

## Long distance relationships: how marketing can bring customers closer

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*As our use of technology increases and branch networks shrink, consumers are becoming more distant from their financial service providers. In this article, leading academic Dr Julie Robson considers this topic in more depth and provides some valuable insight for those wanting to develop closer relationships with their customers.*

Long distance romantic relationships are far from ideal, but sometimes unavoidable. Friends and family are always ready to give advice; most often to discourage you from entering into such relationships. Online advice is also readily available; indeed a self-help industry seems to have spawned to provide guidance and tips on how to make long distance relationships work. A cursory glance suggests that the good news is that long distance relationships can work if handled correctly and may even be a better option for some couples!

What has all this to do with financial services I hear you ask? Well, with the increased use of the internet and related technologies and the continued trend of the closure of high street branches, financial services firms are becoming more and more distant from their customers, so how should they nurture their 'long-distance relationships'?

### Distant financial services providers

The move to distanced relationships is set to continue, particularly for simple services such as current bank accounts. [Research](#) conducted in 2016 found that bank current account holders visited their branch 427 million times, a figure expected to fall by about two-thirds to 268 million visits by 2020. Customers are instead opting to interact with their banks via mobile apps and online banking as well as other virtual channels.

Bank, building society and other financial provider branches are also disappearing from the high street. 2017 was a [record year](#) with 400 bank and building society branches estimated to have closed. With the recent wind-up of the [Campaign for Community Banking Services](#), originally set up to halt the disappearance of bank branches from our high streets, this battle is one that seems lost. Customers needing or preferring a bank branch within a reasonable distance will have to look further afield.

Although welcomed by some and resisted by others, the result is that today's financial services customer is increasingly moving to a relationship that is more distant from their provider. For simple services this has become commonplace. Customers do seem to currently still prefer face-to-face contact for more complex services. Perhaps surprisingly these customers are not just the older customers whom we assume to be the later adopters of technology; [research](#) has identified that young people too prefer to visit their branch when more complex decisions need to be made. However, this could be changing as products are simplified and multi-channel services are used to provide instant access, virtual advice and quick decisions.

Remote relationships are therefore becoming both the norm for financial services and at the same time a real challenge.

### The feeling of distance

Although our common sense approach to distance is to assume it is a hard and tangible measure, i.e. the space between two points; distance or rather our feeling of distance can be subjective. After all, physically close relationships can also feel distant. As human beings we construe distance in many different ways. Distance, or its reverse, closeness, can be more about perceptions and feelings; which is why some long distance relationships not only work, but flourish.

Psychologists call this psychological distance, which is the extent to which a consumer feels or perceives distance (or closeness) between themselves and the firm. Psychological distance is an important concept for marketers as the greater the perceived distance, the higher the level of distrust a consumer will experience and the less likely they are to engage and ultimately purchase from that firm.

Physical and psychological distance are related but imperfectly correlated. In other words, a long distance does not have to 'feel' far away. Steps can be taken to make the customer feel closer than they physically are.

### **Increasing closeness**

Early experiments seeking to identify ways to reduce psychological distance identified simple tactics. For example, the inclusion of images of office buildings and their location to increase tangibility and reduce perceived distance or the addition of the names or images of key personnel and service staff to improve social proximity, another form of psychological distance. Both suggestions appear quite dated in today's digital world where technology provides the means to regularly keep in touch with customers, provide a tailored service and reduce complexity.

The various bank and fintech apps enable customers to receive regular updates on their bank accounts. This regular communication can help to reduce psychological distance as the customer receives repeated exposure to the bank brand and its services which aids familiarity and perceived closeness. The information received is also of benefit as it helps them to manage their finances. Clearly this service can help reduce psychological distance, but the question is whether it goes far enough to create a close relationship? The answer, is most likely a 'no' as the interaction is essentially one dimensional. Closeness will be increased where there is greater interaction, for example by using a chatbot, designed to convincingly replicate how a person would behave as a conversational partner.

It is also easy to confuse psychological distance with good customer service; there is of course a relationship between the two. However good customer service should be a 'given', something that all financial institutions deliver. It is excellent customer service, going beyond what is expected that can deliver a closer relationship between the firm and customer. This is a special, caring relationship where the financial institution is demonstrating that they have their customers' best interests at heart.

Good relationships are also based on a good understanding of your partner. Financial institutions have a wealth of data about their customers and with Big Data analytics it is now easier than ever to communicate this understanding to customers. Big Data can be used to re-target and re-engage with customers across different channels in a consistent and seamless manner. The ability to recognise

your customer at each touch-point and continue an on-going conversation will help to increase the closeness a customer feels.

Finally, providing customers with the products and services they can readily understand will bring them closer to the firm and help to build trust. Complexity still exists within the sector and it is only through simplification of our products and services across the board that this can be improved. If customers don't understand the products on offer then barriers will be created and customers will become more distant.

The key to reducing perceived distance is therefore to ensure customers 'feel' close even when they are far away. This can be achieved by regular communication to maintain familiarity; an understanding and appreciation of customers as individuals; and ensuring transparency and openness. Come to think of it, this also sounds like good advice for those in long distance romantic relationships!