of direct marketing on promoting customer relationships, this research documented that direct marketing has a potential to strengthen relationships between organisations and their customers as long as organisations make sufficient investment into the relationship by identifying their customers' needs and wants, and then design their communication strategies in light of this information. As declared by O'Malley *et al.* (1997), organisations show their commitment to relationships through the accurate use of customer data, which would encourage a dialogue between the relationship partners.

7.4.3 Negative Views on Direct Marketing

Concentrating on direct marketing practices perceived negatively by customers, Table 7-5 shows the identified characteristics as (i)irrelevance to customer needs, (ii)unsolicited telemarketing, (iii)material design and (iv)affiliation congruence, which are discussed in turn.

Table 7-5 Negatively perceived aspects of direct marketing and the impact of these aspects on customer relationships

Identified communication characteristics		Participant number and code	
➤ irrelevance to customer needs	20 participants	(Ben, Betty, Bianca, Casie, Diana, Elisa, Gloria, Grace, Ian, Jack, Keith, Kevin, Martin, Melissa, Newton, Niall, Patrick, Sarah, Shirley, Tess)	
➤ unsolicited telemarketing	12 participants	(Carla, Diana, Florence, Gloria, Grace, Harry, Hannah, Jessica, Kevin, Newton, Patrick, Peter)	
➤ material design	1 participant	(Emily)	
➤ lack of affiliation congruence	1 participant	(Peter)	

NEGATIVE IMPACT ON CUSTOMER RELATIONSHIPS		
Participant code	Communication characteristic	Hindered relationship construct
1 Shirley	➤ irrelevance to customer needs	trust, commitment

(i) Irrelevance to customer needs

The literature specify relevance to be a particular concern for direct marketing practices (e.g., Wang and Petrison 1993; Korgaonkar *et al.* 1997; Patterson and O'Malley 2000). The research data showed evidence that this still may be the case. An overwhelming number of customer comments were related to direct marketing being used as another form of communication to advertise products without considering customer needs or wants (Table 7-5); leading to the practice being called “mass marketing” (Florence). With the exception of Elisa and Ian, there was a consistency among participants that this was a general picture rather than a one-off occasion. Ridgway (2000) and Farquhar (2004) discuss that direct marketing practices heavily emphasise cross-selling and customer acquisition rather than customer retention. This can explain such a high number of negative comments on direct marketing practices by the research participants.

Exploring what made direct marketing to be perceived as a form of mass marketing, a number of categories were classified as misuse of demographic information, failure to address the customer's financial circumstances correctly and failure to have a holistic view of the customer.

Starting with offers which were irrelevant to participants' background information, Ian and Patrick (before Patrick opted himself out of marketing communications) expressed that their banks did not consider their demographic information in their direct marketing practices:

I don't want information on opening a child's trust account. My child's nearly 30 years old. (Ian, age range: 55-64, banking with Bank13 for 42 years)

Similarly, Elisa and Keith were displeased because of their bank's failure to address their financial circumstances correctly:

They're aware of our accounts; so to keep offering us personal loans is not sensible. (Keith, age range: 55-64, banking with Bank2 for 2 years)

The next category of complaints was related to customers who had more than one product with their providers. When their banks did not have a holistic view of their customers this made Diana and Keith question their banks' marketing practices:

I kept on phoning up and saying: “Look! I’m still paying insurance. You’re still debiting this, aren’t you? And I’m still insured with you?” And they say: “Yes Madam”... It’s always some other department. Now, I think that’s very negative. I think that’s poor marketing. (Diana, age range: 55-64, banking with Bank10 for 27 years)

Investigating how customers interpreted being mass communicated by their service providers which, in some cases, they had been throughout all their financial life, Table 7-6 reveals identified characteristics.

Table 7-6 Participants’ interpretations of being exposed to irrelevant direct mail by their banks

Communication interpretations	Participant code
waste of money/resources/customer time	Diana, Elisa, Felicity, Gloria, Jack, Newton, Niall, Sarah, Tess
not being known or cared/feeling like a number	Diana, Keith, Tess
corporate policy is not customer-oriented	Grace, Peter
corporate policy is for customer acquisition only	Shirley

The majority of complaints were about the waste of resources as shown in Table 7-6. It appeared that receiving irrelevant offers raised concerns among participants about the use of resources. With a shift towards direct e-mailing this concern has been addressed to some extent for Diana, Felicity and Sarah:

I get e-mail advertisements... That I don’t mind... I think the fact that they do take notice that you don’t want to be bothered with a lot of paper mail, I think that’s quite good. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

(ii) Unsolicited telemarketing

There was a similar dislike among interviewees (Table 7-5) against the use of telemarketing in general, which was considered rather intrusive:

I like to have knowledge of products, but I like to be in control of when and where, and if I want further details about that I want to make my own decisions... I view anybody, and particularly phoning in my own home, as absolutely outrageous. How dare they invade my space! (Diana, age range: 55-64, banking with Bank10 for 27 years)

This supports previous studies which state that 76 per cent of customers strongly object to telesales (Day 2000) and view unsolicited telemarketing as the most intrusive communication (Day 2000; Milne and Rohm 2000; Page and Luding 2003). In addition, telemarketing is asserted as a significant obstacle for relationship continuity (Mitchell 2003). In comparison, direct mailing, despite being called “junk” by 10 participants, was seen as a more acceptable communication channel (13 participants), as confirmed by previous studies (Mitchell 2003):

I don't like being cold called... When they send things through the door... it's at your convenience when you want to read it, whereas a telephone call is immediate. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

(iii) Material design

In addition to being irrelevant to relationship history, participants also questioned the design of materials sent through direct mailing. In particular, Emily thought her bank presented an old fashioned image through its direct marketing practices:

The materials are varied... I would say quite modern in an old fashioned sense if I look at them... I wouldn't have felt they were for the younger market... So, they seem a bit staid I think. (Emily, age range: 45-54, banking with Bank11 for 17 years)

(iv) Lack of affiliation congruence

Customers did not only complain about offers which did not take into consideration their background information but also about non financial offerings. Some financial institutions in the UK, in particular credit card companies, affiliate with non financial organisations to cross-sell products such as wine and stationary through direct mailing. The incongruence with the affiliated companies was a negative aspect of his bank's direct marketing practices for Peter:

They do send offers connected with affiliated companies. And if I want some wine I'll buy it from a place that sells wine, not [from] Bank8. (Peter, age range: 25-34, banking with Bank8 for 10 years)

Viewing such practices “ill thought”, “badly planned” and not competitive, Peter found it hard to believe that his bank had its customers' interest at heart. Apart

from product features (i.e., the offer failing to be a good deal for the customer), sponsorship literature may offer an explanation for this negative comment. Examining congruence effects in sponsorships, Rifon *et al.* (2004) and Sen and Bhattacharya (2001) present empirical support that a good fit between companies and their affiliates generate customer perceptions of altruistic sponsor motives, and therefore enhance the image of the sponsoring organisation.

7.4.4 Impact of Negative Views on Direct Marketing on Customer Relationships

Surprisingly, of 29 customers with negative views towards direct marketing by their banks, only Shirley presented some evidence on the impact of these negative reactions on customer relationships (Table 7-5). Shirley specifically complained that her bank did not consider her financial needs in its marketing offerings. Instead, her provider kept promoting its insurance products. This led Shirley “to seek more opportunities elsewhere”, although at the same time she admitted that “she will stay with them for a long, long time”. Additionally, when Shirley was asked whether any of marketing communication practices by her bank impacted on the institution’s trustworthiness, she replied:

They don’t automatically do anything concerning your finances... You need to seek for it... They just assume you don’t need it, unless you ask for their help or their advice. That’s something they can improve. (Shirley, age range: 25-34, banking with Bank3 for 5 years)

Based on Shirley’s experiences, it may be interpreted that negatively perceived direct marketing practices could act as a hindrance on the development of trust or commitment of customer relationships. However, such evidence comes from only one participant whereas twenty-six other customers with negative views on their banks’ direct marketing practices did not present any support that such views were translated into their banking relationships. Although “being irritated”, such negatively viewed practices did not force these participants “away from their banks” (Grace). Their reactions were hardly more than “getting the phone call cut short” (Grace) or “just putting the mail in the bin” (Diana, Jack and Gloria). These participants’ apparent tolerance or acceptance of direct marketing practices could

be explained by a number of reasons: already being a customer of the institution (6 participants); customers' perceptions of "it's not just [bank name], it's everybody" (Diana, Grace and Ray) and "they've got to make a living" (Carla).

Therefore, it could be concluded that the potential of direct marketing practices to threaten the development of customer relationships is limited. This is a quite interesting finding especially in light of assertions that irrelevant direct marketing communications may threaten the relationship development (Fletcher and Peters 1997). Participants in the current research were highly aware of direct marketing practices; they could elaborate several positive and negative aspects of these practices ranging from the content of the communication to the channel used, level of frequency and the design of the material. Maybe due to an already established unpopularity of (Debling *et al.* 2000) and cynicism towards (Evans *et al.* 2001) direct marketing, customers were not expecting that this communication would result in anything other than negative reactions on the message receiver. The development of a strong adverse attitude against direct marketing might have reduced its potential to threaten the relationship development.

7.5 CONCLUSION

This chapter presented evidence on the impact of communication on customer relationships by concentrating on planned marketing communications, thereby contributing to an under-explored area (Odekerken-Schröder *et al.* 2003).

Planned marketing communications are fundamentally about promoting organisations' new/updated offerings. The current research found that planned communications could also be used to enhance customer relationships. To the extent that the planned message encourages customers to engage in an interactive dialogue (i.e. two-way communication) its potential to promote the development of customer relationships will be improved. It was demonstrated that each of the three communication channels could be used effectively to initiate a dialogue with customers. For example, advertising campaigns were found the most effective type of advertising in promoting customers' trust, relationship commitment and buyer-seller bonds when they go beyond simply addressing product features, and project a favourable corporate/brand image. Similarly, when

organisations develop a sophisticated direct marketing strategy which takes into account the history of the relationship and combines this with customers' demographic and lifestyle data this was found to improve customer relationships by facilitating relationship components such as trust, relationship commitment, buyer-seller bonds and relationship benefits.

The impact of planned marketing communications on the type of relationship is discussed in Chapter 9. Therefore, this is examined briefly in this chapter. In order to understand the potential of planned marketing communications on the relationship types, Tables from 7-1 to 7-5 were combined and then categorised according to the identified relationship types as presented in Table 6-15 in Chapter 6. The results are presented in Table 7-7.

Table 7-7 The overall impact of planned marketing communications on customer relationships across relationship types

Participant code		Advertising	Corporate Sponsorship	Direct Marketing
POSITIVE IMPACT				
FUNCTIONAL RELATIONSHIP				
1	Felicity (Bank2)			commitment (no direct mark.)
2	Hannah (Bank10)	trust		
3	Harry (Bank8)	trust, commitment		
4	Jessica (Bank6)	commitment		commitment
5	Keith (Bank2)	commitment		
6	Martin (Bank11)	trust, commitment		
7	Newton (Bank8)	commitment		
8	Oliver (Bank10)	trust		
9	Oscar (Bank9)			trust and commitment (no direct mark.)
10	Sarah (Bank6)	trust		
11	Shirley (Bank3)		trust	
12	Tess (Bank3)		commitment	
13	Thelma (Bank7)	commitment		
INTERACTIVE RELATIONSHIP				
14	Bianca (Bank14)	commitment		
15	Daisy (Bank7)	commitment, perceptual bonds		
16	Lewis (Bank12)	commitment	commitment (no sponsorship)	commitment (no direct mark.)
17	Peter (Bank8)	trust		
AFFECTIVE RELATIONSHIP				
18	Alice (Bank3)	trust	trust	
19	Elisa (Bank12)			trust, commitment and confidence benefits
20	Florence (Bank5)		trust, commitment	trust, commitment , confidence and special treatment benefits
21	Ian (Bank13)		trust, commitment	trust, commitment, confidence and special treatment benefits, and perceptual bonds
22	Ray (Bank11)	commitment	trust, commitment	
NEGATIVE IMPACT				
FALTERING RELATIONSHIP				
23	Gloria (Bank11)	trust , commitment		
FUNCTIONAL RELATIONSHIP				
24	Shirley (Bank3)			trust and commitment

Three brief comments can be drawn from the data presented in Table 7-7. First, there was strong evidence on the potential of direct marketing to add an emotional element in relationships. The potential of direct marketing can be explained by its ability to communicate directly with customers. This may look contradictory with previous studies which have found opposing evidence (e.g., Debling *et al.* 2000; Mitchell 2003). This research suggests that the way direct marketing is designed and presented can explain why direct marketing practices are influential in some instances and with no impact in others. For example, around 70 percent of customer records on financial services databases are reported to have at least one inaccuracy, or are duplicates (Key Note 2004).

Second, advertising, in comparison with particularly direct marketing, appeared to promote a different type of relationship. Advertising essentially is a mass-marketing form of communication. Its potential to make the communication look/feel personal will be limited, and hence contributing to more distant types of relationships, which are functional and interactive as labelled in this research.

Third, the negative impact of planned marketing communications seemed to be somehow limited. This maybe related with customers' negative attitudes towards planned marketing communications (Evans *et al.* 2001). Issues associated with planned marketing communications such as cross-selling, irrelevance and the level of targeting may have contributed to the development of negative attitudes towards planned communications.

Questioning whether there is an association between customer relationship types and planned marketing strategies of specific banks, Table 7-8 is drawn up. There were some kinds of clusters of certain banks for each relationship type. This may suggest that certain communication strategies are more likely to promote certain relationship types.

Table 7-8 An analysis of customer relationships at the level of planned marketing communications

Bank code	Brief description of bank	NUMBER OF PARTICIPANTS IN:		
		Functional Relationships	Interactive Relationships	Affective Relationships
Bank 2	telephone bank	2		
Bank 6	telephone bank	2		
Bank 9	online bank	1		
Bank 10	high street bank	2		
Bank 7	high street bank	1	1	
Bank 8	high street bank	2	1	
Bank 14	online bank		1	
Bank 12	building society		1	1
Bank 11	high street bank	1		1
Bank 3	high street bank	2		1
Bank 13	high street bank			1
Bank 5	high street bank			1
Total number of participants		13	4	5

Doney and Cannon 1997; Sharma and Patterson 1999; O’Loughlin et al. 2004) or remotely (Patterson and Ward 2000; Tomalak and Fineoneault 2001). (2) service environment (e.g., Shostack 1985; Bitner 1992; Walker 1995; Balmer and Stotvig 1997; Hama et al. 2001), and (3) word-of-mouth (WOM) communication (Westbrook 1987; Ennew et al. 2000; O’Cass and Grace 2004). The general view in the literature is that service encounter interactions in person are likely to foster relationship development, while remote interactions have limited effect as discussed in Chapter 4. In terms of the impact of service environment and WOM communication on customer relationships, no studies were found concentrating specifically on this area.

The argument in this chapter is that customers’ service encounter experiences are shaped by all the three major elements. Drawing on the service encounters literature, it is to be expected that different elements (and their characteristics) of the service encounter are likely to facilitate or hinder relationships in different ways.

With the aim of understanding the impact of service encounters on customer relationships, this chapter is divided into three main sections: interactions with service providers (Section 8.2), service environment (Section 8.3) and WOM communication (Section 8.4).

CHAPTER 8

SERVICE ENCOUNTERS AND CUSTOMER RELATIONSHIPS

8.1 INTRODUCTION

This chapter explores the impact of service encounters on customer relationships. The review of the service encounters literature reveals that customers' evaluations of service are built on three major elements of service encounters: (1) interaction with service providers either in person (Rust and Oliver 1994; Beatty *et al.* 1996; Doney and Cannon 1997; Sharma and Patterson 1999; O'Loughlin *et al.* 2004) or remotely (Patterson and Ward 2000; Tomiuk and Pinsonneault 2001), (2) service environment (e.g., Shostack 1985; Bitner 1992; Walker 1995; Balmer and Stotvig 1997; Harris *et al.* 2001), and (3) word-of-mouth (WOM) communication (Westbrook 1987; Ennew *et al.* 2000; O'Cass and Grace 2004). The general view in the literature is that service encounter interactions in person are likely to foster relationship development, while remote interactions have limited effect as discussed in Chapter 4. In terms of the impact of service environment and WOM communication on customer relationships, no studies were found concentrating specifically on this area.

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8.2 INTERACTIONS WITH SERVICE PROVIDERS

Interactions with service providers take place during the service delivery and service recovery processes. Such interactions can be in the form of human interactions when the customer talks to a service provider in person, or non-human interactions when the service is delivered electronically such as in online banking.

8.2.1 Interactions During Service Delivery

The impact of human interactions on customer relationships has received some academic interest (e.g., Rust and Oliver 1994; Beatty *et al.* 1996; Doney and Cannon 1997; Sharma and Patterson 1999; O'Loughlin *et al.* 2004). It is documented that effective interpersonal communication between a service provider and its customers has a potential to facilitate the development of trust (Howcroft *et al.* 2003) and buyer-seller bonds (Rust and Oliver 1994), and thereby acting as a switching barrier, i.e. buyer-seller bonds (Sharma and Patterson 1999). Moreover, if a salesperson is trusted, this is transferable to the service provider (Doney and Cannon 1997). Similarly, Beatty *et al.* (1996) and Bove and Johnson (2000) suggest that loyalty to the company staff can be transferred to the provider.

There was a consistency among participants about the importance of service encounters in their banking interactions:

Central to every activity around the bank is round the service encounters... If you look at it as a spider, to me, that sits in the middle. (Diana, age range: 55-64, banking with Bank10 for 27 years)

It was more than two decades ago when Solomon *et al.* (1985) described service encounters as dyadic social exchanges. The nature of customer services in financial institutions has changed considerably. However, what a service encounter means for customers did not seem to have changed much:

You may not consciously think of it as a social intercourse, but I think that's what it turns out to be. (Florence, age range: 55-64, banking with Bank5 for 4 years)

Table 8-1 illustrates a number of key characteristics that emerged from the data relating to participants' service delivery experiences with their financial institutions. First, positively perceived aspects of service delivery will be explored, followed by negatively perceived aspects.

Table 8-1 Characteristics shaping participants’ service delivery experiences

POSITIVELY PERCEIVED CHARACTERISTICS		NUMBER AND CODE OF PARTICIPANTS
Staff-Related Characteristics		
competent/well-trained staff	15	(Alice, Carla, Diana, Elisa, Emily, Florence, Hannah, Jessica, Kevin, Lewis, Newton, Peter, Sarah, Shirley, Tess)
polite/courteous staff	15	(Alice, Bianca, Diana, Elisa, Felicity, Florence, Grace, Ian, Newton, Oliver, Richard, Sarah, Shirley, Tess, Thelma)
helpful/pleasant staff	15	(Betty, Bianca, Daisy, Diana, Elisa, Felicity, Grace, Harry, Martin, Melissa, Newton, Patrick, Ray, Shirley, Thelma)
friendly staff	14	(Alice, Ben, Bianca, Elisa, Emily, Felicity, Ian, Jessica, John, Lewis, Martin, Oscar, Richard, Shirley)
personalisation	8	(Elisa, Florence, Harry, Ian, Jack, Kevin, Ray, Shirley)
Service-Related Characteristics		
fast service	8	(Alice, Ben, Bianca, Elisa, Ian, Lewis, Newton, Thelma)
efficient system	6	(Bianca, Diana, Florence, Lewis, Oscar, Tess)
error free service	5	(Ben, Daisy, John, Melissa, Newton)
NEGATIVELY PERCEIVED CHARACTERISTICS		NUMBER AND CODE OF PARTICIPANTS
Staff-Related Characteristics		
incompetent staff	14	(Casie, Felicity, Gloria, Grace, Hannah, Isabelle, Jack, Keith, Newton, Oliver, Oscar, Richard, Shirley, Thelma)
cross selling practices	7	(Ben, Diana, Felicity, Hannah, Jack, Richard, Thelma)
lack of personalisation	5	(Carla, Gloria, Isabelle, Jack, Shirley)
lack of human interactions	3	(Carla, Gloria, Jack)
negative attitude towards customer	1	(Isabelle)
Service-Related Characteristics		
slow service	6	(Felicity, Gloria, Keith, Kevin, Lewis, Oliver)
inefficient system	2	(Martin, Newton)

Positively perceived aspects of service delivery

A number of service delivery characteristics were identified from the research interviews, which can be categorised as staff- and service-related characteristics.

In the service encounters literature, the quality of interpersonal contact is reported to be vital in service encounters (Adelman *et al.* 1994). In line with this view, a

remarkably strong influence of staff-related characteristics on customers' service delivery experiences was observed. Considerably more participants referred to staff-related characteristics than service-related ones (33 and 15 participants respectively). The level of competence, politeness, helpfulness and friendliness were among positively perceived characteristics of service encounters. Having up-to-date information about products (Alice and Emily), using this information in a proactive way to address customer needs (Tess), responding to customers' queries satisfactorily (7 participants), and having decision making authority (Lewis) were interpreted as indicators of staff competence:

When you go into the branch and talk to the people they are very knowledgeable in terms of what their capabilities are and what they can do. And they've got lots of control over being able to do even simple things like ordering new cheque books. (Lewis, age range: 35-44, banking with Bank12 for 5 years)

A closer look at data from those participants who talked about how competent, polite, helpful or friendly their bank staff were, revealed that branch interactions dominated their experiences. Far fewer customers described service interactions with their call centres to be competent/well-trained (6 participants) and serving customers in a helpful/pleasant (5 participants), friendly (5 participants) and polite/courteous (Bianca, Florence and Sarah) manner:

Their telephone banking service is pretty good, pretty efficient... dealing with queries; they seem to know what they're doing. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

Although it was important that the service was delivered by competent staff in a polite, friendly and pleasant manner, these characteristics were seen as "base metal" (Richard) that customers expected from any organisations. Providing these to customers did not necessarily impact positively on customer relationships, whereas failing to do so could be more critical:

If they're good, it's neutral because you expect somebody to be nice to you... That's base metal. So, although it's nice, it's not something that keeps me there. But, conversely if it were bad, it might drive me away. (Richard, age range: 25-34, banking with Bank8 for 13 years)

For an impact on customer relationships, organisations needed to go beyond these basic communication skills:

People are always pleasant, very nice. They don't go the extra; they don't offer anything more than what they're there to do... It doesn't [have] any added value. [It's] very standard and basic. (Daisy, age range: 45-54, banking with Bank7 for 8 years)

Exploring what might give customers the feeling of going the extra mile, in Chapter 4 customer orientation and personalisation were identified as fundamental characteristics of service encounter interactions. Treating customers as individuals and thereby adjusting the interaction style in light of the individual customer (i.e., personalisation) was highlighted by eight participants (Table 8-1). However, when training the staff to indicate that the service is personalised, there is a danger of losing sincerity. Adelman *et al.* (1994) argue that the level of sincerity and voluntarism are important criteria of service personalisation, as supported by the research data. For example, Kevin talked at length how much he disliked talking to someone who was working strictly from a script. Calling this "the American way with all the false sincerity", Kevin stressed the importance of dealing with "a human being who was being natural and themselves":

Most customers want to be dealing with another human being and not someone who's been on a training course and thinks they have to talk in a certain way to be more human. It doesn't work. (Kevin, age range: 45-54, banking with Bank3 for 20 years)

Likewise, being relatively new to banking, Elisa and Shirley were pleased that their banks used plain language which took into account their banking level. When customers felt that the interaction was more natural and the interaction style was personalised for them, this made them feel good (Ray) and special (Gloria), and

being welcomed (Ian). In return, customers made an effort to deal with those bank staff for their future interactions (Elisa, and Gloria in the past), in other words promoted relationship commitment:

A charming woman called [name] who was absolutely mustard... She just treated you like a human being. She cared about all her customers... She likes relating to people. She was very good at it. She made you feel special. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

With regard to service-related characteristics, relatively few customers talked about their banking interactions from a perspective of service-related aspects, such as offering a speedy and mostly error free service through an efficient system (Table 8-1). This may be because service characteristics are so fundamental in service encounters that their existence may not necessarily facilitate customer satisfaction; yet the absence may damage the nature of interactions, which is explored in the following section.

Negatively perceived aspects of service delivery

In parallel with findings on positively perceived aspects of service delivery, there were more complaints due to staff-related characteristics than service-related (17 and 8 participants respectively).

Starting with staff-related characteristics, 14 participants (Table 8-1) viewed their bank staff to be incompetent in their dealings. Failing to respond to customer queries satisfactorily was the most commonly reported negative aspect from the participants' perspectives. For example, stating that "the communication has never been great" with her bank, Isabelle was having difficulties in receiving a satisfactory response to her enquiries:

After a while I realised that calling them on the phone was as useless as not getting anything done. So, I went in, in person many times, to get somebody to attend to me; but it still was the same old method of “We’ll call you back”. But I never get any call back. (Isabelle, age range: 25-34, banking with Bank10 for 4 years)

Restrictive bank policies were found to be affecting the perceived competence level of the staff. For example, Gloria and Grace complained about customer contact staff not having decision making authority which is reported, in the literature, as an aspect of the service quality (Moutinho *et al.* 1997; O’Loughlin *et al.* 2004). Similarly, Keith, Newton and Richard were displeased that whenever they contacted their branches, they were directed to a call centre, or transferred from one department to another. This was because their banks had an organisational structure that branches and centralised departments were specialised in specific areas, and could not provide information outside their areas, regardless of how basic or standard the request was. Newton, interestingly, thought that banks could learn from supermarkets in this regard:

Perhaps there could be a more general standard of training, so that 90 percent of the people can deal with everything within reason... If you go into [a supermarket chain] and say “Where are the baked beans?” most people [staff] can tell you. (Newton, age range: 25-34, banking with Bank8 for 10 years)

Newton’s thoughts are in line with the literature which argues that training programmes should be designed to develop a broader range of service knowledge (Bitner *et al.* 1990; Crosby *et al.* 1990). Otherwise, restrictive bank policies could hamper the development of customer relationships (O’Loughlin *et al.* 2004).

Notably, of these 14 participants who described their bank staff as incompetent (Table 8-1), with the exception of Jack and Keith, all were referring to their call centre staff. A group of customers believed that their call centres’ capabilities were limited to handling just routine or basic banking enquiries within their limited authorities. In one instance, the call centre was even unable to answer a basic banking query, such as account balance, correctly (Thelma).

Apart from staff competence, cross selling practices during the service delivery was another negatively perceived characteristic (Table 8-1). Instead of being customer-oriented, branches were criticised as having turned into cross-selling units:

I think the sales pitch has increased... I don't like the fact that when you just go in to put money into an account, they need to discuss your mortgage, and other finances at the time, and that's a little off-putting. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

It was intentional that this attribute has been classified under staff-related characteristics rather than service-related. Some evidence was found that it was not the selling practice per se that was disliked, but the way in which it was carried out. For example, four participants (Elisa, Florence, Ian and Peter) provided evidence that selling practice could be successful when it was tailored to customer needs and put into a given context:

When I said that I was planning to move they straightaway reacted and said "You will make sure you tell us your new address, won't you?", and "Have you thought about getting your mortgage yet?" So, in a friendly conversational way I was encouraged to meet my needs with them. (Ian, age range: 55-64, banking with Bank13 for 42 years)

For five participants (Table 8-1), the negatively perceived aspects of staff interactions were related to the lack of personalisation. These customers had concerns that their interactions with banks were too standardised, with hardly any scope for responding individual customer's needs:

They are not "can do" in any sense if it's not according to their systems. This is not uncommon in any business now. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Lack of personalisation was perceived to be closely related to the lack of interactions in person, as identified from interviews with Carla, Gloria and Jack. Modern banking by "taking the human being out of the equation" (Gloria) was

criticised as offering a different level of service from in the past (Carla); and this was found to be contributing negatively to customers' banking experiences:

In previous times the staff were friendly and they would talk to you one to one and you could phone your bank and talk to a real person; and you didn't get press button one, two, seven, eight, nine, eleven, and then go back to the main menu and start all over again. It's alright saving money to be efficient; but when you do it at the cost of the people you deal with, I don't think banks can do that. (Jack, age range: 55-64, banking with Bank11 for 34 years)

The last negatively perceived staff-related characteristic listed in Table 8-1 is labelled "negative attitude towards customers" which was derived from the interview with Isabelle. Throughout the interview it was evident that Isabelle was very upset about her banking relationship. She talked about how incompetent her bank's staff were in dealing with their customers as well as the service being offered in a very standardised way. In addition, Isabelle described a specific incident which took place in her branch, which resulted in an unpleasant argument between her and a member of staff. In describing this incident, Isabelle particularly talked about the staff's attitude to her as a customer belonging to an ethnic minority:

She said "We cannot help people like you". And I did ask the bank manager "Can you ask her to just clarify that?"... I told him "You sure[ly] have a problem with the ethnic minority. You should just put it out there [that] British only are welcome into this bank". (Isabelle, age range: 25-34, banking with Bank10 for 4 years)

Moving on to service-related characteristics, speed of service was the next negatively perceived aspect of service encounters. Six participants (Table 8-1) complained about the waiting time during interactions with their banks. Notably, all of these customers were talking about waiting times on the phone. Almost all of the research participants, without prompting, talked about queuing in branches. However, only 6 participants revealed queuing as a particularly negative aspect of face-to-face service encounters. Customers seemed to be somehow more tolerant about waiting times in a branch setting than on the phone:

In general, they're pretty satisfactory. Obviously, I don't like queuing, but then if it's busy then you have to queue. You can't expect service straightaway. (Ben, age range: 45-54, banking with Bank11 for 20 years)

Regarding customers' communication with their call centres, participants complained about lines being busy most of the time and having to listen to an automated message repeating "Your call is important to us!" (Casie and Keith). Interactions with the call centre meant pressing endless buttons (Gloria, Jack and Kevin) and spending from 5 minutes to half an hour for even a simple enquiry (Keith and Lewis):

Whenever you ring banks, any institutions, there is a wait; press this number... And you can be on the phone half an hour for a simple query. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

Finally, Martin and Newton thought their banking systems were not set up efficiently enough to be customer-oriented. Newton's bank asked their telephone banking customers to key in their account details to speed up the interaction. However, when the customer was connected to an operator they were asked a second time for their account details. This was an indication of a disorganised system for Newton. Martin, on the other hand, experienced his money somehow being lost in the system. From this experience, Martin was very cautious about the efficiency of his bank:

Whether it's capable of actually delivering efficiently is a problem. So although it's not going to steal money and there's not going to be fraud, it doesn't mean to say it won't lose money or cheques... While it's trustworthy, it's quite capable of losing things. (Martin, age range: 55-64, banking with Bank11 for 35 years)

From the literature review presented in Chapter 4, a distinction was identified between human interactions and remote interactions. From the discussion in this chapter, it appeared that human interactions needed to be classified further, since interacting with service providers in a face-to-face setting and via the telephone was likely to have different impacts on customer relationships.

Interacting with service providers in a face-to-face setting versus via the telephone

During the interviews, considerable emphasis was given to call centre interactions. The call centre was seen as the main communication channel with financial institutions (Keith). Banks' policies towards cost reductions were reported to be an underlying reason behind this change (Grace), yet at the expense of customer satisfaction (Grace, Jack and Keith). Although telephone banking was fine for "basic packages" (Keith) or "99.9 percent of the occasions" (Richard), communication with the call centre, on the whole, were described to be "frustrating" (6 participants), "infuriating" (Martin) and an "absolute turn-off" (Keith).

It was commented that people felt more secure when talking to a provider in person (Melissa), which supports the literature on the importance of people in establishing customer relationships (e.g., Howcroft *et al.* 2003; O'Loughlin *et al.* 2004). Nevertheless, it appeared that human-beings at the end of the line did not give the same feeling as those in branches. For example, Melissa stated that communication in a face-to-face setting were much easier since the customer had the full attention of the bank staff rather than being talked at all the time. One explanation of why remote human interactions were perceived to be less satisfactory, might be that significant infrastructural problems are experienced with call centres. Financial institutions seemed to be failing to provide the necessary staff training nor putting into effect customer-oriented policies; this could explain the high number of complaints about staff competence (Table 8-1). Staff's work commitment might be another explanation, since call centre jobs were seen as a type of temporary work to earn extra money (Casie and Oscar). In addition, the design of the call centre system (pressing numerous buttons was often cited) might have played a role in the perceived ineffectiveness of telephone interactions.

Consequently, it was not surprising to find that telephone interactions were perceived to be less satisfactory than interactions in a face-to-face setting. What was more unexpected was that even if call centres had offered an efficient service using competent staff, it was questionable how much impact this would make on

customer relationships. Talking to somebody located miles away while the account was held locally was reported to be rather impersonal (Jack and Oliver):

People on the phone try to joke a bit, and some people try to be friendly; but it doesn't really work. Because you know they're thousands of miles away and it's false. They've been instructed to do that, and it just sounds not right. (Oliver, age range: 35-44, banking with Bank10 for 11 years)

When, in particular, the call centre was located in a foreign country, cultural differences combined with speaking to someone with an unfamiliar accent were perceived to be a barrier to the effectiveness of the communication (Carla, Melissa, Oliver and Oscar). The following quote illustrates why Melissa who was herself a foreigner was pleased that her bank had decided to keep their call centre within the UK:

They know the culture, and they know what people expect, the amount of customer care that someone would expect from them. Where[as] if you're somewhere else you don't really know how to interact with those people unless you had lived in that country and you know the culture. (Melissa, age range: 25-34, banking with Bank11 for 7 years)

Furthermore, speaking to a different person all the time (Daisy, Felicity and Patrick) without having a chance to get to know them (Felicity and Niall) made the communication less personal, and took away the feeling of continuity (Patrick) and consistency (Daisy) that a branch offered. Describing the call centre staff as "not real people" and "faceless", John thought that banks lost their personal nature with the introduction of banking automation and centralisation. Likewise, Jack believed that only in a branch setting could communication be more personal:

Now I can actually talk to the branch in [town], that's a very good thing... It brings back that [customer] care. You're talking to your branch, you're phoning and you're talking to someone, who may have served you or may not, but you might have seen them. It's personal. (Jack, age range: 55-64, banking with Bank11 for 34 years)

8.2.2 Interactions During Service Recovery

Defined as actions which are taken to respond to a service failure, service recovery is reported to be a neglected aspect of services marketing (Lewis and Spyropoulos 2001). The nature of the complaint handling and problem resolution process lies at the heart of service recovery. There has been some evidence in the literature that it is not the initial failure to deliver the core service alone that causes dissatisfaction, but the employees' behavioural and attitudinal responses to the failure (Bitner *et al.* 1990). A successful service recovery process is found to depend on investment in staff training and the empowerment of customer contact staff (Lewis and Spyropoulos 2001).

From the evidence of the research interviews, a service failure can be organisation-driven such as staff or computer error, customer-driven such as the mismanagement of the account by the customer, or technology-driven such as fraudulent incidents. Table 8-2 lists positive and negative aspects of service recovery experiences from the perspective of participants.

Table 8-2 Characteristics shaping participants’ service recovery experiences

POSITIVELY PERCEIVED CHARACTERISTICS		NUMBER AND CODE OF PARTICIPANTS	
Staff-Related Characteristics			
empathy			
➤ offering financial support	4	(Alice, Diana, Elisa, Florence)	
➤ offering long-term solution			
trust in customer	3	(Alice, Jessica, Ray)	
being apologetic about mistake	3	(Diana, Ian, Ray)	
being proactive about mistake	1	(Ian)	
continuous communication	1	(Florence)	
Service-Related Characteristics			
high recovery speed	8	(Alice, Bianca, Diana, Lewis, Niall, Ray, Tess, Thelma)	
refunding fee/charge	5	(Carla, Diana, Elisa, Ray, Richard)	
NEGATIVELY PERCEIVED CHARACTERISTICS		NUMBER AND CODE OF PARTICIPANTS	
Staff-Related Characteristics			
limited trust in customer		2	(Bianca, Casie)
incompetent		1	(Casie)
lack of apology		1	(Bianca)
Service-Related Characteristics			
low recovery speed		2	(Casie, Isabelle)

Classifying positively perceived service recovery characteristics as staff- and service-related characteristics, staff-related characteristics were more to do with the style of the interaction between the staff and customer. Among these, while recovering the service how empathetic the staff were towards the customer was raised by four participants (Table 8-2). For example, Alice highlighted that, when her bank card was fraudulently used, Bank3 increased the overdraft limit in the meantime to support Alice financially. Similarly, Diana felt that her bank dealt with her “traumatic and upsetting” fraudulent incident with empathy. Going beyond offering a temporary short term solution, Elisa’s bank suggested that Elisa should open a new account which would have resolved Elisa’s overdraft problem in the longer term. The relationship marketing literature reports empathy as a critical

aspect of service encounters, which eases the communication and facilitates the establishment of rapport and comfort between the relationship parties (Goodwin and Gremler 1996). Empathy is also argued to be a fundamental aspect of customer-orientation behaviour (Bove and Johnson 2000).

Furthermore, when customers experienced a service failure, the level of trust the staff showed to the customer was stressed as a positive aspect of service recovery by Alice, Jessica and Ray:

And also trust in me; because there's been a couple of times when I've withdrawn money abroad, and the money hasn't come out of the machine... They're very good at trusting me as well, which is quite good. (Jessica, age range: 25-34, banking with Bank6 for 10 years)

Customers accepted that occasionally things might go wrong and mistakes could be made (Diana and Ian). The important aspect for these two participants was that whether such incidents were reacted to in an apologetic way, or even how proactively the staff behaved in rectifying the mistake:

They [the bank] called my home phone and left a message on my answer phone... They discovered the error before I did. I got a message saying they had made a mistake and they were very sorry. (Ian, age range: 55-64, banking with Bank13 for 42 years)

Finally, if the service failure cannot be solved straight away, the importance of staying in communication with the customer was found to be another positively raised aspect of the service recovery with the potential of contributing to relationship commitment. For example, Florence contacted her bank due to her cheques being lost in the post. Florence defined the way that Bank5 handled the enquiry as “excellent customer services”, although the service recovery was not yet completed at the time of the interview:

I got a phone call to tell me what the problem was and a phone call to tell me what they were doing about it, and a phone call last night... Instead of being left sitting there wondering where you were going to go and what on earth they were doing, I now can see what they've done and how it's progressing. (Florence, age range: 55-64, banking with Bank5 for 4 years)

On the other hand, service-related attributes were about the speed of the service and refunding fee or charge (Table 8-2). The most commonly cited characteristic was related to the speed of the recovery process. When a problem or error was rectified straight away or at the latest within a couple of days, this pleased customers. It could be suggested that a timely reaction to service failure requires staff competency as well as the customer contact staff having authority to rectify the failure in the expected time. When a service failure was rectified in a timely manner by staff who had the authority and competence to recover the service, such negative incidents, would then turn into positive experiences, and thus likely to promote relationship commitment (as discussed in detail in the following section):

Because they've rectified it quickly, and it's been in their control, that's actually turned into a positive for them rather than negative. (Lewis, age range: 35-44, banking with Bank12 for 5 years)

Additionally, customers were pleased that the fee/charge was refunded as a consequence of the problem or mistake occurred by staff or even themselves (Table 8-2):

I had an incident not too long ago where I went over my overdraft limit... They gave me £50 back, so I was quite happy with that. (Richard, age range: 25-34, banking with Bank8 for 13 years)

Looking at the number of participants with service recovery experiences, service-related characteristics were brought up by more participants than staff-related attributes (11 and 7 participants respectively). As long as the recovery process was handled quickly and with empathy, regardless of whether it was organisation-,

customer- or technology-driven, this made participants feel “more comfortable” with their service providers (Alice and Diana) promoting the formation of perceptual bonds with organisations. This feeling was also facilitated by indicators of the staff’s trust in customers (Alice, Jessica and Ray). When a failure was due to staff or computer error, participants emphasised particularly whether an apology was made. Even if customers had been offered a financial reward to rectify the mistake, this was regarded “a small gesture” (Diana) whereas an apology was defined in terms of how “graceful” (Ian) or “massive” (Diana) it was.

Regarding the negatively perceived aspects of the service recovery process, Bianca, Casie and Isabelle presented evidence in this respect. Limited trust in the customer and lack of apology combined with low recovery speed were the characteristics identified from the research data (Table 8-2). Bianca, Casie and Isabelle experienced service failure at one point in their relationships with their banks. For Bianca and Casie, their financial institutions rectified mistakes by refunding the customers’ money to them. Nevertheless, the way in which the staff handled the recovery process demonstrated how incompetent the staff were as well as their limited trust in Casie; this persuaded her to close her credit card account with Bank14 straight away. Casie was also considering ending her banking relationship altogether with Bank14. In comparison, Bianca, in her previous banking relationship, had an argument with her bank staff over the payment of a small amount of money. Due to her branch failing to take necessary procedures to solve the problem and showing no trust in their customer, Bianca called the head office for the problem to be solved. The head office handled the complaint satisfactorily, and refunded Bianca’s money on the same day. However, Bianca was expecting more from her branch:

The manager said “The drawer appears to be £10 over. So, on this occasion we’ll assume it may be yours”. And he never once apologised. And I said to him “You not going to apologise for the way your staff behaved this morning?” And he didn’t answer. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

It was interesting to observe the extent of limited trust in customer relationships. For example, after a lengthy service recovery process, Casie received her money

back as well as a bunch of flowers. One might interpret sending flowers as a nice gesture of the bank; yet this was not what Casie thought:

They're just trying to buy me off. I don't even think that was good, although, on the surface, you think, "Oh, that's nice, they've sent me some flowers". But I feel more like it's like a bribe, really. (Casie, age range: 45-54, banking with Bank14 for 4 years)

Investigating why Casie's reaction to the service recovery process was so negative, first of all, the bank had clear doubts that Casie's credit card was used without her knowledge. Limited competence of the bank staff regarding fraudulent transactions, along with few customer management skills made service failure even worse for Casie:

I have nothing to do with football... And they said "That must be something you've done. It's not possible that it wasn't charged from you". (Casie, age range: 45-54, banking with Bank14 for 4 years)

Receiving a letter from her bank during the recovery process which insisted that Casie must have approved the suspected fraudulent transaction caused Casie to close her credit card account with the service provider.

Apologetic staff behaviour, which has attracted relatively less academic interest in the service recovery literature, was found to be another crucial aspect of service encounters threatening customer experiences (e.g., Bitner *et al.* 1990; Mattila 2004). Lack of apology combined with limited trust in the customer, despite the money being refunded on the same day, led Bianca to close all her accounts and terminate her banking relationship with Bank14. More notably, after this experience Bianca's attitude towards the banking and the way she banked has changed considerably:

After having a bad experience with Bank10, where I had everything from being 7 years old to 50, I decided to spread things around, and not be loyal to a particular bank. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

Taking into account that both Bianca and Casie closed their banking accounts because of lack of belief in the customer, combined with a lengthy recovery process (Casie), incompetence (Casie) and lack of apology (Bianca), it can be concluded that staff-related characteristics are a highly critical aspect of service recovery process as supported by the literature:

It is not the quality of the core service or failure to address a special need or request that causes dissatisfaction, but rather the assessed character or attitude of the service employee as inferred from particular behaviours, both verbal and nonverbal. (Bitner *et al.* 1990:80)

8.2.3 The Impact of Interactions with Service Providers on Customer Relationships

In this section the impact of interactions with service providers on customer relationships is analysed from two perspectives: positively and negatively. There was a high level of consistency among research participants in terms of the importance of interactions with service providers on the development of customer relationships:

My satisfaction is based on how they treat me. So, it is purely customer service-based. If they don't treat me well, I wouldn't be a customer. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

Positive impact of interactions with service providers on customer relationships

As listed in Table 8-3, a total of 30 participants provided evidence that interactions with service providers were highly critical in facilitating (i)relationship commitment, (ii)trust in service providers, (iii)acting as relationship benefit, and (iv)forming relationship bonds between the parties.

Table 8-3 Participants whose relationships were enhanced through interactions with service providers (Codes used in this table: apol:being apologetic; c-sell:cross-selling; comp:competent; comm:continuous communication; eff:efficient; e-free:error free; fri:friendly; help:helpful; incompet:incompetent; ineff:inefficiency; n-human:lack of human interactions; n-pers:lack of personalisation; pers:personalisation; pol:polite; proac:being proactive; r-speed:recovery speed; refund:refunding fee/ charge)

	Service delivery characteristics	Service recovery characteristics	Affected relationship construct(s)
1 Alice	Serv: fast Staff: comp; pol; fri	Serv: r.speed Staff: empathy; trust	trust, commitment, relationship benefits
2 Betty	Staff: help		trust, commitment
3 Bianca	Serv: fast; eff; slow Staff: pol; help; fri	Serv: r.speed	trust, commitment
4 Daisy	Serv: e-free Staff: help		trust
5 Diana	Serv: eff Staff: comp; pol; help; c-sell	Serv: r.speed; refund Staff: empathy; apol	trust, commitment, relationship benefits
6 Elisa	Serv: fast Staff: comp; pol; help; fri; pers	Serv: refund Staff: empathy; apol	trust, commitment, relationship benefits
7 Emily	Staff: comp; fri		commitment, relationship benefits
8 Felicity	Serv: slow Staff: pol; help; fri; incompet; c-sell		trust, commitment
9 Florence	Serv: eff Staff: comp; pol; pers	Staff: empathy; comm	trust, commitment, relationship benefits
10 Grace	Staff: pol; help; incompet		commitment
11 Hannah	Staff: comp; incompet; c-sell		commitment
12 Harry	Staff: help		commitment, relationship benefits
13 Ian	Serv: fast Staff: pol; fri; pers	Staff: apol; proac	trust, commitment, relationship benefits, bonds
14 Jack	Staff: pers; incompet; c-sell; n-pers; n-human		relationship benefits
15 Jessica	Staff: comp; fri	Staff: trust	trust, commitment
16 John	Serv: e-free Staff: fri		trust, commitment
17 Lewis	Serv: fast; eff; slow Staff: comp; fri	Serv: r.speed	trust, commitment
18 Melissa	Serv: e-free Staff: help		commitment
19 Newton	Serv: fast; e-free; ineff Staff: comp; pol; help; incompet		commitment
20 Niall		Serv: r.speed	trust
21 Oliver	Serv: slow Staff: pol; incompet		commitment
22 Oscar	Serv: eff Staff: incompet		trust, commitment
23 Patrick	Staff: help		trust, commitment
24 Peter	Staff: comp		trust, commitment, relationship benefits
25 Ray	Staff: help; pers	Serv: r.speed; refund Staff: trust; apol	trust, commitment
26 Richard	Staff: pol; fri; incompet; c-sell	Serv: refund	trust, relationship benefits
27 Sarah	Staff: comp; pol		commitment
28 Shirley	Staff: comp; pol; help; fri; pers; incompet; n-pers		commitment
29 Tess	Serv: eff Staff: comp; pol	Serv: r.speed	trust, commitment
30 Thelma	Serv: fast Staff: pol; help; incompet; c-sell	Serv: r.speed	trust, commitment

(i) Positive impact of interactions with service providers on relationship commitment

Starting with the positive impact of interactions with service providers on relationship commitment, 25 participants provided evidence in this regard. Among these participants there was consistency that interactions with service providers were the most important (Diana and Shirley) and was the number one (Ian and Jessica) communication activity that “definitely/absolutely” (John and Ray) reinforced customer commitment. Regardless of whether the interaction was taking place face-to-face or remotely, the importance of interactions with service providers was stressed by all types of communication channel users, such as branch, online or telephone banking:

The internet access is good to stay with the bank, because I’m happy with the features that has. That’s probably the biggest one really; I do most of the transactions on there. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

In addition, service interactions had an overriding impact on relationship commitment in comparison with other aspects of service encounters such as the service environment. For example, Hannah talked about the importance of customer services in her relationship commitment to her service provider. When asked whether other aspects of the service had an impact on her banking commitment, Hannah replied:

The others are almost irrelevant, purely because [of] the service part of it. I don’t really care what the branch looks like. I don’t really care what the website looks like even. As long as it’s providing me with the service that I want, and if they’re treating me how I want to be treated, then that’s all irrelevant. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

Furthermore, data from Bianca suggested that interactions with service providers could be more critical at the initial stages for the maintenance of the relationship, in comparison with an established relationship:

If, in the early days, the service encounters had been poor, then I may have switched, or not joined them at all. If the service encounter was poor, now, I may excuse it, once or twice. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

Finally, for a group of customers (8 participants) interactions with service providers facilitated their relationship commitments by merely meeting customer expectations which were mainly in the form of delivering error-free service:

If the Internet access became unreliable, or if I found them unhelpful on the telephone, then I would start seriously looking into changing. (Sarah, age range: 25-34, banking with Bank6 for 1.5 years)

(ii) Positive impact of interactions with service providers on trust in service provider

Twenty participants offered evidence on the positive impact of interactions with service providers on their trust in financial institutions. As can be expected, providing an efficient service (Bianca, Daisy and John) with minimal problems (John and Tess) and responding to customer requests satisfactorily (Betty, Bianca and Daisy) were important aspects of interactions with service providers reinforcing customer trust in service providers:

I think the trustworthiness has been built up through years of having no problems with my accounts, and I think I've been very lucky. (Tess, age range: 35-44, banking with Bank3 for 20 years)

In addition, the service recovery process was another aspect of interactions with service providers where the trustworthiness of organisations was under test. In particular, rectifying mistakes immediately (5 participants) by offering an apology (Diana) was commented on as indicators of trustworthiness of service providers.

Moreover, throughout the interviews indicators of trust such as reliability, honesty and keeping customers' best interest in mind (Morgan and Hunt 1994; Doney and Cannon 1997) were commented on almost exclusively with reference to direct interactions with bank staff. For example, Alice, Diana and Elisa noted that trust could only be built on through the way customers were dealt with by the staff:

The trustworthiness would be on the service encounters. It's how I'm getting dealt with by people. (Alice, age range: 25-34, banking with Bank3 for 17 years)

Not only direct interactions at a branch level, but personal contact through the telephone played a role in establishing trust between the parties as pointed out by three remote bank users (Felicity, Jessica and Oscar):

Probably again the service encounters, both at branch level and on the phone. If people aren't as helpful or they seem rude, that might change my perception that the organisation is trustworthy. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

However, establishing customer trust on the phone was found to be more challenging in comparison with branch level communication:

Because you don't have a person in front of you, in a branch, there's a much bigger barrier that you have to get over with trust. (Jessica, age range: 25-34, banking with Bank6 for 10 years)

Furthermore, face-to-face interactions taking place in the past appeared to maintain its impact on customer trust, regardless of the lack of human interactions at the current time (Niall and Patrick):

A long, long time ago, the face to face; and so the fact that back then I knew someone who worked at the bank and it made me feel it was more trustworthy. (Niall, age range: 35-44, banking with Bank11 for 19 years)

(iii) Positive impact of interactions with service providers on relationship benefits

Interactions with service providers had a potential to enhance relationships by reducing customer perceived risk and anxiety, and making customers feel good by offering additional services, preferential treatment, friendship or social support (10 participants). In particular, human interactions were found to be playing a key role in establishing confidence benefits by reducing perceived risk and anxiety (6 participants):

If you want to speak to someone, certainly in the branch, then I think the experience has given me confidence... They have always been fine when I've spoken to them. (Peter, age range: 25-34, banking with Bank8 for 10 years)

In addition to confidence benefits, interactions with service providers offered an opportunity to organisations to show their gratitude to their customers, therefore facilitating special treatment and social benefits (Elisa, Florence, Harry and Ian). Not taking customers for granted and rewarding them simply for being customers was seen as an important little touch in relationships. Such rewards did not necessarily need to be financial or expensive gifts. As discussed in Chapter 6, offering customers a hot drink on a cold winter day (Florence), an umbrella on a rainy day (Jack) and a newspaper to browse on a busy day (Ian) were perceived positively and valued by the participants.

Moreover, customers liked being recognised by their bank staff, yet not necessarily by names. For example, Elisa and Harry had established such a relationship with their bank staff that they were even greeted outside the service environment, which was viewed to be very comforting and reassuring:

I bump into some of them now in [place]... I've built up a personal relationship with the bank staff over the years, and they know me, I know them. It's very comforting. (Harry, age range: 35-44, banking with Bank8 for 21 years)

Finally, service interactions had created such an atmosphere for Harry and Ian that their communication with bank staff resembled a form of friendship. Both participants had come to such a stage that they knew little personal things about their bank staff. Far from being intrusive, these interactions were reported to be pleasant by Harry and Ian:

They may say something like "Have you had your holiday yet this year?"... Because I recognise the cashiers there I say "Yes, I've been to so-and-so. Have you had yours?" And I get to know little things about them, which I think is very pleasant. (Ian, age range: 55-64, banking with Bank13 for 42 years)

When questioned whether the nature of this satisfactory interaction with his bank could be due to Ian's hearing disability, which meant that bank staff treated him differently from other customers, Ian thought that this was not specific to him, but the general interaction level with all customers. The quote below is about how the bank staff treated an "ordinary customer with a child in a pushchair who was making a lot of noise", as observed by Ian:

Straightaway not only did one member of staff dealt with the lady but another member of staff came out to try and calm the child. That was impressive because I thought that they were making an effort, and small things like that seem to show they care. (Ian, age range: 55-64, banking with Bank13 for 42 years)

(iv) Positive impact of interactions with service providers on buyer-seller bonds

Albeit limited, some evidence was found on the potential of interactions with service providers on forming buyer-seller bonds between relationship partners. Despite having a hearing disability, Ian had succeeded in establishing satisfactory communication with his bank staff at both a professional and personal level. It needs to be underlined that Ian used several branches throughout his banking relationships, none of which were organised specifically for his disability. Ian's personal circumstances meant only that he could not use the telephone banking service. Apart from this, Ian was exposed to a branch environment and facilities which were open to all customers. His more than 40 years of satisfactory interactions with his bank, primarily at a branch level, had reached such a stage that other financial institutions had little chance of attracting Ian:

[When I go to Bank3] the welcome is totally different; it is quite disappointing. But I suppose that's because my expectations are raised. I'm looking for a level of service that I know I can get, and it's a disappointment when I go to Bank3. (Ian, age range: 55-64, banking with Bank13 for 42 years)

Investigating the nature of the service which was commented on favourably by Ian, he talked in depth about his interactions with bank staff during the service delivery (offering service in a fast, courteous and friendly way by personalising the interaction) and the service recovery (being proactive and apologetic about mistakes and problems when they were occurred). It might be feasible that this

bond Ian seemed to be feeling with his bank could be due to his reluctance about trying alternatives because of his disability, and this might not be true of other customers' behaviour. Ian stated clearly that he had tried several other banks over the years due to the lack of branches of his bank in some places where he had lived, or in order to take the advantage of new account opening incentives at times. However, he kept returning to his bank, fundamentally because other banks had failed to match the level of customer service that was offered by his bank:

I have tried other places to bank, but my experiences have not been sufficiently satisfactory to make a permanent change... I didn't feel I was looked after properly... Bank13 account has continued the whole time, because I've never felt disappointed or let down by them. (Ian, age range: 55-64, banking with Bank13 for 42 years)

Negative impact of interactions with service providers on customer relationships

In parallel with its potential to enhance customer relationships, interactions with service providers were also found to have a potential to threaten the development of relationships. Seven participants indicated that they would consider switching their accounts should their interactions with service providers have started to deteriorate:

If the customer relations had been awful, and I felt that I would have better communication and relationships with another bank it would make me consider moving. (Diana, age range: 55-64, banking with Bank10 for 27 years)

In Chapter 6, Carla, Casie, Gloria, Isabelle and Jack were identified as experiencing faltering relationships with their financial institutions. Of these, Casie and Isabelle were about to terminate their banking relationships, primarily due to their negative interactions with their banks. Importantly, in both cases, negative interactions took place during service recovery process. For example, Casie's bank, eventually, managed to recover the service and offered an indirect apology by sending a bunch of flowers. However, the communication between the parties during the recovery process was at such a level that Casie decided to close her

credit card account. Casie was also determined to terminate her banking relationship with the bank altogether as soon as she had a chance to get out of her trapped banking relationship:

I said “I haven’t”. So, they said “somebody else must have your card” and all this. And in the end, I just shut the credit card account... because it was just ridiculous.
(Casie, age range: 45-54, banking with Bank14 for 4 years)

Similarly, the way in which Isabelle was treated by her bank staff, particularly in one instance, was the underlying reason for her negative feelings for Bank10 as already explained. She had described her bank’s staff being incompetent and serving customers in a highly standardised way. However, what appeared to prompt Isabelle to consider terminating her relationship with Bank10 was related to a member of staff’s having a particular attitude towards Isabelle, which was believed by Isabelle to do with her being black. At the time of the interview, Isabelle was in contact with a competitor bank with the intention of transferring her banking business.

On the other hand, Gloria described her banking relationship as a rather negative one based on her experiences with bank staff both at branch and call centre level. Incompetence and the lack of customer-orientation combined with poor customer service training were factors behind Gloria’s negatively perceived interactions with service providers. A deeper analysis into the interview with Gloria revealed that Gloria had opened an account with Bank11 at a branch located at a university campus. Because this resembled a village experience, banking was initially a comforting experience for Gloria:

Another thing about going to the bank on the campus is, if you’re in a long queue, very often you knew most of the people in it, and the whole thing it just goes back to the village experience of banking. It takes me straight back to my comfort zone.
(Gloria, age range: 45-54, banking with Bank11 for 15 years)

In addition, the nature of service interactions and personal contact was another pleasing aspect of banking for Gloria in the early days:

A charming woman called [name] who was absolutely mustard and could always sort you out. Whatever you need to do she could always do it. Personal contact, you see. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

With the transfer of her account to another branch, accompanied by overall changes in banking towards centralisation of operations and customer services, Gloria's banking experiences started to change substantially. Having been disappointed by the reducing level of personal contact with customers, Gloria's interactions with her new branch generated some negative feelings towards the bank. Limited personal communication with no customer-orientation was interpreted to be patronising by Gloria:

"Do you have an account with this branch?" And I was rocked; I thought my face must at least be familiar. I've been going there for ten years; they must at least know who I am. Not who I am but that I am a Bank11 customer. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

Eventually, Gloria's attitude toward the banking system as a whole changed. Describing banking institutions as "money-shops" with no respectability, Gloria called for a banking era that had no personal interaction:

If you do have a human being in the equation then you expect to be able to talk to that person like a human being, which is absolutely not the case... Those people would probably get far more work satisfaction and much more done if they didn't have to be bothering with customers. (Gloria, age range: 45-54, banking with Bank11 for 15 years)

In a similar way to Gloria, Jack's negative banking experiences were influenced by the centralisation of customer services which meant more standardisation and less personal contact, and the changing role of bank branches with reduced authority and decision making capacity. Like Gloria, Jack used to have more personal interactions with his bank. After such experiences, Jack was having difficulty in adapting to this new banking model which was perceived to be offering neither "personal touch" nor "personal correspondence". In line with a view offered by Carla and Gloria, who felt that human contact in branches no longer offered an

environment to establish rapport, Jack interpreted his interactions at branch level as “robotic”, dictated largely by the head office policies and with no flexibility for individual circumstances. Such recent changes in banking and, more specifically, in the nature of communication between Jack and his bank, were found to be threatening the development of his banking relationship:

Over that amount of time I haven't got many complaints. It's only recently the complaints. Because now they're just a business, that's all they are. There's no friendly listening bank anymore, there's no chatting to the person. (Jack, age range: 55-64, banking with Bank11 for 34 years)

Consequently, Jack kept his interactions with Bank11 to a minimum with limited future intentions to continue with his bank.

Moreover, Carla was banking with Bank4 for almost a decade, and carried out most of her banking transactions remotely. Despite intending to continue her banking relationship with Bank4, Carla did not feel that her bank was a trustworthy organisation. In line with Gloria and Jack, for Carla trust in an organisation was closely related to the nature of human interactions between the parties which promoted customers to be treated individually. The lack of personal communication with her bank meant that Carla's bank was “just a faceless organisation” and therefore it was difficult to establish a trusting relationship with her service provider. The following quote represents how Carla felt about the concept of trust in the context of her banking relationship:

I don't think about them in that sort of way, because I don't know anybody there. In the old days I knew the bank manager. But at the moment Bank1 [the parent bank] is just a faceless organisation. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

Common to these five participants who provided evidence on the negative impact of interactions with service providers on their relationships was that none of them regarded their banks to be trustworthy, or just had taken-for-granted type of trust (Chapter 6). Service recovery experiences (Casie and Isabelle), the lack of service personalisation (Carla, Gloria, Isabelle and Jack) and diminishing personal contact

with customers in favour of bank automation (Carla, Gloria and Jack) were fundamental aspects of their lack of trust in their service providers. The lack of trust led customers either to terminate their relationships (Isabelle) or maintain the relationship because they were trapped (Casie) or perceived lack of better alternatives (Carla, Gloria and Jack). With the exception of Isabelle, other participants felt that the nature of communication was shaped closely by the overall banking strategy and staff training programmes.

There was some evidence that personal interactions with customers had considerable potential for reflecting on the perceived reliability, honesty and the level of customer orientation of organisations (Alice, Bianca, Diana and Kevin):

I think that an individual's reaction, or the feeling that you have between the two of you, reflects on the organisation... Their trustworthiness is people that's in it.
(Diana, age range: 55-64, banking with Bank10 for 27 years)

It can, therefore, be suggested that organisations should pay high attention to their corporate policies which could hamper the development of trust and commitment between the relationship partners.

Human interactions and customer relationships

The investigation of the impact of interactions with service providers on customer relationships (which has just been presented) highlighted the key role of human interactions in enhancing as well as threatening the development of fundamental relationship components identified in Chapter 2. One question emerging at this stage was why human interactions were perceived to be so important in promoting the development of customer relationships, especially at a time when information and computing technology was at its height and bank customers were continuously being encouraged to use remote communication channels. First of all, going beyond banking-specific reasons, human contact was an essential part of business interactions. Human interactions with a professional approach were considered to make “the world goes round” (Florence) and warm up the day (Gloria and Isabelle).

Secondly, it was found that, the so-called “personal touch” was still a highly appreciated aspect of banking, which could be in the form of knowing or recognising the customer (Harry and Hannah), addressing them by name (Martin), allowing customers to telephone their local branches (Jack), or simply letting customers interact with a person directly (Emily and Jessica):

At the end of the day if somebody recognises your face, “Hello! How are you doing?” it’s a personal touch; that’s better than the impersonal “Come in, sit down, get out!” which is obviously very annoying at times. (Harry, age range: 35-44, banking with Bank8 for 21 years)

By giving the option to customers to interact with a human-being meant that the customer was seen by the provider as more than just a financial account (Daisy, Felicity and Hannah). By offering personal contact, banks were seen as “taking their customers’ interests on a higher level than just the bank’s needs” (Felicity). This may be why a relatively older generation (Carla, Diana, Florence and Jack - all of whom were within the 55-64 age range) regarded bank managers as a critical element of banking relationships in the past. A bank manager was seen as “a way to build up a rapport” with customers (Carla). Such relationships were believed to offer “a more one-to-one” and to be more flexible to customer needs (Diana and Jack). However, today’s banking system forced customers to establish relationships “with several different people on different levels” (Diana and Florence) with hardly any flexibility for personal circumstances (Jack):

They were actually managing the bank rather than sticking to the rules... with an individual touch and looking after people individually. Now they just apply the rules. (Jack, age range: 55-64, banking with Bank11 for 34 years)

Finally, human interactions facilitated the development of trust in service providers by reducing customer perceived risk because of back up by a human being. It was observed that for day-to-day banking such as paying in cheques, taking money out and transferring money between accounts customers felt confident in using banking technology. However, human contact was occasionally needed when unusual events happened with regard to a change in personal circumstances, or

experiencing service failure (Emily, Grace, Jack and Oliver), or just as a back-up for remote interactions (Alice, Emily, Jessica and Richard):

I accept that in 99.9% of the occasions when I phone my bank, it's not necessary that I speak to my branch. A central location will do. But on the one out of 100 times when you do need it, and it's not there, then you feel the lack of being able to reach that local branch. (Richard, age range: 25-34, banking with Bank8 for 13 years)

This meant that personal interactions were important in reducing the perceived risk of automated banking transactions. Remote communication channels were not, therefore, regarded as a substitute for personal interactions. On the contrary, personal and remote communication appeared to be complementing each other, which is in line with the results of a recent empirical study (Durkin *et al.* 2003).

Despite the noted importance of personal interactions with service providers, customers registered for telephone and online banking are on the increase in the UK, according to industry sources. For example, banking over the Internet was carried out by 42 percent of adults who had access to the Internet as of mid-2006 (National Statistics Omnibus Survey 2006). The research data offered some insight into why this could be the case. The changing role of branches and reduced authority as a result of the banking centralisation had an impact on customers' orientation towards remote communication channels. Bank customers felt that they were forced to communicate remotely with their banks either through the telephone, automated teller machines or the Internet (13 participants).

When you go into a bank and say "I'd like to talk about this" they say "Would you like to call our call centre?" (Oscar, age range: 25-34, banking with Bank9 for 5 years)

Despite taking away the personal aspect of relationships, remote banking was favoured by customers because of offering better interest rates (Keith and Oscar), its convenience such as time efficiency (12 participants) and giving customers more control in handling their financial affairs (7 participants):

It's all done impersonally via the Internet, but I'm probably more satisfied now. Because I have control over what I can do, the speed at which I can do it and the convenience at which I can do it, time-wise, than before. You've lost the personal touch, but you've gained 24-hour access... It's a different type of satisfaction. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

The changing lifestyles of customers (Patterson and Ward 2000), the growth of a more technology-oriented generation (Lang and Colgate 2003) and an increased level of financial literacy awareness (Egan and Shipley 1995) could have facilitated the importance of convenience and being in control of their financial affairs for bank customers.

8.3 SERVICE ENVIRONMENT

Providing a multifunctional atmosphere for staff as well as customers, bank branches offer an environment where corporate messages or images could be communicated effectively (Moutinho *et al.* 1997). Service environment is reported as providing a visual metaphor for an organisation's total offering (Bitner 1992). Extending these views, Adelman *et al.* (1994) and Bitner (1992) support the idea that the physical environment can both facilitate and hinder interactions taking place between organisations and their customers.

Drawing on the research interviews, Table 8-4 illustrates the positive and negative aspects of service environment in the context of face-to-face and electronic interactions with banking institutions.

Table 8-4 Participants’ evaluations of service environment regarding interactions with their banks

POSITIVELY EVALUATED ASPECTS		NUMBER AND CODE OF PARTICIPANTS	
efficiency			
➤ clarity	25		(Ben, Betty, Bianca, Carla, Elisa, Emily, Felicity, Florence, Grace, Hannah, Ian, Isabelle, Jessica, Lewis, Martin, Melissa, Newton, Oliver, Oscar, Patrick, Peter, Ray, Sarah, Shirley, Tess)
➤ user-friendliness			
➤ offering privacy			
corporate branding			
➤ colour scheme	10		(Bianca, Carla, Daisy, Elisa, Florence, Grace, Hannah, Isabelle, Melissa, Newton)
➤ dress code			
brand consistency across branches	5		(Carla, Diana, Elisa, Grace, Ray)
layout/design			
➤ new/modern	5		(Hannah, Newton, Oliver, Shirley, Thelma)
➤ open plan			
bricks-and-mortar	4		(John, Martin, Oliver, Shirley)
extra facilities for:			
➤ people with disabilities	4		(Betty, Ian, Isabelle, Shirley)
➤ families with young children			
NEGATIVELY EVALUATED ASPECTS		NUMBER AND CODE OF PARTICIPANTS	
layout/design			
➤ open plan	6		(Carla, Grace, Harry, John, Richard, Tess)
➤ old-fashioned			
corporate branding			
➤ colour scheme	5		(Emily, Hannah, Ian, Jack, Lewis)
➤ dress code (uniform)			
inefficiency	1		(Keith)

Starting with positively evaluated characteristics, efficiency was the most commonly pleasing aspect of service environment as expressed by 25 customers (Table 8-4). Efficiency was interpreted in terms of the clarity (of the information presented and the branch layout such as queuing structure), whether the branch offered enough privacy for customers, and how user-friendly the online interactions were. How well the customer waiting area was organised (Emily and Ian) and in particular the way the queuing system is organised eased the service delivery process for customers (Ben and Betty):

It's done quite efficiently... I feel it's quite well organised inside in terms of the way queues are arranged, having separate counters for enquiries rather than transactions and so on. So, it just makes the whole process easier for me really. (Ben, age range: 45-54, banking with Bank11 for 20 years)

A particularly frequently raised aspect of service environment was related to whether the branch offered private areas to talk about confidential information (7 participants). Since banking, on the whole, is related to financial wealth, this was not an unsurprising finding. However, in addition to being concerned about other people overhearing their personal information with service providers, some customers were also concerned about interacting in an environment where they can overhear other people's personal information (Florence and Tess):

Banking I think is personal... How often can you hear the conversation of some unfortunate who's trying to talk to the teller...or to discuss something? And you're hearing all their intimate conversation. I find it embarrassing. (Florence, age range: 55-64, banking with Bank5 for 4 years)

With relation to the efficiency of online interactions, user-friendliness of the web site was raised by nine participants. Also, the presentation of information in terms of the language used (5 participants) and the clarity of the information given (Elisa, Lewis and Sarah) improved the efficiency of service interactions with service providers:

It was set out in easy terms, language you can understand... It just seemed warm and friendly, rather than a bank which is maybe harsh... It makes you feel "Oh, I can use this; this is interesting; this is easy". (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

The second most commonly cited aspect was corporate branding (Table 8-4). Supporting Moutinho *et al.*'s (1997) view, the layout/design and the colour scheme used were perceived as a reflection of corporate brand/image by customers. Corporate image was approached from two perspectives in this research: colour scheme (as reflected in branch layout and web site design) and dress code. Ten customers regarded their banks' corporate branding positively (Table 8-4). The

colour scheme, on a macro level, was described as having measurable effects on customers' moods (Gloria), in addition to sending messages about the corporate brand. For example, Carla, Emily, Grace and Isabelle interpreted their banks' colour scheme to be a sign of professionalism. In comparison, Florence thought that her bank's colour scheme evoked feelings of peacefulness while it was friendliness and approachability for Grace, Hannah and Melissa. In addition, dress code was another way of sending messages about professionalism (Ian and Newton). Despite a corporate trend towards casual dress in recent years, a smart and professional look in line with corporate branding was found to have an impact on customers' confidence in bank staff (Elisa and Grace):

I think the clear identifiable corporate identity is much, much better... You're dealing with somebody that's professional... Sometimes when you see somebody in something a bit more casual, you're not getting that message. I just feel a little bit more confident in people that are in some sort of a uniform. (Grace, age range: 45-54, banking with Bank3 for 7 years)

Thirdly, the consistency of corporate branding across branches was another aspect that was positively commented on by five customers (Table 8-4). All of these customers commented that brand consistency and standardisation helped to establish familiarity with the organisation:

It's nice to be able to walk into any bank, and it feels like your local bank. (Elisa, age range: 18-24, banking with Bank12 for 10 years)

Familiarity is a concept that has attracted some interest in the service encounters literature. In particular, familiarity is reported to be facilitating customer comfort (Goodwin and Gremler 1996). As a frequently addressed aspect of service encounters across the research interviews, the data provided some support to the discussion. The participants approached familiarity as a risk reducing concept (Diana, Hannah and Patrick). Unlike an unfamiliar environment which might be "disorientating" (Ben), familiarity could reinforce customers' comfort with their service providers (Ben and Diana):

My own branch looks like it always has since I first joined there. I suppose it's like a security blanket; you know exactly where everything is when you go in there... However, with [another branch], you lose your security blanket, because it's bigger and things are in different places. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

The next positively perceived service environment characteristic was related to the layout or design. Some participants commented on how new or modern looking their banks were. There was "nothing worse than going into the bank and you're thinking that's 20 years old" (Patrick) was how advocates of the new layout thought. Presenting a new or modern look was raised by Hannah, Oliver and Shirley while Newton and Thelma talked about open plan design. Open plan is a recent layout that increasingly more banks adopt. This layout was regarded positively in the sense of appearing inviting (Thelma) and offering perception of openness (Newton):

The one in the city centre is a more recent design of branch... They've got quite a bit of glass in there... Walking past you can see what's going on in that room... There's no rooms hidden away with things going on that you can't see. So I guess there is a perception of openness. But it's still private. (Newton, age range: 25-34, banking with Bank8 for 10 years)

Furthermore, it was interesting to find that the branch as a building itself sent messages to customers. It was mostly in the past that banks had invested heavily in branch offices, i.e. bricks-and-mortar, with the aim of invoking customer trust and confidence through old, yet solid, buildings:

Many years ago... all the banks had big granite walls, big steel doors and it was almost like: "Look! Your money is here. You can't get in because it's behind all this lovely hard rock with big steel doors". (Oscar, age range: 25-34, banking with Bank9 for 5 years)

With changes in banking, investments in branches have reduced significantly. The British Bankers' Association reports the number of branches for major British banking group at 10,754 in 2002, down by 12 percent since 1997 (British Bankers'

Association 2003). Yet, for some customers to have a solid base was still regarded a positive aspect of their banking experiences (Table 8-4):

They tend to get the most expensive building in town... It looks like a very old building, all in stone. And that gives you confidence in the sense that... actually they're a really rich bank and therefore have the best. (Oliver, age range: 35-44, banking with Bank10 for 11 years)

Finally, customers evaluated the service environment from a more general perspective. Because she had young children, it was quite pleasing for Isabelle that her branch had an area for children to play. Similarly, because of having a hearing disability, Ian emphasised the carpeting in his local branch which kept the noise level down and improved his communication with the staff. Having a disability access (Betty) and separate queuing for the disabled (Shirley) was also raised by customers with no physical disabilities, indicating the level of social awareness among today's customers.

Moving on to negatively evaluated aspects of service environment, layout and design was the most commonly cited characteristic (Table 8-4). In comparison with customers who viewed open plan as inviting and offering openness, other customers had concerns about this layout in terms of customer privacy (Carla), being "confusing" and "uncomfortable" (Grace), "cold" (Harry) and "anonymous, faceless and characterless" (Richard). Being a new design, and this removing the familiarity concept, it was understandable that open plan was uncomfortable and unwelcoming for customers. However, being seen as cold, anonymous and faceless as opposed to cosiness that a small traditional branch offered (Kevin) was an interesting finding that challenging high street banks in light of increasing trends towards open plan layout.

In addition to open plan layout, the service environment was commented to be rather outdated. John and Tess cited their branch layout as being quite old fashioned. Tess interpreted this as her bank's strategy to keep customers away from branches with the aim of reducing overall branch numbers. The old fashioned

look of his bank made John feel that his bank was sending out messages as an unwelcoming institution.

Corporate branding was the next negatively perceived characteristic of the service environment. Some customers complained about corporate branding being unattractive, particularly in terms of the colour scheme. In line with customers who liked their branches to have a modern and appealing look, when the encounter took place in an environment that had dull (Hannah and Lewis), boring (Emily) and old fashioned (Lewis) colours, this was viewed as an unwelcoming environment (Hannah). Another aspect of corporate branding was related to the dress code. Only two customers (Ian and Jack) had negative views on this, but for different reasons. Ian thought that there was a big change in banking “from an old-fashioned profession towards a high street shopping experience”. Describing old bankers “in a suit and collar and tie”, Ian believed such a uniform guaranteed a minimum standard of dress and behaviour. However, today’s bankers who “wished you a nice day in colourful uniforms” were perceived to be less professional:

It’s a bit like going into a travel agent to find them all wearing pink shirts or whatever. You go into Bank3 and you find they all are wearing this bright blue and, I think I need my sunglasses here. (Ian, age range: 55-64, banking with Bank13 for 42 years)

In comparison, Jack was a full supporter of banning uniforms in businesses. To him, a uniform took away the individuality of people, made the communication robotic and cold, and impacted on “the clinical feeling” of the service environment:

They’re not individuals. They’re told “You will wear this shirt, those trousers, that skirt, that neck scarf”. It’s just too much. Obviously there’s got to be a standard of clothing, but it doesn’t have to be a uniform. But when you’ve got the uniform it makes people even colder. (Jack, age range: 55-64, banking with Bank11 for 34 years)

However, an unappealing look, design or dress code was not all bad news for some customers. The research interviews offered two main insights in this regard. Firstly, functionality of the service environment was found to be a balancing factor

for the lack of attractiveness of the branch layout or web design (Diana, Harry, Keith and Lewis):

At the end of the day that's all I want in a branch: functionality. Potted plants perhaps might make it a bit nicer, but it's all horses for courses; because you're only there for 15 minutes max and then you're out again. (Harry, age range: 35-44, banking with Bank8 for 21 years)

As a characteristic closely related to efficiency, functionality allowed customers to carry out their banking transactions speedily and maintained the privacy of the service encounter:

I would say that wouldn't be a huge issue for me, to modernise the branch; because I think that you're not going in there to look at décor or anything. But I think the privacy aspect is very important for people now. (Tess, age range: 35-44, banking with Bank3 for 20 years)

Similarly, Lewis thought his bank's layout was "very nondescript" and "pretty dull" while it was "a fairly neutral design" for Diana. Yet, both customers commented that their interactions with their banks were functional. It can therefore be stated that if organisations succeed in offering functionality, the lack of attractiveness of the layout or design would matter less.

Secondly, the layout and dress code were sending out messages about the efficiency of spending corporate resources, which was customers' money in financial services. Both Ian and Lewis interpreted a smart but expensive look from the point of view of how well their money was being spent by service providers:

Sometimes in Bank13 they've had blue tartan jackets on. They look quite smart, but I thought: "Is it really necessary? Are my bank charges paying for this?" (Ian, age range: 55-64, banking with Bank13 for 42 years)

Finally, financial institutions appeared to be offering an acceptable service environment. Only one customer (Keith) had concerns about the lack of user-

friendliness of his bank's web site, which made Keith's interactions with his bank "terribly confusing".

8.3.1 Positive Impact of Service Environment on Customer Relationships

Table 8-5 illustrates participants whose banking relationships were interpreted to be reinforced by service environment characteristics. Table 8-5 was drawn up incorporating data from Table 8-3 (participants whose relationships were enhanced through interactions with service providers) and Table 8-4 (participants' evaluations of service environment regarding interactions with their banks) for a reason. Participants provided very lengthy information (over 80,000 words) on their banking experiences at the service encounter. They articulated clearly what aspects of these experiences affected their trust in service providers, relationship commitment, relationship benefits and buyer-seller bonds (Table 8-3). While talking about interactions with their banks, the participants had no difficulty in describing the service environment where the interaction took place, as well as the positive and negative elements of the environment as presented in Table 8-4. When asked about the impact of service environment on these relationship constructs, the participants had similar opinions:

I don't think that the branch design will make a huge difference. (Shirley, age range: 25-34, banking with Bank3 for 5 years)

This finding, which seemed to disagree with previous studies (e.g., Bitner 1990; Bitner 1992; Adelman *et al.* 1994) can be explained by data from Diana, Elisa and Ian, who commented that service environment is part of their overall service interaction:

When you walk inside there's a fresh carpet... It's welcoming and light and bright. There are seats to sit down and a flower arrangement on the table. All these little things. There's no one single thing; it's all these little things taken together make you feel good.

It, hence, seemed that the impact of service environment could be better understood when data on service delivery, service recovery and service environment were looked all together as presented in Table 8-5.

Table 8-5 Participants whose relationships were enhanced through service environment characteristics (Codes used in this table: apol:being apologetic; brand:corporate branding; c-sell:cross-selling; comp:competent; comm:continuous communication; consist:brand consistency; eff:efficient; e-free:error free; extra:extra facilities; fri:friendly; help:helpful; incomp:incompetent; ineff:inefficiency; layout:layout/design; n-pers:lack of personalisation; pers:personalisation; pol:polite; proac:being proactive; r-speed:recovery speed; refund:refunding fee/ charge)

	Service delivery characteristics	Service recovery characteristics	Service environment characteristics	Affected relationship construct(s)
1 Betty	Staff: help		eff; extra	trust, commitment
2 Bianca	Serv: fast; eff; slow Staff: pol; help; fri	Serv: r.speed	eff; brand	trust, commitment
3 Daisy	Serv: e-free Staff: help		brand	trust
4 Diana	Serv: eff Staff: comp; pol; help; c-sell	Serv: r.speed; refund Staff: empathy; apol	consist	trust, commitment, relationship benefits
5 Elisa	Serv: fast Staff: comp; pol; help; fri; pers	Serv: refund Staff: empathy; apol	eff; brand; consist	trust, commitment, relationship benefits
6 Emily	Staff: comp; fri		eff	commitment, relationship benefits
7 Felicity	Serv: slow Staff: pol; help; fri; incomp; c-sell		eff	trust, commitment
8 Florence	Serv: eff Staff: comp; pol; pers	Staff: empathy; comm	eff; brand	trust, commitment, relationship benefits
9 Grace	Staff: pol; help; incomp		eff; brand; consist	commitment
10 Hannah	Staff: comp; incomp; c-sell		eff; brand; layout	commitment
11 Ian	Serv: fast Staff: pol; fri; pers	Staff: apol; proac	eff; extra	trust, commitment, relationship benefits, bonds
12 John	Serv: e-free Staff: fri		bricks&mortar	trust, commitment
13 Lewis	Serv: fast; eff; slow Staff: comp; fri	Serv: r.speed	eff	trust, commitment
14 Melissa	Serv: e-free Staff: help		eff; brand	commitment
15 Newton	Serv: fast; e-free; ineff Staff: comp; pol; help; incomp		eff; brand; layout	commitment
16 Oliver	Serv: slow Staff: pol; incomp		eff; layout; bricks&mortar	commitment
17 Oscar	Serv: eff Staff: incomp		eff	trust, commitment
18 Patrick	Staff: help		eff	trust, commitment
19 Peter	Staff: comp		eff	trust, commitment, relationship benefits
20 Ray	Staff: help; pers	Serv: r.speed; refund Staff: trust; apol	eff; consist	trust, commitment
21 Shirley	Staff: comp; pol; help; fri; pers; incomp; n-pers		eff; layout; bricks&mortar; extra	commitment
22 Sarah	Staff: comp; pol		eff	commitment
23 Tess	Serv: eff Staff: comp; pol	Serv: r.speed	eff	trust, commitment
24 Thelma	Serv: fast Staff: pol; help; incomp; c-sell	Serv: r.speed	layout	trust, commitment

Of the 30 customers who provided some evidence for the potential of interactions with service providers to enhance customer relationships (Table 8-3), 24 of them referred to various elements of service environment (Table 8-5). The reinforcing potential effect of the service environment on customer relationships can be explained by the way in which they send out nonverbal cues about organisations (such as how professional looking, friendly, approachable and welcoming they were) and whether customers' needs were kept in mind in designing the service environment (such as queuing structure, layout, customers with disabilities or young children). In parallel with this view, Bitner (1990) approached the physical environment as a key to enhancing relationship development. It should, however, be noted that, in all the 24 interviews in this research, service environment was a complementary aspect of interactions with service providers rather than having an impact on relationships in its own right:

As long as they look after the customer when you walk through the door, no matter whether it's modern, old or whatever, then I think it's insignificant what it looks like.
(Hannah, age range: 45-54, banking with Bank10 for 30 years)

8.3.2 Negative Impact of Service Environment on Customer Relationships

In Section 8.2.3, five participants provided evidence on the negative impact of interactions with service providers on their relationships. Investigating how these participants commented on the service environment aspect of their interactions, Table 8-6 illustrates the findings:

Table 8-6 Participants whose banking relationships were threatened through interactions with service providers (Codes used in this table: brand:corporate branding; comp:competent; consist:brand consistency; eff:efficient; extra:extra facilities; incompet:incompetent; n-attitude; negatively perceived staff attitude; n-trust:limited trust in customer; n-brand: negatively perceived corporate branding; n-layout:negatively perceived layout/design; n-pers:lack of personalisation; pers:personalisation; refund:refunding fee/charge)

	Service delivery characteristics	Service recovery characteristics	Service environment characteristics	Affected relationship construct(s)
1 Carla	Staff: comp; n-pers; n-human	Serv: refund	eff; brand; consist; n-layout	trust
2 Casie		Serv: slow Staff: incompet; n-trust		trust, commitment
3 Gloria	Serv: slow Staff: incompet; n-pers; n-human			trust
4 Isabelle	Staff: incompet; n-pers; n-attitude	Serv: slow	eff; brand; extra	trust, commitment
5 Jack	Staff: pers; incompet; c-sell; n-pers; n-human		n-brand	trust, relationship benefits

As demonstrated in Table 8-6, Carla’s and Isabelle’s evaluations of their service environments were favourable on aspects such as efficiency, a consistent and attractive corporate branding and offering extra facilities to customers. In terms of their service interactions, Isabelle was about to terminate her relationship with Bank10 at the time of the interview. For Carla, the diminishing nature of personal interactions with her bank was identified as a threat to her relationship with Bank4. These examples may indicate that when customers’ service interactions are perceived to be negative, favourably perceived aspects of service environment would lose their impact on customer relationships.

8.4 WORD-OF-MOUTH COMMUNICATION

As stated in the introduction (Section 8.1), this research takes a broader view of service encounters. In other words, a service encounter is viewed as including four major elements: (1) human and (2) non-human interactions with service providers, (3) physical and visible elements of the service (i.e., service environment), and (4) word-of-mouth communication. This section is about the last element of service encounters: WOM communication.

WOM communication taking place both at the conventional service setting and outside is included in the WOM definition. In parallel with this view, the term WOM

communication is used to include any positive or negative information about a company and its offerings/service which are communicated in an extended service setting by personal networks, other customers or the media. The personal network includes informal sources such as family members, friends, acquaintances or membership groups. In terms of the media (consisting of TV, radio, printed or online media), any positive or negative information about a company or its offerings from other people communicated in sections of the media such as editorial columns or customer views/comments are also classified under WOM communication. Any customer comments used as part of an advertising campaign or other promotional activities are excluded from the definition. Reflecting the wide range of communication formats used by customers, WOM communication does not need to be face-to-face, direct or oral. Electronic delivery channels such as the Internet are used commonly to generate virtual WOM communication (Buttle 1998).

No empirical studies have been found in the marketing communications and the service encounters literature that focuses specifically on the impact of WOM communication on customer relationships. There are some theoretical contributions on the potential of WOM communication to enhance or threaten the relationship development (e.g., Grönroos 2000a; Fill 2005), yet none have empirical support. There is an agreement that WOM communication is likely to influence (1) customer satisfaction (Baron *et al.* 1996), (2) purchasing behaviour (Baron *et al.* 1996; Grace and O'Cass 2005) and (3) attitude formation (Herr *et al.* 1991; O'Cass and Grace 2004) as well as (4) reducing customers' perceived risk (Derbaix 1983; Murray 1991; Ennew *et al.* 2000). Customer perceived risk is related to trust in the relationship partner, while customer satisfaction and buying behaviour are indicators of certain types of relationship commitment as discussed in Chapter 6. Hence, it could be expected that WOM communication is also likely to influence the formation and maintenance of customer relationships.

Referring to the research data, Table 8-7 illustrates participants who were aware of WOM communication about their financial institutions, and the impact of this type of communication on their banking relationships.

Table 8-7 Word-of-mouth (WOM) communication and customer relationships

Nature of WOM Awareness		Number and Code of Participants	
Positive		23	(Bianca, Carla, Casie, Daisy, Diana, Elisa, Emily, Felicity, Florence, Gloria, Hannah, Ian, Jessica, Keith, Lewis, Martin, Melissa, Newton, Oscar, Patrick, Ray, Richard, Sarah)
Negative		14	(Alice, Betty, Carla, Diana, Gloria, Grace, Hannah, Isabelle, Martin, Oliver, Oscar, Peter, Ray, Shirley)
IMPACT OF WOM ON CUSTOMER RELATIONSHIPS			
Positive Impact			
➤ trust		11	(Bianca, Elisa, Emily, Felicity, Hannah, Ian, Jessica, Lewis, Ray, Richard, Sarah)
➤ commitment			
▪ continuing relationship		11	(Bianca, Hannah, Ian, Jessica, Keith, Lewis, Melissa, Patrick, Ray, Richard, Sarah)
▪ opening account		7	(Bianca, Casie, Daisy, Elisa, Felicity, Grace, Newton)
Negative Impact			
➤ commitment		1	Isabelle

Notably, none of the reported WOM communication took place at the conventional service setting, i.e. the branch. This can be explained by the complex and personal nature of financial services, which can make it difficult and uncomfortable for strangers to talk about their financial experiences. Banking was cited as being among the least popular conversation topics (6 participants):

There was a follow-up on the topic, because Bank1 actually closed down, some
Is it not like the old-fashioned thing? You don't talk about politics and sex when you go to a dinner party. I think banking and finance comes under the same sort of remit, depends who you're with and what you talk about, the circumstances, but I don't think it's general conversation. (Florence, age range: 55-64, banking with Bank5 for 4 years)

On the other hand, 14 participants presented data on negative WOM communication (Table 8-7). There was a consistency between participants that

Therefore, unless people had problems with their banks, such experiences did not get discussed with other customers (7 participants). It was claimed that human beings prefer to talk about negative experiences than positive ones:

The other thing is when I went to get a mortgage comes to me and says, I've been really stuck up by my bank and then I'd say, what happened then and which bank? So, it's the negative things that would trigger with me for word of mouth and the positive. (Keith, age range: 45-54, banking with Bank3 for 20 years)

We tend to moan and groan. It's rare for us to say, that's a really good experience... I think, generally, as human beings, we only tend to notice the negative stuff. (Grace, age range: 45-54, banking with Bank3 for 7 years)

Twenty-three participants indicated that they were aware of positive WOM references about their banks. Of these, 17 participants received the information from their personal networks while for 10 of them it was the media coverage. Looking into the nature of these positive comments, slightly more participants recalled service characteristics than product characteristics: Eleven and eight participants respectively:

I think they [what I hear from other people] tend to be positive, especially how the clients are treated at the call centre or in the branch. (Melissa, age range: 25-34, banking with Bank11 for 7 years)

In addition, information regarding the organisation itself, such as its expansion to new geographical locations (Ian), its new/updated banking strategies (Bianca, Lewis and Martin) and financial performance (Ian) were recalled positively by participants:

There was a feature on the radio, because Bank11 actually closed down some mobile banks and there was a row about this... and they said... "We're just rationalising this and we're taking the mobile ones away and keeping the branch". (Martin, age range: 55-64, banking with Bank11 for 35 years)

On the other hand, 14 participants presented data on negative WOM communication (Table 8-7). There was a consistency between participants that negative information was more likely to be communicated (5 participants) and registered with customers (Grace and Kevin):

The other thing is when it would register: if someone comes to me and says, I've been really stitched up by my bank and then I'd say, what happened then and which bank? So, it's the negative things that would register with me for word of mouth, not the positive. (Kevin, age range: 45-54, banking with Bank3 for 20 years)

Of the negative WOM communication, nine participants received these from their personal networks while seven participants were aware of communication through the media. In the same way as for positive WOM referrals, slightly more participants recalled service related aspects (6 participants), while Gloria, Grace, Isabelle and Ray were aware of the product features of their banks being talked about by other people or in the media in a negative way:

I have heard some negative things as well... I think it's about the rates. (Ray, age range: 25-34, banking with Bank11 for 5 years)

Moreover, other negative comments on WOM communication were related to information on organisations such as new/updated banking strategies (Hannah, Oliver, Oscar and Peter) and the financial wealth of organisations (Grace and Peter) which was communicated mostly through the media:

I know they make huge profits, and I'm not happy about that. I think that could be changed. (Grace, age range: 45-54, banking with Bank3 for 7 years)

It is worth noting, although mentioned by only one participant, that the effect of negative WOM communication may not be restricted to a given institution, and could be influential in forming customers' attitudes towards the banking system overall:

After seeing a lot of programmes on television about mistakes banks make, and the way they don't treat their existing customers as well as the new customers, I look around now, shop around. (Bianca, age range: 55-64, banking with Bank14 for 7-8 years)

8.4.1 Positive Impact of WOM Communication on Customer Relationships

A total of 18 participants provided evidence of the potential of WOM communication to enhance their relationships. For 11 participants the relationship enhancement was through the trust component (Table 8-7). For example, Richard talked about his friends' positive experiences with Bank8. Asking Richard how he

felt when he heard about his friends having positive experiences with his bank, he answered:

It makes me happy that I also bank with them, and it reinforces some of the beliefs that I already have about them [such as] their trustworthiness and reliability.
(Richard, age range: 25-34, banking with Bank8 for 13 years)

Again, generalising from a given institution, unfavourably perceived WOM communication on competitors appeared to reinforce Ray's trust in his service provider:

I think word-of-mouth has always been very positive. I can't really remember when I heard anything negative about them. I have got some friends who have got a bank account with Bank3 and most of them, okay they are happy, but I have heard some negative things as well. So that confirms my theory. (Ray, age range: 25-34, banking with Bank11 for 5 years)

WOM communication was also found likely to reinforce relationship commitment by encouraging people to open a new account or to hang on to the existing one for 17 participants as illustrated in Table 8-7:

You felt that you'd made a good decision by choosing that bank, I think. So, it reinforced that. (Patrick, age range: 25-34, banking with Bank10 for 13 years)

Concentrating on the 18 participants who stated that their trust and/or relationship commitment was reinforced by WOM communication, recommendations from personal networks appeared to be more influential compared with the media. Eight participants reported that their banks' trustworthiness was promoted by WOM communication from their personal networks while Bianca, Emily, Felicity and Lewis heard it through the media. For example, Emily mentioned seeing her bank being listed among the top 10 best performing banks. Asking how this made Emily feel, she answered:

This one leads back to the reliability and honesty that they're doing okay... They're in there somewhere; so they must be doing all right. (Emily, age range: 45-54, banking with Bank11 for 17 years)

With regard to relationship commitment, six participants had opened an account in the first place through recommendations from other people, while communication through the media encouraged only Felicity to open an account:

The ISAs, as far as I was aware, were a good deal... through sort of advertising media... So, I just went with them, but on a personal basis I didn't actually check that out for myself, I just believed what I read in the papers. (Felicity, age range: 35-44, banking with Bank2 for 17 years)

In opening a first account, recommendations from parents in particular seemed to be influential (Elisa and Newton) while news from other people was more likely to impact on customers' opening an additional account:

I just opened the account, somebody told me and I just did it. (Daisy, age range: 45-54, banking with Bank7 for 8 years)

Similarly, seven participants were encouraged to maintain their accounts with banks by favourable referrals from their personal networks, while the media news had a similar effect on four participants (Bianca, Ian, Keith and Lewis):

I think the media coverage continues to give me a positive feeling; so I read stories and think "I've made a good decision and am happy to maintain my position by banking there". (Ian, age range: 55-64, banking with Bank13 for 42 years)

8.4.2 Negative Impact of WOM Communication on Customer Relationships

Moving on to the negative impact of WOM communication on customer relationships, data was presented by only one customer. Isabelle was experiencing a faltering relationship with her service provider with no trust or

relationship commitment. Asking what could have caused this low level of commitment to her service provider, Isabelle replied:

It's very much to do with the communication [i.e., interactions with service providers]. And word of mouth recommendation. (Isabelle, age range: 25-34, banking with Bank10 for 4 years)

Similar views were presented by other participants, albeit in a speculative manner. For example, describing news in the media as “the most powerful” communication in terms of the relationship commitment (Shirley), Grace's and Shirley's banking relationships were closely linked to news on the financial stability of their banks. Daisy, Oscar and Peter speculated that depending on what was being reported by the media, such as their banks' involvement in certain activities or countries, their relationship commitment would be affected. Further, as reported by Peter, WOM communication through the media may have a wider impact on organisations which overrides individual relationships. Peter recalled some news on his bank's staff planning to go on a strike due to a pay dispute. If this news had been extended to a media campaign Peter reported that, along with other existing customers, he would have volunteered to close their accounts as a way of showing disapproval of his bank's employment policies:

If there was campaign, say there was a pressure group, I think it would have weight, because individually we move our accounts... If there were a lot of people doing it, then I'd be one of that number; and hopefully the bank would say “Okay, we made a mistake; we shouldn't do this. We'll stop doing this; we'll give them a pay rise”. Strength in numbers! (Peter, age range: 25-34, banking with Bank8 for 10 years)

Although 14 participants were aware of unfavourable WOM communication, only Isabelle presented evidence on the impact of this form of communication on customer relationships while other comments were speculative (Table 8-7). Questioned as to why the impact of negative WOM communication on customer relationships appeared to be limited, seven participants asserted that communication from their personal networks would not make an impact on their banking relationships. Of these seven participants, Alice, Betty, Grace and Shirley

were exposed to negative news, Lewis to positive news, and Diana to both positive and negative news. Peter did not know anyone in his personal network who commented on his service provider. These findings may imply that customers are somehow cautious about transferring negative information on their professional relationships. Nevertheless, unfavourable WOM was stated to be more influential in the account opening phase (Melissa):

If I heard some horror stories, I wouldn't choose it. It's quite important to know that people are happy with the service of their banks. (Melissa, age range: 25-34, banking with Bank11 for 7 years)

The relatively smaller impact of negative WOM communication on customer relationships may also be to do with the complexity of banking services, which makes it difficult to compare like-with-like and could be another barrier against the effectiveness of negative WOM communication. For example, Shirley had been exposed to unfavourable WOM communication several times throughout her banking relationship, yet there was no evidence of the communication was threatening her relationship:

The different stage of your account... policy changes as well... If they complained about that I cannot say anything because my policy is different from theirs, because they are [Bank3] changing policies, so you probably have to make sure you're satisfied with the policies. (Shirley, age range: 25-34, banking with Bank3 for 5 years)

In a similar manner Carla, Florence, Gloria and Jack stated clearly that WOM communication would have had no impact on their banking relationships. Asking whether WOM communication had any effect on her experiences with Bank4, Carla answered in a very straightforward manner:

No, I wouldn't be influenced by what other people said!... No, they have no effect on me. (Carla, age range: 55-64, banking with Bank4 for 8-10 years)

8.4.3 The Lack of WOM Communication and Customer Relationships

According to Grönroos (2000a), not only the communication itself but the lack of it sends important messages to customers, and can have an effect on the development of relationships. The research data presented empirical support to this comment. It was found that the absence of negative WOM communication could have a potential to enhance customer relationships, as suggested by John and Lewis. While talking about the trustworthiness of his bank, John pointed out the lack of negative WOM communication as an influential factor. Asked how the absence of news could have supported the trustworthiness of his bank, John answered:

Well, it's not negative. Let's put it that way. (John, age range: 55-64, banking with Bank10 for 37 years)

Likewise, Lewis interpreted the lack of negative WOM communication about his bank as “good”, which, along with other marketing communications, contributed to Lewis' relationship commitment to his service provider:

Exactly, by omission! We don't hear anything negative; so that implies there is nothing to be concerned about. (Lewis, age range: 35-44, banking with Bank12 for 5 years)

Participants appeared to give particular emphasis to media news in this regard. There was a consistency among seven participants that not being aware of negative communication in the media about their banks contributed to the perceived trustworthiness of their banks:

Media coverage could be another thing. Because if you heard anything bad about Bank11, that could impact on your trust. (Ray, age range: 25-34, banking with Bank11 for 5 years)

Similarly, Hannah stated that the lack of negative news in the media about her bank supported her trust in the service provider. She also talked about some media news about her bank's plans to move its call centre abroad:

I just remember big newspaper coverage of them moving the call centres, taking jobs away from here and moving to abroad. Because I work in a call centre myself... to me that was bad... So that sticks in my mind as being the main media coverage. (Hannah, age range: 45-54, banking with Bank10 for 30 years)

Because she worked in a call centre, Hannah was concerned about her bank's plans in this respect. It was interesting that, for Hannah, this communication did not appear to be translated into her banking relationship. This may be because moving call centres abroad was seen a cost-efficient solution in the early 2000s supported by most UK financial institutions. So it could be suggested that when the communication is perceived as not being specific to a particular organisation (although it may look like focusing on one specific organisation), its impact on customer relationships would be limited.

Likewise, not being involved in media news was approached as a favourable aspect and reinforced Florence's decision to open an account with her service provider in the first place:

This one seemed to be a good choice, and did not seem to be involved with all the major articles in the newspapers... It seems to be one of the ones that's not listed in the four major ones. It seems to be comparatively... independent of the others in what it does. (Florence, age range: 55-64, banking with Bank5 for 4 years)

Participants seemed to be highly sensitive to media news on their financial institutions particularly when it was a negative comment:

I can't remember seeing them on the news, thankfully. I think, if I ever saw my bank on the news I'd panic. I'd be straight on trying to draw my money out. (Oscar, age range: 25-34, banking with Bank9 for 5 years)

This may be why the mere lack of negative media coverage seemed to be sufficient to form favourable opinions of organisations (Felicity and Florence) and to sustain customer trust in their service providers (7 participants).

8.5 CONCLUSION

In this section, the overall impact of service encounters is looked at from the perspectives of enhancing (Section 8.5.1) and threatening (Section 8.5.1) customer relationships.

8.5.1 Potential of Service Encounters to Enhance Customer Relationships

In Section 8.3, Table 8-5 presented a list of participants whose relationships were identified as being enhanced through interactions with their service providers (including service environment characteristics). In Section 8.4, Table 8-7 illustrated a list of participants whose relationships were found to be reinforced by WOM communication. In order to understand the total effect of service encounters on relationships, these two tables were combined; and subsequently Table 8-8 was drawn up, which was broken down into relationship types as identified in Chapter 6.

Table 8-8 Positive impact of service encounters on customer relationships

	Service delivery characteristics	Service recovery characteristics	Service environment characteristics	WOM communications	Affected relationship construct(s)
FUNCTIONAL	1 Betty (Bank10) Staff: help		eff; extra		trust, commitment
	2 Diana (Bank10) Serv: eff; Staff: comp; pol; help; c-sell	Serv: r.speed; refund; Staff: empathy; apol	consist		trust, commitment, rel benefits
	3 Emily (Bank11) Staff: comp; fri		eff	✓	trust, commitment, rel benefits
	4 Felicity (Bank2) Serv: slow; Staff: pol; help; fri; incomp; c-sell		eff	✓	trust, commitment
	5 Grace (Bank3) Staff: pol; help; incomp		eff; brand; consist	✓	commitment
	6 Hannah (Bank10) Staff: comp; incomp; c-sell		eff; brand; layout	✓	trust, commitment
	7 Harry Bank8) Staff: help				commitment, rel benefits
	8 Jessica (Bank6) Staff: comp; fri	Staff: trust		✓	trust, commitment
	9 John (Bank10) Serv: e-free; Staff: fri		bricks&mortar		trust, commitment
	10 Keith (Bank2)			✓	commitment
	11 Melissa (Bank11) Serv: e-free; Staff: help		eff; brand	✓	commitment
	12 Newton (Bank8) Serv: fast; e-free; ineff; Staff: comp; pol; help; incomp		eff; brand; layout	✓	commitment
	13 Oliver (Bank10) Serv: slow; Staff: pol; incomp		eff; layout; bricks&mortar		commitment
	14 Oscar (Bank9) Serv: eff; Staff: incomp		eff		trust, commitment
	15 Patrick (Bank10) Staff: help		eff	✓	trust, commitment
	16 Richard (Bank8) Staff: pol; fri; incomp; c-sell	Serv: refund		✓	trust, commitment, rel benefits
	17 Sarah (Bank6) Staff: comp; pol		eff	✓	trust, commitment
	18 Shirley (Bank3) Staff: comp; pol; help; fri; pers; incomp; n-pers		eff; layout; bricks&mortar; extra		commitment
	19 Tess (Bank3) Serv: eff; Staff: comp; pol	Serv: r.speed	eff		trust, commitment
	20 Thelma (Bank7) Serv: fast; Staff: pol; help; incomp; c-sell	Serv: r.speed	layout		trust, commitment
INTERACTIVE	21 Bianca (Bank14) Serv: fast; eff; Staff: pol; help; fri	Serv: r.speed	eff; brand	✓	trust, commitment
	22 Daisy (Bank7) Serv: e-free; Staff: help		brand	✓	trust, commitment
	23 Lewis (Bank12) Serv: fast; eff; slow; Staff: comp; fri	Serv: r.speed	eff	✓	trust, commitment
	24 Niall (Bank11)	Serv: r.speed			trust
	25 Peter (Bank8) Staff: comp		eff		trust, commitment, rel benefits
AFFECTIVE	26 Alice (Bank3) Serv: fast; Staff: comp; pol; fri	Serv: r.speed; Staff: empathy; trust			trust, commitment, rel benefits
	27 Elisa (Bank12) Serv: fast; Staff: comp; pol; help; fri; pers	Serv: refund; Staff: empathy; apol	eff; brand; consist	✓	trust, commitment, rel benefits
	28 Florence (Bank5) Serv: eff; Staff: comp; pol; pers	Staff: empathy; comm	eff; brand		trust, commitment, rel benefits
	29 Ian (Bank13) Serv: fast; Staff: pol; fri; pers	Staff: apol; proac	eff; extra	✓	trust, comm, rel ben, bonds
	30 Ray (Bank11) Staff: help; pers	Serv: r.speed; refund; Staff: trust; apol	eff; consist	✓	trust, commitment

This is a list of codes used in this table: apol:being apologetic; brand:corporate branding; c-sell:cross-selling; comp:competent; comm:continuous communication; consist:brand consistency; e-free:error free; extra:extra facilities; fri:friendly; help:helpful; incomp:incompetent; ineff:inefficiency; layout:layout/design; n-pers:lack of personalisation; pers:personalisation; pol:polite; proac:being proactive; r-speed:recovery speed; refund:refunding fee/charge.

An examination of Table 8-8 shows that 17 participants received a service from their banks which was efficient and/or offered by competent, helpful, friendly and polite staff. None of these participants described any incidents that clashed with these beliefs. In Chapter 6 these 17 participants were divided into three different relationship types: functional, interactive and affective. One reason why these similar looking service interactions were divided up into different relationship types is that participants in affective relationships were found to have considerably different experiences with their financial institutions.

Firstly, except Alice, all participants with affective relationship felt that (in addition to receiving an efficient service offered by competent, helpful, friendly and polite staff) the service was also personalised. Apart from the participants in affective relationships, the personalised aspect of service delivery was raised only by Shirley. Shirley's service delivery experiences were, however, mixed. In some interactions, Shirley felt that the service she received was customer-oriented in one occasion, while in others she felt the opposite. Hence, it could be interpreted that for personalisation to be effective, services should be offered consistently in a personalised way rather than one-off instances. Service personalisation is an area that has received attention in the marketing literature. In particular, by emphasising the role of competency in relationship development, Crosby *et al.* (1990) found that competency on its own is not sufficient for the relationship development, and should be combined with characteristics such as responsiveness to customer needs, empathy, caring behaviour, courtesy and friendliness. Similarly, Bove and Johnson (2000) define customer-orientation as staff having strong product knowledge, reading customer needs accurately, showing empathy to the customer, and taking a long term approach to the relationship. Boundaries between "customer-orientation", "empathy" and "personalisation" are not very clear. The point, however, seems to be that a successful service encounter is more than simply presenting the core product.

Secondly, all of these five participants who were in affective relationships had experienced service failures which were solved to their satisfaction. A high recovery speed along with how well the recovery process was managed by the staff was highlighted aspects of the service recovery process identified in this research. More specifically, having trust in and empathising with the customer,

being proactive and apologetic about mistakes and keeping communication ongoing if the mistake cannot be rectified immediately were described by the participants. Jessica and Diana were the only participants who had other relationships with similar service recovery experiences. Neither Diana nor Jessica felt that interactions with their service providers, in general, went further than responding to their basic banking needs. In addition, Diana had complaints about the lack of personalisation of the system which meant that she was continuously offered irrelevant products. This is similar to what Crosby *et al.* (1990) argued when writing about the salesperson's expanding consultative role. The service recovery process, due to its specific nature, requires a more tailored approach to customer interactions. Looking at the service recovery column in Table 8-8, it can be seen that staff characteristics such as friendliness, politeness and helpfulness were replaced by attributes such as trust in customer, being proactive and apologetic, showing empathy and keeping the communication ongoing. This may suggest the role of service recovery as a critical aspect of customer relationships.

In short, based on interviews with the 17 participants, it can be suggested that offering an error-free service by competent, friendly, polite and helpful staff with no additional benefits is sufficient only for certain types of relationships: functional and interactive as labelled in this research. These characteristics are the basic requirements of an efficient service. The potential of service encounters to establish closer relationships would be increased when the customer feels he/she receives a level of service which is beyond the mere delivery of the core service, such as whether the service is delivered with regard to the individual customer's needs (i.e., personalised). In addition, a service failure can offer an opportunity to organisations to establish closer relationships. In a similar way to service delivery experiences, recovering the problem in a speedy way and refunding fee/charges are the basic requirements of a successful service recovery process. More importantly, customers evaluate how the problem is approached by providers and whether they take responsibility, show empathy to the customer and maintain communication with customers throughout the progress of the recovery. These aspects of a service highlight the central role of communication in certain types of relationships. Apart from the five participants who were identified as having affective relationships, no other participants appeared to have service delivery and

recovery experiences which were consistent across service encounters and went beyond meeting the basic requirements of the delivery/failure.

Of the 30 customers who provided some support for the potential of interactions with service providers to enhance customer relationships, 24 of them referred to various elements of service environment as illustrated in Table 8-8: (1) efficiency (including how the customer area was organised, the clarity of instructions/information presented, whether the layout offered privacy, and how user-friendly remote interactions were), (2) corporate branding and consistency across branches, (3) the appeal of buildings and the layout/design, and (4) whether the service environment was designed with customers' needs in mind. Bitner (1990) argues that the physical environment is likely to have an effect on the development of customer relationships. In this research, the 24 participants who referred positively to the service environment in their banking interactions were allocated between the three types of relationships with no specific allocation of certain characteristics in any particular relationship type. This may suggest that the service environment is a complementary aspect of interactions with service providers, rather than enhancing customer relationships in its own right. This could be an important insight for providers about how to differentiate their products in a competitive market place. This would also act as a challenge for providers of remote services where symbolic meanings of nonverbal cues such as lighting, colour, layout and furnishing are limited.

In terms of WOM communication, Keith was the only participant who offered data that his banking relationship was facilitated by WOM communication with no support from other elements of the service encounter (i.e., service delivery, recovery and service environment). For 16 participants, relationship enhancement appeared to be promoted by WOM communication as well as interactions with service providers. For these participants who were with their banks from 1.5 years (Sarah) to 42 years (Ian), WOM communication particularly from personal networks seemed to be more effective compared with WOM communication through the media. In parallel with the argument about the impact of service environment on customer relationships, the research data appeared to suggest that WOM communication was a complementary aspect of interactions with service providers rather than enhancing customer relationships in its own right.

Herr *et al.* (1991) report that when people have their own well-defined impressions of organisations, the effect of WOM communication is reduced. This may explain why WOM communication appeared to be a complementary aspect of service encounters.

8.5.2 Potential of Service Encounters to Threaten Customer Relationships

Tables 8-6 and 8-7 were combined in order to understand the total negative effect of service encounters on customer relationships. The results are presented in Table 8-9.

Table 8-9 Negative impact of service encounters on customer relationships (Codes used in this table: brand:corporate branding; comp:competent; consist:brand consistency; c-sell: cross-selling; eff:efficient; extra:extra facilities; incompet:incompetent;n-human:lack of human interactions; n-trust:limited trust in customer; n-attitude: negative attitude of staff towards thecustomer; n-brand: negatively perceived corporate branding; n-layout:negatively perceived layout/design; n-pers:lack of personalisation; pers:personalisation; refund:refunding fee/charge)

	Service delivery characteristics	Service recovery characteristics	Service environment characteristics	WOM communications	Affected relationship construct(s)
1 Carla (Bank4)	Staff: comp; n-pers; n-human	Serv: refund	eff; brand; consist; n-layout		trust
2 Casie (Bank14)		Serv: slow Staff: incompet; n-trust		√	trust, commitment
3 Gloria (Bank11)	Serv: slow Staff: incompet; n-pers; n-human				trust
4 Isabelle (Bank10)	Staff: incompet; n-pers; n-attitude	Serv: slow	eff; brand; extra	√	trust, commitment
5 Jack (Bank11)	Staff: pers; incompet; c-sell; n-pers; n-human		n-brand		trust relationship benefits

A total of five participants provided some evidence on the potential of service encounters to threaten the development of customer relationships (Table 8-9). Interestingly, all of these participants were identified as having faltering relationships with their service providers in Chapter 6.

In Section 8.2.3, it was explained that Casie and Isabelle decided to terminate their relationships with their service providers due to mainly unfavourable experiences either during the service delivery (Isabelle) or recovery (Casie) processes. The lack of staff competence combined with showing disbelief in her during the recovery process motivated Casie to close her account (despite

receiving a bunch of flowers from her bank as an apology at the end of the process). Casie had opened her account through a recommendation from a friend. For Isabelle, one specific incident with a member of staff at her branch which she perceived to be an attack to her ethnicity prompted Isabelle to switch her banking account. Isabelle also reported that some people from her personal network had unfavourable experiences with the same bank, which made Isabelle re-consider her relationship with the bank. No data was found regarding to the impact of the service environment on Casie's banking relationship while Isabelle was pleased that her branch offered an efficient atmosphere for customers combined with well-perceived branding and a special area for children to play.

In comparison, diminishing personal contact with customers in favour of bank automation was identified as threatening banking relationships for Carla, Gloria and Jack as discussed in Section 8.2.3. Even when the participants had a chance to interact with their providers in person, such interactions were described as highly routine, standardised and formal. They had in particular concerns about reducing level of staff competency (Gloria and Jack) and the lack of personalisation (Carla, Gloria and Jack). Notably, these three participants talked in depth about how their banking experiences were very different (even with the same banks for Gloria and Jack) primarily due to the different nature of branch interactions in the past. They were observed to have difficulty in adapting themselves to the new banking model. All were disappointed by the changing role of branches due to banking automation and centralisation with frequent references to their interactions with "the bank manager". Today's banking model was perceived as making Carla, Gloria and Jack feel not being valued or cared any more by their providers, or any other financial institutions. Despite negative comments on interactions with her service provider, Carla was pleased that when she experienced a service failure her money was refunded, and Carla also thought the new branding and design of her bank's branches was favourable, although there was some scope to make the layout more efficient. Jack, on the other hand, thought that the strict dress code in branches led to certain ways of interactions and formalisations which was perceived as cold and unnatural. Interviews with Carla, Gloria and Jack presented no data regarding the impact of WOM communication on their banking relationships.

In brief, the critical role of human interactions and communication was evident in these five interviews. Essentially, the nature of communication, such as not having trust in customers (Casie), not treating them with respect (Isabelle) and offering the service in a highly automated and standardised way with no flexibility for individual customer's needs (Carla, Gloria and Jack) were found to be hindering customers' trust and relationship commitment. When a relationship was felt to be failing in these aspects, favourably evaluated service environment characteristics such as efficiency (Carla and Isabelle), a consistent (Carla) and attractive corporate branding (Carla and Isabelle) or offering extra facilities (Isabelle) had little impact on customer relationships. In other words, a commonality among these participants with faltering relationships was that their banking relationships were at a critical stage, primarily due to the negatively evaluated nature of human communication. Questioning whether there is an association between relationship types and participants' banking experiences with specific providers, Table 8-10 is drawn up.

Table 8-10 An analysis of customer relationships at the level of financial institutions

Bank code	Brief description of bank	NUMBER OF PARTICIPANTS IN:			
		Faltering Relationships	Functional Relationships	Interactive Relationships	Affective Relationships
Bank 4	online bank	1			
Bank 10	high street bank	1	6		
Bank 9	online bank		1		
Bank 2	telephone bank		2		
Bank 6	telephone bank		2		
Bank 8	high street bank		3	1	
Bank 7	high street bank		1	1	
Bank 14	online bank	1		1	
Bank 11	high street bank	2	2	1	1
Bank 12	building society			1	1
Bank 5	high street bank				1
Bank 3	high street bank		3		1
Bank 13	high street bank				1
Total number of participants		5	20	5	5

As Table 8-10 illustrates, four participants in affective relationships banked with high street banks while one participant was with building society. Participants in the other relationships banked with a range of banks including high street banks, building societies, telephone banks and online banks.

CHAPTER 9

DISCUSSION AND CONCLUSIONS

9.1 INTRODUCTION

This chapter discusses the implications of the current research along with its specific contributions, limitations and future directions. In Section 9.2, empirical findings which are presented in Chapters 6, 7 and 8 are discussed in relation to each of the research questions presented in Chapter 5. Section 9.3 presents the contributions of the research. In Section 9.4, the major limitations of the research are outlined while some directions for future research are suggested in Section 9.5.

9.2 DISCUSSION OF FINDINGS

In this section the findings of the current research are discussed. The discussion provides an answer to the research questions formulated from the literature review as presented in Chapter 5.

9.2.1 What types of relationships can customers form with their financial institutions?

As discussed in Chapter 6, there is no consensus about what types of relationships customers can establish with organisations; nor what the salient characteristics of such relationships are. The confusion is partly related to a debate about whether the relationship development is a linear or non-linear process. In the current research, the stance taken is towards the view that a non-linear process is a better reflection of customer relationships. This stance was informed by studies which report that (1) not every customer wishes to establish the same type of involvement with their organisations (Goodwin and Gremler 1996; Barnes 1997; Garbarino and Johnson 1999), (2) qualitatively, rather than linearly, different relationships exist (e.g., Price and Arnould 1999; Liljander and Roos 2002; Laing and Lian 2005), and (3) relationships are multi-faceted and differ in form and character as a function of the relative weight of various relationship components (Lewicki and Wiethoff 2000).

To the researcher's knowledge, there are three published studies which have presented a relationship typology in the context of relationships with individual customers. The first study is by Coulter and Ligas (2004). With the purpose of developing a typology of service provider and customer relationships, Coulter and Ligas concentrated on a number of service settings including healthcare, financial services, hair care and automotive services. Their research led to the identification of four relationship types: (1) professional relationships, (2) casual acquaintances, (3) personal acquaintances, and (4) friendships. Coulter and Ligas demonstrated that different relationships were likely to be formed in different service settings. Their research suggested that relationships with financial services, healthcare and auto-repair providers were more likely to be of a professional nature and relationships with hair care providers were more likely to be of a friendly nature.

The second study is by Barnes (1997:787) who informs us that "a relationship is not a universal concept, but rather differs in its qualities across segments of the market" even in one particular service type. Concentrating on financial services customers, Barnes identified four types of relationships that banks may form with their customers: (1) satisfied but not close, (2) long duration but not satisfied, (3) long duration but not close, and (4) too close for comfort. Acknowledging his results as preliminary, Barnes calls for further research in order to identify a more comprehensive relationship typology for financial institutions.

The third study which presents a customer relationship typology is by Liljander and Strandvik (1995). The researchers have proposed three types of relationships: (1) valued, (2) indifferent and (3) forced. In their typology, relationships are characterised by trust, loyalty, commitment, and buyer-seller bonds. Buyer-seller bonds were the only component that Liljander and Strandvik viewed as multidimensional in their conceptual study.

Consequently, there is some evidence that certain service settings can promote specific relationship types (Coulter and Ligas 2004), and different customers can develop different relationships even within the same service setting (Liljander and Strandvik 1995; Barnes 1997). What was missing in the literature was a comprehensive framework which helped to identify a broader range of

relationships that individual customers could establish with service providers. As presented in Chapter 2, a great deal of research has investigated different relationship components such as trust, closeness, loyalty, satisfaction, commitment, relationship benefits, buyer-seller bonds and so on. A thorough and systematic review of these studies informed the identification of four relationship components and their dimensions, which were illustrated in Figure 2-2 in Chapter 2. These components were then used as a base in the development of a customer relationship typology in the current research. Eventually, four relationship types were identified which can represent various types of relationships customers may establish with their financial institutions: (1) faltering, (2) functional, (3) interactive and (4) affective (Table 6-15 in Chapter 6). Table 9-1 which was drawn up based on Table 6-15 in Chapter 6 summarises the research findings.

Table 9-1 Underlying dimensions of the identified four relationship types

	FALTERING	FUNCTIONAL	INTERACTIVE	AFFECTIVE
Central trust dimension	no trust	calculus-based, knowledge-based	knowledge-based	affective
Central commitment dimension	continuance	continuance	affective	affective
Central buyer-seller bonds dimension	contextual	contextual	perceptual	none
Central relationship benefits dimension	none	none	none	confidence, special treatment

In brief, this empirical research has extended the work on service provider and customer relationships (Liljander and Strandvik 1995; Beatty *et al.* 1996; Barnes 1997; Price and Arnould 1999; Coulter and Ligas 2004) by presenting insight into the nature of customer relationships and their underlying dimensions.

9.2.2 How, if at all, can planned marketing communications impact on the type of relationship between financial institutions and their customers?

Chapters 3 and 7 were designed to answer this research question. In the current research, the impact of planned marketing communications was examined through three key communication channels: advertising, corporate sponsorship and direct

marketing. It was demonstrated that planned marketing communications can be used to enhance customer relationships as supported by data from 22 participants (Table 7-7 in Chapter 7).

Advertising and customer relationships

This research presented evidence that advertising has a potential to facilitate the development of trust in service provider, relationship commitment, and perceptual bonds between the parties:

I suppose there has been an interaction between their campaign, my interaction with the bank, my feelings about the bank. It has influenced me towards thinking the bank is making an effort in a strategic way, and it probably has encouraged me to stay with the bank. (Martin, age range: 55-64, banking with Bank11 for 35 years)

Most advertising research focuses on themes such as creating brand awareness, changing attitudes and influencing consumer behaviour (Chapter 3). One study (Stern 1997) was identified with a particular focus on customer relationships. In her conceptual work, Stern argues that relationship advertising helps to introduce an emotional element into relationships by its capacity to stimulate thoughts, feelings and actions of the message receiver, and thus facilitates the establishment of a connectedness between the message sender and the receiver.

In the current research, two factors were identified to be likely to improve the effectiveness of advertising in terms of customer relationships: (1) a combination of both product- and organisation-related attributes and (2) designing the message in a way that fits with customer preferences. First, when advertising campaigns deliver both product- and organisation-related attributes it appears to be a more effective way of communication regarding the relationship development. In other words, advertising campaigns which are designed to deliver messages related to, for example, overall corporate policies and the positioning of the corporation on the national/global market can be used as part of the relationship marketing strategies. Second, supporting Stern's (1997) argument, the style of advertising (i.e. relational advertising) was found to foster the effectiveness of advertising campaigns. There was no consistency among participants about what kind of advertising style they liked/preferred. Some participants liked advertising

campaigns where serious and popular people (such as celebrities) delivered the message. In contrast, other participants preferred less serious advertising which used ordinary looking people to deliver the message. These opposing views highlight the role of customer characteristics in the effectiveness of advertising style.

Moreover, the data showed that the effect of advertising is not always positive. In situations where customers think that there is a significant contradiction between their own experiences and what is advertised (i.e. situations where the organisation fails to deliver their promises) this would prevent the development of the relationship between the parties. Looking at the number of participants who provided evidence on the negative impact of advertising on customer relationships, data came from only one participant (Table 7-1 Chapter 7). This may imply the limited role of advertising in hindering customer relationships. The retail banking sector is among the heaviest advertisers in the UK (Key Note 2003). There is some evidence that UK financial services advertising is overwhelming, confusing and undifferentiated (Wilkinson and Balmer 1996). Because of the high level of confusing and undifferentiated advertising by the financial services sector in general, it may be that customers are cautious about transferring their negative reactions to and comments about advertising into their relationships. For example, Diana thought that her bank's advertising was too abstract while Harry commented about the lack of humour as a negative aspect of his bank's advertising. Hannah expressed that her bank's media campaigns were "too old-fashioned", and Felicity called her bank's advertising "cheesy" while Grace went as far as making a complaint to her bank about a particular campaign. Nonetheless, there was no evidence that these negative comments/reactions threatened the banking relationship for these participants.

Corporate sponsorship and customer relationships

There is an overall acceptance in the literature of the positive effect of sponsorship in enhancing customer relationships (Chapter 3). However, there is a lack of empirical studies which focus on the relationship between a sponsoring organisation and its customers. The current research has contributed to the marketing communications literature filling a gap in this area:

One of the giant media pavilions has been sponsored by Bank11 ... And you feel good about it. Because that's your bank; and they're making efforts to advertise themselves, to make themselves available to lots of people... Just the kind of satisfaction really. (Ray, age range: 25-34, banking with Bank11 for 5 years)

Corporate sponsorship was the least recalled promotional activity; and consequently only a total of seven participants presented evidence on the impact of corporate sponsorship on customer relationships. The data suggest that the effect of corporate sponsorship on relationships can be improved to the extent that an organisation (1) projects a favourable corporate/brand image by creating an association with a popular activity or event, or (2) contributes to society or local communities (i.e. corporate social responsibility). Depending on customer characteristics, different types of sponsorships are commented on differently by participants (Chapter 7). For some participants, for example, it is a sporting event that is favoured while it is a worthwhile cause or community involvement that attracts the attention of other participants. What is common among these participants, however, is that they view corporate sponsorship as a more constructive use of funds in comparison with advertising in particular. On the other hand, another group of customers approach sponsorship as just another form of advertising, and believe that the cost of the sponsorship will simply be transferred to customers. This is why, when organisations are not involved in corporate sponsorship, some customers may interpret this as the provider acting in the customers' best interests.

Based on this evidence, it can be argued that the main issue for the effectiveness of corporate sponsorship in terms of customer relationships is about communicating the objective of the sponsorship to the customer. Besides, the customers should be informed about the benefits of the sponsorship, other than to the organisation. The customers' recall of the corporate sponsorship seems to be rather limited. Other marketing communication channels, such as advertising and direct marketing, can be supplemented to increase the level of the corporate sponsorship awareness.

Direct marketing and customer relationships

Direct marketing seems to be a relatively more developed area of the communication channels. It is argued that direct marketing has a potential to promote customer relationships as long as the customer information is used accurately and effectively (Chapter 3). However, the voice of one group of customers is usually heard in the direct marketing literature: those who have negative views or experiences about direct marketing practices. In other words, the majority of previous empirical studies focus on the impact of direct marketing in threatening the development of customer relationships. In comparison, the current research has investigated both positive and negative aspects of direct marketing. There was strong evidence of the potential of direct marketing to add an emotional element into relationships:

I think this is why Bank13 seems attractive to me, because they take the time and care to know you as an individual and to listen to what your needs are and only to sell you what you actually need. (Ian, age range: 55-64, banking with Bank13 for 42 years)

The potential of direct marketing can be explained by its ability to communicate directly with customers. The current research presented evidence that this potential is likely to be achieved when the message is designed in light of (1) customers' demographic and financial background, and (2) the history of the relationship which takes into account all of the customer's accounts with the provider. A third aspect of direct marketing which can encourage the development of customer relationships is related to whether direct marketing is used to communicate issues other than promoting offers. When direct marketing is employed to diversify the dialogue between the parties this can enhance the relationship between the parties. The dialogue can be diversified by, for example, asking for customer feedback, informing customers about the organisation's financial performance and notifying the approach taken towards wider issues such as ethical concerns. "Relevance" and "diversifying the dialogue" are the critical aspects of direct marketing. However, these aspects need to be taken into account throughout the relationship for the potential of direct marketing in enhancing customer relationships to be achieved.

This research also suggests that if an organisation does not have sufficient resources (or willingness) to design direct marketing in the way just explained, it may be a better strategy not to be involved in direct marketing in order to avoid negative effects of the practice on customers.

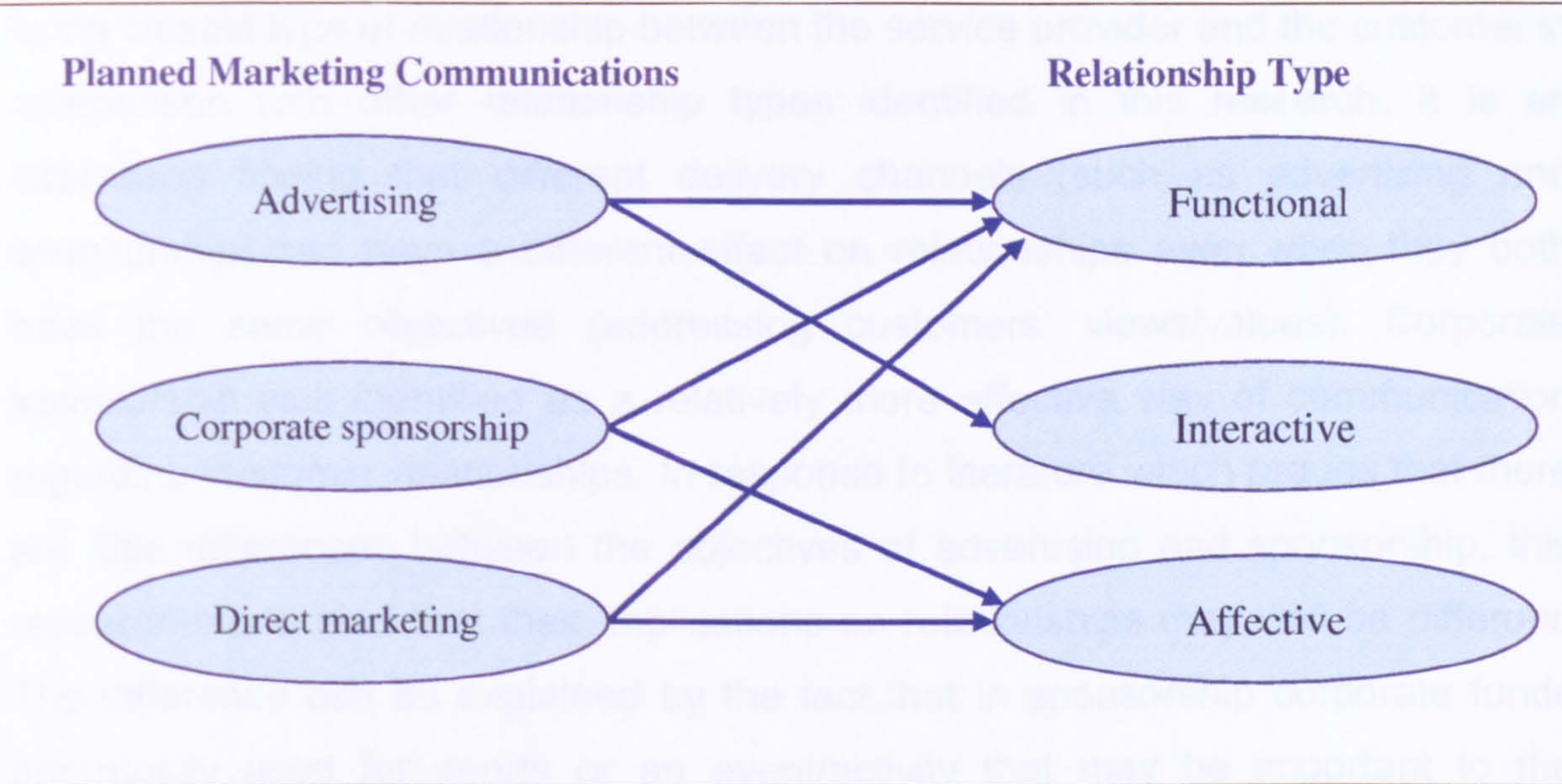
Direct marketing is most criticised because of failing to take into account customer data and relationship history, which results in the customer being exposed to irrelevant communications. This form of direct marketing is interpreted as (1) a waste of money/resources/customer time, (2) making the customer feel like a number, and (3) corporate policy not being customer-oriented. Unsolicited telemarketing is another form of direct marketing, which attracts a lot of criticism from customers.

Despite the large number of customer complaints about their banks' direct marketing practices, only one participant provided evidence of the negative impact of direct marketing on customer relationships (Table 7-5 in Chapter 7). The UK financial services sector is the largest user of direct marketing, and direct mailing in particular (Key Note 2004). The direct marketing sector faces some challenges such as the inaccurate use of customer data which leads to the mistargeting of customers (Evans *et al.* 2001; Page and Luding 2003). According to industry sources, around 70 percent of personal records on databases have at least one inaccuracy or are duplicates (Key Note 2004). In addition, direct mailing is used intensively for customer acquisition (Ridgway 2000; Farquhar 2004) and cross-selling (Farquhar 2004). There is, consequently, an already established unpopularity of (Debling *et al.* 2000) and cynicism towards (Evans *et al.* 2001) direct marketing among customers. Maybe because of such negative attitudes against direct marketing in general, customers' negative views do not normally transfer into their relationships. This argument is similar to the discussion about the limited impact of advertising in hindering customer relationships. As a result, it can be argued that the negative aspects of planned marketing communications are unlikely to threaten the relationship development when the customer views these aspects as a common practice in a given sector.

Planned marketing communications and type of relationship

Concentrating on the potential of planned marketing communications to contribute to the type of relationship, different communication channels appear to promote different type of relationship as illustrated in Figure 9-1 which is drawn up based on Table 7-7 in Chapter 7.

Figure 9-1 The impact of planned marketing communications on the type of relationship



The current research suggests that advertising is likely to be associated with a relationship with limited trust and commitment, and the lack of an affective element (i.e. functional type as labelled in this research). Moreover, advertising is identified to be also influential in reinforcing another type of relationship which is characterised with medium trust and commitment, and the existence of perceptual bonds (i.e. interactive type as labelled in this research). It appears that customer characteristics play a role in the effectiveness of advertising. Advertising, in general, can be associated with a distant relationship such as the functional type. In situations where the customer perceives the campaign as related to their particular views/values (context-wise or style-wise), advertising, then, can promote the formation of some perceptual bonds such as ideological or cultural, and facilitate a closer relationship such as the interactive type.

In terms of the potential of corporate sponsorship to contribute to the type of relationship, as Table 7-7 (Chapter 7) shows, the majority of customers in affective relationships presented data in this regard. Similar to advertising, customers'

evaluations of sponsorship are related to their particular views/values (i.e. consumer characteristics). However, when these views/values were communicated through sponsorship they appeared to be promoting affective relationships while it was the interactive relationship in advertising. The affective relationship, in this research, is characterised with high trust and commitment, and the existence of an affective element in the relationship. The affective relationship is the closest type of relationship between the service provider and the customer in comparison with other relationship types identified in this research. It is an interesting finding that different delivery channels (such as advertising and sponsorship) can have a different effect on relationships even when they both have the same objectives (addressing customers' views/values). Corporate sponsorship was identified as a relatively more effective way of communication regarding customer relationships. In response to literature which argues that there are little differences between the objectives of advertising and sponsorship, this research has added that their implications on relationships may well be different. The difference can be explained by the fact that in sponsorship corporate funds are mostly used for sports or an event/activity that may be important to the customer as opposed to paying for an advertising campaign.

Two further participants presented data on the positive impact of sponsorship on their relationships. Those two customers were, though, in a functional relationship. It is questioned what distinguished these two groups of customers all of whom provided evidence on the positive impact of sponsorship in their relationship; yet one group was in a functional relationship while the other was in an affective relationship. Table 7-7 (Chapter 7) offered insight into the question. It was observed that the participants' relationships in affective relationship were also reinforced by other planned marketing communications whereas sponsorship was the only planned marketing communication with an effect on their relationship for the two participants in a functional relationship. This may suggest that sponsorship needs to be combined with other planned marketing communications in order to achieve its full potential.

Lastly, moving on to the impact of direct marketing on the type of relationship, Table 7-7 (Chapter 7) highlights the affective relationship. In Chapter 7 it was demonstrated that when direct marketing was designed to take into account

“relevance” and “diversifying the dialogue” aspects, the practice had a potential to project an affective element into the relationship as well as to promote trust in the service provider, relationship commitment, buyer-seller bonds and relationship benefits. On the other hand, for one customer direct marketing failed to promote any type of relationship other than the functional (Jessica in Table 7-7). Jessica’s bank seemed to succeed in “diversifying the dialogue with customers” through monthly emails; yet there was no evidence that Jessica’s customer information was taken into account in communications, nor her relationship history. This suggests the importance of the relevance aspect of direct marketing in terms of encouraging an affective element in a relationship.

9.2.3 How, if at all, can service encounter interactions impact on the type of relationship between financial institutions and their customers?

It is acknowledged that, as discussed in Section 9.2.1, customers are likely to form different relationships with service providers. There is good evidence in the literature that service encounters play a central role in the establishment of trust in service providers, relationship commitment, buyer-seller bonds and relationship benefits (Chapter 4). However, it is not very clear whether, and how, certain aspects of service encounters enhance (or threaten) the development of certain relationship types. The current research has filled this gap in the literature by providing insight into this area.

Chapters 4 and 8 were designed to answer this research question. The impact of service encounters was examined through personal and remote interactions with service providers, service environment characteristics and interactions with other customers (word-of-mouth communication).

This research demonstrated the critical role of interactions between the customer and service provider in influencing customer relationships. All interactions which take place during a service delivery and service recovery process have a potential to reinforce or threaten the development of relationships. The way the service provider manages the process and responds to customer queries shapes relationships considerably. Staff related characteristics were the major theme

throughout the interviews. Consistent with the service encounters literature, the following staff related characteristics were identified in a service delivery setting (Table 8-8 in Chapter 8): (1) polite, (2) helpful, (3) competent, (4) friendly, and (5) personalising the interaction. In terms of service related characteristics, three themes emerged: fast, efficient, and error-free service.

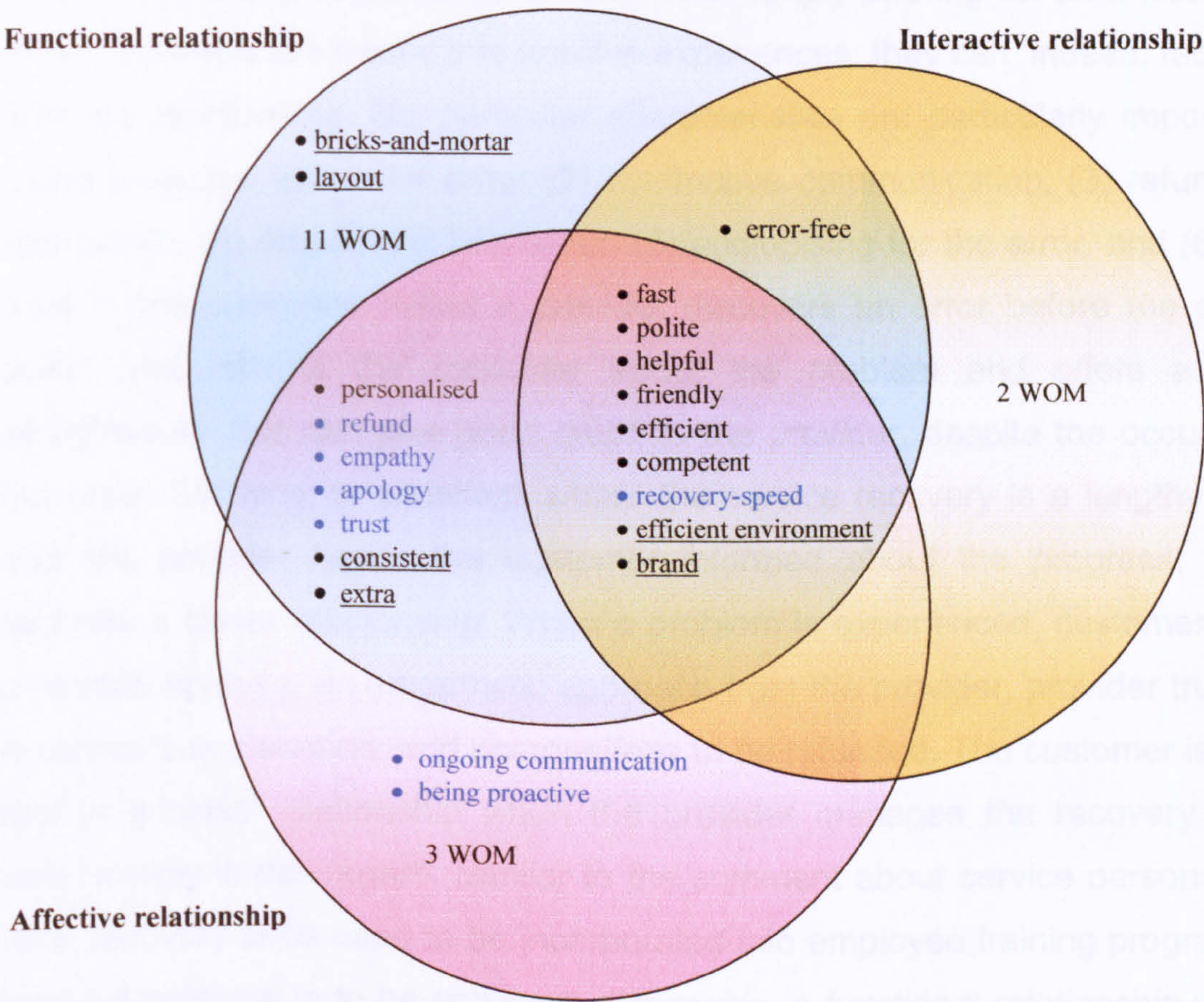
With relation to service recovery, staff related characteristics are similarly critical in promoting customer relationships, yet different characteristics were highlighted as presented in Table 8-8 in Chapter 8 which were: (1) empathetic behaviour, (2) showing trust in the customer, (3) being apologetic about mistakes, (4) being proactive about mistakes, and (5) continuous communication. Empathetic behaviour is well-researched in the service recovery literature while the other staff related characteristics have received less attention (Chapter 4). With regard to service related characteristics, two aspects emerged from the analysis: recovery speed and whether the customer was refunded at the end of the recovery process.

The marketing literature argues that the service environment has a potential to facilitate the development of customer relationships as presented in Chapter 4. However, there is no evidence that supports this argument. Shedding further light on this area, service environment, in this research, was found to be a complementary aspect of interactions with service providers. Six service environment themes were identified with the potential to influence customer relationships (Table 8-8 in Chapter 8): (1) efficiency, (2) favourably perceived corporate brand, (3) brand consistency across branches, (4) layout/design, (5) branch itself (i.e. bricks-and-mortar), and (6) whether the branch offered additional facilities such as disability access and an allocated area for children to play.

The analysis in Chapter 7 has demonstrated the potential of WOM communication to facilitate customers' trust in their providers and relationship commitment. Comments from personal networks (such as friends and colleagues) were more influential in comparison with media reports. Customers, however, were prone to pay attention and respond to one particular type of media communication: issues concerning the financial stability of their banks. In addition to positive WOM communication about their banks, negative WOM about the competitors can reinforce the perceived trustworthiness of the customer's bank.

In order to understand the impact of service encounters on the relationship type, Figure 9-2 was drawn up, which is built on Table 8-8 in Chapter 8. Figure 9-2 incorporates all of the service encounter characteristics which were identified as having encouraged the relationship development. To make a distinction between these characteristics, service delivery characteristics are labelled in black, service recovery characteristics are in blue, and service environment characteristics are underlined. Then, the number of participants, who stated WOM communication made a positive effect on their relationships, is presented for each relationship type.

Figure 9-2 The positive impact of service encounter characteristics on the type of relationship



A number of comments can be drawn from Figure 9-2. First, competent staff offering a fast and efficient service in a polite, friendly and helpful manner is a basic requirement for all relationship types. Customers expect a service to be delivered in an efficient environment that is designed in line with corporate

branding. It is also a common expectation that, when a service failure is experienced, the provider should deal with the problem in a timely manner.

Second, there is the extent to which the service is delivered in a personalised manner which takes into account individual cases, this can promote an affective element into the relationship. However, service personalisation should be embedded into the employee training programmes. Otherwise, the potential of the personalised service can be undermined if it is only an occasionally experienced aspect of the service delivery.

Third, an affective relationship is more than simply offering an error-free service. When problems are turned into positive experiences, they can, indeed, facilitate an affective relationship. Six particular characteristics are particularly important: (1) being proactive about the error, (2) continuous communication, (3) refunding the charge/fee, (4) empathetic behaviour, (5) apologising for the error, and (6) having trust in the customer. When a provider discovers an error before the customer does, and informs the customer about the problem and offers a solution straightaway, this can give good credit to the provider, despite the occurrence of the error. Similarly, in situations where the service recovery is a lengthy process and the provider keeps the customer informed about the progress, this can facilitate a closer relationship. When a problem is experienced, customers expect a sincere apology, an empathetic approach from the provider, provider trust in the customer's explanation, and charges/fees to be refunded. The customer is likely to feel in a close relationship when the provider manages the recovery process satisfactorily in this regard. Similar to the comment about service personalisation, such recovery skills need to be incorporated into employee training programmes if their full potential is to be achieved. Otherwise, a functional relationship would be facilitated.

Finally, in terms of the service environment and WOM communication, the analysis in Chapter 8 presented no particular patterns. This was interpreted as the service environment and WOM communication playing a complementary role in customer relationships. Figure 9-2 illustrates WOM communication and various service environment characteristics as influential for each relationship type. It can be concluded that the service environment and WOM communication are likely to

confirm how the customer thinks/feels about their provider when the service environment and WOM communication are perceived favourably by the customer.

Concentrating on the faltering relationship, in Chapter 6 five participants were identified as having faltering relationships and Chapter 8 described these participants' service encounter experiences. Table 9-2 lists the identified service encounter characteristics for the five participants in faltering relationships. This table is based on Table 8-9 in Chapter 8.

Table 9-2 Identified service encounter characteristics for five participants having faltering relationship

Negatively perceived characteristics		Positively perceived characteristics	
Service delivery characteristics			
➤ no service personalisation	(4 participants)		
➤ no human interaction	(3 participants)		
➤ incompetent staff	(3 participants)	➤ personalised service	(1 participant)
➤ negative staff attitude	(1 participant)	➤ competent staff	(1 participant)
➤ slow service	(1 participant)		
➤ cross-selling	(1 participant)		
Service recovery characteristics			
➤ slow service	(2 participants)		
➤ showing no trust in customer	(1 participant)	➤ refunding fee/charge	(2 participants)
➤ incompetent staff	(1 participant)		
Service environment characteristics			
		➤ efficient environment	(2 participants)
➤ negative layout	(1 participant)	➤ branding	(2 participants)
➤ no branding	(1 participant)	➤ brand consistency	(1 participant)
		➤ offering extras	(1 participant)
WOM communication			
2 participants (one positive, one negative)			

In parallel with the argument in relation to other relationship types, when a service is slow and the customer is served by incompetent staff throughout an interaction, this would hinder the development of relationships. Similarly, service personalisation is a critical aspect of service encounters. Service personalisation needs to be experienced throughout the relationship. Occasionally experienced service personalisation is not adequate for a close relationship.

Next, when a service is fundamentally built on remote interactions with little opportunity for personal interactions this could have a detrimental effect on the relationship. In these cases, depending on customer characteristics, some customers will have a faltering relationship while others stay in a functional relationship.

Moreover, merely refunding fee/charge is not sufficient for a service recovery experience to promote an affective element in relationships. The attitude of the service provider towards the customer during the process is likely to be decisive in whether the relationship can be identified as a faltering or affective type.

Finally, comments about the complementary role of the service environment and WOM communication are confirmed by participants in faltering relationships. Table 9-2 suggests that when customers' experiences during the service delivery and recovery processes are rather negative, favourably perceived aspects of the service environment and positive WOM communication would lose their impact.

In conclusion, the relationship type is primarily determined by the nature of personal interactions with providers during the service delivery and recovery processes:

The feeling that you have between the two of you reflects on the organisation. So, that's another feeling that you have about banks. Their trustworthiness is people that's in it. Let's face it; human resources are the most valuable assets that any organisation has. (Diana, age range: 55-64, banking with Bank10 for 27 years)

9.3 CONTRIBUTIONS OF THE RESEARCH

This section presents the contributions of the research in three main areas: customer relationship research (Section 9.3.1), communication channels research (Section 9.3.2), and financial services research (Section 9.3.3).

9.3.1 Contribution to customer relationships research

The main contribution of this research to customer relationships research is that it has elaborated on the communication aspect of customer relationships. This is an area which is empirically under-researched (Odekerken-Schröder *et al.* 2003). The

importance of communication in enhancing or threatening the development of relationships between organisations and their customers is acknowledged in the relationship marketing literature (Chapters 3 and 4). However, none of these studies examines the communication aspect of relationships in the depth provided by this research. Most studies on the communication aspect of relationships (1) are theoretical (e.g., Mohr and Nevin 1990; Duncan and Moriarty 1998), (2) investigate interorganisational relationships (e.g., Anderson and Narus 1990; Laing and Lian 2005), and (3) focus on one or few characteristics of communication such as frequency, relevance and timeliness (e.g., Crosby *et al.* 1990; Goodwin and Gremler 1996; Sharma and Patterson 1999). In comparison, the current research puts the communication in the centre of the investigation, and demonstrates empirically how different communication characteristics can promote different relationship types. There is ample evidence that characteristics such as competence, speed, friendliness, politeness, personalisation and face-to-face interactions affect relationship formation and maintenance (Chapter 4). This research, to the researcher's knowledge, is the first study which focuses on the relative impact of such communication characteristics in a multiple relationship context. This approach has facilitated a deeper understanding and elaboration of the communication aspect of relationships.

The second contribution to the customer relationship literature is that this research has identified a number of fundamental components of customer relationships and various dimensions of these components. Given the complexity and variety of relationships, there is no consensus on what type of relationships customers can have with service providers, nor what the salient characteristics of such relationships are. Very few studies bring together various components of customer relationships and take into account multiple dimensions of those components. The current research, in a systematic way, reviewed the relationship marketing literature, and subsequently identified four components which can be used as a framework to gain insight into the dynamics of different relationship types. Based on the four components, a relationship typology was produced. This typology provides an insightful and valuable understanding of relationships from customers' perspective.

The third contribution is that this research provides further evidence regarding the debate about whether relationships follow a linear or non-linear development pattern. Customer relationships are traditionally viewed as following a linear development pattern throughout the relationship lifecycle (Dwyer *et al.* 1987; Ford 1990). More recent studies emphasise the inherent variability of multi-faceted business relationships (Anderson *et al.* 1994; Pillai and Sharma 2003; Laing and Lian 2005). This means that business relationships are more likely to follow non-linear development patterns driven by dynamic interactions between the relationship partners. The current research presented evidence on the inherent variability and complexity of relationships. Even in a seemingly straightforward context (i.e. current account provider), customers presented varying types of trust, commitment and bonding behaviour to their financial institutions, which were not necessarily linked to the relationship lifecycle or the length of the relationship with the provider.

9.3.2 Contribution to communication channels research

This research has contributed to three particular areas: advertising research, corporate sponsorship research, and direct marketing research. In terms of advertising research, most studies focus on themes such as creating brand awareness, changing attitudes and influencing consumer behaviour. Only one study was found with a focus on customer relationships, which lacked empirical support. This research has identified two specific relationship types to which advertising can contribute. Additionally, the underlying elements of advertising in achieving its potential in this regard were described.

Corporate sponsorship is a relatively new area of research. Similar to advertising research, corporate sponsorship research mainly focuses on themes such as creating/enhancing brand awareness/image, establishing favourable publicity for the corporation or its brands, and changing consumer behaviour (Chapter 3). Assertions with regard to the role of sponsorship in relationships lack an empirical foundation. This research contributed to corporate sponsorship research by presenting empirical evidence on the role of sponsorship on customer relationships. The potential of corporate sponsorship in encouraging two specific

relationship types is described, and the underlying elements of sponsorship that impact on it achieving its potential were identified.

In terms of direct marketing research, this research has shed light on the mixed literature findings on the role of direct marketing in customer relationships (Chapter 7). This research has contributed to the literature by presenting valuable insights on direct marketing and customer relationships. More specifically, it was described in detail how direct marketing can be used as an effective tool for relationship marketing and how its potential to promote two particular relationship types can be achieved.

9.3.3 Contribution to financial services research

This research presented further insight into what types of relationships financial institutions can establish with customers, and explored underlying dimensions of these relationships. The likely impact of each relationship on institutions is presented. The role of organisation- and customer-specific characteristics in facilitating specific relationships is described in detail. In short, this research went beyond simply identifying a relationship typology. It further examined what each relationship type means for institutions and how banks can have an input in the formation and maintenance of each relationship type.

The role of human interactions versus remote interactions in customer relationships is an area of debate in the banking literature. Although there is a consistency about the key role of human interactions in relationships, there is mixed evidence in terms of remote banking (Chapter 4). This research has confirmed the critical role of human interactions in enhancing or threatening the development of customer relationships. Additionally, further insight is presented into the potential of human interactions. It is demonstrated that there is a lack of uniformity within human interactions. Interacting with banks in a face-to-face setting and via the telephone is identified as likely to have different effects on customer relationships (Chapter 8). Moreover, the current research has shed light on the role of remote interactions on banking relationships. This research improves understanding of the type of relationship likely to be promoted in situations where customers interact with their banks predominantly remotely (such

as in an online banking setting), as well as the underlying dimensions of such a relationship.

The third contribution of this research to financial services research is related to planned marketing communications. Financial institutions spend vast amount of resources on communication activities such as advertising, corporate sponsorship and direct marketing (Chapter 5). However, little is known about how effective these activities are in terms of customer relationship development (Chapter 3). This research has demonstrated the potential of advertising, corporate sponsorship and direct marketing in enhancing a number of relationship types. The research also offers insight about how financial institutions can exploit this potential with the purpose of improving relationships with their customers.

Finally, the current research confirmed the findings in the literature about the critical role of service encounters in influencing banking relationships (Surprenant and Solomon 1987; Colgate and Stewart 1998; Howcroft *et al.* 2002). In addition, further understanding of the relative impact of service delivery, service recovery and service environment characteristics on facilitating various banking relationships was demonstrated.

With regard to the strategic implications of the research findings for practitioners, this research has demonstrated that different types of interactions and communication messages are likely to facilitate different types of relationships. From the outset, it may appear that providers have a loyal and satisfied customer base. However, the current research suggests that such customers could keep their accounts with providers based on different underlying relationship dimensions. Hence, the future of their relationship may well be highly fragile for one group of customers whereas another group of customers could present a strong desire to preserve their relationship.

Planned marketing communications and service encounter interactions can be used to influence the nature of relationships with customers. Overarching themes in planned marketing communications were about (1) going beyond merely promoting products, and (2) initiating and diversifying a dialogue with customers. When providers take into account their customers demographic and financial

background along with the history of the relationship with the customer (rather than the account history), this promotes an affective element into relationships. It is also crucial that such communication is continued throughout the relationship, instead of being one-off occasions. Moreover, the integration of different messages communicated through different channels were found to improve the effectiveness of the message, and also impacted on the closeness of the relationship. This is a particularly important issue for corporate sponsorship. Customer had low levels of recall of their banks' sponsorship activities. In addition, the benefits of such activities, other than to the provider, were not communicated well enough. Improvements in these areas can bring the relationship partners closer.

In addition to planned marketing communications, service encounter interactions are another area that plays a central role in the nature of a relationship. The critical determinants of a close relationship were found to be (1) the extent that service interaction is personalised for the individual customer and (2) service recovery experiences. These aspects highlight the importance of employee training and empowerment. In comparison, service environment appeared to be playing a complementary role in relationship development. Therefore, it could be suggested that the distribution of resources between branch refurbishment / redesigning and employee training needs to be re-considered from the relationship marketing perspective.

9.4 LIMITATIONS OF THE RESEARCH

The purpose of this study was to identify a relationship typology and then to investigate how, if at all, service encounters and planned marketing communications impact on the type of relationship. The research findings have provided valuable insights on the area of investigation. The findings, however, must be viewed with caution. Issues related to research design, sample size, and data collection and analysis methods lead to limitations in every study; and this research is no exception. Three particular limitations, which set boundaries for the research findings, should be acknowledged.

First, the relationship typology presented in Chapter 6 was based on in-depth interviews with 38 participants. The sample was largely regionally based as

illustrated in Table 5-8 in Chapter 5. The purpose of this exploratory research was to gain deeper insight into customer relationships. In light of this purpose, the findings offer a good basis for a detailed understanding of relationships. Nevertheless, findings from this study cannot be generalised to a wider population. Future studies might design more representative and generalisable studies based on the concepts developed in this research.

Second, the current research used the UK banking sector as its context due to reasons explained in Chapter 5. Customer experiences in a service setting are the critical aspect of a relationship. Other service settings and different dimensions of communication may have a different effect on relationships. The findings from this research can, therefore, not be generalised to services in other settings or customers in other countries.

Last, this research has taken a social constructivist approach, since this investigation was about understanding people's experiences and their own realities (more detail is presented in Chapter 5). In-depth interview transcripts comprised the bulk of the data, which was analysed and interpreted by the researcher. As a result of the approach adopted, the findings of this research are inherently subjective. In other words, it may be argued that a different researcher might present an alternative interpretation of findings. In order to substantiate the internal validity and soundness of the research, suggestions from previous studies were taken into account, such as (more detail is presented in Chapter 5): multiple comparisons of the textual data, structuring of the data analysis to ensure full and descriptive evaluation and assessment of findings, and representing evidence through the extensive use of quotations, tables and graphs (Griggs 1987; Miles and Huberman 1994; Patton 2002).

9.5 DIRECTIONS FOR FUTURE RESEARCH

This research identified various communication characteristics in relation to service encounter interactions and planned marketing communications. These characteristics differed from each other in terms of their potential to promote certain relationship types. Future research may focus on validating and further specifying these results in a large-scale qualitative or quantitative study. This

might generate results which are more generalisable, and further strengthen the findings of this exploratory study.

Findings from this exploratory research demonstrated the effect of communication in the development of customer relationships by focusing on the UK banking sector. A number of communication characteristics were identified as presented in Chapters 7 and 8. As mentioned in the previous section, different relationships may be formed in different service settings. Further research is needed to validate and compare the identified communication characteristics in other service settings such as healthcare, hospitality and travel.

Moreover, it may also be interesting to find out whether the findings from this research can be extended to other countries. It can be expected that trusting and bonding behaviour as well as commitment to an organisation could be shaped by societal norms. A number of foreign participants took part in this research, and there was no evidence that their relationships had different characteristics than the UK citizens. This may be because the participants had been living in the UK for at least five years, which may have reduced the impact of cultural issues on the findings. Future studies may focus on customers in different countries and investigate to what extent the findings of this research can be validated or complimented in countries other than the UK.

Finally, as discussed in Chapter 6, customer relationship proneness is a concept likely to affect the nature of customer relationships. In this research, customer relationship proneness was viewed as a concept which facilitated the development of relationship commitment between the parties (Section 2.5.2 in Chapter 2). The data analysis showed that the existing conceptualisation of customer relationship proneness did not fit in the context of financial services. Further research needs to be carried out to investigate why this seems to be the case and to develop a conceptualisation of customer relationship proneness that fits better with the financial services context.

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CUSTOMER RELATIONSHIPS

- Q1.** What do you think about BankX compared with other banks or building societies?
Prompts: Any negative or positive aspects?
- Q2.** Is your experience with BankX a satisfactory or dissatisfactory one?
Prompts:
- Can you give me some examples?
 - Is this what keeps you banking with BankX?
 - If yes, is there anything else that keeps you banking with BankX?
 - If no, can you tell me what keeps you banking with BankX?
- Q3.** Does BankX offer you any kind of benefits specifically as a result of being a regular customer?
Prompts:
- such as price incentives, special offers or treatments.
- If yes:
- What are they?
 - What do you think of them?
 - Do they impact on your experience with BankX? If yes, how?
- Q4.** Do you tend to buy most of your financial products from BankX? Why?
- Q5.** Do you intend to continue to bank with BankX in the future? Why?
Prompts:
Can you think of any other factors or events that are likely to influence your intention to bank with BankX? If yes:
- What are they?
 - How would they impact on your intention to with BankX?
- Q6.** How do you feel about switching your bank to another bank or building society? Why?
Prompts:
Under what circumstances, if any, would you consider switching your bank?
- Q7.** What does trust mean for you when it comes to banking with BankX?
- Q8.** Do you believe BankX is trustworthy? Why?
- Q9.** What can you say about the reliability of your bank?
- Q10.** What can you say about the honesty of BankX towards its customers?
- Q11.** Do you think BankX has kept your best interests in mind? Can you give me some examples?
- Q12.** Do you think BankX has any other positive or negative qualities that have influenced your experience with them?
- Q13.** Based on your experience with BankX, how easy or difficult do you find the management of a bank account?
- Q14.** Do you feel that BankX impacts, in any way, on your confidence in managing a bank account? If yes, how?

Q15. When it comes to your financial needs, do you like to be a regular customer of one bank or building society, or do you prefer banking with a number of institutions? Why?

Q16. Would you generally be willing to make an extra effort to bank with the same institution for all your financial needs? Why?

Q17. In general, what do you think about bank staff chatting with their customers during the service encounter?

Prompts: friendly conversation on weather, their health/families.

MARKETING COMMUNICATIONS ACTIVITIES

With regard to your experience with BankX, which ones of these 8 marketing communication activities have you come across?

Q18. What kind of ... activities do you experience with BankX?

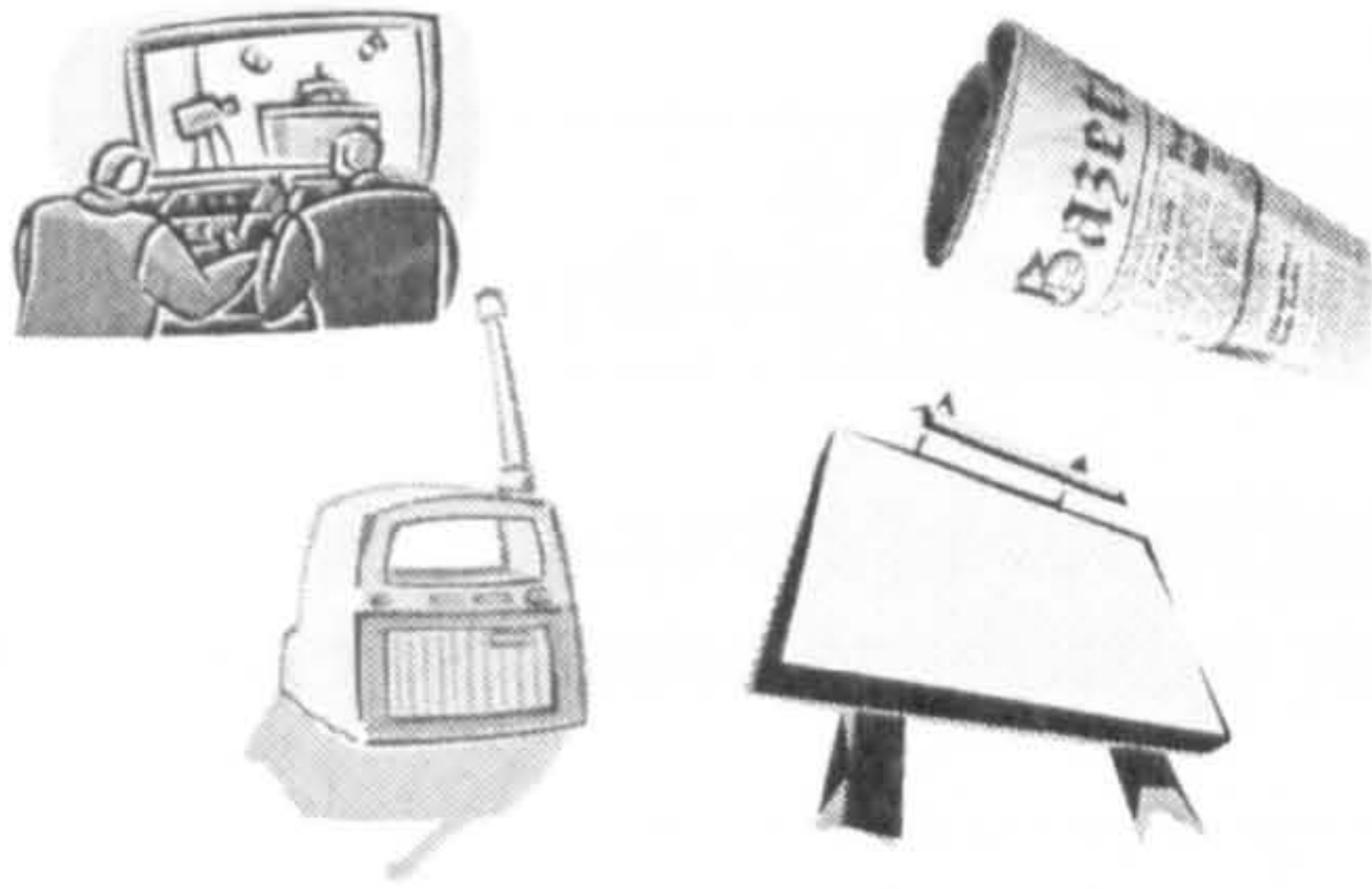
Q19. What is it that you like / dislike in such communication activities from your bank? Why?

Q20. Has any of these communication messages impacted on your thoughts about BankX? If yes, can you give me some details?

- Have any of these communication messages influenced your satisfaction level with BankX?
- Have any of these communication messages influenced your decision to buy new products or services from BankX?
- Have any of these communication messages influenced your intention to stay with BankX in the future?
- Have any of these communication messages influenced your thoughts about switching your account(s) to somewhere else?
- Have any of these communication messages influenced your perception of trustworthiness of BankX?
- Have any of these communication messages influenced your perception of reliability of BankX?
- Have any of these communication messages influenced your perception of honesty of BankX to its customers?
- Have any of these communication messages influenced your perception that BankX keeps its customers' interest in mind?
- Have any of these communication messages influenced your perception of outstanding qualities that BankX has?
- Have any of these communication messages influenced your confidence in managing bank accounts?
- Have any of these communication messages influenced your attitude towards banking in general?

APPENDIX 2 MARKETING COMMUNICATIONS PROMPTS

ADVERTISEMENT ACTIVITIES



DIRECT MARKETING ACTIVITIES



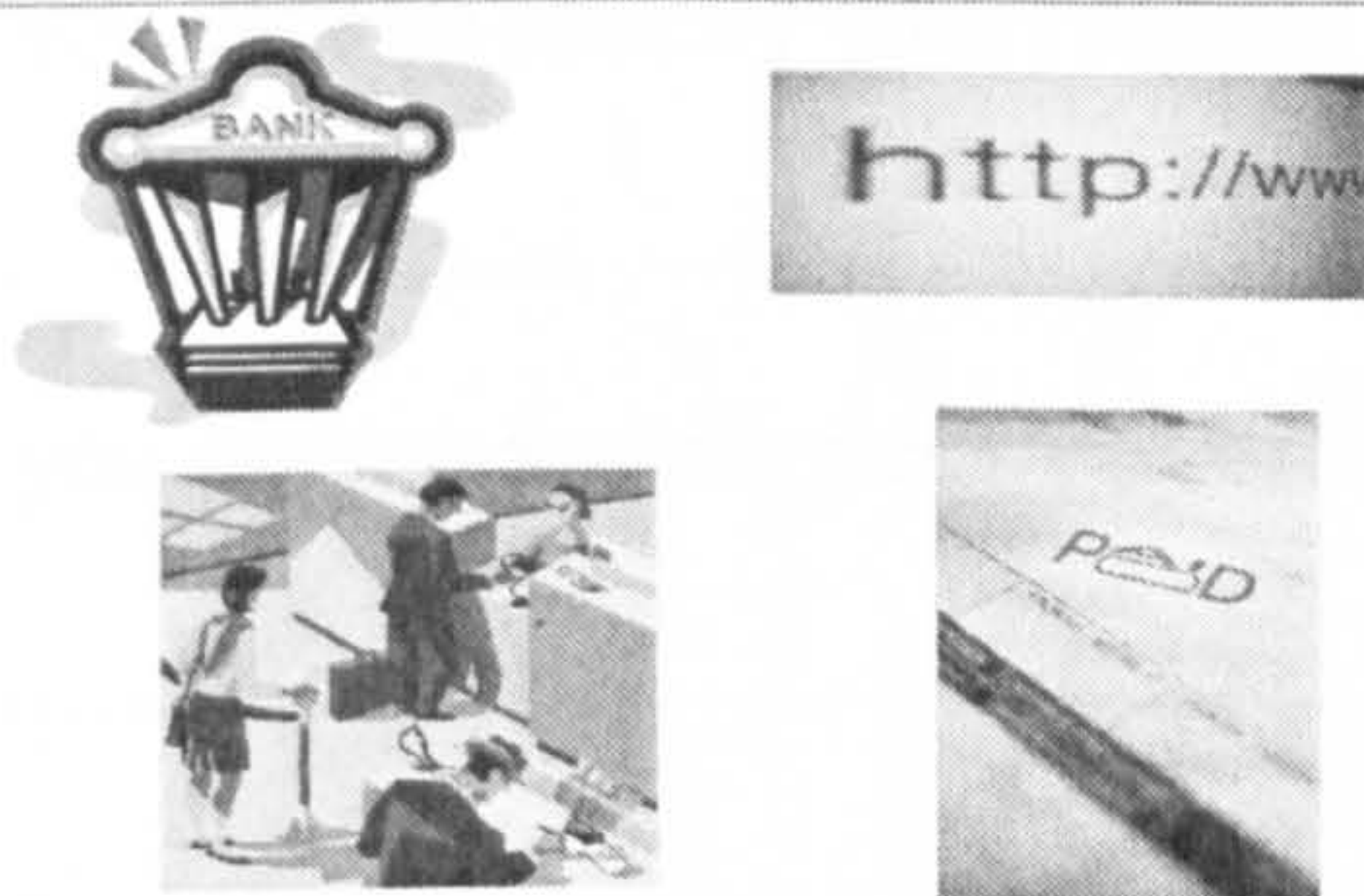
SPONSORSHIPS / EVENTS / AFFINITIES



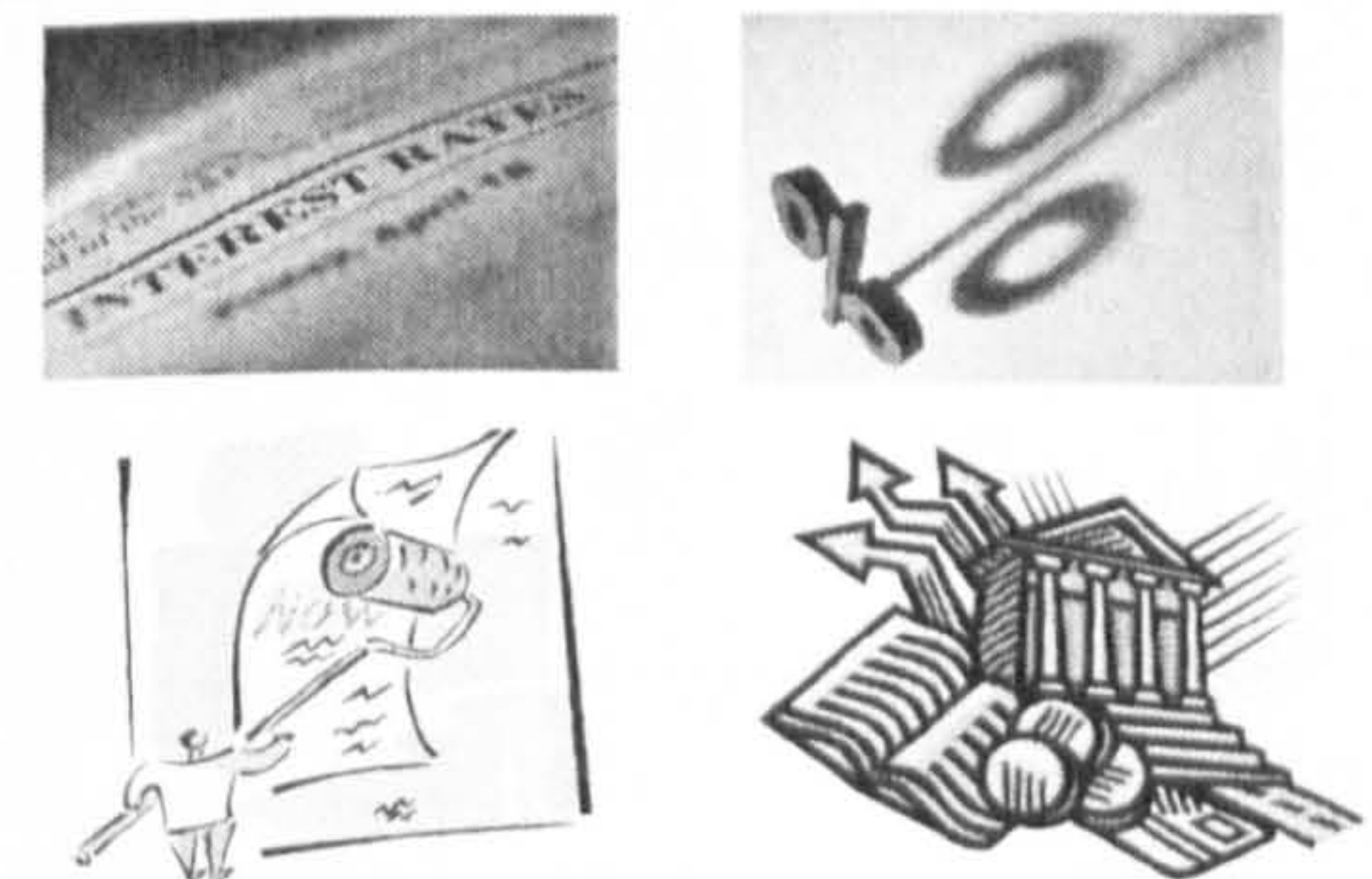
INTERACTIONS WITH BANK STAFF



BRANCH/WEB SITE/STATEMENT DESIGNS



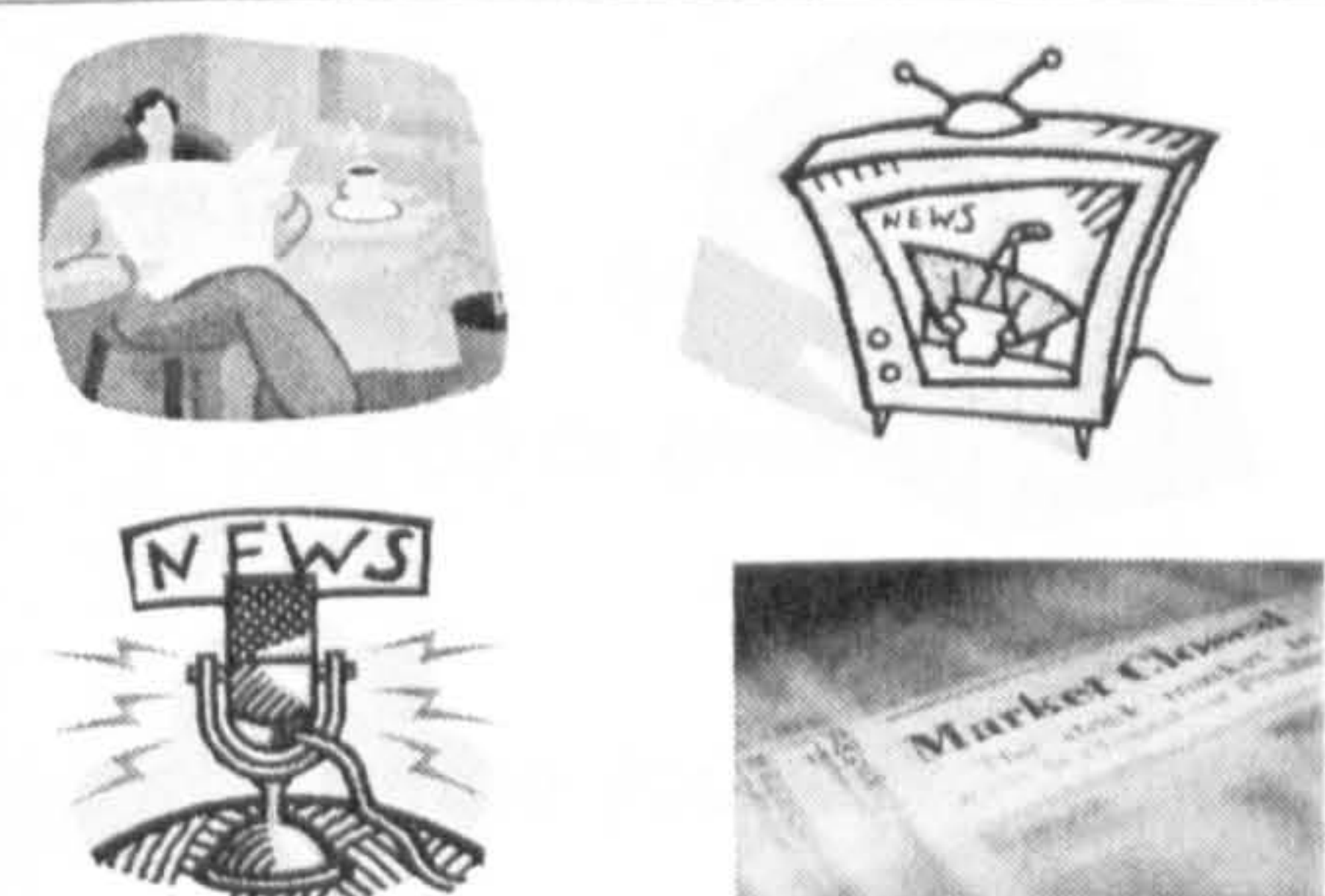
PRODUCT FEATURES



WORD-OF-MOUTH



MEDIA COVERAGE



APPENDIX 3

BACKGROUND QUESTIONNAIRE

INVESTIGATING THE IMPACT OF MARKETING COMMUNICATIONS ON CUSTOMER RELATIONSHIPS

To start with, I would like to ask you some questions about your banking experience:

1.

If you have an account(s) with other banks or building societies, could you please specify which financial product(s) you currently have with them?

.....

.....
2.

On average, how often do you interact with your current main bank through whatever means? (excluding cash machine transactions)

.....
3.

On average, how often does your current main bank contact you by whatever means? (excluding sending account statements)

.....

Now I would like to ask you a few details about yourself :

4.

Could you please specify your marital status?
5.

Could you please specify your highest degree of education?

.....
6.

Could you please specify your current occupation?

.....
7.

If you are currently in employment, could you please specify in which sector or industry you work?

.....
8.

Could you please indicate into which age range you fall?

☐ 18 - 24

☐ 25 - 34

☐ 35 - 44

☐ 45 - 54

☐ 55 - 64

☐ 65 or over
9.

Could you please indicate into which annual gross income range you fall?

☐ Below £10,000

☐ £10,000 - £19,999

☐ £20,000 - £29,999

☐ £30,000 - £39,999

☐ £40,000 - £49,999

☐ £50,000 or more

THANK YOU VERY MUCH FOR TAKING YOUR TIME.

APPENDIX 4

DESCRIPTIVE DATA ON THE FIRST SET OF PILOT INTERVIEWS

	Gender	Age	Occupation	Duration of interview	Main Bank (MB)	Length of rel. with MB	Products held with MB	Financial products held with other financial institutions
Part. 1	M	42	Researcher (non OU)	45 min	Nationwide	over 10 years	current account credit card	Savings with a credit union
Part. 2	F	50 +	Secretary (OU)	47 min	Alliance&Leicester	20 years	current account	Mortgage, pers.loans & savings with Nationwide Barclaycard Insurance with Co-operative Bank
Part. 3	M	30-39	Administrator (OU)	1 hour 6 min	Barclays	20 years	current account savings/inv account credit card	Current account with Abbey National Credit card with HFC Current account with Halifax
Part. 4	M	20-29	Student (OU)	44 min	NatWest	3,5 years	current account for. exchange account savings account	
Part. 5	F	40-49	Student (OU)	43 min	Lloyds-TSB	16 years	current account personal loan credit card house insurance	Credit card with NatWest Insurance products with a number of companies Mortgage with Abbey National Current account with Abbey National
Part. 6	M	50 +	Tax specialist (Non OU)	23 min	Lloyds-TSB	over 31 years	current account	Current account with other fin. inst. Credit card with other fin. inst. Savings account with other fin. inst.
Part. 7	F	40-49	Student (OU)	43 min	Barclays	almost 30 years	current account	Current account with NatWest Savings account with NatWest Personal loans Mortgage with Lloyds TSB Egg credit card Current account with Nationwide
Part. 8	M	20-29	Student (OU)	35 min	HSBC	11-20 years	current account savings/inv account credit card	Student loan with government

APPENDIX 5 FIRST PILOT STUDY: INTERVIEW SCHEDULE

Warming up questions:

- Which financial institutions such as banks, building societies or credit unions do you bank with? For how long? What products do you have with them?
- Which one is your main bank?

Now I would like you to concentrate on Bank X.

- Q1.** Firstly, could you tell me how it is like banking with Bank X based on your experience with them?
- Q2.** How about other banks you work with?
- How do they do compared with Bank X?
 - Any positive / negative aspects?
- Q3.** If you need a new banking product in future would you consider contacting Bank X first; and why?
- Q4.** Have you ever thought / felt like changing Bank X?
- Would you be easily tempted to change Bank X and why?
 - How easy/difficult would it be to change Bank X if you needed to do so?
- Q5.** Can you remember Bank X contacting you in the last 5 years apart from sending account statements? Concentrating on those occasions that stand out for you, can you tell me about them?
- What was the purpose of the contact?
 - When did it happen, and who were involved?
 - How long did it last, and what was the outcome?
 - How did you act / feel about it?
 - What was especially positive / negative in this contact? (Why does such a contact differ from an average contact with Bank X?)
 - Did you talk about this experience to anyone?
 - How did this impact on your future contacts with Bank X?
 - These are all/mostly negative/positive experiences. Can you recall any positive/negative contacts?
- Q6.** Can you remember you contacting Bank X in the last 5 years? Concentrating on those occasions that stand out for you, can you tell me about them?
- What was the purpose of the contact?
 - When did it happen, and who were involved?
 - How long did it last, and what was the outcome?
 - How did you act / feel about it?
 - What was especially positive / negative in this contact? (Why does such a contact differ from an average contact with Bank X?)
 - Did you talk about this experience to anyone?
 - How did this impact on your future contacts with Bank X?
 - These are all/mostly negative/positive experiences. Can you recall any positive/negative contacts?

APPENDIX 5 FIRST PILOT STUDY: INTERVIEW SCHEDULE

Q7. Now I'd like you to focus on advertising activities of your bank.

- Can you recall any specific TV, radio or magazine ads by your bank that attracted your attention?
- When did it happen?
- What was the message of the ad?
- What did you think / feel about it when you saw / heard / read the ad?
- Did you talk about this ad to anyone?
- Did this ad impact on your future transactions / contacts with Bank X?

Q8. How about direct marketing activities by Bank X; such as direct mailing, telemarketing or e-mail marketing? Do you receive such materials? How do you feel about them?


- Can you recall any specific direct mailing, telemarketing or e-mail marketing by your bank that attracted your attention in a positive or negative way?
- When did it happen?
- What was it about?
- What did you think / feel about it when you were phoned / received the letter / e-mail?
- Did you talk about this campaign to anyone?
- Did this campaign impact on your future transactions / contacts with Bank X?

Q9. How about public relations activities by Bank X, such as any sponsorship or affinities with other organisations, any media coverage or news from other customers about Bank X?

- Can you recall any such activities that attracted your attention in a positive or negative way?
- When did it happen?
- What was it about?
- What did you think / feel about it when you heard it?
- Did you talk about this to anyone?
- Did this activity / news / gossip impact on your future transactions / contacts with Bank X?

Q10. When it comes to marketing activities how do you think Bank X is doing compared with other banks in the market?

Q11. This is the end of my questions. Is there anything you like to ask or comment on?

<p>EXPLORING MARKETING COMMUNICATIONS ASPECT OF CUSTOMER RELATIONSHIPS</p> <p>PLEASE PUT <u>A TICK IN ONLY ONE BOX</u> UNLESS OTHERWISE SPECIFIED.</p>	
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First I would like to ask you about your banking experience with financial institutions. Throughout the questionnaire, the term 'your bank' is used to indicate the main bank or building society you currently have an account with.

1. When did you first open a bank/building society/credit union account?

<input type="checkbox"/> Within last 11 months	<input type="checkbox"/> 1 - 5 years ago	<input type="checkbox"/> 6 - 10 years ago
<input type="checkbox"/> 11 -20 years ago	<input type="checkbox"/> 21 - 30 years ago	<input type="checkbox"/> +31 years ago
2. How long have you been holding an account with your bank?

<input type="checkbox"/> Less than a year	<input type="checkbox"/> 1 - 5 years	<input type="checkbox"/> 6 - 10 years
<input type="checkbox"/> 11 -20 years	<input type="checkbox"/> 21 - 30 years	<input type="checkbox"/> 31 years or over
3. Which financial product(s) do you currently have with your bank?
(*Tick as many as applies*)

<input type="checkbox"/> Current account	<input type="checkbox"/> Mortgage	<input type="checkbox"/> Personal loans
<input type="checkbox"/> Savings/investments	<input type="checkbox"/> Credit card	<input type="checkbox"/> Insurance
<input type="checkbox"/> None	<input type="checkbox"/> Others (please specify)	
4. Which financial product(s) do you currently have with other financial institutions (excluding your bank)? (*Tick as many as applies*)

<input type="checkbox"/> Current account	<input type="checkbox"/> Mortgage	<input type="checkbox"/> Personal loans
<input type="checkbox"/> Savings/investments	<input type="checkbox"/> Credit card	<input type="checkbox"/> Insurance
<input type="checkbox"/> Others (please specify)		
5. How often do you contact your bank by any of the following means: Face-to-face / telephone / internet / post? (excluding cash machine transactions)

<input type="checkbox"/> Once a week or more	<input type="checkbox"/> Twice a month
<input type="checkbox"/> Once a month	<input type="checkbox"/> Less often than once a month
6. How often does your bank contact you by any of the following means: Telephone / internet / post? (excluding sending account statements)

<input type="checkbox"/> Once a week or more	<input type="checkbox"/> Twice a month
<input type="checkbox"/> Once a month	<input type="checkbox"/> Less often than once a month

7. Can you remember any specific TV, radio, or magazine advertisement by your bank that attracted your attention during the last 5 years?

☐ Yes ☐ No

8. Can you remember any specific direct marketing activities such as telesales, email marketing, brochures, leaflets addressed to you by your bank in the last 5 years?

☐ Yes ☐ No

9. Can you remember any media coverage that your bank has been the focus of in the last 5 years?

☐ Yes ☐ No

10. Have you heard of anything from your friends, colleagues, or any other people about the activities and/or performance of your bank in the last 5 years?

☐ Yes ☐ No

11. Concentrating on your experience with your bank in the last 5 years, are there at least 2 incidents/occasions that stand out in your mind as examples of;

a. good ☐ Yes ☐ No

b. bad banking practice? ☐ Yes ☐ No

Now I would like to ask you a few questions about yourself :

12. Are you:

☐ Male ☐ Female

13. How old are you?

☐ 15 - 19 ☐ 20 - 29 ☐ 30 - 39 ☐ 40 - 49 ☐ 50 or over

Thank you very much for taking your time.

DESCRIPTIVE DATA ON THE SECOND AND THIRD SETS OF PILOT INTERVIEWS

Gender		Age	Occupation	Education	Income level	Duration of interview	Main Bank (MB)	Length of rel. with MB	Products held with MB	Financial products held with other financial institutions	
S E C O N D S E T O F P I L O T S T U D I E S	Part. 1	F	18-24	research officer (OU)	A Levels	£20k-£29k	51 min	Lloyds TSB	9 years	current account bank loans credit card life insurance	mortgage
	Part. 2	F	55-64	retired	BA	£10k-£19k	41 min	Nat West	41 years	current account credit card shares	mortgage current account credit card savings
	Part. 3	M	35-44	free lance (nonOU) internet and environmental education	PhD	£10k-£19k	36 min	Nationwide	18 years	current account	mortgage business account
	Part. 4	F	25-34	research fellow (OU)	PhD	£30k-£39k	1 h 13 min	HSBC	12 years	current account credit card savings account	mortgage insurance premier account
	Part. 5	F	35-44	secretary (OU)	O Levels	£20k-£29k	1 h 6 min	HSBC	21 years	current account savings account safe box	mortgage
	Part. 6	M	35-44	civil service(nonOU)	BA	£30k-£39k	1 h 51 min	Lloyds TSB	20 years	current account mortgage insurance	mortgage savings&investment
	Part. 7	M	35-44	IT specialist (OU)	BSc	£20k-£29k	1 h 20 min	Allience & Leicester	20 years	current account savings account bank loan credit card	
	Part. 8	F	45-54	Self employed	PGSE	£10k-£19k	55 min	Lloyds TSB	23 years	current account savings account credit card	mortgage savings&investment
	Part. 9	M	Over 65	Retired	Certificate	£20k-£29k	1 h 19 min	Nat West	41 years	current account credit card safe box	savings&investment
T H I R D S E T O F P I L O T S T U D I E S											

APPENDIX 8 SECOND PILOT STUDY: INTERVIEW SCHEDULE

CUSTOMER RELATIONSHIPS

1. What do you think about BankX compared with other banks or building societies?
 - Any negative or positive aspects?
2. In what aspects does BankX offer you a satisfactory or dissatisfactory experience?
 - Is this what keeps you banking with BankX?
 - If yes, is there anything else that keeps you banking with BankX?
 - If no, can you tell me what keeps you banking with BankX?
3. Does BankX offer you any kind of benefits specifically as a result of being a regular customer?
Prompts: such as price incentives, special offers or treatments.
If yes:
 - What are they?
 - What do you think of them?
 - Do they impact on your experience with Bank X? If yes, how?
4. Do you tend to buy most of your financial products from BankX? Why?
5. Do you intend to continue to bank with BankX in the future? Why?
6. Can you think of any factors or events that are likely to play a role in your intention to bank with BankX? If yes:
 - What are they?
 - How would they impact on your intention to with Bank X?
7. How do you feel about switching your bank to another financial institution? Why?
8. Under what circumstances, if any, would you consider switching your bank?

NOW I'D LIKE TO CONCENTRATE ON EVENTS WHEN YOU INTERACT WITH BANKX STAFF EITHER FACE TO FACE OR OVER THE PHONE.

9. Concentrating on events when you interact with BankX staff, how can you describe such interactions?
10. When you interact with bank staff, are there any specific aspects that you like or enjoy in such interactions? If yes, can you give me some details?
11. Any negative aspects that you don't like or don't enjoy?

NOW I'D LIKE TO TALK ABOUT THE CONCEPT OF TRUST.

12. What does trust mean for you when it comes to banking with BankX?
13. In your experience, what factors or events have affected your trust / distrust towards BankX? Can you give me some details?
14. What can you say about willingness of your bank to be helpful to its customers?
15. What can you say about sincerity of BankX in its dealings with its customers?

APPENDIX 8 SECOND PILOT STUDY: INTERVIEW SCHEDULE

ANOTHER TOPIC THAT I WANT TO TALK ABOUT IS THE MANAGEMENT OF BANK ACCOUNTS.

16. Based on your experience with BankX, how easy or difficult do you find the management of a bank account?
17. Do you feel that BankX impacts, in any way, on your confidence in managing a bank account? If yes, how?

NOW I WOULD LIKE TO CONCENTRATE ON BANKING IN GENERAL.

18. When it comes to your financial needs, do you like to be a regular customer of one bank or building society or do you prefer banking with a number of institutions? Why?
19. Would you generally be willing to make an extra effort to bank with the same institution for all your financial needs? Why?
20. In general, what do you think about bank staff chatting with their customers during the service encounter?

Prompts: friendly conversation about weather, their health and families.

MARKETING COMMUNICATION ACTIVITIES

With regard to your experience with BankX, which ones of these 8 marketing communication activities have you come across?

21. In terms of your experience with BankX, what kind of ... activities have you come across?
 - In general, do you consider these as positive or negative messages?
 - What is it that you like / dislike in such messages? Why?
22. Do such activities make any positive or negative impact on your experience with Bank X? If yes, can you give me some details?

Prompts:

- your intention to continue to bank with BankX in the future
- your decision to buy new products or services from BankX
- your satisfaction level with BankX
- your thoughts about switching your account/s to another banks or building societies
- your trust towards BankX
- in/sincerity of your bank to its customers
- dis/honesty of your bank to its customers
- your confidence in managing bank accounts
- your attitude towards banking in general

INVESTIGATING THE MARKETING COMMUNICATIONS
ASPECT OF CUSTOMER RELATIONSHIPS

Throughout the questionnaire, the term 'your main bank' is used to indicate the main bank or building society you currently have an account with.

To start with, I would like to ask you some questions about your banking experience:

1. When did you first open a bank account?
2. If the first bank you opened an account is different from your current main bank, when did you open an account with your main bank?
3. Could you please specify which financial product(s) you currently have with your main bank?
.....
4. If you have an account(s) with other banks or building societies, could you please specify which financial product(s) you currently have with them?
.....
.....
5. On average, how often do you interact with your main bank through whatever means? (excluding cash machine transactions)
.....
6. On average, how often does your main bank contact you by whatever means? (excluding sending account statements)
7. With regard to your main bank, which of these marketing communication activities have you come across? (*Tick as many as apply*)
 - ☐ Advertisement (TV, newspaper, radio, billboard, etc.)
 - ☐ Direct marketing (direct mailing, telesales, e-mail marketing, mobile marketing, etc.)
 - ☐ Sponsorships / events / affinities
 - ☐ Service encounters (in branch, over-the-phone, online, etc.)
 - ☐ Branch / web site / statement designs
 - ☐ Word of mouth
 - ☐ Media coverage (TV, newspaper, radio, etc.)

Now I would like to ask you a few details about yourself :

8. Could you please indicate your gender?

☐ Male

☐ Female

9. Could you please specify your marital status?

10. Could you please specify your highest degree of education?

.....

11. Could you please specify your current occupation?

.....

12. If you are currently in employment, could you please specify which sector or industry you work?

.....

13. Could you please indicate into which age range you fall?

☐ 18 - 24

☐ 45 - 54

☐ 25 - 34

☐ 55 - 64

☐ 35 - 44

☐ 65 or over

14. Could you please indicate into which annual gross income range you fall?

☐ Below £10,000

☐ £30,000 - £39,999

☐ £10,000 - £19,999

☐ £40,000 - £49,999

☐ £20,000 - £29,999

☐ £50,000 or more

THANK YOU VERY MUCH FOR TAKING YOUR TIME.

APPENDIX 10



WANTED: Participants in Academic Research

The Impact of Marketing Communications on Customer Relationships

The Open University Business School is conducting independent research into individuals' relationships with their banks or building societies and the role of communications in such relationships. We are looking for a number of people to participate in this project by sharing their banking views with us. No special background or experience is required, although you must have a UK-based bank account. All we would like from you is to attend an interview at the Open University, which is expected to last about an hour, to share your views and experiences of banking. You will not be asked to disclose any financial details, as we are solely interested in exploring the impact of communications on customer relationships.

Your personal details will be treated confidentially and will not be passed to any other individuals or organisations. All data from the interviews will be used anonymously. Travel expenses with regard to this research will be paid.

If you can help us by contributing to this research we will be delighted to hear from you. For an informal discussion of what is involved, or to register your interest, please contact Dilek Hacialioglu at The Open University Business School on (01908) 653361 or email N.Hacialioglu@open.ac.uk. If you would like to speak to a senior member of staff please contact Dr Geoff Mallory, Director of Research Degrees at the Open University Business School, on (01908) 655888.

The Open University

APPENDIX 11 INFORMED CONSENT FORM FOR PROJECT PARTICIPANTS



Nurdilek Hacialioglu
The Open University Business School
Walton Hall Milton Keynes MK7 6AA

Direct Line : (01908) 653361
Fax : (01908) 655898
E-mail : n.hacialioglu@open.ac.uk

You are being asked to participate in a research project about customer relationships.
Please read this form and ask any questions that you might have before the interview proceeds.

Project Title:

Investigating the Impact of Marketing Communications on Customer Relationships.

Purpose of the Project:

The purpose of this project is to understand how marketing communication activities (such as advertising, direct mailing, word of mouth and so on) impact on relationships between financial institutions and their customers.

Description of Study Procedures:

If you agree to participate in this project you will be asked to fill in a short background questionnaire and to attend an interview. The interview will last about an hour and, with your permission, will be tape recorded.

Voluntary Participation:

Your participation in the project is voluntary. This means you can choose not to participate in part or all of the interview, and can withdraw at any stage of the interview without being penalised or disadvantaged in any way. Your data will then be excluded from the project.

Confidentiality and Anonymity:

Your personal details will be treated confidentially and will not be passed to any other individuals or organisations. All data from the interviews will be used anonymously.

Point of Contact:

For your queries with regard to your participation in this project you can contact the researcher Nurdilek Hacialioglu on the contact details above. If you would like to speak to a senior member of staff please contact Dr. Geoff Mallory, Director of Research Degrees at the Open University Business School, on (01908) 655888.

Statement of Consent:

By signing below you are giving us your consent to participate in this project voluntarily and consenting to our using the data gathered from you for our research.

Name : _____

Signature : _____

Date : _____

APPENDIX 12

SNOWBALLING LEAFLETS



Nurdilek Hacialioglu
The Open University Business School
Walton Hall Milton Keynes MK7 6AA

Direct Line : (01908) 653361
Fax : (01908) 655898
E-mail : n.hacialioglu@open.ac.uk

The Impact of Marketing Communications on Customer Relationships

The Open University Business School is conducting independent research into individuals' relationships with their banks or building societies and the role of communications in such relationships. We are looking for a number of people to participate in this project by sharing their banking views with us. No special background or experience is required, although you must have a UK-based bank account.

All we would like from you is to attend an interview at the Open University, which is expected to last about an hour, to share your views and experiences of banking. You will not be asked to disclose any financial details, as we are solely interested in exploring the impact of communications on customer relationships. Your personal details will be treated confidentially and will not be passed to any other individuals or organisations. All data from the interviews will be used anonymously. Travel expenses with regard to this research will be paid.

If you can help us by contributing to this research we will be delighted to hear from you. For an informal discussion of what is involved, or to register your interest, please contact Dilek Hacialioglu at the Open University Business School on (01908) 653361 or email N.Hacialioglu@open.ac.uk.

APPENDIX 13

RESEARCH PARTICIPANTS' CHARACTERISTICS

	P01 Alice	P02 Ben	P03 Betty	P04 Bianca	P05 Carla
Gender	female	male	female	female	female
Age range	25-34	45-54	55-64	55-64	55-64
Annual gross income range	£10-19k	below £10k	£30-39k	£10-19k	£20-29k
Marital status	widowed	married	married	divorced	divorced
Education	A levels	BSc	Grammar School	B.ED Honours	Senior Cambridge (India)
Current occupation	childminder	househusband	semi-retired	office manager	retired
Sector being employed	childcare	N/A	social care	private-textiles	N/A
Location	Milton Keynes	Milton Keynes	Milton Keynes	Milton Keynes	Milton Keynes
Recruitment method	advert	advert	advert	advert	advert
Name of Main Bank (MB)	Bank3	Bank11	Bank10	Bank14	Bank4
Length of relationship with MIB	17 years	20 years	43 years	7-8 years	8-10 years
Is MIB the first bank?	Y	N	Y	N	N
Length of overall banking experiences	17 years	33 years	43 years	51 years	40 years
Products held with MB (excl current ac)	savings ac, credit card	none	car insurance	savings ac	savings ac, credit card
Had other products with MB in the past?	N	Y	N		
Does hold accounts with other fin.ins?	Y (+1)	Y (6)	Y (3)	Y (4)	N
Range of products with other fin. ins.	mortgage	mortgage, savings ac, current ac, credit card	savings&inv. ac., credit card	credit card, bank loans	
Contact frequency to MB	twice a week	more frequently than once a month	twice a month	twice a month	once a week
Contact frequency by MB	hardly ever	monthly	monthly	monthly	monthly
Main channel of communication with main bank	branch, telephone	branch, online	branch, online	online	online

APPENDIX 13

RESEARCH PARTICIPANTS' CHARACTERISTICS

	P06 Casie	P07 Daisy	P08 Diana	P09 Elisa	P10 Emily
Gender	female	female	female	female	female
Age range	45-54	45-54	55-64	18-24	45-54
Annual gross income range	below £10k	£10-19k	£20-29k	below £10k	£40-49k
Marital status	single	single	widowed	single	single
Education	OU diploma	MSc	BA	A levels	BTEC HNC
Current occupation	administrator	tutor	retired	student	director
Sector being employed	entertainment	education	N/A	education	consultancy
Location	Milton Keynes	Milton Keynes	Milton Keynes	Milton Keynes	Milton Keynes
Recruitment method	advert	advert	advert	advert	advert
Name of Main Bank (MB)	Bank14	Bank7	Bank10	Bank12	Bank11
Length of relationship with MB	4 years	8 years	27 years	15 years	17 years
Is MB the first bank?	N	N	N	Y	N
Length of overall banking experiences	29 years	30 years	41 years	15 years	34 years
Products held with MB (excl current ac)	none	none	2 types of savings ac, insurance	2 types of savings ac.	savings ac, credit card
Had other products with MB in the past?	Y	N	N	N	N
Does hold accounts with other fin.ins?	Y (1)	Y (2)	Y (1)	Y (1)	Y (3)
Range of products with other fin. ins.	current ac., ISA	business ac., savings ac.	investments	ISA, current ac	mortgage, business ac
Contact frequency to MB	once a week	2/3 times a week	once/twice a week	daily	twice a week
Contact frequency by MB	twice a week	none	monthly	once a year	once a month
Main channel of communication with main bank	online	online	online, telephone	online, branch	online

APPENDIX 13

RESEARCH PARTICIPANTS' CHARACTERISTICS

	P17 Ian	P18 Isabelle	P19 Jessica	P20 Jack	P21 Keith	P22 Kevin
Gender	male	female	female	male	male	male
Age range	55-64	25-34	25-34	55-64	55-64	45-54
Annual gross income range	£20-29k	£20-29k	£30-39k	£50 or more	£10-19k	£50 or more
Marital status	married	married	single	divorced	married	married
Education	Postgrad. Diploma	MSc	BSc	City&Guilds	BSc	BSc
Current occupation	retired	project manager/ writer	change manager	self employed	retired	solicitor
Sector being employed	N/A	management and entertainment	education (OU)	contruction	N/A	law
Location	Watford	Milton Keynes	Milton Keynes	Milton Keynes	Milton Keynes	Olney
Recruitment method	advert	advert	advert	snowballing	snowballing	snowballing
Name of Main Bank (MB)	Bank13	Bank10	Bank6	Bank11	Bank2	Bank3
Length of relationship with MB	42 years	4 years	10 years	34 years	2 years	20 years
Is MB the first bank?	Y	N	N	N	N	N
Length of overall banking experiences	42 years	10 years	28 years	38 years	44 years	30 years
Products held with MB (excl current ac)	savings ac, credit card	business ac	savings ac, mortgage, credit card	business ac, savings ac	savings ac, credit card, travel insurance	credit card
Had other products with MB in the past?	Y	N	N	Y	N	N
Does hold accounts with other fin.ins?	N	Y (1)	Y (3)	Y (1)	Y (1)	Y (3)
Range of products with other fin. ins.		credit card	savings ac, current ac	savings & inv ac	savings & inv ac	business ac, savings ac, credit card, mortgage
Contact frequency to MB	fortnightly	once a month	weekly	fortnightly	once/twice a month	2-3 times a year
Contact frequency by MB	monthly	none	fortnightly	once a 5-month	once a month	4 times a year
Main channel of communication with main bank	branch	branch	online, telephone	branch, telephone (automated)	online	branch, telephone

APPENDIX 13

RESEARCH PARTICIPANTS' CHARACTERISTICS

	P23 Lewis	P24 John	P25 Martin	P26 Melissa	P27 Newton	P28 Niall
Gender	male	male	male	female	male	male
Age range	35-44	55-64	55-64	25-34	25-34	35-44
Annual gross income range	£50 or more	£30-39k	£10-19k	£40-49k	below £10k	£30-39k
Marital status	married	married	seperated	single	single	married
Education	Masters	BSc	PhD	MSc	A levels	Masters
Current occupation	consultant	retired	retired	project manager	student	college manager
Sector being employed	manufactoring	accountancy	education	telecommunications	education	education
Location	Milton Keynes	Milton Keynes	Olney	London	Milton Keynes	Milton Keynes
Recruitment method	snowballing	advert	snowballing	snowballing	snowballing	snowballing
Name of Main Bank (MB)	Bank12	Bank10	Bank11	Bank11	Bank8	Bank11
Length of relationship with MIB	5 years	37 years	35 years	7 years	10 years	19 years
Is MB the first bank?	N	Y	Y	N	Y	Y
Length of overall banking experiences	23 years	37 years	35 years	18 years	10 years	19 years
Products held with MB (excl current ac)	savings ac, mortgage, insurance, personal loan	savings ac	savings ac, credit card	savings ac, credit card	savings ac, bank loan, credit card	none
Had other products with MB in the past?	Y	N	Y	N	N	N
Does hold accounts with other fin.ins?	Y (2)	Y (2)	Y (2)	Y (1)	Y (2)	Y (3)
Range of products with other fin. ins.	businesss ac, insurance	savings ac, current ac	investment and savings ac	credit card	current ac, savings ac	savings ac, mortgage, credit card
Contact frequency to MB	once a week	once a month	once a week	3 times a month	2-3 times a month	once a month
Contact frequency by MB	less than once a month	5 or 6 times a year	once a month	never	never	once a month
Main channel of communication with main bank	online	branch	online, branch	online	online	telephone (automated)

APPENDIX 13

RESEARCH PARTICIPANTS' CHARACTERISTICS

	P29 Oscar	P30 Oliver	P31 Patrick	P32 Peter	P33 Ray	P34 Richard
Gender	male	male	male	male	male	male
Age range	25-34	35-44	25-34	25-34	25-34	25-34
Annual gross income range	£50 or more	£40-49k	£10-19k	£20-29k	£30-39k	£30-39k
Marital status	married	co-habiting	single	single	married	single
Education	BSc	BSc	Postgraduate	MA	MSc	Masters
Current occupation	air traffic controller	design engineer	administrative assistant	lecturer	software engineer and analyst	communication specialist
Sector being employed	airport services	manufacturing	education	education	education (OU)	education (OU)
Location	Milton Keynes	Milton Keynes	Stoke-on-Trent	Stoke-on-Trent	Milton Keynes	Milton Keynes
Recruitment method	advert	snowballing	snowballing	snowballing	advert	advert
Name of Main Bank (MB)	Bank9	Bank10	Bank10	Bank8	Bank11	Bank8
Length of relationship with MB	5 years	11 years	13 years	10 years	5 years	13 years
Is MB the first bank?	N	N	N	Y	N	Y
Length of overall banking experiences	17 years	20 years	13 years	10 years	10 years	13 years
Products held with MB (excl current ac)	credit card, savings ac	savings ac, insurance	credit card	credit card	savings ac, credit card, car insurance	mortgage, credit card
Had other products with MB in the past?	Y	N	Y	Y	Y	N
Does hold accounts with other fin.ins?	Y (2)	Y (2)	Y (2)	Y (1)	Y (2)	Y (1)
Range of products with other fin. ins.	current ac, mortgage, savings ac	mortgage, credit card, current ac.	savings ac, credit card	savings ac, credit card	current ac, savings ac	savings ac
Contact frequency to MB	daily	once a month	once a month	twice a week	twice a week	weekly
Contact frequency by MB	rarely	rarely	twice a year	once a month	twice a month	twice a year
Main channel of communication with main bank	online	online	branch	online, branch, telephone	online, branch	online

APPENDIX 14

CONCEPTUALLY CLUSTERED MATRIX

	Trust	Commitment	Bonds	Benefits
P01 Alice	Knowledge based trust (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Creating awareness about brand/firm Secure system <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: reliable <u>Employee characteristics</u>: positive <u>Service recovery</u>: timely From service interactions to company level <u>3rd Parties</u> <ul style="list-style-type: none"> Comments on firm (speculation) 	Commitment (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Secure system <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: reliable, positive <u>Employee characteristics</u>: positive <u>3rd Parties</u> <ul style="list-style-type: none"> Core service aspect (speculation) 		Confidence benefits (High) <u>Planned Communications</u> <ul style="list-style-type: none"> Helping customer become familiar with brand/firm (branch des. & standard.) Secure system Offering a variety of communication channels <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: reliable, timely, human contact
P02 Ben	Knowledge based trust (L) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: lack of problems, positive (as expected) <u>Employee characteristics</u>: friendly (as expected) 	Commitment (L) <u>Planned Communications</u> <ul style="list-style-type: none"> Face-to-face contact (branch) Branch design (familiarity) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: lack of problems (as expected) 		
P03 Betty	Knowledge based trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> Web design (secure) 	Commitment (L) <u>Planned Communications</u> <ul style="list-style-type: none"> Face-to-face contact (branch) Web design (customer friendly and secure) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: positive 		
P04 Bianca	Knowledge based trust (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Showing interest in customer values <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: reliable <u>Employee characteristics</u>: showing interest in customer needs & requirements From service interactions to company level <u>3rd Parties</u>	Commitment (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Enhancing credibility of brand/firm <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: user friendly, timely, positive <u>3rd Parties</u>	Perceptual Bonds (S) <u>3rd Parties</u> <ul style="list-style-type: none"> Company image & reputation 	Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Secure technology <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: reliable Special Treatment Benefits <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: user friendly
P05 Carla	No trust <u>Interactions</u> <ul style="list-style-type: none"> Lack of one-to-one human contact 	Commitment (S) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: timely 		Lack of Social Benefits <u>Interactions</u> <ul style="list-style-type: none"> Lack of one-to-one human contact

APPENDIX 14

CONCEPTUALLY CLUSTERED MATRIX

	Trust	Commitment	Bonds	Benefits
P06 Casie	No trust <u>Interactions</u> <ul style="list-style-type: none"> negative Calculus based trust (L) <u>Interactions</u> <ul style="list-style-type: none"> negative Knowledge based trust (L) <u>Planned communications</u> <ul style="list-style-type: none"> efficient system 	No commitment <u>Interactions</u> <ul style="list-style-type: none"> not customer oriented lack of human contact negative service recovery <u>Planned communications</u> <ul style="list-style-type: none"> contradicts with customer experiences 		Confidence Benefits (S) <u>Planned Communications</u> <ul style="list-style-type: none"> efficient system
P07 Daisy	Knowledge based trust (H) <u>Planned Communications</u> <ul style="list-style-type: none"> keeping their promises secure system efficient system clean branch face2face contact (branch) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> reliable <u>Employee characteristics:</u> pleasant 	Commitment (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Oriented towards customer needs & requirements <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> positive <u>3rd Parties</u>		Lack of Special Treatment Benefits <u>Planned Communications</u> Not customer oriented <u>Interactions</u> Not customer oriented Lack of Social Benefits <u>Interactions</u> Lack of human interactions
P08 Diana	Knowledge based trust (H) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> lack of problems, positive, efficient <u>Service recovery:</u> admitting and rectifying mistakes From service interactions to company level 	Commitment (H for CA, S for SA) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> F2F human contact, positive 		Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Helping customer become familiar with brand/firm (branch design & stand.) <u>Interactions</u> <ul style="list-style-type: none"> <u>Employee characteristics:</u> customer oriented Lack of Social Benefits <u>Planned Communications</u> <ul style="list-style-type: none"> communication style

	Trust	Commitment	Bonds	Benefits
P09	Knowledge based trust (H)	Commitment (H)	Perceptual bonds (H)	Confidence Benefits (H)
Elisa	<u>Planned Communications</u> <ul style="list-style-type: none"> Secure technology (online) communication style (being treated individually -not a number-) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: communication style (being treated individually -not a number-) <u>Employee characteristics</u>: customer oriented <u>3rd Parties</u> <ul style="list-style-type: none"> Positive service experience 	<u>Planned Communications</u> <ul style="list-style-type: none"> Customer oriented (customised DM activities - not bombarding, website and statement design) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: lack of problems <u>Employee characteristics</u>: friendly, helpful, pleasant, polite, personal touch, sympathetic, communication style (being treated individually -not a number-), showing interest in customer needs & benefits 	<u>3rd Parties</u> <ul style="list-style-type: none"> Company image & performance Positive service experience 	<u>Planned Communications</u> <ul style="list-style-type: none"> Informing customer about products/services and their attributes Customer oriented Offering a variety of communication channels <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: showing interest in customer needs & benefits, customer oriented, positive, efficient two-way communication Special Treatment Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Customer oriented, communication style (being treated individually -not a number-) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics</u>: respectful, lack of problems <u>Employee characteristics</u>: helpful, pleasant, polite, friendly, showing interest in customer needs & benefits, personal touch, sympathetic, communication style (being treated individually -not a number-), customer oriented, being accessible Social Benefits (H) <u>Interactions</u> <ul style="list-style-type: none"> <u>Employee characteristics</u>: friendly, polite, customer oriented, being accessible, pleasant

	Trust	Commitment	Bonds	Benefits
P10 Emily	Knowledge Based Trust (S) <u>Planned Communications</u> <ul style="list-style-type: none"> • Face to face contact (branch) • Informing (accessibility and simplicity of information) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics</u>: positive <u>3rd Parties</u> <ul style="list-style-type: none"> • Core service aspect 	Committed (L) <u>Planned Communications</u> <ul style="list-style-type: none"> • Statements (customer friendly) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics</u>: one to one human contact, positive 		Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Statements (customer friendly) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics</u>: one to one human contact, positive • <u>Employee characteristics</u>: showing interest in customer needs & benefits, personal recognition, informing customer about products/services and their attributes
P11 Felicity	Knowledge Based Trust (L) <u>Interactions</u> (negatively – being manipulative – selling perspective) <u>3rd Parties</u> <ul style="list-style-type: none"> • Core service aspect • Lack of bad publicity 	Committed (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Informing (infrequency) • Web design (customer friendly) • System / technological infrastructure (efficient) <u>3rd Parties</u> <ul style="list-style-type: none"> • Core service aspect <u>Interactions</u> Lack of problems		Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Informing (design – customer friendly) • Web design (customer friendly) <u>Interactions</u>

	Trust	Commitment	Bonds	Benefits
P12 Florence	Knowledge Based Trust (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Customer oriented • Showing interest in customer values • Oriented towards customer needs & requirements <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics</u>: customer oriented, one-to-one human contact, good communication, efficient, reliable 	Committed (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Creating awareness about brand/firm • Enhancing credibility of brand/firm • Customer oriented (contacting customer when there is an unusual transaction, having a branch manager) • Oriented towards customer needs & requirements <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics</u>: good communication, responsive, lack of problems, reliable, customer oriented, quality of call centre, efficient • <u>Employee characteristics</u>: politeness, well mannered • <u>Service recovery</u>: positive 		Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Oriented towards customer needs & requirements <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics</u>: responsive, customer oriented, one-to-one human contact, good communication • <u>Employee characteristics</u>: customer treatment Special Treatment Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Oriented towards customer needs & requirements • Informing customer about products/services and their attributes <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics</u>: oriented towards customer needs & requirements • <u>Employee characteristics</u>: customer treatment, customer oriented, pleasant Social Benefits (S) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Employee characteristics</u>: customer oriented

	Trust	Commitment	Bonds	Benefits
P13 Gloria	No Trust Interactions (lack of personal contact) Planned Communications: Informing (adverts) (not consistent with experience)	No commitment Interactions lack of personal contact Planned Communications: Informing (adverts) (not consistent with experience) Awareness Continuance commitment Branch network (convenience)		Lack of confidence benefits Interactions (lack of personal contact) Lack of special treatment benefits Interactions (lack of personal contact) Lack of social benefits Interactions (lack of personal contact)
P14 Grace	Knowledge Based Trust (very L) <u>Planned Communications</u> • No customer care (negatively) <u>Interactions</u> • Lack of problems <u>3rd Parties</u> • Image (profit making (negatively))	Committed (L) <u>Planned Communications</u> • Web design (welcoming, professional, customer friendly) • Statement design (professional, customer friendly) • Branch design (image, professional, standardisation, familiarity) <u>Interactions</u> • Lack of problems		Confidence Benefits (very L) <u>Planned Communications</u> • Web design (customer friendly) • Statement design (customer friendly)
P15 Harry	Knowledge Based Trust (L) <u>Interactions</u> • <u>Service characteristics:</u> <u>Planned Communications</u> • awareness (image)	Committed (H) <u>Planned Communications</u> • ethical considerations (left previous bank because of ethical reasons) • branch network • awareness (image) • system/ technological infrastructure (efficient) • branch design (warm & welcoming) • web design (customer friendly) <u>Interactions</u> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> • <u>Service recovery:</u>		Confidence Benefits (S) <u>Planned Communications</u> • branch design (familiarity, standardisation) <u>Interactions</u> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> Social Benefits (H) <u>Planned Communications</u> • branch design (welcoming) <u>Interactions</u> • <u>Employee characteristics:</u>
P16 Hannah	Knowledge Based Trust (L) <u>Interactions</u> • Lack of problems <u>3rd parties</u> <u>Planned Communications</u> • image	Continuance Committed (L) <u>Interactions</u> • Lack of problems <u>3rd parties</u> • Lack of bad service experience		Special Treatment Benefits (in the past) <u>Interactions</u> Social Benefits (in the past) <u>Interactions</u>

	Trust	Commitment	Bonds	Benefits
P17 Ian	Knowledge Based Trust (H) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> 	Affective Committed (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Branch layout/design (customer friendly) • Branch network • Informing (relevant) • Account check/review <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> • <u>Service recovery:</u> 	Perceptual Bonds (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Branch layout/design (customer friendly) • Account check/review 	Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • branch network • informing <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> Special Treatment Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • Account check/review Social Benefits (H) <ul style="list-style-type: none"> • <u>Employee characteristics:</u>
P18 Isabelle	No Trust <u>Planned Communications</u> <ul style="list-style-type: none"> • Lack of account review / check (lack of communication, no customer care) <u>Interactions</u>	No Commitment <u>Planned Communications</u> <ul style="list-style-type: none"> • no informing • lack of account review / check (lack of communication, no customer care) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> • <u>Service recovery:</u> <u>3rd parties</u> <ul style="list-style-type: none"> • Negative service experience 		Lack of Confidence Benefits <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u>
P19 Jessica	Knowledge Based Trust (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • branch layout / design (consistency) • branding (consistency) • web design (security) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> <u>3rd parties</u> positive service experience	Committed (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • informing • awareness • pioneering • web design (customer friendly) • branch network • image <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> • <u>Service recovery:</u> <u>3rd Parties</u> positive service experience		Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • web design (security, customer friendly) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u>

Trust		Commitment	Bonds	Benefits
P20 Jack		Continuance Commitment (very L) <u>Negatively</u> <u>Planned Communications</u>		Special Treatment Benefits <u>Planned Communications</u>
		<ul style="list-style-type: none"> Branch design (not welcoming, not customer friendly) Chequebook design (not customer friendly) 		<ul style="list-style-type: none"> Branch design (welcoming, customer friendly) (speculative)
		<u>Negatively:</u> <u>Interactions</u> <ul style="list-style-type: none"> from branch banking to automation lack of personal touch / customer care 		Lack of Special Treatment Benefits <u>Planned Communications</u> <ul style="list-style-type: none"> Cheque-book design (not customer friendly) <u>Interactions</u> <ul style="list-style-type: none"> From branch banking to automation Social Benefits (very L) interactions
P21 Keith		Continuance Commitment (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Informing (customer base) Statements (customer friendly) <u>3rd parties</u> <ul style="list-style-type: none"> Positive core service aspect image 		
P22 Kevin	Knowledge Based Trust <u>Interactions</u> speculative	Continuance Commitment (L) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems <u>Negatively</u> <u>Planned Communications</u> <ul style="list-style-type: none"> Informing 		Confidence Benefits (L) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems

	Trust	Commitment	Bonds	Benefits
P23 Lewis	Knowledge Based Trust (S) <u>Planned Communications</u> <ul style="list-style-type: none"> Branch network (familiarity) Branch autonomy <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> 	Committed (H) <u>Planned Communications</u> <ul style="list-style-type: none"> Branch network (convenience, familiarity) Being in control (online banking) Web design (efficient) Sponsorships (not aware, good way of using customer money) No of channels Awareness <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> <u>Employee characteristics:</u> <u>Service recovery:</u> 	Perceptual Bonds (S) <u>3rd Parties</u> <ul style="list-style-type: none"> 	
P24 John	Knowledge Based Trust (H) <u>Planned Communications</u> <ul style="list-style-type: none"> branch design (image) system / infrastructure (efficient) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> <u>3rd parties</u> matching with customer values	Committed (H) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> <u>Employee characteristics:</u> <u>Service recovery:</u> 	Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> system / infrastructure (efficient) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> <u>Employee characteristics:</u> Special Treatment Benefits (S) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> <u>Employee characteristics:</u> Social Benefits () <u>Interactions</u> <ul style="list-style-type: none"> 	
P25 Martin	Knowledge Based Trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> Awareness (customer care; image; interesting – attractive) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems Negatively <u>3rd parties</u> negative service experience Lack of Knowledge Based Trust <u>Interactions</u>	Continuance Commitment (H) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems lack of branch manager (N) <u>Planned Communications</u> <ul style="list-style-type: none"> Awareness (customer care; image; interesting – attractive) 	Special Treatment Benefits (L) <u>Interactions</u> Lack of Special Treatment Benefits <u>Planned Communications</u> <ul style="list-style-type: none"> Lack of holistic view 	

	Trust	Commitment	Bonds	Benefits
P26 Melissa	Knowledge Based Trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> security 	Continuance Commitment (L) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems <u>Planned Communications</u> <ul style="list-style-type: none"> web design (customer friendly) <u>3rd parties</u> positive service experience		Confidence Benefits (L) <u>Planned Communications</u> <ul style="list-style-type: none"> web design (customer friendly)
P27 Newton	Knowledge Based Trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> consistency of messages over time branch design (spacey, openness, privacy) system/technological infrastructure (availability) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems <u>3rd Parties</u> <ul style="list-style-type: none"> lack of bad publicity 	Continuance Commitment (S) <u>Planned Communications</u> <ul style="list-style-type: none"> branch network awareness (image) web design (customer friendly) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems 		
P28 Niall	Knowledge Based Trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> awareness <u>Interactions</u> <ul style="list-style-type: none"> face to face service interactions from service encounters to company level 	Continuance Commitment (S) <u>Planned Communications</u> <ul style="list-style-type: none"> branch network sponsorships (image) (speculative) Negative: <ul style="list-style-type: none"> informing (irrelevant) <u>Interactions</u> <ul style="list-style-type: none"> lack of problems Negatives: <ul style="list-style-type: none"> Negative call centre interactions 		Social Benefits (in the past) <u>Interactions</u>
P29 Oscar	Knowledge Based Trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> System / technological infrastructure (efficiency) Security Informing (infrequency) <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> 	Continuance Commitment (H) <u>Planned Communications</u> <ul style="list-style-type: none"> web design (customer friendly) informing (infrequency) <u>3rd parties</u> rates <u>Interactions</u> <ul style="list-style-type: none"> <u>Service characteristics:</u> 		

APPENDIX 14

CONCEPTUALLY CLUSTERED MATRIX

	Trust	Commitment	Bonds	Benefits
P30 Oliver	Knowledge Based Trust (S) <u>Planned Communications</u> <ul style="list-style-type: none"> • Awareness (image) • Branch design (image) • security <u>Negatives</u> <ul style="list-style-type: none"> • lack of holistic view 	Continuance Commitment (L) <u>Planned Communications</u> <ul style="list-style-type: none"> • web design (customer friendly) (positive changes) • statement design (customer friendly) (positive changes) <u>Negatives</u> lack of holistic view		
P31 Patrick	Knowledge Based Trust (L) <u>Interactions</u> <ul style="list-style-type: none"> • face to face interactions • frequency of contact <u>3rd parties</u> lack of bad publicity	Continuance Commitment (L) <u>Interactions</u> <ul style="list-style-type: none"> • lack of problems <u>3rd parties</u> positive		Special Treatment Benefits (in the past) Interactions
P32 Peter	Knowledge Based Trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> • awareness (business efficiency) • security <u>Interactions</u> <ul style="list-style-type: none"> • face to face contact • lack of problems 	Continuance Commitment (L) <u>Planned Communications</u> <ul style="list-style-type: none"> • web design (customer friendly) <u>Interactions</u> <ul style="list-style-type: none"> • lack of problems • good level of service <u>3rd parties</u> negative publicity (speculative)		Confidence Benefits (S) <u>Planned Communications</u> <ul style="list-style-type: none"> • web design (customer friendly) <u>Interactions</u> <ul style="list-style-type: none"> • face to face contact
P33 Ray	Knowledge Based Trust (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • system / technological infrastructure (available) • security • sponsorships (image) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> <u>3rd parties</u> positive service experience, lack of bad publicity	Affective Commitment (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • web design (customer friendly) • Branding (familiarity) • Branch design (familiarity) • Sponsorships (image) <u>3rd parties</u> positive service experience, lack of bad publicity <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> 		Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> • web design (customer friendly) • Branch design (customer friendly, familiarity) <u>Interactions</u> <ul style="list-style-type: none"> • <u>Service characteristics:</u> • <u>Employee characteristics:</u> Social Benefits (S) <u>Interactions</u> <ul style="list-style-type: none"> •
P34 Richard	Knowledge Based Trust (S) <u>Interactions</u> <ul style="list-style-type: none"> • positive service recovery • keeping promises <u>3rd parties</u> positive service experience (also a friend received account check / review message which is regarded highly positive)	Continuance Commitment (L) <u>Interactions</u> When they're negative <u>3rd parties</u> positive service experience Ethical issues		Social Benefits (L) <u>Interactions</u> Customer familiarity

APPENDIX 14

CONCEPTUALLY CLUSTERED MATRIX

	Trust	Commitment	Bonds	Benefits
P35 Sarah	Knowledge Based Trust (L) <u>Planned Communications</u> <ul style="list-style-type: none"> image (innovative, global bank) <u>Interactions</u> <u>3rd parties</u> positive service experience, positive core service aspect, lack of bad publicity	Continuance Commitment (L) <u>Planned Communications</u> <ul style="list-style-type: none"> system / technological infrastructure (available) web design (secure) <u>3rd parties</u> positive service experience, positive core service aspect <u>Interactions</u>		Confidence Benefits (H) <u>Planned Communications</u> <ul style="list-style-type: none"> system / technological infrastructure (efficient)
P36 Shirley	Knowledge Based Trust (very L) <u>Planned Communications</u> <ul style="list-style-type: none"> reputation of the bank sponsorships (business efficiency) Lack of account specific messages <u>Interactions</u> <ul style="list-style-type: none"> <u>3rd parties</u> <ul style="list-style-type: none"> lack of bad publicity 	Continuance Commitment (L) <u>Planned Communications</u> <ul style="list-style-type: none"> Branch layout / design (customer friendly) Lack of account specific messages <u>Interactions</u> <ul style="list-style-type: none"> image <u>3rd parties</u> <ul style="list-style-type: none"> lack of bad publicity 		Confidence Benefits (L) <u>Planned Communications</u> <ul style="list-style-type: none"> system / technological infrastructure (efficiency)
P37 Thelma		Continuance Commitment (S) <u>Planned Communications</u> <ul style="list-style-type: none"> Informing (interesting-attractive, image) Branch layout / design (welcoming) <u>Interactions</u> <ul style="list-style-type: none"> Lack of selling aspect Lack of problems 		
P38 Tess	Knowledge Based Trust (S) <u>Interactions</u> <ul style="list-style-type: none"> Lack of problems 	Continuance Commitment (L) <u>Planned Communications</u> <ul style="list-style-type: none"> web design (customer friendly) sponsorships (good use of money for the use of society) <u>Interactions</u> <ul style="list-style-type: none"> Lack of problems 		Special Treatment Benefits (L) <u>Interactions</u>