

**The Impact of Financial Service Type on
Consumer Relationship Engagement
Motives:**

**An Empirical Investigation of Retail
Banking Consumers**

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DECLARATION

I hereby declare that this thesis is original and has been carried out by the author unless otherwise stated.

Annie Pei-I Yu

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Abstract

This thesis contributes to the body of knowledge on relationship marketing, specifically consumer relationship behaviour in the early stage of relationship engagement among financial services consumers. The purpose of this thesis is to explore the motives for consumers to engage in a relationship with financial institutions (e.g. traditional banks, building societies, insurance companies, or other non-traditional financial services providers) in the acquisition of four fundamental retail financial products: current account, savings account, mortgage and car insurance.

Relationship marketing has received considerable attention from academics and practitioners. A wealth of studies has been conducted which can be divided broadly into two main streams: business to business (B2B) and business to consumer (B2C) relationships. Although the issue of building and maintaining long-term relationships with profitable consumers has been recognised and studied by many researchers; some questions remained unanswered. For example, the majority of extant literature focuses on the supplier's perspective of the relationship. Furthermore, in terms of the stage of relationship development, there has tended to be a focus on relationship maintenance; consequently, issues regarding the initial stage of relationship engagement have received much less attention.

This thesis investigates the motivation for consumer relationship engagement in the context of the UK financial services industry. The financial services industry has

been recognised as a suitable context in which to investigate relationship marketing strategies due to its highly intangible and complex service-based nature (O'Loughlin, Szmigin, and Turnbull, 2004). Over the past three decades, UK financial institutions have experienced a dynamic and competitive environment due to a number of drivers such as legislation (Hughes, 2006), technological development (Hughes, 2006) and customer sophistication (Dawes and Worthington, 1996). These developments bear testimony to the importance of studying consumer relationships in this area.

In an attempt to investigate the motivations for consumer relationship engagement, a two-stage data collection process combining qualitative and quantitative methods has been carried out. In the first stage, four focus group discussions were conducted to explore consumers' fundamental relationship engagement motives. In the second stage, a web-survey was conducted to examine whether the motives for consumer relationship engagement vary according to type of institution, product, channel or customer.

The findings reveal that financial services consumers indeed exhibit different motives for relationship engagement. The main research findings are as follows: Firstly, individuals tend to build multiple relationships to conduct their financial affairs, although motives for relationship engagement differ according to the purchase context. Secondly, "simplifying purchasing process and improving convenience needs" and "economic needs" emerged as the most important motives for relationship engagement, whilst "obtaining special product benefit or service treatment needs" and "social-psychological needs" were found to be the least

important across all financial products studied. The motivations that differ the most across the financial products studied were found to be “social-psychological needs”, “reducing perceived risk needs” and “simplifying purchasing progress and improving convenience needs”. Specifically, individuals rated “social-psychological needs” and “simplifying purchasing progress and improving convenience needs” highly important in the acquisition of savings accounts, and rated “reducing perceived risk needs” more highly in the acquisition of a mortgage. Car insurance received the lowest scores on all factors mentioned. Thirdly, in terms of channel use, individuals who mainly use the physical branch channel tend to be motivated by the need for a more emotional relationship compared to individuals who mainly use online channels who tend to be driven by more functional motives and the need for convenience. Finally, this study identified four consumer types according to involvement and knowledge level. Each cluster has different attitude to the relationship with financial institution, relationship type and channel preference. The motives for relationship engagement when purchasing selected financial services vary across four clusters. High knowledge consumers tend to be more motivated by “economic needs” and “simplifying purchasing progress and improving convenience needs” whilst low involvement consumers tend to be less motivated by these factors.

The findings have important implications for both academia and practice in relation to the design of successful relationship strategies for prospective financial services consumers in the early stages of the decision making process for financial services acquisition.

Chapter 1 Introduction

This thesis contributes to the body of knowledge on relationship marketing, specifically consumer relationship behaviours in the early stage of relationship development with financial institutions. The study looks at consumers' motivations for relationship engagement with particular financial institutions when purchasing or using a range of personal financial services and channels. The main purpose of this chapter is to provide an overview of the thesis and to outline its scope, purpose and contents. The chapter begins by introducing the research background and motivation for the study. A review of the changing financial services environment and its impact on financial institutions over the past few decades is provided as a backdrop to the study. Following this is a discussion of how financial institutions have responded to the importance of relationship marketing (RM) in the context of the financial services industry. The challenge of marketing financial services in the context of relationship marketing is then discussed, including the identification and discussion of the research gap and the need for research in this area. The main research questions and objectives of the research are outlined, and the chapter concludes with an overview of the structure of this thesis.

1.1 Research Background and Motivation

The term relationship marketing, “the establishment and maintenance of long-term buyer–seller relationships”, has had a significant impact on marketing theory and practice (Reinartz and Kumar, 2003, p.77). In respect of the shift in marketing philosophy, “relationship marketing” succeeded the “marketing concept” developed in the 1960s with its focus on customer needs and wants (Sheth and Parvatiya, 2002, p.4). The philosophy of relationship marketing marks a shift away from transactional exchanges to relational exchanges (Berry, 1995; Dwyer, Schurr, and Oh, 1987; Morgan and Hunt, 1994); from acquiring new customers to identifying and retaining existing valuable customers with a view to building long-term relationships with them (Shani and Chalasani, 1992).

The importance of relationship marketing and its impact on industries and business strategies has received considerable attention from both academics and practitioners in many areas since this term was popularised in 1983 by Berry (1983). For example, in respect of business to business relationships, the consumer packaged goods manufacturer Procter and Gamble, which is well-known for its superior integration of marketing strategy of the 4Ps (product, price, place and promotion), has shifted its focus towards current valuable customers, namely large supermarkets and retailers, conducting key account management (Sheth and Parvatiya, 2002). In the context of marketing products or services to individual consumers, retailers like supermarkets and other service-based industries such as airlines, banks, and insurance firms also have launched customer relationship management and loyalty

programmes to collect consumer data for the purpose of retaining their valuable customers. Moreover, for some professional organisations (profit and non-profit) with a particular focus on “membership relationships”, relationship marketing emphasises how to build psychological bonds with members (Gruen, Summers, and Acito, 2000).

This thesis focuses on the UK financial services industry and business to consumer relationships. The following section illustrates the rationale for focusing on the financial services industry and business to consumer relationships. It begins with a brief introduction of the recent developments in the financial services marketing environment, the impact on the financial services industry and the response of financial institutions.

1.1.1 Financial Services Context

The term financial services defines services related to individuals, organizations, and their finances, usually people’s intangible assets such as money or wealth (Ennew and Waite, 2007, p.52). Generally, this term has been used widely to cover a whole range of banking services, insurance, stock trading, asset management, credit cards, foreign exchange, trade finance, venture capital among others (Ennew and Waite, 2007, p.52).

Banking services can be grouped into commercial banking services (for business customers) and retail banking (for general consumers). This thesis looks at the latter, “retail banking”, specifically paying attention to four fundamental financial services

products: current accounts, savings accounts, mortgages and car insurance. The full details regarding classification of financial services products will be discussed later in Chapter Two. This chapter focuses on discussing the evolution of the retail banking industry in the UK.

Over the past three decades, UK financial institutions have experienced a highly dynamic and competitive environment due to the drivers of legislation (Edgett and Thwaites, 1990; González and Guerrero, 2004; Harrison, 2000; Harrison, 1994; Hughes, 2006), technological development (Edgett and Thwaites, 1990; Howcroft and Beckett, 1996; Hughes, 2003, 2006; Thwaites and Vere, 1995), and customer sophistication (Dawes and Worthington, 1996; Edgett and Thwaites, 1990). These drivers have brought significant changes to the nature of the financial services industry in many respects (Harrison, 2000), thereby rendering the marketing of financial services more challenging (Morgan, Cronin, and Severn, 1995). The combined forces have led to an increase in competition for financial services institutions (Harrison, 2000).

The changes in financial services regulation since the late 1970s and 1980s have brought influential impacts. Deregulation opened up the industry to competition both from other sectors within the financial services industry and from organisations outside the traditional banking system (Harrison, 2000). Advances in technology have altered the methods for delivering banking services and changed the ways in which financial services providers and their customers interact (Dibb and Meadows, 2001). Technological advances have also provided opportunities for new competitors to compete with original financial services providers. Improved

access to information and rising consumer knowledge of financial services have influenced consumers' demands and behaviour in purchasing and dealing with financial services (Roig, Garcia, Tena, and Monzonis, 2006). A number of articles have summarised the influence and challenges of the environment on the financial services industry in terms of legislation, technology, and consumers (e.g. Edgett and Thwaites, 1990; Howcroft, 2000; Howcroft and Durkin, 2003a; Lewis, 1984). Following is a brief overview of the trends and their impact on the financial services industry in the UK.

Legislation

Economic development is a key priority of governments globally. The financial services industry plays an important role in facilitating a nation's economic development. Over the past three decades, governments in a number of countries have been devoted to pursuing a more efficient operation of their financial services industry, developing policies and legislation in order to boost the economy. This has been achieved in many developed countries (such as the US, the UK, Australia) by removing the traditional sector boundaries that once existed and actively encouraging competition (Ennew and Waite, 2007). Table 1.1 summarises some of the key developments in regulation in the UK since the 1970s.

Table 1.1 Summary of Key Regulatory Development: 1970-1996

Time	Regulatory development
Early 1970s	Bank of England dissolves the clearing banks' interest rate cartel
1979	Abolition of the Supplementary Special Deposit Scheme-the "Corset".
1986	Changes to the Building Societies' Act
1986	Reforms to the Stock Exchange Rulebook-the "Big Bang"
1986	Establishment of the Financial Services Act
1995	Changes to the disclosure of commission and charges- "Hard Disclosure" ruling
1997	Securities and Investments Board changes its name to Financial Services Authority – the start of a new regulator
2000	Financial Services and Markets Act replaces the Financial Services Act (1986)

Source: Harrison (2000), Financial Services Authority (www.fsa.gov.uk)

Prior to the 1970s the UK financial services industry was characterised by functional demarcation (i.e. banking, insurance and building societies) (Howcroft, 2000). Institutions within their sectors were regulated by specific regulation (i.e. the banking Act, The Insurance Companies Act and the Building Societies Act) and offered a distinct range of products; they did not compete directly with institutions outside their sector (Ennew and Waite, 2007). Marketing financial services was mainly by branch networks and marketing strategies were largely "product-oriented" until around the 1970s (Howcroft, 2000).

A significant development occurred in 1979 to change this when the Supplementary Special Deposit Scheme was abolished. The consequence of this was to give banks greater opportunity to compete directly with building societies. The building societies then campaigned for greater freedom, resulting in a revision to the Building Societies Act in 1986. This move led to building societies being able to offer a wider

range of services such as house buying packages, insurance brokerage, etc. (Harrison, 2000) and operate freely and competitively in response to the threat from other financial institutions (Dawes and Worthington, 1996; Harrison, 1994). It also enabled building societies to convert to plc status (Harrison, 2000), giving them greater scope for expansion.

In addition to the competition between traditional sectoral-specific financial institutions, the deregulation also brought new entrants (non-banking competitors) to the industry, such as car manufacturers, consumer goods retailers and insurance companies¹ (González and Guerrero, 2004). In the UK, a number of companies started to offer a range of financial services from the mid 1990s. To date, all the major retailers in the UK provide a range of financial services such as current accounts; credit cards; savings accounts; insurance; life assurance; mortgages; personal loans; personal equity plans; share dealing; and foreign currency exchange (Alexander and Colgate, 2000). In Germany, in addition to the motor industry providing finance to their customers, some car manufacturers, such as Volkswagen and BMW, have gone further to establish their own financial companies (González and Guerrero, 2004). Table 1.2 gives an indication of the range of competition from non-traditional banking competitors in the UK.

¹ Non-banking competitors: a bank or credit institution that trades with non-banking brand name, or is formed by outsiders of the banking industry (Lascelles 2000, as cited in González and Guerrero, 2004)

Table 1.2 Financial Market Non-Banking Competitors in The UK

New Competitors	Year of Entry	Promoter	Promoter's activities	Bank Partner
Marks & Spencer	1995	Marks & Spencer	Retailer	No bank partner
Tesco Personal Finance	1996	Tesco	Retailer	Royal Bank of Scotland
Sainsbury's Bank	1997	Sainsbury's	Retailer	Halifax Bank of Scotland
Virgin Money	1997	Virgin	Several business	Royal Bank of Scotland
Egg	1998	Prudential PLC	Insurance	No bank partner

Source: Adapted from González and Guerrero (2004, p.130) and Harrison (2001, p.30).

The emergence of new competitors has become a threat to the majority of traditional financial institutions because the personal financial services (e.g. generic savings, loans, credit cards, etc) offered by these new non-banking competitors are similar to those offered by incumbent financial institutions. However, the new-entrants often have special advantages that make them superior to traditional financial Institutions in terms of cost competency and ability to build closer relationships with consumers.

In respect of cost competency, to date, due to pressures to save costs, many traditional financial institutions have been forced to decrease or even close down their high street branches. It has become an opportunity for non-banking competitors because they own many outlets on the high street and generally are dispersed nation-wide, meaning that the non-traditional competitors have the advantage of cost effectiveness in delivery channels. For example, retailers could obtain revenues from their core or main business to cover expenses. The second strength of non-traditional competitors is that they possess the potential to build

relationships with consumers. For example, the majority of retailers have long-established and trusted high-street brand names which can be used to promote loyalty to their financial services customers (Harrison, 2000; Howcroft and Durkin, 2000). Moreover, retail organisations traditionally have more opportunities to interact with consumers with convenient locations and longer opening hours and are perceived to be more customer-friendly than traditional banks (Alexander and Colgate, 2000; Colgate and Alexander, 1998). According to González and Guerrero (2004), consumers are likely to accept the idea of purchasing financial services from a retailer with a well-known trusted brand. Evidence from a survey conducted by the American Banking Association (2001), shows that even though banks may not have lost too much of their market share to new entrants, non-traditional competitors have nonetheless acquired considerable market share for certain types of basic financial services. For example, the study reveals that a significant minority of US customers have chosen to use new entrants for their current accounts (13%), credit cards (33%), and loans and mortgages (37%) (ABA, 2001). This report also claims that the ownership of selected products (cheque account, insurance, credit card, loans and mortgage, mutual funds and annuities) tends to increase with education and income, yet acquisition of these products from banks tend to be fall by the same measure. Unfortunately, this research did not report the key reasons why US consumers switch to other financial institutions, or what the motivations were for embarking on a relationship with a new financial service provider.

Technological development

The advancement of technology has changed the nature of channel systems in many ways. Firstly, technological developments acted as a service improver, enabling financial institutions to deliver their services to their customers more effectively. For example, in the UK, financial services traditionally were sold and delivered by branch networks on the high streets (Devlin, 1995). High street branches used to be the main channel for both financial institutions and consumers to meet and interact. Due to the limitations of opening hours, consumers could not access their financial services after office hours. Over the past thirty or more years, UK financial institutions have adopted a number of channels ranging from automated teller machines (ATM), postal and telephone banking to internet banking (online banking)² to deliver their services (Harden, 2002). The adoption of technological channels extends the branch services coverage, meaning that financial services could be accessed by consumers at flexible times (Bradley and Stewart, 2003). Currently, online or internet banking is becoming more and more popular accompanied by the developments in Business to Consumer E-commerce (Sayar and Wolfe, 2007). Online banking goes further to enable financial institutions to offer their services anytime and anywhere.

Secondly, technological improvement acts as cost reducer in terms of the integration of delivery channels; thereby allowing traditional financial institutions to be more

² The definition of online banking in this research is, "a form of electronic banking offered via the Internet whereby consumers can perform and transact financial services in a virtual environment (Bradley and Stewart, 2003, p. 1088). The provision of information and services is via pages on the World Wide Web (WWW) (Daniel, 1999).

competitive. As mentioned earlier, deregulation brought with it new entrants (banking or non-banking competitors) into the industry with particular cost competencies. For example, some non-traditional competitors, such as food retailers, have location strength whilst traditional financial institutions faced severe operation cost issues in terms of their high street branches. Although high street branches are still important in the UK, traditional financial institutions still need to consider other alternative strategies to reduce cost. Traditional bank branches have experienced a sharp decline since the 1980s and other delivery channels, such as telephone and home banking were increased in popularity (Morgan et al., 1995). Moreover, apart from the threat from the non-traditional competitors, traditional financial institutions also face new competitors within the industry operating financial services in an innovative way or with different business models. For example, in the UK, some new banks only focus on internet banking, and a range of basic financial services products. According to industry estimates by Keynote (2005), a transaction in a bank branch costs approximately \$1.00 to \$4.00, whilst an online transaction costs less than \$0.05. Due to the cost advantage, online providers potentially can offer consumers more incentives (e.g. low truncation fees, competitive interest rates). As a result, these factors drive financial institutions to consider the integration of financial services delivery channels. The adoption of a number of new channels may empower traditional financial institutions to increase coverage and provide the potential for cost reduction to compete with new entrants (Hughes, 2006).

Thirdly, the improvement of technology has changed the way consumers interact with their service provider (Hughes, 2003), varying the nature of relationship

(Daniel, 1999; Harden, 2002). As mentioned earlier, the relationship between consumers and their financial services providers may occur through high street branches. The advancement of technology and new types of channels provides consumers with various choices of dealing with their financial affairs, potentially affecting consumers' relationships with their financial services provider (Harden, 2002). For example, there has been a decrease in the amount of interpersonal interaction with staff whilst at the same time an increase in virtual or remote forms of interaction mediated through e-channels. The emergence of virtual relationships and its impact on retail banking have been acknowledged by many researchers (e.g. Hughes, 2006; Peppard, 2000; Sciglimpaglia and Ely, 2006).

Finally, like other sectors, the challenging industrial environment has increased the difficulty of acquiring new customers, placing increased attention on the retention of existing customers. Advances in information technology have also promoted customer relationship management (CRM) in financial services sectors (Dibb and Meadows, 2004). The implementation of database marketing contributes to the collection and analysis of consumer data, strengthening financial institutions' abilities to market services to individuals (Dibb and Meadows, 2004), to build and retain long-term relationships in order to increase profitability (Ryals and Payne, 2001).

In summary, technological developments have created more opportunities for financial institutions to compete against their competitors and provide valuable services to their consumers. However, they have also brought some challenges in respect of complexity of communication across different channels, increasing the

fragmentation of customer contact requiring the challenges of multiple products and different consumer segments to be overcome (Harden, 2002).

Customer sophistication

The financial services industry now faces more knowledgeable and demanding customers than it might have done a few decades ago. The combined influences of changes to population structure, such as an ageing society, higher education levels, higher wages and increasing wealth, changes to lifestyles and acceptance of IT among younger generations and increased concern for consumers by government have exerted an impact on the nature of financial services consumers, forcing companies to adapt their operating and marketing practices (Edgett and Thwaites, 1990, p. 36; Harrison, 2000).

First of all, ageing populations have focused financial institutions' attentions on more mature customers (Harrison, 2000). According to estimates from UK National Statistics, the median age rose from 34.1 years in 1971 to 38.6 in 2004 and is projected to rise to 42.9 in 2031 (ONS, 2005). The proportion of the population aged over 65 grew by 31 percent from 7.4 million in 1971 to 9.7 million in 2006 whilst the proportion of the population aged under 16 declined by 19 percent, from 14.2 to 11.5 million (ONS, 2008). The number of people living in the UK aged 65 and over in the UK is expected to exceed the number aged under 16 in 2021. The 2006-based national population projections show that population growth at the oldest ages is likely to continue, with the number aged 85 and over projected to be just over 2.5 million in 2031 (4% of the projected total population size)(ONS, 2008). The result of these demographic changes is already being felt in the state pension system and the

overstretched health service. Opportunities may exist for financial institutions as consumers may prolong their ownership of financial services such as bank accounts and exhibit an increased need for such products as pensions and other investments. (Harrison, 2000).

Secondly, the emergence of a more knowledgeable and demanding consumer base could be attributed to some other demographic changes such as rising education levels and income levels. According to ONS (2008), in 2005/06, there were around 4.5 million students in further education in the UK, more than two and half times the number in 1970/71. In addition, there have been substantial increases in the number of students in higher education in the UK. In 2005/06 there were 2.5 million students in higher education compared with around 620,000 in 1970/71. Furthermore, in 2007 working-age people in the UK were more likely to be educated to at least degree level than to be without formal qualifications (20% of people held degrees or equivalent compared with 14% with no qualifications). Increasing education levels enables consumers to have knowledge to make more informed choices. Additionally, highly educated consumers may exhibit greater demand for information seeking.

In terms of income levels, over the past three decades, the income level in the UK has increased substantially. Household disposable income per head, adjusted for inflation, increased by nearly 150% between 1971 and 2006. In terms of wealth of the household sector, in 2006 the total wealth of UK households reached £6,900 billion, compared with £3,360 billion in 1991. In terms of the composition of income, according to ONS, in 2006 51% of total household income in the UK was derived

from wages and salaries, whilst 19% came from social benefits, 13% from investments, 13% from operating income and 5% from other current transfers. Wealthier consumers demand more attention in terms of managing their assets to maintain their level of finance.

Thirdly, changing lifestyles have placed more requirements on transaction convenience. For example, for some consumers who work they may feel it is inconvenient to visit a branch (Essinger, 1999) to conduct simple tasks such as checking bank account balances, reviewing cleared cheques and transferring funds and paying bills. With more consumers having access to and using computers confidently, there is a greater willingness on the part of consumers to use remotely delivered banking services (Essinger, 1999) such as ATMs, telephone banking and internet banking. Essinger (1999) summarises research findings from three surveys (one conducted by the Girobank in 1994; one conducted by Gallup in 1996 and one conducted by PSI global in 1997), reporting that about half of consumers would rather visit their branch as rarely as possible. A more recent survey conducted by Keynote Systems (2005) shows that online banking is increasingly important for bank selection. The study found that more than 56% of consumers surveyed said that online banking and bill payment services were a very important factor in their choice of bank, ahead of considerations such as branch location (45%), and ATM locations (52%). 92% of online banking customers use the service to check transaction history, 51% use the service for checking and printing their monthly statements, and 43% use online bill payment services. These facts show that the diversities of consumer demand, representing their needs focus not only on core

financial services but also on other additional services such as the provision of information and historical transaction data.

Finally, the emergence of more knowledgeable and demanding customers may partly be attributed to the government's concerns for consumer protection. In the 1980s, the development of the Financial Services Act (FSAct) was prompted by the desire to protect consumers from the effects of deregulation (Harrison, 2000, p. 15). In addition, the introduction of the FSAct brought with it an obligation for financial institutions to "know their customer". Moreover, the Financial Services Authority, the current industry regulator, has an objective to educate financial consumers and enable better decision-making (Harrison, 2000). The impact of empowered consumers on financial institutions is that these consumers may be less loyal than they were thought to be before, particularly when there are many choices in the market and consumers have more confidence to switch their services from one provider to another.

Figure 1.1 summarises these three main drivers of change in the financial services industry. The combined effects of a changing environment (regulation, technology and economy), changing customers (increased mobility, switching, sophistication and more demanding) and changing competition (new entrants, internationalization, and mature markets) have resulted in influential impacts on financial institutions' strategies (Harrison, 2000). As in other industries "customer acquisition" has been the main strategy dominating marketing theory and practice for many years (Ennew and Waite, 2007). As financial institutions have found it increasingly difficult to acquire new consumers and experienced pressures to maintain profitability due to a

more competitive environment, the need to retain existing customers by implementing relationship strategies has received increased attention (Harrison, 2000). In other words, the strategies of many financial institutions have shifted from “offensive marketing”, which is aiming at customer acquisition to “defensive marketing”, which is aiming at customer retention.

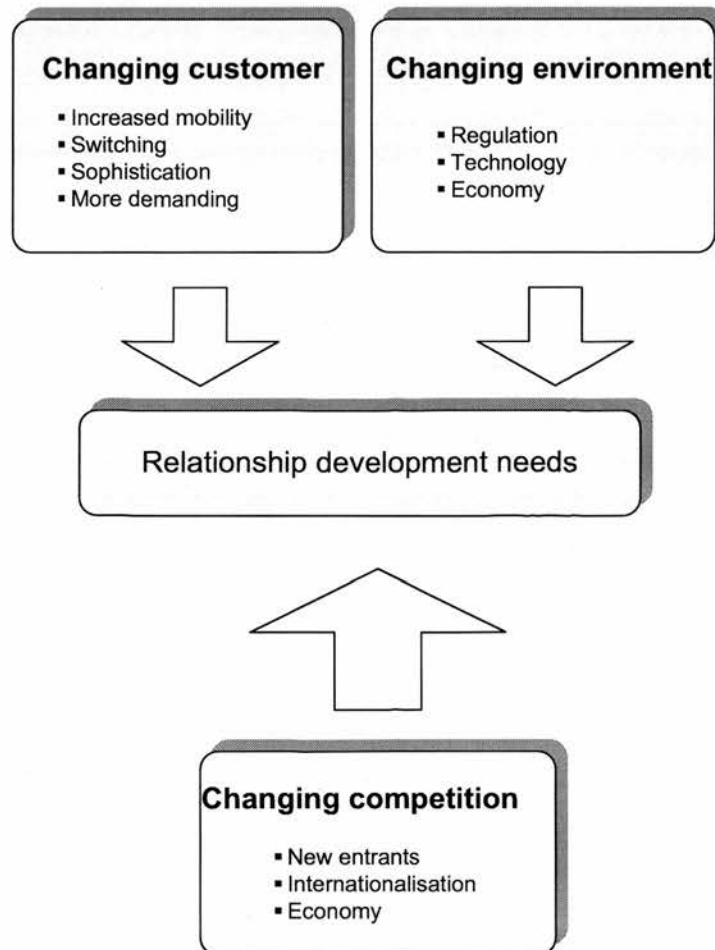


Figure 1.1 Factors Influencing the Need for Relationship Development

Source: Harrison (2000)

1.1.2 The Importance of Relationship Marketing in the Financial Services Industry

The importance of Relationship Marketing in the context of financial services is that it is a main strategy to help financial institutions gain competitive advantage in response to the changing environment (Gwinner, Gremler, and Bitner, 1998; McKenna, 1991; Reichheld and Sasser, 1990; Roig et al., 2006; Vavra, 1992). The value of implementing a relationship approach and the benefits of customer retention have been claimed in many articles (see Claycomb and Martin, 2002; Gwinner et al., 1998; Reichheld and Sasser, 1990). From the firm's perspective, the main benefits of building and maintaining long-term relationships with their customers are that loyal customers may lead to decreased costs and increased revenues over a longer customer lifetime (Gwinner et al., 1998).

First of all, it is argued that relationship marketing contributes to cost reduction. According to Reichheld and Sasser (1990), winning new customers can be up to five times more expensive than maintaining existing customer relationships. Roig et al. (2006) suggest that selling to existing customers can be up to ten times cheaper than attracting a new one. The longer a relationship continues, the more possibility there is of reducing operating costs because sales, marketing and set-up costs can be amortised over a longer customer lifetime (Harrison, 2000). In particular, considering the nature of financial services, it may take time to generate profits from new customers in a very short period time. Repeat customers can often cost less to service because of lower or non-existent set-up costs. As consumers are more

familiar with their financial institutions, they may make less demands on them, thus, reducing the cost of service provided.

Secondly, it is claimed that relationship marketing can lead to increased revenue generation. A number of studies show a positive relationship between longevity of relationship and customer life value (e.g. Reinartz, Thomas, and Kumar, 2005; Reinartz and Kumar, 2000, 2003; Venkatesan and Kumar, 2004). The assumption of customer lifetime values is that long-term consumers may be more profitable with time as they bring more possibility to cross-sell additional products/services to them (Harrison, 2000). In addition, loyal customers are expected to buy more and become profitable with time, resulting in greater sales volumes, particularly when consumers are satisfied and willing to share their experience with others (word-of-mouth effects)(Kinard and Capella, 2006). Furthermore, relationship marketing may lead to a decrease in customer defection, with further impacts on profitability. A finding widely quoted in many articles is that a five percent reduction in the customer defection rate can increase profits by anywhere between 25% to 85 % (Reichheld and Sasser, 1990).

Finally, in addition to cost reduction and increased revenue, the implementation of relationship marketing strategies can provide companies with a market for testing and introducing new products or offers with reduced risk (Shani and Chalasani, 1992); to decrease uncertainty (Madhavan, Shah, and Grover, 1994); and, to build a barrier to competition (Alexander and Colgate, 2000; Colgate, Stewart, and Kinsella, 1996).

1.2 Research Gap

The financial services industry has been recognised as a suitable context in which to investigate relationship marketing strategies due to its highly intangible and complex service-based nature (Colgate and Stewart, 1998; O'Loughlin, Szmigin, and Turnbull, 2004). Extant literature highlighting the role and the importance of relationship marketing in financial services and outlining the shift in marketing strategy from transactional marketing to relational marketing is widely available (Abmad, 2005), however, gaps in both theoretical and operational domains exist (O'Loughlin et al., 2004).

First of all, the majority of relationship marketing research conducted to date has focused on the suppliers' perspective (e.g. Hennig-Thurau, Gwinner, and Gremler, 2000; O'Loughlin et al., 2004). The importance of investigating relationship marketing from the consumers' perspective was recognised by some authors in 1995 (see Bagozzi, 1995; Peterson, 1995; Sheth and Parvatiyar, 1995). With the exception of a few studies investigating the kinds of relational benefits consumers could obtain (e.g. Martín-Consuegra, Molina, and Esteban, 2006; Molina, Martín-Consuegra, and Esteban, 2007), and what motivates consumers to form a relationship (e.g. Howcroft, Hower, and Durkin, 2003a), which were conducted from the consumers' viewpoint, most research has tended to provide conceptual definitions of relationship marketing or merely question whether the relationship truly exists and is perceived to exist by consumers. The theoretical and practical implications of Relationship Marketing regarding other topics from the consumer's perspective are largely

missing from the literature (O'Loughlin et al., 2004). As modern marketing theory emphasizes, consumers should be the centre of all conceptualizations of relationship marketing (Cravens, 1995; Peppard, 2000); a deeper investigation from the consumers' viewpoint is necessary.

Secondly, in terms of consumer decisions surrounding choice of a financial institution, the majority of research has tended to focus on "bank selection criteria" (e.g. Abou Aish, Ennew, and McKechnie, 1992; Almossawi, 2001; Anderson Jr., III, and Fulcher, 1976; Blankson, Cheng, and Spears, 2007; Boyd, Leonard, and White, 1994; Carter and Cohen, 1967; Denton and Chan, 1991; Devlin and Gerrard, 2005; Devlin, 2002; Heaney, 2007; Javalgi, Armacost, and Hosseini, 1989; Jones, Nielsen, and Trayler, 2002; Nielsen and Terry, 1998; Tank and Tyler, 2005). The majority of such bank selection research focused on consumers' decision making processes or emphasised the choice difference in particular segments (e.g. students) or particular contexts (traditional branch or internet banking). Apart from a few articles discussing consumers' multiple banking behaviours (Denton and Chan, 1991; Devlin and Gerrard, 2005; Gerrard and Cunningham, 1999), research combining initial bank selection criteria with attitudinal and behavioural indicators of long-term relationships with financial institution is missing.

Thirdly, in terms of consumer banking relationships, so far previous research has discussed the nature of banking relationships (see Barnes, 1997a; Barnes, 1994a; Howcroft et al., 2003b), assuming that a relationship exists. Although financial services present an opportunity for ongoing interactions and two-way information flows, the extent to which a relationship is perceived to exist may differ for different

consumers. Empirical investigation of consumers' attitudes to relationship formation with certain financial institution is lacking in previous research and requires further investigation.

Fourthly, in terms of theoretical development of relationship marketing, prior research has touched on a wide range of research themes, from relationship development, to loyalty, to database management (O'Loughlin et al., 2004). Traditionally, the development of relationships could be grouped into three stages: relationship building, relationship maintenance and relationship termination. Prior research focuses mainly on the stage of relationship maintenance. Although there is some discussion regarding consumers' motivations for relationship engagement from social-psychological viewpoints (see Bagozzi, 1995; Hennig-Thurau et al., 2000; Peterson, 1995; Sheth and Parvatiyar, 1995), these studies focused on consumer packaged goods, rather than financial services. Furthermore, these discussions focused on the theoretical establishment of constructs rather than empirical testing.

Fifthly, there is a lack of research discussing consumers' relationship engagement motivations towards different services in the same category. Previous research has compared consumers' purchase of financial services such as channel choice, information choice, etc. between different financial services (e.g. Howcroft, Hower, and Hamilton, 2003b). So far there is lack of research to discuss the difference between consumers' relationship building motivations when purchasing different financial services.

Finally, there is a lack of research emphasis on consumers' relational behaviour in different consumer segments. The importance of segmentation has been recognized and a number of studies have been conducted to classify and segment financial consumers (e.g. Garland, 2005; Harrison, 1999; Harrison, 1994; Speed and Smith, 1992; Yorke, 1982). Traditionally, the purpose of segmentation is to help financial services institutions to gain a greater understanding of the financial services customer and his/her behaviour and provide them with essential information to identify profitable consumers (Harrison, 1994). Demographics such as family life cycles and social class used to be important variables to classify consumers in the earlier research. Since 1990s, variables such as psychological and behavioural variables have grown its popularity. In recent years, some work discusses loyalty segments (Garland, 2005) recognising the link between loyalty and profitability (Uncles, Dowling, and Hammond, 2003). However, the identification of loyalty segments and their relationship behaviour warrants further investigation.

1.3 Research Objective and Research Questions

As stated earlier, since little is known on the issue of consumers' relationship behaviours in the early stage of relationship development, the main objective of this research is to explore the nature of consumer relationship behaviour and attempt to understand the motives for relationship building in a range of financial services contexts. The main research questions are as follows:

1. What constitutes a relationship from the perspective of consumers? What type of relationship do consumers have with their financial institutions?
2. Why do consumers engage in a relationship with their financial institution? What are the motives for relationship engagement?
3. To what extent do motives for relationship engagement vary according to the nature of the financial services product?
4. To what extent do motives for relationship engagement vary according to the type of financial institution and/or channel chosen?
5. To what extent do motives for relationship engagement vary according to consumers' level of involvement, knowledge and attitudes?
6. To what extent do different consumer segments hold different motives towards relationship engagement?

1.4 Research Context

To answer the research questions, the research focuses on the financial services consumers in the UK. The research involved a two-stage process. The first stage consisted of a qualitative study, using focus group discussions, to explore the nature of relationship behaviour and consumers' understandings of relationships. This stage was also important in the development of the questionnaire used in the second stage.

The second stage involved an online survey of 10,000 consumers to quantitatively measure factors related to motives for relationship engagement and differences in motives according to a number of criteria outlined in the research questions. A minority of previous studies have sampled from national populations. In order to fully understand consumers' relational behaviour and to increase the sample representativeness, a random national sample was used in this study.

Four financial services are examined in this study: current account, savings account, mortgage, and car insurance. Chapter five provides a detailed discussion and rationale for the selection of financial services and the development of the survey instrument.

1.5 Contribution of the Study

This study contributes to relationship marketing theory in four aspects. First of all, it critically examines existing relationship marketing in order to provide an overall understanding on consumer relationships. Secondly, compared to most studies which pay attention to the stage of relationship maintenance, this study focuses on a new relationship marketing research stream: the initial stage of relationship engagement between the consumer and the firm. This allows us to generate knowledge on the aspect of consumer relationship behaviour and motives and their effect on the following stage of relationship maintenance on the one hand, and evaluate the effectiveness of current loyalty programmes by examining consumers' relationship behaviour on the other. Finally, this study provides meaningful insights into consumers' intentions at the early stage of relationship building by using both a qualitative and quantitative approach. The research findings shed light on the knowledge of consumer relationship marketing and can assist financial institutions to improve the quality of their relationship strategies.

1.6 The Structure of the Thesis

The rest of the thesis is structured as follows. Chapter Two provides a review of the relationship marketing literature, including several issues of relationship marketing from a theoretical perspective, such as the definition of relationship marketing, theory development in terms of business to business relationship marketing and business to consumer relationship marketing, motives for relationship marketing and how consumers form a relationship in the context of financial services industries. Research of relationship marketing in the context of financial services is also reviewed.

Chapter Three provides an overview of the philosophical underpinnings of the research, the research strategy and research design. A critical evaluation of data collection methods used is also provided.

Chapter Four outlines the stage one methodology involving focus group discussions and presents the qualitative findings. It covers the research theme, sample selection, process of group discussion and analysis.

Chapter Five outlines the stage two methodology; the quantitative stage. It starts with the development of the questionnaire, the selection of the sampling frame and the pilot study and the final survey. The chapter also includes a discussion on data quality, including analysis of reliability, validity and sample representativeness.

Chapter Six presents the main data analysis of the survey. The analysis includes consumer banking relationships, the motivations for relationship engagement, the relationship between the motives for relationship engagement and financial services and channel type and purchasing involvement level; the process of identifying meaningful consumers segments based on a number of variables (involvement and financial knowledge) and the difference in relationship behaviours across different segments.

The final chapter, Chapter Seven, provides a discussion of the main findings from both qualitative and quantitative stages and a conclusion to the study and emphasizes the contribution of the study and its academic and managerial implications, as well as outlining areas for further study building on the insights generated in this thesis.

Chapter 2 Literature Review

2.1 Introduction

The purpose of this chapter is to explore the theoretical foundations of relationship marketing specifically focusing on motivations for relationship engagement in the context of financial services industry. The chapter is split into four parts: 1) relationship marketing theory; 2) related relationship marketing research in the field of financial services 3) The theoretical perspectives regarding the motivation of consumers' relationship engagement 4) other factors related to relationship engagement in the field of financial services. The chapter ends with an overview of the gaps in previous research.

2.2 Relationship Marketing Theory Development

The term "relationship marketing" (RM), has received considerable attention over the past two decades (Möller and Halinen, 2000; Verhoef, 2003). Its popularity was recognised by many scholars during the 1980s and 1990s (see Grönroos, 1997a; Grönroos, 1997b; Palmer, 1997) and still has influence on contemporary marketing philosophy. There has been some criticism of the novelty of relationship marketing (Möller and Halinen, 2000), suggesting that the concept of RM is merely an "old idea with new language" (Palmer, 2002) or "new term but old phenomenon" (Gummesson, 1997).

The origin of RM can be traced back to ancient times (Grönroos, 1996; Ryals and Payne, 2001) when humans started trading goods. However, for a number of scholars it has been widely accepted that relationship marketing is one of the dominant paradigms of marketing philosophy (Eiriz and Wilson, 2006; Grönroos, 1994; Gummesson, 1997, 2002; Parvatiyar and Sheth, 1994; Sheth, 2002; Sheth and Parvatiya, 2002). Relationship marketing succeeds two concepts in the development of marketing which previously dominated marketing literature for a significant period of time (Grönroos, 1996). One is the concept of “product orientation” during the 1950s and 1960s, with a focus on achieving high production efficiency, low costs, and mass production. Another one is the concept of “market orientation”, which began its prominence in the 1970s, with a focus to satisfying needs of target segments (Bruhn, 2003).

This section begins with a brief introduction to the definition of relationship marketing, a comparison between transactional and relationship marketing, the development of its theory from the perspective of several related origins and related relationship marketing research (business to business relationships and business to consumer relationships). The differences between business to business relationships and business to consumer relationships are discussed.

2.2.1 The Definition of Relationship Marketing

The concept of “relationship marketing” has been discussed widely since the phrase was first popularised by Berry in 1983 (Berry, 1983; 2002). A number of definitions have been offered; however, there is little consensus on a final definition (Grönroos,

1996; Harker, 2002; Möller and Halinen, 2000). The concept has many interpretations, covers many themes and perspectives (Nevin, 1995) and could be used to refer to different things depending on what theoretical background is adopted (Harker, 2002; Möller and Halinen, 2000; Palmer, 1997). Generally, the term relationship marketing has been defined to cover various activities, with a distinction made in terms of philosophical, strategic and operational dimensions (Berry 1995 cited by Palmer, 2002). Following are some critical definitions:

Berry (1983, p.25; 2002, p.61) defined relationship marketing as “attracting, maintaining and- in multi-service organizations-enhancing customer relationships”. Berry’s definition is based on the context of “services marketing” and targeted on end-customers, emphasising the importance of customer retention from the firm’s perspective. He suggests that acquiring consumers is merely an intermediate objective for services firms. In order to reach companies’ long-term success, serving and selling to existing customers are viewed as important as attracting new customers, particularly when existing consumers have been transformed into loyal customers.

As for “customer retention”, Parvatiyar and Sheth (2000) argue that “database marketing” could be one of narrow perspective of relationship marketing, considering relationship marketing is customer retention in which a variety of after marketing tactics are used for customer bonding or staying in touch after the sale has been made (Vavra 1991, cited by Parvatiyar and Sheth, 2000). This perspective focuses on the operational and tactic viewpoints regarding implementing relationship marketing. Thus, Shani and Chalasani (1992, p. 34) defined the term

relationship marketing as “an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualised and value-added contacts over a long period of time”. They emphasise that relationship marketing combines database marketing, advertising, sales promotion, public relations, and direct marketing. They further clarify the difference between relationship marketing and database marketing. Database marketing is a technique to implement effective relationship marketing.

Grönroos (1996, p.7; 2000a) provides a rather comprehensive definition, stating that “relationship marketing is a process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises”. He further suggests that “profitable business relationships” rely on the firm developing “trust” in itself and its performance among its customers and stakeholders. This definition emphasises the “interaction” among parties who are actually involved in the relationships.

Gummesson (1997) defined relationship marketing by pointing out three key aspects: relationships, interactions and networks. He further defined “relationship marketing” as broader by being systemic and viewing relationship marketing in a comprehensive management and social context (Gummesson, 2002). He criticised the common definition of relationship marketing, “developing, maintaining and enhancing long term customer relationships” was somehow not clear and merely descriptive. He argued that “total relationship marketing is marketing based on

relationships, networks and interaction, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society". It is directed to long-term win-win relationships with individual customers, and value is jointly created between the parties involved. It can be seen that the implication of the definition offered by Grönroos (1996; 2000a) and Gummesson (1997; 2002) reveals the purpose of relationship marketing is to obtain a certain "value". This value should be obtained by all parties who participate in relationships by creating effective networks and interactions.

Morgan and Hunt's (1994, p.20) definition of relationship marketing with a focus on "the process of relationship marketing" and "relational exchange" is also addressed by (Dwyer et al., 1987), meaning that "all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges". This definition was derived from "exchange theory", meaning that relationship marketing does not look at short term, or discrete transactions, instead, it focuses on long-term ongoing relational exchange between two or more than two parties. Their definition also addresses the "parties who may be involved in the relationships". Morgan and Hunt (1994) conclude ten discrete forms of relationship marketing, including (1) the partnering involved in relationship exchanges between manufacturers and their goods' suppliers; (2) relational exchanges involving services providers, (3) strategic alliances between firms and their competitors, (4) alliances between a firm and nonprofit organizations, (5) partnerships for joint research and development, (6) long-term exchanges between firms and ultimate customer, (7) relational exchanges of working partnerships, (9) exchanges between a firm and its employees, (10)

within-firm relational exchanges involving such business units as subsidiaries, divisions, or strategic business units.

Sheth and Parvatiyar (1995) defined “relationship marketing” in the context of the consumer market, stating that the fundamental axiom of relationship marketing is that consumers like to reduce choice by engaging in an ongoing loyalty relationship with marketers. This is reflected in the continuity of patronage and maintenance of an ongoing connectedness over time with the marketer. Their definition is defined from consumers’ perspective and emphasises consumers’ relational behaviour which is called long-term patronage.

Parvatiyar and Sheth (2000) referred to relationship marketing as “the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost”.

Therefore, seven conceptual categories of relationship marketing could be drawn upon from existing relationship marketing (Harker, 2002): creation (attracting, establish, getting), development (enhancing, strengthening, enhance), maintenance (sustaining, stable, keeping), interactive (exchange, mutually, co-operative), long term (lasting, permanent, retaining), emotional content (commitment, trust, promises), and output (profitable, rewarding, efficiency).

Within a retail banking setting, Walsh et al. (2004, p.469) defined relationship marketing as “the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers. Moriarty, Kimball and Gay

(1983, p.4) defined relationship corporate banking as “a recognition that the bank can increase its earning by maximizing the profitability of the total customer relationship over time, rather than seeking to extract the most profit from any individual product or transaction”.

For the purpose of this thesis, the definition of “relationship marketing” in financial services should cover a number of perspectives depending on which perspectives are adopted. From the suppliers’ perspective, the definition of relationship marketing should be linked to CRM (customer relationship management), which is “a management approach that enables the financial services industry to identify, attract and increase retention of profitable customers by managing relationships with them.” (Shani and Chalasani, 1992). This management approach includes the combination of database marketing, financial service delivery channel establishment and service providers training and their interaction with financial services consumers. From the consumers’ perspective, the definition of relationship marketing refers to long-term patronage with certain financial services providers regardless of whether the relationship was voluntary or was forced; or with emotional commitment, trust and loyalty or merely with behavioural interaction. In Section 2.4, there is a more detailed discussion of “relationship behaviour” from the consumers’ perspective.

2.2.2 Transactional Marketing vs. Relationship marketing

The nature of marketing activities is exchange. Marketing used to focus on discrete transactional exchange. According to Macneil (1980, p.60, cited by Dwyer et al.,

1987), the archetype of discrete transactions is manifested by money on one side and an easily measured commodity on the other. Relational exchange includes several transactions. Each transaction must be viewed in terms of its history and its anticipated future (Dwyer et al., 1987). There are some differences between transaction marketing and relationship marketing, which are summarised as Table 2.1.

Table 2.1 The Comparison of Transactional Marketing and Relationship Marketing

Criteria for differentiation	Transaction Marketing	Relationship Marketing
World View	Managing a company's product portfolio, setting and modifying marketing mix parameters to achieve optimal 4P configuration	Managing a company's customer portfolio, building long-term business relationships
Assessment Horizon	Short-duration	Long-duration
Key Concepts	4Ps, segmentation, branding, etc.	Interaction, relationships and networks
Marketing Focus	Product/service	Product/service and customer
Marketing Goal	Customer acquisition	Customer acquisition, customer retention, customer recovery
Marketing Strategy	Presentation of outcome	Dialogue
Marketing Interaction	One-way communication, formal market studies	Interactive communication, mutual learning and adaptations
Promotion Strategy	Non-personal advertising, brand and image management	Through personal interaction, developing identify as reliable supplier in a network
Economic Profit and Control Parameters	Profit, profit margin contribution, sales, costs	Additionally: customer profit contribution, customer value

Source: Brunhn (2003)

2.2.3 The Theoretical Foundation of Relationship Marketing and Theory Development

Even though the phrase of “relationship marketing” first became popular in the 1980s and 1990s (Grönroos, 1997b; Gummesson, 1997; Palmer, 1997), the concept can be traced back to its roots from various origins in the 1970s or even earlier, e.g. a long time ago when humans began trade relationships. In terms of sources of relationship marketing, according to Eiriz and Wilson (2006, p. 278), the theoretical foundation of relationship marketing could be traced from other disciplines such as economics, political science, sociology, social psychology and law (see Figure 2.1). Related theories include transaction theory, theories of power, resource dependency theory, social exchange theory and relational contracting theory.

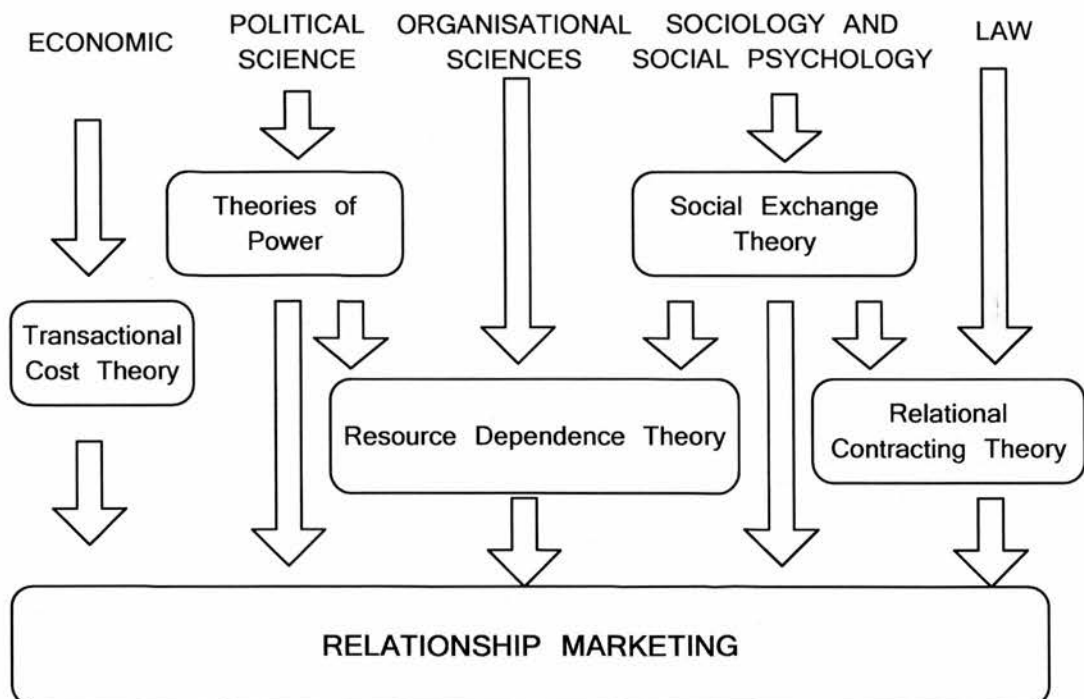


Figure 2.1 The Theoretical Foundation of Relationship Marketing

Source: Eiriz and Wilson (2006)

Eiriz and Wilson (2006) stated that, regarding the area of marketing research, with specific relevance to the development of relationship marketing are: supply chain management, interaction theory, database marketing, and services marketing (see Figure 2.2). Möller and Halinen (2000) proposed that theory development of relationship marketing primarily comes from four sources: “business marketing”, “marketing channels”, “services marketing” and “database marketing and direct marketing”.

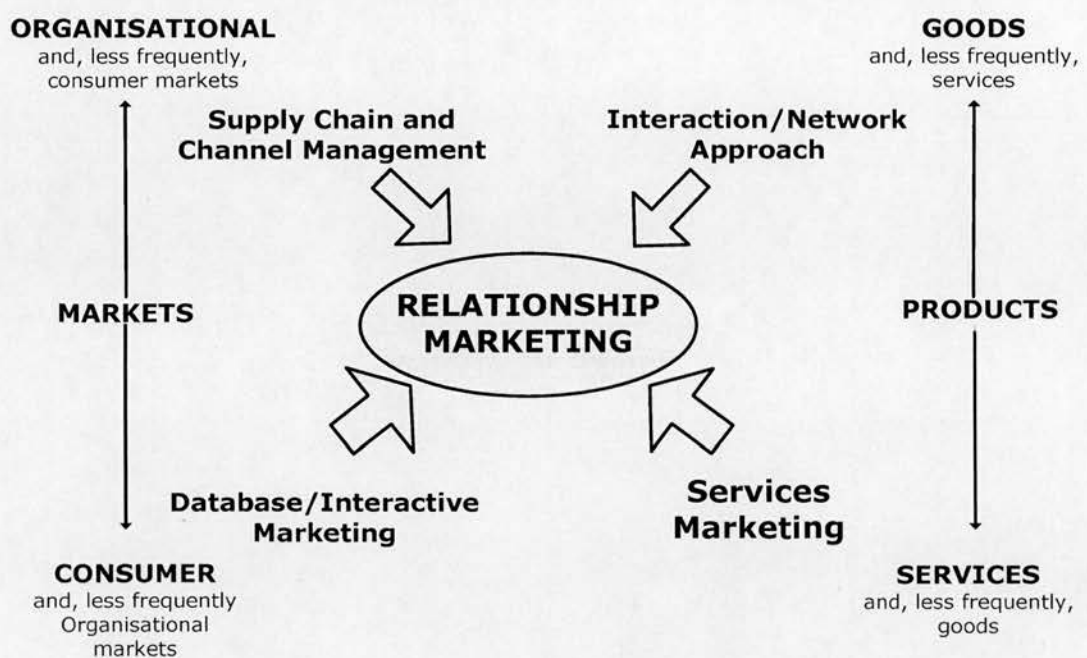


Figure 2.2 The Area of Marketing Research with Specific Relevance to the Development of Relationship Marketing

Source: Eiriz and Wilson (2006)

According to the timeline, the origin of relationship marketing can be traced back from consumer marketing in the 1950s, industrial marketing in the 1960s, non-profit and societal marketing in the 1970s, services marketing in the 1980s and relationship marketing in the 1990s (Bruhn, 2003; Christopher, Payne, and

Ballantyne, 1991). Bruhn (2003) concludes several important dimensions regarding RM (as shown in Figure 2.3) based on the timeline. Following is a brief introduction of the theory of relationship marketing's emergence and evolution.

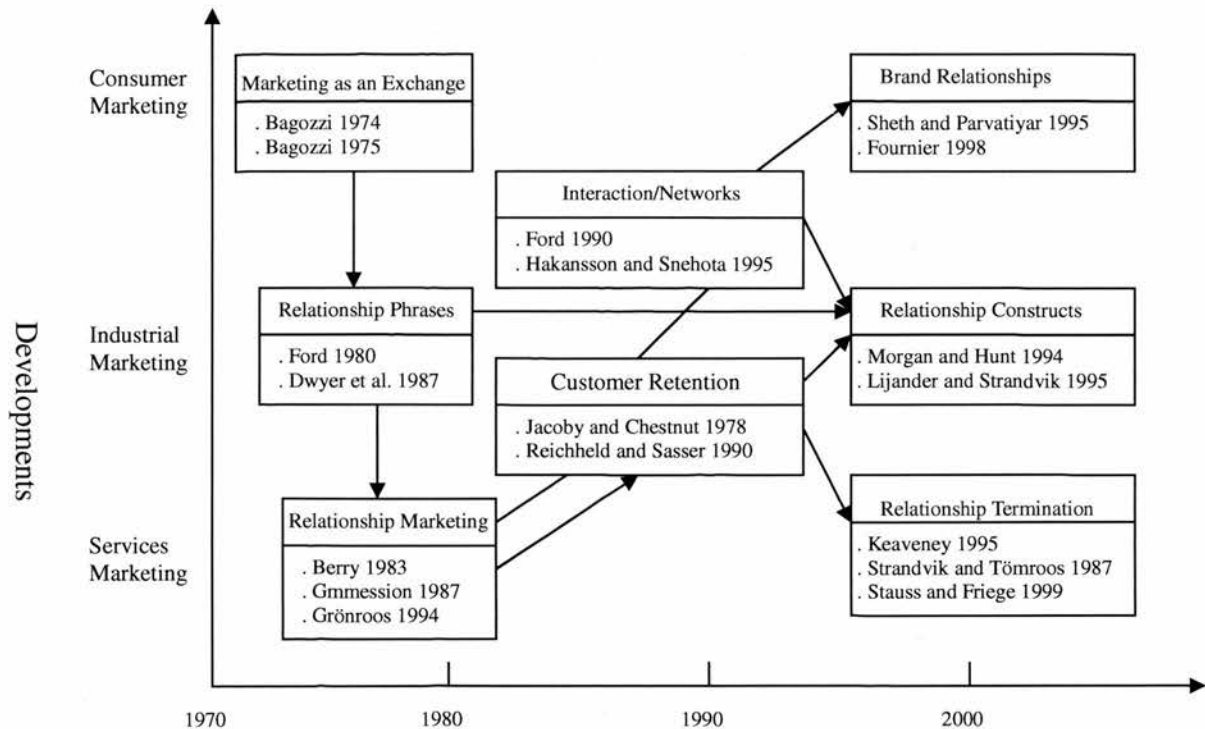


Figure 2.3 Developments in Relationship Marketing

Source: Bruhn (2003)

1970~1980

Prior to the 1970s, the study of marketing primarily focused on consumer goods and there had been increased research interests in industrial marketing in the 1960s (Christopher et al., 1991). Researchers' interests toward industrial goods launched

the studies regarding business to business (B2B) relationships initially. In the mid 1970s, Bagozzi (1974; 1975) proposed the view of marketing activities as an exchange process between the seller and the buyer. His views formed a basis for the following conceptualisation of relationship marketing frameworks (Möller and Halinen, 2000). The main focus of buyer and seller relationships was that companies should develop ongoing relationships with their buyers (Dwyer et al., 1987). In terms of “exchange theory”, the exchange between buyer and seller has moved from discrete transaction to relational exchange. In his paper, he compared the difference between discrete transactions and relational exchange (Dwyer et al., 1987). The evolution of relationship marketing has been identified to pass through five phases: awareness, exploration, expansion, commitment, and dissolution (Dwyer et al., 1987).

Some researchers extend “business to business relationships” to more parties who are involved in relational exchanges due to the main research stream of marketing was industrial marketing and marketing channels (Möller and Halinen, 2000). Therefore, business to business relationships did not only focus on buyer and seller but also covers other channel members: suppliers, distributors, and shareholders (Morgan and Hunt, 1994). Several important business to business relationships were conducted (e.g. Dwyer et al., 1987; Morgan and Hunt, 1994).

1980-1990

In the late 1970s and early 1980s, the conceptualisation of relationship marketing was further discussed in the field of services marketing due to the shift in the business environment to the services industry (Möller and Halinen, 2000). Compared to business to business relationships which typically focus on a small

number of business customers, relationship marketing in the services marketing context pays more attention to the relationship between individual consumer and the service company personnel (Möller and Halinen, 2000). Relationship marketing could be classified into two streams: for industrial goods which is to build business to business relationships, and for consumer goods or services which is to build business to consumer relationships. In terms of the relationship between services provider and individual consumer, research regarding consumers' quality experience, interaction, and subsequent satisfaction with the service providers has been studied (e.g. Berry and Parasuraman, 1993). The development and maintenance of existing relationships is also emphasised (e.g. Berry, 1983). With respect to consumer acquisition and maintenance, the emergence of service marketing reveals that the marketing strategy should be adjusted in order to meet the unique nature of services, not to mention certain types of services, such as telecommunications, utilities, and banking, etc. It is very important to build long-term relationships with end-users.

From the 1990s onwards

In 1990s, relationship constructs at the stage of relationship maintenance such as commitment, trust, and relationship quality started to receive considerable attention (Morgan and Hunt, 1994) and lead to a research interest on customer retention and long-term customer relationships among the parties involved in the transactions. In the late 1990s, the research interests extended widely to consumer goods and brand relationships. A number of work focuses on the impact of consumers' attitudes to the brand which is their intention to purchase (e.g. Mantel and Kardes, 1999). Finally,

research on relationship termination is being increasingly subsumed (Bruhn, 2003). Research on the dark side of relationship marketing, i.e., to discuss an issue of “do consumers need to build a stable relationship with certain companies or service providers?” and issue of “consumers’ switching behaviour” have received researchers’ attention (Bruhn, 2003; Roos, 1999).

2.2.4 The Scope of Relationship Marketing: Main Research Streams

In terms of the scope of relationship marketing, previous studies can be divided into two research streams: research on business to business relationships (B2B) and research on business to consumer relationships (B2C). Following is a brief introduction.

Research on Business to Business Relationships

Accompanying interests in industrial markets, research into RM has been conducted from a number of perspectives. Initially, the main focus of business to business relationships places attention on industrial goods; a body of research has been conducted to explore relationships between channel members (Gruen, Summers, and Acito, 2000) according to social exchange perspectives (Anderson, Hakansson, and Johnson, 1994). The main research themes include: studies of interorganizational or interfirm issues in the context of buyer-seller partnerships (Dwyer et al., 1987; Hailén, Johanson, and Seyed-Mohamed, 1991), partnerships between manufacturers and suppliers (Frazier, Spekman, and O’Neal, 1988), network structures and arrangement (Anderson et al., 1994), channel relationships

(Boyle, Dwyer, Robicheaux, and Simpson, 1992; Ganesan, 1994), sales management (Swan and Nolan, 1985), business alliances (Bucklin and Sengupt, 1993; Heide and John, 1990; Sheth and Parvatiyar, 1992) and strategic alliances with competitors (Bucklin and Sengupt, 1993; Day, 1990; Nueno and Oosterveld, 1988; Ohmae, 1989; Varadarajan and Cunningham, 1995; Varadarajan and Rajaratnam, 1986). Besides this, there is also research focusing on business services (e.g. advertising). Some research has been conducted to look at business service buyers (e.g. Garry, 2008; Tyler and Stanley, 2007; Venelis and Ghauri, 2004).

In addition, several frameworks have been proposed for the study of inter-organisational relationships (e.g. Dwyer et al., 1987; Hutt, 1995; Wilson, 1995; Zajac and Olsen, 1993), particularly regarding the evolution of relationship marketing between buyer and sellers. For example, Dwyer et al (1987) point out that buyer-seller relationships exist on a continuum, ranging from discrete to relational. The relationship may evolve through five sequential phases: awareness, exploration, expansion, commitment, and dissolution. Wilson (1995) argues another framework, suggesting five stages of relationship development: partner selection, defining purpose, setting relationship boundaries, creating relationship value, and relationship maintenance. Hutt (1995) proposes a similar process for intra-firm relationships. This model suggests that internal working relationships proceed thorough four stages: orientation, exploration, testing, and stabilisation. Although these models were identified to explain inter-firm relationships in the first place; these frameworks can also be extended to apply to consumer relationships (Dwyer et al., 1987). As Dwyer et al (1987, p. 20) states, there are some similar factors that may come into play in certain consumer buying situations.

Furthermore, in terms of strategies for developing and maintaining successful relational exchange, researchers have also focused on modelling the successful and efficient management of relationships. For example, the KMV model was proposed by Morgan and Hunt (1994), theorising that successful relationship marketing requires commitment and trust as key mediating variables. This model initially was tested in the context of channel distributors. More recently it also has been tested in the context of consumer relationships (e.g. Bove and Mitzzifiris, 2007; Garbarino and Johnson, 1999; Gruen et al., 2000; Gustafsson, Johnson, and Roos, 2005).

To sum up, research on B2B relationships not only initiated an interest in relationship marketing but also contributed greatly to our understanding of relationship development processes and features of successful relationships (Sheth and Parvatiyar, 1995). Some relationship concepts that have been established can be further used to explore business to consumer relationships. For instance, the relationship development process is identified to include at least three stages: formation, maintenance and termination. This definition provides a basis from which to investigate business to consumer relationships. In addition, Morgan and Hunt's (1994) KMV model is used to examine relationships in the business to consumer context.

Research on Business to Consumer Relationships

Business to consumer relationships can be divided into two contexts: consumer services and consumer goods (Bruhn, 2003). There is a criticism that the majority of research focuses on consumer services, leaving research into consumer goods markets lacking in discussion (Sheth and Parvatiyar, 1995).

Initially, research into business to consumer (B2C) relationships was closely related to the development of services marketing because generally the main target of services firms is usually end consumer. Many services researchers claimed the importance of relationship marketing in service sectors (e.g. Berry, 1983; Czepiel, 1990). The classification of service relationship types between service provider and consumer was identified in the early work (see Lovelock, 1983).

Like the industrial context, relationships could also happen in the services context as “service encounters accumulate over time, a buyer and a seller have the opportunity to transform them from a collection of individual, discrete transactions into a relationship” (Czepiel, 1990, p. 15). According to Czepiel (1990), the concept of a marketplace relationship is especially relevant in the marketing of services based on the following reasons. Firstly, the nature of certain services requires membership (Lovelock, 1983). The type of this membership could either form a physical relationship (e.g. internet broadband subscription, cable telephone, landline subscription) or a contractual relationship (e.g. banks, insurance, and health clubs), but “both represent a commitment to buy from a selected supplier in a future period (Czepiel, 1990, p. 15). There are certain types of “membership” relationships based on psychological commitment (such as membership of non-profit organisation or professional associations). Research exists regarding the type and formation of this “membership” relationship (e.g. Gruen et al., 2000)

Secondly, there are other services (e.g. supermarket, stores, retail outlets...etc.) that may lack a contractual or mechanical need for formal membership but nonetheless involve consistently repeated patronage regardless of whether consumers considered

this “repeated patronage” as a “relationship”. Therefore, customer loyalty programmes have been adopted by marketers to build and strengthen relationships with their customers. A body of research looks at loyalty programmes and discusses the performance of loyalty programmes (Dowling and Uncles, 1997; Uncles, Dowling, and Hammond, 2003). Some research has been conducted to look at the impact of loyalty programmes on consumers’ repeated patronage behaviour, particularly in the context of the retailing industry (e.g. Meyer-Waarden, 2008; Meyer-Waarden and Benavent, 2006; Yi and Jeon, 2003).

Finally, as the characteristics of services are intangible, perishable, inseparable and heterogeneous (Parasuraman, Zeithaml, and Berry, 1985), interaction between consumers and services providers and such interpersonal relationships could be very important in the service encounter. Reasons such as risk avoidance, service quality, satisfaction, commitment and trust to service providers have tended to receive considerable attention (e.g. Bove and Mitzzifiris, 2007; Fullerton, 2005).

In summary, the main research theme in the context of the services industry could be classified into two types: those studies which focus on the individual service encounter and those which focus on the ongoing relationship between buyer and seller (Ellis, Lee and Beatty, 1993). In terms of context, the majority of research covers industries such as retailing sectors (e.g. supermarkets, department store), travel agency, airline, banking, health club, non-profit organisations and telecommunication companies and health care. Research interests include related constructs composed of relationship marketing such as “service quality”, “satisfaction” and “trust” and “commitment”. Other research interests contain

relationship strategy, such as the adoption and influence of loyalty programmes on consumers repeated behaviour, relationship bonding strategy and consumers' interactions with the service provider. Furthermore, with the development of technology, the impact of new technology on marketing relationships has also received considerable attention. The nature of relationship benefits received by both service companies and consumers has also been discussed (e. g. Kinard and Capella, 2006).

The Difference between B2B and B2C Relationships

There are several differences between B2B and B2C relationships (see Table 2.2). First of all, the relationship form is different. Gruen (1995) points out that the nature of B2B relationships includes working partnerships, just in time exchange relationships, co-marketing alliances, distribution channel relationships and business networks whilst the form of relationship in the B2C context is membership. Secondly, in terms of the sellers' perspective, the average sale size for B2C relationships is quite small spread across a relative large number of customers whilst the average sale size for B2B relationships is large with relatively fewer customers (Möller and Halinen, 2000). Thirdly, in terms of the buyer's perspective, in B2C contexts, consumers usually have viable alternatives and low switching costs compared with the B2B context where the industrial buyer may be dependent on the seller to some extent. Fourthly, in terms of the buyer purchase decision process, the process of consumer buying may be less complicated than business customers because business purchases normally take place over a longer time frame and involve a more complex process; they may have multiple individuals for a single

buying role and may be subject to organisational budget cycles. Christy (1996) argues that building marketing relationships in industrial markets is likely easier than in consumer markets if the development of trust and confidence depends to some extent on familiarity because generally firms face a relative smaller number of customers in industrial markets, compared with the very large number of customers in most consumer markets. As a result, there may be some complexity to building and marketing relationships to end consumers.

Table 2.2 The Differences between B2C and B2B Relationships

Characteristic	Business to Consumer	Business to Business
1. Relationship form	Membership	Working partnership, just in time exchange, co-marketing alliance, strategic alliance, distribution, channel relationship
2. Average sale size: Potential lifetime value of the customer to the selling firm	Normally small sale size; relatively small and predictable lifetime value of the customer; limit on the amount of investment in relationship on any single customer	Normally large and consequential; allows for large and idiosyncratic investments in a single relationship.
3. Number of customers	Large number; requires large overall investments in relationship management, but low investment per customer	Relatively fewer customers to spread investments in relationships over; investments often idiosyncratic
4. Seller's ability and cost to replace lost customer	Normally can be replaced quickly at relatively low cost.	Large customers can be difficult time consuming to time consuming to replace
5. Seller dependence on buyer	Low for any single customer	Varies based on customer size; can be devastating
6. Buyer dependence on seller	Normally has viable alternatives, low switching costs and switching can be made quickly	Varies based on customer size; can be devastating.
7. Purchasing time frame, process, and buying centre complexity	Normally a short time frame, simple process, and simple buying centre where one or two individuals fill most buying roles	Often a long time frame, complex process; may have multiple individuals for a single buying role; may be subject to organisation budget cycles.
8. Personal knowledge of other party	Relatively few contact points with seller even when loyal user; seller's knowledge of buyer often limited to database information	Multiple personal relationships; multiple interorganisational linkages
9. Communication means used to build and sustain relationships	Dependence on non-personal means of contact; seller's knowledge generally limited to database information of customers	Emphasis on personal selling and personal contact; customer knowledge held in multiple forms and places
10. Relative size	Seller normally larger than buyer	Relative size may vary
11. Legal	Consumer protection laws unbalanced to favour consumer	Relationships governed by prevailing contract law as well as industry standard regulations and ethics.

Source: Gruen (1995)

2.3 Consumer Relationship Marketing in the Financial Services Context

This section moves on to review related relationship marketing literature in the financial services industry. A brief introduction of research streams regarding corporate banking and retail banking is provided. Important research findings regarding retail banking relationship definition, existence and formation, maintenance and switching/ termination are also discussed.

2.3.1 Relationship Marketing Research in the Financial Services Industry: Banking

Banking has been one of the important areas for services marketing literature since the 1980s (Edris and Almahmeed, 1997). Many early articles highlighted the characteristics of banking, suggesting how marketing concepts and strategies from an industrial goods context could be applied to this industry (e.g. Lewis, 1984; Perrien, Filiatrault, and Ricard, 1992; Zineldin, 1995). This section discusses the appropriateness of relationship marketing in the financial services industry from the perspective of the characteristic of services marketing, the change in the industrial environment of financial services and viewpoints from suppliers and consumers.

First of all, services marketing literature suggests that relationship marketing is suitable for certain consumer services when:

1. The service is complex, customised, and delivered over a continuous stream of transactions (Lovelock, 1983); there is an ongoing or periodic desire for the service on the part of service customer (Barry, 1983).

2. Many buyers are relatively unsophisticated about the service (Crosby, Evans, and Cowles, 1990); and customers face uncertainty regarding technical outcomes (Zeithaml, 1981).
3. The service customer controls selection of the service supplier (Barry, 1983);
4. There are alternative service suppliers and customer switching from one to another is common (Barry, 1983). Multiple subscriptions are possible. (Lees, Garland, and Wright, 2007).

It is obvious that financial services possess these characteristics; consumers have continuous needs for banking services (Liljander and Strandvik, 1995; O'Loughlin and Szmigin, 2006). Consumers can choose and switch from one financial institution to another one freely. Sharp, Wright and Goodhardt (2002) suggest two types of markets existing relationship: Therefore, the characteristics of financial services make the application of relationship marketing appropriate.

As noted earlier in Chapter 1, the financial services industry has undergone dramatic changes (e.g. regulatory, technological and changing consumer dynamics), the concept of relationship marketing is considered a vital strategy for financial institutions to achieve and sustain competitive advantage (Ennew and Binks, 1996; Peppard, 2000; Perrien et al., 1992). From the late 1980s onwards marketing skills and resources have been used increasingly in the context of the existing customer base (Ennew and Waite, 2007, p. 283); from more transactional-orientated to relational-based (Walsh et al., 2004), in order to minimise customer turnover and increase individual customers' profitability (Farquhar, 2005). A number of articles



particularly focus on the acquisition and retention of financial services consumers (e.g. Farquhar, 2005; Farquhar, 2003; Farquhar and Panther, 2008).

There has been a consensus agreement by many researchers suggesting that relational approaches are suitable and applicable in financial services (Barnes and Howlett, 1998; Berry, 1983; Berry, 2002; Colgate and Alexander, 1998; O'Loughlin and Szmigin, 2006; O'Loughlin et al., 2004) because the majority of financial services belong to "credence" services, that is, services that are difficult for customers to evaluate even after purchase and use (Crosby and Stephens, 1987, p.404). In addition, the retail banking system has the position to meet and communicate with its consumers to build and maintain long-term relationships (Holmlund and Kock, 1996).

From the suppliers' perspective, there are "legal" and "economic" bonds between the bank and its customers. The relationship may be strong especially when customers usually have to sign a contract and make other financial agreements with the bank (Holmlund and Kock, 1996). In addition, there are "social bonds" between customers and management. The social bond could be "formal" or "informal" contact or interaction between customers and the bank. Furthermore, in certain circumstances, consumers are forced to contact a certain financial services company because they have no other choices (e.g. there is only one branch in the rural area.)

From the consumers' perspective, whilst the majority of consumers may question the existence of relationships with certain companies or service providers or the consumer may vary in the degree to which they wish to engage in relationships with

their service provider, in some circumstances there is evidence showing that a “relationship” may exist between financial services consumers and financial institutions. For example, according to research, consumers have identified five products (personal loans, investments, new car, car insurance, travel agent) that they would describe as having a relationship with (Harrison, 2000). It is interesting to note that three of the five products are financial services. It implies that compared with other service contexts, it is possible to develop relationships with financial services consumers (Harrison, 2000). Another study conducted by Danaher (2008) regarding consumers’ relationship expectations towards three different services types (banking, mobile phone company and doctors) found that, in terms of banking services, one third of their respondents were seeking better relationships whilst another third of their respondents were keen to form a relationship with their banking services provider. Mills and Geraghty (1997) suggest that relationships may have developed in financial services because traditionally limited methods of distribution were used by financial institutions. Consumers may seek banking services from local branches. Barnes and Howlett (1998) argues that consumers will likely wish to form relationships when services are high in perceived risk, or when customers are heavily dependent on credence qualities in service evaluation because consumers are highly involved in the delivery of services.

Thus, with strong interests in relationship marketing since the 1980s, a body of research has been conducted covering many aspects in the financial services industry. Similarly to the classification of customers in a general product context, the banking customer can be grouped into business and retail customers. Research

on banking also can be divided into corporate banking and retail banking. Following is a brief introduction.

2.3.2 Research on Corporate Banking

Several research themes in the context of corporate banking have been identified as shown in Table 2.3. In the early 1990s, the first main research topic focused on the conceptual framework of relationship marketing in business banking relationships. For example, Perrien et al. (1992) discuss the origin of the relationship concept, pointing out the concept of relationship marketing as an interactive process in commercial banking (Day, 1985). Perrien et al. (1992) also illustrated some implementation problems when dealing with relationship marketing to corporate banking customers and provide several recommendations. Turnbull and Demades (1995) discuss issues of the ways banks manage their existing customers by identifying significant differences between clients' expectations and perceptions of bank performance on a number of service quality dimensions.

Table 2.3 Selected Relationship Marketing Research on Corporate Banking

Topic	Content	Authors
• Conceptual framework of relationship marketing	Origin of relationship concept; challenges of relationship marketing on corporate banking	Perrien et al. (1992); Day(1985); Turnbull and Demades (1995)
• The interaction between banks, intermediate financial services distributors and corporate customers	Issues relate to interaction	Zineldin (1995); Proença and de Castro (2005); Bulter and Durkin (1998)
• Important constructs of relationship marketing in the stage of relationship maintenance	The measurement of service quality and relationship quality	Hefferman (2008); Morgan (1994); Tyler and Stanley (2007); Gill et al. (2006); Ennew and Binks (1996); Armstrong and Seng (2000); Chan, and Handford (2003)
• Customer relationship management	The importance of key account management (KAM)	Hugh, Foss, Stone, and Cheverton (2004);

The second research topic is regarding the interaction between banks, their intermediaries and corporate customers. The types of corporate customers can vary in terms of type, size and financial service requirements (Harrison, 2000). They can be classified into one of these groups: producers, resellers, government and institutions (Harrison, 2000). In terms of interaction, Zineldin (1995) clarifies bank-company interactions and relationships. In his paper, he suggests that the nature of corporate banking relationships is often close, long-term and involves a complex pattern of interaction. The interaction includes information exchange, business or financial exchange and social exchange. His research findings show that small and medium-sized companies tend to tie their relationship with one bank and seek long-term and stable relationships whilst the large sized companies tend to do business with multiple banks and seek flexible banking relationships although large sized companies tend to be tied to their banks long term. The findings also indicate

that financial exchange and information exchange are two important factors to the interaction process whilst social exchange is stated as least important. Proença and de Castro (2005) discuss the interaction processes, short-term behaviours and motives in long-term relationships between banks and their corporate clients using four case studies. They found that corporate bank relationships tend to be stable for time horizons longer than one year. However, the relationship could be unstable due some irregular factors leading to stress in relationships. Bulter and Durkin (1998) discuss the role of the independent professional accountant as intermediary in the small business-bank relationship; their influence on building and maintaining relationships with UK small-sized companies. The initial finding of their research reveals that the role of the accountant influences relationships between banks and their small firm clients in terms of institutional, organizational and personal/managerial factors.

The third research topic concerns important constructs of relationship marketing during the stage of relationship maintenance: relationship quality and service quality. In the stage of maintenance, "relationship quality" has received considerable attention. For instance, the concept of "trust" is one of the most critical, and researched dimensions of banking relationships (Heffernan, O'Neill, Travaglione, and Droulers, 2008; Morgan and Hunt, 1994). Moorman et al. (1992) define trust as "a willingness to rely on an exchange partner in whom one has confidence." Seal (1998) explains the role of trust in corporate banking relations between banker and customers and provides recommendations to marketing strategy. He suggests that trust may derive from person-to-person interaction and/or from an impersonal, symbolic presentational base; therefore, banks'

marketing strategies should analyse the trust characteristics of customers and banks should pay attention to intra- as well as inter- firm policies to develop trust and assess trustworthiness Tyler and Stanley (2007) explore the ways that trust is classified, conceptualised and operationalised by reviewing relative literature and conducting in-depth interviews with 147 corporate bankers and their customers. The findings reveal that perceptions of trust and the operationalisation of trust were asymmetrical across the dyads and segments. Small companies were more trusting than large companies. Gill et al. (2006) discuss factors affecting the trust of business clients with their bank. The authors test the effects of variables including “person-related” and “offer related” service characteristics based on the length of the relationships which business clients have been through with their banks. Their findings suggest that banks could emphasise some attributes (empathy, politeness, similarity, customization, competence, and promptness) to strengthen their clients’ wants. Heffernan et al. (2008), using an internet survey, explore the development of trust for relationships between staff and customers in the banking sector and investigate possible links between financial performance of the relationship manager and their levels of emotional intelligence (EI) and trust. The research findings reveal that total trust has a significant but weak correlation to performance.

Furthermore, as there is also extensive literature regarding the measurement of “service quality” (e.g. Ennew and Binks, 1996; Grönroos, 1984; Parasuraman et al., 1985; Parasuraman, Zeithaml, and Berry, 1988; Teas, 1993), the linkage between “service quality”, “customer retention”, and “loyalty” has also received considerable attention from service marketing researchers. In the context of corporate banking, Ennew and Binks (1996) examine the links between customer retention/defection

and service quality in the context of the UK banking sector and its relationship with its small business customer. The research findings highlight the importance of the overall banking relationship and suggest that investment in quality and in the management of customer relationships may assist organisations in improving the degree of loyalty among customers and increasing the likelihood that customers who are retained in the short run are also retained in the long run.

Moreover, there are some articles focusing on how the development of effective relationships would lead to customer satisfaction and commitment. Customer satisfaction and commitment would lead to customer retention. For example, Armstrong and Seng (2000) specify a model comprising relevant constructs relating to corporate-customer satisfaction in business to business relationships. Adamson, Chan, and Handford (2003) investigate the influences of a bank's marketing strategy reputation on small sized corporate customers' trust and commitment.

The fourth research topic is regarding customer relationship management, with a focus on the banker's perspective. In terms of business to business service relationships, there is a growing interest in key account management, which is now an important part of the newer discipline of customer relationship management (Hughes, Foss, and Stone, 2004). The definition of key account is that a customer is deemed to be of strategic importance to the selling company (McDonald, 2000). Hugh et al. (2004) discuss the importance of key account management (KAM) in business to business financial services. In their paper, they suggest that there is limited study of key account management in the context of the financial industry. They outline the forces that influence the sector and affect the relationship between

supplier and customer: the regulatory environment, the sector's size and diversity, the high degree of intermediation, product diversity and complexity, uncertainty of product performance; the problem of measuring profitability, the challenges of interactive marketing using both face-to-face and complementary direct marketing techniques; and the role of technology in delivery.

To sum up, relationship marketing research on corporate banking has identified several important constructs (e.g. trust, service quality, and commitment) to measure corporate banking relationships. Some research focuses on financial institutions' performance and some focuses on interactions between financial institutions (or bank managers) and their clients. Furthermore, the research confirms that the nature of bank relationships tend to be long-term and could be more stable with time.

2.3.3 Research on Retail Banking

Although there are some researchers who still emphasise the importance of transactional marketing strategy in retail banking (e.g. Carson, Gilmore, and Walsh, 2004; Walsh et al., 2004) and suggest that the contemporary retail bank marketing strategy should balance the transaction and relationship marketing approaches to reach diverse objectives (Carson et al., 2004), a great deal of literature has been conducted to appeal to the increasing interests in relationship marketing. The issue of relationship marketing in retail banking can be divided into these five phases (See Table 2.4).

Table 2.4 Selected Relationship Marketing Research on Retail Banking

Topic	Content	Authors
• The nature of “relationship”	The nature of “relationship” perceived by service providers and consumers.	Barnes (1994a) Barnes and Howlett (1998)
• Service quality, relationship quality on loyalty, customer retention and profitability	The relationship among these variables	Farquhar and Panther, (2008); Bloemer et al., (1998); Hallowell(1996); Jham andKhan (2008); Auh, and Smalley (2005); Leverin and Liljander (2006); Kwortnik and Wang (2008); Lewis and Soureli (2006); Baumann et al. (2007); Crosby and Stephens, (1987)
• Channel strategy	The impact of financial services channel strategy on relationship building and maintenance	Coelho and Easingwood (2003); Verhoef and Donkers (2005);Hughes (2006); Colgate and Smith (2005);Harden (2002);Karjaluoto et al. (2002)
• Switch behaviour	The reasons of why banking consumers switch to other financial institutions	Lee et al. (2007)
• Segmentation	Loyal segment and profitability	Garland (2005)

The first topic is regarding the nature of “relationship” perceived by service providers and consumers. As mentioned earlier, although the term “relationship marketing” has been defined by many researchers, there is no consistent agreement on the definition; that is, different people may have different explanations (e.g. from suppliers’ perspective and consumers’ perspective). The current definition may need to be adjusted to meet the requirements of the financial services industry. Several prior works have focused on exploring this issue. For example, Barnes (1994a) claims the importance of exploring what “relationship marketing” is from the consumers’ perspective because there is a shortage of articles reviewing the concept of “relationship” from the consumers’ point of view (Barnes and Howlett, 1998).

Barnes and Howlett (1998) further conduct a survey with 400 retail bank customers in North America and Europe, to identify various dimensions of the consumers' relationships with their financial institutions. In their study, ten dimension of relationships that customers have with their financial institution were concluded: "reliance and caring", "how I am made to feel", "feeling locked in", "individual staff closeness", "uncertainty about value", "diligence in financial matters", "trust", "my financial institution by choice", "disinclination to switch", and "perceived complexity".

The second topic is regarding the impact of service quality, relationship quality on loyalty, customer retention and profitability. The majority of relationship marketing research on retail banking falls into this category. The various dimensions of service quality have been adopted in a multitude of ways by many researchers and practitioners during the 1980s to 1990s (see Grönroos, 1984; Lewis, 1991; Parasuraman et al., 1985, 1988). The term of service quality in the financial services industry is defined as "a measure of how well the service delivered matches customers' expectations" (Lewis, 1991). Parasuraman et al. (1988) conclude five dimensions to measure service quality: tangibles, reliability, responsiveness, assurance, and empathy. Lewis (1991;1993) reviews several dimensions used in measuring service quality of financial services industry in her work. She further conducted a survey in the US and UK to examine four elements of service quality related to the banking industry: physical features and facilities, reliability, the staff that customers come into contact with, and staff's responsiveness to customers' needs (Lewis, 1991).

Some authors highlight the importance between “service quality”, “satisfaction” and “customer retention” in retail banking (Farquhar and Panther, 2008). Service quality has been proved as a significant element in retaining customers (Ennew and Binks, 1996). Prior research has demonstrated some evidence to explain the direct or indirect relationship between service quality, customer satisfaction, retention, and loyalty. For example, Bloemer, Ruyter, and Peeters (1998) examined the relationship between service quality, satisfaction and loyalty. They concluded that service quality has an indirect effect via satisfaction and that satisfaction has a direct effect on loyalty. Hallowell’s(1996) research found that satisfaction appears to be a useful predictor of loyalty in banking. In other words, his findings support the theory that customer satisfaction is related to customer loyalty, which in turn is related to profitability (Hallowell, 1996). Jham and Khan (2008) conducted an empirical survey to discuss the relationship between customer satisfaction and performance of the bank. They conclude that customer satisfaction affects banks’ sales and profitability. Holmlund (1996) discusses the importance of consumers perceived service quality in retail banking. He concludes that a prerequisite for a bank that wants to establish long-term customer relationships is satisfied customers. In recent years, Bell, Auh, and Smalley (2005) examine the effects of customer investment expertise and perceived switching costs on the relationship between technical and functional service quality and customer loyalty. Leverin and Liljander (2006) investigate whether relationship marketing improves customer relationship satisfaction and loyalty by conducting a survey, collecting data from two different segments (one is profitable and was treated with customer oriented RM strategy, the other one is a less profitable segment and had been subjected to more sales oriented

marketing communications). The findings show that no significant differences were found between the segments. However, their study found that relationship satisfaction was less important as a determinant of loyalty for more profitable segments. Han, Kwortnik and Wang (2008) establish a model to examine three paths of service loyalty: quality/value/satisfaction, relationship quality, and relational benefits to four dimensions of customer loyalty (cognitive, affective, intention, and behaviour). Their research findings indicate the key loyalty determinants are customer satisfaction, commitment, services fairness, service quality, trust and commercial friendship. However, their model suggests a complex role of satisfaction to loyalty due to other reasons such as service fairness.

Farquhar (2008, p. 1030) points out the role of satisfaction in customer retention is not straightforward, but there is some evidence to suggest that complete satisfaction is a better predictor of customer loyalty; loyalty is an inclination on the part of customer to stay. Therefore, "satisfaction" as an important assessment of "service quality", is considered an antecedent to retention. However, "satisfaction" may not be the sole determinant of retention in retail banking. According to Kassim and Souiden (2007), in their research investigating how image, perceived service quality and satisfaction determine retention in a retail banking setting, the findings show that image is both directly and indirectly related to retention via satisfaction, whilst perceived service quality is indirectly related to retention via satisfaction. In addition, although satisfaction is likely to make people stay; unsatisfied customers may still decide to stay. Lewis and Soureli (2006) found out the main antecedents of bank loyalty to be perceived value, service quality, service attribute, satisfaction, image and trust. These constructs are inter-related and form a network of loyalty

antecedents. Some research focuses on the prediction of behaviour intentions to loyalty (Baumann, Burton, and Elliott, 2005) and retention (Baumann, Burton, Elliott, and Kehr, 2007).

In addition to service quality, "relationship quality" is also an important construct. For example, the more consumers' perceived service quality and relationship quality the greater the likelihood that this would lead to consumers' satisfaction and further increase the possibly of retention (Crosby and Stephens, 1987). Customer satisfaction could lead to trust and commitment, in turn further leading to consumers being loyal and increasing profitability (Crosby and Stephens, 1987).

The third topic is the impact of financial services channel strategy on relationship building and maintenance. The research interests include how the financial services institutions develop their channel strategies, the influence of traditional and new channels and how consumers view and adopt both traditional and new channels. Coelho and Easingwood (2003) discuss the multiple channel strategy in financial services. They present a framework to discuss channel mix decisions in financial services. They suggest that a multiple channel structure should be thought of three dimensions or properties: number of channels; channel integration and extent of customer contact afforded by the channel mix. Hughes (2006) examines the adoption of new channels and the management of consumer relationships. By case study method, this study found that the integration of new channels with existing channels in financial institutions influences the organisation to customer contact and creates significant challenges in relation to staff roles and existing processes for interacting with customers. Harden (2002) investigates the impact of new channels

(internet banking) on traditional channel. His study discusses e-banking and the emergence of virtual relationships. The findings indicate that the potential impact of both e-banking and technology on future bank-customer relationships tends to be “virtualization”.

With the advent of technology, some research provides evidence that technology would strengthen the relationship whilst other research provides evidence that technology may erode relationships between banks and consumers (Colgate and Smith, 2005). Verhoef and Donkers (2005) suggest that acquisition channels are important predictors of customer loyalty in the first stage of a business-consumer relationship. Their study includes 3,317 financial services customers from a Dutch financial services company which offers a number of insurance products. The findings show that the firm’s website seems to perform well for retention. As a result, it is unlikely that customer relationships will become intimate. Colgate and Smith (2005) found technology did not strengthen relationships for internet banking users with their banks but good relationship managers did.

The fourth topic is regarding financial consumers’ switching behaviour. Whilst a number of studies focus on customer acquisition and retention, a growing interest has emerged that focuses on customer defection or switching behaviour. For example, Lees, Garland and Wright (2007) investigate the reasons why customers switch banks. By testing a large commercial data set, they find “utility maximisation (moving for a better offer) and “expectation disconfirmation” (service failures) are antecedents of switching behaviour in the context of financial services. However, they conclude that whilst consumers switch to other banks due to different reasons,

it does not mean they totally forget their previous main banks. The findings show the construction of consumers' post switch consideration sets is antecedent specific, therefore, it is possible for financial services executives to reconsider strategies to get these consumers back.

The fifth topic is related to segmentation in financial services. Several research discusses segmentation in financial services (Garland, 2005; Harrison, 1994; Minas and Jacobs, 1996; Speed and Smith, 1992; Yorker, 1982; Yorker and Hayes, 1982). The early research focuses on variables and methods used to identify financial services consumers. In recent years, there has been further focus on the application of segmentation and how it applies in terms of customer relationship management. For example, in Garland (2005) research about segmentation of retail banking customer, eight loyalty segments were identified and discussed potential profitability in the customer-bank relationship. The findings show that different segments provide different value to the organisation and have different profit potential.

To sum up, like research on corporate banking relationships, much research in the context of retail banking has also identified several constructs to measure retail banking relationship. It seems that the majority of relationship marketing research has been from the suppliers' perspective to discuss relational strategy although there is literature that suggests the importance of studying relationships from consumers' perspectives. In addition, the research has explored financial services relationships from different perspective, some of which focused on relationships between consumers and financial institution, some of which focused on the interactions

between consumers and services providers. As a result, it seems that a number of studies mainly focused on relationship maintenance, leaving research in the initial stage of relationship development missing.

2.4 The Motivation for Relationship Engagement

After reviewing relationship marketing research on corporate banking and retail banking, a shortage of research focusing on the initial stage of relationship engagement from the consumers' perspective was found. This section further looks at the theoretical perspective on the motivation of consumer relationship engagement from various sources: the definition of relational behaviour in consumer markets, goal setting and goal attainment theory, relational benefits and motives of relationship engagement.

2.4.1 The Definition of “Relationship” and “Relational (Market) Behaviour” in Terms of Consumer Markets

A relationship exists when an individual exchange is assessed not in isolation but as a continuation of past exchanges likely to continue into the future (Czepiel 1990, p.15, as cited in Bendapudi and Berry, 1997). The terms “relationship” and “relational (market) behaviour” have been discussed widely in business to business and in inter-organizational contexts. For example, Turnbull and Wilson (1989) referred to “relationship behaviour” as building a long-term relationship by creating structural and social bonds between buyers and sellers, thereby giving buyers a barrier to exchange with other suppliers.

In the consumer market, there are some definitions suggested from suppliers' perspectives. For example, Barnes (1994b) offers a definition, suggesting that a relationship can be regarded as “any situation in which an attempt is made to

encourage long-term patronage” (cited by Hennig-Thurau et al., 2000). That is to say, like business to business relationships, companies doing business with general consumers try to build a bond or tie with their end consumers, preventing them from switching to another supplier. This can be achieved by implementing effective relational strategies to create a bond or connection with their profitable customers. Like business to business relationship, consumer product or services companies can positively provide consumers unique relational benefits or negatively build barriers or increase switching costs, so as to build a lock-in relationship.

Christy et al. (1996, p. 177) define a “marketing relationship” as being a managed context within which formal transactions between a consumer and a supplier (in the form of manufacturer, retailer, or service provider) to that consumer are supplemented by voluntary and reciprocated actions by both parties, the effect of which is that “the probability of future transactions between the two parties is increased”.

Colgate and Alexander (1998) and Colgate and Steward (1998) presented an operational definition drawn from Storbacka (1994) and Liljander and Strandvik (1995)’s definition suggesting that relationship consists of a series of transactions even though theoretically there are many additional prerequisites that should appear before a relationship can be said to exist.

Claycomb and Martin (2002) suggest “relationship building” or “relationship engagement” can imply something about interdependencies or mutual interests, repeat patronage, loyalty, emotional sentiments, personalised treatment,

interpersonal rapport, target “one-to-one” communication, after-sale services, customer satisfaction, word-of-mouth, or doing something long-term.

Some other researchers link the emergence of relationship building to the availability of database technology, suggesting that “relationship” is the companies’ ability to know their customers more effectively by establishing a database or implementing relationship strategies (e.g. Copulsky and Wolf, 1990; Petrison and Wang, 1993; Treacy and Wiersema, 1993).

Hakansson and Snehota (1995) suggested a definition, inferring that “a relationship is a mutually oriented interaction between two reciprocally committed parties” (cited in Zolkiewski, 2004). Czepiel’s (1990) definition states that a marketplace-based relationship is “the mutual recognition of some special status between exchange partners.” Commenting on Czepiel’s definition, Barnes (1997a) notes Czepiel’s definition implies two points: the relationship has to be mutually perceived to exist, and the relationship is difficult to define, but it should be known when it exists by both partners. Grönroos (2000b, p. 33) offers a similar definition from the services marketing context, which is “A relationship has developed when a customer perceives that a mutual way of thinking exists between customer and supplier or service provider”. These definitions reveal that “relationship” is an exchange or a series of transactions by at least two parties and should be realized by the parties involved in interactions.

Few scholars attempted to address “relational behaviour” from the consumers or customers’ perspective. Perhaps Sheth and Parvatiyar (1995) and Hennig-Thurau et

al.'s (2000) definitions are the most complete. Sheth and Parvatiyar (1995) suggest that a "relationship" is a consumer's willingness and ability to engage in an ongoing relationship with a firm or a brand, to keep patronising the product or service, regardless of whether other choices exist. This choice reduction behaviour is also called "relational market behaviour". As they note,

"The fundamental axiom of relationship marketing is, or should be, that consumers like to reduce choices by engaging in an ongoing loyalty relationship with marketers. This is reflected in continuity of patronage and maintenance of an ongoing connectedness over time with the marketer." (Sheth and Parvatiyar, 1995, p. 256).

This "relational market behaviour" is reflected in that consumers buy the same product or services; go to the same supermarkets or shops; going through the same process to do purchase tasks; and deal with the same service providers over time, regardless of whether other alternatives exist in the market. Sharp, Wright, and Goodhardt (2002) identified this situation occurs when the nature of product or service is related to "repertoire markets" where consumers buy from a repertoire of brands. They argue that repertoire and consideration sets are from consumers' pre-purchase needs and attitudes, their previous experience with a product or service.

Hennig-Thurau et al. (2000, p. 370) suggested that the term of "relationship" or "relationship behaviour" occurs where the following two conditions are met:

"The customer repeatedly buys products and/or services from the same firm (behavioral component of the term relationship); and the customer's repurchase behaviour is based on some rational thought (intentional component of the term relationship). However, this does not mean that the customer is necessarily aware of the existence of a relationship between him or her and the firm."

Hennig-Thurau et al.'s (2000) definition contradicts previous definitions presented from suppliers' perspective. Their definition of "customer is not necessarily aware of the existence of relationship between him or her and the firm". The definition reveals that "the existence of relationship" may not be perceived by consumers; however, it doesn't mean there is no relationship between customers and companies

Due to the nature of financial services, the definition of "banking relationship" could combine both suppliers' and consumers' perspective, which is, "several transactions" and "interactions" between the customer and the financial services provider. Consumers tend to (but not necessary) repeatedly seek other services from the same institution.

2.4.2 Key Arguments Regarding "Relationship Behaviour" and "Relational (Market) Behaviour" from the Findings of Prior Works

To summarise the definitions from suppliers' or consumers' perspectives, it seems that there are no major differences to these claims. The definitions all argue that the "relationship" would exist in certain circumstances, and when at least two committed parties exist and are involved in a series of successive interactions. However, in attempt of studying the nature of "relationship behaviour" from consumers' perspective, there are four related questions that need to be clarified:

1. Should suppliers and consumers be aware of the existence of the “relationship”?

In Hennig-Thurau et al.'s (2000) definition from the customer's perspective, they suggested that customers do not have to be aware of the existence of the relationship whilst Barnes's (1997a; 1994a) definition, which comes from the supplier's perspective, holds a different view. Previous work did not tell us whether firms and consumers all share the same opinion of the meaning of “relationship”. Obviously, companies are the party who tend to form a relationship with their target consumers. They have no problem to define the “relationship”. For some consumers, they may suspect the existence of a “relationship”; they do not necessarily assume that “repeat purchasing” equates to “relationship”; however, the main point is how suppliers realise what consumers consider to be the meaning of “relationship”, particularly in certain circumstances (particular product/services).

2. What constitutes a “relationship”?

The definition presented by Christy et al. (1996) reveals that the “relationship” happened because of the increase of future transactions between the suppliers and consumers. In other words, the existence of “relationship” is constituted by several future “transactions”. However, Zolkiewski (2004) said that her criticism about relationship marketing is from “transactional exchange” to “relational exchange”. If the interaction between companies and consumers actually does happen, how many transactions can be considered as a “relationship”? Barnes (1994a, p. 565) also suggested several questions: “Where does transactional marketing end and a relationship begin?” and in what circumstances can a “relationship” actually be said

to exist? Can a relationship be said to exist with a bank, or an airline or a supermarket, or is the relationship necessarily with the employees of the company? There is still no agreement about this fundamental issue.

3. Are Consumers willing to “engage in a relationship?”

Several existing research into relationship marketing has mentioned the benefits of building relationships with consumers from the suppliers' perspective (e.g. Reichheld, 1993; Reichheld and Sasser, 1990; Reinartz and Kumar, 2003). Although some scholars suggest that relationships may be formed in certain types of firms (e.g. financial service provider), there are no agreements concerning the type of consumers who are most likely to engage in a relationship (Zolkiewski, 2004).

Retail banking services has been recognised as an area in which relationships potentially exist (Colgate and Stewart, 1998). The retail banking provider has the ability to form and manage relationships (Barnes and Howlett, 1998) with their consumers whilst consumers are also willing to form or enter into a relationship with their bank (Barnes, 1997b; Barnes and Howlett, 1998; Colgate and Alexander, 1998). Some studies show that some retail banking services (e.g. credit cards) belong to “subscription markets” where consumers show a considerable degree of loyalty due to the nature of particular financial services (Lees et al, 2007). For example, the subscription of financial services such as home or car insurance is subject to renewal at regular, pre-determined intervals (Sharp et al. 2002).

Another research conducted by Danaher et al. (2008) investigated whether consumers expect a service provider to form a relationship with them. In their

research, they looked at three different categories of services providers: phone companies, banks and doctors. The result shows that in each of the categories, consumers can be grouped to different segments, ranging from consumers who are keen to have a relationship to those who are indifferent about relationships, down to those who are averse to forming relationships with service providers. Therefore, perhaps some consumers may be willing to engage in a relationship, particularly in the context of acquiring financial services. It is important to identify the specific segments.

4. With whom does the consumer have the relationship?

As it is difficult for consumers to define the meaning of the relationship, it is difficult to conclude with whom the consumer has the relationship. If the ongoing interactions can be considered a relationship, do consumers engage in a relationship with the product or the service? Do they build a relationship with the brand or their interaction with the services provider? Furthermore, if the relationship exists, what type of relationship does the customer want? Some researchers have noted several consumer relationship types from spurious relationships to true relationships (Harker, 2004; Liljander and Roos, 2002); from constraint-based relationships to dedication-based relationships (Hennig-Thurau et al., 2000); however, there is no agreement regarding what kind of relationship consumers want to engage in with the supplier. The possible key to answering this question lies in reviewing literature regarding “loyalty”.

2.4.3 Linking Relationship Behaviour to Loyalty

Harker (2004) investigated the customer definition of key relationship marketing concepts and found that loyalty was the term respondents most used. In other words, although consumers may define “relationship” differently, “loyalty” is the most common concept with which they are familiar.

There is much research regarding how loyalty is measured (e.g. Han et al., 2008; Jacoby and Chestnut, 1978; Jones and Taylor, 2007; Pritchard, Havitz, and Howard, 1999). Bloemer et al. (1998) and Caruana (2002) point out research regarding customer loyalty has focused mainly on product-related or brand loyalty (e.g. Olsen, 2007; Uncles et al., 2003) with respect to tangible goods (Cunningham, 1956; Day, 1969; Tucker, 1964). In recent years, service loyalty has become increasingly important although some scholars argue empirical research regarding customer loyalty in the service industry (service loyalty) is lacking (e.g. Bloemer and de Ruyter, 1998; de Ruyter, Wetzels, and Josée, 1998; Lee and Cunningham, 2001; Lewis and Soureli, 2006).

As to product or brand loyalty, the majority of research defines “loyalty” as a multi-dimensional concept. It contains two dimensions: behavioural and attitudinal (Day, 1969). Behavioural loyalty means “the consumer repeatedly purchases a product or service, but does not necessarily have a favourable attitude towards the brand” (Fitzgibbon and White, 2005). This kind of behaviour is caused by convenience and habit. Attitudinal loyalty means “the consumer’s predisposition towards a brand as a function of psychological processes. This includes attitudinal

preference and commitment towards the brand.” (Fitzgibbon and White, 2005; Jacoby and Chestnut, 1978). Besides attitudinal and behaviour loyalty, some researchers suggests that “contingency factors” are also important and need to be considered (Uncles et al. 2003). Table 2.5 demonstrates the definitions and explanations of three popular models of loyalty for measuring product/brand loyalty.

Table 2.5 Conceptualization of Loyalty

Model	Definition	Explanations
Model 1	Loyalty as primarily an attitude that sometimes leads to a relationship with the brand	<ul style="list-style-type: none"> • Loyalty is a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1997) .
Model 2	Loyalty mainly expressed in terms of revealed behaviour (i.e. the pattern of past purchases)	<ul style="list-style-type: none"> • The consumer buys the same brand again, not because of any strongly-held prior attitude or deeply-held commitment, but because it is not worth the time and trouble to search for an alternative. • If the usual brand is out of stock or unavailable for some reason, then another functionally similar (or substitutable) brand (from the portfolio) will be purchased.
Model 3	Buying moderated by the individual’s characteristics, circumstances, and/or the purchase situation	<ul style="list-style-type: none"> • The best conceptualization of loyalty is to allow the relationship between attitude and behaviour to be moderated by contingency variables such as the individual’s current circumstances, their characteristics, and/or the purchase situation faced.

Sources: adapted from Uncles et al. (2003)

Like product/brand loyalty, service loyalty could contain a single or multiple dimensions (Jones and Taylor, 2007). For example, “willingness to recommend” has been considered as the only crucial indicator to assess loyalty for many services firms (Reichheld, 2003). Dick and Basu (1994) and Pritchard et al. (1999) present a

two-dimensional conceptualisation including both repurchase behaviour and attitudinal dispositions towards the provider. de Ruyter et al., (1998) suggest “loyalty” is a multiple dimensional construct, including behavioural, attitudinal, and a cognitive component. Table 2.6 summarises the main dimensions of service loyalty from previous work.

Table 2.6 Summary of the Main Dimension of Service Loyalty

Dimension	Service loyalty-related outcome	Definition	Related Research
Behavioural	Repurchase Intentions	Customer's aim to maintain a relationship with a particular service provider and make his or her next purchase in the category from this service provider	Jones et al (2000); Zeithaml et al. (2006)
	Switching intentions	Customer's aim to terminate a relationship with a particular service provider and patronise another in the same category	Bansal and Taylor (1999); Dabholkar and Walls (1999)
	Exclusive intentions	Customer's aim to dedicate all of his or her purchases in a category to a particular service provider	Reynolds and Arnold (2000); Reynolds and Beatty (1999)
Attitudinal	Relative Attitude	The appraisal of the service including the strength of that appraisal and the degree of differentiation from alternatives	Dick and Basu (1994); Mattila (2001); Pritchard et al. (1999)
	Willingness to recommend	Consumer willingness to recommend a service provider to other consumers	Butcher et al. (2001); Javalgi and Moberg (1997); Zeithaml et al. (1996)
	Altruism	Consumer's willingness to assist the service provider or other service consumers in the effective delivery of the service	Price et al. (1995)
Cognitive	Willingness to pay more	Consumer's indifference to price differences between that of his or her current service provider and others in the same category	Anderson (1996); de Ruyter et al. (1998)
	Exclusive consideration	The extent to which the consumer considers the service provider as his or her only choice when purchasing this type of service.	Dwyer et al. (1987), Ostrowski et al. (1993)
	Identification	The sense of ownership over the service, affiliation with the service provider, or congruence of values that exists between the service provider and the consumer.	Butcher et al. (2001)

Source: adapted from Jones and Taylor (2007).

2.4.4 Seven Motives for Relationship Engagement

Figure 2.4 demonstrates a conceptual framework of the motivation for relationship engagement by integrating current consumer behaviour and other social-psychological literature. The nature of relational behaviour has been discussed in the previous section; this section further discusses the antecedents and objectives of relationship engagement. This framework shows that consumers' motivation for relationship engagement comes from three sources: personal influences, social influences, and institutional influences, which were derived from consumer behaviour theory (Sheth and Parvatiyar, 1995).

The purpose of relationship engagement comes from goal setting and goal attaining theory. From the consumers' perspective, the objective of relationship engagement is to obtain certain value or benefits which are called relational benefits. The benefits that consumers obtain are quite different from suppliers. Whilst suppliers may pursue revenue increase or cost decrease by consumers' long-term patronage, consumers may pursue benefits in many respects, particularly during their decision making process. In other words, consumers' relational behaviour means not only repeated patronage, but also "reducing choice" or "variety seeking".

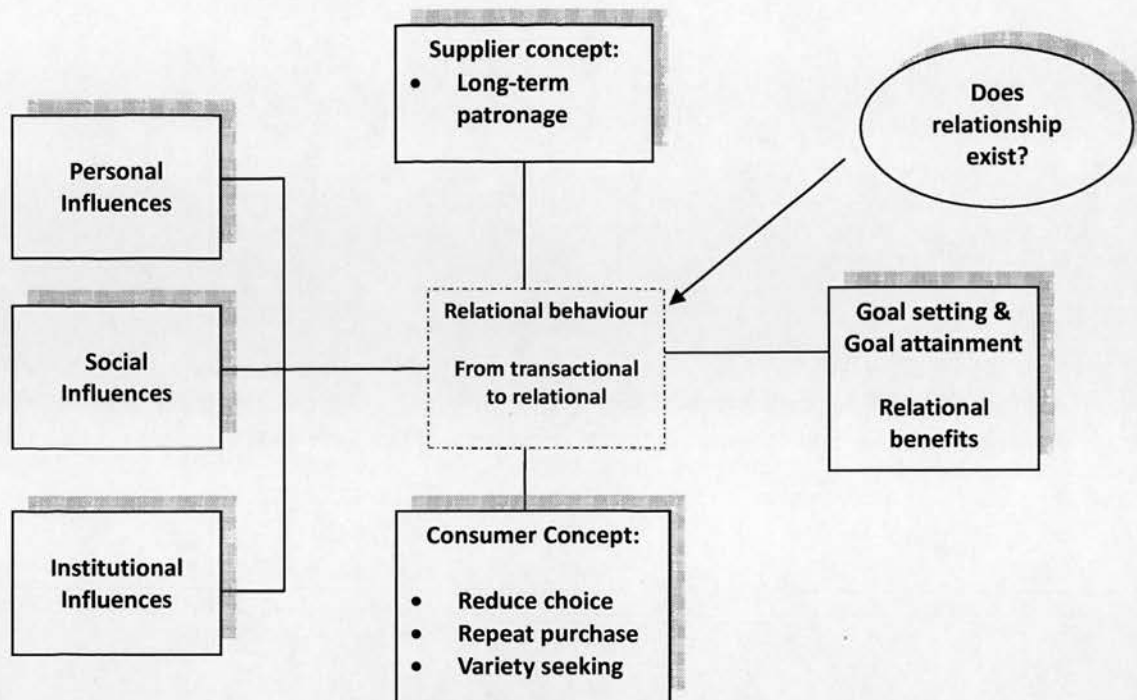


Figure 2.4 Overview of the Motivations for Relationship Engagement

Sources: summarised from Sheth and Parvatiyar (1995), Bagozzi (1995) and Peterson (1995)

Goal Setting and Goal Attainment

Bagozzi (1995) states that the “consumer sees the relationship as a means for fulfillment of a goal”. What are the goals? Economic theory told us a rational consumer seeks utility maximization, and a rational consumer might complete their purchase task through a series of processes. Hennig-Thurau et al. (2000) stated that the goal-oriented customer behaviour is driven by motives or needs. According to the consumer buying process model, after buyers recognise a problems or needs, they will seek information, evaluate the alternatives, and then make the final purchase decision. As most products and services are offered by more than one firm,

consumers will choose the firm they believe is more beneficial than others. One can conclude that the goal for consumers is to get benefits for entering a relationship. These benefits can be called relational benefits. Those relational benefits include benefits consumers can obtain either during the decision making process or outcome after engaging a relationship.

Hennig-Thurau et al. (2000, p.372) argued that consumers would like to engage in a relationship when “the sum of product or service-related benefits and relational benefits are positive and the net benefits of the relationship must be superior to other alternatives available from competing firms”. They suggested that if the relationship is considered as highly beneficial by a customer and at the same time, the customer has the free choice to switch to other suppliers; then this relationship can be called a “dedication-based” relationship. However, if the relationship exhibits few benefits and there is a lack of other acceptable alternatives, then this kind of relationship is called “constraint-based” relationship. They concluded relational benefits can be subdivided depending on the respective object of relevance: personal level benefits, company level benefits and brand level benefits. (As shown in Table 2.7)

Table 2.7 Summary of Relational Benefits

Relational benefits	Content	Source
Personal level benefits	The importance of the relationship being based on customers and employees.	The benefits come from consumers' ongoing interaction or transaction with employees.
Company level benefits	Relationship between the individual customer and the company as a whole	The company can provide high degree of standardisation. services/product (such as restaurant, supermarket, travel agency and bank).
Brand level benefits	Brand loyalty	Services brand as relationship builder. Services brand is risk reducers, simplifiers of choice and guarantee of quality (Riley and de Chernatony, 2000)

Source: Hennig-Thurau et al. (2000)

The Classification of Relational Benefits

In reviewing services marketing and relationship marketing literature, consumers' relational benefits can be classified as four different types: social benefits, psychological benefits, economic benefits, and customization benefits (Gwinner et al. 1998; Hennig-Thurau et al., 2000; Hennig-Thurau, Gwinner, and Gremler, 2002). Social benefits refer to the emotional part of the relationship, particularly between customers and single employees of the services firms. In the services context, consumers engaging in a relationship receive not only core benefit of the services, but also additional benefits such as "friendship", "social support" or "personal reorganisation". These social benefits are derived not only from consumer to services provider interaction, but also from consumers-to-consumers interaction (Gwinner et al., 1998).

Psychological benefits or confidence benefits include those aspects of a relationship which focus on the reduction of uncertainty. As the nature of services is intangible and unpredictable before actually experiencing the services, for certain types of highly interactive or highly involved services (e.g. dental service) engaging in a relationship is for risk reduction.

Economic benefits contain monetary and non-monetary advantages to the customer and derive from the relationship. Monetary advantages include various types of coupons, discounts and gifts. According to Peterson's (1995) study, more than 81% of consumers cited monetary saving as their primary reason for entering a marketing relationship. In service marketing, researchers have argued that financial bonds can enhance customer relationships through special price offers or other financial incentives to loyal customers (Gwinner et al., 1998). Another category refers to value enhancement. Value enhancement is an addition to the value of the product or service without additional payments. For example, proactive service attitudes, customized service delivery, upgrades of product or service value.

Customisation benefits or special treatment benefits describe those advantages resulting from individualised treatment of the customer by the service provider such as fast services or any other individualized special service (Huang, 1998). In terms of banking relationship, Roig et al. (2006) suggested that perceived values are multidimensional constructs composed of six dimensions: functional value of establishment, functional value of the personnel, functional value of the service, functional value price; emotional value; and social value.

The Motives for Relationship Engagement

Sheth and Parvatiyar (1995, p266) traced related consumer behaviour theory and conclude three factors contributing to relationship market behaviour: personal influences, social influences and institutional influences. Table 2.8 lists the theoretical approaches for exploring consumers' motives of engage in a relational market behaviour.

Table 2.8 Consumer Behaviour Theories and Relational Market Behaviour

Factor	Theoretical Approaches	Problem Explained	Relevance to Relational (Market) behaviour
Personal Influences	Buyer behaviour theory	Consumer problem-solving behaviour	Consumers reduce choice through use of evoked set Desire for simplification and routinisation of task drive relational behaviour.
	Learning/conditioning theories	How consumer behaviour is conditioned over time	Learned experiences help in stimulus-generalization. Expectations of positive reinforcements induce relational market behaviour
	Information processing and memory	Consumer ability to process information	Relational market behaviour helps rehearse memory and simplifies the information processing task.
	Perceived risk	Consumer risk reduction behaviour	Consumers become brand loyal- a manifestation of relational market behaviour- to reduce perceived risk. Relational behaviour develops self-confidence in consumers.
	Cognitive consistency: balance theory; congruity theory; confirmation	How consumer beliefs and feelings affect their behaviour	Relational market behaviour reduces psychological tension by creating more consistency in the cognitive system and it reduces the potential for cognitive dissonance.

Factor	Theoretical Approaches	Problem Explained	Relevance to Relational (Market) behaviour
Social Influences	Family buying behaviour	The influence of family on consumer behaviour	Consumers engage in relational market behaviour to conform to family norms and interest, given the power of the family over the individual.
	Social groups/social exchange theory/group influence processes	The influence of social groups on consumer behaviour	Consumers engage in relational market behaviour by conforming to group norms in order to avail the benefits of socialization and to avoid conflict
	Reference Group theory and word-of-mouth communication	How consumer behaviour is influenced by reference groups and word-of-mouth communication	The motive to be socially integrated drives consumers to engage in relational market behaviour, in accordance with the reference groups and word-of-mouth communication from opinion leaders
Institutional Influences	Government: civic responsibility theory/compliance theory/welfare theory	Why consumers abide by government mandates?	Consumers engage in relational market behaviour when mandated by the government because of civic responsibilities, welfare expectations, and fear of legal action.
	Religion: patronage theory/self-efficacy theory	How religion and moral values influence consumer behaviour	Strong faith, self-efficacy, and fear of negative consequences motivate consumers to engage in relational market behaviour in such cases where choices is associated with the religion
	Employers: organizational influence	How employer organizations influence the personal life of individuals	Consumers patronize those market behaviour choices that are formally or informally patronized by their employers.

Source: Adapted from Sheth and Parvatiyar (1995)

I. Personal Influences:

1. Economic needs

In financial services products, economic benefits include special deals, higher interest rates, low transaction cost or service charges. Traditionally, these factors appeared in bank selection research (Almossawi, 2001; Devlin and Gerrard, 2005; Holstius and Kaynak, 1995; Javalgi, Armacost, and Hosseini, 1989; Thwaites and Vere, 1995). Economic needs seemed to be the most important factors for behavioural loyalty in general consumer products or retailing industry. For example, consumers are likely to join loyalty programmes such as supermarket club cards or airline company's frequent fly programmes to collect points for discounts. However, according to the findings from most bank selection criteria research, economic factors were not the most important factor because the importance of "competitive interest", "special deals" and "low services charges" often came after factors like "location convenience" and "reputation". Perhaps economic benefit factors were only relevant in the youth market (see Thwaites and Vere's (1995) review on youth market).

2. Reducing perceived risk needs

In consumer behaviour theory, perceived risk and uncertainty is a critical concern because many purchase decisions are associated with risk or uncertainty (Cox, 1967; Dowling and Staelin, 1994). In the financial services literature, risk includes psychological risk, financial risk, performance risk, and time risk; in particular the literature focuses on "risk aversion" and "perceived risk" (Howcroft et al., 2007).

According to Howcroft et al. (2007), risk aversion can also be used to explain why customers purchase certain types of financial product (the fear of loss may be the main reason to purchase insurance). Perceived risk is regarding performance risk and is concerned with uncertainty of outcome when purchasing a financial product (Howcroft et al., 2007).

A rational consumer would seek a buying process with risk reduction. For financial services purchasing, consumers may see a relationship built with certain financial institutions or services providers as an outcome of risk reduction (Berry, 1995), especially for complex financial products. Barnes and Howlett (1998) argues that consumers will likely wish to form relationships when services are high in perceived risk, or when customers are heavily dependent on credence qualities in service evaluation because consumers are highly involved in the delivery of services. Therefore, for some consumers who prefer interaction with staff, building a long term relationship with specific services providers to handle all their financial affairs may be the best strategy for preventing uncertain service levels from unfamiliar staff.

In addition, previous research has proved brand loyalty, product loyalty or store loyalty as a “risk reliever” (Dawar and Parker, 1994). Riley and Chematony (2000) suggested when perceived risk is high and consumers are highly involved, “brand” could act as risk reducers, simplifiers of choice and guarantee of quality. Highly involved consumers would choose certain “corporate brands” in order to maintain cognitive consistency and psychological comfort (Hennig-Thurau et al., 2000). In the context of financial service, reviewing bank selection criteria literature, research

found that “bank reputation” is the second important factor for choosing the primary bank (Anderson et al., 1976). Thus, consumers may engage in a relationship because of the bank’s good reputation or brand image. They might rely on “bank reputation” to reduce perceived risk.

Furthermore, the level of risk avoiding behaviour may differ according to the characteristics of financial services. For example, for current accounts or savings accounts, the requirement to avoid risk is different from that of investment products because there is little uncertainty associated with opening a bank account compared with purchasing an investment product or pension plan (Howcroft et al. 2007).

Apart from consumers’ perceived risk of a financial services product, with the advancement of technology the emergence of new transaction devices such as ATMs and the internet, changes consumers’ interactions with financial institutions. Perceived risk of the distribution channel would influence the quality of relationships (Cunningham, Gerlach, and Harper, 2005). Some research indicates that consumers are concerned about “security” (Javalgi et al., 1989). It implies that consumers tend to form a relationship with a financial institution which can provide trustworthy delivery channel.

3. Simplifying purchasing progress and improving convenience needs

Sheth and Parvatiyar (1995) argue that the customer is longing for the reduction of complexity in buying situations to achieve greater efficiency in their decision making. The basic consumer purchasing model reveals that rational consumers’ purchasing

behaviour might go through several stages before making a final decision. One-stop shopping provides consumers with various products and it helps consumers execute their buying task more easily.

Consumers might have needs to simplify their purchase progress because of some reasons. First of all, deciding which financial services product to choose could take a while if it is perceived as a high risk product such as pensions or investments. Building a relationship with certain financial institutions or services providers would make transactions easier especially if time is an issue. Secondly, the benefit of putting all financial services into the same place would shorten transaction costs. For example, having a current account and a mortgage at the same financial institution, consumers might be charged less service fees.

Thirdly, having easy access to the services might influence the consumer's choice of financial institution. Traditionally, consumers access services and interact with staff in branches on the high street. Therefore, "location convenience" has always been the top factor for bank selection (Anderson Jr., Cox III, and Fulcher, 1976; Riggall, 1980). With the advent of technology, several new types of transaction devices emerge and bring convenience. For example, ATMs and online banking save consumers time when dealing with their financial affairs. Some consumers may tend to choose a financial institution which is able to provide multiple access points (Riggall, 1980). Sciglimpaglia and Ely (2006) presents a report from Bank of America and reveals that customers who used online bill paying were far less likely to switch banks and far more likely to increase the services they used from their bank. Another report shows that consumers go online to access accounts or pay

bills, they become more satisfied, which make them more likely remain with their existing financial institution

4. Information processing and obtaining needs

Information processing and obtaining need refers to consumers' demand to simplify information process by relational market behaviour in order to improve consumer decision-making efficiency (Sheth and Parvatiyar, 1995). Some consumer behaviour literature emphasised how consumers use a number of ways to simplify their decision making task and manage information workload (Bettman 1979; Jacoby, Speller, and Kohn 1974, as cited in Sheth and Parvatiyar, 1995). According to Biehal and Chakravarti (1986), one of these simplification processes is the use of memory. The role of memory in consumer decision making is the part of cognitive system that stores a consumers' prior experiences and prior knowledge (Sheth and Parvatiyar, 1995). Consumers' pervious knowledge and experience would affect consumer choice decision. Because of the limitation of memory size, the continuity of relationship would help consumers to make decisions. In the context of financial services, consumers may demand to receive other financial services information or special product knowledge from the company with which they have relationship.

5. Obtaining special product benefits or service treatment

Special product benefits or service treatment are defined as benefits consisting of an extensive range of benefits which come in the form of first rate levels of service, preferential treatment, special operation conditions and time savings (Gwinner et al., 1998). In the context of financial services, consumers may engage in a relationship

for requiring certain special benefits like quick access services easy access other financial services from the same bank, or receive special treatment that most consumers do not get. In the case that a relationship is viewed as highly beneficial by customers, they are willing to engage in a relationship even at the same time they have the choice to switch to other suppliers. For example, bank customers in general are not prone to switching to other banks because the special treatment such as quick personal service from the bank they deal with (Thwaites and Vere, 1995). These are likely to increase consumers' positive reflection towards the financial institution. Gwinner et al. (1998) argued that consumers who have already developed a relationship with a company may receive additional services or preferential treatment not normally obtained by non-regular customers.

II. Sociological Factors

People may enter into a marketing relationship because they want to satisfy two typical needs: maintenance of self-concept and enhancement of social recognition. Self concept refers to perception of oneself (Sirgy, 1982). It means "the need to sustain self-conception" (Turner, 1987). Self-esteem and self-consistency are two important self-concept motives (Sirgy, 1982; Turner, 1987). People who want to maintain their self-image may do so through buying a positively valued brand or interacting with certain organizations to satisfy their need to maintain self-consistency.

In addition, according to theories of social identity and organisational identification, consumers are likely to identify, or feel a sense of belonging with a company so as to build a relationship with it. For example, many people participate in expensive

organisations such as country clubs, and charities in order to receive special status and the associated privileges (Huang, 1998). In addition to the special status and associated privileges, people want to connect with certain organizations because of their corporate image, corporate reputation and relevant company characteristics (e.g. culture, climate, skills, values, competitive position, and product offerings).

Research has indicated that business friendships may boost consumers' relationship because of their social-psychological needs. Particularly in the services industry where consumers develop friendships with their services providers, consumers want to be recognised. This social-psychology need might also reflect consumers' relationship to the brand. (Fournier, 1998)

III. Institutional Influence

Sheth and Parvatiyar (1995) have pointed out that consumers may involuntarily enter marketing relationships because of various pressures such as government mandates, religious tenets, and employer influence and marketer policies. For example, car owners are required to participate in liability insurance by law. Employees are constrained to use their companies' product because of the policy.

Theoretically, Sheth and Parvatiyar (1995) suggested that consumer purchase and consumption are affected by family members in terms of the norms and values. They also stated that key family consumption roles are played by either a single member or by several members, varying across families and products. For financial services products, it may be that the head of the family decides on the bank. Most financial services such as bank accounts and mortgages with a nature that consumer tend to

build a long-term relationship. Apart from location convenience, “families use the same bank” and “recommendation from friends are also important factors for bank selection, specifically in student segments (Lewis, 1982). It implies that the younger generation, the relationship with the financial institution may be a kind of “constraint-based type relationship” more than “dedication-based” relationship.

In Sheth and Parvatiyar’s (1995) article, they stated the influence of religion on consumer behaviour and the reasons contributing to consumers’ involvement in relational market behaviour because of the impact from their religious beliefs and attitude. In the financial services sectors, one interesting example is Islamic banking. Although Islamic banks perform the same essential functions as banks do in the conventional system, the transitions of Islamic banks should be in accordance with the rules and principles of Islam (Henry and Wilson, 2004; Igbal and Mirakhor, 2007; Dusuki, and Abdullah, 2007). Some literature regarding bank selection criteria indicates that religious issues are perceived as one of the important criteria to be considered for the selection of Islamic banking services (Erol et al., 1990; Haron et al., 1994; Metawa and Almosawi, 1998; Naser et al., 1999). Religious motivation is one of factor for patronising Islamic bank in Muslim community (Dusuki, and Abdullah, 2007).

Finally, the employer’s policy might have an impact on consumers’ personal purchase and behaviour (Sheth and Parvatiyar, 1995). They may limit a consumer’s choice for their personal consumption. For example, in 2007 employees of the Royal Bank of Scotland (RBS) were told that they must open a current account with the bank or one of its sister firms in order to have their salary paid into this account,

no matter whether it was the best deal for them or not (Hickman, 2007). About 14,000 RBS workers were required to do so or would face disciplinary action by the company. Even though RBS's decision brought many criticisms, this requirement had occurred within many Asian companies.

2.5 Other Factors Related to Relationship Engagement and Maintenance in Consumer Retail Banking

2.5.1 Financial Services (Product) Category

The classification of financial services (products) is related to the complexity of decision making. In contrast to physical products, financial services can be categorised according to a number of different marketing characteristics such as the nature of the relationship between the service organisation and its consumers, or the pattern of consumer demands in relation to supply (Lovelock, 1983). For example, in the US, Kamakura, Ramaswami, and Srivastava (1991) distinguished a hierarchical classification of financial services (product) based on the order of acquisition by households (see Figure 2.5).

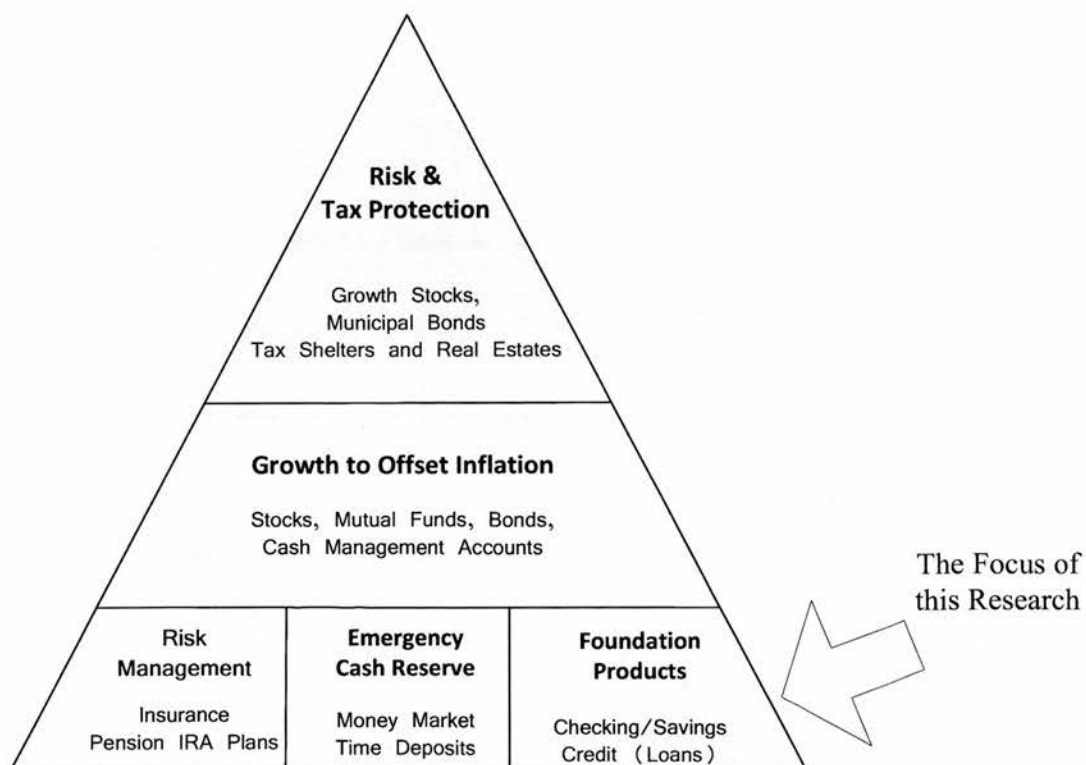


Figure 2.5 Hierarchy of Financial Services (Products) Classification

Source: Adapted from Kamakura et al. (1991)

As shown in Figure 2.5, consumer consumption may start from a basic product (e.g. current account, savings, loan, mortgage, insurance) to complex products (e.g. risk avoidance investment or tax protection services). It implies that the ownership of certain financial products depends on certain financial objectives and future expectations of consumers. For instance, the demand for certain types of financial services may depend on family life cycles (Kamakura et al., 1991) and the knowledge to deal with those services. As a result, it implies that consumers involved in a banking relationship stems from a very basic product (Harrison, 1994). For financial

services providers, if they want to keep cross-selling other high-profit and complex financial services, it is important to know how consumers select basic products at the initial stage of relationship building.

In addition, some scholars suggested that financial services can be classified by the level of interaction between consumers and service providers (Harrison, 1994); in other words, the financial services can be grouped into “high contact” or “low contact” types. Storbacka (1994) distinguished financial services into five categories according to the “duration and frequency of the interaction”, “the level of customer control”, and “contact and participation”. These services are: transactions, deposit and lending, counselling, specialist services, and investment services. In the UK, Howcroft et al. (2003b) also used similar terminology to classify financial services into four categories based on the interactional context: transaction-based service (e.g. current account); insurance services (e.g. house contents, building or motor insurance); lending services (personal loan or mortgage) and investment services (e.g. PEPs³ TESSAs, stocks, shares and pensions).

Studying the classification of financial services reveals the nature of financial service and how they might affect the way financial services institutions deal with their consumers. As consumers purchase behaviour and decision making process would

³ **PEPs (Personal Equity Plan)**: Personal Equity Plan was a form of tax-privileged investment account in the UK. They were introduced by Nigel Lawson in the 1986 budget for Margaret Thatcher's Conservative government to encourage equity ownership among the wider population. PEPs were allowed to contain collective investments such as unit trusts

TESSA(Tax-Exempt Special Savings Account) : A special tax-free bank account in the UK. The TESSA was announced by John Major in his only Budget as Chancellor of the Exchequer in 1990 (*a budget for savings*). The TESSA was intended to be a low-risk complement to the personal equity plan (PEP) which would be attractive to a wider range of savers

be different from their demand for the services and interaction of services providers, the relationships in which they really engage with financial institutions may differ. For different financial services, consumers might use different institutions and channel choice in terms of different consumer segments which were identified by attitude, involvement, knowledge and demographic variables. In addition, the nature of financial services may also influence the type of relationship which consumers may have. For example, for certain banking services, such as credit cards or savings accounts, multiple subscriptions are possible. The motives for consumers to engage in relationships for these financial services could be different from those where consumers normally subscribe to one product at regular intervals (e.g. insurance).

2.5.2 Institution and Channel Type Choice

Institution Type Choice

Traditionally, research into institution selection has long been one of the important research topics in financial banking sectors. For example, much of the research falls into banking selection criteria of financial institutions. Previous research into financial services purchase decision-making process has highlighted that consumers' attitude and motivation may differ when purchasing a range of financial products due to the difference of financial product characteristics (Howcroft et al., 2003b) and this includes the choice of institution. Traditionally, consumers may open current accounts with a general retailing bank; have savings or mortgages with building societies and look for insurance from professional insurance companies.

To date, with the deregulation of traditional financial services, companies have faced challenges because new competitors like retailer sectors are allowed to provide same financial services to their target consumers. The strength of retailer sectors is that they may be able to create closer relationships with their existing consumers because they are more attached to consumer's daily life and with an ability to provide convenient benefits to consumers and build a closer relationship with consumers (Alexander and Colgate, 2000) by the establishment of a database.

This also enables consumers to have more options so as to change their purchase behaviour. Consumers might use/purchase financial services from various sources. Therefore, for basic financial services, consumers might tend to build multiple

relationships to deal with their financial affairs with more than one financial institution.

Channel Type Choice

The definition of “channel” or “distribution channel” is “sets of interdependent organisations involved in the process of making a product or service available for consumption or use” (Stern, Ansary, and Coughlan, 1996). In the context of financial services, channels are considered as platforms or methods which financial institutions use for delivering services to their clients or interacting with their valuable consumers. Another explanation from consumers’ perspectives is that the channel is the way used for dealing with financial issues in order to increase personal assets.

To date, with the advent of technology and the impact of deregulation of financial banking sectors, the adoption of multiple channels has been considered by many companies as a means to increase the market coverage, to reduce the cost, to effectively access their valuable consumers and to quickly respond to what consumers really need. For example, with the increasing cost of branch banking, financial institutions in the UK adopt online banking whilst US institutions apply telephone banking to reduce operation cost (Hughes, 2006).

Regarding the type of channel employed by financial institutions, it can be divided into physical and virtual channels. According to Coelho and Easingwood (2003), they interviewed six managers from banks, building societies, unit trust companies and pension companies in the UK. They found that firms may apply two to six

channels. The types of channels used in banking include branch network, telemarketing, internet, digital TV, direct mail, direct response advertising, ATMs, EFTPOs (Electronic Funds Transfer Point of Sale), tied and independent intermediaries, some of which are traditional banking channels and some are relatively new and have appeared in recent years. Since the diversity of the nature of the distribution channel, the establishment and combination of multiple channels have been important issues to firms and companies. It is interesting to find that the nature of financial products or services may affect the arrangement of distribution channel. For example, Coelho and Easingwood's (2003) study demonstrated that financial institutions applied different combinations of distribution strategies for different financial services or products. The findings show that for motor insurance products, firms tend to use telephone, whilst personal pension companies tend to use a tied agent to sell this product and companies tend to use branch and intermediaries for selling mortgage products.

With regard to the impact of multiple channel adoption on the effectiveness of relationship marketing, it implies that financial institutions may face a challenge different to the one they may have had before. As a result, strengthening the consumer relationships by suitable channel combinations has become more and more important (Durkin and Howcroft, 2003; Hughes, 2006). Some scholars have suggested that technology may enhance the ongoing relationship between consumers and companies. Multiple channel strategies provide consumers opportunities to use channels for different purposes. Wallace, Giese, and Johnson (2004) investigate customer retailer loyalty in the context of multiple channel retailing strategies. The result shows that multiple channel retail strategies enhance

the portfolio of service outputs provided to the customer, thus enhancing customer satisfaction and ultimately customer retailer loyalty. They conclude that multiple channel retailing can be a useful strategy for building customer retailer loyalty.

From a consumers' perspective, the acceptance of a certain channel and applying it to deal with their financial issues, reflects the willingness of consumers to engage in an ongoing interaction with certain financial firms. As a result, it seems that some associations exist on channel choice when purchasing a range of different financial services and relationship engagement.

There have been discussions about this issue from a company's perspective; most of which are with regard to the vital role that channels may play in consumers' cross-buying behaviour and consumer retention rate (Verhoef and Donkers, 2005). Verhoef and Donkers (2005) pointed out that acquisition channels are important predictors of customer loyalty in the first stages of business-consumer relationships. Additionally, if the adoption of multiple channels matched consumers' preference, it would increase the possibility of relationship-building because consumers can access the service or services providers with higher efficiency.

With the advent of technology, internet banking has become more and more popular. Verhoef and Donkers (2005) point out many researchers have empirically tested the impact of the Internet on customer loyalty (Degeratu, Rangaswamy, and Wu, 2000). For example, according to a report presented by Bank of America, customers who used online bill paying were far less likely to switch banks and far more likely to increase the services they used from their bank (Sciglimpaglia and Ely, 2006).

However, some research advocates face to face contact at the branch office may result in customer satisfaction. Albesa (2007) suggests the traditional channels provide a social interaction that the internet lacks. For some consumers, they may prefer face to face contact rather than the electronic channel. The emergence of relationship or loyalty may happen in the interaction with services providers at traditional channels.

2.5.3 Involvement

Involvement, defined as “the extent of personal relevance of the decision to the individual in terms of his/her basic values (utilitarian values, sign value, and hedonic or pleasure value), goals, inherent needs, interests, and self-concept (De Wulf, Odekerken-Schroder, and Lacobucci, 2001; Mittal and Lee, 1989 ; Zaichkowsky, 1985), has been believed as an important factor in consumer research (Antil, 1984) to moderate the consumers’ decision-making process (Kinard and Capella, 2006). The application of involvement includes a purchase decision, a product category, a brand, or a marketing communication (Gordon, McKeage, and Fox, 1998). Involvement may be influenced by product physical characteristics, consumer personal characteristics, and situational factors of the purchase decision which has an impact on consumers’ attitude and behaviour.

Involvement can be characterised as two types: product category involvement and purchasing involvement. Product category involvement consists of a continuous commitment on the part of the consumer with regard to thoughts, feelings, and behavioural response to a product category (Gordon et al., 1998) whilst purchasing

involvement refers to the relevance of the “purchasing activities” of the individual (Slama and Tashchian, 1985). It is noted that there is a difference between product category involvement and purchasing involvement. For example, Quester and Lim (2003) point out that people may be very involved with a product category (e.g. computer) or a brand but have a very low level of involvement with the purchase process (consumers may purchase from certain shop). Conversely, people may be a rather low level of involvement with a product category (e.g. foods), but a high level of purchase involvement because of the desire to receive lowest cost, for example.

Consumers may respond differently in low and high involvement situations (Varki and Wong, 2003). For example, in Assael’s (1987) classification of consumer behaviour based on the degree of buyer involvement and the degree of difference amongst brands (as shown as Table 2.9), consumers act differently with certain product categories. A lot of research results demonstrate that the level of involvement and characteristics of products may influence consumers’ search behaviour, information processing and acceptance of message. For the product category with significant difference between brands, high involvement consumers tend to have complex buying behaviour. The length of decision making time may be longer because consumers spend more time on information searching, developing attitude and beliefs to the product before making any choices whilst low involvement consumers may spend less time on evaluation and tend to brand switch. For the product category with few differences between brands, high involvement consumers tend to engage in dissonance-reducing buying behaviour. In this case, high involvement consumers may make the decision based on certain attitudes towards the product; however, consumers might feel dissonance because they have found

other benefits from other brands. Low involvement consumers have “habitual buying behaviour” to a product category with few brands. Since consumers may demonstrate different buying behaviour across from the degree of difference between brands and level of involvement, it implies consumer might have different relational behaviour to the product category and its suppliers.

Table 2.9 Type of Buying Behaviour

	High Involvement	Low Involvement
Significant Difference between Brands	Complex Buying Behaviour	Variety-Seeking buying Behaviour
Few Difference between Brands	Dissonance-Reducing buying Behaviour	Habitual Buying Behaviour

Source: Assael (1987), cited in Kolter (2003).

Much research has suggested that product category involvement is related to the effectiveness of relationship marketing (e.g. Berry, 1995; Gordon et al., 1998), specifically with consumers’ loyalty. Some studies suggested that highly involved people are more likely to feel they have a relationship with product categories or brands (Martin, 1998; Quester and Lim, 2003) and tend to be more loyal (De Wulf et al., 2001). For example, Gordon et al. (1998) argued that involved buyers are more likely to have a positive response to relationship marketing programmes; highly involved consumers are more likely to participate in marketing relationships and are more likely to derive value from these relationships compared with low involved consumers. The result from Olsen’s (2007) empirical research shows that there is a strong and positive relationship between involvement and repurchase loyalty toward a product category. Another finding is that involvement could be seen as a mediator between satisfaction and repurchase loyalty; however, some scholars have an

opposite point of view. For example, Sheth and Parvatiyar (1995) mention that consumers engage in relationship marketing to reduce their choices, particularly in low-involvement contexts where many choices are available.

Apart from the research about consumer product category involvement to loyalty (including product loyalty, repurchase loyalty and brand loyalty), a growing body of literature demonstrates the research interests in consumers' involvement and relationship marketing in the services industry. Varki and Wong (2003) examined the impact of consumer involvement on consumers' willingness to engage in relationships with service providers and the effect that involvement has on consumers' expectations of relational efforts by the service provider. Research findings suggest that even though there is no big difference in consumers' expectations between high-involved and low-involved consumers; high involved consumers tend to participate in a long-term relationship programme and are more likely to engage in a relationship with their services providers. Kinard and Capella (2006) showed their interests in the association between involvement and perceived relational benefits across a selection of service types including fast-food restaurants and hairdressers/stylists. The result of their study reports that highly involved consumers perceived greater relational benefits from high contact, customised services.

Although the importance of involvement in relationship marketing has not been studied in as great detail within the area of financial services marketing, it seems that involvement is a vital factor in the issue of relationship engagement. Traditionally, financial services involved personal interactions between consumers

and banking staff, the level of involvement may vary according to the frequency and duration of interaction between consumers and their financial services provider. In addition, consumers' perceived risk to financial services and product involvement are considered to be motivational constructs, influencing subsequent consumer behaviours such as informational search and dissemination, and extensiveness of decision-making process (e.g. Dholakia, 2001; Laurent and Kapferer, 1985; Mitchell, 1999; Richins, Bloch, and McQuarrie, 1992).

Howcroft et al. (2003a) used a series of focus group discussions to examine the banker and customer interaction when purchasing a range of financial services. Their study showed that consumers do have a need for a relationship, specifically when purchasing more risky and complicated financial services. Therefore, the level of involvement would influence the motives of relationship building. Howcroft, Hamilton, and Hower (2007) investigate the importance of bank customer involvement to perceived risk when contemplating the purchase of financial service. They suggest the consumers' involvement plays an important role when purchasing a range of products. Their research identified six different segments with different level of involvement and evidence shows each segment has different behaviour in terms of interaction with their financial institution; thus they suggest that customer involvement could be used as the basis for segmenting the customer base. It implies the banks should formulate and implement relationship management strategy for consumers which were classified by the level of involvement.

2.5.4 Knowledge

Consumers' knowledge (or called customer expertise in some articles) is identified as "the ability to perform product related tasks successfully" (Jamal and Naser, 2002, p. 148) or " the understanding of the attributes in a product or services class, and knowledge about how various alternatives stack up on these alternatives" (Sheth, Mittal, and Newman, 1999). Knowledge as a variable may influence the effectiveness of relationship marketing because this variable has been thought to influence information searching during the decision-making process (Chiou, Droge, and Hanvanich, 2002). For example, Chiou, Droge and Hanvanich (2002) have studied the effect of the moderating role of knowledge on the relationship between perceived service quality, satisfaction, trust and customer loyalty response in the context of mutual funds. Their research finding shows that the relationship of trust to loyalty is both direct and indirect through satisfaction only for the high-knowledge groups; for the low-knowledge group, the relationship of trust to loyalty is indirect only, through satisfaction.

Knowledge is also an important indicator to examine perception of service quality and satisfaction. Jamal and Naser (2002) point out some customers may be more expert than others and may be more likely to evaluate service quality and satisfaction. Their empirical research findings show that "expertise is negatively related to satisfaction". As satisfaction may influence customer retention; therefore, there may be some relationship between customer knowledge and loyalty.

In retail banking, much research has demonstrated the variation of consumer behaviour across different groups defined by their ability and knowledge to deal with financial services. Devlin's (2002) research aimed to explore the potential relevance of consumers' bank selection criteria in the UK retail banking context. The result indicates that variations exist between high knowledge and low knowledge consumers. Low knowledge consumers mainly rely on factors like "location" or by "recommendation"; also called extrinsic factors; high knowledge consumers place higher priority on intrinsic factors such as services features, rate of return and low fees. Since bank selection is the very first stage of contact between consumers and their potential financial institution, it implies that there are different behavioural patterns between high knowledge and low knowledge consumers.

Howcroft et al. (2003b) pointed out consumers' perceived level of knowledge; understanding and confidence will differ across a range of financial products. In their studies, respondents perceived higher levels of knowledge and understanding of current accounts; and least levels of knowledge and understanding of investment-based products. This finding implies that consumers' decision making styles may be affected by the complexity of financial services (product). As a result, their relational behaviour may vary according to the nature of financial services.

In a study about how consumers' interactions influence attitudinal and behaviour loyalty for complex financial products like mutual fund, Martenson (2008) examines the difference between three consumer groups (called high elaborator/moderate elaborator/low elaborator respectively) defined by their motivation and knowledge of the stock market. The finding indicates that customer contact persons influence

attitudinal and behavioural loyalty and that the impact is higher for high elaborators than for low elaborators.

2.5.5 Demographics

Demographic variables, including family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality and social class, are always the most popular variables for classification of customer groups because it is believed that consumers' attitude, beliefs and behaviour are often related to the demographic variables and these variables are easy to measure (Kotler, 2003).

In terms of relationship marketing, demographic variables could be used to identify which consumers are more likely to be interested in relationships with the firm, the service provider, and the product/programme or brand. For example, Arnold and Bianchi (2001, p.101) reviewed several literature sources regarding gender differences in relationships (e.g. Bristor and Fischer 1993, Chodorow, 1978) and presented several propositions with respect to gender and the potential of relationship marketing. They suggest that sex and gender identity are potential individual variables that may impact on the extent to which a relationship marketing effort will be successful. They suggest that females will be more likely to engage in relational market behaviour with firms, products or brands.

In the retailing context, East, Gill, Hammond, and Hammond (1995) have studied British supermarket customers with a mail questionnaire survey to examine the association between demographic variables and brand loyalty. Their research

findings show that “household income” is the factor most strongly associated with brand loyalty. Higher income families tend to be loyal, spend more, are more concerned about quality and less about price. Additionally, it is found that loyalty is also related to age. They found that very young respondents (under 25 years) and the elderly (over 65 years) are less loyal.

Patterson (2007) used a questionnaire survey and contacted 700 respondents in order to examine whether loyal behaviour and loyal motives for a selection of services industries (dental, hairdressing and travel agents) varies with age, gender and occupation. The results indicate that age and occupation, but not gender, are associated with loyalty across three service sectors. The more mature consumer groups (35-54 and over 55 years) were found to be more loyal compared with their younger counterpart. Older respondents possess different motives (social benefits, special treatment and confidence) for being loyal compared with younger respondents.

However, given the complexity of services products, the impact of demographics on service product type may be different. For example, Ward and Dagger (2007) conducted research into the length of consumers’ relationships with five different services provider, including bank services, cinema, doctors, electricity suppliers and hairdressers. The findings from their survey of 287 consumers indicate that gender did not have a significant impact on strength of relationship for doctors, cinemas, bank and electricity services, whilst a weak relationship was found for hairdressers. In addition, age was found to have no significant effect on strength for cinemas and hairdressers whilst it was found to have a very weak relationship for the doctors and

electricity suppliers. Since there may be an association between the relationship strength and loyalty, it implies that the effect of demographics on relationship building and loyalty behaviour may vary across different services types.

2.6 Summary: Research Gap from Previous Literature

This chapter has reviewed several critical issues related to relationship marketing. The first part of this chapter discussed the development of relationship marketing theory. The definition, source and development of relationship marketing theory have been reviewed chronologically. In addition, several important research themes in terms of business to business (B2B) relationships and business to consumer (B2C) relationship were reviewed. The differences between B2B and B2C relationships were also evaluated.

The conclusion of the review of the first part of this chapter, regarding the theoretical development of relationship marketing, revealed that the philosophy of relationship marketing shares some characteristics with traditional marketing where the main concern is to satisfy customers effectively and profitably (Palmer, 2002) although there are some differences between transactional marketing and relationship marketing. For example, the concept of “exchange” and “segmentation” in traditional marketing theory is still applied in relationship marketing.

The evaluation between B2B and B2C relationships revealed that there are some differences between these two. The concern of business to consumer relationships indicates the importance of investigating consumers’ relationships in the services industry, particularly in the financial services industry. This chapter presents several sources of evidence that relationship marketing is suitable in the context of financial services.

The second part of this chapter illustrated several important research topics with respect to relationship marketing in the financial services area. Some issues have not been studied fully. First of all, the majority of previous research was conducted from the suppliers' perspective. Although past studies provided knowledge regarding the nature and importance of relationship from customer perspectives, some questions remain unanswered. Important issues such as the definition of "relationship" and "relationship behaviour" and the existence of "relationship" have no consistent agreement and definition and need to be discussed. Furthermore, there are different views in terms of whether consumers are willing to engage in a relationship. Some agree and some disagree with the existence of relationships. Some consumers won't consider their long-term contact/interaction/transaction with certain financial services industry as a "relationship".

Secondly, a review of literature on corporate banking and retail banking has shown limited research focused on the initial stage of relationship building. Most research has focused on the stage of relationship maintenance. A number of studies have investigated the construct of service quality, relationship quality, satisfaction, and loyalty. Perhaps "bank selection criteria" research may be a clue to understand how consumers choose financial intuitions and further decide to engage in a long-term relationship. However, again, the majority of such research has tended to be from the suppliers' perspective. In addition, the research did not consider the "relational motives". There has been no attempt to focus on the difference in consumers' "relational behaviour" across from a range of financial services.

Thirdly, the characteristics of financial services type may reflect different consumer preferences in acquiring and dealing with these services by different methods. Therefore, the channel preference may influence their relationship with their financial service provider.

Fourthly, previous research has discussed consumers' attitude, involvement and knowledge level in terms of behaviour. However, there has been limited research to discuss whether these variables influence their relationship behaviour and propensity to become a loyal customer. The importance of investigating relationship engagement motives is to provide additional information and connection of consumer's loyalty behaviour.

Finally, there has been a lack of research focusing on the factors which might influence consumers' relationship building and there have been a lack of clues as to which factors have a decisive influence on relationship building across a range of different consumers and financial service types.

On the basis of research gap, this thesis focuses on consumer relationship in the field of financial services industry, particularly from the perspective of consumers to investigate the motivations for engaging in a relationship with certain financial institutions when acquiring a range of different financial services. Figure 2.6 presented a conceptual framework of this study.

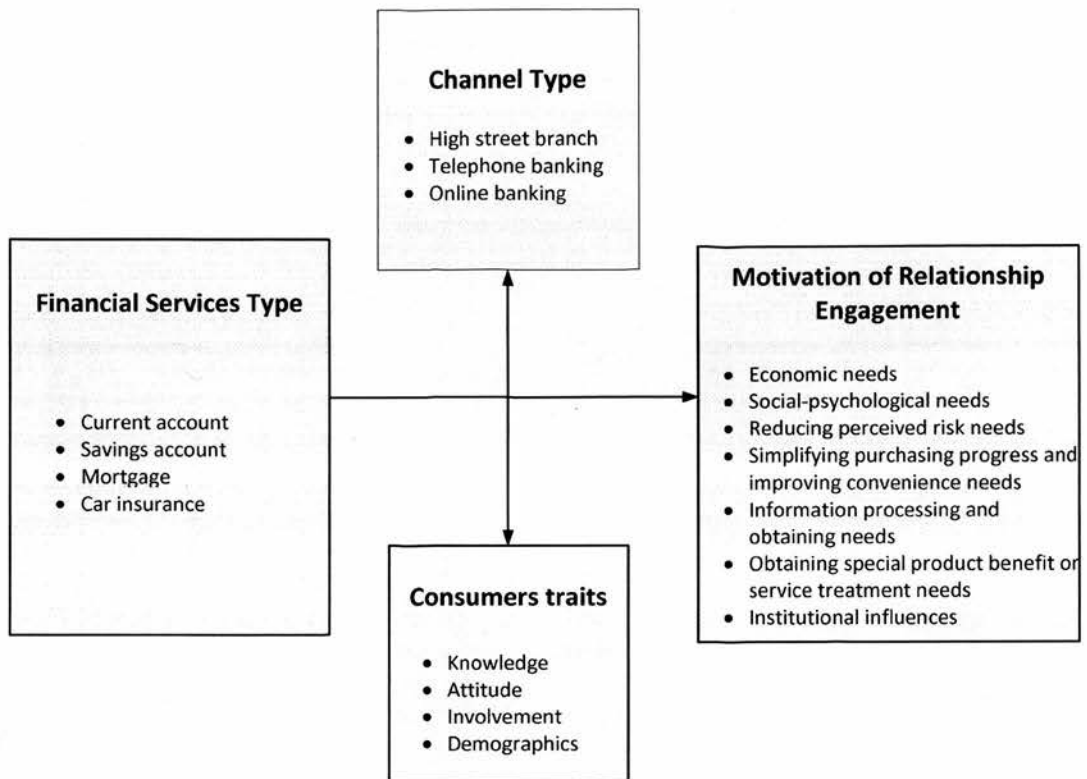


Figure 2.6 Conceptual Framework of this Study

Chapter 3 Methodology

3.1 Introduction

This chapter provides an overview of the research strategy employed in this study. The chapter is divided into four sections. First, the chapter begins with an introduction to the research framework, presenting links between main objectives, research questions and study phases. Second, the chapter moves to a discussion of philosophical paradigms in terms of epistemological and ontological considerations, a comparison of philosophical paradigms in marketing and a justification of the philosophical position of this research. Third, the chapter further discusses the research design of the study, defines the mixed methods strategy (including qualitative focus group discussions and a quantitative survey) and presents the justification of these methods according to the philosophical position and theoretical perspectives behind the methodology in question. Finally, the chapter presents an evaluation of the research design, discussing its limitations and challenge. The chapter ends with a summary.

3.2 Overview of Research Strategy

This thesis is an exploratory study, employing a two-stage research design. As mentioned in Chapter two, a research gap found that there was limited empirical relationship marketing research focusing on consumers' motivations for relationship engagement, particularly in the financial services industry; thus, the first stage aims to investigate the nature of relationships and general motivations for relationship engagement. To reach this goal, focus group discussions were used. Another objective of stage one is to explore several meaningful constructs in order to develop a questionnaire for the survey conducted in the second stage.

The second stage aims to further explore consumer relationships in the context of the UK financial services industry. A questionnaire survey was used to collect consumers' relationship attitudes, intentions and behaviour data from a random sample. The main objectives of the second stage are to examine whether financial services consumers' motivations for relationship engagement vary across different financial services type, institution and channel type, and customer type. Figure 3.1 shows the link between research objectives, questions and research methods of this study.

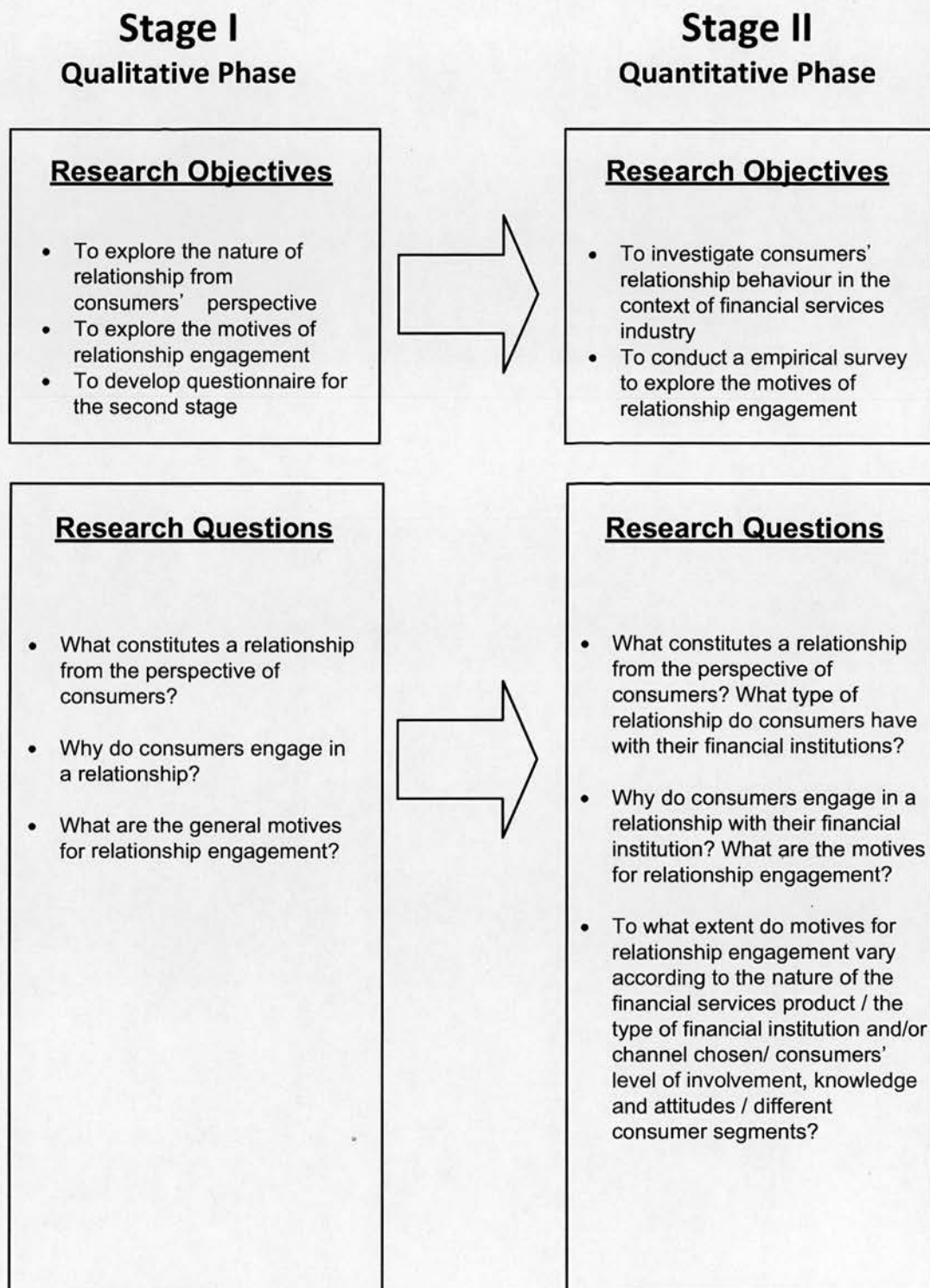


Figure 3.1 Research Process and the Link between Research Objectives and Questions

3.3 Philosophical Position of this Research

Before presenting the research design and data collection methods of this research, it is necessary to clarify the philosophical position of this research. The term “philosophy of science” can be defined as “the conceptual roots undergirding the quest for knowledge” (Ponterotto, 2005, p.127). The purpose of considering a philosophy of research is to understand the philosophical paradigm⁴ that underpins the choices and decisions to be made in a specific research position (Carson, Gilmore, Perry, and Gronhaug, 2001, p.1).

Essentially, different paradigms have different philosophical assumptions in terms of ontology⁵ and epistemology⁶, reflecting a different focus on the nature of reality, a different point of view on the nature of the relationship between theory and research, and different approaches: from the perspectives of theory testing by using deductive approaches to the perspective of theory building by applying inductive approaches (Bryman, 2008). Therefore, different paradigms develop and select different procedures, techniques, tools, instruments, participants and methods for researchers to carry out research to seek knowledge (Crotty, 1998; Hudson and Murray, 1986; Hudson and Ozanne, 1988). A careful consideration of philosophical

⁴ A paradigm refers to “a world view; a set of interrelated assumptions about the social world which provides a philosophical and conceptual framework for the organised study of that world” (Filstead 1979 p.34, as cited in Ponterotto, 2005).

⁵ Ontology can be defined as “the nature of reality and being” (Carson et al., 2001; Hudson and Ozanne, 1988; Ponterotto, 2005); “the nature of social entities” (Bryman, 2008), or “researchers’ view of the external world”.

⁶ Epistemology” is the relationship between the reality and the researcher (Carson et al., 2001; Ponterotto, 2005, p. 127).

position contributes to the justification of the appropriateness of research strategy and the choice of research methods.

3.3.1 The Positivism and Interpretivism Positions

“Positivism” and “interpretivism” have been considered as two predominant paradigms to gain knowledge in the social sciences, particularly in the field of marketing (Hudson and Ozanne, 1988; Marsden and Littler, 1996). “Positivism” (also known as empiricist, objectivist, or positivist view of knowledge), is defined as an “epistemological position that advocates the application of the methods of the natural sciences to the study of social reality and beyond.” (Bryman, 2008, p. 13). There are some characteristics of positivism in terms of ontology and epistemology (Carson et al., 2001):

1. The positivist views the world as external and objective, so the epistemology of positivism is based on the belief that observers are independent and that science is value-free.
2. The features of positivist research focus on description and explanation in which thought is governed by explicitly stated theories and hypotheses.
3. A research topic is identified through the discovery of an external object of research rather than by creating the actual object of study.
4. Researchers are detached and considered to hold a neutral relationship with the object of study.

5. Positivists seek to maintain a clear distinction between facts and value judgments, search for objectivity and strive to use a consistently rational, verbal and logical approach to their object of research.
6. Quantitative methods (e.g. statistics and mathematical techniques) are used by positivists to discover and measure independent facts about a single reality which is assumed to exist, driven by natural laws and mechanisms.

An alternative paradigm is called interpretivism (also known as interpretivist, relativist, subjectivist or social constructionist view), which has many characteristics on the opposite side of the continuum from positivism. The characteristics of interpretivism are:

1. Interpretivism assumes multiple, apprehensible, and equally valid realities which are constructed by individuals.
2. The interpretivist views the world as subjective; the researchers and reality are inseparable (Weber, 2004).
3. Interpretivists respect the differences between people and the objects of the natural sciences; therefore, for interpretivist research, social scientists are needed to grasp the subjective meaning of social action (Bryman, 2008; Hudson and Ozanne, 1988).
4. As interpretivists suggested that researchers are part of the social world and are bounded with certain context of the phenomena under study; one cannot

distinguish between the “true” world and the “perception” of it (Williams and May 1996).

5. Qualitative methods tend to be used by interpretivists (Carson et al., 2001).

Positivism and interpretivism have many differences in terms of ontology, epistemology, research object, role of researcher, goal, view of causality, theory of truth, and methods. Please see more details in Table 3.1.

Table 3.1 The Comparison of Assumptions Between Positivism and Interpretivism

Assumptions	Positivism	Interpretivism
Ontology	<ul style="list-style-type: none"> • The nature of reality is objective, tangible, and divisible. • Reality exists and has its own relationship. • Have direct access to real world • Single external reality 	<ul style="list-style-type: none"> • The nature of reality is subjective. • Reality is essentially mental and perceived. Multiple realities exist because of different individual and group perspectives.
Epistemology	<ul style="list-style-type: none"> • Objective reality exists beyond the human mind • Research focuses on generalization and abstraction • Thought governed by hypotheses and stated theories 	<ul style="list-style-type: none"> • Knowledge of the world is intentionally constituted through a person's lived experience • Understood through “perceived” knowledge • Research focuses on the specific and concrete • Seeking to understand specific context

Assumptions	Positivism	Interpretivism
Research Object	Research object has inherent qualities that exist independently of the researcher	Research object is interpreted in light of meaning structure of researcher's live experience
Role of Researcher	<ul style="list-style-type: none"> • Detached, external observer, • Clear distinction between reason and feeling • Aim to discover external reality rather than creating the object of study • Strive to use rational, consistent, verbal, logical approach • Seek to maintain clear distinction between factors and value judgements • Distinction between science and personal experience 	<ul style="list-style-type: none"> • Researchers want to experience what they are studying • Allow feelings and reason to govern actions • Partially create what is studied, the meaning of the phenomenon • Use of pre-understanding is important • Distinction between factors and value judgements less clear • Accept influence from both science and personal experience
Goal	Explanation and prediction.	Understanding behaviour rather than predict it.
View of Causality	Place high priority on identifying causal linkage	View the world holistically; against the causality; do not believe that reality is composed of parts or facts.
Theory of Truth	Correspondence theory of truth: one to one mapping between research statements and reality	Truth as intentional fulfilment: interpretations of research object match lived experience of object.
Method	Quantitative methods	Qualitative methods

Source: summarised and adapted from Hudson and Ozanne (1988), Carson et al (2001) and Weber (2004).

Although “positivism” and “interpretivism” can be seen as two main streams, there has been debate with respect to the paradigm that has dominated the philosophical

development of marketing theory since the 1980s (Kavanagh, 1994). The issue of what paradigm brings the appropriate epistemological and methodological foundation for marketing and consumer research has been discussed in many articles (e.g. Anderson, 1986; Hudson and Ozanne, 1988; Hunt, 1990, 1991, 1992; Hunt and Clark, 2001; Hunt, Sparkman Jr, and Wilcox, 1982; Marsden and Littler, 1996; Sobh and Perry, 2006).

Some scholars suggest “positivism” has been dominant in the marketing discipline for many years and criticise the disadvantage of positivist approaches which may not be perfect to conduct some topics of research such as consumer attitudes and behaviours (e.g. Anderson, 1986). These scholars argued, “Positivism is dead” or “positivism is discredited” in philosophy of science (Hunt and Clark, 2001). For scholars who advocate these arguments, they presented an alternative paradigm such as interpretivism, relativism, social-constructionism and believe these paradigms are superior to positivism. For example, Anderson (1986) advocates a critical relativist perspective on research in consumer and buyer behaviour. He argues that a relativistic construal of this area is far superior to a positivistic approach in many ways such as: (1) it provides a more accurate description of how knowledge is actually generated in the field. (2) it offers a more rigorous and tough-minded approach to the evaluation of knowledge claims in the discipline, and (3) it suggests a framework for coming to grips with the various problems that arise in day-to-day research. Another example is that Marsden and Littler (1996) argue that social constructionism is the more market-oriented paradigm for research in marketing because it advocates the full involvement rather than detachment of

marketers and consumers in the research process and the analysis of markets is from the consumers' perspective rather from marketer's viewpoint.

However, for some scholars, although they may agree on some disadvantages of positivism, they reject "interpretivism" or "relativism" as proper approaches and superior to positivism because they believe the argument of "positivism is dead or discredited" is false and misleading (Hunt, 1994; Hunt and Clark, 2001). Instead, there has been a debate regarding whether two different schools of thought could exist and be applied to research together (Hunt, 1991).

3.3.2 The Scientific Realism Position: The Philosophical Position of This Study:

Hunt (1990) suggested that scientific realism can be seen as a middle-ground position between direct realism and relativism. He claims that scientific realism has become as an appropriate philosophy of science guiding marketing theory and research. He concludes that scientific realism proposes that,

(1) The world exists independently of its being perceived (classical realism). (2) The job of science is to develop genuine knowledge about that world, even though such knowledge will never be known with certainty (fallibilistic realism), (3) all knowledge claims must be critically evaluated and tested to determine the extent to which they do, or do not, truly represent or correspond to that world (critical realism), (4) the long-term success of any scientific theory gives us reason to believe that something like the entities and structure postulated by that theory actually exists (Hunt, 1990, p.9; 1994, p.24).

The philosophical position of this study subscribes to Hunt's suggestion of "scientific realism" because scientific realism is open to the investigation of unobservable concepts. As Hunt (1990, p.11) states,

"Scientific realism emphasizes the testing of marketing theories as a means for establishing their success. Therefore, theories comprising such diverse concepts such as "attitudes," "intentions," "market segments," "purchase behaviour" "channels of distribution," "retail store," "conflict," "brand awareness," "information search," "perceived risk," and so forth gives us warrant believing (to the extent such theories are successful) that these entities have a real existence and the theories comprising these entities truly "say something" about the world.

The main objective of this thesis is to explore the nature of "relationship", "relationship behaviour" and motivations for relationship engagement in the early stage of relationship development with a particular focus on the financial services industry. As mentioned in the literature review, although the terms "relationship", "relationship behaviour" and "the existence of a "relationship" have appeared in previous literature within different contexts (for example, in the context of business to business relationships from suppliers' perspectives; consumers relationships with their services supplier among others), these issues have not been studied deeply, particularly in the context of the financial services industry. Therefore, it is appropriate to subscribe to the scientific realism paradigm for this thesis. Since scientific realism is open to the investigation of unobservable concepts the basis of this position, a mixed method research design was employed in order to fulfill the research questions.

3.4 Mixed Method Research Design

3.4.1 The Type of Mixed Method Research

The mixed methods design is defined as “the collection or analysis of both quantitative and qualitative data in a single study in which the data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the process of research” (Hanson, Creswell, Clark, Petska, and Creswell, 2005, p. 224). In recent years, the strategy of mix methods has received considerable attention and debate (Barbour, 1998; Bryman, 2007; Hall and Howard, 2008; Hanson et al., 2005; Haverkamp, Morrow, and Ponterotto, 2005; Leahey, 2007; Morgan, 1998; Sandelowski, 2000). With the complexity of human phenomena and behaviours (Sandelowski, 2000) and increased concern for qualitative research, many researchers are expanding their methodologies to include mixed methods designs (Creswell, 2003; Hanson et al., 2005) in order to expand the scope and deepen their insights from the studies (Sandelowski, 2000).

There are some benefits of employing a mixed method design. For example, it enriches the quality of data because one data collection method may compensate for the shortcomings of other particular methods, enhancing the ability of research to obtain more information (Hanson et al., 2005). It allows researchers to simultaneously generalize results from a sample to a population and to gain a deeper understanding of the phenomenon of interest and it allows researchers to test theoretical modes and to modify them based on participant feedback.

Hanson et al. (2005) concludes six types of mixed method research design: three sequential (explanatory, exploratory, and transformative) and three concurrent (triangulation, nested, and transformative). The difference of each design is with respect to its use of an explicit theoretical/advocacy lens, approach to implementation (sequential or concurrent data collection procedures), priority given to the quantitative and qualitative data (equal or unequal), stage at which the data are analyzed and integrated (separated, transformed, or connected), and procedural notations. The options related to mixed methods data collection procedure is shown as Figure 3.3.

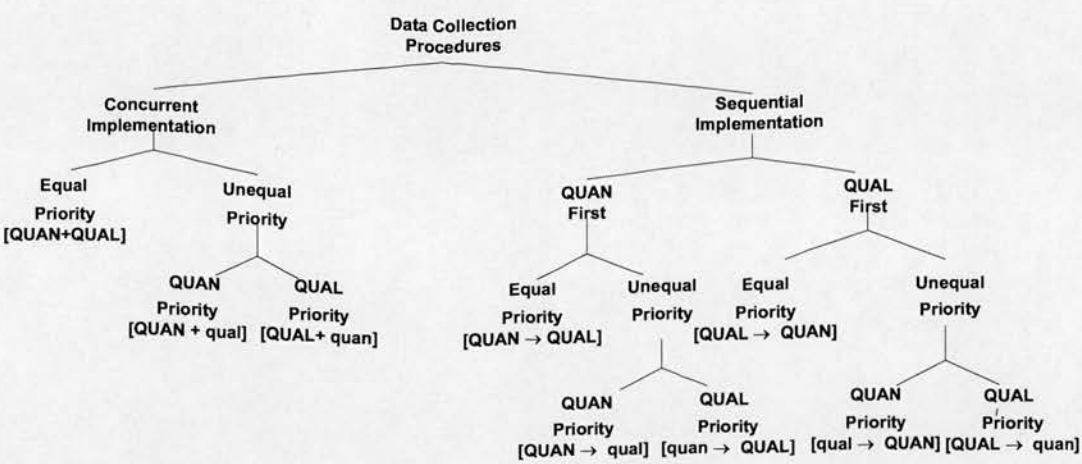


Figure 3.3 Options Related to Mixed Methods Data Collection Procedures

Source: Hanson et al. (2005)

The research design of this study subscribes to Morgan (1998b)’s classification Model I, which is to employ qualitative research to facilitate quantitative research. For a study using qualitative-quantitative research, the purpose of using a mixed method strategy is to develop research “tools” (Barbour, 2006). For example, in designing a study which focuses on a certain group of people’s attitudes and

opinions, focus group discussions are used in order to develop a questionnaire. The discussions contribute to understanding the appropriate wording of questions and prevent researchers from asking irrelevant questions. This approach has been used in a number of studies (e.g Chung-Herrera, 2007; Goyal, 2008; Ibrahim, Joseph, and Ibeh, 2006; Thwaites and Vere, 1995; Ulaga and Eggert, 2006). For instance, in research conducted by Thwaites and Vere (1995), regarding bank selection criteria, in order to examine what factors are relevant to students, identifying key issues and providing a clear definition of problem areas and clarifying vocabulary, they conducted two focus groups in the preliminary stage. They mentioned that the information from this qualitative stage was used in the development of a questionnaire. Another application is research conducted by Venelis and Ghauri (2004) with respect to service quality and customer retention in the context of advertising. In their research, they also used a two-step research approach. In the first stage, a semi-structured interview was used to improve their model developed from a relevant literature review. Then a large scale survey was conducted in the second stage in order to test the presented model.

3.4.2 The Challenges of Mixing Qualitative and Quantitative Methods Research Design

There are some challenges against the multi-strategy research combining different methods or using qualitative and quantitative methods in a single research. Bryman (2008) concludes two kinds of arguments related to the issue of multi-strategy research: epistemological arguments and paradigm arguments. First of all, from the philosophical perspective, qualitative and quantitative methods

are based on different philosophical assumptions, rooted in different epistemological and ontological commitments (Bryman, 2008). Therefore, methods are incompatible between different paradigms.

Smith and Heshusius (1986) criticised the integration of research strategy, because it ignores assumptions underlying research methods and transforms “qualitative inquiry into a procedural variation of quantitative inquiry”. Based on this argument, the integration of qualitative and quantitative research cannot be treated as the combination of paradigms. Instead, the integration of both methods is only at a superficial level and within a single paradigm because paradigms are incommensurable. However, this point has been debated a lot and with no agreement. For example, in Hanson et al.’s (2005, p. 225) article, they reviewed several articles and found that some researchers (e.g. Reichardt and Cook, 1979) were against this viewpoint, suggesting that different philosophical paradigms and methods were compatible because quantitative procedures are not always objective and qualitative procedures are not always subjective. Sandelowski (2000) points out, the combination of qualitative and quantitative methods are just concretely operationalised at the technique level of the research, rather than mixtures of paradigms. Therefore, Creence and Caracelli (2003) suggest that multiple methods may be used in a single research study in order to obtain the strength of both methods (e.g. the representativeness and generalisability of quantitative findings and the in-depth, contextual nature of qualitative findings).

Secondly, the weight of both methods is another issue (Barbour, 2006). The priority of data collection methods will bring some issues related to the data analysis and

explanation. Which method is the principle method: qualitative or quantitative method? For the use of qualitative methods to support quantitative research, qualitative methods may be restricted to the exploratory phase. Finally, it can lead to the difficulty of analysing and reporting the findings.

In terms of actions taken to overcome these challenges, from a theoretical perspective the theoretical position of this research subscribes to “scientific realism”. This paradigm has been recognised as an appropriate paradigm in the field of marketing. Therefore, the use of mixed methods in this study does not mean the integration of positivism and interpretivism, rather, the application of the strengths of both qualitative and quantitative methods in order to understand the reality of the “consumer relationship”. Therefore, it is appropriate to apply this research design from the perspective of the philosophical position.

With regards to the actions taken to overcome challenges of the weight of both methods and reporting of findings, this thesis divides these two stages into separate chapters. The findings of stage I are reported in Chapter Four. Chapter Five presents the research framework for stage II, established from the literature review and findings from focus group discussions. Chapter Six reports the data analysis process and results of the quantitative questionnaire survey (stage II). To report the findings separately stage by stage demonstrates the logic of this thesis to use the qualitative method to facilitate the quantitative method.

3.5 The Evaluation of Data Collection Methods

Stage 1: Qualitative Research Method

3.5.1 The Rational of Employing Focus Groups

Qualitative research consists of a group of approaches, methods, and techniques for understanding and thoroughly documenting attitudes and behaviour. It is widely used in a number of disciplines and perspectives in the social sciences, especially in marketing research for examining the attitudes, feelings and motivations of consumers (Carson et al., 2001). Traditionally, compared with a quantitative approach, a qualitative approach enables researchers to obtain several goals such as gaining an in-depth understanding of the consumer, seeing things from the consumer's point of view, being open to different points of view and keeping an open mind, exploring context, conditions and change, searching for the feelings and emotions behind people's behaviour, describing attitudes and behaviour with as much relevant detail as possible and understanding processes in consumer behaviour and motivations (Mariampolski, 2001). Qualitative methods are used for two primary objectives: exploratory and explanatory research. Table 3.2 illustrates sub-objectives of each category.

Table 3.2 Sub-Objectives of Qualitative Research

Exploratory	Explanatory
<ul style="list-style-type: none">• Discovery• Consumer familiarization• Hypothesis generation• Positioning studies• Research program initiation• Idea generation• Future plans/scenario generation• Process description	<ul style="list-style-type: none">• Motivational analysis• Cultural analysis• Consumer differentiation and segmentation• Interpretation• Additional probing• Comprehension analysis• Disaster checks

Source: adapted from Mariampolski (2001)

There are several reasons for marketing researchers using qualitative methods to conduct consumer research. Firstly, it enables researchers to gain an in-depth understanding of consumers and keep open-minded to see things from the consumer's point of view. Secondly, it enables researchers to search and explore factors behind people's behaviour such as the feelings and emotions and describe attitudes and behaviour with much relevant details (Mariampolski, 2001).

There are a number of techniques for qualitative research such as ethnography/participant observation, individual interviewing, focus groups, field work, case study, language-based approaches to the collection of qualitative data (e.g. discourse and conversation analysis), the collection and qualitative analysis of text and documents. The nature of these methods is different from each other (Bryman, 2008).

Of these methods, focus group could be seen as an important qualitative technique for understanding consumers. Bellenger, Bernhardt, and Goldstrucker (1976) and Higgenbotham and Cox (1979) provide detailed discussions and examples of the use

of focus groups, particularly in the context of marketing applications. Among the more common uses of focus groups are the following: (1) To obtain general background information about a topic of interest. (2) To generate research hypotheses that can be submitted to further research and testing using more quantitative approaches. (3) To stimulate new ideas and creative concepts. (4) To diagnose the potential for problems with a new program, service, or product. (5) To generate impressions of products, programs, services, institutions, or other objects of interest. (6) To learn how respondents talk about the phenomenon of interest. This, in turn, may facilitate the design of questionnaires, survey instruments, or other research tools that might be employed in more quantitative research. (7) To interpret previously obtained quantitative results.

Steward and Shamdasani (1990) concluded the advantages of focus groups are: (1) To provide data from a group of people much more quickly and at less cost than would be the case if each individual were interviewed separately. (2) Focus groups allow the researcher to interact directly with respondents. (3) The open response format of a focus group provides an opportunity to obtain large and rich amounts of data in the respondent's own words. (4) It allows respondents to react to and build upon the responses of other group members. This effect of the group setting may result in the production of data or ideas that might not have been uncovered in individual interviews. (5) Focus groups are very flexible. They can be used to examine a wide range of topics with a variety of individuals and in a variety of settings. (6) The results of a focus group are easy to understand. Researchers and decision makers can readily understand the verbal responses of most respondents.

Based on the nature of research questions, this study adopts focus groups rather than personal interviewing as a main research method for data collection because of the advantages that focus groups provide as stated earlier. First of all, since this study is an exploratory study for obtaining a clear understanding of consumers' motives for relationship engagement, using focus groups can explore more uncovered factors and complex behaviour through group interaction than one to one interviewing. It is useful for understanding consumers' attitudes and multifaceted behaviours or motivation (Krueger, 1994).

Secondly, focus group discussion taps into human tendencies (Krueger, 1994). Krueger (1994) states that people's attitudes and perceptions to concepts, products, services, or programs generate and develop by interaction with other people. That is, people may need to listen to opinions of others before they form their own personal opinions. If we only use personal face to face interviews, a deficiency is that we may not know the effect of the interaction among people.

Thirdly, using focus groups can increase the sample size of qualitative studies. Generally, qualitative studies typically have limited sample sizes because of the time and cost constraints of individual interviewing. In this case, employing focus group discussions can recruit a number of participants who are anticipated to give wider ranging opinions than might be obtained from interviewing.

Finally, to reach the goal of finding out the construct to measure consumers' engagement motives, adopting focus groups can produce an initial result for later empirical testing. The combination of focus groups to explore phenomena, followed

by a survey instrument to test for and measure relationships, is an established mixed-method approach. For example, the SERVQUAL model, created by Valarie Zeithaml, A. Parasuraman, and Leonard Berry in 1990, began with focus groups and later incorporated the concepts into closed-ended surveys.

3.5.2 The Limitations of Focus Groups

Even though the features of focus group discussions have the potential to be an appropriate method to research consumers' attitudes and behaviour and may be more advantageous than individual interviewing, in some cases, the use of focus groups may have some limitations. The main disadvantages of focus group discussions are as follows (Bryman, 2008). First of all, compared with individual interviewing, the researcher (moderator) in the focus group discussion has less control in the middle of the discussion. In some circumstances, this point may be advantageous; however, it might be difficult for the moderator to find a timing to throw the questions to participants. Furthermore, it might be difficult to pull back the topic when participants have strayed off the topic. The degree of how involved the moderator should be is difficult to define.

Secondly, analysing focus group discussion data is not easy. Although the main research themes have been structured before the discussion, the process and focus of the discussion may differ across different participants and groups. The discussion of the questions may not follow the research guide. As a result, to incorporate participants' opinions is not easy when transcribing. Furthermore, the group

interaction is difficult to record because there are some inaudible elements (e.g. eye contact and body languages.)

To overcome the limitation of focus group discussions, some actions were taken. First of all, the conduct of the focus group discussions was based on a question guide. The sequence of the discussion was based on the order of questions listed on the guide. The moderator used this guide to host the discussion and prevented participants' from discussing out of the topic. An assistant was hired to help during the focus group discussion.

To overcome the problem when transcribing and analysing the focus group discussion results, a digital recorder was used. The transcripts and research findings were analysed based on the discussion guide in terms of categories of research themes. Further details of the analysis procedure used are provided in Chapter 4.

Stage II: Quantitative Survey: Online Questionnaire Survey

3.5.3 The Rationale for Using a Questionnaire Survey

The second stage of this thesis used a cross-sectional design to further examine the results from the first stage and a conceptual framework by conducting a survey (the details are shown in Chapter Four and Five). This survey was conducted by the use of a structured questionnaire to ask respondents a variety of questions regarding their behaviour, intentions, attitudes and motivations for relationship engagement for a range of financial services. The target population for this survey was residents of the UK aged over 16 years old and possessing at least one of the selected financial services. This chapter focuses on the evaluation of various data collection methods for quantitative survey. The main purpose in this section is to discuss in what way questionnaires are delivered to respondents effectively and completed with good quality. The details of questionnaire design, questions development, the decision of sampling frame and the procedure for conducting the survey in practice are presented in Chapter 5.

This section discusses the rationale for conducting survey research. This thesis is a descriptive study. Examples of descriptive research in marketing include studies of describing the nature of the specific market such as the environment, products, competitors and the composition of consumers, their perceptions, usage, and attitude and profile. According to Malhotra and Birks (2006), the main purpose of this type of research in the field of marketing is to describe something such as market characteristics and functions. Survey and quantitative observation

techniques are important techniques in descriptive research designs (Malhotra and Birks, 2006). The main reason of why this research employed survey rather than quantitative observation methods to collect data because consumers' attitudes to relationship engagement and their purchase behaviour of financial services are difficult to access by observation. In addition, with regards to the sources of data in terms of consumer motivations and attitudes, it is difficult to obtain secondary data from databases because variables such as consumer relationship motivation and attitude to relationship building might not be included in current consumer databases. Furthermore, in terms of the research topic regarding consumer relationship marketing, a lot of research has been conducted observing behaviour yet this does not tell us why the relationship occurs. Therefore, conducting a survey to obtain primary data is the best strategy to answer the research questions.

The questionnaire is used as the main research instrument for a survey. The next purpose of this section is to discuss how the questionnaire is to be delivered to the target respondents. In social science research, survey questionnaires may be administered in three major modes: personal face to face interview, telephone interview and mail interview. With the rapid advent of technology, development of World Wide Web (WWW) techniques like HyperText Markup Language (HTML) and Javascript and growing numbers of computer users, the Internet has become one of the most significant advances in survey methodology (Baernholdt and Clarke, 2006; Cobanoglu, Warde, and Moreo, 2001; Dillman, 2007). Conducting questionnaire-based surveys via internet has proliferated and diffused at a rapid pace (Couper, Traugott, and Lamias, 2001) on a wide range of topics in social science research (Couper, Kapteyn, Schonlau, and Winter, 2007). In the US, it was

estimated that more than one third of market research was conducted through online surveys in 2004 (Ganassali, 2006). Not surprisingly, in the UK it also has achieved considerable growth in internet access. According to the National Statistics Survey, an estimated 13.9 million households (57%) in Great Britain could access the Internet from home. In addition, by the end of 2006, 60% of the UK adult population had access to the internet compared to only 9% in 1998 (ONS, 2007). Even though the pace of the growth in internet surveys in the UK is not the same pace as in the US (Duffy, Smith, Terhanian, and Bremer, 2005), there is no doubt that this new technology really has an influential impact on the methodology (Dillman, 2007). There are three types of internet/online survey: distribute questionnaire directly by e-mail (questionnaires are sent as a attachment by email) or web-based survey (questionnaires are posted on certain webpage), and mix-mode web survey (a notice regarding the survey webpage is sent by email) (Baernholdt and Clarke, 2006; Schonlau, Fricker, and Elliott, 2002).

It is noted that not all of data collection methods are suitable in each situation. The choice of medium to reach the research target should consider a number of factors since the nature of each method varies and should be used for different purposes. Table 3.3 compares the differences of three data collection methods through a range of criteria suggested by Malhotra and Birks (2006). The criteria consist of flexibility of data collection, diversity of questions, use of physical stimuli, sample control, control of the data collection environment, control of field force, quantity of data, response rate, perceived respondent anonymity, social desirability, obtaining sensitive information, potential for interviewer bias, potential to probe respondents, potential to build rapport, speed and cost.

Table 3.3 The Comparison of Survey Methods

Criteria	Personal Interview	Telephone Interview	Mail	Email	Web-based
Flexibility of data collection	High	Moderate to High	Low	Low	Moderate to High
Diversity of data collection	High	Low	Moderate	Moderate	Moderate to High
Use of physical stimuli	Moderate to High	Low	Moderate	Low	Moderate to High
Sample control	Moderate to High	Moderate to High	Low	Low	Moderate
Control of data collection environment	Moderate to High	Moderate	Low	Low	Low
Control of field force	Low	Moderate	High	High	High
Quantity of data	Moderate to High	Low	Moderate to High	Moderate	Moderate to High
Response rate	High	Moderate	Low	Low	Low
Perceived respondent anonymity	Low	Moderate	High	Moderate	High
Social desirability	Low to Moderate	Moderate	High	High	High
Obtaining sensitive information	Moderate	Low	Moderate	Moderate	Moderate
Potential for interviewer bias	High	Moderate	None	None	None
potential to probe respondents	High	Low	Low	Low	Low
Potential to build rapport	High	Moderate	Low	Low	Low
Speed	Moderate	High	Low	Low to high	High
Cost	High	Moderate	Low	Low	Low

Source: adapted from Malhotra and Birks (2006)

As mentioned earlier, responding to the growing popularity of internet surveys, several articles have discussed the pros and cons of web surveys and compared the

similarities or differences between traditional data collection methods and online surveys (Braunsberger, Wybenga, and Gates, 2007; Converse, Wolfe, and Huang, 2008; Foy, 2004; Fricker and Schonlau, 2002; Ganassali, 2006; Heerwegh, Vanhove, Matthijs, and Loosveldt, 2005; Kwak and Radler, 2002; Manfreda, Bosnjak, Berzelak, Haas, and Vehovar, 2008; Manfreda and Vehovar, 2002; McCabe, Couper, Cranford, and Boyd, 2006a; McCabe, Diez, Boyd, Nelson, and Weitzman, 2006b). For example, a number of discussions have compared the advantages and disadvantages in terms of response quality and cost efficiency and effectiveness to reach respondents between online survey and mail survey by reviewing previous experiment research (e.g. Manfreda et al., 2008; Schonlau et al., 2002; Sheehan, 2001). For instances, some research focuses on whether a paper based survey can provide the same results as a web survey (e.g. Epstein, Klinkenberg, Wiley, and Mckinley, 2001; Huang, 2006); some focus on recruitment issues for internet surveys (e.g. Im and Chee, 2005); some focus on the research design (Andrews, Nonnecke, and Preece, 2003b; Couper et al., 2001; Manfreda and Vehovar, 2002) and questionnaire design (e.g. the order of the use questions, visual techniques) (e.g. Couper, Conrad, and Tourangeau, 2007) for online surveys, and some focus on the response quality of mix mode internet surveys (Converse et al., 2008; McCabe et al., 2006b; Porter and Whitcomb, 2007). A small number of studies compared web surveys and other traditional methods like telephone (Braunsberger et al., 2007), fax (Cobanoglu et al., 2001) and face to face interview (Duffy et al., 2005).

This thesis did not use traditional data collection methods (e.g. face to face interview, telephone, and mail survey) to conduct the questionnaire survey; instead, this thesis

applied a mix mode web questionnaire survey. The rationale for this decision follows:

1. The design of questionnaire

As mentioned earlier, this research explores consumers' relationship behaviour in the context of acquiring a range of different financial services. In order to acquire more detailed information regarding consumers' attitudes to the relationship and their banking behaviour, a complex questionnaire is needed. Therefore, face to face and telephone interviews were not ideal data collection methods for this study.

In terms of questionnaire design, the diversity of questionnaire design of web-based surveys is superior to other traditional survey methods. The design of questionnaires for internet surveys, particularly for web surveys is more flexible and interactive, and can appeal to the need to broaden scope and length. Couper et al. (2001) suggested that web surveys offer many options for the researcher, providing more design features. Dommeyer and Moriarty (2000) suggested that this method allows the researcher to design a questionnaire with colour, graphics, audio features and sophisticated skip patterns (skip patterns refers to a respondent taking an alternative path through a questionnaire depending on his or her answer to earlier questions). This research seeks to clarify consumers' relationship behaviour toward certain financial services which they have or intend to have in the future, hence there is a need to set up filter questions to lead respondents to answer questions in an order. A traditional mail survey would make it difficult to set up filter questions and make sure every respondent can follow the question sequence correctly. Additionally, as mentioned earlier, the emergence of web questionnaire

software can help researchers to produce web-surveys more easily and within a short period of time. For example, some copyrighted software applications (e.g. survey monkey, websurveyor) can eliminate manual construction and administrative challenges (Andrews et al., 2003b). These benefits can make the questionnaire more useful and make potential respondents more willing to participate in the survey so as to improve data quality (e.g. increase in response rate, increase in completion rate and decrease in missing rate.).

2. Response speed and response quality

Response quality for a questionnaire survey can be measured from the following factors: response speed, response rate and response abundance. Internet surveys have a quick response compared to mail surveys (Cobanoglu et al., 2001; Grandcolas, Rettie, and Marusenko, 2003; Kwak and Radler, 2002; Schonlau et al., 2002; Sheehan and McMillan, 1999). The average response speed for an internet survey is from 4.68 days to 9.6 days whilst for mail surveys it varies from 10.8 to 12.9 days (see Bachmann, Elfrink, and Vazzana, 1996; Kiesler and Sproull, 1986; Sheehan and McMillan, 1999). Therefore, for better response speed, an email survey or a web survey is an ideal choice. In addition to the response speed, a webpage survey saves a lot of time with regards to coding and data analysis because it allows automatic verification and survey response capture in a database (Andrews, Nonnecke, and Preece, 2003a).

Compared to mail surveys and e-mailed surveys, web-based surveys provide better data quality. For example, research shows that Internet surveys have been expected and found to have a lower rate of item non-response and longer open-ended

response (Kwak and Radler, 2002). Although many research studies indicate that the response rate of online surveys is less than mail surveys, the response rate is not the only evaluation for better quality. Instead, the completion rate (or drop-out rate) will influence the level of response rate and data quality. Furthermore, the response quality is related to the design of the questionnaire and the way consumers complete the questionnaire. With the assistance of web questionnaire design software, the questionnaire could improve the completion rate and decrease the dropout rate. In addition, for open-ended questions, it provides an interface that allows respondents to type in their feedback easily. This could increase response abundance.

3. Cost efficiency

Internet surveys have the benefit of cost efficiency (e.g. saving money cost on paper and postage (Andrews et al., 2003a). For example, the cost of an e-mail survey is estimated to be between 5% and 20% of a paper survey. Jones and Pitt (1999) compared their research cost in terms of email only, email and web, and postal mail; the costs were 35 pence, 41 pence and 92 pence respectively. Another survey conducted by Cobanoglu et al. (2001) in the US shows that, of three data collection methods which are postal mail survey, fax and web based survey, the order of the total cost in their study for collecting 100 responses (from the most expensive to the cheapest) is mail survey, fax, online survey. Although the online survey has the highest fixed cost, there is no variable cost for this type of data collection method. In other words, it means that the unit cost may decrease significantly as the sample size increases. With regards to the financial side of the research, although this study

received a grant, this limited budget was not sufficient to hire more interviewers to conduct questionnaires by face to face interview or telephone interview.

4. Sample control

The definition of the sample control is the ability of the survey mode to reach the units specified in the sample effectively and efficiently (Malhotra and Birks, 2006). Of these five methods (personal face to face interview, telephone interview, mail survey, email survey and web-based survey), personal face to face (especially in-home or in-office) interview has the best ability of sample control because it is possible to control which sampling units are interviewed, who is interviewed, the degree of participation of other member of the household and many other aspects of data collection (Malhotra and Brils, 2006, p.235). In practice, however, the degree of sample control for face to face interview may not be as ideal as the researcher assumes because potential respondents may be reluctant to participate in the survey. For street interview, it would yield some bias because the interviewer has to control which respondents walk down a street or shopping mall should be intercepted and invited for the survey.

The degree of sample control for traditional mail or e-mail surveys could be very low unless the researcher could obtain a good mailing or e-mail list. However, the challenge is that the researchers cannot control the questionnaires are actually delivered safely and received by correct persons who included in the sampling frame. In some circumstances, the potential respondents may be reluctant to answer the questionnaire because the lack of incentives and motivations. For web-based survey, the degree of sample control depends on the research design and the source of data.

If the data are collected by respondents who visit the web site by chance, the degree of sample control could be very low; however, if the sample was chosen from a specific population or screened to meet qualifying criteria (e.g. internet users, computer users), sample control may be in a moderate level.

It is difficult to get a good sampling frame for consumer research. In order to obtain a probability sample, it is important to consider the sample source. Generally, the sampling frame could be obtained from the yellow pages or other postal documents. Considering the budget limit, this study applied to use an online database from a commercial marketing company.

On the basis of these criteria, this study employed the Internet as a main data collection method to conduct this consumer survey.

3.5.4 The Limitations of Online Questionnaire Surveys

Sample coverage and sampling frame would be two possible problems with online surveys. Since online surveys are restricted to internet users and internet users may have certain characteristic such as high education, high income and living in urban areas, the findings should be explained and used carefully and prevented from over-generalisation.

Additionally, the sampling frames used in internet surveys can become outdated quickly as people change their e-mail providers or their ISPs. In some circumstances, if the e-mail address is not the potential respondents' principal email, the undeliverable rate of emails could be higher than that of mail. According to Weible

and Wallace's (1998) research, they found that the undeliverable rate for their mail survey was only 2% compared with an undeliverable rate of 19.5% and 24.5% for their e-mail and web-based surveys. Bachman et al. (1996) discovered a 0.4% undeliverable rate for their mail survey, but received a 19.1% undeliverable rate for their email survey.

Furthermore, some research comparing mail and web-surveys acknowledged that response rates of web based surveys could be lower than those produced by mail (Manfreda et al., 2008). To overcome this problem, this study purchased a sampling frame provided from a direct marketing consultancy company, Avongate Ltd. The email list was from their i-points database. Potential respondents were offered online points as incentives for reaching the goal of a higher response rate. In addition, the questionnaire was designed using "Survey Monkey" questionnaire software. Using a professional layout and filter questions, the questionnaire was designed for respondents answering questions easily and without problems.

3.6 Summary

This chapter has focused on the perspective of methodology. After reviewing philosophical aspects, it was noted that this study subscribed to the position of scientific realism and employed a two-stage research design. The logic of a multi-strategy combining qualitative and quantitative methods has been discussed and the benefits and challenges have been mentioned. The main data collection methods in both stages were evaluated and their appropriateness justified. In stage one, focus group discussions will be employed to collect qualitative data and as a preparation for the second stage. An online survey is to be used for collecting quantitative data in the second stage. The limitations and challenges of this research design have been mentioned at the end. The data collection process for focus group discussions will be explored further in Chapter four. Chapter five will further discuss the process of questionnaire design, sample selection, sample size and the data collection process.

Chapter 4: Focus Group and Findings

4.1 Introduction

Having reviewed the philosophical position of this research, introduced the research strategy, a two-stage research design, and outlined the main data collection methods, this chapter looks in more detail at the first stage of the research design, the aim of which is to apply qualitative focus group discussions to explore the fundamental issue of relationship engagement from the consumers' perspective. This chapter includes three sections. Section one begins with an introduction to the objectives of the focus groups and the focus group process. Several issues are examined including the development of research themes and questions; decisions as to the size and number of groups; determination of the composition of groups; participant selection strategy, recruitment process, discussion process, and data analysis techniques. Section two outlines the procedure for data analysis of the qualitative data. The content of the discussions is categorised and summarised according to the research themes. The final section presents a discussion of the findings from the analysis and concludes with the main contributions of the focus groups and how these inform the subsequent quantitative survey stage of the research.

4.2 Focus Group Objectives

According to a classification by Calder (1977), three approaches are normally used in qualitative research in the context of marketing: exploratory, clinical and phenomenological. This research falls into the first type: exploratory. As stated in Chapters two and three, there has been a lack of attention to consumers' relationship behaviour and consumers' motives for relationship engagement in previous research. Hence, exploratory research is necessary. The rationale of exploratory focus groups in this first stage is to generate ideas, to explore meanings of relationship behaviour from the consumers' perspectives, rather than that of the suppliers'. The detailed objectives of this stage are:

1. To obtain in-depth meanings of how the individual perceive himself or herself as a consumer.
2. To explore several terms related to consumer relationships from consumers' perspectives, including the nature of relationships, the definition of loyalty, and general motives for engaging in a relationship with financial institutions.
3. To assist in the development of the questionnaire and aide decisions concerning the wording and terminology to be used when discussing relationships.

In an attempt to reach these goals, a series of actions were taken which are shown in Figure 4.1.

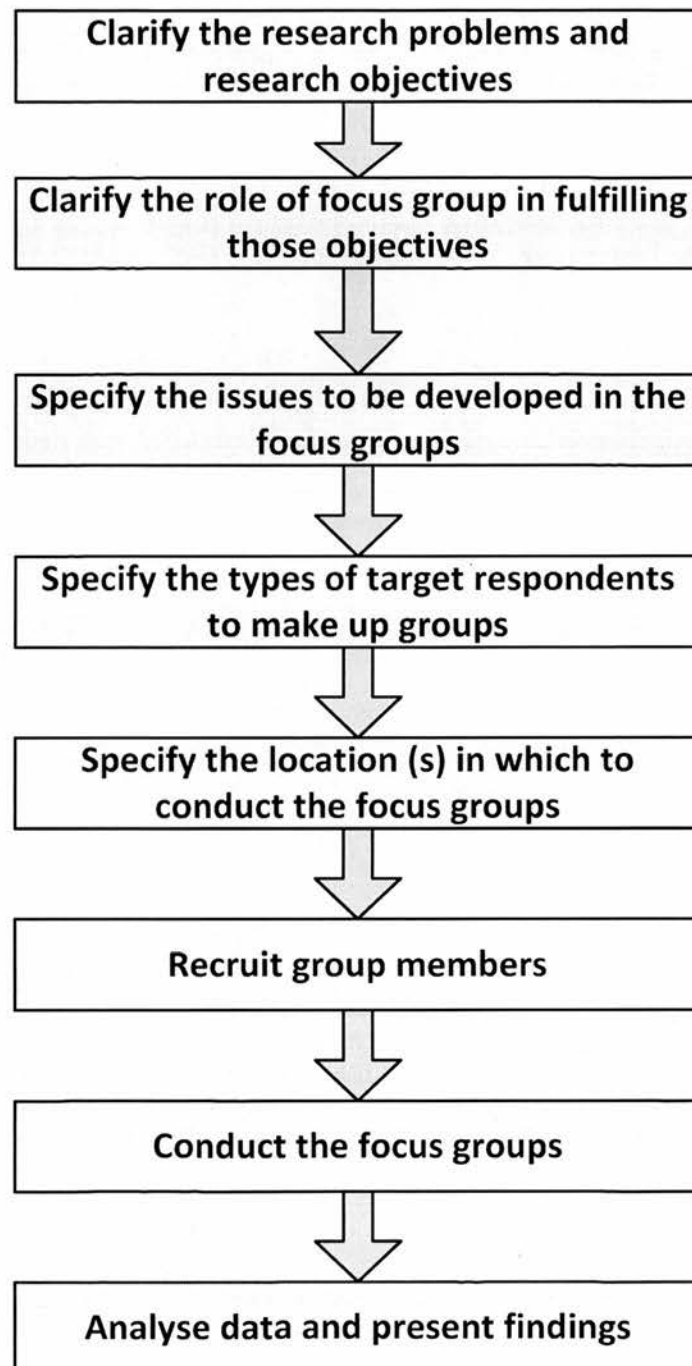


Figure 4.1 The Process Used in Conducting Focus Groups

4.3 The Focus Group Process

4.3.1 Research Theme

Focus group discussions were conducted based on a question guide in order to make the discussion more effective and fluent. The nature of this guide is not a structured question guide, as in the case of a structured interview, but more a prompt for discussion topics. Table 4.1 demonstrates the five main themes developed based on the research objectives and the relationship to the subsequent survey: 1) perception of self as customer; 2) the awareness of consumer loyalty; 3) motivation for relationship engagement; 4) use of channels for dealing with financial services and 5) reasons to end relationships.

Table 4.1 Question Guide for Moderating Focus Groups in the First Stage of this Research

Question type	Discussion Topic	Questions	The relations to later empirical survey
Opening	Background information	<ul style="list-style-type: none"> • Could you please introduce yourself? Say your first name, age and a few details about where you are from. 	
Introduction	Perception of self as customer	<ul style="list-style-type: none"> • How would you describe yourself as a customer? • What kind of customer are you? Can you describe your experience of being a customer? 	<ul style="list-style-type: none"> • Segmentation and relational behaviour
Transition	Awareness of consumer loyalty	<ul style="list-style-type: none"> • When you think of a "loyal customer", what comes to mind? What does the term "loyal customer" mean to you? • Why would you be loyal and why would you get out of being loyal? What would someone lose or miss out on by not being loyal? 	<ul style="list-style-type: none"> • Products type and relational behaviour
Key	The motivations of relationship engagement	<ul style="list-style-type: none"> • What does the term "relationship" mean in the context of a customer-company relationship? • Do you consider you have a relationship with any company, tell us your experience? • Can you tell us what would make you to engage in a relationship with companies, firms, shops or service providers? 	
Transition	The motivations of relationship engagement in financial service	<ul style="list-style-type: none"> • Let's talk about financial services. Have you ever used financial services? Can you tell us what services you've used? • From your experience, can you tell us what led you to engage in or to build a relationship with a certain bank? Do you feel you receive benefits from dealing with the banks with which you have a relationship? Why would someone want to develop a relationship with their bank? • Let's talk about virtual channels, internet has become important; have you ever used online banking services? Tell us your experience. 	<ul style="list-style-type: none"> • Attitude to the existence of relationship • Motives of relationship engagement with certain financial institution. • Bank selection criteria (for current/savings account)

Question type	Discussion Topic	Questions	The relations to later empirical survey
Key	The motivation of engaging in a relationship with a bank and the use of a virtual channel: e.g. internet	<ul style="list-style-type: none"> • What prompted you to use online banking services in the first place? Do you use the online banking services after building a long-term relationship with certain banks? • Is there any difference when you deal with the physical bank and the bank website? • (To non-users) What is stopping you from using the online banking service? • Have any of you ended a relationship with your bank? Why would someone end a relationship with their bank? 	<ul style="list-style-type: none"> • The channel used for financial services
Ending	Reasons to end relationships	<ul style="list-style-type: none"> • Have we missed anything? Is there anything else you would want to say that you haven't had a chance to say? • Is there anything that you have said that you would like to change? 	

1. Opening, introduction and warm up

The discussion started by letting each of the participants introduce themselves. The purpose of introduction questions is to “break the ice” and encourage all participants to contribute to the discussion. In addition, the opening topic of “perception of self as a customer” aims to help participants form a quick impression of the topics that are going to be discussed.

Before entering the main discussions on “motivation of relationship engagement”, “consumers’ relationship with their bank” and “the use of the virtual channel”, the transition questions regarding “the awareness of consumer loyalty” are used to help consumers think about the question of what a “relationship” is. This is because the

term “relationship” may be very difficult for respondents to define indeed. Some may question the existence of a “relationship” according to the findings from previous research (see discussion of Barnes, 1997; Barnes, 1994a; Barnes, 1994b; Hennig-Thurau, Gwinner, and Gremler, 2000; Zolkiewski, 2004). In addition, “loyalty” could be considered as a link to explain “relationship behaviour”. For example, as mentioned in Chapter two, Harker (2004) investigated the customer definition of key relationship marketing concepts and found that loyalty was the term respondents most used. Therefore, this study asked respondents to consider whether they perceive themselves as being “loyal” to link their attitudes and motives for relationship engagement. Respondents’ answers to “self-perception of being a consumer” and “awareness of loyalty” not only contributed to obtaining “customer-oriented” understandings of consumers’ attitudes towards relationship engagement, but also contributed to categorising consumer types in the later stage of data analysis.

2. Discussion of main topics

The first main theme of this research topic, “the motivations for relationship engagement”, was asked in two stages. The discussion began by having participants talk about their general motives for engaging in a relationship with a certain company with regards to any purchasing behaviour. The purpose of this section was to make participants feel relaxed before the topic moved on to discuss their “financial services purchasing behaviour”. Another benefit was to compare whether any differences existed between other product/services categories and financial services.

Again, another main theme of this research was to ask how respondents dealt with their financial services: what kind of channels they normally use for dealing with their financial institution. Here the focus of discussion was on the use of a virtual channel: online banking. The reason for designing this question is to explore whether technology has an influence on the relationship in the context of the financial service sector.

3. Ending

The discussion ended with the question of “why relationships end?” This question was designed to investigate factors which may result in relationship termination. In terms of the relationship development process, a number of scholars have presented a number of somewhat different frameworks to describe inter-firm and intra-firm relationships (e.g. Dwyer, Schurr, and Oh, 1987; Huang, 1998; Hutt, 1995; Wilson, 1995; Zajac and Olsen, 1993). Dwyer et al. (1987) points out “buyer-seller (firm-to-firm or firm-to-consumer) relationships may go through five general sequential phases including: awareness, exploration, expansion, commitment and dissolution. In addition, researchers in studies of interpersonal relationships or close relationships (e.g. friendship or romantic relationships) tend to divide the relationship development into three stages: relationship initiation, relationship maintenance, relationship termination/disengagement/dissolution (e.g. Baxter 1983, Baxter and Philpott 1982, Duck 1982, as cited in Huang, 1998). Since the majority of existing research has been focused on the factors contributing to the maintenance of relationships, this study focuses on the initial stage. The understanding of

relationship termination would be helpful to understand the association among different stages of relationship development.

4.3.2 Planning and Research Design of the Focus Group

In terms of planning a focus group discussion, numerous decisions around the use of focus groups need to be made. The selection of participants for focus groups could be very subjective and be based on researchers' decisions. The first issue is to decide on the size of the group and the number of groups to be recruited in the project. The second issue concerns the composition of the groups and where to recruit a group of people to join the discussion. The last issue is how group interviews should be conducted to ensure the discussion runs successfully. To put it more specifically, the issue includes how structured groups will be, that is to say, to what extent the moderator is involved during the discussion and what expertise and credentials should a moderator have. In addition, to what extent is the role of interaction among the group members important (Calder, 1977)? Many advocates of focus groups have suggested several rules to focus group research design; however, it doesn't mean these rules should be adhered to without any flexibility. Instead, the research design can be modified to reach the research objective. The following sections discuss each of the issues in more detail.

1. The determination of size of each group and number of groups in this project

In terms of the size of a focus group, previous research suggested a wide range of requirements, but, there is no consensus in the literature concerning the optimal

number of participants for a focus group (Barbour, 2007; Carson, Gilmore, Perry, and Gronhaug, 2001). Reviewing current focus group research found that the minimum size is three or four participants (e.g. Barbour, 2007; Kitzinger, 1994) whilst the maximum size of each group may include between ten and fifteen people (Bryman, 2008). Therefore, there are different recommendations regarding the ideal size of a focus group. For example, Morgan (1997; 1998) suggested that the ideal size of a group should range from six to ten participants. In marketing research, a suitable size would be eight to ten (Calder, 1977) whilst Krueger (1994) and Malhotra and Birk (2006) suggested the maximum number for a group should be twelve. Indeed, it is expected that larger groups would produce more valuable information by participants' interaction whilst a small group may not generate enough results; however, there is a risk that larger groups tend to limit each person's opportunity to share insights and observations (Morgan, 1998) when dealing with complex topics or with more knowledgeable participants. Bryman (2008) also suggests that recruiting larger groups tends to result in a wall of silence when participants know little or have little experience on the topic. Barbour (2007) points out that to recruit too many participants in one group would lead to difficulties with data analysis because researchers may find it difficult to identify each person's voice from the records.

Additionally, one major problem of recruiting people for conducting focus group discussions is the lack of control over attendance of participants. It is normally difficult to avoid this problem. People might agree to participate in the focus group discussion but may not turn up on the day. Even though some strategies could be adopted, like over-recruiting (Bryman, 2008), to make sure the group has a satisfactory size, it is difficult to control "no-shows" and ensure that each group is the

same size in practice. Therefore, considering these experts' recommendations, the ideal size for this study was felt to fall somewhere between six and nine participants in each group.

Similarly to deciding on the size of each group, the determination of the number of focus groups in a research project is also an important issue, although there are no suggestions of an optimal number of groups either (Barbour, 2007; Carson et al., 2001). Fern (2001) argues that the optimal number may range from two to eight. It implies that the determination of the number of groups tends to be based on researchers' subjective decisions. Obviously, it is unlikely that only one group would be conducted as this would lead to bias (Morgan, 1998). Also, it is unlikely that a huge number of groups would be conducted because of limitations of cost and time. Indeed, the objective of focus group research is not to conduct large scale research.

A number of recommendations have been made from previous studies. First, Carson et al. (2001, p. 118) suggest that the number of groups to be conducted depends upon the nature of the issue being investigated, the number of distinct market segments and the number of new ideas generated by each successive group. Fern argues (2001) the number of groups seems to depend on the research complexity and researcher's interest in different variables.

Second, Morgan (1997) suggests the best way is to decide on a target number of groups in the planning stage but to have a flexible alternative if more groups are needed. If there is no set target number of groups in the beginning, practitioners could consider when the best time is to stop recruiting more groups. Bryman (2008)

suggests that researchers should stop recruitment of more groups when there are no new answers turning up. This has been referred to as theoretical saturation (Strauss and Corbin, 1998). Morgan (1997) claims that when a researcher can anticipate what will be said next in a group, there is no need to recruit more groups. This typically happens with the third or fourth group of a particular kind (Calder 1977). Other scholars also present similar suggestions. Morgan (1997; 1998) suggests that three to five is a reasonable number for conducting focus groups because more groups seldom provide meaning for new insights. Carson et al. (2001) also recommend that focus group research often involves at least four group interviews. On the basis of these recommendations, this research recruited four groups in total.

2. Determining the composition of the group

In order to make sure the group dynamic of the focus groups meet the research objective, three issues related to the composition of the groups need consideration: the level of homogeneity or heterogeneity of the groups, the nature of the group and sampling concerns.

First of all, focus groups are often conducted with either selected homogeneous or heterogeneous samples (Carson et al., 2001), which means participants are recruited purposively from a limited number of sources or from a single source (Morgan, 1997). Researchers may recruit groups where participants share the same characteristics in terms of demographics or social-economic variables (e.g. age, genders, race, and social class or psychographic variables or buying attitudes (Greenbaum, 2000).

However, it may be necessary to recruit a group of individuals who are heterogeneous in order to achieve more meaningful information and opinions and create unique ideas by group interactions, particularly for the type of exploratory focus groups (Fern, 2001). For example, Calder (1977) points out recruiting heterogeneous groups might contribute to the exploratory or clinical approaches. Carson et al. (2001, p.118) suggests that if the issue is largely unframed or determined, a heterogeneous group will enable a broad and general discussion without prejudice or pre-judgement.

Therefore, the composition of groups should consider the research objective. For example, if gender is the main issue to explore in the difference of attitude to some products or events, dividing participants into male and female groups would be an appropriate design. If the issue is cultural difference, then dividing participants based on where they originally came from would make more sense. The benefit of recruiting homogeneous groups is that it allows participants to talk and interact with other people more freely within groups because they might share some common characteristics with each other (Carson et al., 2001) and the differences could be observed and compared between groups. However, there may arise some disadvantages i.e. the research may need to conduct more groups which may result in higher cost. It could make data analysis more complex (Morgan, 1997).

Secondly, with respect to the nature of the group, some scholars debate whether participants should be strangers to one another, or whether acquaintances may participate (Morgan, 1997). Ideally, it is recommended that the focus group should consist of strangers because recruiting acquaintances may result in bias. However, in

some circumstances, recruiting acquaintances is unavoidable, for example when researching within the workplace. Hence, it is important to consider the issue of appropriate research design, and the screening protocol should consider the nature and purpose of the study.

Finally, in terms of sampling concerns, “generalizability” is not the purpose of focus group research, so it is not necessary to recruit random samples for a group discussion. Morgan (1997, p. 35) concludes two reasons for explaining why random sampling is seldom used in focus group projects. The first reason is that the small number of participants involved in most focus group projects makes it extremely unlikely that a sample size of 40 or so will be adequate to represent a larger population, regardless of random selection. The second reason is that a randomly sampled group is unlikely to hold a shared perspective on the research topic and may not even be able to generate a meaningful discussion. Several specific strategies are regularly used for identifying participants for focus group discussions such as searching from an existing list, piggyback focus groups, at certain locations asking neutral parties for names, snowball samples, random telephone screening, and ads in newspapers or on bulletin boards (Krueger, 1994).

3. The composition of the group and recruitment process in this study

In terms of the size of the focus groups and the number of groups conducted in this project, considering the suggestion from many scholars such as Morgan (1997; 1998), Fern (2001), Barbour (2007) and Calder (1977) as well as the limitations of cost and time, this study set a target of recruiting four groups consisting of nine people in

each group. However, as mentioned earlier, there were some problems with recruiting the ideal number of people even though a few responses were actually received after sending the recruitment mail. Therefore, the snowball sampling method, which is to ask early responses to nominate their friends/acquaintances to attend the focus group discussions, was used as a supplementary means of recruiting an ample number for each group.

In terms of the composition of participants, participants consisted of postgraduate students studying at The University of Edinburgh. A recruitment email was sent using a mailing list of all postgraduate students in the College of Humanities of Social Science at the end of May 2005 and a follow-up mail was sent in order to recruit more volunteers to participate in this research in early June 2005. The content of the recruitment letter explained the main purpose of this study, the procedures of how the discussion would be conducted and the type of compensation given to participants. In the recruitment letter potential participants could nominate a possible date for attending the discussion. Snowball sampling was also used in order to reach the ideal number of participants. In terms of ethical issues, permission was sought and obtained from the Student Survey Ethics Committee at The University of Edinburgh and the recruitment process was approved by the College and Postgraduate Offices.

To sum up, all group discussions took place at The University of Edinburgh during mid-June, 2005. Each session lasted about one and a half hours. The discussions were recorded with a digital recorder and were transcribed later for further analysis. In total 30 participants took part across the four sessions. The actual size of each

group is shown in Table 4.2. Detailed profile of participants is shown in Appendix A.1.

Table 4.2 Basic Information

Group	Date	Numbers of People
Group 1	14 June, 2005	9
Group 2	16 June, 2005	5
Group 3	17 June, 2005	8
Group 4	20 June, 2005	8

4. The role of the moderator in the focus groups

This concerns the role of the moderator in ensuring a successful discussion within the focus groups. All groups were moderated by the researcher to ensure reliability and consistency with the research objectives. Since one of the objectives in this stage was to understand consumers’ understandings of “relationship” and “loyalty” and to identify constructs to explain the motives for relationship engagement, the “interaction” among the group members is of value to this research. Hence, the role of the moderator was to host or facilitate the discussions rather than take an active part in the interaction.

5. Ethical issues of using student samples

An ethical issue associated with the suitability of using university students as the subject for focus groups needs to be considered. What reasons make students more suitable? There are three reasons for this. First of all, due to the limitations of time and cost, recruiting students was the best way to obtain participants at a satisfactory

speed. There is a specific list in the school; the recruitment process could use a list such as an e-mail list, sending e-mails to recruit volunteers to take part in the research. This process can reduce bias caused from a selected base or researcher's subjective selection criteria.

Secondly, using university students as the subject does not mean this segment has no connection to the whole population. Instead, a student sample has always been important for marketing research, especially in terms of segmentation studies because they are prospective consumers for many products or services and often early adopters of several new products or services in a number of circumstances (Thwaites and Vere, 1995). Students might have opened their first bank account when they were very young and have started dealing with personal financial issues on their own since they went to college (e.g. opening a current account, applying for mortgage, paying tuition fees and purchasing car or travel insurance). In addition, Thwaites and Vere (1995) suggest that graduates should secure higher salaries, and may develop a need for a wider range of financial services such as mortgage, savings, insurance and pension services etc. That is to say, firms may have the opportunities to be more profitable by up-selling and cross-selling to existing customers.

Finally, this study recruited postgraduate students. As a group, postgraduate students represent a wider diversity of ages and experience than undergraduate students. Many are mature students with previous industrial experience. Hence, the diversity of attitudes and opinions anticipated is valid and important to the nature of this study. Therefore, recruiting postgraduate student to participate in the focus groups is reasonable because the nature of the group is somewhat different,

although the participants share certain similar attributes. For the purpose of exploratory research, this sample composition was considered to be acceptable. The second stage survey would account for a broader sample of individuals and would draw from the national population. There is evidence from within the marketing literature that this is an acceptable approach. For example, Ehigie (2006), in his research of consumers' loyalty to banks in Nigeria, used eighteen participants from the university for focus group discussions. The findings about customers' expectations from bank services were the basis for developing a measurement instrument in the form of a questionnaire survey. Another example is a study of bank selection conducted by Thwaites and Vere (1995). They recruited students to participate in two focus groups, to identify key issues of bank selection criteria, providing a clear definition of problem areas and clarifying vocabulary for their questionnaire.

4.4 Data Analysis Methods for Analysing Qualitative Data

The objectives of this stage are to generate in-depth meanings of relationship behaviour and motives for relationship engagement from the consumers' perspective. Hence, following Rabiee's (2004) suggestion, this study adopted "framework analysis" (Krueger 1994), as a means of analysing the qualitative data. The following five key stages of "framework analysis", identified by Ritchie and Spencer (1994), were used (as shown in Figure 4.2)

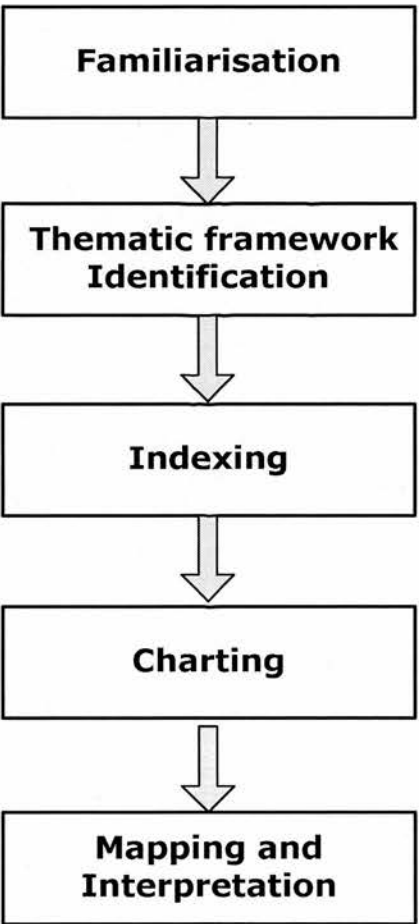


Figure 4.2 Stages of Qualitative Data Analysis

Source: summarised from Rabiee (2004) and Ritchie and Spencer (1994)

Framework analysis is “an analytical process which involves a number of distinct though highly interconnected stages” (Ritchie and Spencer, 1994). It is helpful for researchers to consider a continuum of analysis from the mere accumulation of raw data to the interpretation of data (Krueger, 1994). The five key stages in detail are as follows (Rabiee, 2004):

1. Familiarisation:

Focus group analysis occurs concurrently with data collection; data were complemented with observational notes and recorded information. In this study, a question guide (as shown in Table 4.1) was used to facilitate discussions. It was helpful for the moderator to do note-taking during the group discussions and make transcripts from the audio recordings later. This stage was followed by familiarisation with the data. According to Rabiee’s (2004) suggestion, this was achieved by listening to the recordings and reading the transcripts and notes. Before dividing data into several themes, the notes were reviewed several times in order to become immersed in the details and get a sense of the whole discussion before dividing it into parts.

2. Thematic framework identification:

This stage began the development of categories. This was achieved by reviewing the transcripts and setting codes or tags based on the research theme. At this stage, descriptive statements were formed and analysis was carried out on the data under the questioning route. The codes used in this study are: “perception of self as

consumers”, “loyalty”, “the motivation for relationship engagement”, “the use of virtual channel” and “reasons to end a relationship”.

3. Indexing:

This stage included sifting the data, highlighting and sorting out quotes. The comparison of inter-and intra group differences were investigated.

4. Charting:

The fourth stage involved lifting the quotes from their original content and re-arranging them under the newly-developed appropriate thematic content. The third and fourth stages can be viewed as managing the data. The aim of these two stages was to reduce the data by comparing and contrasting it and cutting and pasting similar quotes together.

5. Mapping and interpretation

The final stage of analysis consisted of finding the meanings behind the quotes. The focus of this stage was to make sense of the relationship between the quotes and the links between the data as a whole. Krueger (1994) provides seven established criteria for interpreting coded data: words; context; internal consistency; frequency and extensiveness of comments; specificity of comments; intensity of comments; big ideas. The meaning of each criterion is shown in Table 4. 3.

Basically, analysis in this study followed Krueger’s (1994) suggestion. However, it is noted that the presentation of focus group findings in this study did not focus on

counting the frequency of the terms. Instead, the findings were presented by themes respectively.

Table 4.3 Mapping and Interpretation Criteria

Criteria to help in the interpretation of focus group data	Meaning	Mapping to Focus Groups
1. Words	Consider the actual words used and their meaning.	Consider participants' words used to define "relationship" and "loyalty"
2. Context	The wording of the moderator's questions and subsequent comments made by others in the group influences the context within which the comments are made; therefore, the interpretation should consider the context.	In this study, participants were asked to recall their past shopping experience. The analysis reflects the context that certain participants mentioned. (e.g. daily shopping behaviour; specialty products shopping behaviour; or financial services acquisition)
3. Internal consistency	Consider any changes in opinion or position by the participants.	The analysis considers the difference of participants' opinion for different questions; particularly to different shopping contexts.
4. Frequency and extensiveness of comments	The term extensive refers to the number of participants who express a particular view.	What words were used frequently by the majority of participants to define "relationship"? The extent to which the attitudes were echoed by others in the group.
5. Specificity of comments	Consider responses referring to personal experience as opposed to hypothetical situations.	The analysis considers the situation when participants disagree with the hypothetical situations and offer insights from their experiences.
6. Intensity of comments	Consider the depth of feeling in which comments or feelings are expressed.	The analysis considers participants' comments on positive and negative shopping experience.
7. Big ideas	Consider larger trends or concepts that emerge from an accumulation of evidence and cut across the various discussion	The analysis considers participants' discussion of different experiences, gathering information regarding their relationships with certain companies for different product/services.

Source: summarised from Rabiee (2004)

4.5 Analysis

4.5.1 Perception of self as Customer

How would you describe yourself as a customer?

In response to this question, participants discussed how they perceived themselves as customers in a broad range of situations such as purchasing food, clothes, cosmetics, computers and digital cameras or experiencing special services like having a haircut by particular hairdressers, or having a meal at a restaurant. Each participant used one or several examples to describe what kind of customer they perceived themselves to be.

The descriptions provided by participants can be grouped into the following perspectives: (1) customers seeking low-price and/or shopping convenience; (2) customers seeking high product or service quality and enjoyment from the shopping experience; (3) customers who like to engage in an information search before making a buying decision; (4) customers who describe themselves as being loyal to a certain brand of product, company (place) or sticking to particular services providers. Thus, the descriptions could be categorised as utilitarian, hedonic, rational and loyal customers for different categories of product/service purchase, although some participants described themselves as more than one type, depending on the purchase situation or decision context. Indeed, hedonism and utilitarianism are not necessarily two ends of a one-dimensional scale (Okada, 2005; Voss, Spangenberg, and Grohmann, 2003); different products can be high or low in both hedonic and utilitarian attributes (Crowley, Spangenberg, and Hughes, 1992).

Babin, Darden and Griffin (1994) perceived both hedonic and utilitarian outcomes from consumption. Consumers may have rational behaviour when purchasing certain product types or shopping experiences whilst being loyal to a certain company or particular brand. Therefore, in this case, this thesis categorising the four types does not mean consumers only belong to one certain specific type. These four categories reflect that consumers may be “primarily” or “relatively” more hedonic /utilitarian/ rational or loyal to certain types of product.

The term “loyalty” has a different meaning under different circumstances to different customer types; that is to say, the meaning of “loyalty” and “loyalty behaviour” for utilitarian consumers is totally different from that of hedonic consumers, rational and loyal customers. Moreover, the degree of loyalty varies for different product and customer types. The details of these four types of customers are explained as follows:

1. Utilitarian Customers: Seeking Low-Price and/or Shopping Convenience

Previous consumer behaviour research highlights the role of utilitarian and hedonic attributes in many perspectives, such as the consumers’ product consumption or product choice (e.g. Dhar and Wertenbroch, 2000; Mano and Oliver, 1993; Okada, 2005), formation of attitude to a certain brand (e.g. Chaudhuri and Holbrook, 2001; Taylor, Hunter, and Lindberg, 2007), perceived value of shopping experience (e.g. Babin et al., 1994; Childers, Carr, Peckc, and Carson, 2001; Chitturi, Raghunathan, and Mahajan, 2008; Maenpaa, Kanto, Kuusela, and Paul, 2006) and sources of consumers’ involvement (e.g. Mittal and Lee, 1989).

Utilitarian consumer behaviour is defined as task-related and rational behaviour and consumers think of shopping as “an errand”, or “work”, considering whether “shopping” can be accomplished successfully (Babin et al., 1994). Consumers mainly focus on the economic, rational, instrumental and functional features of the product (Dhar and Wertenbroch, 2000; Mittal and Lee, 1989).

In the focus group discussions, participants used one or several examples to describe their purchasing behaviour. It is not surprising that food shopping was the situation participants cited most and was normally the thing to jump out to describe what kind of consumer they would be. In terms of this type of purchasing task, some participants described themselves as customers who always seek low-prices.

“I shop only for low priced product.” (Z., Male, 30s.,)

“Personally I go shopping mostly at Lidl The price there is really cheap.” (C. Female, 20s.,)

With the exception of price concerns, for daily routine shopping, location convenience is also an important factor for the shopping task. For example, participants noted they go to the same supermarket to get food because it is close to their accommodation.

“Supermarket, I probably go to Tesco, the price is reasonable and nearest place near my flat. Very convenient.” (N, Male, 20s, British).

The responses outline the utilitarian behaviour of these participants which is focused on economising on price and convenience. These findings are perhaps not

surprising from this group of participants, since most students on low budgets would be expected to have price concerns, and low mobility would necessitate the need for location convenience. However, there is evidence from the literature to suggest that these factors are of wider importance to other demographic and socioeconomic groups as well. For example, previous research investigated price consciousness to supermarket products across different demographic variables such as gender and social class (e.g. Murphy, 1978). Solomon (2002) also pointed out that working-class consumers tend to evaluate products in more utilitarian terms rather than style or fashionability.

Price concerned consumers reflect an issue of whether they tend to become more loyal. This issue reflects the loyalty to the product itself or to the company or channel. As mentioned earlier, respondents cited their food shopping a lot, the place they go to, and combined many attributes accompanying with price (e.g. location convenience). Once they stuck to one store (they felt this store could provide them with cheap products), they would repeat their purchase. However, it also means they might find another source which also provides them with cheap products.

2. Hedonic Customers: Seeking Shopping Experience and High Quality

Hedonic consumer behaviour is defined as seeking fun, amusement, fantasy, arousal, sensory stimulation, and enjoyment (Holbrook and Hirschman, 1982). Compared with utilitarian behaviour, hedonic behaviour is more subjective and personal and results more from fun and playfulness than task completion (Holbrook and Hirschman, 1982).

For example, a female participant proposes a concept of “shopping for happiness”. That is to say, the hedonic experience means that the act of shopping for personal pleasure takes precedence over other factors in some cases. As she said,

“.....In my opinion, it's not difficult for firms, companies or shops to make a fortune from female customers if they know what girls want. My motto of shopping is that “I shop (buy) for happiness” (Re, Female, 20s)

From her point of view, personal needs and product price are not the things she might be concerned with. In some cases, she enjoys shopping in different places, experiencing different and new things. She cares about her interaction with the shops. She was concerned how the staff treated her during the shopping process. She said she doesn't mind paying more for better treatment because she doesn't want to suffer from poor services or bad treatment for a small price discount. She doesn't want to look out for small discounts. As she noted,

“I think besides the price and quality, I might consider the shopping experience. The interaction between me and the seller are quite important. I don't want to be looked down upon because I am labelled as a person who looks for a small discount”. (Re, Female, 20s)

In addition to the utilitarian behaviour described above, most participants also agreed that they are customers who are concerned about quality. Quality covers product quality or service quality which is provided from the service providers (e.g. interaction and other physical evidence comes with the main service). As a male participant noted,

"When I go shopping, I am concerned with the price and quality. However, there is no absolute relationship between price and quality. For example, I don't have dinner in a restaurant with bad service even if the food is good and the price is reasonable." (Ro., Male, 20s).

For certain speciality product types, such as computers, laptops, or other digital products etc, so called "high-tech" products, some participants are concerned with the service package i.e. the after-sales service and information provision. As a male participant noted,

"In addition to price and quality, I think the service package which sellers can provide is also important." (H, Male, 20s,)

"When I buy clothes, the thing I am concerned with is the quality. When I buy a laptop, I consider the location, because I have to think about the after-sales service. It should be much more convenient when something goes wrong with my laptop, I can get quick service." (A. Female, 20s).

Thus, these responses provided here illustrate how, in certain situations, consumers are concerned with maximising both the purchase experience and the on-going service provision post-purchase.

3. Rational Customers: Information Searching before the Buying Decision

In consumer behaviour research, consumers' rational choice (microeconomics and classical decision theory) has been the main research focus (Holbrook and Hirschman, 1982). The "informational process model", which considers consumers as logical thinkers who solve problems to make purchasing decisions, was invented and developed to analyse the flow of consumer behaviour (Bettman, 1979).

Some participants expressed that they search for information before conducting a shopping task, especially when they intend to buy technological products such as laptops, computers and cameras etc. The information sources include forums, virtual communities or Bulletin Board Systems (BBS) on the internet. In addition to online sources, some participants mentioned that they will ask for the opinions or comments of their family and friends with sufficient product knowledge. Some participants said they might ask for comments from the service provider or seller who they trust or have transacted with before. After information gathering, they will compare every prospective alternative and then make the final decision. The behaviour described here is rational based on the possession of good information in order to be able to make an informed purchase decision. The information includes price but, unlike the first description, it does not focus on optimising price at the expense of other important product or service features. The information consumers may be concerned with and search for includes price, product characteristics, and user experiences. As participants noted,

"When I intend to buy books, I might go to a physical bookstore such as Blackwell's or Waterstone's to check out the content of the book first and compare the price between the physical bookstore and virtual bookstore. If the price at a virtual bookstore is lower than that in the physical one, I will shop online. (Ro., Male, 20s)"

"When I buy digital products, I probably go to a shop which I had previous transactions with and ask for comments from the salesperson who I trust. For example, there are thousands of brands of mp3 player. You don't have much time to compare the difference among them." (Hu, Male, 30s)

4. Loyal Customers: Loyalty to a Certain Brand Because of Brand Image.

Some participants mentioned that they might consider the brand when they shop because they believe well-known brands should be high in quality and reliable. This positive attitude to the brand will lead consumers to have a higher commitment to the purchase and thereby repeat purchasing behaviour. This finding is consistent with previous consumer-brand relationship research, which argues that for true loyalty to exist there must be an attitudinal commitment to the brand (Day, 1969; Foxall and Goldsmith, 1994; Jacoby and Chestnut, 1978; Oliver, 1997; Reichheld, 1996). As participants mentioned,

"I trust the reliability of the brand". (C. Female, 20s)

"In most situations, I'm often concerned about the price and quality of the product. However, in some circumstances I will shop without thinking only for the desire for certain brand or product. I don't want to shift to a new brand because I feel the brand I have been used to is more reliable." (J., Female, 20s)

In conclusion, from the discussion of four focus groups, it is clear that participants perceive themselves in a number of ways as customers from completely rational and utilitarian to hedonic and loyal. Utilitarian and rational customers would seem to be less likely to want to develop a relationship with one particular product/service provider but rather attempt to identify the provider that optimises the product and service features. Hedonic and loyal customers are perhaps more likely to develop a longer relationship as they place more importance on service and experience factors compared with price. As Chitturi et al. (2008) mention, delighting consumers improves customer loyalty, as measured by word of mouth and repurchase intentions.

Despite this, behaviour can vary depending on the purchase situation and consumers can describe themselves as all types in different contexts. Table 4.4 outlines how some of these factors may work in different purchasing situations, according to level of involvement.

Additionally, the objective of relationship engagement could mean different things. For example, for utilitarian consumers, the “loyalty” or “relationship building” may be engagement with a certain “store”. So when considering the relationship engagement, it is important to consider the product type and where the product is sold. For rational consumers, the demonstration of products and the function type may be important. So the brand of “manufacturer” may be the main issue.

Table 4.4 Summary of Behaviour Type Based on Different Product Type

Product type/category	Level of Involvement	Behaviour Traits	Customer Type	Loyalty Type
Convenience goods (e.g. foods)	Low	<ul style="list-style-type: none"> • Tend to be daily life purchasing or habitual buying • Seeking for low-price and convenience (e.g. location) 	<ul style="list-style-type: none"> • Utilitarian 	<ul style="list-style-type: none"> • Behavioural loyalty • Build relationship with the channel
Shopping goods (e.g. clothing, books, cosmetics)	Medium	<ul style="list-style-type: none"> • Seek product quality, suitability, price and style. • Concern the interaction with service provider or salespeople. • Might seek for variety shopping experience. 	<ul style="list-style-type: none"> • Rational • Hedonic 	<ul style="list-style-type: none"> • Brand loyalty/product loyalty
Specialty goods (e.g. computers)	High	<ul style="list-style-type: none"> • Seek information before making buying decision to reduce dissonance • Information includes product usage experience or price in different channel. • Information sources includes: word of mouth from the peer groups (e.g. online communities, family, friends and sellers) • Might buy brand products and repeat buying • Previous shopping experience or transaction will affect future prospective transaction. 	<ul style="list-style-type: none"> • Rational 	<ul style="list-style-type: none"> • Attitudinal loyalty • Brand loyalty or build relationship with service provider
Specialty Service (e.g. hair dressing; restaurant)	Medium/High	<ul style="list-style-type: none"> • Seek for service quality (includes quality from service provider and physical evidence related to the service) • Seek for risk avoidance • Might generate loyalty to a service provider because of satisfaction to the service. 	<ul style="list-style-type: none"> • Loyal 	<ul style="list-style-type: none"> • Attitudinal loyalty • Build relationship with services provider • Relationship build because of satisfaction

4.5.2 The Term “Consumer Loyalty” from Consumers’ Perspectives

What does the term “loyal customer” mean to you?

Having given participants the opportunity to talk freely about how they see themselves as customers, they were then asked to talk about the term loyalty and what it means to them. This question attempts to find clues to relationship engagement. Some of the participants had already described themselves as loyal, but the aim of this part of the discussion was to understand what the term actually means to them and also to those participants who do not perceive themselves to be loyal.

The findings show that “loyalty” is an abstract concept for most of the participants. A number of participants in the four groups asked the moderator what loyalty means. Despite this, some people mentioned they are loyal to certain brands or products because of their special reputation, brand image and function or benefits which they believe would be obtained. These factors lead them to repurchase products or services under the same brand. Some of them are concerned with other users’ experiences, in other words, word of mouth is the factor they are concerned with. Buying a branded product implies there is a quality promise because a lot of people have already used the products or services. In this case, it concurs with model 1 in Uncle et al. (2003)’s research (see p. 77), which is they have commitment to the brand. Some of them may go to the same shop for specialty products because that

shop may provide particular special benefits which other shops never offer or are unable to offer.

"Basically I would be loyal to certain brands. For example, I like Adidas so I will keep buying the products that belong to this brand. (W., Male, 20s)"

"I probably have confidence to buy the product with the big market share because I believe that many people have already used this product. And I might shop out of habit when I've already known this brand a lot."(T. male, 30s)

"I buy (my running shoes) just from one shop. Only that shop I ever go to. That shop was very special. The staff let me try the shoes, running on the machines then the staff and me watch the video together in order to make sure the shoes were really suitable for me and exclude the ones which do not fit my feet perfectly. The staff normally spent 40 minutes for each customer. If you're not satisfied with your shoes or the shoes do not fit you, you can return them. The staff will help you to find a pair of shoes which really suit you. That's why I always go there although the shop is always busy and I have to wait a little bit before someone serves me. There was a time I bought a pair of shoes from other shops but I wasn't satisfied with what I got. Since then, I only go to that shop for running shoes". (C, Female, 20s).

Some participants mentioned that they are loyal to certain brands, but in some cases they still would like to try a new brand in a product category. Some of them mentioned that they repeatedly buy a brand because they don't have the time to search for product information before buying and they don't want to take risks trying new brands. These findings concur with Uncles et al. (2003) model 2 stated above. In this model, loyalty is mainly expressed in terms of revealed behaviour, i.e. consumers' loyal behaviour is based on the pattern of previous purchases. In other

words, loyalty to consumers means being loyal toward a portfolio of brands in a product category. It can be seen as a behavioural loyalty.

"I think I have brand loyalty to cosmetics or skin care products because I'm afraid of making the wrong decision." (Ri, Female, 20s)

However, some people cited that they prefer "variety-seeking" shopping experiences. They like trying new things and new shopping experiences. They don't want to stick to one choice. Perhaps the emergence of new channels provides more chances for consumers to seek varieties. In other words, they do not think that they are loyal all the time. However, it is interesting to note that participants seem to refute that they have a relationship with certain companies or products. They like to give the impression that they are wise consumers and never controlled by others even though they still have some experience of long-term relationships with certain companies.

"I don't think I'm a loyal customer. I like to change all the time (variety-seeking). I try to shop at different places and choose different brands." (Re. Female, 20s)

"I don't think I'm as loyal as I used to be. I changed a lot the last two three years. I make many more choices on internet. For my loyalty has broken down". (J. Female, 50s)

In summary, in relation to the theme of "consumer loyalty", the findings are in accordance with the previous research in the field and could be classified into three types: behavioural loyalty, attitudinal loyalty and contingency loyalty. However, it is very interesting that from the participants' point of view, they do not think they are loyal to a product or brand at first even though they do exhibit loyal behaviour. It

seems that the participants prefer to be considered as utilitarian or rational consumers because they want to be the controller of their transactions. In other words, they don't want to be affected by the marketer even though they have been affected.

4.5.3 The Motivation for Relationship Engagement

What does the term “relationship” mean?

Following up on the theme of relationships, participants were then asked what the term relationship means to them in a purchasing context. Like the term “loyalty”, “relationship” also seems to be an abstract concept for most participants. Some participants even asked the moderator the definition of relationship in the beginning of the discussion. However, when they recalled their past experiences, some participants expressed that they might identify relationship behaviour with some brands, products, services, shops, or companies (e.g. foods, running shoes, supermarket, hotels, bookshops, and airlines). Some participants noted that they prefer to use the same shop for buying things because they believe this shop can offer them a good price and good quality. However, one participant questioned whether this type of behaviour could be described as “loyal” or “having a relationship” with a certain shop or company. From his point of view, it is just a habit, not loyalty.

The difficulty that participants had in identifying whether they perceive themselves as having a relationship with a brand or product/service provider is an interesting

finding. Relationship marketing is a common term used by marketers and a key concern of companies in competitive environments. However, if consumers do not perceive themselves to have a relationship, it could be a key factor contributing to the poor success rates of relationship marketing strategies.

As a participant said, "..... I probably go to Tesco (for food shopping), the price is reasonable, nearest place from my flat, very convenient, I'm not sure if it is loyalty." (N. male, 20s)

What are the Motives for Consumer Relationship Engagement?

The following part of this section explores factors influencing the motivation of relationship engagement in general and specifically in relation to financial services. Relationship engagement refers to the continued patronage of a product/service provider often to the exclusion of others.

When discussed in general (i.e. not in relation to any product context) seven motivations for engaging in a relationship were mentioned: obtaining special prices or discounts, location convenience, brand image, risk avoidance, quality, previous shopping experience and word of mouth. In the specific context of financial services, the six motivations mentioned were: location convenience, work, parent or family influence, service quality from the bank clerk or customer service operation, brand image and special treatment. Table 4.5 illustrates the comparison of motivations between the general context and financial services.

Table 4.5 Comparison of Motivation between General Context and Financial Service

	General Context	Financial Service
Motivation	<ul style="list-style-type: none"> · Price/Discount · Location Convenience · Brand Image · Risk Avoidance · Quality · Previous Shopping Experience · Word-of-Mouth Effect 	<ul style="list-style-type: none"> · Location Convenience · Work · Parent or Family Influence · Service Quality · Brand Image and Reputation · Special Treatment

I. General Context

1. Price/discount which the shop can offer

Obtaining a good price or a discount was identified by participants as a common reason for relationship building. Most participants mentioned that fair, reasonable prices and discount offerings could be the reason why they want to repeat buy. This finding is consistent with Peterson’s (1995) study which suggests that monetary saving is consumers’ primary reason for entering a marketing relationship.

“When I shop, price is the first thing I’m concerned about, I like to compare the price in different shops. Then I’ll go to the one which can offer me the best price.”
(Fl, Female, 20s).

Even though previous research has shown that financial bonds can enhance customer relationships through special price offers or other financial incentives to loyal customers (Berry, 1995), consumers do not always receive low prices or discounts in return for their loyalty or continued patronage. Too many companies believe that satisfied and loyal customers can be charged a premium price (Homburg,

Koschate, and Hoyer, 2005), so their marketing programme pays more attention to acquiring new customers, reserving more discounts for newcomers and neglecting existing customers. However, there is evidence from these discussions to suggest that consumers expect to be rewarded for their loyalty through price discounts.

2. Location convenience

In daily shopping, some participants mentioned they are concerned with the convenient location of the shop they use on a regular basis. Thus, they are motivated by convenience of location. This finding is also supported by Sheth and Parvatiyar's (1995) research. They suggest that consumers would like to reduce the complexity in buying situations in order to achieve efficiency (e.g. time saving).

"For food shopping, I probably go to Tesco every day 'cause it is near my flat." (N, Male, 20s)

3. Brand image

Some participants mentioned that they would keep buying products which belong to the same brand because they believe the brand symbolized the quality. Brand image refers not only to the product, but also to the image of the shop. For example, when participants are asked to share their experiences of being a loyal customer, one participant said she is loyal to the brand of her running shoes because of additional services which the shops can provide. Another participant also cited his experience of switching to another brand because of discount but received a bad shopping experience. This led him to be loyal to the brand he consumed before. As he states,

"Yeah, running shoes, I remember one time I change to another brand only for 10 pounds saving. But I was regretful because I felt uncomfortable. So I won't change again". (An, Male, 20s)

In addition, two participants mentioned that sometimes they do not want to try new brands because they do not want to take risks. Thus, the brand symbolises both quality and risk reduction.

"Will you try new a brand for a certain product?" (Re, female, 20s)

"No, I won't buy a new brand which I haven't been familiar with because it could cost a lot and I'm afraid it would not meet my expectation." (Ju, female, 20s,)

4. Risk avoidance

Some participants expressed that they will build a connection with a service provider because they do not want to take risks. So they might buy a product with high brand awareness and better brand image as mentioned earlier. A participant told an interesting story. She always uses the same hairdresser.

"I am used to having the same hairdresser do my hair because I trust him to give me a good hairstyle." (G, Female, 30s)

5. Quality (including product quality, service quality and physical environment)

As mentioned before, most participants suggested that in addition to price, they are concerned with product quality or service quality from the service provider. Even if

they can get a good price, they will not continue dealing with the provider if the quality is not acceptable.

"When I consume, I will consider the "price" and "quality". However, if the service quality is bad, I won't patronize even if the price is good. For example, I won't repatronise a restaurant whose waiters or waitresses are not friendly even if the price is fair." (Ro, Male, 20s)"

6. Previous shopping experience, especially the first transaction

Some participants mentioned that previous shopping experiences would affect their willingness to build a relationship with a company. In other words, if they feel the service quality is bad, or mistakes happened and made them feel unhappy, they would stop the relationship and buy other products or go to another shop.

"I usually buy products from Adidas. However, after a bad shopping experience, I turned to buy another brand." (W., Male, 20s)

7. Word of mouth effect

Some participants mentioned that they like to search for information from the internet. They particularly like to search for user experience. If the evaluation is good, it will help them to make a decision.

"I am planning to buy a laptop. I often search for information through the internet. The thing I'm concerned about most is the user experience. If this product has a good reputation and good user experience, I probably consider buying it." (H., Male, 20s)

II. The Motivation for Relationship Building with Financial Institutions

Similar to the general context, consumers' motives for relationship engagement in financial services can be grouped into several factors: location convenience, requirement from employers, parent or family influence, service quality from the bank clerk or customer service operator, brand image and reputation, and special treatment.

1. Location convenience

A review of the literature indicates that location convenience has been regarded as the most important factor for bank selection, especially in the context of the student market (Almossawi, 2001; Thwaites and Vere, 1995). There is no exception in this study. Participants mentioned "location convenience" would be the most important factor they would consider for choosing a bank. This finding is consistent with other bank selection criteria research (Almossawi, 2001; Hon and Tom, 1994; Javalgi, Armacost, and Hosseini, 1989; Kaufman, 1967; Kaynak and Kucukemiroglu, 1992; Laroche, Rosenblatt, and Manaing, 1986; Mason and Mayer, 1974; Riggall, 1980). Additionally, the number and accessibility of ATMs is also a crucial factor because some ATM networks charge fees. This finding is also supported by Riggall's (1980) research in the US context and Almossawi's (2001) research on university students in Bahrain.

"I choose Royal Bank of Scotland because it is nearest." (Ri, Female, 20s,; Le, Male, 40s; Se, Female, 20s)

"The reason for bank selection is whether there are more ATMs available because I don't want to be charged the cross-transaction fee." (M, Female, 20s.)

2. Requirement from employers

Many participants suggested that the choice of bank was determined by the need to have a salary paid in because almost all companies pay salaries directly through employees' bank accounts nowadays. In other words, people often start a relationship with a bank because their employer or company required them to have an account and not because of themselves. Riggall's (1980) research also indicates this factor for bank selection. A participant noted that his friend has 20 bank accounts because he has changed jobs 20 times since graduating from the university.

"I think the reason of connection with a bank is job salary account. You seldom have chance to decide which bank you really like to engage in a relationship." Except for financial investments, in most cases the bank you have contact with has a relationship with your company." (W., Male, 20s)

3. Parent or family influence

Some participants mentioned that their relationship with certain banks can be traced from their parents. This has also been found in the literature, especially in papers on student accounts (Lewis, 1982) even though other research displays a contrary result because students are becoming more independent as a result of changes to traditional family values (Thwaites and Vere, 1995). Besides the influence from parents, opinions from peer groups are also critical for bank selection decisions. It is consistent with the finding from an earlier survey conducted by Riggall (1980).

Given that the marketing of credit cards is quite competitive in some circumstances, many participants expressed that they have already applied for many credit cards to help friends who work in the bank. Additionally, a participant mentioned that the bank he deals with is because his grandfather's friend is working there. He believed he could get prompt service from having a personal connection with the bank. Typical opinions from the participants are as follows:

"I have more than one credit card because my friends working in the banks need me to help him or her for higher performance." (W, Male, 20s)

"My bank is the same as my parents." (Re, Female, 20s.; C. Female 20s)

4. Service quality from the bank clerk or customer service operator

Service quality is also a determinant factor that has a significant role in bank selection. Most participants emphasized the importance of service quality and the quality should include the overall offering from the bank, speed of transactions (such as fast and efficient process time) and friendliness of the personnel (particularly call centre service). Several participants mentioned that one of the reasons they prefer online banking is because they dislike face-to-face transactions. If they feel service quality is poor and the operator in the call centre is not friendly enough, both factors will drive them to end the relationship with the bank, especially for credit card service. Many participants noted they will end the relationship with the bank because of bad call centre service.

5. Brand image and reputation

In a review of previous research, brand image and reputation are also critical factors for selecting a bank. Some participants cited that reputation will be one of the factors they consider when deciding to build relationship with the bank because it is relative to the security. A bank with good brand image and reputation implies it may provide good service delivery. It will reduce consumers' perceived risk and increase their intention to build and maintain the relationship. This finding is also consistent with previous research (Boyd, Leonard, and White, 1994; Erol, Kaynak, and Radi, 1990; Javalgi et al., 1989). Additionally, a participant mentioned that she won't deal with a bank whose brand image is not good. She cited an example that a bank in Taiwan has a commercial advertisement for marketing their personal loan. In that commercial advertisement, it overstates the benefits of making a loan. She thought this ad might mislead teenagers into borrowing money to buy luxury goods. Therefore, she didn't want to deal with this bank anymore.

"Besides the location, I am concerned about the reputation of the bank." (Le, Male, 40s)

"I won't deal with a bank which has a bad reputation." (G., Female, 30s,)

6. Special treatment

In some cases, people might build a relationship with a bank because of some special treatment they expect to obtain. Specifically in the student market, most of the banks offer incentives such as free gifts, cash offers, or limited-amount interest-free

overdrafts to attract students (Thwaites and Vere, 1995). Some participants mentioned the gifts given for opening a new bank account might attract them to choose which bank to deal with. Some participants mentioned that many banks would offer special incentives or other additional benefits to attract applicants. Many participants expressed that they would apply for a credit card for special benefits and special treatment.

"I am quite satisfied with the special service which one of my credit cards can provide me with. For example, they give me the free quick access service in the bank." (Hu, Male, 30s)

To sum up, the research findings of consumers' relationship engagement motives in general are consistent with an earlier study by Sheth and Parvatiyar (1995). The motives for building a relationship with a bank are also supported by previous research on selection criteria for a bank. From the discussion, it is noted that most participants cited that they begin a relationship with the bank when opening their current accounts. Of the participants who hold standard current accounts, they also use the same bank for their subsequent savings account, mortgage, investment, and insurance and some participants use online banking services. Hence, the current account is particularly important because it often represents the first service used by customers and forms the basis from which other services can be sold. By up-selling and cross-selling to existing customers, a deeper and more profitable relationship may strengthen over time (Thwaites and Vere, 1995) .

4.5.4 Use of the Virtual Channel

With the advent of technology, it may be argued that new distribution channels such as telephones, personal computers and internet banking, so called virtual channels, play a crucial role in the relationships between consumers and their bank in the context of financial services because virtual channels are making a wider range of substitutes possible, widening the geographic scope of firms which can compete across regions and even countries (Jones, Nielsen, and Trayler, 2002) and providing prompt services which can satisfy customers' needs any time. Additionally, in response to the development of technology and the need for customer relationship management, more and more financial institutions have invested heavily in developing online capabilities in order to move customers to this new cheaper delivery system for cost efficiency (Hernandez and Mazzon, 2007; Sarel and Marmorstein, 2003).

In terms of adoption of virtual channels, many scholars have studied this theme from the perspective of "adoption of technology". Theories such as "innovation diffusion theory", "theory of reasoned action" and "technology acceptance model" have been used to investigate consumers' adoption behaviour (Hernandez and Mazzon, 2007). Research on internet banking (online banking) began to become popular since the late 1980s and early 1990s (Hernandez and Mazzon, 2007). There is a vast body of literature regarding this topic (see for example, Akinici et al., 2004; Barczak, Ellen, and Pilling, 1997; Black, Lockett, Winklhofer, and Ennew, 2001; Bradley and Stewart, 2003; Daniel, 1999 ; Devlin, 1995; Gerrard and Cunningham, 2003; Hernandez and Mazzon, 2007; Ibrahim, Joseph, and Ibeh, 2006; Lassar,

Manolis, and Lassar, 2005; Ong and Yu, 2003; Ozdemir, Trott, and Hoecht, 2008; Rotchanakitumnuai and Speece, 2003; Sciglimpaglia and Ely, 2006; Shi, Shambare, and Wang, 2008; Waite and Harrison, 2004). It is noted that the focus of these focus group discussions is not on participants' adoption of banking channels. This thesis looks at the extent to which motives for relationship engagement vary according to channel and whether individuals who choose to enter into a relationship with a financial institution using the internet channel are driven by different motives compared to individuals who choose a face-to-face route.

Previous research on consumer channel selection between the online and offline contexts shows that consumers' perception of price, product quality, service quality and risk awareness strongly influence perceived value and further affect their purchase intention. This implies that consumers' perception of the virtual channel can affect their motivation for relationship building because of the perceived value they received. In this case, it is reasonable to explore consumers' opinions on online banking.

What prompted you to use online banking services in the first place?

1. Acceptance of Online Banking

The focus groups revealed that the banking services used through the internet include daily personal transactions (e.g. transfer money from saving account to current account or transfer money for their bill) or information searching (e.g. bank statement, evaluation of banking service between different banks). A few people use online banking to deal with their investments such as stocks and some participants

claim that they still prefer the comfort of old-fashioned branches. These findings are consistent with a survey in the US (Sarel and Marmorstein, 2003).

"I use online banking service to pay my bill because it's easier than writing cheques and easier to get information." (An. Male, 20s)

"I use online banking to check my transactions." (Ka, Female, 20s)

"I use online banking to do investments." (Je., Male, 20s; Be, Male, 30s)

"Even though online banking is convenient, my father and I still prefer face to face service. (C. Female, 20s)

2. Reasons for Online Banking Use

The main reason why participants are using online banking is convenience. Some participants expressed that they do not need to deal face-to-face with a bank clerk and they like to control everything. Using online banking is more convenient for them and they can get the information they want by themselves.

"I use it (online banking) a lot because it is very convenient. Not only for myself but also for my mother's finance" (Ja., Female, 50s)

"I like the control. I don't like people telling me what to do. I like to compare all the possible alternatives by myself through the internet" (A. Male, 20s)

The issue of control is very interesting because in the earlier discussion on what the term relationship meant to participants, many seemed to describe a relationship as submitting to the control of a company and reasons for not wanting to be in a

relationship were to gain control over what is bought and when. It would appear then that there is a view that a relationship in some way constrains the individual and the internet offers freedom from this and puts the consumer in greater control.

3. Reasons for Not Using Online Banking

Perceived risk such as security and privacy issues can explain why people refuse to use online banking. Previous research has shown a lot in this concern (e.g. Cunningham, Gerlach, and Harper, 2005; Heaney, 2007). Some participants expressed that they are afraid of private personal data being exposed to fraud from banks and themselves.

“My father won’t use online banking because he doesn’t trust it.” (C, Female, 20s.)

4.5.5 Reasons to End a Relationship

Why would someone end a relationship?

In comparison to the general reason for ending a relationship, where a poor shopping experience seemed to be a key reason, more specific reasons were affected for ending the relationship in the financial service context. These included mistakes on the customer’s account, overcharging etc.

“I decided to close the contact with “Bank A” because it recharged me twice during a year for my credit card. It’s really annoying. (Re, Female, 20s.)

To conclude, this chapter categorized several critical factors for understanding the essence of consumer-to-business relationships. Through consumer self examination,

it has been found that consumer behaviour can be grouped into different types because of different product type and shopping contexts. This finding contributes to an understanding of consumers' motivations and their intentions to engage in a relationship. In addition, the result reveals that consumers hold different motives on relationship establishment with certain companies, firms and service providers. The consumer's usage of the virtual channel shows that the possibility for a business to adopt an online channel to enhance relationship engagement in the initial stage of relationship development.

4.6 Findings

This study reveals five important findings: 1) A gap in the meaning of “relationship” and “loyalty”, 2) The diversity of consumers’ motivations for relationship engagement, 3) Independent consumers, 4) Effect on relationship building by the use of the virtual channel. Each of these will now be discussed in detail:

1. There exists a gap between consumers and firms in the meaning of “relationship”.

This study attempts to explore the meaning of “relationship” for consumers from two aspects. One aspect is from the “perception of self as consumer” and the second aspect is from the discussion of “what loyalty is” from the consumer’s perspective. Existing literature has put forward a number of definitions for consumer loyalty; however, consumers do not think the same way as firms. For example, most companies believe “customer loyalty” is to build a relationship with their customers who repurchase their products or repatronise their services. They design programmes to attract and retain their customers and believe “loyal customers” are willing to pay more so they charge more for increasing sales. However, in this study, most participants did not feel they ever had a “relationship” with companies, firms or service providers even though their behaviour would suggest otherwise. Therefore, a gap exists in the perception of a relationship between consumer and firms. This gap might affect the effectiveness of consumer loyalty programmes designed according to the perspectives of businesses.

This finding contributes to the development of a questionnaire for the part of “attitude toward relationship”. The statements are: “I don’t think I have a relationship with certain financial institutions”, and “I deal with this financial institution just out of habit; I am not being loyal.”

2. Consumer’s motivations are different towards different product/services.

From the discussions, it was discovered that consumers seem to have different relationship behaviours in different shopping contexts. As stated earlier, consumers can be grouped into four categories based on their behaviour: utilitarian, hedonic, rational and loyal customers. Each consumer can belong to any of the categories at the same time because their behaviour could be affected by different products or services and different situations.

Of all the motivations in the general condition, “brand image” seems to be the most relevant factor which leads consumers to build a relationship. In financial services, brand image has been regarded as an important factor, however, since most of the focus group participants were full-time students, the financial services they mentioned mostly included savings, paying fees, credit services, and student mortgages. Hence it was difficult to measure their attitudes to other financial services and any differences among different services. Therefore, there is a need for further work on this area.

Additionally, it seems that previous transaction experiences are the basis for relationship building. If consumers are not satisfied with the service or product the

first time, they won't keep the relationships with the companies or the service providers.

The finding of consumers' general motivations for relationship engagement coupled with previous literature regarding "bank selection" and "motivation" contribute to developing questions about "factors" for choosing financial institutions for current accounts and "motivations" for engaging in relationships for savings accounts/mortgages/car insurance.

3. Consumers want more independence

As stated earlier, it was found that some participants do not want to admit to having a relationship with a certain company, firm or service provider even though their behaviour suggests loyalty. This result seems to suggest that consumers want to be regarded as more independent and not dependent on a particular firm. Additionally, when discussing the financial services, some participants who adopt online banking services stated that they like to conduct transactions online because they feel it gives them greater control and they do not have to interact with personnel from the banks. Furthermore, some participants mentioned that they like to compare alternatives and search for information online. Through the internet, they believe they can make wise decisions. Therefore, there is a need to know the difference of behaviour among different segments before making relationship strategies. This finding provides a clue to explore whether any difference exists between different consumers in terms of involvement and knowledge level.

4. Channel is a determinant factor which might strengthen relationship engagement

The findings indicate that channel plays an important role for information searching. For example, some participants reported that they search product information and ask for comments from the virtual community over the internet. In the financial services context, the virtual channel (online banking) provides consumers with a medium connecting consumers with their banks. Several participants suggested that they prefer to conduct their transactions online. They also search for other products or service information by online banking. Therefore, the virtual channel seems to be a significant factor which can strengthen the relationships on establishment and maintenance.

There are significant implications associated with each of the key findings in three aspects including: the meaning of relationships, consumers' motivations for relationship engagement and the use of the virtual channel.

4.7 Summary

This chapter has provided an overview of the first stage of the research process; the focus group discussions. The chapter began by outlining the objectives of this stage of the research process before moving on to discuss a number of considerations in the design and implementation of the groups, including sample selection. The chapter then moved on to a presentation and discussion of the findings from the focus groups.

The focus group discussions explored the nature of relationships by exploring a number of themes. The discussions began by exploring how participants' perceived themselves as customers and sought to understand individuals' meanings of "relationship" and "loyalty" from their perspective. The findings reveal that consumers' purchasing behaviour can vary across different product types and can be categorised into four different types: utilitarian, hedonic, rational and loyal consumers. The degree of loyalty and the potential to build a relationship with a certain company may vary across different types. This issue will be explored further in the survey stage.

The focus groups discussed the motivation of relationship engagement in both general and financial services contexts. In general, consumers' relationship building motives account for seven factors: price/discount, location convenience, brand image, risk avoidance, quality, previous shopping experience, and word-of mouth from their family or friends. The reasons for building a long-term relationship with financial institutions includes location convenience, requirement from employer,

parent or family influence, service quality, brand image and reputation and special treatment. This finding is fairly consistent with bank selection criteria in previous research.

In terms of the use of the virtual channel, the findings reveal that not all participants deal with their financial affairs via an online channel; however, it implies that technology could be an important factor affecting consumers' relationships with their bank. This will be examined in the survey stage.

To sum up, the findings obtained from the first stage contribute to providing insights for the design of the questionnaire. The process and detail of questionnaire development and the implementation of the survey are discussed further in Chapter five.

Chapter 5 Survey

5.1 Introduction

This chapter illustrates how the survey was conducted during the second stage of the research. The chapter contains six sections. It begins by discussing how the questionnaire was developed, including how the constructs were defined. The chapter then moves on to the procedure of the pilot study conducted before the main survey, discussing the main purpose of the pilot study, the process and how the questionnaire was revised. The next section describes the main data collection process and data analysis techniques. The chapter then moves on to discuss data quality. The issues of non-coverage, non-response and item non-response are discussed. Validity and reliability are also evaluated. The chapter ends with a summary.

5.2 Questionnaire Development

A questionnaire is considered a primary and important data collection instrument for marketing researchers to predict consumer behaviour (Kirk-Smith, 1998). Due to the nature of self-reports by participants in questionnaire surveys, poor questionnaire design may affect research findings in terms of theory building, validity, measurement and data analysis (Kirk-Smith, 1998). In an attempt to create a well-specified and structured questionnaire with appropriate measurements for several constructs relating to the research questions, the composition of the

constructs and questions in this study were developed based on two sources: 1) findings extracted from previous relevant literature and 2) insights gained from the focus group discussions in the first stage of this research. This section further describes how the questionnaire was developed.

5.2.1 The Content of the Questionnaire

The survey contains three sections. The first section “You and Your Financial Institution” comprises four sub-sections classified by financial services type; namely, current accounts, savings accounts, mortgages and car insurance. There are two reasons why these four financial services were selected for this study: Firstly, by attempting to explore consumers’ motives for relationship engagement, insights from participants in focus groups could only reveal certain specific situations based on participants’ personal experience; the findings did not provide sufficient information to report on the composition of relationship building motives. These findings did not report how participants view these potential motives or what the relative importance of each motive is. Moreover, the focus groups did not look at financial services individually, exploring the differences according to the nature of financial services. The survey method is an alternative solution to the above problem.

Secondly, these financial services are primary services for most consumers according to classifications from previous literature (e.g. Harrison, 1994; Howcroft et al., 2003b; Kamakura et al., 1991); particularly, opening bank accounts was mentioned many times in focus group discussions and bank accounts are widely held. For

example, according to the British Bankers' Association (BBA), there were 6.4 million basic bank accounts at the end of 2005 (Keynote 2008). A number of surveys have reported that a large proportion of the adult population possess a bank account. 91.3% of US families possess transactional accounts (Bucks, Kennickell, and Moore, 2006) whilst 9 out of 10 people aged 16 years old have current accounts (ONS, 2007). Another report published by the Financial Services Authority suggested that in 2004, approximately only 8% of households in Britain still did not have a bank account (FSA, 2006).

Mortgages and car insurance are also important for the majority of consumers. A key feature of home ownership in the UK is the relatively large number of homes purchased with a mortgage (Social Trends 34). Furthermore, according to the Financial Services Authority's 2005 Consumer Research, the popularity of second homes and "buy-to-let", plus an increasing focus upon home improvement have increased the importance of and demand for home loans. In terms of car insurance, according to the Association of British Insurer's Household Expenditure on Insurance 2003-2004 report published in March 2006, 72.2% of households insure their motor vehicle (Keynote, 2008). Moreover, car insurance is sold by many delivery channels. Consumers may purchase car insurance from traditional banks, insurance companies and even non-traditional sources such as retailers (e.g. Tesco, Sainsbury, etc.) Consumers can also compare prices and obtain information online easily. Therefore, due to the above mentioned reasons, these four products were selected as the basis for this study. Moreover, having some experience of the products may be a factor encouraging participation in the survey.

In order to meet the objective of this survey, which is to explore whether consumers' relationship behaviour varies across selected financial services, the first section of the questionnaire began by asking respondents about their current accounts, followed by three identical parts with the same questions for the other three financial services: savings account, mortgages and car insurance. The beginning of each sub-part has a screening question: (Do you have a current account/savings account/mortgage/car insurance with any financial service institution?) If a respondent possesses a particular financial service, he/she should answer the rest of the questions in this part. If not, the filter will take this participant to the next section. As a result, for participants who possess all four selected financial services, they answered all of the questions. In contrast to other studies researching the differences between products or services types, where respondents tend to be asked to think about one specific product/service as a basis for answering questions, this study asked respondents to answer all the questions if respondents held all of the selected financial services. The reason for using this design is that this study aims to investigate for each respondent whether his/her relational behaviour differs between selected services.

The second section of the questionnaire, "Attitude Towards Relationship and Involvement", sought to obtain respondents' attitudes towards relationship engagement (building), loyalty, involvement and perceived knowledge of financial services. The last section "About You" gathers demographic information for classification purposes.

In total, the questionnaire covers the following areas: (1) consumer banking relationships; (2) motivation of relationship engagement; (3) attitude towards relationships; (4) purchasing decision involvement; (5) personal involvement inventory; (6) financial services knowledge, and (7) demographics. The order that the above areas appeared in the questionnaire was slightly different due to the fact that sections were categorised by financial services type. For example, some questions (e.g. institution choice, channel choice, purchasing decision involvement) appeared in every section. Details of each construct and questions are outlined and the rationale discussed in more detail in the following section 5.2.2.

5.2.2 The Definition of Constructs and Questions

1. Consumer Banking Relationships

The definition of consumer banking relationships refers to the situation of consumers' financial service purchase or adoption with certain financial services institutions. Howcroft et al. (2003b) suggested that financial services consumers' acquisition strategies (i.e. choice of delivery channel, use of financial advisors, and sources of information), their desired methods of contact with their financial institutions, the length of the relationship they have with a financial institution and the propensity they have to switch will vary according to the nature of the financial product. As their decision making may be affected according to the nature of the financial services (products), in the initial decision for purchase there may exist an association with the decision for relationship building. As a result, this construct includes the following dimensions: 1) the ownership of financial services; 2)

institution type when starting the relationship; 3) channel type chosen to deal with financial services; 4) the duration of relationship; 5) relationship type; 6) switching behaviour; and 7) banking selection criteria.

“The ownership of financial services” includes questions in terms of ownership of the four selected financial services: current account, savings account, mortgage and car insurance. The purpose of these questions is to explore how many financial services respondents owned when the survey was conducted. The measurement of these questions used a nominal scale. This questionnaire starts with current accounts due to the importance of current/cheque accounts identified in previous literature. Kamakura et al. (1991) found that consumers’ financial services purchases tend to occur in a hierarchical order based on the nature of the financial services. Therefore, the relationship between consumers and financial institutions could differ according to different financial services. As financial services consumers rarely have just one product but a range of products (Harrison, 1994, p. 19), current accounts may be the beginning for cross-selling other financial services (Lee and Marlowe, 2003). Moreover, it is necessary to know consumers’ ownership of financial services, particularly to know the association of current accounts with other financial services (e.g. whether consumers chose the same financial institution in which they have their current account and other products or use the same channel.)

“Institution type when starting the relationship” asks respondents what kind of financial institution they chose for these four selected financial services. The institution types listed in the questionnaire were banks, building societies, or insurance companies. An open-ended space was provided if respondents had other

answers which were not listed. Howcroft et al. (2003b) suggested that consumers' decision-making styles may differ according to the nature of financial services. It is necessary to explore whether consumers hold institutional preferences for a range of financial services; whether consumers still acquire financial services from traditional financial institutions or from other new sources.

“Channel type chosen to deal with financial services” asks respondents what kind of channel they chose to deal with their current account/savings account/mortgage and car insurance. The measurement of these questions used the nominal scale. The three listed channel choices used in the financial services distribution were branch, telephone and internet. Respondents were asked what kind of channel they used most often to deal with these four selected financial services. Room was provided for respondents to specify the exact channel they apply to access their chosen financial services. The importance of the distribution system has been studied within the financial services literature (e.g. Howcroft and Durkin, 2000; Howcroft et al., 2003b; Hughes, 2006), particularly with regard to influence from the emergence of remote channels. The first reason for these questions is to explore respondents' channel preference for dealing with their financial affairs as, according to Howcroft et al. (2003b), the channel for operating financial services may vary according to the nature of financial service type. The second reason for these questions is to explore whether new technology affects respondents' relationships with their financial institution as there has been an argument in the current literature that “technology can both build and erode customer relationships” (Colgate and Smith, 2005). The use of new channels (telephone and internet) may

change the relationship between consumers and financial services institutions (Hughes, 2006).

“The duration of relationship” asks respondents how many years they have been with their chosen institution. The first reason for these questions is to explore whether the length of the relationship consumers have with a financial institution will vary across four selected financial services according to the nature of the financial services. Howcroft et al. (2003b) pointed out consumers’ relationships with a financial services provider tend to last longer in respect of current accounts whilst they tend to be shorter for insurance services. The second reason for these questions is to explore whether the length of time spent with a financial institution for current accounts would affect consumers’ relationship behaviour in other services. For example, long-standing customers of current accounts with a certain financial institutions are likely acquire other services from the same providers. The measurement of these questions uses nominal scales.

“Relationship types” asks respondents whether their savings accounts / mortgages or car insurance are held with the same financial institution which holds their current accounts. This is measured by normal scales. Another open-ended question asks respondents to indicate the number of financial institutions they currently deal with. The purpose of this question is to explore the distribution of respondents’ within a financial service. The definition of a multiple banking relationship is that people employ two or more institutions to handle their personal financial affairs (Denton and Chan, 1991); which is, to employ two or more banks for the same financial services (Chan, 1993). In other words, if consumers employ one

financial institution to deal with their financial affairs, it is called a single banking relationship. Previous research suggests that consumers tend to stay with a bank for a long time and they tend to start their search process from the institution where they have their cheque accounts (Lee and Marlowe, 2003, p. 65). It implies that consumers may appreciate single relationships when dealing with financial services. However, previous research has also indicated that consumers have a desire to pursue multiple banking relationships (Devlin and Gerrard, 2005; Devlin, Steve Worthington, and Gerrard, 2007).

“Switching behaviour” asks respondents whether their savings accounts/mortgages or car insurance are new purchases or have been switched from another financial institution. These questions are used to explore whether respondents switching behaviour varies according to the nature of the financial services, also to explore whether any relationship between switching behaviour and the length of relationship maintenance across selected financial services exists. The measurement of these questions uses nominal scales.

“Bank selection criteria” seeks to explore how respondents choose financial institutions for their current accounts. As stated earlier, current accounts have been considered as the primary financial service or product most people have (Social Trend 37, Bucks et al., 2006) and the financial institution chosen may be one of the sources for other financial services (Lee and Marlowe, 2003). Consumers tend to stay with a bank for a long time (Beckett, Hower, and Howcroft, 2000; Lee and Marlowe, 2003), thus the initial selection of an institution is very important. It could be seen as the beginning of relationship. Fifteen factors extracted from previous

research and focus group discussions include: location convenience; speed of service; opinions of friends and family; the availability of multiple access points; employer uses the same bank; security; banks' reputation and image, availability of other financial services; previous experience; lower service charges and fees; competitive interest rates; special offers; preferential treatment /customer service; modern facilities in branches, and expected service quality. Bank selection criteria have been mentioned by focus group participants when discussing their motives for starting a relationship with a bank. These fifteen factors are measured using interval scales. Respondents were asked to rate the importance of these fifteen factors between 5 and 1 (5 = very important to 1 = not at all important).

Table 5.1 Item pool for Consumer Banking Relationships

Dimensions	Questions	Measurement	Source	Data Analysis
The ownership of financial services	<ul style="list-style-type: none"> • Do you have a current account? • Do you have any savings with any financial institutions? • Do you have a mortgage with any financial institutions? • Do you have car insurance with any financial institutions? 	Nominal scales Dichotomous	Howcroft et al. (2003b); Lee and Marlowe (2003)	Descriptive analysis
Institution type when starting relationship with this bank	<ul style="list-style-type: none"> • At which type of financial institution is your current account held? • If your savings are primarily held at another financial institution, please indicate which type of financial institution you use? • If your mortgage is held at another financial institution, which type of financial institution do you use? • If your car insurance is held at another financial institution, which type of financial institution is it? 	Nominal scales	Lee and Marlowe (2003)	Descriptive analysis
Channel type when operating this financial service	<ul style="list-style-type: none"> • Do you operate your current account primarily via: (branch / telephone/ online/ others, please specify_____) • How do you tend to manage your savings? • How do you tend to manage your mortgage • How do you tend to manage your car insurance? 	Nominal scales	Howcroft et al. (2003b)	Descriptive analysis
Duration of relationship	<ul style="list-style-type: none"> • Approximately, how many years have you had your current account? • How long have you been saving with this financial institution? • How long have you had your mortgage with this financial institution? • 4. How long have you had your car insurance with this financial institution? 	Nominal scales	Howcroft et al. (2003b)	Descriptive analysis

Dimensions	Questions	Measurement	Source	Data Analysis
Relationship type (single or multiple relationships)	<p>Are your savings primarily held at: (options)</p> <p>Is your mortgage held at:</p> <p>Is your car insurance held at:</p> <p>(a) The financial institution where your current account is held.</p> <p>(b) another financial institution</p> <p>Please indicate the total number of financial institutions that you currently have accounts/financial product with</p>	<p>Normal scales</p> <p>Open-end</p>	Self-developed	Descriptive analysis
Switching Behaviour	<ul style="list-style-type: none"> • When you started saving with this financial institution, did this represent new savings or did you switch existing savings from another financial institution • When you started your mortgage with this financial institution, did this represent a new mortgage or did you switch an existing mortgage from another financial institution? • When you first took out car insurance with this financial institution, did this represent new insurance or did you switch? 	Normal scales	Self-developed	Descriptive analysis

Table 5.2 Item pool for Consumer Banking Relationships (con.)

Dimension	Questions (Variables)	Source	Measurement	Data analysis
	* Please indicates how important each of the following criteria were in influencing the selection of a bank for your current account			
Bank Selection	Location convenience (i.e. near home or work)	Boyd et al. (1994); Mason and Mayer(1974); Kaufman (1967); Riggall (1980); Laroche et al (1986); Javalg et al. (1989); Kaynak and Kucukemiroglu (1992); Hon and Tom (1994); Devlin and Gerrard (2005)	Interval scales	<ul style="list-style-type: none"> • Descriptive analysis • Factor analysis
	Speed of service	Boyd et al. (1994); Laroche et al. (1986); Erol et al. (1990); Haron et al. 1994; Holstius and Kaynak (1995); Hon and Tom (1994)		
	Opinion of friends and family	Mason and Mayer (1974); Riggall (1980); Devlin and Gerrard (2005)		
	The availability of multiple access points (i.e. ATMs, branches, telephones, internets)	Riggall (1980); Javalg et al. (1989)		
	Employer uses the same bank	Riggall (1980)		
	Security	Javalg et al. (1989); Erol et al. 1990;Haron et al. 1994; Holstius and Kaynak (1995)		
	Bank's reputation and image	Bloyd et al. (1994); Javalg et al. (1989); Erol et al. (1990); Hon and Tom (1985);		
	Availability of other financial services	Boyd et al. (1994); Kaynak and Kucukemiroglu (1992)		
	Previous experiences	Mason and Mayer (1974); Kaufman (1967); Erol et al. (1990); Haron et al. (1994); Holstius and Kaynak (1995)		
	Lower service charges and fees	Riggall (1980);Holstius and Kaynak (1995); Hon and Tom (1985);		
	Competitive interest rates	Javalg et al. (1989); Boyd et al. (1994); Hon and Tom (1985)		

Dimension	Questions (Variables)	Source	Measurement	Data analysis
	<p>* Please indicates how important each of the following criteria were in influencing the selection of a bank for your current account</p>			
	Special offers	Devlin and Gerrard (2005)		
	Preferential treatment/customer service	Mason and Mayer 1974; Kaufman 1967; Kaynak and Kucukemiroglu (1992)		
	Modern facilities in branches	Holstius and Kaynak (1995)		
	Expected service quality	Kaufman (1967);Devlin and Gerrard (2005)		

2. Motivation of Relationship Engagement

Seven motives for relationship engagement are identified in previous literature and discussion from focus groups including: “economic needs”; “social-psychological needs”; “reducing perceived risk needs”; “simplifying purchasing progress and improving convenience needs”; “information processing and obtaining needs”; “obtaining special product benefit or service treatment”; and “institutional and family influences”. A total of eighteen statements were used to measure the first six dimensions. The derived dimensions were measured using five-point Likert interval scales, which anchored between strongly agree to strongly disagree (5= strongly agree; 1 = strongly disagree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree, 5 = strongly disagree, N/A= respondents could tick this item if they felt this statement cannot describe their motives for relationship building). The questions relating to “institution and family influences” were measured using

nominal scales because these are not necessarily based on personal perception but could occur in a compulsory context.

“Economic needs” is defined as any monetary benefits and advantages. Three items were used to measure this dimension: “I can get special deals”, “This financial institution provides greater benefits than other financial institutions” and “Building a relationship with this financial institution is profitable for me”.

“Social-psychology needs” is defined as the need for personal connection between consumers and staff when dealing with financial services. Three items were used to measure this dimension: “The staff at this financial institution recognise me”, “I have developed a friendship with the people from this financial institution”, and “I am familiar with the personnel from this financial institution”.

“Reducing perceived risk needs” is defined as the need for reducing anxiety when dealing with financial services. Four items were used to measure this dimension, including: “I am worried I might make the wrong decision if I choose not to use this financial institution.”, “I will incur switching costs / penalties if I choose another financial institution”, “This financial institution is trustworthy”, and “The staff at this financial institution are honest and truthful.”

“Simplifying purchasing progress and improving convenience needs” is defined as the need for making dealings with financial affairs easier. Two items were used to measure this dimension: “The financial institution is easily accessible” and “This financial institution offers a variety of means of access (i.e. branches, telephone, internet).

“Obtaining Special Product Benefit or Service Treatment” is defined as the needs which are non-monetary and non-ordinary benefits. Four items were used to measure this dimension: “I can get faster service than most customers”, “I am usually placed higher on the priority list when there is a line”, “ I can access other financial services from this bank easily”, and “I get special deals that most other customer do not get”.

Table 5.3 Item Pool for Motivation of Relationship Engagement

Construct	Dimensions	Questions	Measurement	Source	Data analysis
Motivations of Relationship Engagement	Economic needs	<ul style="list-style-type: none">• I can get special deals.• This financial institution provides greater benefits than other financial institutions.• Building a relationship with this financial institution is profitable for me.	Interval scales	Huang (1998)	<ul style="list-style-type: none">• Factor Analysis• Multivariate analysis
	Social-psychological needs	<ul style="list-style-type: none">• The staff at this financial institution recognise me.• I have developed a friendship with the people from this financial institution.• I am familiar with the personnel from this financial institution.	Interval scales	Gwinner et al. (1998); Hennig-Thurau et al. (2002) ; Martín-Consuegra et al. (2006)	<ul style="list-style-type: none">• Factor Analysis• Multivariate analysis
	Reducing perceived risk needs	<ul style="list-style-type: none">• I am worried I might make the wrong decision if I choose not to use this financial institution.• I will incur switching cost/penalties if I choose another financial institution.• This financial institution is trustworthy.• The staff at this financial institution are honest and truthful.	Interval scales	Adapted from Hennig-Thurau et al.(2002)	<ul style="list-style-type: none">• Factor Analysis• Multivariate analysis
Simplifying purchasing progress and improving convenience needs		<ul style="list-style-type: none">• The financial institution is easily accessible.• The financial institution offers a variety of means of access (i.e. branch, telephone, internet)	Interval scales	Focus group discussion	<ul style="list-style-type: none">• Factor Analysis• Multivariate analysis

Construct	Dimensions	Questions	Measurement	Source	Data analysis
	Information processing and obtaining needs	<ul style="list-style-type: none"> • I can get the latest information on products from this financial institution. • This financial institution provides unique knowledge/expertise which I cannot get from another financial institution. 	Interval scales	Adapted from Huang, (1998)	<ul style="list-style-type: none"> • Factor Analysis • Multivariate analysis
	Obtaining special product benefit or service treatment	<ul style="list-style-type: none"> • I can get faster service than most customers. • I am usually placed higher on the priority list when there is a line. • I can access other financial services from this bank easily. • I get special deals that most other customers do not get. 	Interval scales	Gwinner et al. (1998); Hennig-Thurau et al. (2002) ; Kinard and Capella (2006)	<ul style="list-style-type: none"> • Factor Analysis • Multivariate analysis
	Institutional and Family influences	<ul style="list-style-type: none"> • In general, I start to deal with this financial institution because: • I am willing to • My friends and family recommend it. • My employer required it • The government required it. 	Normal scales	Focus group discussion	<ul style="list-style-type: none"> • Factor Analysis • Multivariate analysis

3. Attitude toward Relationship

“Attitude toward Relationship” is defined as the degree of connection that a consumer feels he/she has with certain financial institutions. It contains five statements: 1) “It is better to conduct all your business with one financial institution because they have a better overall picture of your financial situation”, 2)“ My relationship with the financial institutions I deal with is worth more to me than a better deal from somewhere else”; 3) “ It doesn’t matter where you go for financial services, all financial institutions are the same”; 4) “I don’t think I have a relationship with certain financial institutions; 5) I deal with this financial institution just out of habit; I am not being loyal”. Respondents were asked to rate the extent to which they agree or disagree with these statements (5=strongly agree 4=agree 3 neither agree nor disagree; 2=disagree 1=strongly disagree).

Table 5.4 Item pool for Attitudes toward Relationship

Construct	Questions	Measurement	Source
Attitudes toward relationship	<ul style="list-style-type: none">• It is better to conduct all your business with one financial institution because they have a better overall picture of your financial situation• My relationship with the financial institution I deal with is worth more to me than a better deal from somewhere else• It doesn’t matter where you go for financial services, all financial institutions are the same• I don't think I have a relationship with certain financial institutions.• I deal with this financial institution just a habit; I am not being loyal.	Interval scales	<ul style="list-style-type: none">• Focus group discussion• Self developed

4. Personal Involvement Inventory (product category involvement)

Product category involvement is defined as a person’s perceived relevance of the product (financial services) based on inherent needs, values and interests. Discussion regarding consumers’ behaviour under different levels of involvement has been covered in previous literature (e.g. De Wulf, Odekerken-Schroder, and Lacobucci, 2001; Gordon et al., 1998; Quester and Lim, 2003; Varki and Wong, 2003). This study used the revised “Personal involvement inventory” scale developed by Zaichkowsky (1985). A seven point bi-polar scale was used. The measurement of consumers’ involvement to financial services was used to classify respondents into different meaningful groups.

Table 5.5 Item pool for the Product Involvement Personal Involvement Inventory

Construct	Questions	Measurement
Product Involvement (Zaichkowsky,1985)	In general, financial services are: Important 7 6 5 4 3 2 1 Unimportant	Interval scales
	In general, financial services: Mean a lot to me 7 6 5 4 3 2 1 Mean nothing to me	
	In general, financial services *: Do not matter to me 7 6 5 4 3 2 1 Matter to me	
	In general, financial services are: Significant 7 6 5 4 3 2 1 Insignificant	
	In general, financial services are *: Are of no concern to me 7 6 5 4 3 2 1 Are of concern to me	

* This question is a reverse question.

5. Purchase Decision Involvement

Purchase decision involvement is defined as the extent of interest and concern a consumer brings to bear upon a purchase-decision task (Mittal, 1989). A seven point bi-polar scale was used in the measurement of purchase decision involvement in this survey. This scale was developed by Mittal (1989). The statements were revised and adapted in order to improve matching to the banking context (see Table 5.6). The main purpose of measurement of purchase decision involvement is to examine whether consumers' relationship motivation varies across different levels of purchase decision involvement.

Table 5.6 Item Pool for Purchase Decision Involvement

Construct	Questions	Measurement
Purchase Decision Involvement (Mittal, 1989)	<p>Please indicate, by ticking one the following scales, how you feel following statements.</p> <p>When selecting from among the many types of financial services available, would you say that</p> <p>I would not care 1 2 3 4 5 6 7 I would care a great deal as to which one I buy</p> <p>Do you think that the various financial products in the marketplace are all very similar or different?</p> <p>They are all 1 2 3 4 5 6 7 They are all alike different</p> <p>How important would it be for you to make the right choice of financial services?</p> <p>Not at all 1 2 3 4 5 6 7 Extremely Important Important</p> <p>In making your selection of a particular financial product, how concerned would you be about the outcome of your choice?</p> <p>Not at all 1 2 3 4 5 6 7 Very concerned</p> <p>Concerned</p>	Interval Scale

6. Consumer's Perceived Knowledge of Financial Services

The importance of consumers' perceived knowledge of financial services has been acknowledged in previous research (e.g. Harrison, 1994), especially in the study of consumer behaviour for financial services purchasing. For example, in research by Howcroft (2003b), it was suggested that consumers perceived their knowledge of financial services differently; people may possess much knowledge and understanding of current accounts and less knowledge and understanding of investment-based products. Devlin (2002) highlighted that perceived knowledge may have critical impacts on bank selection criteria: consumers who have low financial knowledge tend to choose a bank on extrinsic factors such as location or recommendation whilst consumers with high financial knowledge are concerned more with intrinsic attributes such as service features, rate of return and low fees in their choice. Perceived knowledge was considered as a variable to classify consumers. Harrison (1994) used a self-reported assessment of consumers' perceived knowledge, understanding and confidence of financial services to classify individuals into high and low knowledge categories. Beckett et al. (2000) used the level of consumer confidence and involvement to classify consumers into four different groups: repeat-passive, relational-active; no purchase and relational-dependent. The findings from this research indicate consumers' purchasing behaviour may vary because of different consumer characteristics. Beckett et al. (2000)'s research further discusses the use of channel difference over different consumer types. Therefore, it is likely that the level of consumer perceived knowledge of financial services influences consumers' relationships with their financial services providers. This

dimension was measured using the respondents' own self-assessment of how they perceived their own levels of knowledge confidence and understanding of financial services (from good, better than average, average, less than average to poor)(See Table 5.7).

Table 5.7 Item Pool for Perceived Knowledge

Construct	Questions	Measurement	Source	Data analysis
Perceived knowledge to financial services	My understanding of financial services in general is:	Interval scales	Harrison (1994)	Cluster analysis
	My confidence in dealing with financial services is:			
	My understanding of savings is:			
	My understanding of mortgages is			
	M understanding of car insurance is:			

7. Demographics:

In the last part of the questionnaire participants were invited to respond to a set of questions that described themselves according to the following demographic variables: gender, age, marital status, working status, occupation, annual household income before tax, qualifications, and living area. Demographic variables were used to describe the profile of respondents after conducting a cluster analysis. Other open-ended questions invited respondents to make any further comments in relation to the study.

5.3 Pilot Study

5.3.1 The Objective of the Pilot Study

Teijlingen and Hundley (2001) point out the importance of a pilot study. Considering that a pilot study is an important element of a good study design, a small- scale pilot study was conducted before the main survey for several reasons. First, develop and test the adequacy of the research instrument. The questionnaire is the main research instrument for this survey; hence an inappropriate questionnaire may affect research quality. Indeed, research has shown that slight changes in the wording of a questionnaire can have significant influence on how people respond (Arndt and Crane, 1975). Teijlingen and Hundley (2001) claim that a pilot study contributes to improvement of the internal validity of a questionnaire. A pilot study could provide an opportunity to confirm whether the wording and the sequence of questions are appropriate and understandable. The feedback from the test subjects contributes to identifying ambiguities and difficult questions. The questionnaire could be revised based on subjects' comments.

The second purpose of the pilot study was to assess whether the data collection procedure was realistic and workable. The pilot study provides an opportunity to test the availability of web instruments in many aspects: whether the web-page is user-friendly; whether the layout of the questionnaire could be demonstrated correctly and properly online; and whether participants are able to complete the questionnaire without any technical difficulties. It also enables the following questions to be answered. How long did subjects take to complete all questions? Was

the length of the questionnaire appropriate? How much time should be allotted for receiving a satisfactory number of responses to the survey? Again, a pilot study could help the researcher to consider the above questions before carrying out the main survey, and taking action to prevent problems from occurring in the main survey.

The final purpose is that this pilot study provides an opportunity to practice analysis techniques and assess any unanticipated potential problems. For example, several statistical techniques such as reliability tests, descriptive analysis and multivariable analysis can be used at this stage. The findings of a pilot study may be interesting and valuable even though the sample size is not very big. This section focuses on discussing the changes made to the questionnaire between the pilot study and the main survey.

5.3.2 Process

The initial pilot study was conducted between 18 July and 4 August, 2006. An e-mail invitation with a URL link to the website hosting the survey was sent to possible respondents. The main subjects of the pilot study were academics in order to improve the validity of the questionnaire by obtaining expert feedbacks.

Snowball sampling was adopted in this pilot study. The procedure is that the email invitation initially was sent to staff and postgraduate students in Edinburgh University as well as people from other British universities. Respondents were asked to forward this survey onto more people for more responses and comments. It is noted that this sample only partially represented the target population. However,

there are some benefits from this procedure. First, the college/ university student segment has been recognised as an important cluster in financial services marketing research, in particular in the topic of bank selection, lifetime value and loyalty (e.g. Colgate et al., 1996; Lewis, 1982; Pass, 2006; Thwaites and Vere, 1995). As students are considered prospective consumers and early adopters for many products and services (e.g. financial services), their participation to this pilot study is valuable. Furthermore, as there is a tendency that university students work part-time (Pass, 2006), they need to use current accounts to handle their income. Their personal network from part-time work may contribute to the distribution of the questionnaire. Secondly, including academic staff from the university in this study contributes to the validity of the questionnaire. In this pilot study, in addition to staff at the Business school from the University of Edinburgh, some academic experts from the list of delegates of the 2006 Academy of Marketing Conference were invited to participate in this survey. However, since the main purpose of this pilot study was to examine the research instrument, data collection procedure, and practice data analysis techniques rather than to generalise the research finding, it is considered acceptable to recruit a snowball sampling at this stage.

A total of 48 respondents completed the web questionnaire. Table 5.8 displays a profile of respondents in the pilot study. It indicates that the majority of the respondents are female (64.1%), in the age band of 25-34 years old (64.1%), single (66.7%), working full time (30.8%) or studying in academic institutions (56.4% are students and 22% are lecturers), with low income (38.5% of respondents with annual income under £9,999), higher education (30.8% has a first degree and 87.2% has a postgraduate degree) and living in Scotland (59.0%). This small sample has

some bias. Snowball sampling tends to recruit homogeneous samples, where, participants tend to have similar characteristics in age, education, income, ethnic origin, nationality and other heterogeneous characteristics (Binsardi and Mclean, 2008). In this case, respondents tend to be younger individuals and students in higher education or low incomes and living in Scotland).

Table 5.8 Profile of Participants in the Pilot Study

Variables	Characteristics	No.	%
Gender	Male	14	35.9
	Female	25	64.1
Marital Status	Single	26	66.7
	Married	11	28.2
	Separated/Divorced	1	2.6
	Widowed	1	2.6
Age (years)	16-24 years	6	15.4
	25-34 years	25	64.1
	35-44 years	5	12.8
	45-54 years	2	5.1
	55-64 years	1	2.6
	65 years and over	0	0
Employment Status	Working full-time	12	30.8
	Working Part-time	4	10.3
	Self-employed	0	0
	Home-maker	1	2.6
	Unemployed	0	0
	Student	22	56.4
	Retired	0	0
Occupation	Accountant	1	3
	Consultant	2	6
	Student	21	66
	Lecturer/Educator	7	22
	Policy maker	1	3
Educational Level	GCSE/O Level	7	17.9%
	A Level	7	17.9%
	Diploma	1	2.6%
	Undergraduate Degree	12	30.8%
	Postgraduate Degree	32	87.2%
	None of above	0	0
Income	Under £9,999	15	38.5
	£10,000-£19,999	6	15.4
	£20,000-£29,999	5	12.8
	£30,000-£39,999	6	15.4
	£40,000-£49,999	1	2.6
	£50,000-£59,999	2	5.1
	£60,000 or above	4	10.3
Living Area	Scotland	23	59.0
	England	15	38.5
	Wales	1	2.6
	Northern Ireland	0	0

5.3.3 Revisions to the Questionnaire

Reliability Analysis

The questionnaire was revised based on results from reliability analysis and comments from subjects. Reliability is an assessment of the degree of consistency between multiple measurements of a variable (Hair, 1998). Cronbach's α ⁷ (1951) is the most widely accepted indicator of a scale's internal consistency (Bloch, 1981, p. 62; Hair, 1998, p. 118), particularly in marketing research (Peter, 1979). In this study, the motivation for relationship engagement contains six sub- dimensions and was measured respectively by respondents according to their actual ownership of selected financial services. So the calculation of Cronbach's α was completed separately according to Peter's (1979, p.15) suggestion. In terms of the satisfactory level of reliability, it is generally agreed that a lower limit for Cronbach's α is 0.7, although it may decrease to between 0.6 to 0.5 in exploratory research or early stages of research (Hair, 1998, p. 118; Peter, 1979). Guelford (1978) suggested that the value of Cronbach's α should not be lower than 0.35. In the pilot survey the values of Cronbach's α in each construct were between 0.54 and 1 (see Table 5.9 and Table 5.10). Apart from the values of Cronbach's α for "economic needs" and

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$$\alpha = \left(\frac{k}{k-1} \right) \left(1 - \frac{\sum_{i=1}^k \sigma_i^2}{\sigma_t^2} \right)$$

where:

k = number of parts (usually items) in the scale,
 σ_i^2 = variance of item i , and
 σ_t^2 = total variance of the scale.

“attitude to relationship” which were lower than 0.7; the values of Cronbach α for the rest of the constructs were all higher than 0.7, demonstrating a higher degree of consistency. It indicates that the reliability of these constructs is satisfactory. For two of constructs with a value under 0.7 an inspection of the item-to-total correlation scores and the alpha-if-item-deleted figures suggested that all items were beneficial to each of the scale’s reliability; hence all items were retained for further examination in the main survey.

Table 5.9 Reliability Analysis for Motivation of Relationship Engagement

Construct	Cronbach α		
	Savings	Mortgage	Car insurance
Motivation of Relationship engagement	0.90	0.96	0.97
Economic Needs	0.62	0.61	0.54
Social-Psychological Needs	0.92	0.97	1.00
Reducing Perceived Risk Needs	0.52	0.81	0.86
Simplifying Purchasing Progress and Improving Convenience Needs	0.73	0.83	0.97
Information Processing and obtaining needs	0.73	0.91	0.90
Obtaining Special Product Benefit or Service Treatment	0.90	0.97	0.97

Table 5.10 Reliability Analysis for Purchasing Decision Involvement (PDI), Personal Involvement Inventory (PII) and Knowledge of Financial Services and Attitude to Relationship

Construct	Cronbach α
Purchasing Decision Involvement: PDI	0.86
Personal Involvement Inventory: PII	0.77
Perceived Knowledge to Financial Services	0.90
Attitude to Relationship	0.54

Changes in the Questionnaire

The items used to measure the constructs were all kept for the main survey although the wording and sequence of order, and items used to measure some constructs received minor revisions. First of all, in terms of consumers' ownership of financial services, one question asks "*Do you have more than one current account/savings account/mortgage/ and car insurance*". This was added in order to obtain more details on financial services acquired. Secondly, in terms of "attitude to relationship" the last question, "*I deal with the financial institution just out of habit; I am not being loyal*" was broken down into two questions: "*I deal with certain financial institutions out of habit*" and "*I do not consider myself to be loyal to the financial institutions I deal with*" in order to make questions more specific and prevent any misunderstanding.

Thirdly, there were some changes made to measuring purchase decision involvement. In the pilot study, this construct was measured by adapting a seven point bi-polar scale developed from Mittal (1989) and focused on respondents' purchase involvement in "financial services". However, some participants in the pilot study suggested that their involvement in considering the purchase of specific financial services was different for the different financial services types. Therefore, in the main survey, the construct of "purchase decision involvement" was measured for each financial services type respectively. In addition, in order to distinguish "purchase decision involvement" from the "Personal Involvement Inventory", the wording of questions was adapted and a five point Likert scale was used to measure respondents' agreement to the statements (as shown in Table 5.11)

Table 5.11 The Comparison of Questions between Pilot Study and Final study

Pilot study	Main Survey
Please indicate, by ticking one from the following scale, how you feel following statements.	Please indicate, by ticking one from the following scale, the extent to which you agree or disagree with each of the following statements.
When selecting from among the many types of financial services available, would you say that	<ul style="list-style-type: none"> • When selecting from among the many types of savings accounts/mortgages/car insurance available from various financial institutions, I would not care at all as to which one I would buy *
I would not care at all as to which one I buy 1 2 3 4 5 6 7 I would care a great deal as to which one I buy	<ul style="list-style-type: none"> • The various savings accounts/mortgage/car insurance in the market place are all very similar*
Do you think that the various financial products in the marketplace are all very similar or different?	<ul style="list-style-type: none"> • It is important to make the right choice of savings accounts/mortgage/car insurance choice.
They are all alike 1 2 3 4 5 6 7 They are all different	<ul style="list-style-type: none"> • I would be very concerned about the outcome of my choice of savings accounts/mortgages/car insurance.
How important would it be for you to make the right choice of the financial services?	(5=strongly agree, 4=agree, 3=neither agree nor disagree, 2=disagree, 1=strongly disagree)
Not at all Important 1 2 3 4 5 6 7 Extremely Important	
In making your selection of a particular financial product, how concerned would you be about the outcome of your choice?	
Not at all concerned 1 2 3 4 5 6 7 Very Concerned	

* This question is a reverse question

5.4 The Data Collection Process of the Main Study

5.4.1 Sampling Frame

A sampling frame is defined as a representation of the elements of the target population that consists of a list or set of directions for identifying the target population (Malhotra and Birks, 2006, p. 734). In order to obtain a nationwide random sample, the sampling frame used in this survey is a permission based e-mail list. This e-mail list was bought from the direct marketing consultancy company Avongate Ltd⁸. The sample was randomly selected from the i-points database⁹. The I-points database is one of the UK's largest online loyalty based programmes with over 1.7 million members and is increasing by recruiting 50,000 a month. Potential members are free to join this programme by simply signing up to an account on the I-points.co.uk website. Members could earn an amount of i-points by participating in online activities such as shopping, surveys, competitions¹⁰. Members like collecting I-points because these "i-points" can be exchanged for hundreds of gifts from the rewards catalogue. 740,000 e-mail records are available from the i-points database as a potential sampling frame for research purposes. A profile of members is shown in Table 5.12.

⁸ Avongate Ltd is a direct marketing consultancy specialising in list management and list broking services both online and offline. Avongate Ltd official website: <http://www.avongate.com/>

⁹ ipoints.co.uk is the UK's largest internet-based rewards programme with over 500 partners and 12 reward categories covering more than 200,000 items for members to choose from. I-points are also members of the Direct Marketing Association. I-point official website: www.ipoints.co.uk.

¹⁰ The profile of members in the i-point database was quoted from Avongate's introduction to this database of product. Brief information can be reviewed at <http://212.50.164.134/datacard.aspx?ListID=303>

Table 5.12 Profile of Members of i-point Database

Demographics	Characteristics
Gender	<ul style="list-style-type: none">• 50% male; 50% female
Age	<ul style="list-style-type: none">• 18+ through all life stages to grey market• Core base 23-36 years,• Consistent growth in the age group over 45 and empty nesters.
Use of Technology	<ul style="list-style-type: none">• Internet-savvy; heavy internet user• Early adopter of technology• Access internet from work and home• Over 80% shop online
Hobby	<ul style="list-style-type: none">• Regular music listeners• Computer gamers• Bookworms• Cinema goers• Sport lovers• Love giving opinion
Other behaviour	<ul style="list-style-type: none">• Like using internet for gaming, travel, leisure, finance product launch and entertainment offers.

The main reasons for choosing the i-points database as a sampling frame are as follows. First of all, it is difficult to acquire a suitable sampling frame for an online survey with a nationwide coverage. Couper (2000) suggested that internet survey research provides an opportunity to make data collection available to the masses at a low cost. The i-points database could provide at least 740,000 email addresses based in the UK. Secondly, for the cost conscious, the price of this permission based email listing meets the budget for this survey. The cost of acquiring an e-mail list is much lower than any other sources (e.g. a published mail address). Thirdly, the i-points database provides incentives such as “collecting i-points” for members. It would

encourage members to become more involved in this survey even though there were no other monetary incentives provided.

However, there may be some limitations for using an online panel. First of all, this research could not reach offline consumers and non- i-points database members. Although 10,000 members were selected randomly; the entire i-points database was not a random sample. Some groups of people in the target population (UK consumers) are not included in the sampling frame population. Therefore, non-coverage errors could occur and may be the main threat to inference from Web surveys (Couper, 2000). Non coverage error is a function of mismatch between the target population and the frame population (Couper, 2000, p. 467). Since the penetration rate of the internet in the UK does not reach 100%, this sampling frame could not represent 100% of the targeted population. In addition, salience might be regarded as bias because those who registered as i-points database members are committed respondents. They are more willing to participate in surveys than other groups because “collecting i-points” is an incentive for people who self-registered as i-points database members (i-points Ltd., 2007).

Secondly, selection error may occur because not all members of the frame population are measured. There are 740,000 email records in the database and only 10,000 are selected randomly from this database. Sampling error may arise during the process of selecting a sample because the researcher had no control over the sampling process (The sample process was completed by Avongate Ltd.). Thirdly, those who chose to sign up for online panels may have a younger profile. As shown in Table 5.12, the majority of members are 23-36 years old, leaving the other age

groups somewhat under-represented. Finally, this email list is one of single use only. There was no chance that the researcher could use follow-up techniques to contact the individuals who never respond. Therefore, to some extent, the researcher cannot control sampling bias. The research findings could only be generalised to the online population.

5.4.2 Data Collection Process

The determination of sample size adopted Malhotra and Birks (2006, p385)'s suggestion, considering several qualitative factors and quantitative factors such as the nature of the research, the number of variables, the nature of analysis, sample size used in similar studies, incidence rates and completion rate. Sample size refers to the number of elements to be included in the study. It should be the remaining sample after eliminating potential respondents who do not qualify or who do not complete the research (Malhotra and Birks, 2006). The calculation of sample size in the study was based on a statistical formula which is shown as follows:

$$n \geq \frac{Z_{\alpha/2}^2 \hat{p} \hat{q}}{d^2}$$

n = the number of sample, d = the allowable internal,
 \hat{p} = population proportion, \hat{q} = sample proportion

On the basis of this formula, suppose the allowable interval is set as $d = 3\%$ and a 95% confidence level is desired (Bartlett, Kitrluk and Higgins, 2001; Cochran (1977). The z value associated with this confidence level is $z = 1.96$. Since there is no

information regarding the real population proportion available, this research uses 0.5 for p and q , as these are the values that will give the largest sample size (Krejcie and Morgan, 1970) Therefore, according to this formula, the target number to achieve in the sample should be at least greater than 1068.

The above procedures resulted in the minimum sample size; however, since many survey research hardly reached 100% response rate (Bartlett et al. 2001), oversampling may be necessary (Fink 1995, as cited in Bartlett et al. 2001). Salkind (1997) recommended increasing the sample size by 40% -50% for conducting mail questionnaire surveys. Hence, in order to reach this target ($n=1068$) and obtain a higher response rate, the emailed sample was set at 10,000 individuals (This is decided subjectively based on Salkind (1997)'s suggestion and the information provided by Avongate Ltd.).

The survey was conducted between 1 November to 1 December, 2006. An email was sent to 10,000 participants who were randomly selected from the I-points database by Avongate Ltd. The content of the emails included an invitation to participate and a link to access the questionnaire. Survey Monkey, an e-questionnaire and online professional survey services provider (www.surveymonkey.com), was used to design and host the questionnaire (as shown in Figure 5.1). The questionnaire is presented in Appendix B.

[Exit this survey >>](#)

2006 Financial Services Survey

Dear Friends,

At the University of Edinburgh we are conducting independent research to understand why people choose to use particular financial institutions for different financial services: bank accounts, mortgages and car insurance. You have been selected at random to participate in this survey.

We are interested in people's attitudes, not financial details. Your cooperation in completing the questionnaire would be greatly appreciated. Most of the questions can be answered by ticking the most appropriate answers.

The total questionnaire should take about 15 minutes to complete. Please answer the questions on the basis of your personal experience. Your responses will be treated confidentially and will only be reported in aggregate; no individual responses will be identified.

We appreciate your willingness to help us in our research effort. Thank you again for your cooperation.

Sincerely,

Annie P. Yu
Ph.D. student
Management School and Economics
The University of Edinburgh

Dr. Tina Harrison
Senior Lecturer
Management School and Economics
The University of Edinburgh

[Next >>](#)

Figure 5.1 Questionnaire Webpage

5.5 Data Analysis Techniques

This section briefly introduces several data analysis techniques used for this study. The process of data analysis involved three stages: data preparation, descriptive analysis and multivariate analysis.

Data preparation: The main purpose of this stage is to examine research quality. Non-coverage, non-response, and item-non-response (missing data) examined by conducting **independent t-tests** and **chi-square analysis**. In addition, validity analysis and reliability analysis is tested by conducting **factor analysis**. Details of research quality are presented in section 5.6. Validity and reliability analysis of the main study are presented in section 5.7.

Descriptive analysis: **Frequency analysis, cross-tabulation analysis** are used to describe respondents' information, including distribution of demographics and banking behaviour, evaluation of bank selection criteria, evaluation of different motives for relationship engagement and profile of consumer segments. The details are presented in Chapter 6. In terms of tests of significance, **chi-square analysis** was conducted to examine the significance of association between consumers' banking behaviour toward different selected financial services. Banking behaviour between different demographic groups was also examined. Descriptive analyses are mainly presented in Chapter six.

Multivariate Analysis: **One way ANOVAs** are used to compare the difference of means between different groups. In this study, these techniques were used to

examine whether consumers' motives for relationship engagement vary across 1) different levels of purchasing involvement; 2) different channel type, and 3) different relationship type. In addition, **repeated-measured ANOVAs** were used to examine whether respondents' motives vary towards different financial services. Finally, **cluster analysis** was used to identify meaningful segments. These analysis are presented in Chapter six.

5.6 Research Quality

Before conducting any statistical analysis, some quality issues suggested by scholars need to be considered for the purpose of greater transparency in reporting the details of data. The response rate is usually taken as an indicator of survey quality, assuming that a high response minimises the probability of non-respondents affecting survey results (Manfreda et al., 2008, p. 99). However, reporting a response rate is not the only indicator for determining a good quality survey. In an assessment of quantitative data, Dale (2006) proposed several aspects that are related to the data collection process, suggesting the following factors should be addressed: modes of data collection, questionnaire design (question wording and ordering), sampling and survey design; response rate and non-response effects. As details regarding questionnaire design and data collection process have been reported in a previous section, this section focuses on the quality issue of data source and response quality, which was suggested by Dale (2006), Ganassali (2006) and Barriball and While (1999).

As shown in Figure 5.2, the outer circle represents “quality of data source”. In evaluation of quality of data source, “sample representation” or “non-coverage” bias are indicators to investigate whether this research recruited qualified individuals. The inner circle represents “response quality”, which is different from data quality relating to a methodological perspective (Ganassali, 2006). Beside the response rate, this research adopted a suggestion by Ganassali (2006), extending the measurement of response quality by examining completion rate and the effects of non-response.

In other words, this research examined whether any bias was caused by non-response (unit non-response and item omission).

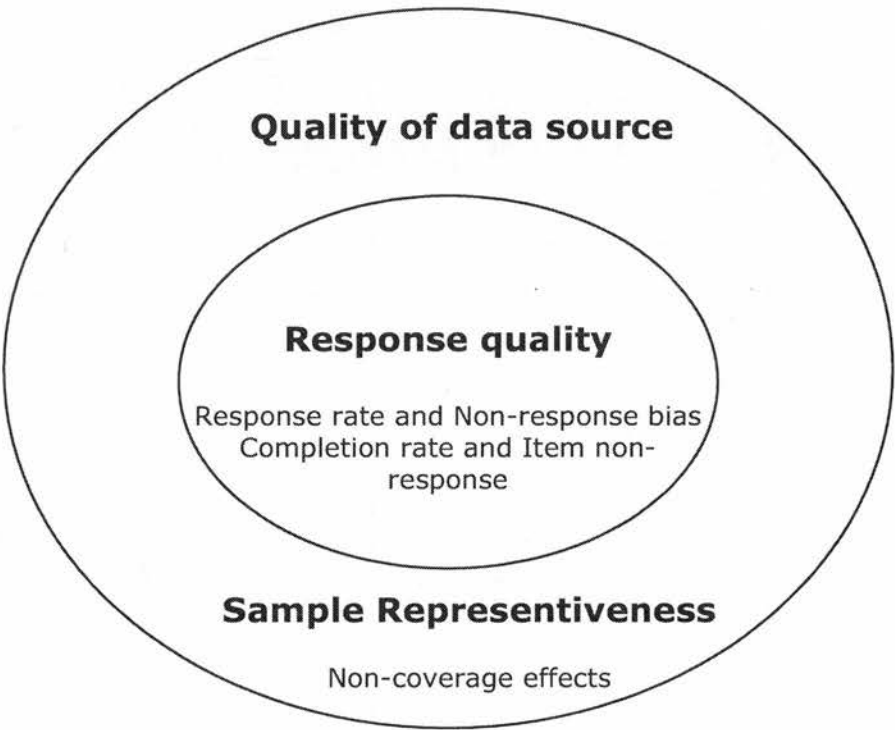


Figure 5.2 Quality Issue of Survey Research

5.6.1 Response Rate

The response rate in this study is defined as the ratio of the number of sample units answering questions from the beginning of the questionnaire (minus the number of respondents who do not answer a single question, but merely browse the questionnaire) to the number of invitations sent. On the basis of this formula, 1025 out of 10,000 people visited the website and completed the survey, representing a response rate of 10.25% in this survey. This is only very slightly lower than the target figure of 1068 suggested above.

A low response rate is common and was predicted. A number of sources have claimed the incidence of low response rate in survey research. First of all, the problem of undelivered questionnaires is quite common for mail surveys. For the internet survey and using e-mail as an instrument to announce potential respondents to complete the questionnaire, email could be undelivered for a number of reasons: emails were perceived as spam and screened by internet service providers or receiving software; respondents think the survey is irrelevant or potential respondents do not use the e-mail address anymore (Manfreda et al., 2008).

Secondly, the difficulty in obtaining a high response rate in social surveys has been acknowledged by researchers (e.g. Dale, 2006). Even though much effort to boost responses has been made (e.g. providing incentives; more concern on questionnaire design; the order of questions and use personalised cover letter)(Manfreda and Vehovar, 2002; Heerwegh, Vanhove, Matthijs, and Loosveldt, 2005), response rates still may be much lower depending on modes of data collection, sampling methods and research topic.

In terms of modes of data collection, Malhotra and Birks (2006, p.237) have noted that in a mail survey of randomly selected respondents, the response rate can be less than 15%. In internet surveys, some scholars suggested the response rate for web-based surveys tend to decline (Evans and Mathur, 2005). In addition, Schonlau et al. (2002) suggested response rates range from 7 to 44% for Web surveys and from 6 to 68% for e-mail surveys. Some research comparing mail and web-surveys acknowledged that response rates of web based surveys could be lower than those

produced by mail. For example, Manfreda et al. (2008) conducted meta-analysis of 45 published and unpublished experimental comparisons between web and other survey modes; the findings showed that web surveys produce an 11% lower response rate compared to other modes. Therefore, in this mix-mode internet survey (combining e-mail and web-based survey) of randomly selected respondents, a response rate of 10% could be considered as an acceptable level.

In terms of research target population and sampling method, the response rate for consumer marketing research with a random sample may obtain a low response. In consumer research conducted by Huang (1998) in the US, who targeted a 2,000 nationwide sample randomly selected from a market research company; questionnaires were sent by mail and only a 4.5% response rate was achieved. He concluded that low response may be common especially for the survey that targets nationwide populations, general consumers or public samples rather than those that target a specific and smaller-sized group of people (Huang, 1998).

Other factors may influence response such as the length of questionnaire. Although previous research has claimed the length of questionnaires has no relation to low response (Andrews et al. 2003b; Sheehan, 2001); however, from the participants' comments in this survey, some participants complained that the long questionnaire would decrease their willingness to participate.

Finally, the subject matter (also called issue salience), may affect survey participation. Salience is defined as the association of importance and /or timeliness with a specific topic (Martin, 1994). It has been found to have a strong

positive correlation with response rates for postal, e-mail and web-based surveys (Sheehan, 2001; Sheehan and McMillan, 1999; Watt, 1999). For individuals in the sampling frame who do not answer the entire questionnaire, the relevance and interests of the survey questions to these individuals would be the factors to explain why these individuals are not willing to participate in the survey (Groves, Presser, and Dipko, 2004). This also has been confirmed by a study conducted by Kenhove, Wijnen and de Wulf (2002) which shows that response rates for topics that are considered as high involvement were higher than that are generally considered as low involvement. Other research conducted by Keeter, Kennedy, Dimock, Best, and Craighill (2006, p.776) in the context of a telephone survey shows that the willingness of potential respondents to participate in a survey is related, at least in part, to the perceived content of survey. They conclude that people who are uninterested in a survey topic, or who have no thought about the topic enough to have views to express tend to not participate in the survey. However, there is limited literature indicating what kind of topic a consumer may be less interested in. Only a few literature sources claim that consumers may have limited interests in the topic of financial services (Howcroft et al., 2007; Mekonnen, Harris, and Laing, 2008). In research regarding customer involvement and interaction in the purchase of financial products in retail banking conducted by Howcroft et al. (2007), they sent out questionnaires to 1,500 bank customers aged 18-65 in England and received only 244 usable responses, representing 16.3 % of response rates. They concluded that to some extent this result reflected the confidential nature of the questionnaire. Furthermore, they analysed the demographics of respondents and found the majority of respondents fell into the middle-aged and high income groups whilst less

younger people returned the questionnaire. Thus, they claim that wealthier customers are generally older and have relatively more experience and interest in financial services than their younger counterparts.

5.6.2 Response Rates and Research Quality

Response rates may be the most direct indicator to measure survey quality (Groves et al., 2004). High response rates are often a signal for journal editors, reviewers and readers to measure the quality of a sample and the instrument applied in a survey (Schmidt, Calantone, Griffin, and Montoya-Weiss, 2005). Authors are always required by reviewers that academic papers and reports should include sample sizes and response rates for the purpose of transparency. Low response rates have always been questioned and criticised. Consequently, obtaining high response rates has played a vital role in the determination of data collection modes (this issue has been discussed in chapter three when comparing the traditional mail survey and internet survey) and a number of articles have been devoted to discussing methods to increase the number of participants in a mail or web-based survey (e.g. Deutskens, de Ruyter, Wetzels, and Oosterveld, 2004; Dillman, 1978; Dillman, 1983; Kaplowitz, Hadlock, and Levine, 2004). Indeed, a high response rate is potentially related to some quality issues of the survey research. It not only reflects the effectiveness of research design and data collection but also reflects the higher possibility of obtaining information in relation to the targeted population. In other words, a low response rate may affect the inferential value of the method (Groves et al 1992, as cited in Schmidt et al 2005). However, some researchers argue this point of view and

claim that there is no strong relationship between non-response rates and non-response bias (Groves, 2006; Groves et al., 2004).

Indeed, evaluating the quality of surveys by the response rate has some limitations. First of all, a high response rate does not guarantee high quality responses (Leeuw and Hox, 1988, as cited in Schmidt et al 2005). The response quality has received less attention than the response rate and is seldom reported (Schmidt et al., 2005). Other factors like non-response bias must be carefully considered. If response rates are high, but the non-response sample focuses on a particular group of people, the representation of this sample set is questionable. Secondly, a high response rate may be difficult to obtain in certain subjects or data collection modes. For example, the low rate of response is a common disadvantage of mail surveys in marketing and other social science research (Schmidt et al., 2005). Furthermore, although the literature has suggested that internet or mix-mode surveys may be superior to traditional mail surveys in terms of response quality, the response rates produced by the internet could be lower than those produced by a mail survey. Consequently, response rates should not be the only indicator for examining research quality. Response quality has become more and more important (Ganassali, 2006; Schmidt et al., 2005).

As a result, low response rates in this study (10%) do not necessarily mean low data quality. As stated earlier, response rates could be influenced by many factors relating to research design. The decision has been made based on the objective of obtaining good data quality. For example, this survey accessed a large random sample (10,000 people), a total of 1025 people who completed the survey was a satisfactory sample

size for statistical analysis. The response size obtained by using a random sample was much higher than those obtained by using a convenience sample (e.g. Dayan, Al-Tamimi, and Elhadji, 2008; Prenshaw, Kovar, and Burke, 2006). In addition, in order to obtain a nationwide sample, the variance of respondent distribution of living area shows that the sample did not focus on the same area and did not focus on a particular age group. Therefore, using the response rate as the only indicator for response quality is not sufficient. There are more issues which should be considered for quality.

5.6.3 Sample Representiveness

Armstrong and Overton (1977) concluded three methods of estimation of the non-response effect: comparisons with known values for the population; subjective estimates; and extrapolation. Table 5.13 summarises several key factors about sample representation.

Table 5.13 Sample Representation Test

	Non-coverage	Unit Non-response	Item Non-response
Definition	The sampling frame omits some units of the survey population either accidentally or deliberately.	No information is collected from a sample unit due to refusal or non-contact	The sample unit agrees to participate in the study, but information in all the areas under investigation is not collected because the sample unit refuses to or is unable to answer a particular question, or the researcher fails to ask the question by mistake
Cause	<ul style="list-style-type: none"> • Sample size • Research design • Sampling frame 	<ul style="list-style-type: none"> • Method of contact • Data collection method 	<ul style="list-style-type: none"> • Data collection tool • Interviewer skill
Bias might exist in this study	<ul style="list-style-type: none"> • Non-internet users are excluded in this survey 	<ul style="list-style-type: none"> • Bias exists when respondent receives the invitation but does not participate in the research. 	<ul style="list-style-type: none"> • Bias exists when participants do not complete the entire questionnaire.
Key Concern	<ul style="list-style-type: none"> • The selected sample does not represent the population. 	<ul style="list-style-type: none"> • Differences might exist between non-respondents and respondents, thereby making the validity of the results of any analysis questionable (Dale, 2006) • Does the respondent fall into a certain group of people? 	<ul style="list-style-type: none"> • Missing values might affect the result • How to deal with a sample which has missing values.
Test Procedure	<ul style="list-style-type: none"> • Refer to Armstrong and Overton (1977) and Couper (2007) • Compare demographic variables and national statistics, e.g. is the distribution of population similar to the actual distribution? Is the profile of respondents similar to the profile of internet user in national statistics data 	<ul style="list-style-type: none"> • Observe the data, examine the sample set focus on a certain group? • Refer to an assumption by Armstrong and Overton (1977) to compare early respondents with late respondents on their relationship engagement motives, if differences exist (assume late respondents tend not to respond). • Refer to a suggestion by Groves (2006) to do comparisons to similar estimates from other sources 	<ul style="list-style-type: none"> • Calculate missing item rate • Analyse factors which contribute to missing data. • Choose items with high item non-response rates and examine the difference between each demographic variable.
Statistic Testing Method		<ul style="list-style-type: none"> • Independent t-test • Chi-square analysis 	<ul style="list-style-type: none"> • Chi-square analysis

A comparison of the demographic distribution with values from the actual population was used to examine the effect of non-coverage based on the suggestion by Armstrong and Overton (1977). For unit non-response, an initial comparison between the sample and the database profile was conducted. In addition, referring to the assumption by Armstrong and Overton (1977); non-response was tested based on an assumption that late respondents might be similar to non-respondents. Independent t-tests and chi-squared analysis were applied to examine the difference between early and late responses. In respect of item non-response, missing value rates were calculated. Factors contributing to missing values were explored and the differences in certain variables were examined by independent t-test and chi-square analysis.

1. Estimation of Non-Coverage Bias

Firstly, this sample set might not represent the opinions of those who do not access the internet. As the internet is considered one of the key channels used in this study, a key focus of this study is to look at respondents' motivations for relationship engagement between online and offline channels. However, non-internet users might have different motivations for using offline channels.

Second, since the purpose of this study is to obtain a nationwide sample, the first step is to examine the sample distribution of the population. The point is to examine whether the sample distribution is similar to the actual distribution of the population. Table 5.14 shows that 12.2% of respondents were from Scotland, 82.8% from England, 3.8 % of respondents from Wales and 1.2% of respondents are from Northern Ireland. It is obvious that most participants are from England. However, in

comparing with National Statistics, in mid-2005 the UK was home to 60.2 million people, of which 5 million lived in Scotland (8.5%), 50.4 million lived in England (83.8%); 2.9 million lived in Wales (4.9%) and 1.7 million lived in Northern Ireland (2.9%). The sample distribution is quite similar to the population distribution.

Table 5.14 Comparison of Sample Distribution and the Real UK Population

Demographic Variable	Characteristics	Survey Respondent (%)	Real UK population (%)
Living Area	Scotland	12.2	8.5
	England	82.8	83.8
	Wales	3.8	4.9
	North Ireland	1.2	2.9
	Total	100	100

2. Estimation of the Unit Non-Response Effect

As mentioned earlier, as the sample list adopted in this survey was single use only, it was not possible to use a “follow-up” strategy to reduce non-response. Also, it was difficult to obtain the profile of non-respondents. Therefore, this research applied a suggestion by Armstrong and Overton (1977), using the extrapolation method to measure non-response bias. This method was based on the assumption that subjects who respond less readily tend to be more like non-respondents. Table 5.15 indicates that 96.4% of respondents completed the questionnaire in the first week. There was a 2.5% increase in the second week and the response kept decreasing over the rest of the weeks. Only 11 people took part in the survey in the third and last weeks.

Table 5.15 Weekly Response of this Research

	Response	Percentage	Cumulative Percent (%)
Week 1	988	96.4	96.4
Week 2	26	2.5	98.9
Week 3	8	0.8	99.7
Week 4	3	0.3	100.0
Total	1025	100.0	

To examine the difference between early and late respondents, this study selected 75 early respondents and 75 late respondents, respectively, for analysis. Chi-square analysis was used to test any significant difference in demographic variables. A t-test was used to compare the differences in involvement, knowledge, motivation for relationship engagement and attitude toward relationship.

Table 5.16 Chi-square analysis and Independent t-test results between Early and Late respondents

Variables	Chi-squares value	P value	Variable	T value	P value
Gender	1.462	0.227	Involvement	-0.920	0.359
Age	1.876	0.866	Knowledge	-1.021	0.309
Marital status	0.038	0.981			
Income	3.342	0.765			
Occupation	11.062	0.136			
Living area	5.197	0.158			

Table 5.17 T-test Results between Early and Late Respondents to “Motivation of Relationship Engagement”

Construct	T value	P value
(Motivation of Relationship Engagement)		
Savings Account		
Economic needs	0.307	0.760
Social-psychological needs	-0.219	0.827
Reducing perceived risk needs	0.570	0.614
Simplifying purchasing progress and improving convenience needs	0.382	0.703
Information processing and obtaining needs	-0.043	0.966
Obtaining special product benefit or service treatment needs	-0.429	0.669
Mortgage		
Economic needs	-0.520	0.605
Social-psychological needs	0.120	0.905
Reducing perceived risk needs	0.677	0.502
Simplifying purchasing progress and improving convenience needs	-0.243	0.809
Information processing and obtaining needs	-0.491	0.625
Obtaining special product benefit or service treatment needs	-0.049	0.961
Car Insurance		
Economic needs	-0.705	0.484
Social-psychological needs	0.277	0.783
Reducing perceived risk needs	0.778	0.441
Simplifying purchasing progress and improving convenience needs	0.518	0.606
Information processing and obtaining needs	-0.421	0.676
Obtaining special product benefit or service treatment needs	-0.292	0.772

Table 5.18 T-test Results between Early and Late Respondents to “Attitude toward Relationships)

Construct (Attitude toward relationships)	T value	P value
It is better to conduct all your business with one financial institution because they have a better overall picture of your financial situation	-1.183	0.239
My relationship with the financial institution I deal with is worth more to me than a better deal from somewhere else	-0.173	0.863
It doesn't matter where you go for financial services, all financial institutions are the same	-1.518	0.131
I don't think I have a relationship with certain financial institutions.	0.062	0.951
I deal with certain financial institutions out of habit	-0.703	0.483
I do not consider myself to be loyal to the financial institutions I deal with	-0.798	0.426

The chi-square analysis compared earlier responses with later responses on demographic variables: gender, age, marital status, income, occupation and living area. Results show that there is no significant difference between earlier and later responses at 0.001 levels. T-test analysis performed on interval variables revealed that there was no difference between early respondents and later respondents regarding motivation for relationship engagement, involvement and knowledge (see table 5.16, 5.17 and 5.18). Based on the assumption by Armstrong and Overton (1977), the results further support the statement; this survey may have a lower possibility of non response bias. According to research by Couper et al (2007, p. 148),

they suggested that “ given internet use, the difference between those who expressed willingness to do an Internet survey and those who do not, and those who actually complete the internet survey and those who do not, are much smaller”.

Perhaps there is a potential gender bias in this survey. Given that the profile of i-points data base has 50/50 male and female split, this sample is comprised of more males (74.32%) than females (25.68). However, this result is consistent with the evidence that men were more likely to access the Internet than women (71 per cent compared with 62 per cent respectively); according to a report by National Statistics (ONS, 2008).

3. Estimation of Item Non-Response Bias

There are three parts to the questionnaire. The descriptive analysis report can be seen in Appendix C. It is noted that most of the missing data in this study are intentional. Because the research objective of this study is to explore consumers' relationship motivation amongst different financial services, the questionnaire was designed to split respondents into sub-samples. This caused a pattern in the missing data. After deducting the system's missing value, which is the non-response caused by skipped questions, the percentages of the real omission in each section range from 0% to 28.29%. Questions with higher missing rate (>20%) are items in “attitudes toward relationships” (23.9%), “perceived knowledge to financial services” (24.59%), and “demographics” (28.29%).

This initial observation shows that the incidence of item non-response seems to vary by question type and the order of demonstration. Respondents tended to leave more

of the demographic questions blank compared with other questions. It can be assumed that it is the final part of the questionnaire and respondents are becoming fatigued. Some questions (e.g., marital status and income) were sensitive for some respondents, resulting in a low completion rate. This result was not surprising.

“Income” is the question with the highest missing rate. Using chi-squared analysis to examine whether any bias exists, shows that elderly people are more reluctant to report their income ($\chi^2=12.114$, $p<0.05$). However, there is no significant difference in gender, marital status and occupation.

Overall, the missing data rate in this study was quite low. It is enough to execute further analysis. However, there might be some bias on demographic questions. This missing data increases the difficulty in explaining the demographic difference in different clusters.

5.7 Reliability and Validity

5.7.1 Reliability

Cronbach's α is used to measure internal consistency. As shown in Table 5.19 and 5.20. The reliability for all variables are found to range from 0.40 to 0.97. Apart from the values of Cronbach's α for "reducing perceived risk needs", "information processing and obtaining needs", and "attitude to relationship" which were lower than 0.7; the values of Cronbach α for the rest of the constructs were higher than 0.7, demonstrating a adequate degree of consistency.

Table 5.19 Reliability Analysis for Motivation of Relationship Engagement: Main Study

Construct	Cronbach α		
	Savings	Mortgage	Car insurance
Motivation of Relationship engagement	0.90	0.92	0.92
Economic Needs	0.66	0.72	0.70
Social-Psychological Needs	0.96	0.96	0.97
Reducing Perceived Risk Needs	0.58	0.58	0.57
Simplifying Purchasing Progress and Improving Convenience Needs	0.60	0.78	0.75
Information Processing and obtaining needs	0.56	0.63	0.58
Obtaining Special Product Benefit or Service Treatment	0.84	0.89	0.90

Table 5.20 Reliability Analysis for Purchasing Decision Involvement (PDI), Personal Involvement Inventory (PII) and Knowledge of Financial Services and Attitude to Relationship

Construct	Cronbacha
Purchasing Decision Involvement (PDI)	
Savings	0.61
Mortgage	0.74
Car insurance	0.61
Personal Involvement Inventory (PII)	0.89
Perceived Knowledge to Financial Services	0.89
Attitude to Relationship	0.40

5.7.2 Validity

Validity refers to the extent to which a measurement represents characteristics that exist in the phenomenon under investigation (Malhotra and Birks, 2006). Traditionally, it is tested by using a number of methods including content (face) validity, construct validity, convergent validity and discrimination validity (Frankfort-Nachmias and Nachmias, 1996).

Content validity is the relevance of an instrument to the characteristics of the variable which it is meant to measure (Frankfort-Nachmias and Nachmias, 1996, p. 170). It is assessed by face validity, the researcher's subjective assessment of the instrument's appropriateness (Frankfort-Nachmias and Nachmias, 1996, p. 170). According to Ennew and Binks (1996), face validity and the content validity could be ensured by reviewing and piloting the questionnaire through different iterations amongst academics and professionals (McDaniel and Gates 1999; Churchill 1999). The constructs used in this survey are theoretically drawn from previous literature

(please refer to 5.2), particularly scales like “purchasing decision involvement (PDI)”, “personal involvement inventory (PII)”, those are two scales which have been used and tested in a number of research (e.g. Bearden and Netemeyer, 1999). Furthermore, in an attempt to confirm the content validity, constructs and items discussed with several academic experts before conducting the pilot study and the main research. These steps have been recognised and may assist in increasing the content validity of research (Hunt, Sparkman Jr, and Wilcox, 1982). Therefore, this study has acceptable face and content validity.

Construct validity is a kind of validity established by relating the measuring instrument to a general theoretical framework (Frankfort-Nachmias and Nachmias, 1996, p. 170). Exploratory factor analysis was used to measure construct validity (Bagozzi 1996; Iacobucci 1996). In this study, there are six constructs regarding consumers’ motivation for relationship engagement (please refer to section 5.2 for details), each construct was measured by two to four items and a total of 18 items were used. The results of factor analysis could be applied to compare with the original composition of each construct. As consumers’ motivations of relationship engagement appeared three times according to different selected financial services, savings account, mortgage and car insurance, factor analysis was conducted respectively. Principal component analysis with a varimax rotation was applied to extract factors from these 18 items. The Kaiser-Meyer-Olkin measure of sampling adequacy achieved a meritorious level of 0.894, 0.9, 0.897 respectively, whilst the Bartlett test of sphericity gives a significance level of less than 0.001 ($p=0.000$), confirming the appropriateness of the factor model. Three factors were generated

by this method, which account for 67.91%, 72.5% and 73.49% of the variance in the data respectively.

Although the composition of factors has a slight difference in the three different context (savings account, mortgage and car insurance), the result indicates that items for measuring “economic needs”, “social-psychological needs”, and “simplifying purchasing progress and improving convenience needs” are consistent with the original construct whilst items in “reducing perceived risk needs” and “information processing and obtaining needs” were split into different constructs.

Convergent validity is the extent to which these constructs are highly correlated. According to Campbell and Fiske (1959, p.82), the relevant correlations “should be significantly different from zero and sufficiently large”. An inter-correlation matrix was calculated to evaluate convergent validity (Bagozzi, Tybout, Craig, and Sternthal, 1979). The results of factor analysis show that all the items had significant loadings on their respective constructs (Anderson and Gerbing, 1988). The composite reliabilities were all higher than 0.7, providing evidence of convergent validity.

The term discriminant validity refers to what extent these constructs are significantly different. Discriminant validity in this study was tested between all constructs according to Fornell and Larcker’s (1981) recommendations and confirmed for all pairs of constructs. The results shows that all the correlations are at the significance level, item correlations in the same constructs are higher than those in other constructs. In addition, according to Bagozzi et al. (1979), the result of factor analysis regarding the percentage of variance could be applied to evaluate

discriminant validity. As mentioned earlier, the variance accounts for nearly 70%, it indicates significant discriminate validity. As a result, both methods present adequate discriminant validity.

5.8 Summary

This chapter discussed the details of the survey in the second stage of this research. It began with an introduction to the questionnaire design then moved on to the procedure of data collection. Data quality issues of the survey have been mentioned. It shows that there is a potential bias in this survey. The respondents in this survey may fall into those who are likely to use the internet. Before the main data analysis, validity and reliability issues are also discussed. Although the distribution of respondents does not fall into a certain age or income group, and is fairly consistent with the real population distribution, respondent lifestyles may differ from the general population (this sample may tend to online users). As a result, there are some limitations in generalising the research findings to the whole population in certain circumstances. Chapter six reports the main research findings.

Chapter 6 Data Analysis and Findings

6.1 Introduction

This chapter presents and discusses the results of the survey. It is divided into four sections. The first section provides a brief overview of the profile of participants who took part in the web-survey. The chapter then moves on to discuss the research issues contained within the survey, starting with consumers' motivations for relationship engagement. The third section of this chapter focuses on identifying meaningful consumer segments. The chapter ends with a summary of the main findings.

6.2 Profile of Respondents

6.2.1 Demographic Characteristics

Table 6.1 indicates the demographic characteristics of respondents. This analysis was based on 1,025 respondents out of which 74.3% were male, representing a relatively larger proportion than the 25.7% which were female. This is different to the gender distribution in the UK population in general. According to ONS (2007), there were more females than males living in the UK: 30.7 million females compared with 29.5 million males. However, the survey distribution perhaps reflects the fact that men are more likely to access the Internet than women (71 per cent compared with 62 per cent respectively) (ONS, 2007). Nearly 25% of respondents did not

disclose their gender in the survey; therefore, the difference between the gender distribution of this survey and the real distribution may be partly attributed to non-response associated with this variable.

In terms of the population distribution according to geographic area lived in, the sample was quite consistent with the UK population distribution (ONS, 2008), 84% of the UK population lived in England (50.8 million), 8 % in Scotland (5.1 million), 5% in Wales (3 million) and 3% in Northern Ireland (1.7 million). With regards to marital status, the majority of respondents were married (52.1%): consistent with the statistics for the UK population. According to ONS (2008), in 2004/05 around half of men and women in the UK were married and one in ten were cohabiting. The age distribution in this study covered a range of age groups. Apart from smaller numbers between the ages of 16-24 years and over 65, the majority of respondents were almost evenly distributed between the other age groups of 25-34 years, 35-44 years, and 45-54 years, with slightly more falling into the 35-44 year old group. This is consistent with the UK age distribution: according to a report from ONS, the median age in the UK was 38.6 in 2004 (ONS, 2005).

In terms of respondents' occupations, initially participants were given a blank space to provide their job title. The classification of occupations listed in table 6.1 was summarized based on the National Statistic Socio-Economic Classification, which is a new social classification system used in government statistics (Chisnall, 2005).

Comparing occupations and incomes reveals that the sample comprises mostly middle-class individuals. The majority of respondents work in higher professional

(18.5%), lower managerial and associate professional (17.8%), and intermediate occupations (14.6%). 23.3% of the respondents were classified as “others” because their jobs could not be located into this classification system. These comprised students, homemakers and retired people. As for income level, according to the ONS (2007) report, for the tax year ending 5 April, the median gross annual earning for full time job was £24,000. This result was consistent with the actual national UK average level.

To sum up, based on the demographic variables, it is revealed that this sample represents a diversity of ages, working status, occupations, education levels, income levels and living areas. In addition, in comparison with the figures for the UK population, published by National Statistics, the majority of variables (e.g. living area, marital status, age and income) were fairly consistent with the actual proportions within the broader UK population. However, it should be noted that some respondents did not complete this part of the questionnaire. Nearly 25% of respondents did not answer the demographic questions. Hence, minor limitation may exist when describing the profile of this sample.

Table 6.1 Characteristics of Respondents

Demographic Variables	Characteristics	No.	%
Gender	Male	573	74.3
	Female	198	25.7
Marital Status	Single	292	37.6
	Married	404	52.1
	Separated/Divorced	67	8.6
	Widowed	13	1.7
Age (years)	16-24 years	70	9.0
	25-34 years	191	24.6
	35-44 years	202	26.0
	45-54 years	159	20.5
	55-64 years	130	16.8
	65 years and over	24	3.1
Working Status	Working full-time	462	59.7
	Working Part-time	69	8.8
	Self-employed	61	7.9
	Home-maker	33	4.3
	Unemployed	47	6.1
	Student	49	6.3
	Retired	78	10.1
Occupation	Employers and managers in larger organisations	38	5.2
	Higher professionals	134	18.5
	Lower managerial and associate professionals	129	17.8
	Intermediate occupations	106	14.6
	Small employers and own-account workers	18	2.5
	Lower supervisory, craft and related occupations	44	6.1
	Semi-routine occupations	78	10.8
	Routine occupations	8	1.1
	Others	169	23.3
Educational Level	GCSE/O Level	355	46.2
	A Level	266	34.6
	Diploma	127	16.5
	Undergraduate Degree	229	29.8
	Postgraduate degree	107	13.9
	None of above	61	7.3
Income	Under £9,999	84	11.4
	£10,000-£19,999	145	19.7
	£20,000-£29,999	152	20.7
	£30,000-£39,999	147	20.0
	£40,000-£49,999	61	8.3
	£50,000-£59,999	54	7.3
	£60,000 or above	92	12.5
Living Area	Scotland	93	12.2
	England	631	82.8
	Wales	29	3.8
	Northern Ireland	9	1.2

6.2.2 Consumers Banking Behaviour

1. Ownership of Financial Services Products

Four selected financial services were included in the survey: current accounts, savings accounts, mortgages and car insurance. Almost all respondents (95%) had a current account, over three-quarters (75.5%) had a savings account, 48.2% had car insurance and 45.3% had a mortgage. Over half the sample had more than one current account and more than one savings account (59.9% and 50.4% respectively). 18.6% had more than one car insurance policy whereas only 3.4% had more than one mortgage.

In addition, as shown in Table 6.2, respondents were asked to identify whether the financial products referred to in this survey were new purchases or switched from another financial institution. There was a significant difference between three financial service types ($\chi^2=238.07^{***}$, $df=2$, $p<0.001$). Savings accounts tended to be new accounts (76.8%) whereas car insurance purchases tend to be switched from another financial institution (72.3%). The distribution of mortgages is more mixed. While the majority (60%) represent new mortgages, 41% were switched from another financial institution.

Table 6.2 Switched or New Purchases

	Savings Account		Mortgage		Car Insurance		Chi-square analysis
	N	%	N	%	N	%	
New purchases	504	76.8	217	59.0	103	27.6	$\chi^2=238.07^{***}$, df=5, p<0.001
Switched from other financial institution	152	23.2	151	41.0	270	72.3	
Total	680	100	382	100	398	100	

*p<0.05, **p<0.01, ***p<0.001

This finding provides further support for the current account as the main financial product for the majority of consumers (e.g. Howcroft et al. 2003b). However, this result is higher than the national UK average (ONS, 2007). For example, Social Trends (2007) suggests that 87.5 % of the UK population aged 16 and over have access to current accounts, 26.9% holds ISAs, 4.5% holds a basic bank account, 4.5% holds a TESSA, 3.1% holds a post office account, and 44.2% holds another bank/building society account. One explanation may be that the web-survey method might capture a disproportionately low number of people who do not have a bank account within the population.

In terms of the number of respondents in the sample owning just one, two, three or all four of the selected financial services in the survey, 2.6% claimed that they had no financial services at the moment, 23.5% reported having just one of the four financial services, 27.7% had two, 26.0% had three and 20.1% had all four at the time of the survey.

Chi-squared analysis of product holding by demographic characteristics reveals a number of associations between product holding and gender ($\chi^2=24.88^{***}$, $p<0.001$), age ($\chi^2=93.79^{***}$, $p<0.001$), marital status ($\chi^2=79.22^{***}$, $p<0.001$), occupation ($\chi^2=99.19^{***}$, $p<0.001$) and income level ($\chi^2=130.29^{***}$, $p<0.001$). The findings indicate that males, older individuals, married couples, and respondents working as professionals and with higher incomes are likely to hold different types of financial services. Table 6.3 shows more details in terms of product holding and these demographic variables.

Table 6.3 The Number of Financial Services Holding among Different Demographics

Number of Financial Product	None		One		Two		Three		Four	
Demographics variables	N	%	N	%	N	%	N	%	N	%
<u>Gender</u>										
Male	6	1	60	10.5	160	27.9	189	33.0	158	27.6
Female	7	3.5	42	21.2	60	30.3	49	24.7	40	20.2
<u>Age</u>										
16-24 years	4	5.7	23	32.9	30	42.9	8	11.4	5	7.1
25-34 years	6	3.1	31	16.2	66	34.6	59	30.9	29	15.2
35-44 years	1	0.5	22	10.9	43	21.3	64	31.7	72	35.6
45-54 years	1	0.6	14	8.8	42	26.4	54	34.0	48	30.2
55-64 years	1	0.8	8	6.2	37	28.5	44	33.8	40	30.8
65 years and over	0	0	2	8.3	7	29.2	10	41.7	5	20.8
<u>Marital status</u>										
Single	5	1.7	65	22.3	107	36.6	77	26.4	38	13.0
Married	5	1.2	31	7.7	94	23.3	133	32.9	141	34.9
Separated/Divorced	2	3.0	6	9.0	22	32.8	21	31.3	16	23.9
Widowed	0	0	0	0	3	23.1	7	53.8	3	23.1
<u>Occupation</u>										
Employers and managers in larger organizations	0	0	3	7.9	5	13.2	13	34.2	17	44.7
Higher professionals	0	0	5	3.7	36	26.9	45	33.6	48	35.9
Lower managerial and associate professionals	1	0.8	8	6.2	38	29.5	43	33.3	39	30.2
Intermediate occupations	1	0.9	16	15.1	35	33.0	32	30.2	22	20.8
Small employers and own-account workers	0	0	3	16.7	6	33.3	4	22.2	5	27.8
Lower supervisory, craft and related occupations	0	0	4	9.1	8	18.2	21	47.7	11	25.0
Semi-routine occupations	1	1.3	11	14.1	20	25.6	26	33.3	20	25.6
Routine occupations	0	0	1	12.5	2	25.0	2	25.0	3	37.5
Others	9	5.3	42	24.9	63	37.3	33	19.5	22	13.0
<u>Income</u>										
Under £9,999	7	8.3	34	40.5	14	16.7	14	16.7	4	4.8
£10,000- £19,999	3	2.1	52	35.9	39	26.9	39	26.9	19	13.1
£20,000- £29,999	1	0.7	47	30.9	42	27.6	42	27.6	42	27.6
£30,000-39,999	1	0.7	11	7.5	37	25.2	54	36.7	44	29.9
£40,000- £49,999	0	0	3	4.9	15	24.6	20	32.8	23	37.7
£50,000- £59,999	0	0	5	9.3	11	20.4	23	42.6	15	27.8
> £59,999	0	0	3	3.3	20	21.7	28	30.4	41	44.6

N.B. (%) represents percentage within each demographic group.

2. Institution Type Used

In terms of respondents' choice of institution type when acquiring financial services (see Table 6.4). Chi-squared analysis reveals a statistically significant association between financial product and institution type ($\chi^2=2060.77^{***}$, $p<0.001$). Most respondents, unsurprisingly, opened their current account at a bank. With regards to mortgages, over half of mortgage holders chose building societies ($n=195$). A significant proportion of consumers obtained car insurance from insurance companies. This finding is relevant for financial institutions not only for acquiring new customers but also for cross-selling.

Table 6.4 Consumers' Acquisition of Financial Product by Type of Institution

Financial service	Current Account		Savings Account		Mortgage		Car Insurance		Chi-square Analysis
Institution type	N	%	N	%	N	%	N	%	$\chi^2=2060.77^{***}$
Bank	752	87.7	385	58.5	160	42.3	40	10.3	df=9, p=0.000
Building Society	94	11.0	235	35.7	195	51.6	3	0.8	
Insurance	0	0.0	7	1.1	14	3.7	318	82.0	
Others	11	1.3	31	4.7	9	2.4	27	7.0	
Total	974	100	680	100	382	100	398	100.0	

* $p<0.05$, ** $p<0.01$, *** $p<0.001$

3. Channel Type

In terms of respondents' channel choice for the selected financial services, Table 6.5 demonstrates respondents' channel preference for dealing with each financial service. The results show that consumers prefer to conduct their transactions via the internet for current accounts and savings accounts. Additionally, telephone banking is the most popular method for respondents to deal with their mortgages and car

insurance. Although nearly 25% of mortgage holders use the internet to deal with their mortgage, there are 30.5% of respondents who still prefer to use a branch. It implies that some consumers may need more personal interactions for handling mortgages either by face-to-face or remote interaction. For car insurance, as mentioned earlier, the majority of respondents prefer telephone banking; there are 37.1% who tend to use the internet to deal with their car insurance. The results are partially different from previous research conducted by Howcroft et al. (2003b). According to Howcroft et al. (2003b), consumers were most likely to open a current account or purchase a mortgage or personal loan at the branch and for insurance products they were more likely to use the telephone.

Table 6.5 Channel Preference for Dealing with Financial Services

Financial service	Current Account		Savings Account		Mortgage		Car Insurance		Chi-square Analysis
	N	%	N	%	N	%	N	%	
Channel type									$\chi^2=716.16^{***}$
Branch Banking	233	27.3	184	29.1	113	30.5	26	7.0	df=9, p=0.000
Telephone Banking	35	4.1	28	4.4	129	34.8	197	53.0	
Online Banking	576	67.5	401	63.4	92	24.8	138	37.1	
Others	10	1.1	19	3.0	37	10.0	11	3.0	
Total	974	100	680	100	382	100	398	100	

*p<0.05, **p<0.01, ***p<0.001

Chi-squared analysis was further used to examine whether any association exists between consumers' channel choice for the selected four financial services and demographic variables. For current accounts, a significant association was found to exist between channel choice and age ($\chi^2=29.23^*$, df=15, p<0.05) and channel choice and income levels ($\chi^2=52.52^{***}$, df=18, p<0.001). Gender, marital status, occupation

and respondents' living area did not prove to be significantly associated with channel choice.

The majority of respondents who mainly use online banking to deal with their current accounts are "25-34 years old", "35-44 years old" and earning "£20000-£29999" and "£30000-£39999". The majority of respondents who use branches as their preferred channel are older, "45-54" year old, "35-44 year old", and earning less ("£10000- £19999" and "under £9999" levels).

For savings accounts, the results of chi-squared analysis show an association between channel choice and: gender ($\chi^2=9.94^*$, $df=3$, $p<0.05$), different age groups ($\chi^2=32.87^{**}$, $df=15$, $p<0.01$) and income levels ($\chi^2=39.35^{**}$, $df=18$, $p<0.01$).

For mortgages, the results of chi-squared analysis show an association between channel choice and: gender ($\chi^2=9.98^*$, $df=3$, $p<0.05$) and age groups ($\chi^2=33.59^{**}$, $df=15$, $p<0.01$). The youngest (aged 16-24) tend to manage their mortgages at the branch. Respondents aged 25-34 prefer to deal with their mortgage affairs online or by telephone even though branches are still important to them. Respondents between the 35-54 year old tend to use telephone banking.

As for car insurance, the results of chi-squared analysis indicate that there is no statistically significant association between channel choice and gender ($\chi^2=6.46$, $df=3$, $p>0.05$), age ($\chi^2=22.38$, $df=15$, $p>0.05$), marital status ($\chi^2=10.10$, $df=9$, $p>0.05$), occupation ($\chi^2=13.18$, $df=24$, $p>0.05$) and income levels ($\chi^2=23.91$, $df=18$, $p>0.05$).

4. Relationship Duration and Type

In terms of relationship duration, insight into the length of consumers' relationships with financial services providers is illustrated in Table 6.6. The evidence suggests the existence of a statistically significant association between each category of financial product and relationship duration using chi-squared analysis ($\chi^2=493.08^{***}$, $df=9$, $p<0.001$).

The duration of relationships of mortgage holders can be divided into two sub-groups, which are those less than three years and those more than ten years. For car insurance, the duration of relationships is even shorter. These findings are consistent with Howcroft et al.'s (2003b) research. Their research findings show that 69.2% of current account holders had dealt with their bank for over 9 years compared with 49% of respondents who had dealt with their insurance companies for less than 3 years. This low relationship duration is also consistent with the high incidence of switching reported earlier for car insurance.

Table 6.6 The Length of Relationship Maintenance

Financial service	Current Account		Savings Account		Mortgage		Car Insurance		Chi-square Analysis
	N	%	N	%	N	%	N	%	
Less than a year	30	3.5	44	6.6	63	16.6	118	30.4	$\chi^2=493.08^{***}$, $df=9$, $p<0.001$
1-3 years	110	12.9	154	23.0	107	28.2	130	33.5	
4-6 years	126	14.7	149	22.3	76	20.0	81	20.9	
7-10 years	113	13.2	115	17.2	40	10.5	29	7.5	
More than 10 years	476	55.7	207	30.9	94	24.7	30	7.7	
Total	974	100	680	100	382	100	398	100	

* $p<0.05$, ** $p<0.01$, *** $p<0.001$

Using chi-squared analysis to examine associations between relationship maintenance and demographic variables it was found that, for current accounts, a statistically significant association was evident for gender ($\chi^2=15.81^{**}$, $df=4$, $p<0.01$), age ($\chi^2=124.40^{***}$, $df=20$, $p<0.001$) and marital status ($\chi^2=34.77^{**}$, $df=9$, $p<0.01$).

For savings accounts, the result shows that there are statistically significant associations in gender ($\chi^2=18.26^{**}$, $df=4$, $p<0.01$) and age ($\chi^2=67.24^{***}$, $df=20$, $p<0.001$) and statistically significant associations between age and relationship duration for car insurance ($\chi^2=45.68^{**}$, $df=20$, $p<0.01$) and mortgages ($\chi^2=84.14^{***}$, $df=20$, $p<0.001$). There is also a statistically significant association between occupation and relationship duration for mortgages ($\chi^2=48.63^*$, $df=20$, $p<0.05$).

In terms of relationship type, relationships can be with a single financial institution or with multiple financial institutions. The definition of a multiple banking relationship is that people use two or more banks to handle their personal financial affairs (Denton and Chan, 1991); which is, to employ two or more banks for the same financial services (Chan, 1993). In other words, if consumers employ one financial institution to deal with their financial affairs, it is called a single banking relationship.

In terms of the number of financial institutions which consumers have had relationships with (see Table 6.7), only 14.2% of respondents expressed they only deal with one financial institution (single banking relationship). For the majority of respondents (about 85%), they tend to have a multiple banking relationship to deal with their financial affairs. This result is very different from a statement presented

by Gerrard and Cunningham (1999). They said, “Studies on consumers in the west have established relatively low levels of multiple banking.” The research finding is different from Burnett and Chonko’s (1981). They used a North American sample and found that 35.8% of respondents engaged in multiple banking.

Table 6.7 Number of Financial Institution

Number of financial institution	N	%
None	8	1.1
One	99	14.2
Two	110	15.7
Three	115	16.5
Four	91	13.0
More than Four	276	60.5
Total	699	100

An independent sample t test was conducted to examine whether male or female respondents tend to deal with more financial institutions. The results indicate that the mean number of financial institutions for men to is 5.15, compared with 3.42 for women. This result is statistically significant ($t=2.44^*$, $df=690$, $p<0.05$).

The results of ANOVA indicate that the number of financial institutions which respondents deal with is associated with age ($F=2.44^*$, $p<0.05$) and income group ($F=4.14^{***}$, $p<0.001$). The findings show that older respondents tend to build multiple banking relationships, compared with younger respondents. In terms of the average number of financial institutions across different age groups, respondents 16-24 years old deal with an average of 2.86 financial institutions, compared with respondents in 45-54 group who deal on average with 6.37 financial institutions.

As for income level, respondents who have higher incomes tend to deal with more financial institutions. The average number of financial institutions that respondents currently use is 2.54 for people who earn under £9,999 is, compared with 9.15 for people who earn £50,000- £59,999 annually. The results are consistent with findings from another study conducted by Burnett and Chonko (1981). According to their research with a North American sample, they found that male, high income earners and older people were significantly more likely to engage in multiple banking.

In terms of whether consumers' institution preferences are associated with different financial services, chi-squared analysis shows that a statistically significant association exists across three different financial services ($\chi^2=242.10^{***}$, $df=2$, $p<0.001$). As noted in Table 6.8 savings account consumers tend to stay with the financial institution where their current accounts are held. In other words, they are more likely to build a single relationship with their bank for deposit accounts. However, it is also noted that there were 46.9% of savings account holders who opened their savings account with another bank. For mortgage and car insurance, consumers tend to purchase from other financial institutions instead of the financial institution where their current account or savings are held. In particular for car insurance about 93.1% of car insurance buyers turn to insurance companies while only 6.8% of them stayed in the same place as their current account.

Table 6.8 Consumers Preference for Institution Choice

	Savings Account		Mortgage		Car Insurance		Chi-square analysis
	N	%	N	%	N	%	
The financial institution where your current account is held (single-relationship)	353	51.9	102	26.8	27	6.8	$\chi^2=242.10^{***}$, p<0.001
Another financial institution (multiple relationship)	319	46.9	279	73.2	365	93.1	

*p<0.05, **p<0.01, ***p<0.001

6.3 Motivations for Relationship Engagement

This section examines consumers' motives to engage in a relationship with a financial institution for each of the four selected financial services: current account, savings account, mortgage and car insurance. The main objective of this section is to answer these four questions:

1. To what extent do motives for relationship engagement vary according to the type of financial service?
2. To what extent do motives for relationship engagement vary according to the level of consumer involvement in different financial services?
3. To what extent do motives for relationship engagement vary according to the type of channel used to access a particular financial service?
4. To what extent do motives for relationship engagement vary according to attitudes towards relationships and the nature of the manifest relationship (i.e. single or multiple relationships)

6.3.1 The Start of a Potential Relationship: Bank Selection Criteria

The reasons for examining consumers' selection criteria for their choice of current account provider are as follows: First, research has revealed the acquisition of financial services to follow a pattern or hierarchical order (Katona, 1960, Kamakura et al, 1991). Hence, consumers appear to acquire financial services in a hierarchical

order beginning with foundation services, such as current accounts and mortgages, before moving to risk management services, such as insurance. The acquisition pattern assumes a latent level of financial maturity and ability to acquire and follows a general move from higher liquidity and lower risk to lower liquidity and higher risk products (Katona, 1960 cited in Harrison 1994).

In addition, extant research highlights current accounts or cheque accounts as the most basic of financial services for financial consumers; 91.3% of US families possess transactional accounts, according to the 2004 Survey of Consumer Finances (Bucks, 2006). In the UK, according to the ONS 2007 Social Trends Report, in 2004/2005 nine out of ten adults, aged 16 and over in the UK held a current account. Consumers tend to stay with their bank for a long period of time (Beckett, 2000) often because of the existence of contractual barriers, preventing consumers from switching, therefore the initial selection of an institution is very important.

The second reason for examining consumers' selection criteria for their choice of current account provider relates to developments that have taken place to facilitate 'one-stop shopping'. With the advent of deregulation, financial institutions have been allowed to sell a range of financial services to their customers that formerly were outwith their traditional domain. Thus, it is possible that consumers may prefer "one-stop shopping" (Lee and Marlowe, 2003) and obtain a number of financial services from the same financial institution. As a result of the potential for cross-selling, financial institutions may use current accounts or cheque accounts to build "positive" relationships with their customers (Berger, Humphrey, and Pulley 1996; Lee and Marlowe, 2003). Thus, it is necessary to explore consumers' bank

selection criteria before investigating their motives for relationship engagement. As previously mentioned, on the basis of extant literature and focus group interviews, fifteen factors relating to the selection of financial institutions for current accounts were identified based on two categories: extrinsic factors and intrinsic factors (Devlin, 2002; Lee and Lou, 1995). To explore the motives for consumers' relationship engagement, it is important to discover how consumers select their main bank. This is helpful in linking consumers' motivations of purchase for other financial services: savings account, mortgage and car insurance.

1. Overall Ranking for Bank Selection

Based on a literature review and focus group discussions, fifteen selection criteria influencing the choice of a financial institution for current accounts were identified. According to Devlin (2002), consumers' evaluation criteria can be divided into two types: intrinsic and extrinsic attributes. Lee and Lou defined "intrinsic attributes as physical attributes of a product" and "extrinsic attributes as product related, but not part of the physical product". In the services context, Zeithaml (1988) argues that "intrinsic attributes" are attributes that cannot be changed without altering the nature of the product; in other words, "intrinsic attributes" are considered "service-specific attributes" or attributes particularly related to the feature of certain services (Devlin, 2002). "Extrinsic attributes" are attributes outside the service itself and can normally be generalized across services and categories (Zeithaml, 1988). For financial services, in Delvin's (2002) study, "intrinsic attributes" were competitive interest rate paid, low fees/overdraft charges, home banking option, and incentives offered. "Extrinsic attributes" were location, family relationship,

recommendation, service expectation, image and reputation, product range, and branch opening hours.

Table 6.9 highlights the overall mean score of each criterion based on respondent ratings and presents the relative importance of bank selection criteria. Results of the analysis for the total sample indicate that the decision of bank selection is primarily based on five criteria: security (4.29), availability of multiple access points (4.19), expected service quality (4.11), speed of service (4.10), and competitive interest rates (4.01). Special offers (3.13), opinions of friends and family (2.69) and employers using the same bank (1.78) were found to be the least important criteria overall for selecting a bank. This finding is consistent with Devlin's (2002) research which revealed that customers rely primarily upon extrinsic choice criteria when selecting a retail banking service.

Table 6.9 Bank Selection Criteria Rank

Criteria	Response	Mean	Rank
Security	833	4.29	1
The availability of multiple access points (i.e. ATMs)	838	4.19	2
Expected service quality	838	4.11	3
Speed of service	843	4.10	4
Competitive interest rates	842	4.01	5
Bank's reputation and image	840	3.95	6
Lower service charges and fees.	839	3.91	7
Location convenience (i.e. near home or work)	842	3.62	8
Preferential treatment/customer service	833	3.51	9
Previous experience with the bank	837	3.51	10
Availability of other financial services	836	3.33	11
Modern facilities in branches	839	3.29	12
Special offers	837	3.13	13
Opinions of friends and family	831	2.69	14
Employers using the same bank	839	1.78	15

The scale ranges from 1= not at all important to 5= very important

However, what is surprising is that the ranking of each factor differs significantly from many previous studies which emphasised these extrinsic factors, such as the importance of location convenience (Almossawi, 2001; Hon and Tom, 1994; Javalgi, Armacost, and Hosseini, 1989; Kaufman, 1967; Kaynak and Kucukemiroglu, 1992; Laroche, Rosenblatt, and Manaing, 1986; Mason and Mayer, 1974; Riggall, 1980), family relationships (Anderson Jr., III, and Fulcher, 1976; Devlin and Gerrard,

2005), recommendation and bank's reputation (Anderson Jr., III, and Fulcher, 1976). In this study, the reputation of the bank was rated at 6th place, whilst location convenience was rated at 8th place, and opinions of friends and family fall into the bottom two places.

The results are consistent with more recent studies that highlight the importance of convenience and speed of service associated with the advent of technology (e.g. Blankson, Cheng, and Spears, 2007). Indeed, as noted in Table 6.9 the availability of multiple access points (e.g. ATM, telephone banking and internet) is listed in the top three. Expected service quality and speed of service are also highly relevant to respondents for their choice of bank.

A particular concern is that security was rated the most important out of all fifteen factors. Reviewing previous research finds that only a limited amount suggests that consumers put security in first or second place (e.g. Blankson et al., 2007). This finding may be explained from the perspective of the development of technology. Zineldin (1996) argues that virtual services convenience is more important than location (physical evidence) convenience with the advent of technology. Since this survey was conducted via the Internet and the respondents were familiar with the online environment, this may have influenced their response. In this case, the priority of transaction safety is higher than other criteria. In addition, according to discussions by focus group participants, "transaction security" was noted as a key criterion preventing participants from using online banking. As 67.5% of the survey respondents reported using internet banking while only 27.3% of them

reported using branches to deal with their current accounts, this could explain why security concerns are higher than location convenience.

2. Bank Selection Criteria Factor Analysis:

Factor analysis was used to ascertain whether any underlying latent dimensions existed in the data. Principal components analysis was used with a varimax rotation to extract factors using SPSS software. This method has been used extensively in marketing research (Crawford and Lomas, 1980). The Kaiser-Meyer-Olkin measure of sampling adequacy achieved a meritorious level of 0.886, whilst the Bartlett test of sphericity showed a significance level of less than 0.001 ($p=0.000$), confirming the appropriateness of the data for factor analysis. Using the Eigenvalue 1 criterion, three factors were generated by this method, accounting for 58.88% of the variance in the data. Table 6.10 identifies these three factors together with loading values.

Table 6.10 Output of Factor Analysis

	Transactional security and convenience factor	Component Special Benefit Factor	Recommendation and Physical Evidence Benefits Factors
Security	0.805	0.192	0.019
Expected service quality	0.734	0.284	0.103
Speed of service	0.708	0.100	0.195
Bank's reputation and image	0.680	0.126	0.302
The availability of multiple access points (i.e. ATMs branches; telephone; internet)	0.553	0.216	0.004
Previous experience with the bank	0.437	0.258	0.394
Availability of other financial services	0.415	0.413	0.404
Competitive interest rates	0.345	0.784	-0.052
Special offers	0.052	0.734	0.382
Lower service charges and fees.	0.431	0.683	-0.060
Preferential treatment/customer service	0.424	0.461	0.410
Employer uses the same bank	-0.143	0.239	0.683
Opinions of friends and family	0.084	0.007	0.651
Location convenience (i.e. near home or work)	0.265	-0.155	0.620
Modern facilities in branches	0.368	0.334	0.569
Reliability Cronbach's Alpha	0.824	0.767	0.617
Mean	3.92	3.64	2.84

Factor 1 includes several extrinsic factors: security, expected service quality, speed of service, bank's reputation and image, the availability of multiple access points, previous experience with the bank and availability of other financial services. The composition of Factor 1 focuses on the convenience of handling banking services and is labelled "transactional security and convenience". It is noted that the loading values of "availability of other financial services" and "preferential

treatment/customer services” did not vary much across the factors. This may not be considered unusual, because, in a financial services context, some factors (e.g. price) could be difficult to define as intrinsic (belonging to a certain service) or extrinsic. However, considering the appropriateness and meaning of each factor, “availability of other financial services” was included in factor 1 and “preferential treatment/customer services” was included in factor 2 because “availability of other financial service” is similar to another extrinsic factor identified in Devlin’s study (2002).

Factor 2 includes several intrinsic attributes: competitive interest rates, special offers, lower service charges and preferential treatment/customer services; This factor focuses on the special benefits of the financial services, so was named “special benefit”. As mentioned already, the loading value of “Preferential treatment/customer services” was similar across the factors. It was decided to include the item in this factor because it is like other intrinsic factors noted in previous literature. For example, some premium bank accounts emphasise that savers will be treated differently from other ordinary savers; therefore, “preferential treatment” could be considered as an “intrinsic factor”.

Factor 3 includes employer using the same bank, opinions of friends and family, location convenience and modern facilities in branches. These factors are related to “extrinsic cues” as well. This factor focuses on the values from the reference group and other physical evidence. Hence, factor 3 was named “recommendation and physical evidence benefits”. A measure of the internal consistency, using Cronbach’s Alpha, was produced for each factor. The results for factors 1, 2 and 3 are

0.824, 0.767 and 0.617 and all above the recommended levels. Compared to previous studies, Factor 1 and Factor 3 are related to extrinsic factors whilst factor 2 is related to intrinsic factors. This result demonstrates a good construct validity.

To sum up, three factors were produced from principle components analysis. The importance of factors from high to low is transactional security and convenience factor (3.92), special benefit factor (3.64) and recommendation and physical evidence benefits factors (2.84). The findings indicate that while extrinsic factors remain important in bank selection criteria, the nature of extrinsic factors has changed from those associated with physical evidence and physical location to online security and ubiquitous convenience.

6.3.2 Consumers' Motives for Relationship Engagement

1. General Motives for Relationship Engagement

To assess the importance of relationship engagement motives, eighteen items were used to measure six different motives. Within each of the six motive constructs the items were summed and averaged to form a composite score of each motive construct respectively. Descriptive statistics showing the ranking of motivations for relationship engagement across the three selected financial services are shown in Table 6.11. As can be seen, the top three important motivations for relationship engagement for savings accounts are "simplifying purchasing progress and improving convenience needs" (3.95), "economic needs" (3.33) and "information processing and obtaining needs" (3.17). The least important motive is "social

psychological needs” (2.64). For mortgages, consumers rated a higher score on “simplifying purchasing progress and improving convenience needs” (3.60), “economic needs” (3.34) and “reducing perceived risk needs” (3.12). Again, “social psychological needs” are the least important (2.58). For car insurance, “simplifying purchasing progress and improving convenience needs” again are the most critical motives (3.54) and “economic needs” are next (3.31); however, the least important motive is “obtaining special product benefit or service treatment needs” (2.53).

The fact that “simplifying purchasing progress and improving convenience needs” was evaluated by respondents as the most important motive is consistent with the results of bank selection criteria. As mentioned earlier, the “transactional security and convenience factor” was also placed higher in the ranking. Generally, the results indicate that respondents tend to seek convenience benefits.

Table 6.11 The Motivation for Relationship Engagement Ranking across Financial Service Type

The motivation of Relationship Engagement	Financial Service Type					
	Savings Account		Mortgage		Car Insurance	
	Mean	Sd.	Mean	Sd.	Mean	Sd.
Economic Needs	3.33	(0.68)	3.34	(0.75)	3.31	(0.75)
Social Psychological Needs	2.64	(1.05)	2.58	(1.06)	2.37	(1.00)
Reducing Perceived Risk Needs	2.95	(0.60)	3.12	(0.61)	2.88	(0.58)
Simplifying Purchasing Progress and Improving Convenience Needs	3.95	(0.78)	3.60	(0.88)	3.54	(0.82)
Information Processing and Obtaining Needs	3.17	(0.80)	3.06	(0.81)	3.04	(0.78)
Obtaining Special Product Benefit or Service Treatment Needs	2.72	(0.81)	2.66	(0.86)	2.53	(0.84)

2. Motivation for Relationship Engagement across Different Financial Services

To assess whether consumers have different motivations across different financial services, respondents who possessed four financial services were selected (in this research, a total of 206 respondents had four financial services.). The difference between the analysis presented here and that in the previous section is that this section considers individuals who possessed all four of the selected financial services, investigating whether their motivations differ for each of the financial services. Repeated-measures ANOVA was used to examine the difference between respondents' relationship engagement motives when selecting a financial institution for a savings account, mortgage and car insurance.

First of all, Mauchly's test was used to confirm the assumption of repeated-measures ANOVA, which is, the variances of the difference between conditions are equal (assumption of sphericity). The result of Mauchly's test shows that the significance level of "simplifying purchasing progress and improving convenience needs" and "information processing and obtaining needs" were 0.03 respectively, meaning that the variances of the difference between levels are significantly different. In other words, the assumption of sphericity has been violated. According to the advice from Field (2005), Greenhouse and Geisser (1959) and Huynh and Feldt's (1976) suggestion, estimates of sphericity can be used as a correction factor to assess the observed F-ratio. The Greenhouse-Geisser correction varies between $1/k-1$ (where K is the number of repeated-measures condition) and 1. The closer the value is to 1, the more homogeneous the variances of difference, the closer the data are to being

spherical. In this case, the value of the Greenhouse-Geisser correction for “simplifying purchasing progress and Improving Convenience Needs” is 0.95 and 0.96 for “information processing and obtaining needs”. Both of the values were nearly 1, thereby suggesting the data is nearly spherical.

As shown in Table 6.12, the result of the main ANOVA indicates that respondents’ motivations that are significantly different across the three financial services are “social-psychological needs” ($F=10.25^{***}$, $p<0.001$), “reducing perceived risk needs” ($F=15.36^{***}$, $p<0.001$), and “simplifying purchasing progress and improving convenience needs” ($F=17.97^{***}$, $p<0.001$). In other words, respondents rated higher importance to “social-psychological needs” and “simplifying purchasing progress and improving convenience need” for savings accounts. In addition, respondents also rated higher importance to “reducing perceived risk needs” for mortgages. Respondents placed the lowest score on all motives for car insurance.

Table 6.12 Output of Repeated-Measured ANOVA

	Sum of Squares	Mean Squares	Degree of Freedom	F	p	Post comparison
Economics Needs						
Between groups	0.354	0.177	2	0.599	0.550	-
Within-groups error	98.757	0.296	334			
Social-Psychological Needs						
Between groups	9.036	4.518	2	10.25***	0.000	1>3 2>3
Within-groups error	146.287	0.441	332			
Reducing Perceived Risk Needs						
Between groups	4.134	2.607	2	15.36***	0.000	2>1 2>3
Within-groups error	43.075	0.135	320			
Simplifying Purchasing Progress and Improving Convenience Needs						
Between groups	14.975	7.488	2	17.97***	0.000	1>2 1>3 2>3
Within-groups error	150.025	0.432	347.191			
Information Processing and Obtaining Needs						
Between groups	1.332	0.693	2	2.45	0.10	-
Within-groups error	95.001	0.282	350			
Obtaining Special Product Benefit or Service Treatment						
Between groups	0.802	0.510	2	2.48	0.10	-
Within-groups error	50.115	0.206	243.618			

N.B. 1= Savings Account; 2 Mortgage; 3=Car insurance *p<0.05, **p<0.01, ***p<0.001

The findings provide evidence that consumers' motivations for relationship engagement differ across different financial services. Generally, for the respondents who hold all three selected financial services, they tend to be motivated for savings accounts and tend to be less motivated for car insurance. The possible explanations are as follows:

Firstly, bank accounts are basic financial services for the majority of respondents. Half of respondents even have more than one current or savings account. Considering the association between these selected financial services, financial services consumers even need bank accounts to deal with their mortgage and car insurance (e.g. repay instalment, pay insurance premium, etc.). Second, consumers tend to possess their bank accounts and mortgages for a long period of time compared with car insurance, where the duration of the relationship may only last one year before the consumer either renews or (most likely) switches to another insurance provider. Furthermore, the majority of financial services consumers have relatively sufficient knowledge and ability to deal with bank accounts compared to mortgage and car insurance. Therefore, it is reasonable that respondents were more motivated for bank accounts than for mortgages and car insurance.

This rating of higher importance to “simplifying purchasing progress and improving convenience needs” and “social-psychological needs” is consistent with the finding of respondents’ bank selection choice: “transactional convenience” factor is the most important factor and “special benefit” is next important factor.

A possible explanation for the reason why respondents rated higher importance to “social psychological needs” and “simplifying purchasing progress and improving convenience needs” is that respondents tend to have more than one savings account. The initial reason for opening their savings account with a particular financial institution may be different. For example, some may be for investment purposes, some may be for transaction purposes, and some may be for social-psychological reasons (family or friends work at that financial institution). A possible explanation

for why individuals rated higher importance to “reducing perceived risk needs” for mortgages may be the duration of the mortgage normally lasts for a number of years and the purpose of taking out a mortgage is to make a high involvement purchase (e.g. buying a house).

3. Consumers’ Purchasing Involvement and Relationship Engagement

One-way ANOVA analysis was conducted to examine whether consumers’ motivations vary according to different involvement levels when purchasing certain financial services (See Table 6.13, 6.14, and 6.15). As mentioned in Chapter five, the definition of purchase decision involvement is “the extent of interest and concern a consumer brings to bear upon a purchase-decision task” (Mittal, 1989). Here “purchase decision involvement” was measured according to the extent to which individuals agreed with four statements measured on a five point Likert scale. An overall involvement score was calculated by summing the scores on the individual items. This gave a score ranging from 0 to 20. The median value was calculated as a basis from which to divide individuals into low, median, and high involvement groups. Individuals were classified into the “high involvement” group if their involvement score was higher than the median and into the “low involvement” group if their score was lower than the median.

Table 6.13 The Importance of the Motivation of Relationship Engagement under Different Purchasing Involvement Level: Savings Account

Financial Services Type	Savings Account						F	P
	Purchasing Involvement Level							
	Low		Median		High			
The Motivation of Relationship Engagement	Mean	Sd.	Mean	Sd.	Mean	Sd.		
Economics Needs	3.28	(0.69)	3.25	(0.58)	3.37	(0.70)	1.59	0.204
Social-Psychological Needs	2.78	(1.03)	2.70	(0.99)	2.45	(1.07)	5.98**	0.003
Reducing Perceived Risk Needs	3.01	(0.64)	2.89	(0.51)	2.91	(0.60)	2.28	0.103
Simplifying Purchasing Progress and Improving Convenience Needs	3.82	(0.78)	4.01	(0.68)	4.04	(0.80)	5.33**	0.005
Information Processing and Obtaining Needs	3.14	(0.79)	3.19	(0.73)	3.17	(0.84)	0.13	0.875
Obtaining Special Product Benefit or Service Treatment	2.84	(0.82)	2.60	(0.79)	2.62	(0.78)	5.08**	0.007

*p<0.05, **p<0.01, ***p<0.001

Table 6.14 The Importance of the Motivation of Relationship Engagement under Different Purchasing Involvement Level: Mortgages

Financial Services Type	Mortgages						F	P
	Purchasing Involvement Level							
	Low		Median		High			
	Mean	Sd.	Mean	Sd.	Mean	Sd.		
The Motivation of Relationship Engagement								
Economics Needs	3.34	(0.68)	3.39	(0.76)	3.35	(0.78)	0.04	0.957
Social-Psychological Needs	2.89	(0.96)	2.61	(0.85)	2.47	(1.10)	5.10**	0.007
Reducing Perceived Risk Needs	3.15	(0.60)	3.12	(0.55)	3.11	(0.63)	0.164	0.849
Simplifying Purchasing Progress and Improving Convenience Needs	3.50	(0.74)	3.35	(0.89)	3.70	(0.89)	3.29*	0.039
Information Processing and Obtaining Needs	3.13	(0.75)	2.98	(0.77)	3.07	(0.82)	0.40	0.670
Obtaining Special Product Benefit or Service Treatment	2.93	(0.80)	2.50	(0.81)	2.59	(0.84)	5.90**	0.003

*p<0.05, **p<0.01, ***p<0.001

According to Table 6.13 and Table 6.14, the findings show that there are significant differences in terms of “social-psychological needs” ($F_{\text{savings}}=5.98^{**}$, $p<0.01$; $F_{\text{mortgage}}=5.10^{**}$, $p<0.01$), “simplifying purchasing progress and improving convenience needs” ($F_{\text{savings}}=5.33^{**}$, $p<0.01$; $F_{\text{mortgage}}=3.29^*$, $p<0.05$), and “obtaining special product benefit or service treatment needs” ($F_{\text{savings}}=5.08^{**}$, $p<0.01$; $F_{\text{mortgage}}=5.90^{**}$, $p<0.01$) when consumers look for savings accounts and mortgages. As can be seen from the table, individuals expressing low purchasing involvement tend to be more concerned with “social-psychological needs” and “obtaining special product benefit or service treatment needs” whilst high involvement individuals are more concerned about simplifying purchasing progress and improving convenience needs.”

For car insurance (Table 6.15), the findings reveal significant differences in terms of “social-psychological needs” ($F=4.21^*$, $p<0.05$) and “simplifying purchasing progress and improving convenience needs” ($F=3.78^*$, $p<0.05$). Individuals with lower levels of purchasing decision involvement have a higher average mean score for “social-psychological needs”. Individuals with higher levels of purchasing involvement tend to have a higher average score for “simplifying purchasing progress and improving convenience needs”

Table 6.15 The Importance of the Motivation of Relationship Engagement under Different Purchasing Involvement Level: Car Insurance

Financial Services Type	Car Insurance							
The Motivation of Relationship Engagement	Purchasing Involvement Level						F	P
	Low		Median		High			
	Mean	Sd.	Mean	Sd.	Mean	Sd.		
Economics Needs	3.22	(0.82)	3.23	(0.75)	3.41	(0.66)	2.71	0.068
Social-Psychological Needs	2.57	(1.02)	2.36	(0.90)	2.23	(0.99)	4.21*	0.016
Reducing Perceived Risk Needs	2.89	(0.64)	2.93	(0.60)	2.87	(0.51)	0.207	0.813
Simplifying Purchasing Progress and Improving Convenience Needs	3.40	(0.84)	3.51	(0.68)	3.66	(0.83)	3.78*	0.024
Information Processing and Obtaining Needs	3.01	(0.79)	2.89	(0.81)	3.11	(0.75)	1.66	0.193
Obtaining Special Product Benefit or Service Treatment	2.63	(0.93)	2.42	(0.82)	2.50	(0.76)	1.35	0.261

*p<0.05, **p<0.01, ***p<0.001

To sum up, the result of consumers' motivations for relationship engagement for different financial services reveals that "social-psychological needs" and "simplifying purchasing progress and improving convenience needs" were two of the most important motives. It seems that low purchasing involvement consumers still need human interaction when dealing with their financial services whilst high involvement consumers are concerned about convenience.

The findings are partially consistent with Howcroft, Hamilton, and Hewer's (2007) research regarding customer involvement and interaction in the purchase of financial services. In their study, financial services consumers were classified into six groups with different involvement and confidence levels in order to explore their perceived risk when purchasing different financial services. In their study, although

high involved respondents tended to demand to talk to someone when purchasing certain financial products (e.g. investment products); for the low involved respondents, talking to someone before making a decision was still important. This may be explained that low involved consumers were more motivated by “social-psychological” needs than high involved consumers. In this study, it is noted that low involved consumers tend to rate higher importance to “social psychological needs” for mortgages (2.89) than savings accounts (2.78) and car insurance (2.57).

The findings reveal that high involved consumers tend to be motivated by “simplifying purchasing progress and improving convenience needs”. Respondents had higher scores for savings accounts (4.04) than mortgages (3.7) and car insurance (3.66). These findings are consistent with the results of Howcroft, Hamilton, and Hewer’s (2007) classification of financial services consumers. One of the clusters in their study was named “emerging online customers”. They described this cluster’s members as exhibiting the lowest scores for the importance of talking to somebody when purchasing financial products, especially for current accounts. This could explain why respondents tend to exhibit higher scores on “convenience needs”.

4. Consumers’ Channel Preference and Their Motives for Relationship Engagement

This section tests whether respondents have particular preferences for using branches, the telephone channel or the internet for different products. Again, ANOVA was used to examine the potential differences. With regards to savings accounts, the results of the ANOVA show that there are significant differences in

terms of “social-psychological needs” ($F=17.58^{***}$, $p<0.001$), “reducing risk needs” ($F=9.92^{***}$, $p<0.001$), “simplifying purchasing progress and improving convenience needs” ($F=5.03^{**}$, $p<0.01$), and “obtaining special benefit needs” ($F=3.12^*$, $p<0.05$). Multiple comparison tests indicate that respondents who mainly use face-to-face banking tend to be motivated by “social-psychological needs”, “reducing risk needs and “obtaining special benefits” whilst respondents who prefer to use online banking have higher concerns for “simplifying purchasing progress and improving convenience needs”. The details are presented in Table 6.16

Table 6.16 The Importance of the Motivation for Relationship Engagement across Different Channel Choice: Savings Account

Financial Services Type	Savings Account								
	1. Branch		2. Telephone		3. Online		F	P	Multiple Comparison
	Mean	Sd.	Mean	Sd.	Mean	Sd.			
The Motivation for Relationship Engagement									
Economics Needs	3.36	(0.69)	3.49	(0.59)	3.29	(0.68)	1.13	0.338	
Social-Psychological Needs	3.08	(0.98)	2.82	(0.83)	2.40	(1.03)	17.58***	0.000	1>3
Reducing Perceived Risk Needs	3.15	(0.57)	3.13	(0.67)	2.85	(0.60)	9.92***	0.000	1>3
Simplifying Purchasing Progress and Improving Convenience Needs	3.79	(0.79)	3.69	(0.76)	4.04	(0.76)	5.03**	0.002	3>1
Information Processing and Obtaining Needs	3.24	(0.79)	3.36	(0.61)	3.13	(0.81)	1.77	0.152	
Obtaining Special Product Benefit or Service Treatment	2.83	(0.84)	3.00	(0.80)	2.64	(0.79)	3.12*	0.026	1>3

* $p<0.05$, ** $p<0.01$, *** $p<0.001$

For mortgages, the results of the ANOVA show that there are significant differences in terms of “economic needs” ($F=4.14^{**}$, $p<0.01$), “social-psychological needs”

($F=8.97^{***}$, $p<0.001$), “reducing perceived risk needs” ($F=3.04^*$, $p<0.05$) and “simplifying purchasing progress and improving convenience needs” ($F=9.46^{***}$, $p<0.001$). The multiple comparison analysis indicates that respondents who mainly use branches are more concerned with “social psychological needs”, and “reducing perceived risk needs”, whilst online channel users placed higher scores on “simplifying purchasing progress and improving convenience needs”. The details are presented in Table 6.17

Table 6.17 The Importance of the Motivation for Relationship Engagement across Different Channel Choice: Mortgage

Financial Services Type	Mortgage						F	P	Multiple Comparison
	1. Branch		2. Telephone		3. Online				
	Mean	Sd.	Mean	Sd.	Mean	Sd.			
The Motivation of Relationship Engagement									
Economics Needs	3.44	(0.76)	3.33	(0.80)	3.30	(0.74)	4.14**	0.007	1>3
Social-Psychological Needs	2.99	(0.99)	2.30	(0.97)	2.52	(1.04)	8.97***	0.000	1>3
Reducing Perceived Risk Needs	3.25	(0.63)	3.09	(0.56)	3.03	(0.65)	3.04*	0.029	1>3
Simplifying Purchasing Progress and Improving Convenience Needs	3.73	(0.76)	3.39	(0.92)	3.89	(0.78)	9.46***	0.000	3>1
Information Processing and Obtaining Needs	3.17	(0.85)	3.00	(0.79)	3.12	(0.72)	2.47	0.062	
Obtaining Special Product Benefit or Service Treatment	2.79	(0.80)	2.54	(0.58)	2.72	(0.87)	2.13	0.097	

* $p<0.05$, ** $p<0.01$, *** $p<0.001$

As for car insurance, the results of the ANOVA show that different channel users’ motivations for relationship engagement are significantly different on all six factors: “economic needs” ($F=3.95^{**}$, $p<0.01$), “social-psychological needs” ($F=16.46^{***}$,

$p < 0.001$, “reducing perceived risk needs” ($F = 8.02^{***}$, $p < 0.001$), “simplifying purchasing progress and improving convenience needs” ($F = 3.55^*$, $p < 0.05$), “information processing and obtaining needs” ($F = 5.17^{**}$, $p < 0.01$), “obtaining special product benefit or service treatment needs” ($F = 8.33^{***}$, $p < 0.001$). The details are presented in Table 6.18.

Table 6.18 The Importance of the Motivation for Relationship Engagement across Different Channel Choice: Car insurance

Financial Services Type	Car Insurance						F	P	Multiple Comparison
	1. Branch		2. Telephone		3. Online				
	Mean	Sd.	Mean	Sd.	Mean	Sd.			
The Motivation of Relationship Engagement									
Economics Needs	3.71	(0.89)	3.30	(0.75)	3.26	(0.71)	3.95**	0.009	1>3
Social-Psychological Needs	3.55	(1.04)	2.37	(0.95)	2.16	(0.88)	16.46***	0.000	1>3
Reducing Perceived Risk Needs	3.41	(0.83)	2.86	(0.56)	2.80	(0.49)	8.02***	0.000	1>3
Simplifying Purchasing Progress and Improving Convenience Needs	3.83	(1.03)	3.46	(0.81)	3.64	(0.78)	3.55*	0.015	1>3
Information Processing and Obtaining Needs	3.58	(0.93)	2.99	(0.78)	3.04	(0.71)	5.17**	0.002	1>3
Obtaining Special Product Benefit or Service Treatment	3.27	(1.04)	2.45	(0.81)	2.51	(0.76)	8.33***	0.000	1>3

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

To sum up, for the people who mainly use branch based channels, regardless of product used, they seem to be motivated by the need for a more emotional relationship and risk reducing needs, whereas those using online methods are motivated by the need to keep costs low, economic benefits and convenience.

5. Consumers' Relationship Type and Motives for Relationship Engagement

This section uses independent t-tests to examine whether respondents who prefer to 'one-stop shop' (i.e. have their savings account, mortgage or car insurance with the same institution where they have their current account) have different motivations from those who prefer to obtain financial services from a number of institutions.

In terms of savings accounts, as mentioned earlier, nearly half the respondents in the sample reported having their savings account with the same financial institution where they have their current account, while the other half of the sample tend to use other financial institutions. As shown in Table 6.19, the result of the independent t test indicates that apart from "economic needs" there are significant differences. In other words, respondents who chose to open their savings account with the financial institution where they have their existing current account tend to have higher scores on "social psychological needs", "reducing perceived risk needs", "simplifying purchasing progress and improving convenience needs", "information processing and obtaining needs", and "obtaining special product benefit or service treatment needs".

Table 6.19 Result of Independent t Test: Consumers' Motivation between Single or Multiple relationships: Savings Account

Financial Services Type	Savings Account					
	Single Relationships		Multiple Relationships		t	P
	Mean	Sd.	Mean	Sd.		
Relationship Type						
Economic Needs	3.30	(0.67)	3.36	(0.70)	-1.199	0.231
Social Psychological Needs	2.79	(1.06)	2.46	(1.02)	3.728***	0.000
Reducing Perceived Risk Needs	3.03	(0.64)	2.85	(0.55)	3.329**	0.001
Simplifying Purchasing Progress and Improving Convenience Needs	4.08	(0.75)	3.79	(0.78)	4.637***	0.000
Information Processing and Obtaining Needs	3.29	(0.80)	3.03	(0.78)	3.983***	0.000
Obtaining Special Product Benefit or Service	2.85	(0.80)	2.56	(0.79)	4.179***	0.000
Treatment Needs						

*p<0.05, **p<0.01, ***p<0.001

As for mortgages, as mentioned earlier, the majority of respondents (73.2%) tend to obtain their mortgage from other financial institutions. The results of the independent t-test indicate that there are significant differences for all motives. In other words, respondents who obtained their mortgage from the financial institution where they have their current account, have higher scores on all six motives (See Table 6.20)

Table 6.20 Result of Independent t Test: Consumers' Motivation between Single or Multiple Relationships: Mortgage

Financial Services Type	Mortgage				t	P
	Single Relationships		Multiple Relationships			
	Mean	Sd.	Mean	Sd.		
Relationship Type						
Economic Needs	3.53	(0.77)	3.24	(0.77)	3.16**	0.002
Social Psychological Needs	3.04	(1.06)	2.42	(1.01)	4.98***	0.000
Reducing Perceived Risk Needs	3.24	(0.60)	3.07	(0.61)	2.32*	0.021
Simplifying Purchasing Progress and Improving Convenience Needs	4.05	(0.70)	3.44	(0.87)	6.82***	0.000
Information Processing and Obtaining Needs	3.30	(0.81)	2.98	(0.79)	3.32**	0.001
Obtaining Special Product Benefit or Service Treatment Needs	2.94	(0.85)	2.56	(0.83)	3.74***	0.000

*p<0.05, **p<0.01, ***p<0.001

The situation is very similar for car insurance. About 93.1% of respondents purchase their car insurance from other financial institutions. Apart from “information processing and obtaining needs”, which did not reach statistical significance, the rest of the motives all reveal significant differences between the two groups of respondents (See Table 6.21).

Table 6.21 Result of Independent t Test: Consumers' Motivation between Single or Multiple relationships: Car Insurance

Financial Services Type	Car Insurance					
	Single Relationship		Multiple Relationships		t	p
	Mean	Sd.	Mean	Sd.		
Relationship Type						
Economic Needs	3.60	(0.65)	3.29	(0.75)	2.015*	0.045
Social Psychological Needs	3.10	(0.83)	2.31	(0.99)	3.954***	0.000
Reducing Perceived Risk Needs	3.20	(0.50)	2.86	(0.57)	2.912**	0.004
Simplifying Purchasing Progress and Improving Convenience Needs	3.92	(0.86)	3.51	(0.81)	2.458*	0.014
Information Processing and Obtaining Needs	3.33	(0.76)	3.02	(0.78)	1.956	0.051
Obtaining Special Product Benefit or Service Treatment Needs	2.91	(0.91)	2.50	(0.84)	2.339*	0.02

*p<0.05, **p<0.01, ***p<0.001

Furthermore, looking at the gaps in the scores between single and multiple relationships revealed that the biggest gaps are for social-psychological needs and simplifying purchasing progress and improving convenience needs, particularly for mortgages and car insurance.

To sum up, the results show that respondents who tend to have their financial services at the same place tend to give higher scores to the motives, compared with the respondents who have their financial services at different financial institutions. It seems that respondents who prefer to have a single financial institution relationship are more likely to develop a relationship with their financial institution as they tend to be motivated by social-psychological needs. Respondents who tend

to have all their financial services at the same financial institution may be pursuing convenience benefits, particular for mortgages. Also, respondents who have a single relationship with a financial institution may expect to obtain special benefits or services from the financial institution compared to respondents who tend to have multiple relationships.

6.4 Consumer Segments and Motives for Relationship Engagement

This section further explores the motives for relationship engagement across different consumer segments. It focuses on answering two research questions of this study:

1. To what extent do motives for relationship engagement for each financial services type vary according to the level of involvement and knowledge of different financial services consumers?
2. To what extent do different consumer segments hold different motives toward relationship engagement?

Classifying customers into different meaningful segments (market segmentation) has been an important strategy in marketing (Dibb and Stern, 1995; Wind, 1978). Recently, customer segmentation has also contributed to customer relationship management (Nairn and Bottomley, 2003). In the financial services context, a number of studies have been conducted regarding market segmentation, particularly related to customer relationship management (Martín-Consuegra, Molina, and Esteban, 2006; Storbacka, 1997). The purpose of this research is to classify respondents in order to explore whether their motivations for relationship building vary across different groups. Variables used to classify respondents are consumers' "involvement" and "perceived knowledge level".

The rest of this section presents an analysis including: 1) The process of identification of the segments through cluster analysis. 2) A process of examination of the segments through chi-squared analysis and discrimination analysis to validate the effectiveness of cluster results. 3) A demonstration of relationship behaviour features of each cluster.

6.4.1 The Process of Cluster Analysis

This study applied a framework and suggestions by Ketchen and Shook (1996), Hair (1998) Nairn and Bottomley (2003), and Saunders (1980) for the conduct of cluster analysis. In addition, this study used guidelines and comments on techniques by Punj and Steward (1983) to validate the identified clusters. According to the framework, the process of cluster analysis involves four stages: 1) selecting clustering variables, 2) measuring similarity and cluster algorithms, 3) assessing the reliability and validity of the segments and 4) interpreting the profile of clusters. The following sections detail these procedures through each of the stages.

Stage 1: Selecting Clustering Variables

The first stage of cluster analysis is to decide what variable/variables will be used as criteria for sorting observations into similar sets or groups. Ketchen and Shook (1996, p. 443) state that there are three primary approaches identifying appropriate clustering variables: inductive, deductive and cognitive methods. The inductive method refers to an approach concerning exploratory classification of observations. The objective of this method is to use as many variables as possible to group cases because one cannot know in advance which variables differentiate among

observations (McKelvey, 1975). Therefore, it could be expected that one can discover meaningful differences by using many variables. The deductive approach involves the identification of the number and suitability of clustering variables as well as the expected number and nature of groups in a cluster solution from theory (Ketchen and Shook, 1996). Some researchers suggest that this method is possibly suitable because irrelevant variables can cause a deterioration of a solution's validity (Punj and Steward, 1983). The cognitive approach is similar to the inductive method which avoids making theory-based predictions, relying on the perceptions of expert informants such as industry executives to define cluster variables (Ketchen and Shook, 1996).

Ketchen and Shook (1996) suggest that the choice of method for selecting variables should be based on the purpose of the study; deductive methods should be used for a study designed to test the nature and relationships between two constructs while inductive and cognitive approaches should be adopted for exploratory or theory building. In order to maximise the likelihood of differences among groups, this study used the deductive method to select cluster variables.

In terms of the selection of cluster variables, some concerns have been raised in previous research. From the perspective of customer relationship management (CRM), Nairn and Bottomley (2003) suggested that many companies identify profitable consumers by a simple analysis of consumer history in terms of frequency, and monetary value; however, they also criticised that this method could not allow a firm to identify the characteristics of consumers effectively due to limited psychographic variables provided from the historical transaction behaviour. As a

result demographic and psychographic variables may be useful to profile consumers (O'Regan, 1999, as cited in Nairn and Bottomley, 2003). In financial services, "involvement" and "perceived knowledge of financial services" or "consumer's confidence" were important variables used to segment consumers or classify consumers' purchasing or decision making behaviour. For example, in terms of study on financial service consumer segmentation, Harrison (1994, p.17) suggested that the traditional segmentation variables of age, stage in the family life cycle and social class have provided little insight into financial services customer behaviour because these variables provide a priori segments that could not effectively link consumers and their behaviour characteristics. In her study, she emphasised the differences in the nature of financial services, consumers' involvement, perceived knowledge and ability and confidence to handle different financial services. In addition, Beckett et al.'s (2000) research, an exposition of consumer behaviour for purchasing financial products, presented a two-dimensional matrix of consumer behaviour, which used "involvement" and "confidence of knowledge" to classify financial service consumers behaviour into four types. Each category represents a different combination of involvement and confidence of knowledge as shown in Figure 6.1.

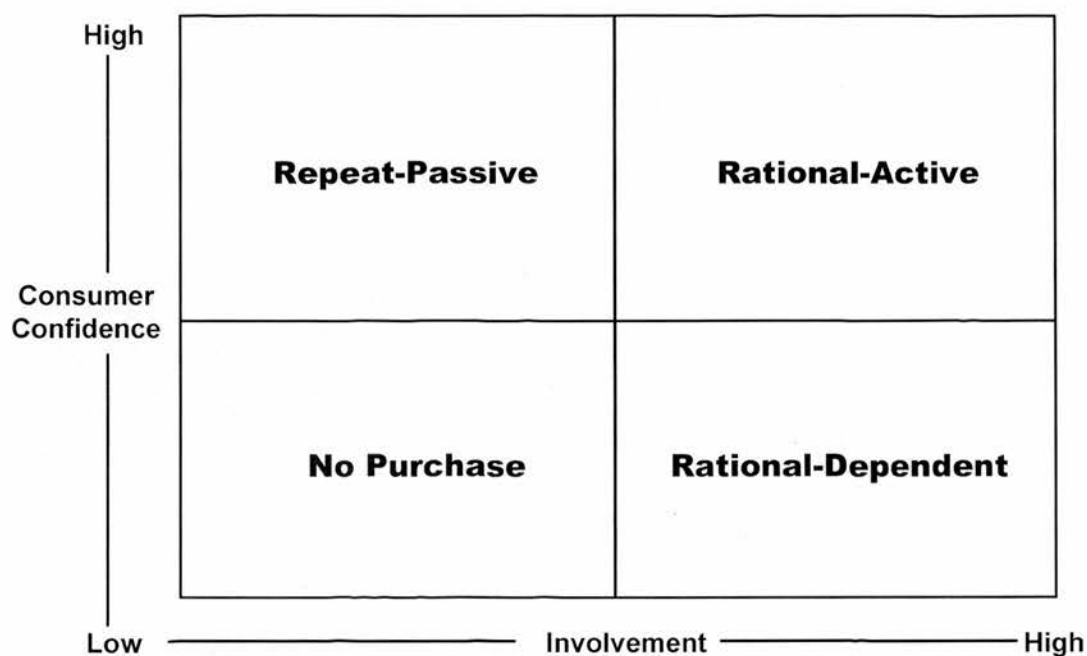


Figure 6.1 Consumer Behaviour Matrix

Source: Beckett et al. (2000)

Furthermore, in Howcroft et al. 2007) research on customer involvement and interaction when purchasing a range of financial products (including current accounts, general insurance, lending or credit products and specialist or complex investment products), “involvement” and “confidence” were also used to conduct cluster analysis. In terms of study on bank selection criteria, Devlin (2002) presents an analysis of consumer choice criteria, investigating the potential variations in the importance of various bank selection criteria with respect to customer financial knowledge. As a result, in an attempt to explore consumers’ relationship behaviour, “product involvement” and “perceived knowledge” were chosen in this research as cluster variables. The variables for conducting cluster analysis involved a total of ten statements from two constructs: “product category

involvement” and “perceived knowledge to financial service” A primary concern is that the 10 variables used to form the clusters are adequate in scope and detail.

A number of studies have shown that consumers’ personal characteristics are related to their buying behaviour (Lessig and Tollefson, 1971). Hence, it is reasonable to use dimensions of knowledge and involvement to classify consumers and their relationship building behaviour. Table 6.22 displays the measurement and statements in each construct.

Table 6.22 Cluster Variables Used for Segments

Construct	Measurement	Statement
Product category involvement (F1-F5)	Seven-point Likert scales	In general financial services are: unimportant----important
		In general financial services : mean nothing to me ---mean a lot to me
		In general financial services: do not matter to me--matter to me
		In general financial services are: insignificant---significant
		In general financial services are: of no concern to me--- of concern to me
Perceived knowledge to financial services knowledge (G1-G5)	Five-point Likert scales	My understanding of financial services in general is:
		My confidence in dealing with financial services is:
		My understanding of savings is:
		My understanding of mortgages is:
		My understanding of car insurance is:
		(The ranges from 1=poor, 2=less than average, 3= better than average, 4=good to 5=very good)

The objects to be clustered are scored on these two dimensions and are grouped on the basis of the similarity of their scores to the statements. The rationale for using each single involvement and knowledge variable separately to classify the clusters,

rather than the summed scores, is to prevent the problem that may be caused by difference scales (in this study, involvement was measured using seven-point Likert scales whilst financial services knowledge was measured using five-point Likert scales). Using summed scores to cluster segments is not appropriate because segments emerged via distance measures of variables. Distance measures are quite sensitive to magnitude among the variables (Hair, 1998). In addition, this study did not standardise variables before conducting cluster analysis. According to Hair (1998, p.490), "If we want to identify groups according to their response style, standardisation is not appropriate".

In addition, some researchers advocated the importance of "response variables" to the product, product related issues, or purchase history or channel usage data (Nairn and Bottomley, 2003). Therefore, in addition to applying demographics to describe classified consumer segments, this research also used "attitude toward relationship", "banking purchase" and "bank selection behaviour" to provide further explanation and description of the cluster solution. In other words, these variables were used for profiling the segments.

Stage 2: Measuring Similarity and Cluster Algorithms

1. Introduction to cluster methods

The next step of cluster analysis is to choose appropriate clustering algorithms. Previous research identifies two major clustering methods: hierarchical and non-hierarchical methods. The process of hierarchical methods is that the algorithms are formed by a series of steps that build a tree-like structure by either

adding individual elements (agglomerative clustering) or deleting them from the cluster (divisive clustering) (Malhotra and Birks, 2006). The clusters are determined by measuring the similarity of each observation. The method for measuring similarity is to calculate the distance of each observation. The most commonly used measure is the Euclidean distance (Hair, 1998).

In hierarchical methods, Hair et al. (1998) conclude that linkage methods (including single linkage, complete linkage and average linkage), centroid methods, and variance methods (Ward's method) are the most popular agglomerative algorithms used to develop clusters. Ward's method with Euclidean distance measure is one of the most popular clustering techniques in social science and marketing research (Nairn and Bottomley, 2003; Punj and Steward, 1983). However, each method in hierarchical clustering has some problems. There is no guarantee that a global optimum solution can be found. Ward's method tends to combine clusters with a small number of observations. It is also biased toward the production of clusters with approximately the same number of observations (Hair, 1998). The result is sensitive and tends to be influenced by outliers.

Non-hierarchical algorithms, also known as K-means or iterative method, are processed with a pre-specified number of clusters. This method includes sequential threshold, parallel threshold and optimising partitioning. The first step of a non-hierarchical method is to select a cluster seed as the initial cluster centre, and all individuals with a prespecified threshold distance are included in the resulting cluster (Hair, 1998). Then another cluster seed is chosen, and the assignment continues until all objects are assigned. Individuals might be reassigned if they are

closer to another group than the one originally assigned. As a result, the major problem faced by non-hierarchical clustering procedures is how to select the cluster seeds. Table 6.23 illustrates the introduction and comparison of two cluster methods.

Table 6.23 The Introduction and Comparison between Hierarchical Method and Non-Hierarchical Method

Cluster Algorithms	Definition	Application	Limitation	Comparison
Hierarchical Method	The process of hierarchical method (algorithms) is through a series of steps which build a tree-like structure by either adding individual elements to or deleting them from clusters. The process is based on the measurement of similarity across variables between respondents.	Suitable for small sample (<250).	Since the basic structure of a sample is usually unknown in advance, it is difficult to choose the "correct" algorithm. Solutions are unstable when cases are dropped, especially when samples are small.	Non-hierarchical methods are less impacted by outlier elements. The performance of non-hierarchical methods can be improved by making multiple passes through the data.
Non-Hierarchical Method	The process of non-hierarchical method, also known as K-mean method, is to partition a data set into a prespecified	Suitable for a large sample (>1000)	The number of clusters should be specified in advance. It could be influenced by subjective opinions from researchers.	

Source: A summary from Ketchen Jr., D., and Shook, C. (1996)

2. The method used in this study: Two-step clustering method

Since there are some limitations to both hierarchical and non-hierarchical methods, there is no definitive answer as to whether hierarchical or non-hierarchical methods are better than the other. The limitations of hierarchical methods are two-fold: one

is that this method may become influenced by the presence of outliers. The other is that this method generally is not suitable to deal with a very large sample (>250). When the sample is very large, it may increase the data processing time. Non-hierarchical methods are suitable to deal with large samples (>1000); however, there is a limitation to non-hierarchical methods; which is the result might be affected by the selection of the initial seed point. As a result, marketing literature suggests a two-stage cluster approach to obtain the benefits of each (Ketchen and Shook, 1996; Nairn and Bottomley, 2003; Punj and Steward, 1983).

The two-stage cluster approach involves a hierarchical clustering process in the beginning to determine the optimal number of clusters, the centroids, and identify any obvious outliers. Subsequently, non-hierarchical clustering is performed, using the centroids as the start point and the number of clusters to achieve a final solution. The validity of this method has been shown by several researchers (e.g. Ketchen and Shook, 1996; Nairn and Bottomley, 2003; Punj and Steward, 1983). This study applied Ward's method in the first stage to decide on the number of clusters, followed by a classification of the whole sample using the K-means method.

The sample of this study included 1025 individuals. Since the sample size is too big to perform hierarchical clustering properly, the sample was divided into five subset samples. A subset sample was selected from the original sample to perform hierarchical clustering to decide on the appropriate number of clusters and centroids. This subset sample can also be used for validation later on ($n=200$). The reason for splitting the sample into 5 sub-sets is that hierarchical clustering cannot deal effectively with samples over 250 individuals.

In this case, Ward's method with Euclidean distance was used to calculate the similarity of each observation. As noted earlier, Ward's (1963) method has been recognized as one of the most popular clustering techniques in segmentation research (Saunders, 1980) and has proved that it has performed admirably in comparative studies of clustering algorithms (Punj and Steward, 1983). Outlier detection was also conducted to reduce the influence of outliers. The sample of 200 observations was examined and found to have no strong candidates for deletion.

The determination of the number of clusters has been discussed widely in previous research since the decision of the appropriate number of clusters can be both difficult and highly subjective (Hair, 1998). According to Hair (1998), a number of methods can be used for deciding the number of groups although none of these methods have been found to be substantially better in all situations. These methods include examining the measure of similarity or distance between clusters at each successive step, with the cluster solution defined when the similarity measure exceeds a specified value or when the successive values between steps makes a sudden jump; or considering the meaning in managerial empirical application, or from a theoretical perspective.

On the basis of Hair's (1998) suggestion, the agglomeration coefficient is often used to determine the appropriate number of clusters. This process involves examining the incremental changes in the coefficient. A large increase implies that dissimilar clusters have been merged; thus, the number of clusters prior to the merger is most appropriate (Ketchen and Shook, 1996).

Table 6.24 demonstrates the variance of the agglomeration coefficient from ten to one group. According to Table 6.24, it is obvious that the clustering coefficient shows relatively large increases in going from four to three clusters ($248.683-228.541=20.14$), three to two clusters ($277.062-248.683=28.38$) and two clusters to one cluster ($340.221-277.062=63.16$). The variance can also be observed by calculating the percentage change in the clustering coefficient. The largest percentage increase by far occurs in going from two clusters to one cluster (18.56%) and the next noticeable change in the percentage increase occurs in combining three into two (10.24%) and four into three clusters (8.10%). Therefore, according to the agglomeration coefficient, a two-cluster solution might be an optimal solution.

Table 6.24 Analysis of Agglomeration Coefficient for Hierarchical Cluster Analysis

Number of Clusters	Agglomeration Coefficient	Percentage Change in Coefficient to Next Level
10	182.980	3.33%
9	189.292	3.38%
8	195.909	3.35%
7	202.704	4.03%
6	211.213	3.91%
5	219.810	3.82%
4	228.541	8.10%
3	248.683	10.24%
2	277.062	18.56%
1	340.221	

However, some researchers argue that deciding on the number of clusters based entirely on the agglomeration coefficient has been found to be unsatisfactory (Thorndike, 1953). On the basis of this approach one can find a possible best

solution, although it has the tendency to indicate too few clusters (Hair, 1998) and, in some circumstances, an obvious sudden increase is frequently absent. Therefore, some researchers suggest that the appropriate number should be determined according to whether the clusters are explainable and meaningful in a marketing sense (Saunders, 1980).

Therefore, in order to ensure the clusters are truly distinctive, this study further compared the profiles between the two, three and four-cluster solutions to assist in the selection of the final cluster solution (see Table 6.25). The examination of the two-cluster solution reveals that Cluster 2 has higher ratings on both involvement (F1 to F5) and financial knowledge (G1 to G5) than Cluster 1 has. Overall, this solution demonstrates two quite different segments. However, the two-cluster solution resulted in two groups with one accounting for the majority of the sample (107 versus 34 observations).

Table 6.25 Clustering Variable Profiles for the Two-Cluster, Three Cluster and Four-Cluster Solutions from the Hierarchical Cluster Analysis: Clustering Variable Mean Values

Cluster	F1	F2	F3	F4	F5	G1	G2	G3	G4	G5	Cluster Size
Two-cluster solution											
1	5.07	4.23	4.31	4.75	4.48	3.45	3.49	3.54	3.23	3.37	107
2	6.65	5.88	6.47	6.41	6.56	4.79	4.76	4.82	4.09	4.38	34
Three-cluster solution											
1	4.45	3.39	3.45	4.13	4.13	4.19	4.26	4.26	4.29	4.19	31
2	6.65	5.88	6.47	6.41	6.56	4.79	4.76	4.82	4.09	4.38	34
3	5.32	4.58	4.66	5.00	4.62	3.14	3.17	3.25	2.80	3.04	76
Four-cluster solution											
1	4.45	3.39	3.45	4.13	4.13	4.19	4.26	4.26	4.29	4.19	31
2	6.65	5.88	6.47	6.41	6.56	4.79	4.76	4.82	4.09	4.38	34
3	4.78	4.00	3.83	4.42	4.06	2.94	2.86	3.06	2.61	2.92	36
4	5.80	5.10	5.40	5.53	5.13	3.33	3.45	3.43	2.98	3.15	40

The examination of the three-cluster solution reveals that Cluster 2 has a higher level of involvement and financial knowledge than the other two clusters. Although the results of the ANOVA show that all three groups exhibit statistically significant differences in their mean values for each of the clustering variables, it is clear that Cluster 1 and Cluster 2 are quite similar in knowledge level. In other words, it implies that the three-cluster solution is not ideal.

Examination of the four-cluster solution shows that the four-cluster profile reveals a number of patterns of high versus low values. That is to say, the observations can be grouped into high involvement and high knowledge, high involvement and low knowledge, low involvement and high knowledge and low involvement and low knowledge. This solution is much more interpretable than the previous solutions and shows clusters with varying profiles.

Hence, the four-cluster solution provides for a more well-defined structure and more variation in terms of the clustering variables. Also, the increased number of clusters does exhibit an improvement in representing distinct groups that may reflect an underlying structure. Therefore, this study specified a four-cluster solution for the subsequent non-hierarchical cluster analysis.

Stage 3: Assessing the Reliability and Validity of the Segments

After identifying respondents in the appropriate groups, the next step is to validate cluster solutions, which is to assess the reliability and validity of the segments. The degree of consistency in solutions indicates reliability (Hair, 1998). According to Kethcen and Shook (1996), reliability is a necessary but not sufficient condition of

validity. The reliability of a cluster solution must be established before validity is tested. There are two methods to evaluate reliability. One is to perform a cluster analysis multiple times, changing algorithms and methods for addressing multicollinearity (Ketchen and Shook, 1996). The other method is that researchers may split a sample and analyse the two halves independently (Hambrick, 1983, cited in Ketchen and Shook, 1996). A modified version of this latter procedure is to obtain cluster centroids from half of a sample and use them to define clusters in the other half. Nairn and Bottomley (2003) point out reliability can be assessed by repeating the analysis using different methods or measures of similarity of the same data set or alternatively using the same method/measures on a different data set.

In either case, consistency across sample halves indicates reliability (Hair, 1998). However, there is no standard for assessing a satisfactory level of consistency, leaving this determination largely to researcher judgment (Ketchen and Shook, 1996). This study applied suggestions by Nairn and Bottomley (2003, p. 248). That is, to assess the reliability by applying the Ward's method to different sub-sample sets. First of all, this sample was divided into five sub-samples. With the exception of the subsample which had 225 respondents, each of the other four sub-samples had 200 cases. The procedure for testing reliability was as follows:

Hierarchical clustering using Ward's method with Euclidean distance was undertaken on one randomly selected subset (n=200). The membership of four clusters was obtained and centroids of main cluster variables (involvement and knowledge) were also obtained.

This procedure was repeated using the same method but on a different subset of cases. The degree of consistency between the two cluster solutions is evidence of reliability.

An independent t-test was used to examine whether there were significant differences in the centroids between two samples. If there is no significant difference, this means that there is consistency between both samples.

Based on the above procedure, both sub-samples were divided into four clusters: high involvement high knowledge; low involvement low knowledge; low involvement high knowledge; and high involvement low knowledge. An independent t-test was used to examine the similarity of the centroids of the two high involvement/high knowledge clusters and found that there was no significant difference in terms of either involvement ($t=0.48$, $p>0.05$) or knowledge ($t=-1.068$, $p>0.05$) between these two samples. Comparing both low involvement low knowledge groups, the result also indicated there was no significant difference.

Criterion validity or predictive validity was used to examine whether the cluster solution is useful for predicting important outcomes (Hair, 1998; Ketchen and Shook, 1996; Nairn and Bottomley, 2003). Criterion validity can be assessed through a significance test with a number of variables, which should be theoretically related to the clusters, but not used in defining clusters (Hair, 1998; Ketchen and Shook, 1996). This study applied two sets of variables for this purpose (Nairn and Bottomley, 2003): (1) a set of demographic variables (2) a set of statements about consumers' attitudes to "relationship".

Chi-square analysis was used to test the difference in demographics between those clusters. Apart from age and living area, the results indicate that there were statistically significant differences in gender ($\chi^2=24.29^{***}$, $p<0.01$), marital status, ($\chi^2=26.43^{***}$, $p<0.001$) income level ($\chi^2=77.24^{***}$, $p<0.001$), occupation ($\chi^2=65.556^{***}$, $p<0.001$), working status ($\chi^2=38.14^{***}$, $p<0.001$) and education level ($\chi^2=29.84^*$, $p<0.05$) between the four clusters. The details of demographic differences of the four clusters are presented in Table 6.26.

Table 6.26 The Demographics Details of Four Consumer Segments

Variables	Clusters		Knowledge/Involvement Cluster								Chi-square	p value
	Cluster 1		Cluster 2		Cluster 3		Cluster 4					
	N=	189	N=	196	N=	221	N=	174				
	N	%	N	%	N	%	N	%				
Gender												
Male	152	84.0	157	80.5	146	67.0	116	66.7	24.29***	0.000		
Female	29	16.0	38	19.5	72	33.0	58	33.3				
Age												
16-24 years	12	6.5	11	5.7	21	9.5	26	14.9	21.01	0.136		
25-34 years	44	23.8	39	20.1	59	26.8	49	28.2				
35-44 years	55	29.7	53	27.3	51	23.2	40	23.0				
45-54 years	38	20.5	45	23.2	48	21.8	28	16.1				
55-64 years	30	16.2	40	20.6	35	15.9	25	14.4				
65 years and over	6	3.2	6	3.1	6	2.7	6	3.4				
Marital Status												
Single	63	34.1	57	29.1	95	43.4	77	44.8	26.43***	0.002		
Married	107	57.8	123	62.8	94	42.9	76	44.2				
Divorced/Separated	13	7.0	12	6.1	27	12.3	15	8.7				
Widowed	2	1.1	4	2.0	3	1.4	4	2.3				
Income												
Under 9999	15	8.5	8	4.3	36	17.6	25	15.0	77.24***	0.000		
10000- 19999	31	17.5	21	11.4	55	26.8	38	22.8				
20000- 29999	33	18.6	38	20.7	43	21.0	38	22.8				
30000-39999	36	20.3	43	23.4	37	18.0	31	18.6				
40000- 49999	16	9.0	18	9.8	14	6.8	13	7.8				
50000- 59999	15	8.5	13	7.1	12	5.9	14	8.4				
60000 or above	31	17.5	43	23.4	8	3.9	8	4.8				

*p<0.05, **p<0.01, ***p<0.001

Variables	Clusters		Knowledge/Involvement Cluster								Chi-square	P value
	Cluster 1		Cluster 2		Cluster 3		Cluster 4					
	N=	189	N=	196	N=	221	N=	174				
	N	%	N	%	N	%	N	%				
Occupation												
Employers and managers in larger organisations	15	8.6	12	6.6	5	2.5	6	3.6	63.56***	0.000		
Higher professionals	33	18.9	56	30.9	20	10.0	25	15.0				
Lower managerial and associate professionals	37	21.1	28	15.5	33	16.4	31	18.6				
Intermediate occupations	22	12.6	24	13.3	30	14.9	30	18.0				
Small employers and own-account workers	5	2.9	6	3.3	3	1.5	4	2.4				
Lower supervisory, craft and related occupations	10	5.7	8	4.4	17	8.5	9	5.4				
Semi-routine occupations	22	12.6	14	7.7	25	12.4	17	10.2				
Routine occupations	1	0.6	1	0.6	1	3.0	0	0.0				
Others	30	17.1	32	17.7	62	30.8	45	26.9				
Working status												
Working full time	124	64.6	119	59.5	124	54.9	91	51.4	38.14***	0.000		
Working part-time	15	7.8	21	10.5	13	5.8	20	11.3				
Self-employed	17	8.9	20	10.0	14	6.2	10	5.6				
Home-maker	3	1.6	2	1.0	17	7.5	11	6.2				
Unemployed	7	3.6	8	4.0	24	10.6	8	4.5				
Student	10	5.2	4	2.0	14	6.2	21	11.9				
Retired	16	8.3	26	13.0	20	8.8	16	9.0				
Education												
GCSE/O Level	79	29.9	83	27.5	107	35.0	86	32.0	29.84*	0.013		
A Level	56	21.2	67	22.2	74	24.2	69	25.7				
Diploma	32	12.1	33	10.9	35	11.4	26	9.7				
Undergraduate	60	22.7	70	23.2	44	14.4	53	19.7				
Postgraduate degree	30	11.4	35	11.6	19	6.2	22	8.2				
None of above	7	23.1	14	4.6	27	8.8	13	4.8				
Living Area												
Scotland	16	8.8	34	17.7	25	11.5	18	10.5	13.15	0.156		
England	156	86.2	150	78.1	176	81.1	148	86.5				
Wales	7	3.9	7	3.6	12	5.5	3	1.8				
Northern Ireland	2	1.1	1	0.5	4	1.8	2	1.2				

*p<0.05, **p<0.01, ***p<0.001

Stage 4: Interpretation of Clusters: Profile of the Knowledge and Involvement Cluster Groups.

A total of 780 individuals were classified into four different segments according to involvement and knowledge level. In order to examine whether these four clusters reveal statistically significant differences and to test whether involvement and knowledge are good indicators for segmentation, ANOVA and chi-square analysis were applied. The results of the ANOVA show that the differences between scale items and clusters were significant. As can be seen from Table 6.27, of all four clusters, respondents in Cluster 2 report the best understanding and confidence in dealing with general financial services; they also report better knowledge of selected financial services (savings account, mortgage, car insurance) respectively. Respondents in Cluster 3 report the least level of knowledge.

Table 6.27 Output of ANOVA in Terms of Respondents' Knowledge Level

Clusters	Knowledge/Involvement Cluster								F	p
Variables	Cluster 1		Cluster 2		Cluster 3		Cluster 4			
	Mean	Sd.	Mean	Sd.	Mean	Sd.	Mean	Sd.		
Knowledge	21.00	(2.50)	22.41	(2.23)	14.12	(2.24)	15.14	(2.36)	574.47***	0.000
Involvement	22.19	(31.65)	31.65	(2.84)	20.22	(3.58)	28.53	(3.00)	597.590***	0.000

*p<0.05, **p<0.01, ***p<0.001

With regards to product involvement, again, respondents in Cluster 2 reveal the highest level of all four clusters. On this basis, the clusters were profiled according to the level of involvement and perceived knowledge as follows: Cluster 1 (high knowledge and low involvement consumers), Cluster 2 (high knowledge and high

involvement consumers), Cluster 3 (low involvement and low knowledge consumers) and Cluster 4 (low knowledge and high involvement consumers).

6.4.2 The Characteristics of Four Clusters

		Low	High
Knowledge	High	Cluster 1 (N=189; 24.2%) <ul style="list-style-type: none"> • Male: Female (84%:16%) • More married (57.8%), mature people • More people work as employers and management; larger organisations, higher professionals (18.9%), lower managerial and associate professionals (21.1%) • More high income, high education people 	Cluster 2 (N=196; 25.1%) <ul style="list-style-type: none"> • Male: Female (80.5%:19.5%) • More married people (62.8%) • More self-employed (10%), retired (13%), mature people • More people work as employers in the management level in larger organisations; higher professionals (30.9%) or lower managerial and associate professionals (15.5%) • More high income and high education people
	Low	Cluster 3 (N=221; 28.3%) <ul style="list-style-type: none"> • Male:Female (67%:33%) • More single (43.4%) and divorced people (12.3%) • More younger • More homemaker (7.5%) & unemployed (10.6%) • More people work as intermediate (14.9%), lower supervisory (8.5%), semi-routine and routine occupation (12.4%) • More low income and education people 	Cluster 4 (N=174; 22.3%) <ul style="list-style-type: none"> • Male:Female (67%:33%) • More single (44.8%) and divorced people (8.7%) • More younger, student population (11.9%) • More people working part-time (11.3%) • Occupation: intermediate level (18%); small employers. • More low income, low education people
		Involvement	

Figure 6.2 Profile of Clusters

Cluster 1 (High Knowledge and Low Involvement Consumers)

As shown in Figure 6.2, the first cluster includes 189 participants, representing 24.2% of the total classified sample. Cluster 1 is labelled “High knowledge low involvement consumers” because the knowledge level in cluster 1 was the second highest (mean=20.99, sd=2.50); the involvement level was second lowest (mean=22.2, sd=2.78) of all four clusters. In terms of the measurement of purchasing process involvement, high knowledge low involvement consumers have

the second lowest level of purchase decision involvement when acquiring savings accounts (mean=13.54, sd=2.58) and mortgages (mean= 14.81). This cluster has the lowest level of purchase involvement for car insurance (mean= 13.45, sd=2.58) compared to the other three groups.

In terms of composition of this group, this cluster contains more male participants (the ratio of men to women was 84% to 16%); more married, and more mature consumers are included in this cluster. 57.8% of participants were married compared to 34.1% participants who were single. The majority of participants in this group were aged 35 to 44 years old (n= 55, 29.7%). With regards to income level, this segment has a relatively higher income level compared with the other segments. Participants who earn over £30,000 annually, account for 55.3% of this cluster.

In terms of working status, the majority of participants in this cluster work full time (n=124, 64.6%); very few people are homemakers (n=3, 1.6%) or unemployed (n=7, 3.6%). With regards to occupation, 21.1% of participants in this cluster work as lower managerial and associate professionals (n=37), 18.9% as higher professionals (n=33). As for education level, 22.7% of participants in this cluster have an undergraduate degree (n=60); 11.4% participants in this cluster have obtained a postgraduate degree (n=30). Members of this cluster have the second highest education level of the four segments.

Cluster 2 (High Knowledge High Involvement Consumers)

The second cluster is labelled “High knowledge high involvement consumers”. It contains 196 participants which make up 25.1% of the total classified sample. Its members exhibit the highest level of involvement and perceived knowledge among the four clusters. The means for involvement and perceived knowledge are 31.65 (sd=2.83) and 22.41 (sd=2.23) respectively. In terms of the measurement of purchasing process involvement, this cluster also has the highest level of purchase decision involvement when acquiring savings accounts (mean=15.32, sd=2.41), mortgages (mean=17.26, sd=2.56), and car insurance (mean=15.66, sd= 2.94) compared with the other three groups. The members of Cluster 2 and Cluster 1 share some similar characteristics in demographics. In terms of the composition of Cluster 2, like Cluster 1, it includes more male participants: 80.5% are men compared with 19.5% who are women. Cluster 2 also contains more mature people: the majority of people in this cluster are aged 35-44 years (n=53, 27.3%), yet this cluster has the highest number of people aged over 55 years. The cluster also includes more married people (n=123, 62.8%). Single individuals only account for 29.1% of Cluster 2 (n=57).

As for income level, members of Cluster 2 have the highest income compared to the other three clusters: 23.4% of people in this cluster earn £30,000-£39,999 annually (n=43) and a further 23.4% of people in this cluster earn over £60,000 (n=43). Hence, this cluster may be the most profitable cluster for financial institutions.

In terms of occupation, this Cluster has the highest number of people among the four clusters who work as higher professionals (n=56, 30.9%). Additionally, this Cluster has the lowest number of people who work as lower supervisory, craft and related occupations (n=8, 4.4%) and semi-routine occupations (n=14, 7.7%) compared with the other clusters. As for working status, nearly 60% of participants in this cluster work full time (n=119); however, this cluster also has the highest number of people who work part-time among the four clusters (n=21, 10.5%). It also has the highest number of retired people (n=26, 13%). Like Cluster 1, this cluster has the lowest number of home-makers (n=2, 1.0%) or unemployed people (n=8, 4.0%).

With regards to education level, Cluster 2 has the highest number of people who have obtained undergraduate (n=70, 23.2%) and postgraduate degrees (n=35, 11.6%) among the four clusters. Thus, this Cluster contains individuals who have higher knowledge levels and confidence to deal with their financial issues.

Cluster 3 (Low Knowledge Low Involvement Consumers)

The third cluster is named “Low knowledge low involvement consumers”. It comprises 221 respondents, which is the largest of all four clusters, representing 28.3% of the total classified sample. These Cluster members exhibit the lowest level of involvement (mean=20.22, sd=3.57) and knowledge (mean= 14.12 sd=2.24). As for the measurement of purchasing decision involvement, these individuals reported the lowest level in purchasing savings accounts (mean=13.39, sd=2.00), mortgages (mean= 14.36, sd=2.36), and car insurance (mean= 13.81, sd=2.55) of all four clusters.

In terms of the demographic composition of Cluster 3, although there are more males than females in this group, this cluster has proportionately more females compared with the other three groups. This cluster also has much younger people compared to the previous two clusters, although it also contains a significant number of mature participants. Participants aged 25-34 years account for 26.8% of the total participants in this cluster (n= 59). The age ranges of 35-44 years and 45-54 years account for the second and third highest number of people, representing 23.2% (n=51) and 21.8% (n=48). This cluster also includes the second highest number of participants who are aged under 25 years (n=21), compared to the other clusters. As for marital status, this cluster has more single participants than the previous two clusters: 43.4% of participants in this cluster are single (n=95), 12.3% are divorced/separated (n=27) and 1.4% are widowed (n=3). In terms of income level, people in this cluster have the lowest income level: there are more people who earn under £9999 annually (n=36) compared with the other three clusters.

With regards to occupation, the majority of participants in this cluster reported working as lower managerial and associate professionals, intermediate occupations, and semi-routine occupations. As for working status, although the majority of participants reported working full-time, this cluster has the highest number of unemployed people (n=24, 10.6%) among the four clusters. It also includes the second highest number of retired people (n=20).

Members of this Cluster exhibit the lowest education level: 35% of participants had obtained GCSE/O Level (n=107), and 24.2% had obtained A Level (n=74). It also has the lowest number of participants who had obtained undergraduate (n=44) or

postgraduate degrees (n=19). Not surprisingly, this cluster has the largest number of participants who have never obtained any qualification (n=27).

Cluster 4 (Low Knowledge High Involvement Consumers)

The fourth cluster is named “Low knowledge high involvement consumers.” A total of 174 participants belong to this cluster, representing 22.3% of the total classified sample. The composition of this cluster is quite similar to Cluster three. This cluster includes relatively more female members compared with Clusters 1 and 2: 66.7% were male and 33.3% were female. Members of this cluster exhibit the second highest involvement level (mean=28.53, sd=3.00) and second lowest knowledge level (mean=15.14, sd=2.35). With regards to purchasing decision involvement, these individuals have the second highest level (less than cluster two) in all three financial services: savings accounts (mean= 14.81 sd=2.73), mortgages (mean= 16.52 sd= 2.41), and car insurance (mean= 15.16, sd= 2.54)

Like cluster 3, this cluster includes a much younger generation. It has the largest number of people who are aged under 25 years (n=26); the majority of participants in this cluster are aged 25-34 years (n=49, 28.2%). Compared with the other three clusters, this cluster has the lowest number of mature participants: only 16.1% participants are aged 45-54 years and 14.4% participants are aged 55-64 years. Like cluster 3, there are slightly more single people in this group (n=77, 44.8%), consistent with the young age of individuals in this cluster. In terms of income level, 60.6% of participants in this cluster earn less than £30,000 each year (n=101). With regards to occupation, the majority of participants in this cluster work as lower managerial and associate professionals and intermediate occupations. Of all the

four clusters, this cluster has more students (n=21). In terms of working status, although the majority of participants report working full-time (n=91, 51.4%), this cluster has the second highest number of part-time workers (n=20). There are also some home-makers in this cluster (n=11, 6.2%). In terms of education level, like cluster 3, this cluster has a relatively lower education level compared with Clusters 1 and 2. However, this cluster has slightly more people with an undergraduate (n=53) and postgraduate degree (n=22) than cluster 3.

6.4.3 Comparison of Attitude to Relationship among the Four Clusters.

Apart from statement three, *“I don’t think I have a relationship with the financial institution I deal with”*, which did not show any statistically significant difference across the four clusters, the remaining five statements pertaining to attitudes towards relationships all proved to be statistically significant among the clusters (see Table 6.28)

Table 6.28 Output of ANOVA in Terms of Respondents' Attitude to Relationship across Different Segments

Variables	Clusters		Knowledge/Involvement Cluster						F	p value	Multiple Comparison
	Cluster 1		Cluster 2		Cluster 3		Cluster 4				
	Mean	SD.	Mean	SD.	Mean	SD.	Mean	SD.			
It's better to conduct all your business with one financial institution because they have a better overall picture of your financial situation	2.7	1.07	2.28	1.13	2.9	0.93	2.9	1.07	15.12***	0.000	1>2 3>2 4>2
My relationship with the financial institution I deal with is worth more to me than a better deal from somewhere else.	2.69	1.03	2.44	1.09	2.88	0.82	2.79	1.02	7.40***	0.000	3>2 4>2
It doesn't matter where you go for financial services; all financial institutions are the same.	2.88	0.99	2.25	1.03	2.93	0.85	2.51	0.98	22.00***	0.000	1>2 1>4 3>2 3>4
I don't think I have a relationship with the financial institutions I deal with	3.44	0.97	3.29	1.02	3.34	0.80	3.34	0.91	0.92	0.433	-
I deal with certain financial institutions out of habit	2.99	1.00	2.69	1.10	3.15	0.80	3.2	0.96	10.93***	0.000	2>3 2>4
I do not consider myself to be loyal to the financial institutions I deal with	3.48	0.96	3.51	1.07	3.26	0.83	3.1	0.97	7.52***	0.000	1>4 2>4

*p<0.05, **p<0.01, ***p<0.001

Regarding the second statement, "*My relationship with the financial institutions I deal with worth is more to me than a better deal from somewhere else*", the result indicates there is a significant difference across the four clusters ($F=7.40^{***}$, $p<0.001$). Again, the average ratings of agreement were all under 3, which means respondents tend to disagree with this statement; however, it shows that there may be a tendency that low knowledge consumers (Cluster 3 and 4) are more likely to have a positive attitude to their relationship with the financial institutions they deal with at the moment.

As for statement three "*It doesn't matter where you go for financial services all financial institutions are the same.*" Again, this showed a statistically significant difference ($F=22.00$, $p<0.001$). Low involvement consumers (Clusters 1 and 3) tend to agree with this statement.

With respect to statement four "*I don't think I have a relationship with the financial institution I deal with*". As mentioned, the differences between clusters according to this statement did not prove to be statistically significant. However, it is interesting to note that members of Cluster 2 (high knowledge high involvement consumer segment) tended most to disagree with this statement.

As for the statement "*I deal with certain financial institutions out of habit*", the values for each of the four clusters show statistically significant differences ($F=10.93^{***}$, $p<0.001$), low knowledge and low involvement consumers tended to agree with this statement. This result is consistent with Howcroft et al.'s (2003, p. 1011) study that mentioned that the majority of consumers are behaviourally loyal

rather than attitudinally loyal in relation to providers of transaction services. In terms of the last statement "*I do not consider myself to be loyal to the financial institution I deal with*", the high knowledge respondents (Clusters 1 and 2) tend to agree with this statement.

In terms of "whether or not they conduct all their business with one financial institution", although the average ratings of agreement were all under 3, there was a tendency that respondents with relatively low knowledge and involvement likely formed banking relationships with a single financial institution ($F=15.12^{***}$, $p<0.001$). In terms of number of financial institutions, the result of ANOVA analysis indicates that there is a significant difference between the four clusters ($F=8.81^{***}$, $p<0.001$) in terms of the number of institutions used. The average number of financial institutions for Cluster 2 is 7.05, which is the highest compared with only 2.98 for Cluster 3 and 3.9 for Cluster 4. Cluster 1 has the second highest number which was 4.69. Therefore, it shows that high knowledge consumers tend to deal with more financial institutions.

6.4.4 Consumer Banking Behaviour in each Cluster

In order to examine whether any differences exist between the four clusters in terms of financial services ownership, institution choice, channel use, and duration of relationship, for the four selected financial services, chi-squared analysis was conducted. The results show that there is a statistically significant association between the four clusters in terms of their ownership of a current account ($\chi^2 = 16.79^{***}$, $p<0.001$), savings account ($\chi^2 = 61.34^{***}$, $df=6$, $p<0.001$), mortgage ($\chi^2 =$

45.25***, $df=6$, $p<0.001$) and car insurance ($\chi^2 = 32.64^{***}$, $df=6$, $p<0.001$). The details of consumer banking behaviour are presented in Appendix D.1 to D.4.

Within each cluster over 95% of the individuals reported having a current account; clusters 1 and 2 contain more people who have more than one current account: 47.3% of respondents in Cluster 1 and 46.4% of respondents in Cluster 2 had more than one current account compared with 31.9% in Cluster 3 and 38.3% in Cluster 4. It seems that the high knowledge individuals (Cluster 1 and Cluster 2) tend to have more than one current account. As for savings accounts, Cluster 2 contains over 90% of respondents who have a savings account whilst Cluster 3 has about 60.2% of respondents who have a savings account. Respondents in Cluster 1 and Cluster 2 tend to have more than one savings account whilst the majority of respondents in Cluster 3 just have a single savings account. With regards to mortgages, again, Clusters 1 and 2 contain more respondents who have mortgages. Although there is no significant difference between the four clusters in terms of mortgage holding, Clusters 1 and 2 have a larger proportion of individuals with more than one mortgage. For car insurance, again, Clusters 1 and 2 contain more respondents who own car insurance compared with Clusters 3 and 4. Cluster 1 contains more people with two or more car insurance policies, although the differences between the clusters are not statistically significant. To sum up, there are 39.8% of respondents in Cluster 2 who have all four selected financial services compared with only 16.3% in Cluster 3 ($\chi^2 = 85.527^{**}$, $p<0.01$), the result indicates that high knowledge respondents tend to have a wider range of financial services.

In terms of institution choice, there is no statistically significant difference between the four clusters. For savings accounts, all four clusters are fairly evenly distributed among those who tend to stay with the financial institution where they have a current account and those who tend to save with another financial institution. For mortgages and car insurance, the results were not statistically significant in that in all four clusters the majority of individuals sought their mortgage and car insurance from other financial institutions. Hence, the cluster distributions were no different from the total sample distribution.

In terms of the number of years respondents had been with their main financial services institution, there were no significant differences evident between the four clusters towards the four selected financial services.

In terms of the channel choice of respondents in each of the four clusters, online banking proved to be the most popular method to deal with current accounts and savings accounts. The results of chi-squared analysis show that there is a significant association between the four clusters in terms of the method for dealing with their current account and savings account. However, comparing respondents who mainly use online banking or branches reveals that there are more people in Cluster 3 and Cluster 4 (low knowledge consumers) who mainly use branches to deal with their current account and savings account.

As for mortgages, although the results did not reach a statistically significant difference by chi-squared analysis across the four clusters, it is interesting to find that branch banking was mainly used by the majority of people in Cluster 1, whilst

telephone banking was mainly used by the rest of the clusters. It suggests that for mortgages, people tend to choose channels with a greater level of human interaction.

As for car insurance, again, although there were no statistically significant associations found between the four clusters and channel used, the results show that telephone banking and online banking are equally used for people in Clusters 1 and 2; whilst telephone banking may be used slightly by more people in Clusters 3 and 4. What is interesting to note is that a higher proportion of individuals are more likely to make use of more remote or arms length methods of contact in dealing with their car insurance. This finding is consistent with the findings of Beckett et al's (2000) research.

6.4.5 Bank Selection Criteria across the Four Clusters

As shown earlier the results of factor analysis produced three bank selection criteria factors: "security and transactional convenience factor", "special benefits factor", and "recommendation and physical evidence factor". ANOVA was further applied to examine whether any differences in bank selection criteria exist across the different consumer types.

Table 6.29 shows the sequence of importance of the three factors. "Security and transactional convenience factor" was perceived as most important by the four clusters whilst "recommendation and physical evidence benefits factors was the least important factor. The results of ANOVA analysis reveal that there is a significant difference between the clusters in respect of "security and transactional convenience

factor” ($F=4.133^{**}$, $p<0.01$) and “recommendation and physical evidence factor” ($F=3.685^{*}$, $p<0.05$). There is no significant difference across the four groups for the special benefits factor.

Table 6.29 Bank Selection Criteria in Four Clusters

	Knowledge/Involvement Cluster								F	P	Multiple comparison
	Cluster 1		Cluster 2		Cluster 3		Cluster 4				
	Mean	Sd	Mean	Sd	Mean	Sd	Mean	Sd			
1	3.78	0.82	4.00	0.70	3.89	0.65	4.00	0.67	4.13**	0.006	1<2 1<4
2	3.52	0.91	3.73	0.87	3.57	0.80	3.69	0.81	2.50	0.058	-
3	2.77	0.93	2.68	0.88	2.94	0.67	2.89	0.84	3.69*	0.012	2<3

* $p<0.05$, ** $p<0.01$, *** $p<0.001$

1= Security and transactional convenience factor

2= Special benefits factor

3= Recommendation and physical evidence factor

High involvement consumers (Clusters 2 and 4) seem to place the highest value on “security and transactional convenience factor” than low involvement consumers (Clusters 1, 3). The post hoc multiple comparison test shows that Clusters 1 and 4 and Clusters 1 and 2 show significant differences. High involvement consumers tend to have higher incomes, have more financial services and deal with more financial institutions than low involvement consumers do. Therefore, they tend to be more concerned about security and transactional convenience because they want their transactions to be performed smoothly.

Low knowledge consumers (Clusters 3 and 4) exhibited higher values for the “recommendation and physical evidence factor” compared with the high knowledge consumers (Clusters 1 and 2). The multiple comparison test shows that Clusters 2 and 3 are significantly different. These findings suggest that low knowledge low involvement consumers tend to be influenced more by their friends and family and

may be more concerned with the branch location convenience and modern physical equipment in the branch.

These findings are consistent with the conclusions Devlin (2002) makes in his study. The findings of this study suggest that lower knowledge groups are particularly more influenced by the extrinsic criteria of location of the branch and recommendations that they receive. This research further confirms that low involvement groups are also more influenced compared with higher involvement groups. However, in contrast to Devlin's (2002) conclusion, in which he argued location convenience and recommendations are also important to more knowledgeable consumers, this research shows that high knowledge and high involvement consumers place the least importance on this factor. This could explain why the high knowledge group of respondents tend to use online banking and may also explain the overall importance of "security and transactional convenience".

When looking at how respondents decided to choose their financial institution, in all four clusters the majority of respondents expressed that they are willing to engage in a relationship. However, when looking at the "friends and family" item, it seems that this was an important motivator for respondents in Clusters 3 and 4: 27.8% and 32.3% respectively reported choosing their financial institution on the recommendation of friends or family. This further confirms that the recommendation factors are an important issue for these segments.

6.4.6 Consumers' Motivations for Selecting Different Financial Services

Tables 6.30, 6.31 and 6.32 show the mean and standard deviations of consumers' relationship engagement motives for the four clusters in relation to the three different financial services. It shows that "simplifying purchasing progress and improving convenience needs" are the most important motives whilst "obtaining special product benefit or service treatment" and "social-psychological needs" are the least important in all three financial services types. As for savings account (See Table 6.30), the results of ANOVA indicate that the four clusters reveal statistically significant differences in terms of "economic needs" ($F=4.72^{**}$, $p<0.01$) and "simplifying purchasing progress and improving convenience needs" ($F=11.39^{***}$, $p<0.001$), the multiple comparison test shows that Cluster 1 and Cluster 2 and Cluster 2 and 3 are significantly different. In other words, high knowledge respondents seem to be motivated more by "economic needs" than low knowledge consumers (Cluster 3). High involvement high knowledge consumers (Cluster 2) seem to be motivated more by simplifying purchasing progress and improving convenience needs than Clusters 1 and 3.

Table 6.30 Motives for Relationship Engagement for Savings Account

Knowledge/Involvement Cluster									F	P	Multiple comparison
Cluster 1		Cluster 2		Cluster 3		Cluster 4					
Mean	Sd	Mean	Sd	Mean	Sd	Mean	Sd				
1	3.39	0.62	3.42	0.79	3.13	0.57	3.31	0.65	4.72**	0.003	2>3
2	2.63	1.02	2.52	1.22	2.71	0.85	2.69	1.09	0.96	0.410	
3	2.98	0.61	2.89	0.64	2.93	0.49	3.02	0.66	1.08	0.358	
4	3.89	0.77	4.21	0.76	3.70	0.70	3.92	0.83	11.39***	0.000	2>1 2>3
5	3.12	0.79	3.22	0.88	3.15	0.64	3.17	0.84	0.48	0.700	
6	2.80	0.86	2.66	0.90	2.68	0.68	2.69	0.74	0.86	0.460	

* p<0.05, ** p<0.01, *** p<0.001

1= Economics needs; 2= Social-psychological needs; 3= Reducing perceived risk needs;

4=Simplifying purchasing progress and improving convenience needs; 5=Information processing needs; 6= Obtaining special product benefit or service treatment needs

As for mortgages (see Table 6.31), “economic needs” ($F=3.91^{**}$, $p<0.01$) and “simplifying purchasing progress and improving convenience needs” ($F=5.60^{**}$, $p<0.01$) showed statistically significant differences between the four clusters. Cluster 3 had almost the lowest mean scores for these factors. The Sheffe test was used for multiple comparison and also confirmed the result among these clusters. Again, high knowledge high involvement consumers tend to be motivated by “simplifying purchasing progress and improving convenience needs” compared with low knowledge low involvement consumers. It is noted that “reducing perceived risk needs” appeared in third place for mortgages. However, there is no significant difference across the four clusters.

Table 6.31 Motives for Relationship Engagement for Mortgage

Knowledge/Involvement Cluster									F	P	Multiple comparison
Cluster 1		Cluster 2		Cluster 3		Cluster 4					
Mean	Sd	Mean	Sd	Mean	Sd	Mean	Sd				
1	3.38	0.68	3.43	0.84	3.06	0.72	3.25	0.79	3.91**	0.009	2>3
2	2.68	1.05	2.50	1.11	2.69	0.95	2.44	1.11	1.04	0.375	
3	3.15	0.61	3.14	0.62	3.04	0.53	3.10	0.67	0.49	0.689	
4	3.57	0.83	3.85	0.82	3.34	0.81	3.63	0.93	5.60**	0.001	
5	3.14	0.78	3.16	0.86	2.91	0.69	2.89	0.88	2.48	0.061	
6	2.67	0.78	2.68	0.90	2.66	0.75	2.54	0.95	0.35	0.789	

*p<0.05, **p<0.01, ***p<0.001

1= Economics needs; 2= Social-psychological needs; 3= Reducing perceived risk needs;

4=Simplifying purchasing progress and improving convenience needs; 5=Information processing needs; 6= Obtaining special product benefit or service treatment needs

With regards to car insurance (See Table 6.32), again, only “simplifying purchasing progress and improving convenience needs” reveals statistically significant differences across the four clusters. The Sheffe test shows that Clusters 2 and 3 are significantly different ($F=5.29^{**}$, $p<0.01$). It seems that high knowledge high involvement consumers tended to be motivated by “simplifying purchasing progress and improving convenience needs” than “low knowledge low involvement consumers.

Table 6.32 Motives for Relationship Engagement for Car Insurance

Knowledge/Involvement Cluster										F	P	Multiple comparison
Cluster 1		Cluster 2		Cluster 3		Cluster 4						
Mean	Sd	Mean	Sd	Mean	Sd	Mean	Sd					
1	3.34	0.83	3.41	0.76	3.17	0.63	3.28	0.74	1.62	0.184	2>3	
2	2.55	1.04	2.20	1.10	2.42	0.83	2.37	0.95	1.87	0.135		
3	2.86	0.56	2.86	0.63	2.91	0.55	2.91	0.56	0.18	0.908		
4	3.45	0.81	3.75	0.87	3.30	0.72	3.62	0.78	5.29**	0.001		
5	3.09	0.77	3.03	0.90	3.06	0.59	3.00	0.81	0.18	0.913		
6	2.57	0.92	2.45	0.93	2.67	0.66	2.45	0.79	1.22	0.304		

*p<0.05, **p<0.01, ***p<0.001

1= Economics needs; 2= Social-psychological needs; 3= Reducing perceived risk needs;

4=Simplifying purchasing progress and improving convenience needs; 5=Information processing needs; 6= Obtaining special product benefit or service treatment needs

To conclude, of all six motives, the three important motives are: “simplifying purchasing progress and improving convenience needs”, “economic needs” and “information processing needs”. “Reducing perceived risk needs” may be considered when dealing with mortgages. It is interesting to note that “social-psychological needs” and “obtaining special product benefit or service treatment needs” are ranked the least important factor for relationship engagement. In terms to exploring the respondents’ motivations across different clusters and different products, it seems that “simplifying purchasing progress and improving convenience needs” were the most important motives for respondents for deal with financial services, particularly for high knowledge, high involvement consumers.

6.4.7 Summary of Four Clusters’ Relationship Behaviour

Figure 6.3 summarises respondents’ banking behaviour in the four clusters. In this study, Cluster 1 and Cluster 2 (high knowledge consumers) tend to have a relatively complicated composition of financial services and tend to use online banking. Cluster 3 and Cluster 4 (low involvement consumers) tend to have a relatively straightforward composition of financial services. Although respondents in Clusters 3 and 4 use online banking; however, these two clusters have more respondents who prefer to use branch banking.

		Low	High
Knowledge	High	<p>Cluster 1 High knowledge low involvement</p> <ul style="list-style-type: none"> • Financial Services Holding: tend to have more than one bank accounts, mortgages and car insurance • Channel Preference: prefer use internet to deal with current accounts, savings accounts, and car insurance; use branch to deal with mortgage; some prefer use telephone to deal with car insurance • Bank Selection Criteria: tend to place the highest value on "security and transactional convenience factor" 	<p>Cluster 2 High knowledge high involvement</p> <ul style="list-style-type: none"> • Financial Services Holding: tend to have more than one bank accounts, mortgages and car insurance; has a wider range of financial services • Channel Preference: prefer online banking to deal with current accounts, savings account, and car insurance. Some prefer use telephone to deal with mortgage and car insurance • Bank Selection Criteria: tend to place the highest value on "security and transactional convenience factor"
	Low	<p>Cluster 3 Low knowledge low involvement</p> <ul style="list-style-type: none"> • Financial Services Holding: tend to have single current account, savings account, mortgage and car insurance. Tend to have narrower range of financial services. • Channel Preference: have more people in this group prefer branch to deal with current accounts and savings accounts; use telephone to deal with mortgage and car insurance. • Bank Selection Criteria: tend to place the highest value on "recommendation and physical evidence factor" 	<p>Cluster 4 Low knowledge high involvement</p> <ul style="list-style-type: none"> • Financial Services Holding: tend to have narrower range of financial services • Channel Preference: tend to use branch to deal with current accounts and savings accounts; use telephone to deal with mortgage and car insurance • Bank Selection Criteria: tend to place the highest value on "recommendation and physical evidence factor"
		Involvement	

Figure 6.3 Four Clusters' Banking Behaviour

Figure 6.4 summarises respondents' motives for relationship engagement. In this study, Cluster 1 and Cluster 2 (high knowledge consumers) tend to form multiple relationships to deal with financial services with many financial institutions. Although the members of Cluster 2 tend to disagree with the statement "I don't think I have a relationship with the financial institutions I deal with", they tend to agree that they are not loyal to financial institutions. However, high knowledge consumers tend to disagree that their relationship with their financial institution is out of habit. In terms of motives for relationship engagement, high knowledge consumers tend to be more motivated by "economic needs" and "improving convenience needs". Cluster 3 and Cluster 4 (low involvement consumers) tend to

form single relationships with a financial institution to deal with their financial services. These individuals tend to have positive attitudes to their relationship with the financial institutions. As they are less involved, they tend to agree with the statement “it doesn’t matter where you go for financial services; all financial institutions are the same” (perhaps particularly to low involvement low knowledge consumers, they are not confident to identify the differences in financial services offered by different financial institutions). Although they tend to form a single relationship, they tend to consider that their relationship with financial institutions is out of habit. In terms of the motives for relationship engagement, respondents in Cluster 3 and Cluster 4 are less motivated by “simplifying purchasing progress and improving convenience needs.”

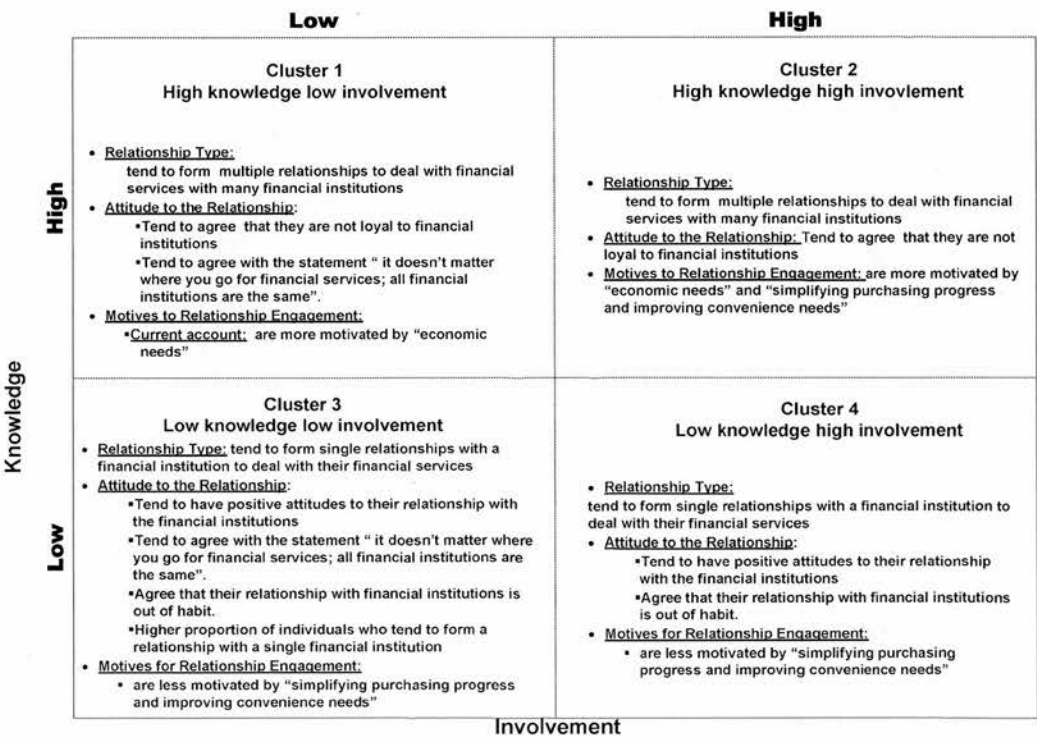


Figure 6.4 Four Clusters’ Motives of Relationship Engagement

6.5 Summary

The first part of this chapter provided a profile of respondents in this study. Generally, this sample accounts for a diversity of demographics. In many of the demographic variables the sample is consistent with the distributions in the UK national population, particularly in respect of regions where respondents live,, marital status, age and income. The first part of the analysis regarding respondents' banking relationship revealed the purchase of financial services of this sample, institution choice, channel choice and duration of relationship for the four selected financial services. The results show that the majority of respondents have at least one current account or savings account. In terms of multiple ownerships of financial services, respondents were more likely to have multiple savings accounts and current accounts compared with mortgages and car insurance. Individuals were more likely to open their savings account with the same bank where they opened their current account, whilst for mortgages and car insurance consumers tended to turn to other financial institutions. Online banking emerged as the channel of choice for dealing with current and savings accounts, whilst telephone banking appears to be more important for dealing with mortgages. This suggests that mortgages still need more human interaction (perhaps not face to face, but still personal interaction).

The second part of the analysis considered the motivations for relationship engagement. As the current account is often considered to be the beginning of a banking relationship, this study investigated consumers' bank selection criteria

initially to explore factors influencing respondents choice of their main bank. 15 variables were identified from previous literature and factor analysis was used to identify three underlying factors: “transactional security and convenience”, “special benefit”, and “recommendation and physical evidence benefits”. The findings indicate that while extrinsic factors remain important in bank selection criteria, the nature of extrinsic factors has changed from those associated with physical evidence and physical location to online security and ubiquitous convenience.

The second part of this chapter aimed to investigate the following questions: 1) To what extent do motives for relationship engagement vary according to the type of financial service? 2) To what extent do motives for relationship engagement vary according to the level of consumer involvement in different financial services? 3) To what extent do motives for relationship engagement vary according to the type of channel used to access a particular financial service? 4) To what extent do motives for relationship engagement vary according to attitudes towards relationships and the nature of the manifest relationship (i.e. single or multiple relationships)

The first question aimed to investigate whether relationship engagement motives differ across different financial services types. Generally, over the six motives, no matter what financial services respondents consider; “simplifying purchasing progress and improving convenience needs” emerged as the most important factors rated by respondents. Considering whether the degree of importance differed by service type, this study analysed respondents who possessed all four financial services (n=206) and found out that, respondents rated higher importance to “social-psychological needs” and “simplifying purchasing progress and improving

convenience needs” for savings accounts. Respondents also rated higher importance to “reducing perceived risk needs” for mortgages. Respondents placed the lowest score for all factors for car insurance. Figure 6.5 summarises the association between financial services type and relationship engagement motives..

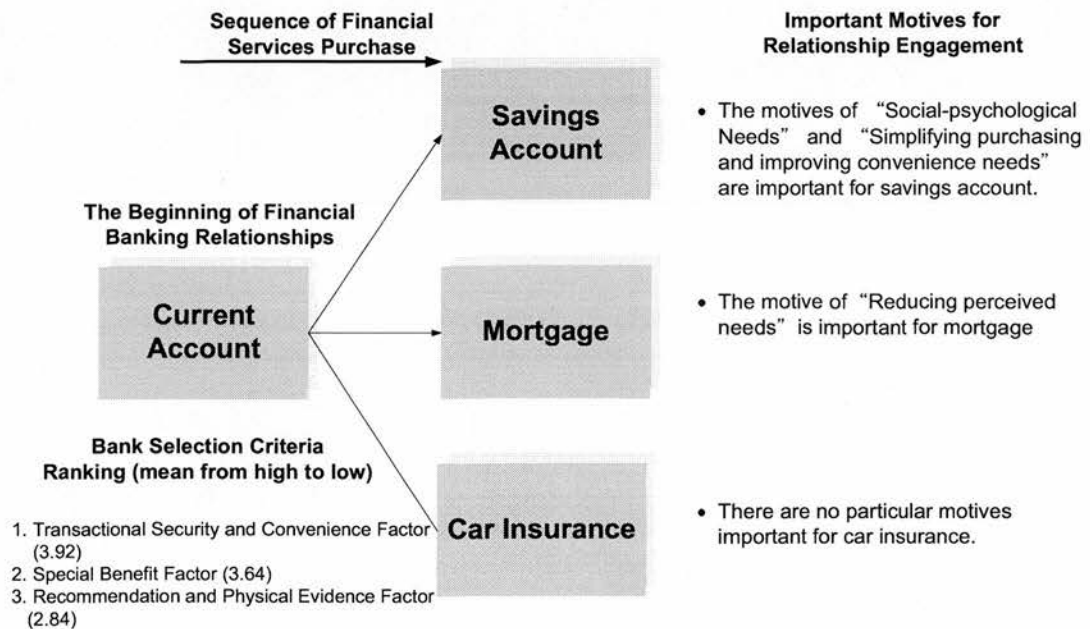


Figure 6.5 Summary of Consumers’ Bank Selection for Initial Banking Relationship and Motives for Relationship Engagement

One possible explanation for the variation in relationship engagement motives according to financial product is the potential duration of the relationship. For example, consumers tend to possess their bank accounts and mortgages for a long period of time compared with car insurance, where the duration of the relationship may only last one year before the consumer either renews or (most likely) switches to another insurance provider. Therefore, consumers may be motivated by different factors as a result of this and may be more concerned about choosing a provider for a bank account or a mortgage compared with car insurance. In this study individuals

tended to give higher scores on all the motives for savings accounts and mortgages than for car insurance.

Moreover, a possible explanation for the reason why respondents rated higher importance to “social psychological needs” and “simplifying purchasing progress and improving needs” is that respondents tend to have more than one savings account. The initial reason for opening their savings account with a particular financial institution may be different. For example, some may be for investment purposes, some may be for transaction purposes, and some may be for social-psychological reasons (family or friends work at that financial institution). Compared with mortgages and car insurance, the majority of respondents in this study tend to have only one mortgage or car insurance policy. A possible explanation for why individuals rated higher importance to “reducing perceived risk needs” for mortgages may be the duration of the mortgage normally lasts for a number of years and the purpose of taking out a mortgage is to make a high involvement purchase (e.g. buying a house).

The second questions asked whether respondents’ relationship motives differ according to different levels of purchase involvement. Purchase decision involvement refers to the relevance of the “purchasing activities” of the individual (Slama and Tashchian, 1985). As shown in Figure 6.6, the findings show that individuals expressing low purchasing involvement tend to be more concerned about “social-psychological needs” and “obtaining special product benefits or service treatment needs” whilst high involvement individuals are more concerned about simplifying purchasing progress and improving convenience needs.” It reveals that

low purchasing involvement consumers may need more personal relationships and interaction.

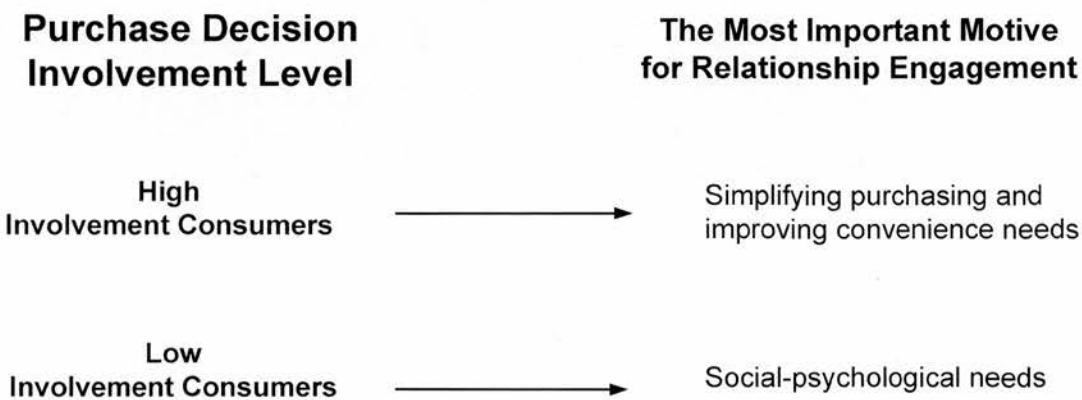


Figure 6.6 Summary of Motives for Relationship Engagement between High Purchase Decision Involvement and Low Involvement Consumers

The third question concerns the influence of channel. As shown in Figure 6.7, the results of the survey show that for people who mainly use branch based channels, they seem to prefer a more emotional relationship and risk reducing needs, whilst, for those who mainly use non-personal methods (e.g. internet), they are motivated by the need to keep costs low; economic benefits and convenience.

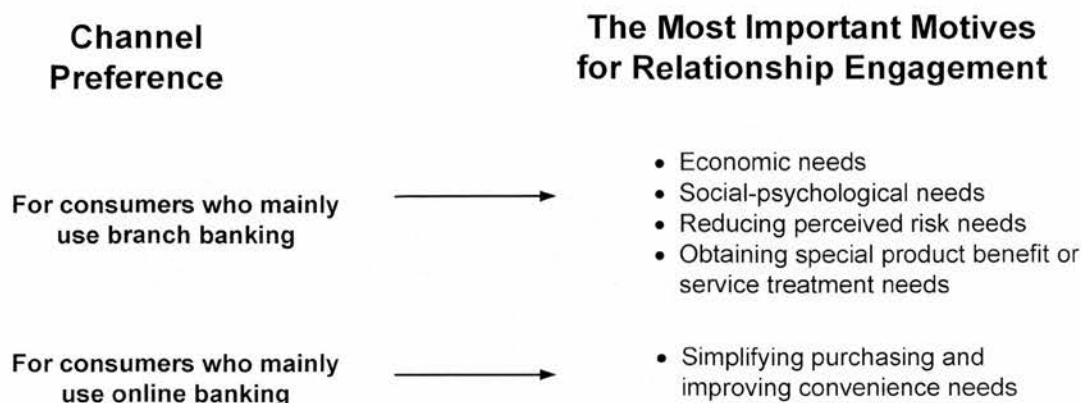


Figure 6.7 Summary of Motives for Relationship Engagement by Branch and Online Channel

The fourth question asked whether there were any differences in motivation according to relationship type. The results show that individuals who tend to have their financial products at the same financial institution tend to give higher scores on all motives compared with individuals who tend to use multiple financial institutions.

The third part of the analysis identified consumer segments. Four clusters were identified based on consumers' involvement in and knowledge of financial services. The four segments were labeled: "high knowledge low involvement", "high knowledge high involvement", "low knowledge low involvement" and "low knowledge high involvement". "Demographics" and "attitude to the relationship" were used to describe and profile each cluster.

The composition of each cluster was quite different in terms of demographics. For example, Cluster 1 (high knowledge low involvement) and Cluster 2 (high knowledge

high involvement) comprised more older, married, higher income respondents, whilst Cluster 3 (low knowledge low involvement) and Cluster 4 (low knowledge high involvement) comprised much younger, single and lower income respondents. The high knowledge high involvement cluster contains more professional people with high incomes whilst the low knowledge low involvement cluster contains more individuals with low income and low education levels.

Each cluster has different attitudes to the relationship with financial institutions. For example, the results show that low knowledge consumers are more likely to have a positive attitude to their relationship with the financial institutions they deal with. Low knowledge low involvement consumers tend to agree that they deal with their financial institutions out of habit, suggesting behavioural rather than attitudinal loyalty. The results also show that low knowledge low involvement consumers are more likely to form relationships with a single financial institution. High knowledge consumers tend to deal with more financial institutions.

The findings show that respondents were least motivated overall by “special product benefits or service treatment needs” and “social psychological needs”. There are several possible explanations: First, the financial services selected for the study (savings accounts, mortgages and car insurance) are basic and simple products, the nature of these services provided by different financial institutions do not have significant differences. Therefore, apart from high knowledge and high involvement consumers who may have the ability to analyse or compare the differences of the financial services, the majority of individuals cannot tell the difference. Evidence from the survey suggests that most individuals feel that all the financial services

which are provided by financial institutions are the same. Therefore, to obtain product benefits may not be important for the majority of consumers.

Second, respondents in this study tend to use online banking to deal with their financial services. "location convenience" and "recommendation from family and friends" in this study are not the main criteria for the majority of respondents to choose their bank; instead, "security" and "transaction convenience" are the most important factors for respondents to choose their main bank. Therefore, it could explain the reason why "social-psychological needs" is not important because for individuals who mainly use the internet to deal with their financial services, "to be recognised by the bank staff" or "to develop a friendship with the bank staff" are not important.

The findings of cluster analysis imply that different consumer segments have different behaviour. In this case, the level of knowledge of financial services and degree of involvement have influence on consumers' motives for different financial services. Therefore, it is necessary for practitioners to design different relationship marketing strategies. The managerial implications of these findings are presented in Chapter seven.

Chapter 7 Conclusions and Implications

7.1 Introduction

This purpose of this chapter is to summarise the research focus and highlight the main findings, implications and contributions of this study. The chapter is divided into four sections. First, the chapter begins by summarising the main research focus of this study. The key findings from the literature review are outlined and the gaps that motivated this research direction are identified. The research design and data collection process are also outlined. Second, the chapter moves on to summarise and discuss important findings obtained from the preliminary qualitative stage and the main online questionnaire survey. Third, the implications of the research findings, in terms of academic and managerial perspectives, are discussed. Forth, the chapter ends with a discussion of the limitations of the present study and makes recommendations for further research in this area.

7.2 Summary of this Thesis

7.2.1 The Main Research Focus

The importance of relationship marketing and its impact on industries and business strategies has received considerable attention in many areas (e.g. industrial product, consumer product, retail, and service-based industries) since this term was popularized in 1983 by Berry. This thesis has provided a detailed exploration and empirical evidence concerning consumers' relationship behaviour in the early stage of relationship engagement in the context of the financial services industry. Chapter one included the main scope, background and research motivation of this study, provided an overview of the thesis structure and the rationale for focusing on the financial services industry and business to consumer relationships.

The choice of the UK retail financial services sector for this study is justified on the basis of its dynamic and competitive environment due to the drivers of legislation (Hughes, 2006), technological development (Hughes, 2006) and customer sophistication (Dawes and Worthington, 1996) and its suitable context to investigate consumer relationships. Deregulation removed the boundaries and opened up the industry to competition both from other sectors within the financial services industry and from organizations outside the traditional banking system (Harrison, 2000). Advances in technology have changed the nature of interaction between financial service providers and consumers. Rising consumer knowledge of financial services has exerted different demand and behaviour in purchasing and dealing with financial services (Roig et al., 2006). The impact of these combined forces has

influenced financial services institutions to use relationship strategies to respond to these challenges in order to maintain a competitive advantage. In addition, the financial services industry has been recognised as a suitable context in which to investigate relationship marketing strategies due to its highly intangible and complex service-based nature (O'Loughlin et al., 2004).

7.2.2 The Literature Review

Chapter two presented a review of previous relationship marketing literature, including four sections. The content of first section included a review of the theoretical foundation and development of relationship marketing theory. Relationship marketing (RM) has been accepted as one of the dominant paradigms of marketing which is different from transactional marketing in many ways. Its development can be traced from various origins: economics, political science, sociology, social psychology and law and influenced from transaction theory, theories of power, resource dependency theory, social exchange theory and relational contracting theory. It is related to supply chain and channel management, the interaction/network approach, database/interactive marketing and services marketing. The research interests of relationship marketing in previous literature began with the study of business to business relationships (B2B) and developed into investigations of business to consumer (B2C) relationships according to the timeline of the evolution of relationship marketing theory that mirrors the environmental change from manufacturer-based to service-based industry.

In the second section, Chapter two moved on to discuss previous relationship marketing research in the context of the financial services industry. It concluded several important research themes and topics on corporate banking (B2B) and retail banking (B2c) relationships. The main topic in the context of corporate banking includes 1) the conceptual framework of relationship marketing on business banking relationships, 2) the interaction between banks, intermediate financial services distributors and corporate customers, 3) customer relationship management with a focus on the banker's perspective and 4) important constructs of relationship marketing in the stage of relationship maintenance: relationship quality and service quality. The main research themes of retail banking include 1) the nature of "relationship" perceived by services providers and consumers, 2) the impact of service quality and relationship quality on loyalty, customer retention and profitability, 3) the impact of financial services channel strategy on relationship building and maintenance, 4) consumers' switch behaviour and 5) segmentation in financial services.

The third section presented a discussion of "relationship behaviour" and the "motivations for relationship engagement" from previous work. Several definitions of "relationship behaviour" from suppliers' and consumers' perspectives have been presented (e.g. Turnbull and Willson, 1989; Barne, 1994; Hennig-Thurau et al. 2000; Cogate and Aleander, 1998; Claycomb and Martin 2002; HaKansson and Snehota, 1995, Sheth and Parvatiyar, 1995). In terms of consumers' fundamentals of relationship engagement, Sheth and Parvatiyar (1995), Peterson (1995), Bagozzi's (1995)'work were all reviewed and summarised. A discussion of consumers' motives for relationship engagement was also identified and outlined.

The last section of Chapter two presented other actors related to relationship engagement, particularly in retail banking. This section reviewed several existing studies of financial services consumer behaviour when purchasing a range of different financial services/products. These factors included the classification of financial services (from basic to complex or from high to low contact), consumers' involvement and perceived knowledge of financial services. To sum up, Chapter two provided a theoretical background for this thesis to explore why consumers are willing to engage in a relationship with certain institutions. Findings from the literature review are summarised as follows:

Important Findings from Existing Relationship Marketing Literature

1. The Concept of Relationship Marketing

A number of scholars have presented many definitions of the term "relationship marketing" (e.g. Berry, 1983; Shani and Chalasani, 1992; Gronroos, 1996; 2000; Gummesson, 1997; Morgan and Hunt, 1994). This study defines "relationship marketing" from the supplier's perspective as a management approach that enables the financial services industry to identify, attract and increase retention of profitable customers by managing relationships with them. From the consumer's perspective, the definition of relationship marketing refers to long-term patronage with certain financial services providers regardless of whether the relationship was voluntary or forced, or with emotional commitment, trust and loyalty or merely with behavioural interaction.

2. The Evolution of Relationship Marketing Research Streams

As stated earlier, research on RM can be classified into two main research streams according to the evolution timeline: The focus used to be on B2B relationships then on B2C relationships when the industrial focus shifted from manufacturing to service based industry. Although there are some differences between B2B and B2C relationships (see Table 2.2), research on B2B relationships contribute to the understanding of the relationship development process and features of successful relationships. For instance, the relationship development process is identified to include at least three stages: formation, maintenance and termination. This definition provides a basis from which to investigate business to consumer relationships. In other words, research regarding B2C relationships could be classified based on this process.

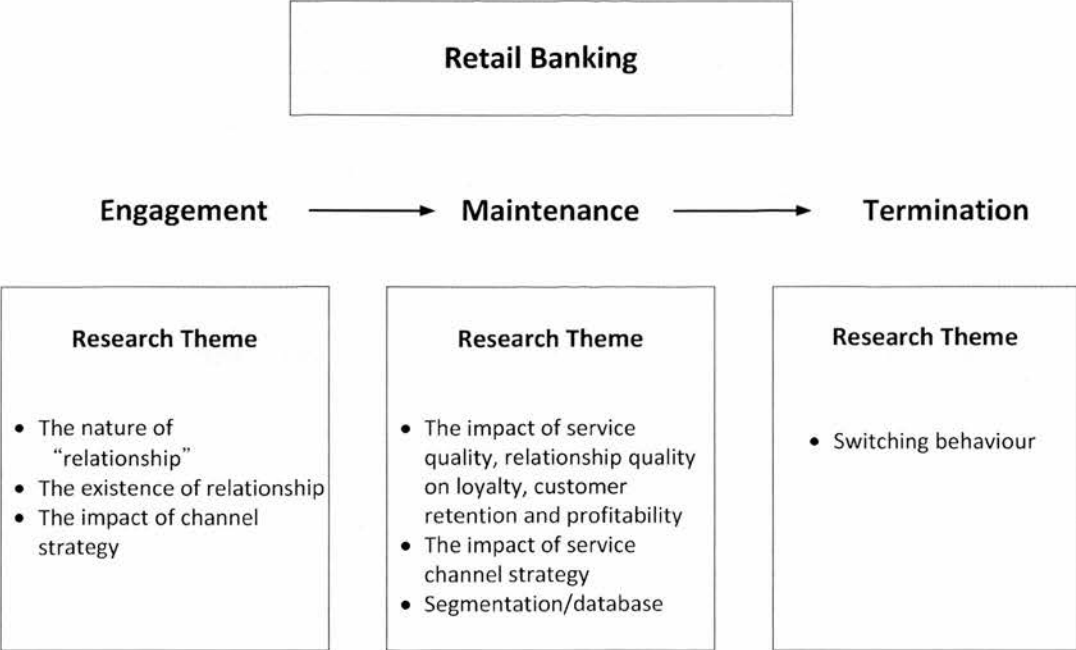


Figure 7.1 Classification of RM Research on Retail Banking

3. The Meaning of “Relationship” or “Relational (Market) Behaviour and Consumers’ Motives of Relationship Engagement

Several definitions of “relationship” or “relational (market) behaviour” have been reviewed in this chapter. The majority of these definitions were from the supplier’s perspective (e.g. Czepiel 1990; Turnbull and Wilson, 1989; Barnes, 1994); very few definitions are from the customer’s perspective. Perhaps Sheth and Parvatiyar (1995) and Hennig-Thurau et al.’s (2000) definitions are the most complete (as shown in Table 7.1)

**Table 7.1 Definition of “Relationship” and “Retaional (Market) Behaviour”
from Consumers’ Perspective**

Author	Definition
Sheth and Parvatiyar (1995)	Relationship is a consumer’s willingness and ability to engage in an ongoing relationship with a firm or a brand, to keep patronizing the product or service, regardless of whether other choices exist. This choice reduction behaviour is also called “relational market behaviour”.
Hennig-Thurau et al. (2000)	The customer repeatedly buys products and/or services from the same firm (behavioural component of the term relationship); and the customer’s repurchase behaviour is based on some rational thought (intentional component of the term relationship). However, this does not mean that the customer is necessarily aware of the existence of a relationship between him or her and the firm.

There are some key arguments regarding “relationship behaviour” and “relational (market) behaviour from the findings of prior work: These issues are: 1) Should suppliers and consumers be aware of the existence of the “relationship”? 2) What constitutes a “relationship? 3) Are consumers willing to “engage in a relationship” and 4) With whom does the consumer have the relationship? and 5) The link between “relationship” and loyalty.

In terms of the motives for “relationship engagement”, Chapter 2 integrated Sheth and Parvatiyar’s (1995), Bagozzi’s (1995), and Peterson’s (1995) work, presenting a framework of motivations for relationship engagement (See Figure 2.4). The objective of relationship engagement could be explained by goal setting and goal attainment theory (Bagozzi, 1995). Bagozzi (1995) and Hennig-Thurau et al. (2000) stated that the main objective of consumers to enter a relationship is to obtain certain relational benefits. Sheth and Parvatyar (1995) and Peterson (1995) present

their explanation on the reason why consumers engage in a relationship from the perspective of the consumer decision making process. Sheth and Parvatiyar (1995) think the fundamental reason for relationship engagement is to reduce choice whilst Peterson (1995) has a different view and thinks that the reason for relationship engagement is to increase choice. Sheth and Parvatiyar (1995) further conclude seven motives of relationship engagement drawn from consumer behaviour theory. They suggest that the sources of motives are three: personal influences, social influences and institutional influences. These motives are: “economic needs”; “social-psychological needs”; “reducing perceived risk needs”, “simplifying purchasing progress and improving convenience needs”; “information processing and obtaining needs”; “obtaining special product benefit or service treatment needs” and “institutional influences”. Except for “institution influences”, the former six motives arise from personal needs.

Research gap from the existing relationship marketing research in the context of financial services research

After reviewing related literature, research gaps are concluded as follows:

1. The majority of existing literature on RM in retail banking focuses on the supplier's perspective to investigate the banking relationship. Apart from a few studies regarding relationship benefits from the consumers' side to discuss what kind of benefits consumers may expect for being loyal, the theoretical and practical implications of RM regarding other topics from the consumer's perspective are largely missing from the literature (O'Loughlin et al., 2004).

2. The definition of “relationship” and “relationship behaviour” and the existence of “relationship” have no consistent agreement and definition and need to be discussed, particularly to examine the differences between suppliers’ and consumers’ points of views.
3. There has been limited research focusing on the initial stage of relationship engagement. As mentioned earlier, the majority of current studies related to RM, customer loyalty, commitment, relationship quality, and trust are related to the stage of relationship maintenance. Research on the reasons why consumers are willing to engage in a relationship still remain limited in conceptual studies.
4. In the context of financial services, a number of research studies conducted focus on the consumers’ acquisition behaviour (e.g. bank selection, channel preference); a few studies exist discussing the relationship between consumers acquisition behaviour and loyalty. There are limited studies investigating the differences in behaviour in the acquisition of different financial services.
5. Previous research has discussed consumers’ attitudes, involvement and knowledge in terms of consumer behaviour. However, there is limited research discussing whether these variables influence their relationship behaviour and further actions (for example, being loyal).

Thus it was proposed to conduct an exploratory study that addressed the following research questions:

1. What constitutes a relationship from the perspective of consumers? What type of relationship do consumers have with their financial institutions?
2. Why do consumers engage in a relationship with their financial institution? What are the motives for relationship engagement?
3. To what extent do motives for relationship engagement vary according to the nature of the financial services product?
4. To what extent do motives for relationship engagement vary according to the type of financial institution and/or channel chosen?
5. To what extent do motives for relationship engagement vary according to consumers' level of involvement, knowledge and attitudes?
6. To what extent do different consumer segments hold different motives towards relationship engagement?

7.2.3 The Research Methodology

Chapters three, four and five addressed the main research methodology of this study. Chapter three focused on the philosophical position of the methodology and the justification for the choice of data collection methods. After reviewing two main paradigms of philosophy of science, positivism and interpretivism, this thesis subscribed to "scientific realism" and employed a two-stage mixed method research design. In the first stage, four focus groups were conducted including 30 participants.

Five main themes were discussed in order to investigate the meaning of relationship and develop a questionnaire for further examination. In the second stage, a web-survey was conducted to examine whether the motives for consumer relationship engagement vary according to type of institution, product, channel or customer.

Chapter four addressed the objectives of focus groups and the process of how the focus group was conducted. Issues regarding the development of research themes and questions, the decision of the size and the number of groups, the determination of composition of groups, participants selection strategy, recruitment process, discussion process, and data analysis techniques were mentioned. Five main themes were developed based on the research objective and the relationship to the later empirical survey: 1) perception of self as customer; 2) the awareness of consumer loyalty; 3) motivation for relationship engagement; 4) use of channels for dealing with financial services and 5) the reasons to end relationships.

Chapter five discussed the procedure for conducting an online questionnaire survey. An online survey was carried out in the second stage. The content of the questionnaire included: (1) the ownership of financial services; (2) institution type when starting the relationship; (3) channel type chosen to deal with financial services; (4) the duration of relationship; (5) relationship type; (6) switching behaviour; (7) banking selection criteria; (8) consumers' motivations for relationship engagement; (9) involvement; (10) perceived knowledge; (11) demographics. After a pilot study, an email list was obtained from a commercial marketing research company, containing a nationwide sample in the UK. A survey

invitation email was sent to 10,000 potential respondents and 1,025 respondents completed the survey. Descriptive analysis and other multivariate analysis was used to analyse data. The motives for consumers' relationship engagement were examined by financial services type, channel type, relationship type and level of purchase involvement. Furthermore, four consumer segments were identified by the level of involvement and knowledge in order to investigate the differences in motivation across different segments.

7.3 Findings from the Qualitative Focus Group Discussions

1. The Nature of “Relationship” and “Relationship Behaviour” from Consumers’ Perspectives

In focus group discussions, participants were asked “how they perceived themselves as consumers” and “what loyalty is” to explore their definitions of “relationship”. Generally, the findings support assertions from previous work that the term “relationship” seems to be an abstract concept for the majority of participants. If no particular situation was mentioned, most participants did not feel they ever had a “relationship” with companies, firms or service providers even though their behaviour might suggest otherwise. However, when participants were asked to recall their experience, some participants expressed that they might identify themselves as having relationships with some brands, products, services, shops or companies, including banking services. This result supports a previous conclusion by Colgate and Stewart (1998), Barnes (1997b), Barnes and Howlett (1998) that retail banking relationships potentially exist and consumers are willing to form or enter into a relationship with their bank.

Therefore, in terms of whether suppliers and consumers should be aware of the existence of the “relationship” at the same time, the findings show that not all respondents agree that the interaction or exchange which they have with their financial institution can be called a “relationship”. It seems that a gap exists in the perception of a relationship between consumers and firms. Whilst most companies

believe “customer loyalty” is to build a relationship with their customers who repurchase their products or repatronise their services, not all consumers feel the same way.

As some participants mention they probably have a relationship with their financial institution, it can be concluded that consumers’ definitions of “relationship” and the perceived existence of the “relationship” may vary across different products, services or purchasing situations. It seems that to discuss the existence of the “relationship” is not important when discussing banking relationships because different people have different thoughts. Previous research has shown that consumers can be grouped to different segments, ranging from consumers who are keen to have a relationship to those who are indifferent about relationships, down to those who are averse to forming relationships with service providers (see Danaher et al., 2008). The key point should be emphasised on understanding the gap between consumers’ definitions and firms’.

2. Consumer’s motivations and behaviours are different towards different product/services.

It was discovered that consumers seem to have different relationship behaviours in different shopping contexts. The findings of focus group discussions indicated that consumers can be grouped into four categories based on their behaviour: utilitarian, hedonic, rational and loyal customers. Each consumer can belong to any of the categories at the same time because their behaviour could be affected by different products or services and different situations.

The findings shows that for convenience goods (low involvement), consumers tend to be utilitarian. Utilitarian consumers tend to be behaviourally loyal and tend to build relationships with the channel because they want to obtain economic and convenience benefits. As to shopping goods (medium involvement) such as clothing, books, and cosmetics, consumers tend to be rational or hedonic consumers. For shopping goods category, consumers tend to be loyal to certain brands or products because they are concerned about product quality, suitability, price and style and care about the interaction with the service provider. For specialty goods (high involvement) category, such as computers, consumers tend to be rational. Rational consumers tend to be attitudinally loyal and tend to build brand loyalty or build relationships with service providers because they prefer to seek information before making any decisions. For specialty service category, consumers tend to be loyal. The type of loyalty tends to be attitudinal loyalty to their service provider. The loyalty could be based on their satisfaction with the service. For these services, consumers tend to be loyal because they want to avoid risk. The findings further support Danaher et al.'s (2008) conclusion in their study.

3. Consumers' Motivations for Relationship Engagement

In terms of the reasons for entering into a relationship, when discussed in general (i.e. not in relation to any product context), seven motivations for engaging in a relationship were mentioned: obtaining special prices or discounts, location convenience, brand image, risk avoidance, quality, previous shopping experience and word of mouth. In the specific context of financial services, the six motivations mentioned were: location convenience, work, parent or family influence, service

quality from the bank clerk or customer service operation, brand image and special treatment. These motives were consistent with Sheth and Parvatiyar's (1995) classification, which is that consumers engage in relationships with certain companies because of personal, social and institutional influences. For example, consumers who are concerned with the factor of location convenience because they want to simplify their buying and consuming tasks and information processing are able to save time in order to do other important things in their daily life. Consumers who are concerned with the factors of "reputation" and "brand image" or "word of mouth" want to reduce perceived risk. In certain circumstances, consumers probably would engage in relationships because of a friend or family member's recommendation.

4. Consumers are more independent, especially in the student segment.

The focus group discussions indicated that respondents had different behaviours when purchasing different products or services under different situations. As mentioned earlier, consumers can be categorised into four different types, some of which might have more possibility to engage in a relationship. It also shows that consumers are more and more independent; more confident, enjoy searching for product or service information before making any decision. One reason leading to them not to consider themselves as having a relationship with certain companies is that they don't want to be controlled. They prefer to be considered as wise consumers who can make decisions to get products or services with good quality or other benefits. The characteristics of being in control influence the way that financial

consumers interact with their financial institutions. They may prefer to use remote channels (e.g. internet) to traditional channels (e.g. branch). This finding is consistent with discussions from previous work (e.g. Hughes, 2003; Daniel, 1999; Harden, 2002; Sciglimpaglia and Ely, 2006).

Therefore, there is a need to know the differences in behaviour among different segments before making relationship strategies. This finding provides a clue to explore whether any differences exist between different consumers in terms of involvement and knowledge level.

5. Channel is a determinant factor which might strengthen relationship engagement.

The findings indicated that channel plays an important role for information searching. In focus group discussions, some participants expressed that they search for information before conducting a shopping task. Apart from service providers, the internet has become one of the important sources for information searching. It seems that the virtual channel could be a significant factor which can strengthen the relationships on establishment and maintenance. This finding is consistent with Sciglimpaglia and Ely's (2006)'s work. The Internet may be an ideal channel to market financial products to those financial services consumers who are most likely to find these products attractive.

7.4 Findings from the Quantitative Survey

Q1: What constitutes a relationship from the perspective of consumers? What type of relationship do consumers have with their financial institutions?

1. The Engagement of Banking Relationships

Consumers' banking relationships usually start with the opening of a current account with a financial institution. In this study, 95% of respondents have current accounts and 75.5% respondents have savings accounts, at least with one financial institution. The result provides evidence that the current account is the main financial product for the majority of consumers (Howcroft et al., 2003b). 51.9% of respondents opened their savings accounts at the same financial institution where their current account was held. However, respondents tended to acquire mortgages and car insurance from other financial institutions which were different from their current account provider. It seems that consumers tend to seek traditional banking services (e.g. deposit products) from traditional financial services providers; however, for mortgages and insurance, they tend to seek other financial institutions which specialise in this area.

Most consumers have had their current accounts and savings accounts for a long period of time. There are 55.7% of respondents who owned their current account more than 10 years. The mortgage is another financial product that consumers tend to have for a long time; staying longer in a relationship with the financial services institution.

In terms of the main institution consumers may choose when they intend to acquire their financial services, banks are the main source for deposit products (e.g. current accounts and savings accounts) whilst the building society is popular for mortgages and insurance companies for car insurance. To sum up, the current account can be regarded as the beginning of consumers' banking relationships. The acquisition of financial services follows an order from basic products to more complex products. However, apart from deposit products which consumers tend to acquire from the same financial institution as their current account provider, other products tend to be acquired from other financial institutions. It reveals that traditional banks should consider their strategies for keeping their clients, particularly thinking of the linkage of other financial services and bank accounts.

2. Relationship Type

The definition of multiple banking relationships is that people employ two or more bankers to handle their personal financial affairs (Denton and Chan, 1991), which is, to employ two or more banks for the same financial services (Chan, 1993). In other words, if consumers employ one financial institution to deal with their financial affairs, it is called a single banking relationship. The research findings show that respondents tend to deal with their finances with more than one financial institution. Only 14.2% of respondents placed all their financial services into the same place. The banking relationship type tends to be multiple relationships. Although previous research suggests that consumers tend to stay with a bank for a long term and tend to start their search process from the institution where they have their current account; however, if consumers tend to build multiple relationships, it does not

mean financial services consumers cut or terminate relationships with certain financial institutions, instead consumers may engage in relationships with different financial institutions at the same time.

In terms of relationship type, the results show that respondents tend to stay with the same financial institution for their savings account whilst they tend to acquire mortgages and car insurance from other sources. Therefore, financial services type would be the important factor that financial institutions should take into account when considering their marketing strategies.

Q2: Why do consumers engage in a relationship with their financial institution? What are the motives for relationship engagement?

In terms of the motivations for relationship engagement, during the focus group discussion, it was found that consumers' motivations are different towards different product/services. In other words, consumers may have different relationship behaviour in different shopping contexts.

In the second stage of the research with the focus of the context of "financial services" looking at the relative importance of the listed six motivations of relationship engagement found that "simplifying purchasing progress and improving convenience" are the most important motives for relationship engagement whilst "social psychological needs" and "obtaining special product benefit or service treatment" are the least important motives.

Q3: To what extent do motives for relationship engagement vary according to the nature of the financial services product?

For this question, the analysis considered the nature of financial services from three perspectives. First, an examination of the participants who owned all selected financial services was conducted to ascertain whether differences in motivation existed across the different financial services. Second, an examination of the differences in motives was conducted based on different levels of purchase decision involvement. Third, an examination of the differences in motives was conducted based on different relationship types (single and multiple relationships).

The results revealed that respondents' motivations that are significantly different across the three financial services are "social-psychological needs" "reducing perceived risk needs" and "simplifying purchasing progress and improving convenience needs". Respondents rated higher importance to "social-psychological needs" and "simplifying purchasing progress and improving convenience needs" for savings accounts. Respondents also rated higher importance to "reducing perceived risk needs" for mortgages. Respondents placed the lowest scores on all factors for car insurance. The findings imply that the nature of financial services may influence consumers' motives for relationship engagement. For example, the duration of bank accounts tend to last a long period of time and it belongs to the category of basic financial services, it is not surprising that respondents tended to rate higher concern for "social-psychological needs" and "simplifying purchasing progress and improving convenience needs".

As to purchase decision involvement, the findings showed that individuals expressing low purchasing involvement tend to be more concerned about “social-psychological needs” and “obtaining special product benefits or service treatment needs” whilst high involvement individuals are more concerned about simplifying purchasing progress and improving convenience needs.” It reveals that low purchasing involvement consumers may need more personal relationships and interaction.

As to relationship type, the results showed that individuals who tend to have their financial products at the same financial institution tend to give higher scores on all motives compared with individuals who tend to use multiple financial institutions.

Q4: To what extent do motives for relationship engagement vary according to the type of channel chosen?

In terms of channel differences, the findings from focus group discussions show that channel is a determinant factor which might strengthen relationship engagement. Some focus group participants suggested that they prefer to conduct their transactions online; they search for other products or information by online banking. In the survey, the findings showed that consumers’ preferences for channel choice differ across different financial services. For people who mainly use branch based channels, regardless of product used, they seem to prefer a more emotional relationship and risk reducing needs, whereas those using online methods are motivated by the need to keep costs low, economic benefits and convenience.

Q5: To what extent do different consumer segments hold different motives towards relationship engagement due to consumers' different level of involvement, knowledge and attitudes?

In this study, four clusters were identified according to respondents' financial knowledge and involvement. The segments were labelled: high knowledge and low involvement consumers, high knowledge high involvement consumers, low knowledge low involvement consumers and low knowledge high involvement consumers. The four segments demonstrate differences in terms of ownership of financial services, relationship type, channel choice and attitude to relationship.

In terms of motivations for relationship engagement, the results show that low knowledge consumers are more likely to have a positive attitude to their relationship with the financial institutions they deal with. Low knowledge low involvement consumers tend to agree that they deal with their financial institutions out of habit, suggesting behavioural rather than attitudinal loyalty. The results also show that low knowledge low involvement consumers are more likely to form relationships with a single financial institution. High knowledge consumers tend to form multiple relationships with many financial institutions.

The findings show that high knowledge consumers tend to be more motivated by "economic needs" and "improving convenience needs" whilst low involvement consumers) tend to be less motivated by "simplifying purchasing progress and improving convenience needs."

7.5 Implications and Contributions

7.5.1 Theoretical Implications

Several theoretical implications can be derived from the findings:

In terms of the existence of relationships, the findings show that although the term “relationship” may be an abstract term for the majority of people (findings from qualitative focus groups), banking relationships were recognised to exist by some participants. This finding supports previous research. Thus, it further proves that the retail banking industry is a suitable area to study business to consumer relationship.

This study presents an addition to relationship marketing theory in the stage of relationship engagement. Relationship development can be divided into three stages: engagement, maintenance and termination. Past research has given attention to consumers’ received benefits for maintaining relationships (e.g. Martin-Consuegra et al. 2006). This study adds knowledge on the motives for relationship engagement in the initial stage of relationship development. The results identify that respondents have different motives for relationship engagement. Of all the motives, “Simplifying purchasing progress and improving convenience needs” is the most important factor contributing to relationship engagement. This finding is different from previous work regarding relational benefits consumers expect from maintaining a relationship with a certain company. Previous research shows “confidence benefits” were valued as the most important factor for relationship maintenance (e.g. Martin-Consuegra et al. 2006; Monina et al. 2007). However,

previous work did not clarify the influence of different financial services type. The findings of this research add the knowledge that the category of financial services might play an important role in investigating consumer behaviour.

7.5.2 Managerial Implications

The managerial implications of the research findings are as follows:

The findings show that the motives for consumers' relationship engagement vary across different financial services type and channel type. It implies that marketing practitioners should consider the nature of financial services type and analyse the differences according to product types. For example, consumers' behaviour to basic financial products is different from more complex products; consumers' concerns are different for products where consumers have a free choice to those which need to be renewed each year. Relationship strategies should consider these differences.

The findings show the motives of high involvement high knowledge consumers are different from low involvement and low knowledge consumers. As the low knowledge and low involvement consumers tend to have positive attitudes to relationships and tend to engage in a single relationship, the relationship marketing strategy should focus on social-psychological factors. In other words, use branch staff to explain the differences in financial services from different banks, and motivate consumers by providing financial services knowledge and education to them to help them to become more involved. It is noted that Cluster 4 (Low knowledge and high involvement) has more students in this group. They may be

quite young and with has less knowledge of financial services. This cluster may be a prospective segment which has the potential to bring revenue to financial institutions. For high knowledge high involvement consumers, the strategy could emphasise the convenience factor and improve service quality. As this group has sufficient knowledge and could clarify the differences of products, to encourage them to stay it is important because there are many choices in the market.

The finding shows that “convenience” motives are the most important factor when consumers decide to engage in a relationship with certain financial services provider across the three financial services investigated. In addition, for people who prefer to use online banking they tend to be concerned more about convenience motives than those who prefer branch banking. The implication is that providing speed and quick banking service, particularly for these basic and foundation services, is important for financial services providers to build and maintain their relationships with their consumers.

The findings show that the “current account” is the basic financial product at the beginning of the banking relationship. Normally, the duration of a bank account with the institution could last a long period of time. Although respondents in this study tended to choose other financial institutions for mortgage and car insurance, it is important to consider the possibility of marketing mortgages and car insurance and investigating the main reasons of why consumers tend to choose other financial institutions rather than stay with the same financial institution. This study would also contribute to obtaining an understanding of consumers’ switching behaviour.

7.5.3 Contributions

The contributions of this study can be concluded as follows:

This study adds knowledge on consumer behaviour, particularly in the consumer decision making process. Previous research focused on how consumers make decisions, this study provides insights into the motivations, contributing the knowledge of how consumers engage in a relationship in the early stage of relationship development and provides a link to the following relationship maintenance stage.

Previous research discussed bank selection criteria, this study extends this to relationship motivation, and discusses the psychological perspective in consumer behaviour. It also discusses product differences.

In terms of relationship motivation, this study provides an initial exploration on this issue (previous research contained mainly theoretical discussions, empirical research was limited).

In terms of methodology, the mixed method research design provides an overall discussion on relationship engagement. The findings from the qualitative method provide evidence that consumers' relationship behaviour varies across different products and different situations. It also contributes to the establishment of constructs of relationship motivations.

This study adopted a random nationwide sample, which means the research findings not only focus on certain groups but the general public. In addition, data were analysed from 1025 responses; this number allows the possibility of a variety of statistical analyses.

7.6 Limitations of this Study

1. Generalisation

First of all, the current study has only examined consumers' motivations of relationship engagement in the context of the financial services industry, particularly in the area of retail banking. Due to the nature of differences in other industries - such as retailing consumers, travel agencies, club memberships, and medical services – it would not be appropriate to apply the findings to other industries. Second, in this study, the motivation for relationship engagement was measured according to respondents' acquisition of four selected financial services. Therefore, the findings of this study may not represent consumers' relationship behaviour in the acquisition of other financial services. Consumers' relationship behaviour may be different when acquiring other complex financial services such as a pension, life insurance, bonds, or other financial investments. Third, in this study, a two-stage data collection process was used including focus group discussions and empirical survey. Data were collected in the UK. Respondents were questioned mainly on their personal experience in the UK. Therefore, as the nature of the UK retail financial services system may differ from that of other countries, consumers' attitudes and relationship behaviour may differ from those of other countries. Finally, there might exist bias in the selected sample. The focus group discussion participants were postgraduate students: their comments may not be generalised to represent the comments of all financial services consumers. In addition, the sampling frame for the survey was from an online database. Non-coverage errors could occur and may be the main threat to inference

from Web surveys (Couper, 2000). Salience can also be regarded as bias. Although respondents were randomly selected from within the database, the nature of the database and the low response rate may lead some to view the sample as more of a convenience sample than a random sample in the true sense.

2. Limitation of data analysis methods

This research discussed the association between financial services type and the motives for relationship engagement. As mentioned earlier, this study did not discuss causal relationships between two variables; also, this study did not discuss the inter-relationships between variables. Therefore, the statistical analysis techniques may not explain complex inter-relationships between variables.

7.7 Recommendations for Further Research

It is recommended that further research be undertaken in the following areas:

1. Investigation of the impact of more complex financial services

According to Kamakura et al. (1991) classification of financial services, there is a hierarchical classification of financial services based on the order of acquisition by households (see the figure in Chapter two). This study selected just four basic financial services. Since different financial services (products) have different characteristics and consumers may have different decision making processes and different levels of involvement, their motivations for relationship engagement may differ from the results of this research. In this study, one of the findings from the qualitative focus group stage shows that consumers' loyalty behaviours differ across different product types. In terms of physical products, for convenience goods, the level of involvement was low and customers tended to be utilitarian, the loyal type tend to be behavioural loyalty and tended to engage in a relationship with the channel. However, for specialty goods or services, consumers tended to be rational and loyal, the nature of loyalty tend to be attitudinal loyalty. Therefore, consumers' relationship engagement motives may differ across different type of financial services. Therefore, further work needs to be conducted to investigate consumers' motivations for relationship engagement in the acquisition of complex financial services (e.g. pensions).

2. Comparison of non-personal and personal interaction on consumers' relationship behaviour

This study only investigated the impact of financial services type on consumers' relationship engagement motivations. The research only discussed the influence of channel choice (branch banking and online banking). It is recommended that further research investigates and compares the influence of non-personal and personal interactions on consumers' relationship behaviour.

3. Culture influence

The respondents of the main survey were selected from the UK population. The influences of culture played on consumer behaviour have been discussed in many studies; however, the impact of culture on relationship engagement remains limited. Therefore, it will be of interest to explore if any similarity or difference from the results reported here can be found if the survey is carried out in other countries. This research focuses on the UK financial industry. There is no discussion of culture difference. As culture may play an important role in understanding values and attitudes underpinning relationships, it is vital to investigate and compare the cultural differences between consumers from different countries.

4. Other Services Sectors

As mentioned earlier, research about "relationship engagement" in the early stage of relationship development is still under investigation. This study presents some issues from existing literature and has developed a questionnaire for empirical examination. It would be useful to apply this research framework to other service

sectors such as non-profit organizations (e.g. church) or membership organizations (e.g. gyms, health clubs.). According to Lees et al. (2007) and Sharp et al. (2002), consumers' behaviour for the "subscription market" has three different types: free choice (e.g. bank credit cards), renewal (e.g. insurance), and tenure (e.g. business to business service with advertisement agency). Since the nature of other service sectors may be different, the similarity and difference of the results would be of interest for developing relationship marketing theory.

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Appendix

Appendix A: Profile of Focus Group Participants

Table A 1 Profile of Focus Group Participants

Demographics		Numbers of People
Gender	Male	18
	Female	12
Age	20s	18
	30s	9
	40s	2
	50s	1
Nationality	British	6
	German	1
	Greek	1
	Mexican-American	1
	New Zealander	1
	South African	2
	Swedish	1
	Taiwanese	17
Discipline	Management (Business Administration, Management Science, Finance, Economics and Human Resource)	12
	Language and Culture (Applied Linguistics, TESOL, Translation Studies, Scottish and Asian Studies)	6
	Science and Technology Studies	3
	Architecture	1
	Health	1
	Medical School	1
	Biological Science	3
	Operational Research	2
	EE	1
Occupation	Student	28
	Management Consultant	1
	NHS researcher	1

Appendix B: Questionnaire

2006 Financial Services Survey

Cover Letter

Dear Friends,

At the University of Edinburgh we are conducting independent research to understand why people choose to use particular financial institutions for different financial services: bank accounts, mortgages and car insurance. You have been selected at random to participate in this survey.

We are interested in people's attitudes, not financial details. Your cooperation in completing the questionnaire would be greatly appreciated. Most of the questions can be answered by ticking the most appropriated answers.

The total questionnaire should take about 15 minutes to complete. Please answer the questions on the basis of your personal experience. Your responses will be treated confidentially and will only be reported in aggregate; no individual responses will be identified.

We appreciate your willingness to help us in our research effort. Thank you again for your cooperation.

Sincerely,

Annie P. Yu
Ph D student
Management School and Economics
The University of Edinburgh

Dr. Tina Harrison
Senior Lecturer
Management School and Economics
The University of Edinburgh

Section 1: You and Your Financial Institution

Please answer following questions according to your personal experience. If you manage your financial services with more than one financial institutions, please answer in relation to what you consider to be your main one.

1. Do you have a current account?

- ☐ Yes
☐ No

Whether have more than one current account

2. Do you have more than one current account?

- ☐ No
☐ Yes. How many current accounts do you have? (Please specify)

A. Current Account

3. At which type of financial institution is your current account held?

- ☐ A bank
☐ A building society
☐ Other (please specify)

2006 Financial Services Survey

4. Do you operate your current account primarily via:

- ☐ Branch banking
- ☐ Telephone banking
- ☐ Online banking
- ☐ Other (please specify)

5. Approximately, how many years have you had your current account?

- ☐ Less than 1 year
- ☐ 1-3 years
- ☐ 4-6 years
- ☐ 7-10 years
- ☐ More than 10 years

6. Please indicate how important each of the following criteria were in influencing the selection of a bank for your current account.

	Very important				Not at all important	
Location convenience (i.e. near home or work)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Speed of service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opinions of friends and family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The availability of multiple access points (i.e. ATMs, branches, telephone, internet)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employer uses the same bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bank's reputation and image	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of other financial services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Previous experience with the bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lower service charges and fees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitive interest rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Special offers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preferential treatment/customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Modern facilities in branches	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expected service quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B. Savings

7. Do you have a savings account with any financial institutions?

- ☐ Yes.
- ☐ No, but I intend to open a savings account in the next 12 months.
- ☐ No, I have no intention to open a savings account in the next 12 months.

2006 Financial Services Survey

Whether have more than one savings account

8. Do you have more than one savings account?

- ☐ No
- ☐ Yes. How many savings accounts do you have? (Please specify)

Currently have a savings accounts

9. Are your savings primarily held at:

- ☐ The financial institution where your current account is held.
- ☐ Another financial institution.

another financial institution (Saving)

10. If your savings are held at another financial institution, which type of financial institution do you use? (tick one)

- ☐ A bank
- ☐ A building society
- ☐ An insurance company
- ☐ Other (please specify)

Savings(con.)

11. How long have you been saving with this financial institution?

- ☐ Less than a year
- ☐ 1-3 years
- ☐ 4-6 years
- ☐ 7-10 years
- ☐ More than 10 years

12. When you started saving with this financial institution, did this represent new savings or did you switch existing savings from another financial institution?

- ☐ New Savings
- ☐ Savings switched from another financial institution

For those with savings--Motivation

2006 Financial Services Survey

13. I choose to save with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A
I can get special deals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides greater benefits than other financial institutions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building a relationship with this financial institution is profitable for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution recognise me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have developed a friendship with the people from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am familiar with the personnel from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am worried I might make the wrong decision if I choose not to use this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will incur switching costs/penalties if I choose another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution is trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution are honest and truthful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The financial institution is easily accessible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get the latest information on products from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get faster service than most customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am usually placed higher on the priority list when there is a line.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can access other financial services easily from this financial institution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get special deals that most other customers do not get	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2006 Financial Services Survey

14. How do you tend to operate your savings account?

- ☐ At a branch/face-to-face
- ☐ By telephone
- ☐ Online
- ☐ Other (please specify)

Do not currently have any savings but intend to open a savings account in t...

15. Do you intend to open a saving account at:

- ☐ The financial institution where your current account is held.
- ☐ Another financial institution.

another financial institution (Saving)-1

16. If your savings are to be held at another financial institution, which type of financial institution would you use?

- ☐ A bank
- ☐ A building society
- ☐ An insurance company
- ☐ Other (please specify)

For those without savings, but intend to save

2006 Financial Services Survey

17. I would choose to save with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A
I can get special deals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides greater benefits than other financial institutions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building a relationship with this financial institution is profitable for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution recognise me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have developed a friendship with the people from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am familiar with the personnel from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am worried I might make the wrong decision if I choose not to use this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will incur switching costs/penalties if I choose another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution is trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution are honest and truthful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The financial institution is easily accessible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get the latest information on products from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get faster service than most customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am usually placed higher on the priority list when there is a line.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can access other financial services easily from this financial institution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get special deals that most other customers do not get	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2006 Financial Services Survey

18. How would you intend to manage your savings?

- ☐ At a branch/face-to-face
- ☐ By telephone
- ☐ Online
- ☐ Other (please specify)

Purchasing Decision Involvement (Savings)

19. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
When selecting from among the many savings accounts available from various financial institutions, I would not care at all as to which one I would buy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The various savings accounts in the market place are all very similar.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important to make the right savings account choice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be very concerned about the outcome of my choice of savings account.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Mortgages

20. Do you have a mortgage with any financial institutions?

- ☐ Yes.
- ☐ No, but I intend to have a mortgage in the next 12 months.
- ☐ No, and I have no intention to have a mortgage in the next 12 months.

Whether have more than one mortgages

21. Do you have more than one mortgage?

- ☐ No
- ☐ Yes. How many mortgages do you have? (please specify)

If you currently have a mortgage

2006 Financial Services Survey

22. Is your mortgage held at:

- ☐ The financial institution where your current account is held.
- ☐ Another financial institution.

another financial institution (Mortgage)

23. If your mortgage is held at another financial institution, which type of financial institution do you use?

- ☐ A bank
- ☐ A building society
- ☐ An insurance company
- ☐ Other (please specify)

Mortgages (con.)

24. How long have you had your mortgage with this financial institution?

- ☐ Less than 1 year
- ☐ 1-3 years
- ☐ 4-6 years
- ☐ 7-10 years
- ☐ More than 10 years

25. When you started your mortgage with this financial institution, did this represent a new mortgage or did you switch an existing mortgage from another financial institution

- ☐ New mortgage
- ☐ Mortgage switched from another financial institution

Motivation (mortgage)

2006 Financial Services Survey

26. I choose to have my mortgage with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Srongly Disagree	N/A
I can get special deals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides greater benefits than other financial institutions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building a relationship with this financial institution is profitable for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution recognise me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have developed a friendship with the people from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am familiar with the personnel from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am worried I might make the wrong decision if I choose not to use this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will incur switching costs/penalties if I choose another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution is trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution are honest and truthful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The financial institution is easily accessible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get the latest information on products from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get faster service than most customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am usually placed higher on the priority list when there is a line.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can access other financial services easily from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get special deals that most other customers do not get	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2006 Financial Services Survey

27. How do you tend to manage your mortgage?

- ☐ At a branch/face-to-face
- ☐ By telephone
- ☐ Online
- ☐ Other (please specify)

Currently do not have a mortgage, but intend to have one in the next 12 mon...

28. Would your mortgage be held at:

- ☐ The financial institution where your current account is held.
- ☐ Another financial institution.

another financial institution (Mortgage)-1

29. If your mortgage is to be held at another financial institution, which type of financial institution would you use? (tick one)

- ☐ A bank
- ☐ A building society
- ☐ An insurance company
- ☐ Other (please specify)

For those without mortgages

2006 Financial Services Survey

30. I would choose to have a mortgage with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A
I can get special deals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides greater benefits than other financial institutions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building a relationship with this financial institution is profitable for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution recognise me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have developed a friendship with the people from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am familiar with the personnel from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am worried I might make the wrong decision if I choose not to use this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will incur switching costs/penalties if I choose another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution is trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution are honest and truthful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The financial institution is easily accessible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get the latest information on products from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get faster service than most customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am usually placed higher on the priority list when there is a line.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can access other financial services easily from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get special deals that most other customers do not get	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2006 Financial Services Survey

31. How would you intend to manage your mortgage?

- ☐ At a branch/face-to-face
- ☐ By telephone
- ☐ Online
- ☐ Other (please specify)

Purchasing Decision Involvement (Mortgages)

32. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
When selecting from among the many types of mortgages available from various financial institutions, I would not care at all as to which one I would buy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The various mortgages in the market place are all very similar.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important to make the right mortgage choice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be very concerned about the outcome of my choice of mortgage.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D. Car Insurance

33. Do you have car insurance with any financial institutions?

- ☐ Yes.
- ☐ No, but I intend to take out a car insurance in the next 12 months.
- ☐ No, I have no intention to take out car insurance in the next 12 months.

Whether have more than one car insurance

34. Do you have more than one car insurance?

- ☐ No
- ☐ Yes. How many car insurance do you have? (please specify)

If you currently have car insurance

2006 Financial Services Survey

35. Is your car insurance primarily held at:

- ☐ The financial institution where your current account is held.
- ☐ Another financial institution.

another financial institution (Car Insurance)

36. If your car insurance is held at another financial institution, which type of financial institution do you use?

- ☐ A bank
- ☐ A building society
- ☐ An insurance company
- ☐ Other (please specify)

Car Insurance (con)

37. How long have you had your car insurance with this financial institution?

- ☐ Less than a year
- ☐ 1-3 years
- ☐ 4-6 years
- ☐ 7-10 years
- ☐ More than 10 years

38. When you first took out car insurance with this financial institution, did this represent renewed car insurance or did you switch existing car insurance from another financial institution?

- ☐ New insurance
- ☐ Insurance switched from another financial institution

Motivation (car insurance)

2006 Financial Services Survey

39. I choose to have my car insurance with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A
I can get special deals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides greater benefits than other financial institutions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building a relationship with this financial institution is profitable for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution recognise me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have developed a friendship with the people from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am familiar with the personnel from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am worried I might make the wrong decision if I choose not to use this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will incur switching costs/penalties if I choose another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution is trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution are honest and truthful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The financial institution is easily accessible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get the latest information on products from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get faster service than most customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am usually placed higher on the priority list when there is a line.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can access other financial services easily from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get special deals that most other customers do not get	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2006 Financial Services Survey

40. How do you tend to manage your car insurance?

- ☐ At a branch/face-to-face
- ☐ By telephone
- ☐ Online
- ☐ Other (please specify)

Do not currently have any car insurance but intend to take one out in the n...

41. Would your car insurance primarily be held at:

- ☐ The financial institution where your current account is held.
- ☐ Another financial institution.

another financial institution (Car Insurance)-1

42. If your car insurance is to be held at another financial institution, which type of financial institution would you use?

- ☐ A bank
- ☐ A building society
- ☐ An insurance company
- ☐ Other (please specify)

For those without car insurance

2006 Financial Services Survey

43. I would choose to have car insurance with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A
I can get special deals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides greater benefits than other financial institutions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building a relationship with this financial institution is profitable for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution recognise me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have developed a friendship with the people from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am familiar with the personnel from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am worried I might make the wrong decision if I choose not to use this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will incur switching costs/penalties if I choose another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution is trustworthy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The staff at this financial institution are honest and truthful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The financial institution is easily accessible.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get the latest information on products from this financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can get faster service than most customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am usually placed higher on the priority list when there is a line.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can access other financial services easily from this financial institution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I get special deals that most other customers do not get	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2006 Financial Services Survey

44. How would you intend to manage your car insurance?

- ☐ At a branch/face-to-face
- ☐ By telephone
- ☐ Online
- ☐ Other (please specify)

Purchasing Decision Involvement (Car Insurance)

45. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
When selecting from among the many types of car insurance available from various financial institutions, I would not care at all as to which one I would buy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The various types of car insurance in the market place are all very similar.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It's important to make the right car insurance choice?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be very concerned about the outcome of my choice of car insurance?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Section II: Attitudes Towards Relationships and Involvement

2006 Financial Services Survey

46. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
It is better to conduct all your business with one financial institution because they have a better overall picture of your financial situation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My relationship with the financial institutions I deal with is worth more to me than a better deal from somewhere else	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It doesn't matter where you go for financial services, all financial institutions are the same	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I don't think I have a relationship with the financial institutions I deal with	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I deal with certain financial institutions out of habit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not consider myself to be loyal to the financial institutions I deal with	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Involvement

Please indicate, by ticking on the following scale, how you feel about financial services.

47.

	Important	6	5	4	3	2	Unimportant
In general, financial services are:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

48.

	Mean a lot to me	6	5	4	3	2	Mean nothing to me
In general, financial services:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

49.

	Do not matter to me	6	5	4	3	2	Matter to me
In general, financial services:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

50.

	Significant	6	5	4	3	2	Insignificant
In general, financial services are:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

51.

	Are of no concern to me	6	5	4	3	2	Are of concern to me
In general, financial services:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Knowledge of Financial Services

2006 Financial Services Survey

52. Please indicate, by ticking on the following scale, how you would rate yourself in relation to each of the following

	Good	Better than Average	Average	Less than Average	Poor
My understanding of financial services in general is:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My confidence in dealing with financial services is:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My understanding of savings is:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My understanding of mortgages is:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My understanding of car insurance is:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Relationship engagement motivaton (con.)

53. In general, I decide to deal with a particular financial institution because: (tick all that apply)

- ☐ I am willing to
- ☐ My friends and family recommend it
- ☐ My employer requires it
- ☐ The government requires it

54. Please indicate the total number of financial institutions that you currently have accounts/ financial products with?

Section III: About you

55. Are you

- ☐ Male
- ☐ Female

56. Which age band are you in?

- ☐ 16-24 years
- ☐ 25-34 years
- ☐ 35-44 years
- ☐ 45-54 years
- ☐ 55-64 years
- ☐ 65 years and over

2006 Financial Services Survey

57. Are you:

- ☐ Single
- ☐ Married
- ☐ Divorced/Seperated
- ☐ Widowed

58. Please indicate your working status: (please tick all that apply)

- ☐ Working full-time
- ☐ Working part-time
- ☐ Self-employed
- ☐ Homemaker
- ☐ Unemployed
- ☐ Student
- ☐ Retired

59. What is your occupation?

60. What is your annual household income (before tax)?

- ☐ Under £9,999
- ☐ £10,000 - £19,999
- ☐ £20,000 - £29,999
- ☐ £30,000 - £39,999
- ☐ £40,000 - £49,999
- ☐ £50,000 - £59,999
- ☐ £60,000 or above

61. Which of the following qualifications do you have? (tick all that apply)

- ☐ G(CSE)/O level, Scottish Standard Grade or equivalent
- ☐ A level, Scottish Higher or equivalent
- ☐ Diploma
- ☐ Undergraduate degree
- ☐ Postgraduate degree
- ☐ None of the above

2006 Financial Services Survey

62. Where do you live?

- ☐ Scotland
- ☐ England
- ☐ Wales
- ☐ Northern Ireland

Additional Comments

63. Please use the space below to make any further comments.

64. Please leave your e-mail if you wish to get I-points to your account.

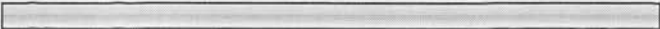

Thank You

This questionnaire is completed in this page. Thanks again for your cooperation.



Appendix C: Descriptive Analysis

Appendix C : Descriptive Analysis of the Main Survey

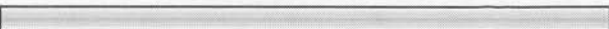


1. Do you have a current account?

	Response Percent	Response Count
Yes 	94.9%	965
No 	5.1%	52
<i>answered question</i>		1017
<i>skipped question</i>		8

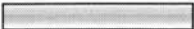



2. Do you have more than one current account?

	Response Percent	Response Count
No 	57.1%	541
Yes. How many current accounts do you have? (Please specify) 	42.9%	407
<i>answered question</i>		948
<i>skipped question</i>		77






3. At which type of financial institution is your current account held?

	Response Percent	Response Count
A bank 	87.7%	752
A building society 	11.0%	94
Other (please specify) 	1.3%	11
<i>answered question</i>		857
<i>skipped question</i>		168

4. Do you operate your current account primarily via:

	Response Percent	Response Count
Branch banking 	27.3%	233
Telephone banking 	4.1%	35
Online banking 	67.4%	576
Other (please specify) 	1.2%	10
answered question		854
skipped question		171

5. Approximately, how many years have you had your current account?

	Response Percent	Response Count
Less than 1 year 	3.5%	30
1-3 years 	12.9%	110
4-6 years 	14.7%	126
7-10 years 	13.2%	113
More than 10 years 	55.7%	476
answered question		855
skipped question		170

6. Please indicate how important each of the following criteria were in influencing the selection of a bank for your current account.

	Very important				Not at all important	Rating Average	Response Count
Location convenience (i.e. near home or work)	35.5% (299)	25.9% (218)	17.0% (143)	8.7% (73)	12.9% (109)	2.38	842
Speed of service	39.1% (330)	39.4% (332)	16.7% (141)	2.3% (19)	2.5% (21)	1.90	843
Opinions of friends and family	8.3% (69)	17.6% (146)	30.2% (251)	22.5% (187)	21.4% (178)	3.31	831
The availability of multiple access points (i.e. ATMs, branches, telephone, internet)	47.1% (395)	33.1% (277)	14.1% (118)	3.5% (29)	2.3% (19)	1.81	838
Employer uses the same bank	3.9% (33)	5.7% (48)	15.0% (126)	14.9% (125)	60.4% (507)	4.22	839
Security	56.8% (473)	24.4% (203)	13.2% (110)	2.6% (22)	3.0% (25)	1.71	833
Bank's reputation and image	34.3% (288)	38.2% (321)	19.8% (166)	3.6% (30)	4.2% (35)	2.05	840
Availability of other financial services	16.9% (141)	31.2% (261)	29.9% (250)	12.4% (104)	9.6% (80)	2.67	836
Previous experience with the bank	24.3% (203)	31.9% (267)	24.9% (208)	8.2% (69)	10.8% (90)	2.49	837
Lower service charges and fees.	35.8% (300)	32.7% (274)	22.6% (190)	5.1% (43)	3.8% (32)	2.09	839
Competitive interest rates	40.5% (341)	32.1% (270)	19.1% (161)	4.5% (38)	3.8% (32)	1.99	842
Special offers	15.2% (127)	23.2% (194)	34.5% (289)	13.9% (116)	13.3% (111)	2.87	837
Preferential treatment/customer service	20.6% (172)	31.5% (262)	32.9% (274)	8.0% (67)	7.0% (58)	2.49	833
Modern facilities in branches	16.4% (138)	30.0% (252)	30.6% (257)	11.9% (100)	11.0% (92)	2.71	839
Expected service quality	38.5% (323)	40.1% (336)	17.3% (145)	1.8% (15)	2.3% (19)	1.89	838
answered question							849

7. Do you have a savings account with any financial institutions?

		Response Percent	Response Count
Yes.	<input type="text"/>	75.3%	675
No, but I intend to open a savings account in the next 12 months.	<input type="text"/>	7.8%	70
No, I have no intention to open a savings account in the next 12 months.	<input type="text"/>	16.9%	152
answered question			897
skipped question			128

8. Do you have more than one savings account?

		Response Percent	Response Count
No	<input type="text"/>	47.0%	316
Yes. How many savings accounts do you have? (Please specify)	<input type="text"/>	53.0%	357
answered question			673
skipped question			352

9. Are your savings primarily held at:

		Response Percent	Response Count
The financial institution where your current account is held.	<input type="text"/>	52.8%	353
Another financial institution.	<input type="text"/>	47.2%	316
answered question			669
skipped question			356

10. If your savings are held at another financial institution, which type of financial institution do you use? (tick one)

		Response Percent	Response Count
A bank	<input type="checkbox"/>	32.3%	103
A building society	<input type="checkbox"/>	56.4%	180
An insurance company	<input type="checkbox"/>	2.2%	7
Other (please specify)	<input type="checkbox"/>	9.1%	29
answered question			319
skipped question			706

11. How long have you been saving with this financial institution?

		Response Percent	Response Count
Less than a year	<input type="checkbox"/>	6.6%	44
1-3 years	<input type="checkbox"/>	23.0%	154
4-6 years	<input type="checkbox"/>	22.3%	149
7-10 years	<input type="checkbox"/>	17.2%	115
More than 10 years	<input type="checkbox"/>	30.9%	207
answered question			669
skipped question			356

12. When you started saving with this financial institution, did this represent new savings or did you switch existing savings from another financial institution?

		Response Percent	Response Count
New Savings	<input type="checkbox"/>	76.8%	504
Savings switched from another financial institution	<input type="checkbox"/>	23.2%	152
answered question			656
skipped question			369

13. I choose to save with this particular financial institution because:

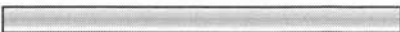



	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
I can get special deals.	9.0% (56)	23.5% (147)	49.0% (306)	10.1% (63)	3.5% (22)	5.0% (31)	2.74	625
This financial institution provides greater benefits than other financial institutions.	13.6% (84)	38.0% (235)	39.4% (244)	6.3% (39)	0.8% (5)	1.9% (12)	2.42	619
Building a relationship with this financial institution is profitable for me.	6.2% (39)	25.6% (160)	48.1% (301)	10.9% (68)	4.8% (30)	4.5% (28)	2.82	626
The staff at this financial institution recognise me.	5.4% (34)	14.6% (91)	34.5% (215)	21.3% (133)	15.4% (96)	8.8% (55)	3.29	624
I have developed a friendship with the people from this financial institution.	3.5% (22)	12.2% (76)	35.0% (218)	22.3% (139)	17.7% (110)	9.2% (57)	3.42	622
I am familiar with the personnel from this financial institution.	4.6% (29)	15.0% (94)	32.2% (201)	20.6% (129)	18.4% (115)	9.1% (57)	3.36	625
I am worried I might make the wrong decision if I choose not to use this financial institution.	1.3% (8)	5.6% (35)	31.4% (196)	27.7% (173)	27.8% (174)	6.2% (39)	3.80	625
I will incur switching costs/penalties if I choose another financial institution.	2.3% (14)	5.5% (34)	29.9% (186)	24.4% (152)	28.5% (177)	9.5% (59)	3.79	622
This financial institution is trustworthy.	25.3% (158)	46.0% (287)	25.0% (156)	1.3% (8)	1.0% (6)	1.4% (9)	2.05	624
The staff at this financial institution are honest and truthful.	10.9% (68)	30.6% (191)	46.8% (292)	3.8% (24)	2.2% (14)	5.6% (35)	2.53	624
The financial institution is easily accessible.	28.1% (175)	44.7% (278)	21.1% (131)	2.7% (17)	1.1% (7)	2.3% (14)	2.02	622
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	31.8% (198)	36.7% (228)	19.6% (122)	6.6% (41)	2.6% (16)	2.7% (17)	2.09	622
I can get the latest information on products from this financial institution.	16.2% (101)	37.8% (235)	35.0% (218)	5.5% (34)	3.1% (19)	2.4% (15)	2.40	622
This financial institution provides								

unique knowledge/expertise which I cannot get from another financial institution.	4.0% (25)	12.8% (80)	47.5% (297)	18.6% (116)	13.0% (81)	4.2% (26)	3.25	625
I can get faster service than most customers	4.3% (27)	11.1% (69)	44.9% (280)	20.5% (128)	13.3% (83)	5.8% (36)	3.29	623
I am usually placed higher on the priority list when there is a line.	2.6% (16)	5.7% (35)	39.0% (241)	23.0% (142)	20.1% (124)	9.7% (60)	3.58	618
I can access other financial services easily from this financial institution	9.4% (58)	29.2% (181)	40.2% (249)	10.6% (66)	6.5% (40)	4.2% (26)	2.75	620
I get special deals that most other customers do not get	1.6% (10)	8.8% (54)	38.1% (235)	24.2% (149)	19.0% (117)	8.3% (51)	3.55	616
<i>answered question</i>								631
<i>skipped question</i>								394

14. How do you tend to operate your savings account?			Response Percent	Response Count
At a branch/face-to-face	<div></div>		29.2%	184
By telephone	<div></div>		4.4%	28
Online	<div></div>		63.4%	400
Other (please specify)	<div></div>		3.0%	19
<i>answered question</i>				631
<i>skipped question</i>				394

15. Do you intend to open a saving account at:			Response Percent	Response Count
The financial institution where your current account is held.	<div></div>		42.6%	29
Another financial institution.	<div></div>		57.4%	39
<i>answered question</i>				68
<i>skipped question</i>				957

16. If your savings are to be held at another financial institution, which type of financial institution would you use?

		Response Percent	Response Count
A bank		57.5%	23
A building society		35.0%	14
An insurance company		2.5%	1
Other (please specify)		5.0%	2
answered question			40
skipped question			985

17. I would choose to save with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
I can get special deals.	16.4% (10)	37.7% (23)	36.1% (22)	4.9% (3)	0.0% (0)	4.9% (3)	2.31	61
This financial institution provides greater benefits than other financial institutions.	26.7% (16)	25.0% (15)	40.0% (24)	5.0% (3)	0.0% (0)	3.3% (2)	2.24	60
Building a relationship with this financial institution is profitable for me.	16.7% (10)	28.3% (17)	45.0% (27)	5.0% (3)	0.0% (0)	5.0% (3)	2.40	60
The staff at this financial institution recognise me.	8.3% (5)	20.0% (12)	46.7% (28)	13.3% (8)	5.0% (3)	6.7% (4)	2.86	60
I have developed a friendship with the people from this financial institution.	6.7% (4)	15.0% (9)	46.7% (28)	20.0% (12)	5.0% (3)	6.7% (4)	3.02	60
I am familiar with the personnel from this financial institution.	8.3% (5)	13.3% (8)	41.7% (25)	23.3% (14)	8.3% (5)	5.0% (3)	3.11	60
I am worried I might make the wrong decision if I choose not to use this financial institution.	5.0% (3)	11.7% (7)	45.0% (27)	23.3% (14)	11.7% (7)	3.3% (2)	3.26	60
I will incur switching costs/penalties if I choose another financial institution.	6.7% (4)	13.3% (8)	40.0% (24)	20.0% (12)	16.7% (10)	3.3% (2)	3.28	60




This financial institution is trustworthy.	26.7% (16)	31.7% (19)	35.0% (21)	3.3% (2)	0.0% (0)	3.3% (2)	2.16	60
The staff at this financial institution are honest and truthful.	11.9% (7)	18.6% (11)	57.6% (34)	1.7% (1)	3.4% (2)	6.8% (4)	2.64	59
The financial institution is easily accessible.	21.7% (13)	36.7% (22)	35.0% (21)	1.7% (1)	1.7% (1)	3.3% (2)	2.22	60
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	23.0% (14)	41.0% (25)	27.9% (17)	3.3% (2)	1.6% (1)	3.3% (2)	2.17	61
I can get the latest information on products from this financial institution.	23.3% (14)	26.7% (16)	43.3% (26)	1.7% (1)	1.7% (1)	3.3% (2)	2.29	60
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	13.3% (8)	11.7% (7)	58.3% (35)	10.0% (6)	3.3% (2)	3.3% (2)	2.78	60
I can get faster service than most customers	13.3% (8)	10.0% (6)	48.3% (29)	18.3% (11)	5.0% (3)	5.0% (3)	2.91	60
I am usually placed higher on the priority list when there is a line.	8.3% (5)	10.0% (6)	46.7% (28)	21.7% (13)	8.3% (5)	5.0% (3)	3.12	60
I can access other financial services easily from this financial institution	16.7% (10)	30.0% (18)	43.3% (26)	5.0% (3)	1.7% (1)	3.3% (2)	2.43	60
I get special deals that most other customers do not get	10.0% (6)	5.0% (3)	48.3% (29)	26.7% (16)	5.0% (3)	5.0% (3)	3.12	60
answered question								62
skipped question								963

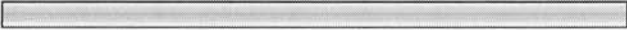

18. How would you intend to manage your savings?



		Response Percent	Response Count
At a branch/face-to-face	<input type="text"/>	40.3%	25
By telephone	<input type="text"/>	3.2%	2
Online	<input type="text"/>	54.8%	34
Other (please specify)	<input type="text"/>	1.6%	1
answered question			62
skipped question			963





19. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements.



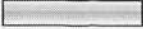

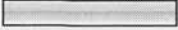
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Rating Average	Response Count
When selecting from among the many savings accounts available from various financial institutions, I would not care at all as to which one I would buy.	5.4% (37)	16.1% (110)	24.0% (164)	32.4% (221)	22.0% (150)	3.49	682
The various savings accounts in the market place are all very similar.	5.0% (34)	41.3% (281)	25.6% (174)	23.2% (158)	5.0% (34)	2.82	681
It is important to make the right savings account choice	31.0% (211)	51.0% (347)	16.8% (114)	1.0% (7)	0.1% (1)	1.88	680
I would be very concerned about the outcome of my choice of savings account.	22.0% (150)	45.2% (308)	27.8% (189)	4.6% (31)	0.4% (3)	2.16	681
answered question							686
skipped question							339



20. Do you have a mortgage with any financial institutions?				
			Response Percent	Response Count
Yes.			45.0%	375
No, but I intend to have a mortgage in the next 12 months.			4.9%	41
No, and I have no intention to have a mortgage in the next 12 months.			50.1%	418
			answered question	834
			skipped question	191

21. Do you have more than one mortgage?				
			Response Percent	Response Count
No			90.1%	347
Yes. How many mortgages do you have? (please specify)			9.9%	38
			answered question	385
			skipped question	640

22. Is your mortgage held at:				
			Response Percent	Response Count
The financial institution where your current account is held.			27.0%	102
Another financial institution.			73.0%	276
			answered question	378
			skipped question	647

23. If your mortgage is held at another financial institution, which type of financial institution do you use?				
			Response Percent	Response Count
A bank			28.0%	78
A building society			64.2%	179
An insurance company			5.0%	14
Other (please specify)			2.9%	8
			answered question	279
			skipped question	746





24. How long have you had your mortgage with this financial institution?				
			Response Percent	Response Count
Less than 1 year			16.6%	63
1-3 years			28.2%	107
4-6 years			20.0%	76
7-10 years			10.5%	40
More than 10 years			24.7%	94
			answered question	380
			skipped question	645

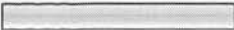

25. When you started your mortgage with this financial institution, did this represent a new mortgage or did you switch an existing mortgage from another financial institution				
			Response Percent	Response Count
New mortgage			59.0%	217
Mortgage switched from another financial institution			41.0%	151
			answered question	368
			skipped question	657

26. I choose to have my mortgage with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Sgrongly Disagree	N/A	Rating Average	Response Count
I can get special deals.	13.0% (48)	34.5% (127)	37.0% (136)	8.2% (30)	4.9% (18)	2.4% (9)	2.56	368
This financial institution provides greater benefits than other financial institutions.	12.4% (45)	38.5% (140)	39.8% (145)	4.9% (18)	2.5% (9)	1.9% (7)	2.46	364
Building a relationship with this financial institution is profitable for me.	5.4% (20)	25.9% (95)	45.0% (165)	13.1% (48)	8.2% (30)	2.5% (9)	2.92	367
The staff at this financial institution recognise me.	3.8% (14)	14.4% (53)	36.3% (134)	20.6% (76)	19.0% (70)	6.0% (22)	3.39	369
I have developed a friendship with the people from this financial institution.	3.0% (11)	14.4% (53)	33.8% (124)	22.3% (82)	20.4% (75)	6.0% (22)	3.46	367
I am familiar with the personnel from this financial institution.	3.3% (12)	17.2% (63)	33.5% (123)	20.4% (75)	19.6% (72)	6.0% (22)	3.38	367
I am worried I might make the wrong decision if I choose not to use this financial institution.	1.4% (5)	9.7% (36)	39.7% (147)	23.5% (87)	21.9% (81)	3.8% (14)	3.57	370
I will incur switching costs/penalties if I choose another financial institution.	5.2% (19)	27.7% (102)	34.8% (128)	16.6% (61)	13.0% (48)	2.7% (10)	3.05	368
This financial institution is trustworthy.	15.6% (57)	46.2% (169)	32.5% (119)	3.0% (11)	1.6% (6)	1.1% (4)	2.28	366
The staff at this financial institution are honest and truthful.	10.6% (39)	28.7% (106)	50.7% (187)	3.5% (13)	2.4% (9)	4.1% (15)	2.57	369
The financial institution is easily accessible.	13.6% (50)	43.1% (158)	31.3% (115)	7.4% (27)	3.3% (12)	1.4% (5)	2.43	367
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	17.2% (63)	42.8% (157)	27.5% (101)	6.8% (25)	4.4% (16)	1.4% (5)	2.38	367
I can get the latest information on products from this financial institution.	10.9% (40)	38.3% (141)	37.2% (137)	6.8% (25)	4.3% (16)	2.4% (9)	2.54	368
This financial institution provides								

unique knowledge/expertise which I cannot get from another financial institution.	3.8% (14)	9.8% (36)	46.4% (170)	23.8% (87)	12.3% (45)	3.8% (14)	3.32	366
I can get faster service than most customers	3.3% (12)	9.0% (33)	39.6% (145)	29.0% (106)	14.8% (54)	4.4% (16)	3.45	366
I am usually placed higher on the priority list when there is a line.	2.2% (8)	6.9% (25)	39.3% (143)	28.0% (102)	18.4% (67)	5.2% (19)	3.57	364
I can access other financial services easily from this financial institution.	7.1% (26)	27.1% (99)	42.5% (155)	12.1% (44)	8.2% (30)	3.0% (11)	2.87	365
I get special deals that most other customers do not get	2.7% (10)	10.4% (38)	40.7% (149)	25.7% (94)	16.1% (59)	4.4% (16)	3.44	366
answered question								370
skipped question								655

27. How do you tend to manage your mortgage?			Response Percent	Response Count
At a branch/face-to-face			30.5%	113
By telephone			34.6%	128
Online			24.9%	92
Other (please specify)			10.0%	37
answered question				370
skipped question				655

28. Would your mortgage be held at:			Response Percent	Response Count
The financial institution where your current account is held.			33.3%	13
Another financial institution.			66.7%	26
answered question				39
skipped question				986

29. If your mortgage is to be held at another financial institution, which type of financial institution would you use? (tick one)

	Response Percent	Response Count
A bank <input type="checkbox"/>	29.2%	7
A building society <input type="checkbox"/>	54.2%	13
An insurance company <input type="checkbox"/>	4.2%	1
Other (please specify) <input type="checkbox"/>	12.5%	3
answered question		24
skipped question		1001

30. I would choose to have a mortgage with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
I can get special deals.	16.2% (6)	48.6% (18)	27.0% (10)	5.4% (2)	0.0% (0)	2.7% (1)	2.22	37
This financial institution provides greater benefits than other financial institutions.	15.8% (6)	42.1% (16)	34.2% (13)	2.6% (1)	0.0% (0)	5.3% (2)	2.25	38
Building a relationship with this financial institution is profitable for me.	5.4% (2)	35.1% (13)	35.1% (13)	8.1% (3)	8.1% (3)	8.1% (3)	2.76	37
The staff at this financial institution recognise me.	2.7% (1)	18.9% (7)	40.5% (15)	5.4% (2)	24.3% (9)	8.1% (3)	3.32	37
I have developed a friendship with the people from this financial institution.	0.0% (0)	29.7% (11)	32.4% (12)	5.4% (2)	24.3% (9)	8.1% (3)	3.26	37
I am familiar with the personnel from this financial institution.	0.0% (0)	37.8% (14)	24.3% (9)	5.4% (2)	24.3% (9)	8.1% (3)	3.18	37
I am worried I might make the wrong decision if I choose not to use this financial institution.	2.7% (1)	29.7% (11)	35.1% (13)	10.8% (4)	16.2% (6)	5.4% (2)	3.09	37
I will incur switching costs/penalties if I choose another financial institution.	2.7% (1)	13.5% (5)	37.8% (14)	10.8% (4)	27.0% (10)	8.1% (3)	3.50	37

This financial institution is trustworthy.	5.4% (2)	48.6% (18)	37.8% (14)	0.0% (0)	5.4% (2)	2.7% (1)	2.50	37
The staff at this financial institution are honest and truthful.	2.7% (1)	27.0% (10)	43.2% (16)	8.1% (3)	13.5% (5)	5.4% (2)	3.03	37
The financial institution is easily accessible.	13.5% (5)	45.9% (17)	27.0% (10)	0.0% (0)	8.1% (3)	5.4% (2)	2.40	37
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	8.1% (3)	48.6% (18)	29.7% (11)	2.7% (1)	8.1% (3)	2.7% (1)	2.53	37
I can get the latest information on products from this financial institution.	8.1% (3)	40.5% (15)	35.1% (13)	2.7% (1)	10.8% (4)	2.7% (1)	2.67	37
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	5.4% (2)	24.3% (9)	43.2% (16)	2.7% (1)	18.9% (7)	5.4% (2)	3.06	37
I can get faster service than most customers	0.0% (0)	21.6% (8)	43.2% (16)	8.1% (3)	21.6% (8)	5.4% (2)	3.31	37
I am usually placed higher on the priority list when there is a line.	2.7% (1)	18.9% (7)	40.5% (15)	10.8% (4)	21.6% (8)	5.4% (2)	3.31	37
I can access other financial services easily from this financial institution.	2.8% (1)	38.9% (14)	33.3% (12)	5.6% (2)	16.7% (6)	2.8% (1)	2.94	36
I get special deals that most other customers do not get	2.7% (1)	21.6% (8)	40.5% (15)	10.8% (4)	18.9% (7)	5.4% (2)	3.23	37
answered question								38
skipped question								987

31. How would you intend to manage your mortgage?			Response Percent	Response Count
At a branch/face-to-face	<input type="checkbox"/>		42.1%	16
By telephone	<input type="checkbox"/>		7.9%	3
Online	<input type="checkbox"/>		47.4%	18
Other (please specify)	<input type="checkbox"/>		2.6%	1
answered question				38
skipped question				987

32. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements:							
	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Rating Average	Response Count
When selecting from among the many types of mortgages available from various financial institutions, I would not care at all as to which one I would buy.	4.2% (17)	12.4% (50)	18.9% (76)	30.3% (122)	34.1% (137)	3.78	402
The various mortgages in the market place are all very similar.	2.2% (9)	25.9% (105)	24.0% (97)	33.1% (134)	14.8% (60)	3.32	405
It is important to make the right mortgage choice	54.1% (219)	35.3% (143)	10.4% (42)	0.2% (1)	0.0% (0)	1.57	405
I would be very concerned about the outcome of my choice of mortgage.	40.4% (164)	41.4% (168)	15.3% (62)	2.7% (11)	0.2% (1)	1.81	406
answered question							408
skipped question							617

33. Do you have car insurance with any financial institutions?				
			Response Percent	Response Count
Yes.	<div><div></div></div>		47.5%	390
No, but I intend to take out a car insurance in the next 12 months.	<div><div></div></div>		5.5%	45
No, I have no intention to take out car insurance in the next 12 months.	<div><div></div></div>		47.0%	386
			answered question	821
			skipped question	204

34. Do you have more than one car insurance?				
			Response Percent	Response Count
No	<div><div></div></div>		78.7%	317
Yes. How many car insurance do you have? (please specify)	<div><div></div></div>		21.3%	86
			answered question	403
			skipped question	622

35. Is your car insurance primarily held at:				
			Response Percent	Response Count
The financial institution where your current account is held.	<div><div></div></div>		6.8%	27
Another financial institution.	<div><div></div></div>		93.2%	368
			answered question	395
			skipped question	630

36. If your car insurance is held at another financial institution, which type of financial institution do you use?

	Response Percent	Response Count
A bank	4.1%	15
A building society	0.3%	1
An insurance company	88.1%	319
Other (please specify)	7.5%	27
answered question		362
skipped question		663

37. How long have you had your car insurance with this financial institution?

	Response Percent	Response Count
Less than a year	30.3%	118
1-3 years	33.4%	130
4-6 years	21.1%	82
7-10 years	7.5%	29
More than 10 years	7.7%	30
answered question		389
skipped question		636

38. When you first took out car insurance with this financial institution, did this represent renewed car insurance or did you switch existing car insurance from another financial institution?

	Response Percent	Response Count
New insurance	27.8%	104
Insurance switched from another financial institution	72.2%	270
answered question		374
skipped question		651

39. I choose to have my car insurance with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
I can get special deals.	14.5% (54)	37.1% (138)	32.3% (120)	10.5% (39)	3.2% (12)	2.4% (9)	2.50	372
This financial institution provides greater benefits than other financial institutions.	11.1% (41)	38.4% (142)	38.6% (143)	6.5% (24)	3.0% (11)	2.4% (9)	2.51	370
Building a relationship with this financial institution is profitable for me.	4.3% (16)	22.0% (81)	44.7% (165)	14.4% (53)	8.7% (32)	6.0% (22)	3.01	369
The staff at this financial institution recognise me.	2.7% (10)	7.9% (29)	31.6% (116)	26.4% (97)	20.2% (74)	11.2% (41)	3.60	367
I have developed a friendship with the people from this financial institution.	2.2% (8)	7.8% (29)	31.0% (115)	27.0% (100)	21.0% (78)	11.1% (41)	3.64	371
I am familiar with the personnel from this financial institution.	2.4% (9)	8.6% (32)	29.9% (111)	27.0% (100)	21.0% (78)	11.1% (41)	3.62	371
I am worried I might make the wrong decision if I choose not to use this financial institution.	1.6% (6)	8.6% (32)	37.0% (137)	27.0% (100)	18.9% (70)	6.8% (25)	3.57	370
I will incur switching costs/penalties if I choose another financial institution.	1.6% (6)	6.5% (24)	29.2% (108)	32.2% (119)	23.0% (85)	7.6% (28)	3.74	370
This financial institution is trustworthy.	11.7% (43)	44.3% (163)	35.6% (131)	3.5% (13)	1.6% (6)	3.3% (12)	2.37	368
The staff at this financial institution are honest and truthful.	6.2% (23)	24.3% (90)	55.9% (207)	4.6% (17)	2.7% (10)	6.2% (23)	2.71	370
The financial institution is easily accessible.	14.1% (52)	39.7% (147)	36.2% (134)	6.2% (23)	0.8% (3)	3.0% (11)	2.38	370
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	13.6% (50)	35.5% (131)	33.1% (122)	9.8% (36)	4.1% (15)	4.1% (15)	2.53	369
I can get the latest information on products from this financial institution.	7.5% (28)	32.3% (120)	42.5% (158)	7.3% (27)	4.8% (18)	5.6% (21)	2.68	372
This financial institution provides								

unique knowledge/expertise which I cannot get from another financial institution.	3.8% (14)	12.2% (45)	44.7% (165)	23.6% (87)	9.8% (36)	6.0% (22)	3.25	369
I can get faster service than most customers	2.4% (9)	7.8% (29)	36.3% (135)	29.3% (109)	16.7% (62)	7.5% (28)	3.54	372
I am usually placed higher on the priority list when there is a line.	1.6% (6)	6.3% (23)	34.2% (126)	28.8% (106)	19.6% (72)	9.5% (35)	3.65	368
I can access other financial services easily from this financial institution.	4.6% (17)	16.0% (59)	45.5% (168)	17.6% (65)	10.0% (37)	6.2% (23)	3.13	369
I get special deals that most other customers do not get	3.0% (11)	7.3% (27)	38.9% (143)	26.1% (96)	17.4% (64)	7.3% (27)	3.51	368
							answered question	374
							skipped question	651

40. How do you tend to manage your car insurance?			Response Percent	Response Count
At a branch/face-to-face	<div></div>		7.0%	26
By telephone	<div></div>		53.1%	198
Online	<div></div>		37.0%	138
Other (please specify)	<div></div>		2.9%	11
			answered question	373
			skipped question	652

41. Would your car insurance primarily be held at:			
		Response Percent	Response Count
The financial institution where your current account is held.	<div></div>	11.9%	5
Another financial institution.	<div></div>	88.1%	37
		answered question	42
		skipped question	983

42. If your car insurance is to be held at another financial institution, which type of financial institution would you use?

		Response Percent	Response Count
A bank	<input type="checkbox"/>	5.4%	2
A building society	<input type="checkbox"/>	5.4%	2
An insurance company	<input checked="" type="checkbox"/>	78.4%	29
Other (please specify)	<input type="checkbox"/>	10.8%	4
answered question			37
skipped question			988

43. I would choose to have car insurance with this particular financial institution because:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
I can get special deals.	28.2% (11)	28.2% (11)	38.5% (15)	2.6% (1)	2.6% (1)	0.0% (0)	2.23	39
This financial institution provides greater benefits than other financial institutions.	21.1% (8)	34.2% (13)	42.1% (16)	0.0% (0)	0.0% (0)	2.6% (1)	2.22	38
Building a relationship with this financial institution is profitable for me.	10.5% (4)	28.9% (11)	44.7% (17)	7.9% (3)	5.3% (2)	2.6% (1)	2.68	38
The staff at this financial institution recognise me.	0.0% (0)	15.8% (6)	42.1% (16)	18.4% (7)	18.4% (7)	5.3% (2)	3.42	38
I have developed a friendship with the people from this financial institution.	0.0% (0)	13.2% (5)	47.4% (18)	15.8% (6)	18.4% (7)	5.3% (2)	3.42	38
I am familiar with the personnel from this financial institution.	0.0% (0)	11.1% (4)	52.8% (19)	13.9% (5)	16.7% (6)	5.6% (2)	3.38	36
I am worried I might make the wrong decision if I choose not to use this financial institution.	2.6% (1)	5.3% (2)	52.6% (20)	18.4% (7)	18.4% (7)	2.6% (1)	3.46	38
I will incur switching costs/penalties if I choose another financial institution.	0.0% (0)	13.5% (5)	48.6% (18)	16.2% (6)	18.9% (7)	2.7% (1)	3.42	37

This financial institution is trustworthy.	13.2% (5)	36.8% (14)	50.0% (19)	0.0% (0)	0.0% (0)	0.0% (0)	2.37	38
The staff at this financial institution are honest and truthful.	7.9% (3)	31.6% (12)	50.0% (19)	5.3% (2)	0.0% (0)	5.3% (2)	2.56	38
The financial institution is easily accessible.	10.8% (4)	51.4% (19)	32.4% (12)	2.7% (1)	2.7% (1)	0.0% (0)	2.35	37
This financial institution offers a variety of means of access (i.e. branch, telephone, internet).	10.5% (4)	34.2% (13)	44.7% (17)	7.9% (3)	2.6% (1)	0.0% (0)	2.58	38
I can get the latest information on products from this financial institution.	5.3% (2)	36.8% (14)	50.0% (19)	5.3% (2)	2.6% (1)	0.0% (0)	2.63	38
This financial institution provides unique knowledge/expertise which I cannot get from another financial institution.	5.3% (2)	21.1% (8)	52.6% (20)	13.2% (5)	7.9% (3)	0.0% (0)	2.97	38
I can get faster service than most customers	2.6% (1)	13.2% (5)	52.6% (20)	15.8% (6)	15.8% (6)	0.0% (0)	3.29	38
I am usually placed higher on the priority list when there is a line.	2.7% (1)	13.5% (5)	40.5% (15)	27.0% (10)	13.5% (5)	2.7% (1)	3.36	37
I can access other financial services easily from this financial institution	2.6% (1)	23.7% (9)	44.7% (17)	18.4% (7)	7.9% (3)	2.6% (1)	3.05	38
I get special deals that most other customers do not get	2.6% (1)	13.2% (5)	36.8% (14)	26.3% (10)	15.8% (6)	5.3% (2)	3.42	38
answered question								39
skipped question								986

44. How would you intend to manage your car insurance?

		Response Percent	Response Count
At a branch/face-to-face	<input type="text"/>	20.0%	8
By telephone	<input type="text"/>	35.0%	14
Online	<input type="text"/>	42.5%	17
Other (please specify)	<input type="text"/>	2.5%	1
answered question			40
skipped question			985

45. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Rating Average	Response Count
When selecting from among the many types of car insurance available from various financial institutions, I would not care at all as to which one I would buy.	9.0% (37)	17.8% (73)	15.2% (62)	29.6% (121)	28.4% (116)	3.50	409
The various types of car insurance in the market place are all very similar.	5.4% (22)	36.3% (149)	22.7% (93)	26.1% (107)	9.5% (39)	2.98	410
It's important to make the right car insurance choice?	36.1% (148)	47.1% (193)	15.9% (65)	0.7% (3)	0.2% (1)	1.82	410
I would be very concerned about the outcome of my choice of car insurance?	27.1% (111)	42.8% (175)	24.0% (98)	4.4% (18)	1.7% (7)	2.11	409
answered question							411
skipped question							614

46. Please indicate, by ticking on the following scale, the extent to which you agree or disagree with each of the following statements

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Rating Average	Response Count
It is better to conduct all your business with one financial institution because they have a better overall picture of your financial situation	5.7% (45)	16.8% (132)	31.9% (251)	32.8% (258)	12.8% (101)	3.30	787
My relationship with the financial institutions I deal with is worth more to me than a better deal from somewhere else	3.5% (27)	18.1% (141)	35.9% (280)	31.1% (243)	11.5% (90)	3.29	781
It doesn't matter where you go for financial services, all financial institutions are the same	2.2% (17)	18.7% (146)	34.2% (267)	32.2% (251)	12.7% (99)	3.34	780
I don't think I have a relationship with the financial institutions I deal with	10.1% (79)	33.7% (264)	38.9% (305)	15.4% (121)	1.9% (15)	2.65	784
I deal with certain financial institutions out of habit	3.3% (26)	30.7% (240)	36.3% (284)	23.0% (180)	6.8% (53)	2.99	783
I do not consider myself to be loyal to the financial institutions I deal with	10.9% (85)	34.1% (267)	35.4% (277)	17.1% (134)	2.6% (20)	2.66	783
answered question							788
skipped question							237

47.

	Important	6	5	4	3	2	Unimportant	Rating Average	Response Count
In general, financial services are:	25.7% (199)	26.5% (205)	29.2% (226)	14.6% (113)	2.7% (21)	0.4% (3)	0.9% (7)	2.47	774
answered question									774
skipped question									254

48.									
	Mean a lot to me	6	5	4	3	2	Mean nothing to me	Rating Average	Response Count
In general, financial services:	12.3% (95)	15.8% (122)	28.0% (217)	32.7% (253)	7.6% (59)	2.3% (18)	1.3% (10)	3.20	774
	<i>answered question</i>								774
	<i>skipped question</i>								251

49.									
	Do not matter to me	6	5	4	3	2	Matter to me	Rating Average	Response Count
In general, financial services:	2.3% (18)	2.5% (19)	10.9% (84)	24.9% (192)	20.8% (160)	21.5% (166)	17.1% (132)	4.92	771
	<i>answered question</i>								771
	<i>skipped question</i>								254

50.									
	Significant	6	5	4	3	2	Insignificant	Rating Average	Response Count
In general, financial services are:	18.2% (141)	21.2% (164)	29.9% (231)	23.3% (180)	4.9% (38)	1.4% (11)	1.0% (8)	2.84	77
	<i>answered question</i>								77
	<i>skipped question</i>								25

51.

	Are of no concern to me	6	5	4	3	2	Are of concern to me	Rating Average	Response Count
In general, financial services:	1.7% (13)	3.0% (23)	7.9% (61)	24.8% (193)	24.1% (187)	20.3% (158)	18.3% (142)	5.01	777
							<i>answered question</i>		777
							<i>skipped question</i>		248

52. Please indicate, by ticking on the following scale, how you would rate yourself in relation to each of the following

	Good	Better than Average	Average	Less than Average	Poor	Response Count
My understanding of financial services in general is:	26.0% (202)	27.6% (215)	41.5% (323)	3.9% (30)	1.0% (8)	778
My confidence in dealing with financial services is:	26.6% (207)	29.2% (227)	36.8% (286)	6.2% (48)	1.2% (9)	777
My understanding of savings is:	28.5% (221)	30.0% (233)	37.5% (291)	3.4% (26)	0.6% (5)	776
My understanding of mortgages is:	19.9% (154)	23.0% (178)	33.8% (262)	15.0% (116)	8.4% (65)	775
My understanding of car insurance is:	22.4% (173)	26.3% (203)	36.0% (278)	8.2% (63)	7.2% (56)	773
					<i>answered question</i>	778
					<i>skipped question</i>	247

53. In general, I decide to deal with a particular financial institution because: (tick all that apply)				
			Response Percent	Response Count
I am willing to	<input type="checkbox"/>		92.4%	706
My friends and family recommend it	<input type="checkbox"/>		17.4%	133
My employer requires it	<input type="checkbox"/>		4.5%	34
The government requires it	<input type="checkbox"/>		6.5%	50
			answered question	764
			skipped question	261

54. Please indicate the total number of financial institutions that you currently have accounts/ financial products with?				
			Response Count	
				726
			answered question	726
			skipped question	299

55. Are you				
			Response Percent	Response Count
Male	<input type="checkbox"/>		74.3%	573
Female	<input type="checkbox"/>		25.7%	198
			answered question	771
			skipped question	254

56. Which age band are you in?

		Response Percent	Response Count
16-24 years		9.0%	70
25-34 years		24.6%	191
35-44 years		26.0%	202
45-54 years		20.5%	159
55-64 years		16.8%	130
65 years and over		3.1%	24
answered question			776
skipped question			249

57. Are you:

		Response Percent	Response Count
Single		37.6%	292
Married		52.1%	404
Divorced/Seperated		8.6%	67
Widowed		1.7%	13
answered question			776
skipped question			249

58. Please indicate your working status: (please tick all that apply)

		Response Percent	Response Count
Working full-time	<input checked="" type="checkbox"/>	59.7%	462
Working part-time	<input type="checkbox"/>	8.8%	68
Self-employed	<input type="checkbox"/>	7.9%	61
Homemaker	<input type="checkbox"/>	4.3%	33
Unemployed	<input type="checkbox"/>	6.1%	47
Student	<input type="checkbox"/>	6.3%	49
Retired	<input type="checkbox"/>	10.1%	78
answered question			774
skipped question			251

59. What is your occupation?

Response
Count

637

answered question **637**

skipped question **388**





60. What is your annual household income (before tax)?

		Response Percent	Response Count
Under £9,999	<input type="checkbox"/>	11.4%	84
£10,000 - £19,999	<input type="checkbox"/>	19.7%	145
£20,000 - £29,999	<input type="checkbox"/>	20.7%	152
£30,000 - £39,999	<input type="checkbox"/>	20.0%	147
£40,000 - £49,999	<input type="checkbox"/>	8.3%	61
£50,000 - £59,999	<input type="checkbox"/>	7.3%	54
£60,000 or above	<input type="checkbox"/>	12.5%	92
answered question			735
skipped question			290

61. Which of the following qualifications do you have? (tick all that apply)

		Response Percent	Response Count
G(CSE)/O level, Scottish Standard Grade or equivalent	<input type="checkbox"/>	46.2%	355
A level, Scottish Higher or equivalent	<input type="checkbox"/>	34.6%	266
Diploma	<input type="checkbox"/>	16.5%	127
Undergraduate degree	<input type="checkbox"/>	29.8%	229
Postgraduate degree	<input type="checkbox"/>	13.9%	107
None of the above	<input type="checkbox"/>	7.9%	61
answered question			769
skipped question			256

62. Where do you live?

		Response Percent	Response Count
Scotland		12.2%	93
England		82.8%	631
Wales		3.8%	29
Northern Ireland		1.2%	9
answered question			762
skipped question			263

63. Please use the space below to make any further comments.

		Response Count
		99
answered question		99
skipped question		926

64. Please leave your e-mail if you wish to get I-points to your account.

		Response Count
		753
answered question		753
skipped question		272

Appendix D: Consumer Banking Behaviour

Table D.1 Ownership of financial services: Do you have current account/savings account/ mortgage/car insurance?

	Knowledge/Involvement Cluster								Chi-Square	P
	Cluster 1		Cluster 2		Cluster 3		Cluster 4			
	N=	189	N=	196	N=	221	N=	174		
	N	%	N	%	N	%	N	%		
Current Account										
Yes	185	97.9	195	99.5	204	92.3	167	96.0	16.79**	0.001
No	4	2.1	1	0.5	17	7.7	7	4		
Savings Account										
Yes	150	79.4	180	91.8	133	60.2	135	77.6	61.34***	0.000
No, but intent to open a savings account	9	4.8	6	3.1	25	11.3	14	8.0		
No, and have no intention to open a savings account	30	15.8	10	5.1	63	28.5	25	14.4		
Mortgage										
Yes	104	55.0	110	56.1	81	36.7	53	30.5	45.25***	0.000
No, but intent to have a mortgage	11	5.8	6	3.1	6	2.7	13	7.5		
No, and have no intention to have a mortgage	74	39.2	80	40.8	134	60.6	108	62.0		
Car Insurance										
Yes	95	50.3	122	62.2	82	37.1	72	41.4	32.64***	0.000
No, but intent to have car insurance	11	5.8	10	5.1	10	4.5	12	6.9		
No, and have no intention to have car insurance	83	43.9	64	32.7	129	58.4	90	51.7		

Table D.2 Do you have more than one current accounts/savings accounts/mortgage/car insurance

Clusters		Knowledge/Involvement Cluster								Chi-Square	P
		Cluster 1		Cluster 2		Cluster 3		Cluster 4			
		N	%	N	%	N	%	N	%		
1	Yes	87	47.3	90	46.4	65	31.9	64	38.3	12.88**	0.005
	No	97	52.7	104	53.6	139	68.1	103	61.7		
2	Yes	78	52.3	108	60.3	47	35.3	74	54.8	20.14***	0.000
	No	71	47.7	71	39.7	86	64.7	61	45.2		
3	Yes	3	97.1	3	97.3	3	96.3	4	92.5	2.64	0.451
	No	100	2.9	107	2.7	78	3.7	49	7.5		
4	Yes	18	18.9	29	23.8	11	13.8	11	15.3	3.91	0.271
	No	77	81.1	93	76.2	69	86.2	61	84.7		

1= current account 2= savings account 3=mortgage 4=car insurance

Table D. 3 Number of Financial Services across from Four Clusters

Clusters		Knowledge/Involvement Cluster								Chi-Square	P
		Cluster 1		Cluster 2		Cluster 3		Cluster 4			
		N	%	N	%	N	%	N	%		
None	1	0.5	0	0	9	4.1	3	1.7	85.53***	0.000	
One	16	8.5	9	4.6	51	23.1	26	14.9			
Two	52	27.5	41	20.9	70	31.7	64	36.8			
Three	66	34.9	68	34.7	55	24.9	51	29.3			
Four	54	28.6	78	39.8	36	16.2	30	17.3			

Table D.4 Channel Choice across from Four Clusters

Clusters		Knowledge/Involvement Cluster								Chi-Square	P
		Cluster 1		Cluster 2		Cluster 3		Cluster 4			
		N=	189	N=	196	N=	221	N=	174		
		N	%	N	%	N	%	N	%		
1	Branch	43	23.6	37	19.1	74	37.0	48	29.3	19.54*	0.021
	Telephone	8	4.4	8	4.1	10	5.0	5	3.0		
	Online	131	72.0	147	76.8	116	58.0	111	67.7		
2	Branch	37	25.2	38	21.8	50	38.2	52	41.9	42.98	0.000
	Telephone	7	4.8	6	3.4	12	9.2	1	0.0		
	Online	102	70.0	131	74.8	69	52.6	71	58.1		
3	Branch	41	43.2	25	25.0	22	31.9	15	34.1	14.35	0.110
	Telephone	28	29.5	44	44.0	27	39.1	20	45.5		
	Online	26	27.3	31	31.0	20	29.0	9	20.4		
4	Branch	9	9.7	7	6.0	2	2.6	6	8.9	15.51	0.078
	Telephone	43	46.2	61	52.1	45	58.4	47	70.1		
	Online	41	44.1	49	41.9	30	40.0	14	20.9		