Turning Transactions Into Relationships

Metrics for Usability and the Dyadic Customer-Brand Relationship in the Financial Services Sector

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Declaration of Originality

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This thesis is submitted for the degree of Doctor of Philosophy. I declare that it has been composed by myself, and the work described is my own research.

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Abstract

Scientific studies in the field of human computer interaction and usability engineering have typically been undertaken in isolation and with little consideration of the associated real world business issues and brand issues. In consequence, the effects of user interface design have not been assessed in terms of their impact on customer interactions with the brand, or their impact on customer relationship with the brand. As technologies become more complex and permeate society's day-to-day cultural interactions, the need grows for practical metrics to assess how the usability of distribution channels, in for example the financial services sector, shapes the customer's perception of the brands that they deal with. These perceptions can be formed via direct user interaction between the customer and the user interface, or via user interaction with support systems, such as the contact centre, that are in place for staff to communicate with customers. The research presented here presents a justification for turning transactions into relationships, with specific reference to the financial services sector, by proposing practical metrics for usability and the dyadic customer-brand relationship based on empirical investigation.

This thesis seeks to bridge the gap between relevant yet disparate disciplines of psychology, marketing and usability engineering. The intention of the thesis is to investigate how customer perceptions of the brand of a financial services enterprise can be measured and interpreted. The thesis presents, for the first time how the customer-brand relationship can be affected by channel usability and the customer's

perception of the brand based on their interactions with different distribution channels or person-to-person interactions. The contribution to knowledge in this thesis is represented by the formulation of a reliable and valid metric for brand personality and brand relationship assessment. The experiment results included here show how the metric has been successfully designed and implemented with specific relevance to the financial services sector.

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Chapter One

An Introduction to the Thesis Structure

1.1 Thesis Outline

The thesis expounded in this work is that the customer-brand relationship in modern banking services can be influenced by self-service channel usability since the customer's perception of the brand is dependent on their interactions with different distribution channels. The research reported here seeks to create practical metrics to describe this effect.

The thesis opens in Chapter 2 with an exploration of the research motivations behind the investigations, in order to acknowledge why this research is an important contribution to knowledge. Discussion begins with a narrative of 'scene setting' for the thesis within the area of investigation: the Financial Services Industry domain. A historical synopsis of the evolution of financial services identifies how interactions with the customer have changed from a transactional to a relationship-based orientation and have been further influenced by advancements in technology. To explain the significance of this change the service sector itself is outlined, illustrating the problems associated with service encounters. The actors within these relationships are introduced, as is the importance of the role they play in defining the customer's experience with a service. The role and consumption behaviours of customers are then outlined to lay a foundation of understanding of the cognitive processes which the consumer employs to process information, when they exercise the decision-making process to buy. Three models are discussed which outline the ways in which customer satisfaction might be viewed. Once again this serves to inform the reader of the desired 'satisfied' state in which a business wishes to leave their customer, after any interaction with their brand. The introduction then marries the discipline of marketing to the financial service industry to illustrate the way marketers recognise how transactional marketing has been abandoned in favour of relationship marketing, introducing people and processes and customer service to the marketing mix. Service quality dimensions are briefly outlined, identifying

instruments of measurement that have been used in assessing the service domain in the past and how these can point to any service gaps that may exist.

Chapter 3 takes the introduction into the next level of investigation, that of psychology and interpersonal relationships. This section provides a relevant literature review on the nature of relationships and their associated behaviours so that the reader is given a broad foundation of knowledge in order to understand the importance that businesses should place on forming relationships with their customers. This literature review covers aspects of cognitive and affective factors of relationships, temporality and the dynamics of relationships, the diversity of interactions and the concept of exchange relationships. The trade-offs that customers make in their decision-making process are then considered with regard to customer cognition and the levels of relationship that might be enjoyed by a customer and business in the dyadic relations they have with one another.

Chapter 4 describes the empirical methods of evaluation used in the thesis. The point of departure for this introduction describes usability engineering and the importance of user-centred design. The next section of this chapter outlines a description of the experiment methods that are used to empirically evaluate usability and brand equity. The test procedures are introduced and the quantitative usability metric, brand metrics and qualitative questionnaire methods are detailed.

From the backgrounds outlined in the various literature reviews, the thesis goes on to describe three progressive empirical evaluations of key dimensions to be considered in forming a relationship with the customer, based on an adaptation of 'stage theory' as outlined in the introduction. These experiments have been conducted using details pertinent to one specific organisation- Lloyds TSB bank, who sponsored this work. The experiments incorporate:

- The formation of the relationship via an identification of customer needs: usability and brand equity analysis of the customer experience in the financial services domain, remote and person-to-person interactions

- Evaluating the relationship using brand personality and brand relationship metrics: seeing the business as relationship partner, towards a brand personality and brand relationship metric

- When relationships breakdown, salvaging a service failure with customer complaint handling: relationship metrics

Chapter 5 addresses the initial stage in the development of a relationship with the customer whereby the relationship is initiated and foundations are laid for the relationship's maintenance and growth. The introduction further states that there are difficulties associated with the cognitions of choice that financial consumers enter into, based on the intangibility of services and lack of prior experience with life long financial products. The aim of this experiment discussed here is to aid the customer in this initial 'identification of need', with the bank entering into more personal interactions with the customer to find out their goals and aspirations. This investigation considers quantitative and qualitative analysis of the relationship managers' (bank staff) viewpoint of the service. As well as usability and brand equity measures this analysis includes a cognitive walkthrough of the interface design and an evaluative commentary on the impact such a design would have on customer-bank interactions. Further to this investigation, a quantitative analysis of the customer experience is provided with regard to their perception of the usability of the service encounter with either a 'relationship manager' or an Internet based self-service interface. The brand equity questionnaire is used in this investigation to assess the impact of the brand between when the customer enters 'in the door' and the perception they are left with after initial interaction with the service offering. The nature of the interface design was such that it was appropriate to test verbal and spatial intelligence using the AH4 Test of General Intelligence (Heim, 1970). The

design, methodology, results and conclusions are presented for this two-perspective experiment.

The maintenance and growth of the relationship with the brand is assessed in Chapter 6. The aim of the experiment detailed here is to develop a robust measure of brand personality and brand relationship from an extensive literature review and then test the questionnaire metrics over different mediums of technological interfaces with the consumer base. The intention was to ascertain whether the perceived personality attributes of a brand are communicated effectively through the different common mediums of interaction with the financial service company, such as an automatic teller machine (ATM), automated telephone service, branch facility, contact centre service and Internet banking service. This chapter describes how the questionnaires were designed and formulated from a relevant literature investigation. The experimental design and methodology are outlined, the results are discussed, and conclusions and avenues for future work are addressed.

The next stage of relationships are investigated in Chapter 7, deterioration and dissolution, with regard to how to salvage a relationship successfully after a service failure has been experienced by the customer when they have had to raise a complaint. A literature review is provided depicting the common types of financial complaint, how these can be of detriment to the brand and how a brand relationship may recover. This experiment empirically evaluates the brand relationship from customer reaction to a complaints handling process over different mediums of communication technology. The metric is described with specific reference to this investigation. The design, methodology, results and conclusion are presented.

Chapter 8 details the main findings and contributions that this research offers and makes suggestions for future work.

Chapter Two

Motivations for Research within Modern Financial Services Encounters

2.1 Introduction

This thesis identifies the need for designers to understand that the usability engineering of the software systems that they design can hold implications for the relationships that are formed with the user base. 'Human error' or 'operator error' reasons are often used to blame when a breakdown occurs in the normal running of a system. Slip-ups, errors and omissions may well be human nature but it is imperative that the design engineer recognises this fact and formulates contingency plans and back up systems that not only do the job intended in an efficient and effective way but also aim to satisfy the user. When long delays occur in call centres due to the slow uploading of information on a system, or for example when customer details on a system do not match, then this reflects not only on that direct interactive experience, it also impacts the customer's perception of the company, maybe even associations with the brand, and subsequently the relationships they decide to forge or prevent with a company.

> "This is the core of interaction design: put the user first, keep the user in the centre, and remember the user at the end." (Dix et al, 2004 p 195)

The above statement is a key philosophy employed throughout this thesis whereby considerations of the user's interaction with the design of the interfaces are imperative to the attitudes that are subsequently reflected on the brand. The user-centred nature of the interfaces and system design employed in this thesis are detailed in Chapter 4 where the importance of usability engineering is further discussed and metrics for measuring usability are outlined.

The spirit of this thesis is set firmly within the financial services domain. It is therefore necessary to outline what financial services are and the characteristics of service encounters within this context. This chapter therefore serves to set the scene of the thesis, capturing how the financial service industry has evolved in recent years and the problems that consumers may encounter when faced with the financial decision-making process. It will further contemplate the heterogeneous role that bank staff play in the customer's experience of the service encounter and will examine how the implementation of mechanised distribution channels can aid standardisation of the service experience and communication of the company's brand message.

In a recent survey it was found that two service-related factors were the key to a customer's choice of financial institution. These two factors were *ease of doing business* as the main influencer, followed by *quality of personal service* (Skern and Gould, 1988). This thesis endeavours to investigate these two main influences in its attention to usability engineering factors of the interface design, which enables the user's ease of doing business (either bank staff or customer use of banking systems). It further assesses the service that is provided to the customer and the relationships that are formed with the bank through the quality of these important personal interactions.

2.2 Synopsis of Financial Services Evolution

The trading environment for UK banking is very different to that which existed before increased competition and deregulation came into play over recent years (Nelson, 1999). Financial institutions now have the potential to gain a competitive advantage in the marketplace if they give consideration to creation of superior distribution strategies and effective communication to customers, (Howcroft and Lavis, 1986). Therefore the usability issues of the these new distribution channels have to be recognised and designed not only with the user interactions at the

interface in mind, but also with consideration of the satisfaction of doing business with the company. The fragmentation of the financial marketplace is evident from the birth of new Internet-only banks as well as moves from High Street retailers to provide direct low-cost competition with the established bricks and mortar banks (Durkin and Howcroft, 2003). Financial institutions are no longer simply threatened by online banks or strong Web adapting banks, (Howcroft and Durkin, 2000), today they also face a threat from such things as mobile phone companies who can now also offer an effective banking service. These new competitors are usually trusted and established retail brands in their own right such as big supermarket chains. They typically offer only the most profitable product lines that provide the best returns so are therefore extremely price competitive with the more traditionalist banks (Durkin and Howcroft, 2003).

Distribution channels are a means of both effectively delivering products and communicating effectively with the marketplace (see McCarthy, 1975 and Canon 1986). Until the 1970s branches fulfilled both of these roles with success. However various changes in the financial services market (collectively known as 'deregulation') have systematically changed the nature of competition. A universal financial market now exists where the traditional constraint on price competition has been removed and demarcation lines between the various financial institutions have been eroded. Alternative distribution channels which complement and supplement branch networks are utilising advanced technology. In terms of *relationship marketing*, which is discussed in depth at a later point in this thesis, a main overriding theme is how the influence of technology is enabling improved channel efficiency by lowering costs or by eliciting more profitable and meaningful relationships between channel parties. One channel in particular has been the focus of much recent debate: the Internet. Some authors have argued that the Internet is potentially the greatest technological impact ever seen before in banking as it holds the ability to manage relationships with the customer base in a revolutionary one-to-one way (Zineldin, 2000; Peppers and Rodgers, 1995).

This thesis will consider several distribution channels that aim to both deliver the service/ product efficiently and effectively while also striving to satisfy the user's expectations and satisfy their needs. The distribution mediums of Internet banking, mobile phone banking, cash machines (ATM) and branch-based interactions will be examined in the empirical studies within this thesis to examine their usability and whether they are effectively communicating the message of the brand to the user base.

In the past, companies, and indeed the brand behind a company, have fostered business practices that are primarily product-driven. In recent years however companies have recognised that by transforming business practices to adopt a more customer-centric model they can create a more receptive market. This marks a fundamental change in the ideology of the retail-banking sector. Instead of focusing on accounts and transaction-based services, banks are beginning to orientate themselves around relationships with their customers (Harden, 2002).

Other research (Saxe and Weitz, 1982; Beatty and Gupp, 1989) has also identified that there is a need for retail organisations to adopt a customer-orientated culture, or has emphasised how customer evaluation of a service encounter is shaped by social and personal forces (Hollander, 1985; Czepiel, 1990). In terms of marketing as a discipline this has marked a fundamental paradigm shift in orientation away from transactions and towards relationships, redefining marketing thought and business (Kotler, 1990; Webster 1992). This paradigm shift is discussed in more depth later within this chapter.

Again with the advent of the Internet this can also be looked at from a technological perspective, in that the level of interactivity between a buyer and seller can be increased, as it provides the means to address an individual and also the ability to collect and remember the response of that individual (Deighton, 1996). The Internet

is therefore seen as a tool in modern banking to create unique relationships and tailor services to the individual customer (Jayawarhena and Foley, 2000).

In order for this radical shift away from transactions and towards relationships in banking to evolve, an approach towards a shared high-level picture of change had to occur. Some organisations in the financial services sector recognised the need for performance management frameworks and adopted a strategic management system by introducing a 'balanced scorecard' approach. This was first developed (Kaplan and Norton, 1992) to help organisations translate their vision into actions that would enable them to manage their performance. The approach attends to four inter-related dimensions:

- The financial perspective: how does the business look at its shareholders?
- The customer/ service user perspective: how do the customer's view the business?
- The internal business perspective: what must the business excel at?
- An innovation and learning perspective: how can the business continue to improve and create value?

By attending to each of these it is possible for high level business to provide an integrated picture of the goals of the company and identify where things may go wrong in the delivery of the service from the measures of performance that are in place. The balanced scorecard also gives management the ability to assess staff attitudes and their moral while also seeing things from the customer's perspective and assessing their satisfaction levels, which this thesis endeavours to research.

It has been identified that customers often perceive the culture and the image of a retail bank based on their interactions with bank employees (Julian and Ramaseshan, 1994). As well as the technologically based interactions customers have with their bank, this thesis will also concentrate on the other main types of interactions customers use in dealing with their bank. That is, with the contact

centre advisor and the face-to-face interactions they experience in the branch. The financial services brand studied in this thesis (Lloyds TSB) has undergone a radical shift in its ideology towards using this balanced scorecard approach, away from the performance related reward schemes by which staff used to be motivated. This means that the staff are more motivated on the results of their branch or team rather than being motivated into the 'hard selling' of products to boost their own individual gain, which had been a danger of their persuasion tactics in the past.

2.3 Evolving Channels of Distribution

By 2003, in excess of 35% of UK homes had Internet access, which is 1% more than the European average, (Durkin et al, 2003) and customers increasingly interact with banks on a remote level as Internet banking functionality and access steadily grows. Electronic banking allows customers to access information about their funds, and undertake banking transactions such as transferring funds and purchasing financial products and services. The delivery channels of electronic banking are fast becoming more advanced: PC banking, Internet banking, telephone banking, TV banking, mobile phone banking, (Daniel, 1999; Karjaluoto et al, 2002) are aiding superior distribution strategies in communicating and delivering products to various target audiences.

One of the aims of this research is to discover the perceptions of retail bank customers regarding the usability of remote channels and examine the extent to which customers still value traditional branch based interactions.

Internet banking offers the financial service industry an opportunity to use an extremely low cost distribution channel (Nehmzow, 1997). However Internet banking also poses a threat to the market share of traditional banks as it undermines the effective barriers to entry, which have been traditionally represented by branch networks. Banks therefore need to undertake research into understanding customer

attitudes towards remote banking and indeed the usability of these new channels and how they reflect on the bank's brand.

Major considerations of customer adoption of remote channels include the motivations of accessibility and convenience. Non-adopters tend to perceive remote channels such as ATMs as being too complex and too risky whereas adopters believe that technology improves service quality, present little or no risk and fulfil their need for a fast and easy to use service (Kwan, 1991). Consumer attitudes to direct banking (e.g. Internet and ATM) show that the main customer advantage to it is the 24-hour availability however the main disadvantages is its complexity and perceived risk (Lockett and Littler, 1997).

2.4 Service Encounters

In order to understand the customer experience in a retail banking setting it is necessary to understand the service encounters they are required to be involved in. Service encounters are the interpersonal interaction experiences and points of contact between the service and the customers (Shostack, 1977). The point when the customer experiences the service first hand, is the point it can be compared to the customer's past interaction experiences of it, past information of it and their existing expectations of the service. This validation process has been referred to as 'moments of truth' (Carlzon, 1987).

An example of this can be seen in the practices of a large airline company who have increased the customer encounters (experiences) they have with staff in order for customers to share in the confidence they hold about the quality of the service they are providing. This airline stopped serving their in-flight meals on one big tray and instead increased the moments of truth with the customer by serving each course separately, thus increasing opportunity for interaction with the staff and enabling the customer to reflect on each point they became the focus of the attendant's attention. The former chairman of this airline stated,

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(What this airline does) "...Is to go beyond the function and compete on the basis of providing an experience."(Sir Colin Marshall cited in Gabbott and Hogg, 1998)

In both the real world environment of experiences with a service and the digital service experience on the Web the successful designer should endeavour to create a system that controls the moments of truth so as each interaction is carefully controlled and managed through a structured support network. This relates to what was noted earlier in this chapter in that the design of a usable system should include carefully engineered interactions whereby all possible moments of truth are accounted for.

Czepiel et al (1985) have identified the nature of exchange that occurs in a service encounter. They list that the service encounter is: *purposeful* and *non-altruistic*, meaning that the service encounter is mediated by goal directed actions between employees and consumers. It does not require prior acquaintance as the employee and the customer do not necessarily know each other but can interact within the safety of the boundary of exchange. Also it provides behavioural boundaries in that there are restrictions imposed on the interactions that take place such as those implied by the association with information about the product. The hierarchy of social exchange that takes place is dictated by the roles that the actors and audience assume. In this the customer attends to the knowledge and professionalism of the employee and the norm of a polite dialogue between the two parties is characteristic rather than attending to the personal qualities of the employee as an individual.

Three general types of encounter have been identified: face-to-face, remote and telephone (remote personal) all of which are distinguished by the physical proximity of the consumer to the provider (Zeithaml and Bitner, 1996). Human interaction in service delivery has been found to be critical to service satisfaction as the service transaction relies on continuous communication between the employee

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and the consumer. They therefore have to regard one another's tangible cues such as the verbal and non-verbal cues exhibited by the employee.

The metaphor of the theatre can be used to describe the tangible cues that allow the consumer to evaluate the service encounter. In a face-to-face interaction these include: the setting of the office, the décor, the branding of the environment and the lighting. The attire of the employee further adds to the experience with the professionalism of the actor being gauged on the uniform that they are presented in. Also the equipment the employee uses can reflect on how the audience perceives their transaction. If the employee is using a pen and paper to make scrawled notes it may not represent as professional an image as storing their data on a computer system designed for such. The verbal interactions that occur in communication between the two parties also serve as a tangible factor that the consumer can evaluate with these changing in order to fit the customer in question. These face-to-face communications can be seen as highly customisable interactions which is regarded as one of the definitive benefits of physical proximity characteristic to service encounters. This theatre metaphor is further discussed in the next section with regard to the role of bank staff who are one of the user groups of the interfaces examined within this thesis.

Although remote impersonal encounters with a service are not influenced by the heterogeneous nature of human interaction they do present to the consumer and the enterprise, different challenges to the consumer. The enterprise has to be represented successfully through the medium that the service has to rely on for a transaction, such as automated telephone banking and automatic teller machines (ATMs). Here behavioural sequences that the customer enters into are governed by standardised transaction exchanges in the technology the enterprise is represented by. Interactions on the part of the consumer can impact the remote impersonal encounter with factors such as personality and confidence in their ability with technology impacting the success and satisfaction of the transaction exchange.

Remote personal encounters are typically considered within the context of telephone communication whereby although the verbal interpersonal cues are the same scripted dialogue interactions and stimulus responses to customer cues, the advantage of behavioural cues such as gesture and eye-to-eye contact are lost.

2.5 The Role of Banking Staff

> *"All the world's a stage,*
> *And all the men and women merely players.*
> *They have their exits and their entrances;*
> *And one man in his time plays many parts,*
> *His acts being seven ages."*
> *(Shakespeare, As You Like It 2.7.143-7)*

The sociological tradition of role theory has offered insight into service encounters through the use of the theatre metaphor (Goffman 1959, 1967, 1974). This theory is concerned with social settings and the cues, which guide individual behaviour. As social actors people assume certain behaviours that support the position they occupy in society. They learn and identify with certain roles in different contexts and exhibit the traits associated with their role.

Service encounters have been studied in this context primarily through *dramaturgy*, an approach that depicts social behaviour through the metaphor of theatrical performance, where the actors perform roles to the audience. The service is seen here as requiring the necessary ingredients for a successful service performance. The roles of the actors are rehearsed (scripting) out of sight from the audience who inhabit the front seating area of the theatre.

Employees/ Actors: The actions of service employees are paramount to consumers' service encounter experiences. The consumer evaluates a service on the basis of the interactions they have during the consumption process. As this process is made up of a set of interactions the technical expertise of the employee will be under continuous scrutiny by the consumer. There is a real concern for banks and service

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institutions that use remote telephone contact as training, socialising and scripting have to reflect the brand's overall image and mission to the customer at all costs.

> *"Telephone communication, for example, is a component that is not only critical and difficult to control, but also one of the most powerful influences of customer perception, since it provides the only personal contact."* (Shostack, 1984 p 137)

Three dimensions have been identified (Grove and Fisk, 1983; Grove, Fisk and Bitner, 1992) in how an actor (employee) should project presentation of himself or herself and concentrate on their communication techniques.

- **Appearance and manner:** the physical appearance (attire and grooming) and actions of the employee should be of a standard to project positive attitude.

- **Skill:** the knowledge the employee has in their role and their ability to perform their role well.

- **Commitment:** ability to learn and sustain their performance and demonstrate their commitment to their role.

In the financial services industry the main actors of customer service are the non-sales customer contact advisors (Thompson, 1989), and it has been identified (Kelley, 1990) that employees of this nature are typically managers, officers, customer service representatives and tellers. Furthermore employees who held different positions within the bank would have differing levels of *'customer orientation, satisfaction, motivation, and role clarity owing to a variety of factors'* (Julian and Ramaseshan, 1994). With reference to this it has been noted that an employee's level of customer orientation is directly related to employee motivation and satisfaction. Those who have a clear understanding of their position and are motivated and are satisfied are shown to be more customer orientated.

With regard to guest and actor dynamics, the dialogue of interaction has to be scripted to a certain extent with the actor predictably responding to the guest in ways that they are comfortable with. However the script has not to read as a standardised and impersonal response it is essential that the actor be in tune with

the guests questions so as they are fully engaged in a personal and sensitive interaction.

The Consumer/ Audience: The social norms attached to an audience also have implication on the quality of the interactions that take place in a service encounter. An audience in the theatre has to know when to be quiet and know when to clap etc, in order to appreciate (and benefit) from the actors' performance. This is behaviour that has to be learned. Companies benefit from advising consumers on how to use new interaction scenarios with their services to avoid them becoming confused and frustrated with the service such as in a bank having an in-branch helper to instruct and on occasion, coerce use of new deposit machines. The audience themselves can have a detrimental effect on their service encounter such as crowding a confidential transaction on a cash-point machine. This is known as the intra-audience effect.

There can also be consumer segment specific variables to consider such as the communication scripts used with high net worth customers may be different to the scripting used with ordinary current account holders. This is an important variable for the organisation to be aware of in order to manage the audience groupings.

Workplace/ Setting: The physical setting of the service encounter has been shown to be extremely important to the audiences' (consumers') and the actors' (employees) consumption experience.

> *"The physical setting can align expectations, help in the identification of role and contribute toward service identity."* (Gabbott and Hogg, 1998 p 87)

In a retail environment it has been shown that creating a favourable store image is one of the most important decisions a retailer can make in order to improve or retain market position (Steenkamp and Wedel, 1991). Also the concept has been proposed (Martineau, 1958) that retail stores possess a "personality" compiled of

functional and psychological attributes. This research highlighted that if a retail outlet projected an image that was seen as being close to that of its target audience's self-image then this would increase customer loyalty towards the store.

Performance: For the successful service encounter it is necessary to monitor the audiences' response to the performance they witness. As the service performance is continuously changing with each interaction that occurs between the players, the nature of the service performance can be totally adaptive to the needs and types of interaction with the audience. A result of the adaptive nature of service interactions is that the actors may be more likely to stray from their script with customers they feel 'in tune' with; personalities may click, and the employee may empathise too greatly with the customer's circumstances. This unfortunately is the nature of human interaction whatever the scenario and although it may sound an ideal it can become a drawback of the service as the communication disregards standardised scripts and sequences of planned interactions. The positions of the actors as frontline staff enable them to gauge satisfaction and adjust their performance or the service setting accordingly.

The Experience Economy: The simple provision of goods and services to customers has been identified (Pine and Gilmore, 1999) as no longer being sufficient in contemporary, highly competitive markets; they merely represent commodities in an economy that has become far more sophisticated. Businesses need to recognise that each individual customer engages with the company at different stages, each of which have to be made memorable and personal experiences.

Many industry players have avoided increasing interaction experiences with their customer base during fulfilment of the service or delivery of the goods. Automated service and no frills purchase has reduced the consumer experience to something that may well be cost effective and efficient but is maybe not one which a customer would recount to their friends or create a memorable impression on the customer's

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repeat purchase behaviour. With the advent of the Internet customers have become far more savvy to the notion of 'shopping round' for the best deal; the one in which they receive the best value. Loyalty to the brand of a service provider under these circumstances has the potential to be severed by the next best deal. In recognising that each interaction with the customer is an experience over these remote channels, companies can benefit from returned custom and loyalty to their service.

2.6 The Role of the Customer: Consumption Behaviours

Consumption is a universal principle. Marketing research attempts to understand and predict how consumers make the purchase decisions they do. Many approaches have attempted to understand product centric consumer behaviour, basing emphasis on a tangible 'product' rather than the purchase context scenario or the individual making the purchase. Literature in this domain (Gabbott and Hogg, 1998) has primarily been based around an interpretivist approach, which regards that consumption can be generalised across all product areas; and has examined the nature of services and also the characteristics of these services on our understanding of consumer behaviour.

The main basic business motivation that has dominated marketing theory for the last thirty years has been those market economies theoretically and practically operate within the notion of exchange. The concept of exchange requires an environment in which two parties wish to transact different values to one another, essentially with the trade equating to a mutual desire for the thing the other party possesses.

When considering why an individual desires the goods and services they do and why they attached certain meaning and value to them one has to take three main variables into consideration; the individual, the purchasing context and the product/ service itself. None of these variables can be considered in isolation from

one another. From a business perspective it is the buyer's behaviour that is the most profitable behaviour to study, as it is this that governs the purchase. A problem with this approach will be discussed later in the thesis whereby financial services consumers are considered to be rational and logical beings capable of making objective purchase decisions from business. Furthermore it considers that businesses only aim is to minimise costs and maximise profits. This simplistic view of the dyadic interactions between these two parties neglects consideration of a complex range of factors that affect their actual behaviour. One customer consideration lies in what a purchase *means* to the customer rather than just attending to what the purchase can do for the customer. In order to examine the meaning of a customer's purchase to them it is necessary to enquire as to the values they attach to the product. Exchanges between business and the customer have both social and psychological significance and should not simply be seen as a transfer (Gabbott and Hogg, 1998).

The term 'customer' is used to describe someone who purchases a product from a business. Referencing those that purchase in this way only considers the person in terms of the transaction that is made i.e. what they buy from the business, In order to examine the individual's consumption behaviour one has to consider how a single purchase relates to other purchases that they make or consider making. The 'relationship' in this simplified view is based on economic exchange. In recent years it has been recognised that the concept of consuming however does not necessarily need to suggest that a financial relationship has been entered into e.g. we consume educational services that are provided in order to attain a degree. It is therefore inadequate to use the term 'customer' when referring to the act of consumption. Instead the researcher can gain far more insight into the behaviours of purchasing by looking at those who make the decision within an economic unit e.g. a family to consume a particular product or service or indeed those within that unit who influence the decision making process.

"Consumer behaviour defines a wide range of activities and behaviours, the process involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences." (Gabbott and Hogg, 1994 p 10)

In this the customer value can be maximised and repeat purchase be encouraged if the different facets of consumer behaviour are understood.

Figure 2.1 shows how the study of consumer behaviour has changed since the 1900s

Economic Model of Behaviour

In the early 1900s the consumer was seen as rational and able to calculate complicated equations to surmise price and product value to reach a purchase decision. They were seen as uni-motivational i.e. they achieved satisfaction only in the purchase of the product.

Individual Model of Behaviour

This model considered a wide range of behaviours and offered psychological explanations of cognitive attitudes, personality and culture. However this approach neglected to address the social context the individual purchaser was in.

Group Phase

This approach views consumers as operating in complex networks of groups. Their behaviours are formed by culture, society and are dependent on the roles they adopt at any given time.

Modelling Stage

This approach is a combination of the above disciplines results in this "Comprehensive model" to explain and predict consumer behaviour. This formed a framework to combine individual, situational and social influence on the purchase outcome.

Figure 2.1: Time Line of Consumer Behaviour Study (Gabbott and Hogg, 1994)

There are three main approaches to the study of consumer behaviour. These are summarised below:

- **The Information Processing Perspective (the cognitive consumer)**

Consumers are seen as using a rational series of thought processes to evaluate a product with regard cost, value and the benefits associated with alternatives before making a purchase decision.

- **The Behavioural Perspective (the learning consumer)**

A consumer's behaviour is determined by the approach/ avoidance response that they attach to different stimuli. They elicit a learned response from the experience of positive or punishing consequences of their behaviour. Preferences for a service or a product and the propensity to exhibit a repeat purchase occur as a consequence of experiencing a rewarding behaviour.

- **The Post-Modern/ Experiential Perspective (the feeling consumer)**

This perspective determines that a consumer's behaviour cannot be explained or predicted. Consumption here is motivated by fantasy, please and hedonism.

2.6.1   *The Information Processing Perspective*

This thesis recognises that the most common model used in understanding consumer behaviour to date is the information processing perspective: the cognitive consumer model. It also recognises that there are inherent flaws associated with this model, which will be discussed with regard to the *cognitive consumer and exchange relationships* at a later point in this introduction.

In the cognitive customer model the purchase process is made up of a sequence of stages, which in essence make up a problem-solving exercise. These stages are depicted in Figure 2.2. In order to achieve the consumer's desired outcome they must first evaluate the facets of their environment and construct a solution in order to achieve what they want.

Stage One	Stage Two	Stage Three	Stage Four
Need Recognition	Identification of Alternatives	Purchase	Post Purchase Evaluation
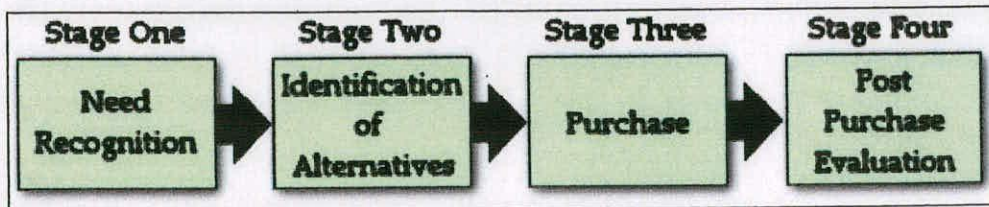
Figure 2.2: A Four Stage Model of the Information Processing Perspective

Stage 1: Need Recognition

Need recognition occurs as the individual evaluates their current state compared to their ideal state. If the thought process identifies there to be a large difference between these a 'need' is identified in order to satisfy the tension felt.

Stage 2: Identification of Alternatives

Here the consumer identifies alternatives from considering adverts, evaluating memories of past experience, attention to word of mouth of significant others, magazine reviews. They use this information search phase to identify product competitors and consider the cost/ benefit trade off of what their choice may be. This is the prime stage for advertisers and marketers to maximise their influence in providing sufficient communication of alternative products to make them think or indeed rethink their choice. This is the most critical stage of influence for marketers to shape behaviour and direct the consumer's decision-making process.

Pre-purchase decisions can be put off balance at this stage if there is conflicting information about a product. For example if a magazine rates a product as the best on the market but user reviews elsewhere rate the product as not being good value or not reliable, then the consumer will have to enter a new decision making process. A further example of upsetting pre-purchase decisions is caused by the introduction of special offers into the alternatives evaluation process. The specification of a product may not have entered into the competition for a consumer's attention at full price but offered as a special deal it might make them re-evaluate what specifications are essential for the price.

Stage 3: Purchase

The actual purchase itself attends to the physical procurement of the product by the consumer. This is inclusive of the act and method of payment, the delivery of the product and the roles the employees of the business play in the interactions both temporally and the type of interaction they use. Compared to product consumption far more emphasis is placed on this stage in service consumption.

Stage 4: Post- Purchase Evaluation

The final stage in the cognitive consumer model is post purchase evaluation. Here, the consumer's satisfaction and disposition of the product is considered. When the purchase has met or exceeded the consumer's expectation (positive evaluation) this would lead to their satisfaction and a higher probability of repeat purchase. If, however the experience is negatively evaluated and the consumer is dissatisfied then there is a high probability of the experience being avoided in the future.

Disposition of the product is also interesting to examine at this stage as it gives insight into both retention and renewal behaviour.

> *"Increasingly this phase of the decision process is seen as an opportunity to build and create longer term relationships, for the removal of post decision regrets, and the retention of positive attitudes towards product and supplier which outlive the products' life."* (Gabbott and Hogg, 1994 p 17)

Further consumption activities that build upon the initial experience are considered here such as customisation and upgrades i.e. things which allow the continued evaluation of a product. Acknowledgment of these stages is important to this thesis as they provide insight into how a relationship may be formed, developed and maintained with a customer, furthermore it allows consideration of the impact of word of mouth behaviours in advocating the experience they have to others.

Service management and marketing have only been recognised as a new and credible subject discipline in academia in recent years (Lovelock, 1996). The main

researchers in this domain have identified that services are different to other products. They therefore introduce a whole new set of purchase decision processes to the customer given their heterogeneous nature.

One of the definitive characteristics of a service is its *intangibility*. The consumer cannot evaluate it in terms of any physical evidence such as a final 'product' as they can only really experience the performance. With this in mind it is notable how the consumer will evaluate the consumption of the service in a subjective manner, as only they can experience and perceive abstract natures of the service. A further characteristic of services is that it is difficult to separate the production of the service from its consumption by virtue of the fact that service transactions occur in real time. The nature of services is that, what is produced is consumed and sold simultaneously rather than systematically as with a goods which are produced, sold and then consumed. Each individual consumer is likely to experience a variation of the service in a people-based transaction. This hones in on a further characteristic of services; their heterogeneous nature. In comparison, services supplied by machines such as automated banking services and Internet banking elicit a more standardised service as the process is governed by predictable transactions and outcomes. The interactions that occur within a people based service can differ in the way the service is delivered and what the delivery of the service is. A further complication can be added to this with the real time nature of the transaction where consumers may experience detriment to their service experience if they chose to enter into the transaction at a certain time such as peak busy times of using a bank branch where they not only have to queue but the nature of the face to face interaction with the teller may become rushed and abrupt rather than pleasant and informative. When a consumer enters into a transaction for a service another characteristic of their experience is the lack of ownership, which they would usually receive from entering into goods-based transactions. The consumer gains benefit in the purchase they make but they do not have any enduring involvement in it.

2.7 Customer Satisfaction

This thesis recognises that the most obvious desirable outcome of any service delivery should be that the experience has resulted in a high level of customer satisfaction. It is necessary to understand customer satisfaction in terms of realising customer needs and their expectations. If these needs and expectations are not met then relationships with the supplier can break down. There are several models of customer satisfaction that provide insight into the levels of experience that should be fulfilled to equate to a desirable level of service. Satisfaction has been defined as

"the buyer's cognitive state of being adequately or inadequately rewarded for the sacrifice he has undergone" (Howard and Sheth, 1969).

The **confirmation model** (Oliver, 1989) regards satisfaction in terms of meeting customer expectations. When a customer's expectations are met they are satisfied, this outcome is known as the low arousal state of contentment. When negative expectations are met discontent is the obvious outcome and can be applied to unsatisfactory goods and inadequate services. More often than not the dissatisfaction with these scenarios is habitually ignored. People come to expect the problems they continue to encounter such as long queues in the bank branch during lunch times and long waits for call centre operators to answer a call and transfer calls between departments during peak hours. The confirmation model relates to habitual usage where customers contentment and discontent are not overtly expressed unless a situation draws particular attention to it.

Adaptation theory has explained why people tolerate product deficiencies (Helson, 1964). Here, perception is relative to a standard, which may change temporarily in response to experience. Normal experience accommodates both positive and negative deviations from the customer expectation, having little effect on the person's standard point of reference. Large deviations however will result in the person re-evaluating their standard point of reference. Habituation leads to an effect

of laziness or at least a lack of effort to choose to change from a defective product or service, instead consumers tend to adapt to the shortcoming.

A more common model that is used in evaluation of customer satisfaction is the **disconfirmation model**. The focus of this research is on the high arousal condition where the product disconfirms the person's expectation. Disconfirming expectation includes exceeding expectation so as satisfaction is upgraded to being "delighted" with the product/ service. However it can also encompass dissatisfaction if it falls short of the expected standard. A bad consumer experience that the customer attends and reacts to is an injection of arousal that modifies their continuing attitude to a product. The disconfirmation model takes the consumer's expectation as the base line experience for the customer to compare their experience with. When the consumer is surprised by the deviation from this, their expectation is disconfirmed. Some key characteristics of the disconfirmation model are:

- The magnitude of surprise is related to the size of the discrepancy between the expectation and the experience.

- Dissatisfaction is also dependent on the importance and the value that the consumer places on the product.

- Perception of the performance of the product affects the disconfirmation a consumer may experience.

Customer satisfaction is further considered with regard to relationship dissonance and service failure later in this thesis. In this the effects of dissatisfaction and customer complaint handling are investigated. This investigation stems from the principle that excellence in customer relations is paramount to good brand health for financial service institutions where

"It has been shown that good recovery from mistakes builds customer loyalty and increased profitability." (Armistead and Clark, 1992)

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2.8 Marketing

In order to understand the paradigm shift away from transactions to relationships in marketing one has to have some foundation of knowledge in what marketing involves, how it has lead to relationship marketing and how financial services are utilising this concept today. It is interesting to illustrate the themes within the marketing mix as there are considerable overlaps with what has been previously discussed in the sections of the thesis, which outline the importance of the branch staff role and the processes within which they are found.

The term *marketing mix* has been coined (Borden, 1965) to describe the elements that are used in making up a marketing programme. A successful mix should include, Product planning, Pricing, Branding, Channels of distribution, Personal selling, Advertising, Promotions, Packaging, Display, Servicing, Physical handling, Fact-finding and Analysis.

> *"Marketing is concerned with the dynamic interrelationships between company's products and services, the customers wants and needs and the activities of the competition."* (Christopher et al, 1994 p 7)

This marketing mix has been simplified in recent years and has come to be known as the 'Four P's' in marketing theory. These represent:

Product: product or service produced

Price: the pricing of the offering and the terms associated with its sale.

Promotion: communications and promotions associated with its sale.

Place: how to make the service / product available (distribution and logistics)

This approach has been called into question by marketing practice theorists such as Kent (1986) who holds the concern that the four P's neglect the related elements of the processes interrelationships of the marketing mix. Although the four P's have become infamous with the marketing mix, the amount of emphasis on the various elements and indeed their appropriateness to the context they are considered in has

to be taken into account. The criteria for assessing whether an element is relevant to the marketing mix of a certain organisation is whether it offers some form of value satisfaction to the customer.

Relationship Marketing was first coined as a term by Berry (1983 p 85) as

"attracting, maintaining, and...enhancing customer relationships"

Which represents the strategic endeavour in trying to achieve the keeping of a company's customers as well as attracting them in the first place.

The impact of relationship marketing in the 1990s has been examined (Christopher et al, 1994) and sets the scene for future years. At a macro level, marketing has an impact on customer markets, employee markets, supply markets, internal markets, referral markets and influencer markets (e.g. government and financial markets). On a micro level, interactions with customers are changing from a transaction focus to a relationship focus. Table 2.1 shows a table of observed differences between the approaches of transactional and relationship marketing. The main characteristic of transaction-focused business is their emphasis on the sale. In turning a transaction approach into a relationship approach the focus still remains on the customer but emphasis has shifted onto ensuring ongoing marketing activity from existing customers. By placing too much emphasis on new customers organisations can experience a 'leaking bucket effect' whereas future business is dependent on having the same customers come back again and again. In order to understand how to improve the customer experience organisations need to understand what the customer is buying. It is not enough to differentiate from other competitor organisations by seeking 'customer satisfaction'. Organisations should instead aim to exceed customer expectation and aim for 'customer delight'.

Transaction	Relationship
Focus on a single sale	Focus on customer retention
Orientation on product features	Orientation on product benefits
Short time scale	Long time scale
Little emphasis on customer service	High customer service emphasis
Limited customer commitment	High customer commitment
Moderate customer contact	High customer contact
Quality is primary concern of production	Quality is the concern for all

Table 2.1 Observed Differences Between Transaction Marketing and Relationship Marketing

Figure 2.3, illustrates how the focus of marketing has evolved since the 1950s to the 1990s.
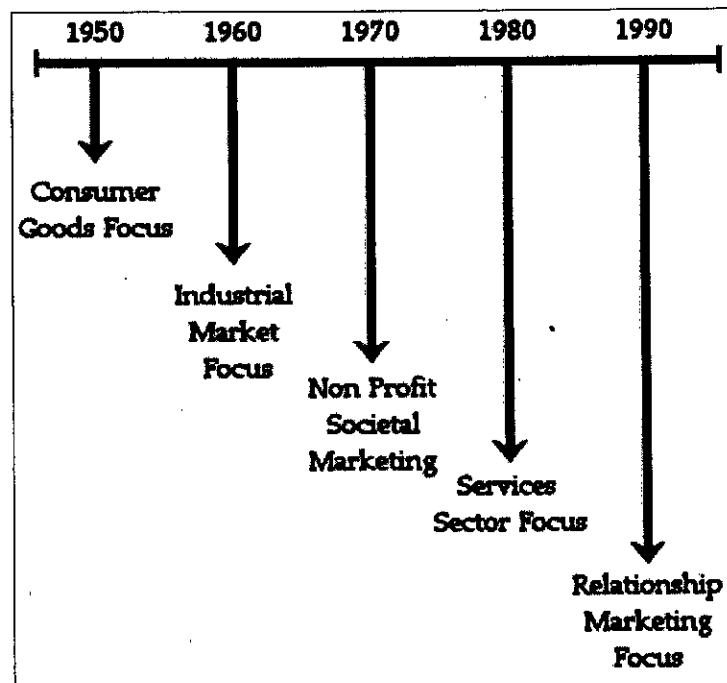
Figure 2.3: Time Line of How the Focus of Marketing has Changed (after Christopher et al, 1994)

2.8.1   The Expanded Marketing Mix

The Four P's marketing mix has since been expanded (Christopher et al 1994) to include the consideration of three further decision-making elements: Customer

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service, People and Processes. Argument for inclusion of the three further elements to the marketing mix thus have been justified thus:

Customer service: Customer expectations have changed over the years to being more demanding and sophisticated. The importance and emphasis on customer service role is being raised as it is used increasingly as a competitive weapon and market differentiator. The need for a relationship strategy should be seen as a central element in the marketing mix as it impacts on the value for all the other elements.

People: It has been identified that there is a need for recognition of the people who are involved in getting and keeping customers. In recognising these main players it will increase the company's competitive advantage. The different roles of people in an organisation impact on different marketing tasks and also customer contact. Furthermore a categorisation scheme has been developed based on the degree of frequency of customer contact and the extent that staff are involved in conventional marketing activities. This categorisation scheme is made up of four groups representing the different roles of people: Contractors, Modifiers, Influencers, and Isolateds.

Processes: Process performance consists of the procedures, task schedules, mechanisms, activities and routines by which the product or service is delivered to the customer. Process management is imperative to quality improvement. If we consider the notion of call centre management of 'service with a smile' to the customer (customer service), although the contact may be first class, if the process and system that lies behind it is tardy with its execution of tasks, it will still infuriate the customer. For example, when customers have to wait a long time to have their call processed, as the system is slow. Close cooperation is then required between marketing and operations staff who are involved in the process management.
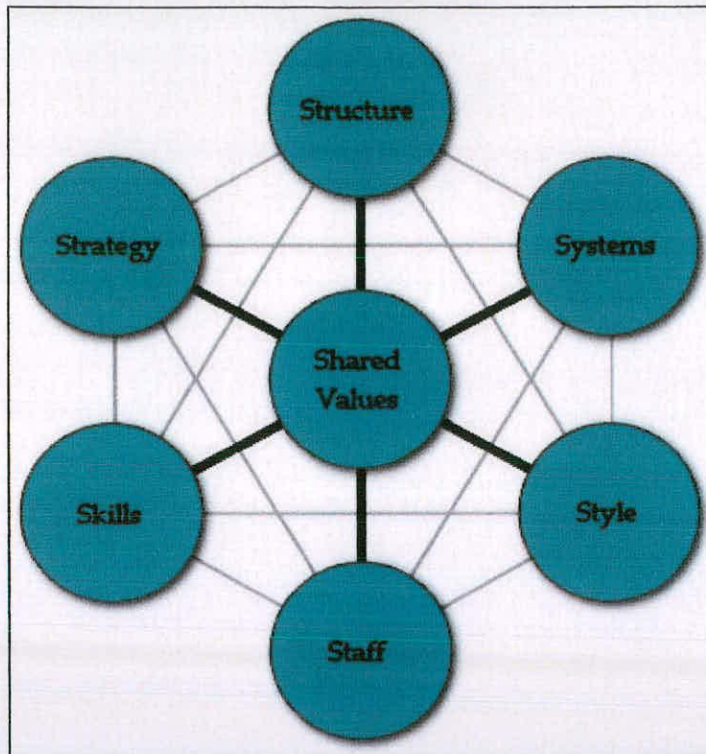
Figure 2.4: 7-S Model of the Expanded Marketing (after Peters and Waterman, 1982)

Figure 2.4 shows another model of how the marketing mix may be expanded, the 7-S model (Peters and Waterman, 1982). It shows that each element in the marketing mix interacts with one another and serves a mutually supportive role to one another using similar concepts of structure, systems, style, staff, skills, strategy, and shared values.
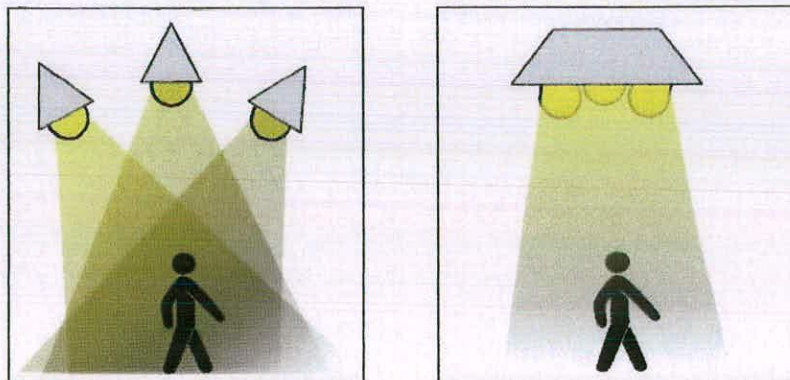
Figure 2.5: The Three-Beam Focus of Quality, Customer Service and Marketing Versus the Relationship Focus, Which Unites These Three Beams

The challenge for companies is to align their organisation's exchange relationships from a three-beam focus of *quality, customer service* and *marketing* into a relationship focus which is concerned with getting and keeping customers (Christopher et al,

1994) (see Figure 2.5). Relationship marketing aims to unite these three concepts so that the impact on the customer from the three beams of light becomes more effective. In creating a stronger focus on the customer, long-term relationships and satisfaction can be achieved. Marketing in the traditional sense of the philosophy has been to attract customers. In contrast the aim of relationship marketing is to *get* and *keep* customers.

The customer revolution began around the 1980s and is thought to be attributed partly to a study by Peters and Waterman (1982) that outlines the efforts of top performing companies that were placing emphasis on getting closer to the customer.

> *"In the financial services sector virtually every major player in retail financial services has adopted some form of customer care programme albeit many without notable success."* (Christopher et al, 1994 p 3)

Many organisations have failed and continue to fail to reap the benefits of that which has been given so much attention: customer service. This is due to an absence of company-wide alignment towards meeting the customer's requirements. The traditional approach to marketing has been blamed for the failure of embarking on a path to meet these needs. Marketing is made up of the exchange relationships that occur between the organisation and its customers. The factors of quality and customer service exist as critical linkages to this exchange relationship.

The definition of customer service in the context of relationship marketing is that it is should be concerned with building bonds with customers and other markets or groups to ensure long term relationships that are mutually advantageous. Customer service as a general concept is the process which provides time and place utilities for the customer. It incorporates the consideration of the various stages of the exchange process with the customer inclusive of pre-transaction, the transaction itself and post-transaction. The quality of the service requires an understanding of the things the customer buys and considers how value can be added to the product or service

offering. Customer service is the crucial interface for marketing to manage the exchange relationships between customers and the organisation.

2.9 Service Gaps in the Financial Service Experience

If the customer receives something that is a mismatched in any way to their expectation of what they wanted then a perceived 'quality gap' exists. These gaps have already been touched on in the introduction to this thesis with regard to models of customer dissatisfaction. Research in the field of the financial services industries has identified that gaps exist between customer expectations and perceptions of service delivery in branches and during remote interactions. These service gaps (Lewis, 1991) include speed of service, restricted opening hours and the limited number of staff available to service customers. Service gaps exist in remote channels of delivery such as the Internet. User satisfaction here, has been found to be dependent on web site features such as speed to download, content, design, interactivity, navigation and security (Jayawardhena and Foley, 2000).

As already noted users hold a mental model of a desired service with a 'wished for' level of performance (Miller, 1977). Expectations have been described as pre-purchase beliefs about a service (Olson and Dover, 1976). Consumers base this on summarising their memories of past experiences and evaluating the current environment. It has been suggested that there are two prevailing levels of expectation; *desired* and *adequate* (Parasuraman et al, 1991). Adequate services are based on the consumer's prediction and reflect a more basic service expectation of what the service will be whereas the desired level of service is that which the customer hopes for. This theory predicts that service will occur between what is desired and perceived as adequate in the 'zone of tolerance'. This zone is customer-dependent and situation-dependent and is therefore heavily reliant on the past experiences and encounters the customer has had with the service.

2.9.1   *Service Blueprints*

In order to understand what service gaps are and when they may exist the concept of service blueprints was conceived (Shostack, 1984, 1985 and 1987) in response to what was perceived as poor service quality, caused by a lack of systematic methods for design control of the service provision within organisations. Service blueprints are

> "...a tool to depict and analyse all the processes involved in providing a service" (George and Gibson, 1991 p73).

They provide a snapshot of a service system and consist of:

- The total service system (inputs, outputs, processes and controls)

- External relationships to the system i.e. the interactions with the customer, and inter-relationships between the structural elements of a service organisation.

The customer experience blueprint is a quality management tool that has been used successfully to analyse and improve service quality in such areas as financial services, banking, and retail services. Shostack lists there to be several issues for consideration in designing a blueprint; diagram a service profile, identify processes, identify vulnerabilities, build fail safe measures, execution, and analyse profitability.

A continuing theme throughout this thesis has recognised the intangible nature of services such as those in the financial sector. Shostack summarises this:

> "Services are unusual in that they have impact, but no form. Like light, they can't be physically stored or processed and their consumption is often simultaneous with their production." (Shostack, 1984, p134)

Because services are essentially experiences rather than tangible goods the organisation must work harder to create visible aspects of the service that reflect the essence of the message the brand wants to transmit. The branch setting illustrates this with product advertising, the stationary they use, the uniforms the staff wear,

the colour of the carpets even reflect the brand image so as when the customer makes the choice to enter that domain they are steeped in the very essence of the philosophy the bank wants to portray. Shostack refers to this as the *orchestration of tangible evidence*. This refers to

> *"everything the consumer uses to verify the services effectiveness"* (Shostack, 1984 p136)

The experiments in this thesis have allowed creation of blueprints for various services designs to be tested on prospective customers before the expense of a final service or product roll out has had to be incurred by the company. The philosophy this thesis adopts is that

> *"A blueprint facilitates the analysis of cost benefit trade offs and can be used to test the appeal of different designs to prospective customers"* (Shostack, 1984 p136)

Blueprinting, therefore allows managers and customers to evaluate how different implementation of service deign may impact the customer experience, their perception of the service and ultimately the brand.

Without blueprints random individual developments of the service can occur so management responds to these minutiae of changes rather than them looking at the service from a higher perspective. If organisations only attend to the review of parts of a service rather than looking at how the whole process interacts then not only does it take a long time to rectify failures between the various process links it also means that the organisation can only be reactionary to market needs slowly. This relates to the next chapter of this thesis in terms of the development cycle and the iterative design process.

2.10 Internal Marketing

Highly related to the element of people in the marketing mix is 'Internal Marketing'. This phrase was popularised in the 1990s in companies to illustrate the application of marketing internally in a firm. This idea highlights that all those within an organisation are related to a customer and a supplier with whom the quality of the

service and a good customer relationship have to be maintained. Companies should endeavour to train staff to a philosophy that adequately reflects their company's 'promise' or mission statement to the company so that the company and its staff reflect the same goals and strategies overall. The company representative should be seen as a direct interface to the company and therefore every interaction with this interface should reflect the values of the organisation, regardless of the channel of communication that the customer interacts with as a means to achieving their desired product or service.

Communication is seen as the critical factor in the success of internal marketing. Internal marketing is apparent in a range of the organisations' activities. Rather than being a hard-hitting directive in a company it is instilled within the values of an organisation's management style. Its philosophy is implied in the day-to-day running of the organisation. Customer service is a key element in the presale, sale and post sale. Strategies for coping with these three tiers are directly rooted in the formation and maintenance of the relationship with the customer.

Increasingly we are seeing a move towards companies existing as new virtual banks on the Internet. These brands have been an indubitable success, however some bank companies are considering taking their virtual business back under a parent brand due to the cost of promoting their goods and services (Durkin and Howcroft, 2003). Back in the 'real world' of the high street located branch, the impact of different companies existing under one umbrella is beginning to become apparent too. The marketing of the group maybe minimal but the marketing of separate products and separate units within the branch causes confusion to the customer that can also be echoed in confusion among staff. The author recently witnessed an illustrative example of this during interviews with Mortgage Advisors in the branch.

Anecdotal example

Many customers who went into their local bank branch of Lloyds TSB, who were interested in a mortgage, thought they were in the bank to open a Lloyds TSB mortgage. They were in actual fact opening a Cheltenham and Gloucester mortgage with all the associated branding within a mortgage 'shop' within the Lloyds TSB branch. This 'shop' was covered with Scottish Widows advertising for the associated Life Assurance. One customer had become very angry at the Cheltenham and Gloucester branch just a few doors away as he had recently entered into a mortgage agreement with their brand. The branch however had no record of his custom. It was not until much argument and detective work on the part of the branch staff that they finally realised his mortgage had been opened in the Lloyds TSB just a few doors away. This shows that the internal marketing of the varying products and brands of this financial service is not creating an integrated picture for the customer, nor the staff to work with and relate to.

The market requires companies to think about associating marketing with strategic plans towards change to bring quality, customer service and marketing to a more integrated whole. The promise of benefits to customers, shareholders and staff are dependent on the success of these changes. Virtually all retail financial service companies have adopted customer care programmes in some form since customer service became one of the core business and management issues of the 1980's.

The concept of relationship marketing involves value satisfactions represented by the quality of ongoing relationships as well as the quality if products and services being produced. Total quality has to be equal to the customer's perceived notion of value- this creates the opportunity to turn transaction based marketing into relationship-based marketing. There are key tools that companies utilise in order to focus on relationship based marketing such as:

- **Relationship strategies,** which provide a constant, focus on the customer. The key to developing a relationship strategy to the customer is the idea of delivering value to the customer base.

- **Mission statements** reflect the values and aspirations of the strategies of the organisation. This can be a brief statement or a themed goal directive. A mission statement or a company's 'promise' equates to the strategic focus of the company. It is a statement of purpose that is supposed to differentiate from the competition. They act as a device for focusing activity in a company and form a framework of goals to direct achievement. Company's mission statements are sometimes bland and overly general and fail to outline an overall direction towards the goal of the company.

A mission statement should include:

- Specific detail that can have an impact on behaviour of all individuals in the company

- A focus on customer need satisfaction as opposed to products/ services

- Objective recognition of the businesses competencies

- A recognition of competitors in the market, market trends and vulnerabilities of the company

- Realistic and achievable goals

- Flexibility

An example of a mission statement relevant to discussion here is the Lloyds TSB You First: Personal and Modern for the 21st Century (2004). In this their 'promise to the customer' reads:

> *"Lloyds TSB will make everyday money matters really easy. We will clear the way for banking that is straightforward and efficient. We will do the right thing by you and know how important a personal touch is in making you feel valued and in control. We want you to feel confident and in touch, to help you do what you want to do, when you want to do it. We'll treat you like a person not a number because you're the reason we're here. Lloyds TSB. You First."*

These effectively constitute a mission statement towards the treatment of the customer, which is in keeping with 'The Banking Code' (March 2003). Employees of the bank are familiar with the principles behind their service to customers, which in essence is to make the customer feel like they are receiving a personal, easy to use service. This again relates back to findings (Skern and Gould, 1988) that customers choose their financial institutions based on these very things. It is this 'promise' and the associated company literature to the customer that is taken as the core philosophy of the brand personality and brand relationship metrics developed in this thesis.

In summary, this chapter has identified that there are several key foundations of knowledge important to the comprehension of how financial services and the roots of marketing are shifting their orientation away from a transactional focus towards a more relationship-based paradigm. The nature of service encounters has been outlined, as have the difficulties encountered by financial service consumers, highlighting the qualities that should be present in staff as tangible aspects of the service experience. However it is necessary now to investigate the powerful nature of what a relationship actually is and how the foundations of relationships have been described in interpersonal psychology and exchange theory. From this foundation the concept of *relationship marketing* will be further discussed in the next chapter addressing how service quality can be maintained to aid the relationship that is formed with the customer.

Chapter Three

The Psychology of Interpersonal Relationships and Exchange Relationships in the Service Encounter

The term 'relationship' is used in everyday language to define a connection or association between two or more people or things. On the surface the concept seems easy enough to understand. However relationships, and what actually constitutes a relationship are a far more complex and diverse phenomenon.

3.1 The Nature of Relationships

To understand relationships and interactions, behavioural and affective/ cognitive aspects need to be considered as properties of the dyad in question, and not as the properties of the individuals in isolation to that dyad (Fournier, 1995). Furthermore it should be borne in mind that dyadic relationships exist in a social context so can only be understood with reference to that context. It should be noted that, each participant influences the other. In this, each interaction is in part a response to the past behaviour of the other player in the relationship. This in turn may form a stimulus to the other player's behaviour.

The behavioural aspects of interpersonal relationships involve interactions over time, between the behaviours of two or more participants. Interactions and relationships both involve developing properties. That is to say, relationships can be seen as cyclical exchange interactions whereby the parties react and respond to one another's stimuli. An individual in isolation does not involve some properties of interactions; likewise some properties of relationships are not relevant to interactions. For example interactions between two people involve interchanges of some degree of mutuality in so far as the behaviour of each party takes into account the behaviour of the other. This is not to imply that cooperation must necessarily

exist within this mutuality as relationships can exist between parties who are regarded as enemies as well.

Relationships need to be studied in a social context (Hinde, 1979). Societal, cultural and family norms and values invariably shape an individual through the past experiences they have while growing up. Individuals also do not exist in an empty, vacuum they operate as part of complex networks of interactions (on various levels) where individuals have relationships with individuals who in turn have relationships with other individuals and so it goes on. Therefore not only can relationship behaviours be described in terms of content, quality and the patterns of its component interactions, but it can also relate to groups with reference to the components in their relationships. The factors of relationship behaviours and their affective/ cognitive aspects will now be further considered.

3.2 Relationship Behaviours

Literature in the field of psychology suggests that the development of a relationship from its earliest stages is dependent on external factors such as proximity, physical attributes, similarity in attitudes, need compatibility and aspects of construct similarity and mutual understanding (Hinde, 1979). For example, the key determinants of selection of a suitable bank by a customer are location, convenience, and ease of transactions, professionalism and the availability of loans (Ennew and McKenchnie, 1998). Therefore considerable overlaps exist between the reasons a customer may form a relationship with certain banks and not others. That is to say, it could be hypothesised that certain types of customers may relate better to the values a bank may transmit (similarity in attitudes and mutual understanding), the accessibility they have to branch based facilities (proximity), the professionalism of the staff (size and physical attributes of the tangiblised branch) and their ability to obtain loans from the bank (need compatibility). Hinde (1979) has identified several external factors, which will now be considered from a psychological perspective.

3.2.1 Proximity

When people have an increased opportunity to interact with one another due to physical or geographical closeness the *mere exposure effect* (Zajonc, 1968) produces a certain level of familiarity that in turn can lead to liking. This liking in turn increases the probability of future interactions with the person and a positive feedback loop is created.

Argyle (1994) notes from interracial studies that it is specific types of interaction that leads to liking; 'two people should be of equal status, preferably members of the same club, church or other group.' These interactions stem and are nurtured from interactions where the more two people interact the more polarised their attitudes become in the direction of liking each other even more. Studies have been conducted on friendship groups at universities (Festinger, 1950) The friendship patterns that exist are shown to be highly correlated to the geographical closeness of other students so neighbouring students were most friendly with those living next door to them and less friendly with those two doors away. A distance of four doors decreased the likelihood of any interaction at all and those living at the ends of corridors did not have as many friends as those living next to stairwells.

Proximity and the notion of mere exposure does not necessarily assure liking or that a relationship will be formed. Conversely, proximity is also closely related to invasion of personal space in the context of proxemic rules (Hall, 1959). These rules guide the physical distance that is appropriate to our daily relationships as well as informing the types of situations that closeness is proper in. Four zones of proxemic rules have been identified in terms of concentric circles where the individual's domain is defined by a body buffer zone whereby we become uncomfortable when another that we do not want to be of any particular closeness to trespasses on our boundaries. We determine a comfortable level of intimacy by gauging each social situation through non-verbal signals and reach a balance between the approach

(desire to seek company) and avoidance (desire to remain separate from) tendencies we may have.

A person's intimate zone occupies up to 18 inches away from them. The personal zone tolerates some intimacy from others (between an arms length to 4 feet). The social zone is the area most common zone to be occupied in the context of business or casual social gatherings (4 ft to 12 ft). The fourth and final zone of personal space is that in the public domain, where interaction is made impossible with others due to the separation of distance. The proxemic rules we enforce are themselves dictated by our relationships with others. We tend to allow those close to us into our intimate zone and allow more bodily contact with people such as relatives, and close friends. Bodily contact with others is further dictated by social rules of age and gender and whether the person is of the same sex or of the opposite sex to the individual.

3.2.2 Physical Attraction

Studies have compared photographs of attractive people with unattractive people and have shown that the former are accredited with more desirable attributes such as being kind, sensitive, sociable, and exciting than unattractive people (Dion et al, 1972). What actually constitutes physical attractiveness is difficult to specify and has been shown to be culturally specific not only in the context of physical human attraction but also in the context of human computer interaction and attraction to page design on the Internet.

Individuals and indeed intimate objects that are regarded as having desirable physical attributes have also been shown to have a higher likelihood of being regarded more favourably in other dimensions, aside from the physical domain. For example Norman (2004) has cited that not only are preferences exhibited for more attractive objects but also they do indeed show that 'attractive things work better'.

In an experiment by Kurosu and Kashimura (1995) it was discovered that Japanese customers perceive "more attractive" ATMs in Japan as working better than unattractive screens. Tractinsky (1997) conducted three further experiments in Israel to replicate this experiment to see whether this was a culturally specific phenomenon. His results support the findings of Kurosu and Kashimura in that very strong correlations were found between the perceived aesthetics of the interface and a priori perceived ease of use of the system.

> *"Aesthetic designs are perceived as easier to use, are more readily accepted and used over time, and promote creative thinking and problem solving. Aesthetic designs also foster positive relationships with people, making them more tolerant of problems with a design."* (Lidwell et al, 2003 p 18)

In a human context, attractiveness also encompasses other factors or stimuli that are communicated to the other potential players in a relationship such as how the individual presents himself/ herself to the situation (body language, speech and other behaviours), once again this relates heavily to the perceived professionalism of a bank staff member.

3.2.3   Similarity in Attitudes and Need Complementarity

The likelihood of people meeting in the first place is due to a similarity in sociological and demographic variables. The filter model of Kerckhoff and Davis (1962) suggests that those with whom we form relationships are very much dependent on social circumstance and the environments we find ourselves in. This theory determines that our choice of friends and partners is very much decided for us by the geography and accessibility we have to others, Kerckhoff refers to these as the 'field of availables'.

The next filter is determined by a preselection of the social groupings that we decide to acquaint with such as those from the same social class or religion. It is evident here that similarity is a key factor in filtering out those who we are likely to form a

relationship with in that we tend to search out and identify with commonalities of others as it makes communication easier.

The next filter in this model is agreement on basic values, which involves the psychological characteristics of the individual. It has been shown that more stable and lasting relationships are based on values that are shared by members of the dyad. The next stage of a relationship that factors as a prediction of the longevity and commitment in a relationship is the complementarity of emotional needs.

3.2.4 Reciprocity

Behaviours in relationships usually involve either reciprocal or complementary interactions. Similar behaviours are evident from reciprocal relationships whereby each individual in the dyad show simultaneously similar behaviour or they alternate similar behaviour. Complementary interactions differ from this as behaviours of each player in the dyad differs from one another yet complements the other e.g. dominant and subordinate interactions in certain social roles such as teacher and pupil or manager and employee.

The most common forms of relationships are those that involve a certain direction of complementary interactions, usually found in defined status situations such as the workplace and other formal hierarchies where roles and statuses follow definitive norms and interactions are complimentary by nature. In more personal relationships there is no need for a direction of complementarity. Common to many personal dyadic relationships is an imbalance between reciprocal and complementary behaviours whereby roles can be reversed between partners dependent on certain contexts, it is therefore difficult to characterise a typical relationship as being either one or the other type. Instead they must be viewed in terms of the context of their interactions.

The dynamics of a relationship are influenced by the pattern of reciprocity and complementarity; this in turn is affected by the role expectation of the partners in the dyad. One may experience a need that can only be satisfied by those who have been sought out to be similar to us; equally fulfilment can be sought from a more complementary partner. Another thing to consider in complementarity is that individuals can possess different features of complementarity in one interaction such as being male, dominant and nurturant at the same time.

In terms of marriage as a developed committed relationship, although complementarity would suggest that the happiest relationships are those in which each partner fulfils the needs of the other, the matching phenomenon (Gross, 2003) would suggest that those whose personalities and needs are similar tend to be more likely to get married.

3.2.5 Social Exchange Theory and the Matching Hypothesis

The fundamental basis of social exchange theory is the notion of cost and reward. We are attracted to relationships that offer the least cost and most reward to reap the most profit. Homans (1974) claims that our feelings for others are deeply rooted in terms of the profit calculation that we make concerning the reward minus the cost of entering into a relationship with a person. According to this theory relationships must be 'worth it' for us to be interested in either entering into one or maintaining one. The expense of time, energy and commitment has to be summed with the potential for unpleasant situations to occur within the relationship, which then has to be subtracted from the reward of what we get out of the relationship to ensure we have not put in more than we have gained out of it. This can determine the interactions that occur between people either in intimate or more casual encounters. The **matching hypothesis** stems from this theory and suggests that we are all ultimately selfish. This has been tested in the context of people choosing those partners they view as being of a comparable level of attractiveness, for fear of rejection, so those of average attractiveness are more likely to choose those of similar

attractiveness rather than someone they perceive as being more attractive for example. The notion of matching has been furthered along the lines of what is perceived as best fitting in with the individual rather than this fear of rejection. The best value match for us in terms of a successful partnership is one in which our partner is potentially the most rewarding we could hope for in terms of the rewards we can offer them in return (Brown 1986).

Equity theory adds investment to the equation in that instead of equality there is a constant ratio of rewards to cost or profit to investment. According to this theory, satisfaction with the relationship and ultimately its survival is determined by the perception of fairness one reaches in re-evaluating whether what is put into the relationship is proportional to what the individual is getting out of the relationship now compared with what they used to get in the start of the relationship and whether this change in ratio is fair.

3.3 Cognitive and Affective Factors

Hinde (1995) considers that although the science of interpersonal behaviour is in its infancy, certain cognitive and affective aspects should be regarded as having pivotal importance to its study. In relation to this thesis they should be considered in terms of how the bank "tangiblise"[1] their offerings to the customer during each dyadic interaction they have. The main points outlined in this consideration thus follow:

Selectivity: In interpersonal behaviour sometimes individuals respond to others' behaviour based upon a degree of selectivity. In this, key features of another's character are attended to based on prior experience or via a perception of the others' behaviour.

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[1] Tangibilise is a term used in Services Marketing. See Tarn, 2005 for a review of the intangible nature of services and how marketing based activities serve to make the experience more tangible for the customer.

Expectation: Interpersonal behaviours are not only dependent on perceived behaviours of how one another are currently, but also are based on how they are expected to behave in the future.

Goals: In order to reach a desired goal (or a conscious intention) the present situation has to be monitored to assess whether the desired outcome can be reached successfully or whether the direction of current behaviour has to be modified to 'get back on track' to the desired outcome.

Values: The values that each partner in the dyad operates by are to some extent culturally determined as well as values existing for other aspects of the external world. Partners each behave as though the other's behaviour was determined by differential values.

Emotions and feelings: People may react differently to situations dependent on how they perceive another to feel, this also has consequence on how they will react subsequently to others based on their perception of their own and others emotive states.

Experience: Experience of certain situations and interactions is stored in symbolic form and is encoded, organised as a set of schema that serves to historically explain what has happened in the past and also creates an expectation for future similar behaviour which new experiences are assimilated to. Actually what is encoded into schema by an individual is very much specific to that individual and also culturally determined.

Norms: Individuals are constrained by the expectations that norms of behaviour create as a result of the schema that are shared by partners in the dyad. Hinde (1995) defines norms in this context as 'an individuals expectations (shared with others) of how others expect him to behave and of how others will behave in any given situation'.

Individuals as agents: Hinde's (1995) view places individuals as social agents who manipulate their own environment rather than being at the mercy of it.

Temporal aspects: Although interpersonal behaviour relies heavily on the behaviour of social interactions, it is the cognitive and affective factors of what is

expected as behaviour over time and introspective analysis of past interactions that is of consequence to future relations.

Roles: It is convenient to acknowledge that individual's relationships exist on both a personal level and a formal level. An individual's roles can be categorised and their associated norms characterise the content of interaction that ensues, it also allows a prediction of the type of interaction that follows e.g. the formal interaction between a teacher and a pupil.

3.4 Temporality and Dynamic Relationships

So far it has been shown how relationships equate to the repeated exchanges between two parties that are known to each other in some way. The interactions evolve over a time period revealing intervals or stages of change between the two parties where the type of relationship or the intensity of transactions in the relationship change. Many theories agree upon a five stage model starting with initiation of the relationship > maintenance > growth > deterioration > dissolution (Levinger 1983)

3.4.1 Stage Theory

Several descriptions of the stages of development in adult-to-adult relationships have been described (Thibaut and Kelley, 1959; Levinger and Snoek, 1972; Murnstein, 1977). Important in these is the understanding of how the properties of relationships can change with time. Although the authors differ in the number of stages that they identify they all do, to some degree, place emphasis on the characteristics of the players in the relationship that are important to development of the relationship. Brehm (1992) suggests that stage theory's weakness lies in that it is difficult to regard intimate relationships in terms of such rigid patterns of sequence yet they can be regarded more as phases that evolve dependent on the players in the relationship and the type of relationship that is formed. Empirical

evidence for stage theory is weak although the consensus of opinion in the field is in agreement with the analysis that relationships change and develop over time.

Four stages have been distinguished in the formation of relationships by Thibaut and Kelley (1959).

Stage 1: Sampling whereby an individual selects those with whom they wish to interact

Stage 2: Bargaining is where an acquaintanceship is formed and the players assess the probability of future profit

Stage 3: Commitment. If the probability of future profit is high then the individuals may enter some from of private or pubic commitment

Stage 4: Institutionalisation, which can be the result of commitment, such as in the union of marriage or some other appropriate form.

Three 'levels of relatedness' are discussed by Levinger and Snoek (1972), which occur in succession of each other during the development of a relationship.

Stage 1: Unilateral awareness where one individual sees the other as a collection of attributes. Each participant is evaluated in terms of the extent to which they confirm his values or are likely to further his goals. Physical characteristics inclusive of perceived similarity, assumed orientation and the estimate of costs and rewards enable transition to the next stage.

Stage 2: Surface contact. This can involve transitory meetings where individuals meet and disclose limited information about himself or herself or where individuals repeatedly meet each other in a particular role context but merely exchange the polite token of a "hello".

Stage 3: Mutuality. This is where the individuals share knowledge through interpersonal discovery and gain mutual investment in the common bond. They are responsible for furthering each other's goals and private norms are shared for regulating their association. At this level interactions in the relationship transcend the social roles of the participants character, the players reveal more about

themselves and these disclosed norms and values are accepted and accommodated by the other player in the dyad.

Murstein (1977) also identifies three stages in the development of a relationship through his stimulus-value-role theory.

Stage 1: Stimulus stage. The initial judgements about the other player in the relationship are formed on external attributes, either information about them or on perceptions of them. This stage is similar to Levinger's unilateral awareness stage.

Stage 2: Value Comparison occurs through verbal discussion between the two players. Information is gathered about one another's circumstances such as their background, attitudes, values and beliefs. As discussion matures, disclosure becomes less inhibited and more is learned about the other and comfort with one another grows.

Stage 3: Role Stage. At this stage each player has formulated expectations of the other players behavioural norms and attitudinal values from either their displayed preferences/ attitudes or to some extent those cultural norms which they have been shaped by. Comparing expectations with whether the role has been fulfilled over a wide range of behaviours assesses role compatibility further and forms further commitment.

3.5 The Diversity of Interactions

It has already been noted that relationships involve interactions over time and that these interactions can be defined, in part, by the roles of the partners in the dyad, and the behavioural, affective/ cognitive aspects involved in the relationship. With this in mind the content of the relationship can be investigated with regard to the diversity of the interactions themselves being uniplex (only one) or multiplex (many).

The interactions within a multiplex relationship have the potential to influence other types of interactions. The more diverse interactions are within the context of a relationship the greater the potential is for the interactions to influence one another. Different types of interaction can be shared within the same relationship as well. Different contexts will reveal different content to the interactions of the same individuals within the dyad e.g. the content of interactions with a work colleague will be related to the work relationship hierarchy and the role the individuals serve in this situation if they interact outside the work place in a different situation they are more likely to mutually reveal more of their nature.

This is very interesting in relation to the previous section where the diversity of new technologies and distribution channels in the banking sector were examined. In creating an integrated marketing approach across these distribution channels, multiplex relationships can be further maximised to the customer, as there is greater potential for the interactions to influence each other. If a consistent value is achieved through the message then this represents to the customer that the bank has clarity of vision. Not only are employees given a sense of direction and purpose but also branding and trust, particularly in online environments can be achieved (Durkin and Howcroft, 2003).

3.5.1 Qualities of Interactions

The quality of interactions in a relationship may have serious consequences for future interactions. For example in a shopping context where even though a shopping experience has had all the trappings of success where the customer has found what they are looking for, have not had to queue and have paid for a bargain, yet have been served by an unsociable sales person it can taint their experience so that future interactions may be impaired and maybe, in a worst case scenario not be repeated with the brand.

A main signifier of the quality of interactions in a relationship can be observed through the verbal utterances that occur between both parties. The dynamics of a relationship have been studied with regard to the choice of wording that is used during the interaction as this conveys the claim for power and / or solidarity within a relationship e.g. there are dominant and submissive ways of conveying the same information; "Maybe you should try this savings account?" (submissive) versus "You should try this savings account" (dominant). This concept is interesting to the spirit of this thesis as it relates to the scripted dialogue of the bank staff, which therefore has consequences for the quality of the service experience that the customer encounters with the bank. Typically the dialogues given to staff are scripted service based interactions, which place them in a role of subservience and relate to question and answer-based transaction of information. These scripts can be content, or rather sales specific in nature but all are designed to place the customer in the power position of choice.

3.5.2 Soft Fact Gathering

The role of many staff in branch-based situations, such as account openers, mortgage lenders and those in a personal financial review role, is to gather 'soft facts' about the customer. These are specific to the individual customer and may relate as memory aids to the branch staff when calling up the customer's recorded financial details in the future. Examples of this can include such things as a couple who are getting married and planning for their future house and the prospect of a family. The branch staff may use this to relate to the customer on a more personal and friendly level, they can also use it to a sales pitch advantage in recognising a financial need for the customer so early on that the customer may not have thought of it.

When someone is asked a question it usually compels a response from the person it was directed to. Research by Goody (1978) has shown that in asking a question a message concerning the relationship between the individuals is also conveyed. The

research classifies questioning along two dimensions 1) Information requests to rhetorical questions and 2) Control to deference, in this the actual meaning behind the act of asking a question can vary. A manager may set an employee at ease by saying "How are you?" the intention behind this maybe to introduce social contact with the recipient rather than actually to find out how that person is or indeed promote control. In a bank for example the "How are you?" from a bank teller could be rhetorical and deferent in nature to maintain a polite interest and introduce themselves to the customer to their service role.

In situations where the roles of the partners are predefined and the social status is clear, constraints will be imposed on the meaning of the questions asked. However in situations where no role has been determined for either partner (the stage where they are still effectively weighing each other up) the mode of questioning can help define the role relationship.

It has been suggested (Goffman, 1959) that there is a difference between the communication of an individual giving an expression and giving off an expression. An expression that is *given* constitutes the communication of information by the actors in the dyad. Expressions that are *given off* are actions that contain information other than that which was conveyed by the communication. This field of research has been investigated by Goffman (1959) whose research suggests that the individual wishes to create a certain impression of himself via communication. Individuals want to create the impression to others that they are

"thought of highly, to be seen as thinking highly of the listener, to be of a certain social class, honest, sly, self-confident and so on." (Hinde, 1979 p65)

The listeners fulfil the role of defining the situation by formulating expectations of the speaker. Once again we can begin to see that the nature of the bank's staff role is paramount in becoming the trusted, honest and interested partner to the customer

in representing the bank, likewise however the customer wants to be seen as being attributed with these qualities in order to satisfy their need for certain banking products such as loans.

3.6 *Exchange Relationships in Marketing*

So far exchange relationships have been investigated with regard to insights from psychological literature. It is also interesting and worthwhile to define exchange relationships within the context of marketing for the purpose of this thesis. Exchange relationships have been defined within the context of marketing as

> *"A mechanism for creating value through the coordination, production, consumption and related economic activities between customer and supplier."*
> (Johnson and Selnes, 2004 p 2)

The lifetime value of the customer has become a central marketing goal (Fornell 1992). The field of marketing considers that the most important factor to be investigated in the marketplace is the exchange relationship (Kotler, 1972). As previously discussed, this 'exchange' connects a customer's needs with a supplier's offering. In order to fully understand the concept of exchange one has to consider the context of economic activities that occur between the customer and the supplier.

There are two main techniques found in marketing, offensive marketing and defensive marketing.

Offensive marketing aims to increase the size of an enterprise's customer base and provides a basis for relationship development whereas **defensive marketing** in contrast aims towards the retention of existing customers and builds value through relationship development with the existing customer base. It is defensive marketing that has come to be recognised in recent years as most profitable as it nurtures life long relationships with the customer (Johnson and Selnes, 2004) Forming a

relationship with the customer in this way has shown to create economic value more effectively than just the one off purchase of a good or a service. It has been suggested that 65% of average customer business emits from its present customers and that it costs five times more to gain a new customer than it does to service an existing one (Vavra, 1992; Seller, 1989). Further to the notion of life long relationship formation with customers is the concept of relationship dissolution. Customer dissatisfaction has also been studied by Vavra (1992), who notes that 91% of unhappy customers will make the decision to never buy again from a company that has dissatisfied them, furthermore they will communicate this by way of negative word of mouth behaviour to at least nine other people. Other research has shown that if poor customer service is received, two thirds of customers will stop doing business with the company (LeBoeuf, 1990). The concept of customer dissatisfaction will be discussed further in an empirical investigation later in this thesis, where customer complaint handling is examined in a multi-channel experiment.

Customer portfolio management has been used as a technique to document the behaviours, preferences and purchases of a customer base. The problem that exists with the existing idea of customer portfolio management is that in reality they take time, just as individual relationships take time to develop. By virtue of this fact customers themselves are all at different stages of a relationship with the bank as a service provider. Therefore it is difficult to identify what level of relationship an individual customer may have reached with the enterprise and also predict their subsequent buying behaviours based on this level. Johnson and Selnes (2004) formulate a *dynamic theory of exchange relationships* to try and identify a typology that captures the trade off between the lifetime value of the customer and scale economies. That is the trade off between what the enterprise would get out of a transactional relationship against what they could get out of an exchange relationship. By doing this a company can put in a lot more effort with less customers and reap more profit than they would have done in targeting a lot of customers for little profit.

3.7 The Cognitive Customer and Exchange Relationships

The prevailing theme throughout the literature on consumer behaviour is that consumers are seen as rational thinkers who weigh up the potential benefits minus the cost of the risks involved with their chosen product, good or service. Johnson and Selnes (2004) take this problem-solving concept to the consumers' next level of thinking: relationship decisions. Consumers in this context evaluate the trade-offs associated with relationships of a given supplier (in this case the bank) versus the potential relationships with their competitors. The relationships that are chosen are either evaluated further and converted to closer relationships or the consumer makes the choice to change suppliers. Relationships require each party to learn information about one another. Both the customer and the organisation in business have to be willing to cooperate in joint learning activities in order to promote relationship learning (Selnes and Sallis, 2003).

Selnes and Sallis (2003) define relationship learning as

> " a joint activity between a supplier and a customer in which the two parties share information, which is then jointly interpreted and integrated into a shared relationship-domain-specific memory that changes the range or likelihood of potential relationship-domain-specific behaviour."(Selnes and Sallis, 2003 p 80)

Johnson and Selnes (2004) typology hypothesises there to be three types of relationships that have the potential to evolve from one stage to the next: acquaintances, friends and partners. Their typology essentially suggests that these relationships are mainly economic in nature placed within a social context, so for example relationships can evolve, building trust and commitment over time. However if the economic value of the relationship changes for the worse the exchange relationship may dissolve unlike typical social relationships.

Acquaintanceships: Acquaintances are defined as being the stage at which minimum familiarity with the customer is established. This is the stage that tempts

the consumer towards the supplier, introducing them as a stranger to the enterprise and forming an acquaintanceship and making them a customer based on the value proposition of the company. This relationship is nurtured through repeat purchase and interaction with the supplier, breading familiarity, and reducing the perceived risks and costs associated with the supplier as favoured amongst their competitors.

Friendships: The benefit of the customer relationship becoming that of a friendship to the supplier is that the value of the relationship is more unique and therefore harder for competitors to imitate. The parity value that characterised the acquaintance relationship becomes a differential value, setting the supplier apart from others in the market. Trust becomes a key feature of the relationship between the service provider and the customer whereby the value of the supplier is recognised as being superior to that of the competition as it offers unique benefits, suited to particular market segments. Reciprocity ensues on the part of the consumer whereby they recognise the benefits of sharing their information with their chosen supplier and receive information more attuned to their needs.

Partnerships: The next stage that customers may experience with their chosen supplier is Partnership. Research in social exchange theory (Morgan and Hunt, 1994) has suggested that trust breeds trust which in turn increases commitment and is characterised in the behaviour of the partners moving from short term exchanges to long term relationships. The value that is created for customers at this stage is customised value. When the two parties in the dyad build up a level of trust in their relationship it is more likely that they will share sensitive information that they use to make sense of the information they share about one another so as each benefit. This level of sharing is of a calculative quality where each party weighs up the other in terms of the credible measures of evaluation in the trade-off of costs and benefits. The next stage in the levels of trust is relational trust, which is characteristic of its strong emotional element. When these close social relationships develop a level of psychological loyalty is reached. That is a level of loyalty that appears contrary to

self-interest (Durkin and Howcroft, 2003). Johnson and Selnes (2004) sum up the customer's problem solving thus:

> *"From a customer problem solving perspective, the formation of satisfaction, trust, and commitment corresponds to the customer's willingness to engage in an exchange relationship as an acquaintance, friend and partner respectively. From a supplier's resource allocation perspective, the delivery of parity value, differential value and customised value corresponds to the supplier's ability and motivation to create an acquaintance, a friend or a partner. The implication is that as customer make the transition from satisfaction based acquaintanceships to trust based friendships to commitment based partnerships, we expect that both the value and the length of cooperation increase"* (Johnson and Selnes, 2004 p 4)

Over time relationships typically become characteristically more and more complex between the interlinked aspects of the two parties. It is this complexity that is thought to drive the collaboration of joint learning activities (Selnes and Sallis, 2003) as it increases cooperation and understanding between parties.

Environmental uncertainty constitutes a major motivational factor of relationship learning: this uncertainty derives from characteristics of the market over which they have no control such as competition or technological development. These factors of environmental uncertainly have a powerful impact over the success of the company concerned and the value that is attached to the relationships created with the company. The company's response to the presence of uncertainty in the market is to organise its resources to gain some sort of control back i.e. utilise relationship learning of how to keep and provide for its existing customers thus developing its competitive advantage. The most successful companies will remain flexible and will be able to response quickly in uncertain environments.

> *"The key to profitability becomes a supplier's ability to organise and use information about individual customers more effectively than competitors"* (Johnson and Selnes, 2004 p 4)

In summary this chapter has investigated the relevance of psychology and interpersonal relationships to the thesis. A relevant literature review on the nature of relationships and their associated behaviours has been provided in order to understand the importance that businesses should place on forming relationships with their customers. This literature review has covered aspects of cognitive and affective factors of relationships, temporality and the dynamics of relationships, the diversity of interactions and the concept of exchange relationships. The trade-offs that customers make in their decision-making process were considered with regard to customer cognition and the levels of relationship that might be enjoyed by a customer and business in the dyadic relations they have with one another.

Chapter Four

Empirical Methods of Investigation Used in the Thesis

4.1 Introduction

This thesis aims to produce a body of empirical evidence detailing the usability of customer and staff facing interfaces that aim to further the relationship between the customer and the brand. The results collected from the experiments designed herein rely heavily on the input from the participants involved: the customers and bank staff as potential users of the interfaces and systems. The interactions between the user and the interface systems were monitored both quantitatively and qualitatively to test the functionality of the systems with the presence of the user at the early development stages. This is known as user-centred design and as Norman (1998) has identified that by understanding the user's motives, interests and needs, it becomes possible to improve functionality of a system.

Three empirical studies are presented in this thesis, to examine various service encounter experiences using usability and brand metrics. The first experiment documented in Chapter 5 gathers information about user attitude towards interactions with the bank supported by a technology-mediated system designed to identify the customers' financial needs. The subsequent chapters, Chapter 6 and Chapter 7 evolve from brand equity into identifying the formation of *relationships* with the customer as paramount, they therefore set out to determine and test relevant metric criteria in this area. A brand personality metric is formulated in Chapter 6, personifying the brand as an active relationship partner. Finally brand relationship is investigated with regard to the impact on the brand, in salvaging a damaged relationship, in Chapter 7. The following chapter here gives insight into the empirical measures and methodologies employed throughout these experiments in order to try and answer the questions raised in each experimental hypotheses. Usability engineering and human computer interaction are briefly described to build a foundation for the usability metrics employed to test user attitude in this

thesis. The rational behind these attitude measurements is given and reliability and validity of these scales are discussed. This chapter then embarks on discussion of the experimental methods adopted in the thesis paying particular attention to experimental evaluation and the relevant test methods to glean empirical evidence of both a quantitative and qualitative nature. Finally this chapter identifies the starting point for the evolution of research analysis into the concept of the brand by providing an initial platform for empirical evaluation with introduction to a brand equity metric.

4.2 Usability

The general definition of usability has been proposed by the International Standards Organisation (ISO 1998) as:

> 'A concept comprising the effectiveness, efficiency and satisfaction with which specified users can achieve specified goals in a particular environment'

The ISO introduces the concept of 'usability attributes', which are those specific features, and characteristics of a user interface that influence the effectiveness, efficiency and satisfaction with which individual users (in this thesis bank staff or customers) can achieve specified goals in a particular environment.

This thesis addresses core issues in usability engineering of the user interface for bank staff experiences and customer experiences. It evaluates the user interface design, identifying ways in which staff training can be minimised or first time customer use can be enhanced, and how levels of customer service with multiple access distribution channels can be maximised.

4.2.1 Human Computer Interaction

Human-computer interaction (HCI) know-how has evolved from a variety of different disciplines including computer graphics, operating systems, human factors, ergonomics, industrial engineering, cognitive psychology and the systems

background of computer engineering (Dix et al, 2004). The discipline of human factors was originally centred on common technologies such as the control systems for industry, automated factory services and military applications. As technology has become more advanced and its presence infiltrates humans' lives more on a day-to-day basis, it has become more essential to understand aspects of making these systems *usable*. Usability engineering therefore has developed techniques to assist with the design and evaluation of many different applications (Shackel, 2000). Usability engineering's foundations are rooted in traditional engineering disciplines, providing techniques to support the management of resources in process design and development (Whiteside et al, 1988) using principles of quality measurement (Faulkner, 2000). The diversities present in any user base are vast, therefore any design should be tested with regard to this diverse audience so as systems can be evaluated to a sufficient level. An example of this is user testing of large audiences that use the World Wide Web (Internet), as cultural and societal factors impact on design, readability and accessibility.

The most common use of the term *usability* has stemmed from research by Nielsen (1993) who views it as *"a discipline aimed at enhancing the usability of products."* This research centres the processes and the tasks around the user so as the best solution for an individual product or process can be achieved.

As is outlined in the ISO standard (ISO, 1998) the key components of usability are effectiveness, efficiency and satisfaction. It has been shown that these three measures are not always correlated and should be measured separately as independent factors (Frøkjær et al, 2000)

> *Effectiveness* this relates to the quality of the solution e.g. the rates of completion, errors and error recovery.

Efficiency is concerned with the accuracy and completeness compared to the resources used e.g. such as task completion time.

Satisfaction addresses the positive attitudes as well as developing preferences and identifying comfort.

4.3 Usability Engineering Methodology

Usability engineering methods can vary dependent on the timeframe, resources and the goals that are related to a specific project (Preece et al, 2002). For example the primary aim of a safety critical system like a nuclear power plant is to have error tolerance as its primary usability goal, but the primary aim of a cashpoint machine would be that it assumes no prior training so ease of learning would be its primary usability goal. A usability method is effectively any technique that is used to create a design from a user centred perspective (Brink et al, 2002). This thesis recognises that each test scenario and experiment topic will require consideration of the specific detail of what the system is intended to achieve. Therefore each experiment's usability metric has been modified in line with the appropriate avenues of testing and the type of interface being used. The core usability attributes that are used in this thesis are discussed later in this chapter.

Norman (2004) has also surmised usability as having considerable impact on attitudes and emotion,

> *"Usability describes the ease with which the user of the product can understand how it works and how to get it to perform. Confuse or frustrate the person who is using the product and negative emotions result. But if the product does what is needed, if it is fun to use and easy to satisfy goals with it, then the result is warm, positive affect."* (Norman, 2004, p 37)

It is these attitudes that the thesis aims to uncover through use of a well-established usability metric. Definitions of usability suggest that systems should be easy to

learn, memorable, they should assist in the prevention of errors and should consider how people feel about using them (Nielsen, 1993).

4.3.1   The Development Cycle

Typically, successful products and software systems engineering go through four stages of creation: *requirements, design, development* and *testing* (Lidwell et al, 2003). The later three stages are illustrated in Figure 4.1, which shows the cyclical nature of the design process once the requirements have been identified. Requirements capture of what an end user would want from a product are best gathered through controlled interactions between the designer and the target audience. The goal of a design is to meet the needs outlined in the requirements capture so initial specifications are adhered to. Through ample use of prototyping and many different iterations being tested, the design and subsequent re-designs are able to fine-tune the concepts from the requirements phase. These designs can then be tested through controlled interactions with the target end users. As the cycle moves round and round to each phase of development, the quality of the product can then be tested with regard to real world performance.
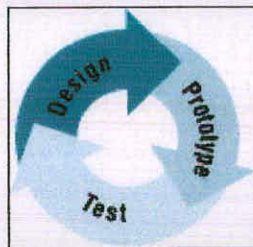
Figure 4.1: The Development Cycle

The stages of progress throughout the development cycle are sequential as seen in Figure 4.1 however they can be *linear* or *iterative*. The *linear model* is also known as the *waterfall model* due to its intention to describe the logical flow of activity in the development process through the following stages: requirements specification, architectural design, detailed design, coding and unit testing, integration and testing, operation and maintenance. This model proposes that each stage is completed before moving onto the next. In comparison the *iterative model*, which is

also known as the *spiral model*, proceeds through the cycle multiple times. With each iteration it builds an increasing percentage of each stage until the development is complete. When requirements and specifications are exact and unchanging, and development is prohibited by cost, the linear model is preferred. The more desired model is the iterative due to the low cost nature of re-design at the early prototype stages.

4.3.2 Usability Engineering Methods

The following are the usability-engineering methods for gathering information to make the systems usable in this thesis:

- **Requirements capture**: user profiling and task analysis from the user perspective. This includes the environmental and physical attributes of a process or product.

- **Iterative Design**: As already discussed this is progressively refining the design through low-cost evaluation of prototypes during the early stages of the process. Continuous redefining of the process builds a successively usable design at each stage (Brinck, et al 2002).

- **Experimental evaluation**: quality measurement of designs to make sure that they have met the usability metrics that were defined. The same basic principles of experimental design, measurement techniques and data analysis that apply to formal experimental psychology also apply to usability engineering. Such experiments are used to provide empirical information, which is essential if a product is to accommodate customers' requirements.

The efficiency, effectiveness and satisfaction of both the staff facing and customer facing interfaces were tested using a variety of approaches for the experiments in this thesis, of which the advantages and disadvantages are detailed in Table 4.1.

Non-expert heuristic testing is an approach employed throughout the thesis as it relates closely to the design cycle in which general problems of an interface or an experiment design could be identified by experiment participants and 'in house' by the designers building the process end-to-end. This approach ensures that the system is designed to be consistent and also ensures that participants can complete their task with minimal error and provides them with an easy exit point should they be unable to complete the task. This non- expert testing provides designers and software engineers with a set of guidelines that they can refer to throughout the design process (Molich and Nielsen, 1990).

Expert heuristic testing was implemented in all the staff-facing and customer-facing evaluations that were performed. Specialists evaluated each system before it was tested with the target user group. They also evaluated the experimental design using an iterative design process to fully understand the requirements to ensure that the tasks fulfilled the hypotheses being tested. In doing so any usability issues could be identified and attended to as serious errors, or points of neglect that could impinge user performance. As the systems in some experiments were not built or designed by the expert evaluators, the system itself could not be improved or modified. Instead recommendations and usability guidelines were advised back to the business case as areas in which special attention to redesign should be paid. In terms of the experiment design any areas that needed improvement were rectified immediately to refine the design for user testing in an experimental scenario.

Cognitive walkthroughs. This methodology is designed to investigate how well the interface designs support intuitive use and exploratory learning i.e. first time use without formal training. Cognitive walkthroughs are task-orientated where step by step user behaviour is investigated either by the researcher going through the interface with the participant, or with the participant performing the actions of the system for the first time and discussing what their expectations and reactions to the interface are. In the cognitive walkthroughs outlined in this thesis (typically with

bank staff as non-expert user evaluators) the qualitative remarks are documented step by step, notating each comment on paper screen shot representations of what the user is interacting with. In each experiment that required bank staff evaluation a fully functional prototype of the interface was used so as any problems with the 'live' system could be identified thus defining user goals and assumptions. There are of course disadvantages to this methodology, which mainly include tedium and bias of task selection and any subsequent analysis of the habituation effects and learning problems that could occur after continued use of the interface.

	Advantages	Disadvantages
Non-expert heuristic testing	- Identifies general problems - Identifies recurring problems - Can be completed at any stage in the design cycle - Can be completed by software developers	- Serious problems can be overlooked, even using criteria as a guide - Many evaluators are necessary - User knowledge and ability required
Expert heuristic testing	- More problems can be identified - Identification of more serious problems - Solutions suggested - Usability guidelines checked with redesign compliant to standards	- Expertise with the user interface required - Many evaluator 'experts' needed - Is only applicable to later stages of design cycle
Cognitive Walkthroughs	- Clear definition of user goals - Can be used early in design process or at the end	- Expertise of user interface required. - Many evaluators needed - More fruitful results emerge at the early stage of the design cycle. - Ignores subsequent problems of habituation effects, learning issues and naïve bias.

Table 4.1: Advantages and Disadvantages of Test Methods

4.4 Usability Metrics Employed in the Thesis

Poulson (1987) argues for a general-purpose measurement tool i.e. a questionnaire that could be used to assess the perceived usability of different systems in a variety of different settings. Questionnaires are commonly used in usability evaluation to collect large amounts of data quickly and easily. Using the same questions to

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understand user attitude in different contexts with different systems is not wholly relevant in certain experiment situations. However a broad set of reliable and valid attributes should be adhered to in order to identify a precedent of attitude measurement questions as a metric in order to maintain some form of consistency in the methodology. Different approaches to attitude measurement will now be discussed towards a methodology for measuring attitudes of usability and brand.

4.4.1   Attitude Measurement

Ratings scales are a valuable method for gathering data from participants. These scales can be administered on large volumes of users and are temporally economical to administer. They are a means of providing research with quantitative data on impressionistic subjects such as attitudes and feelings, which can then be rigorously analysed using statistical methods.

It is generally accepted that attitudes are defined as

> *'relatively enduring clusters of feelings, beliefs, and behaviour tendencies directed towards specific persons, ideas, objects or groups'* (Baron, 1996).
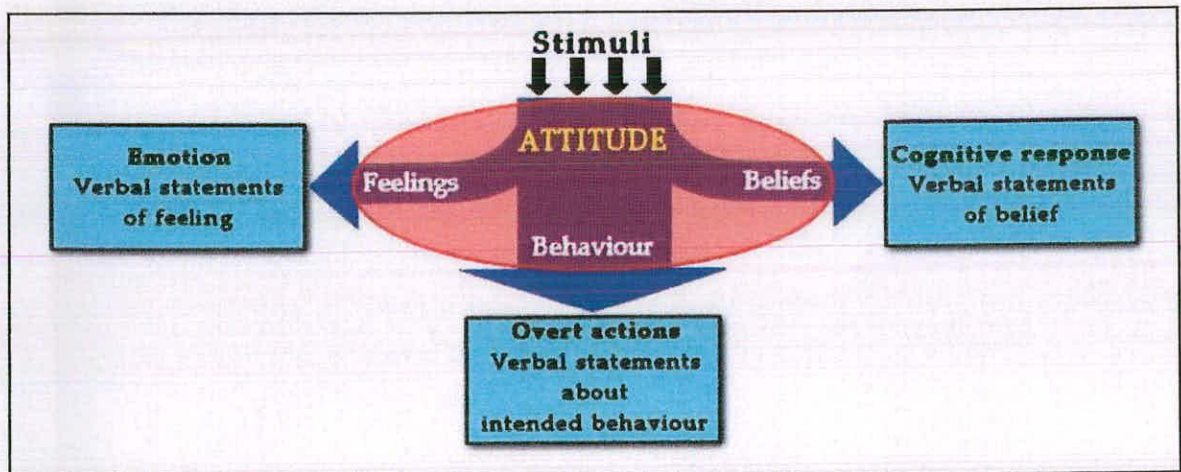
Figure 4.2: A Model of Attitude

Attitude may be described, Figure 4.2, as being composed of the following components:

- **affective** (feelings) component

- **cognitive** (beliefs) component

- **behavioural** (actual actions) component

Unfortunately attitudes cannot be directly observed in participants instead their opinion has to be ascertained through the use of questionnaires or attitude scales.

Attitude statements are a way of expressing a point of view a respondent represents on a continuum, where they position themselves *for or against* something (Oppenheim, 1992). For example: 'The service is reliable'. The attitude statement should be phrased so that the participant can agree or disagree with the given statement. Attitude statements are constructed to form an *item pool*. Analysis of the items will be subjected to a scaling procedure. The items constituting an attitude *scale* yield a numerical score for each respondent. An example of this is shown in Figure 4.3.

Q1 of 30						
The pages on this Web site were attractive						
strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

Figure 4.3: Likert Form of Attitude Measurement Via a Questionnaire

The research reported here employs two types of attitude scale; the Likert, summated scale, which is used to investigate participants' attitudes towards the usability of the interfaces and the semantic differential scale, which examines attitude in the brand equity and brand personality research.

4.4.2 Likert Summated Scale

The Likert scale is one of the most commonly used scale types in social research to date (Likert, 1932; Likert, 1967; Rossi et al, 1983). The attitude measurement used in this research adopts a seven-point Likert-type attitude scale (1932) in testing usability. Likert (1932) actually used a five-point scale but implied that the number of alternatives that could be used is a matter of personal choice. The reliability of the scale has since been investigated and researchers have found that the number of categories relates to the reliability of the scale, with reliability maximised at around seven points (Preston and Colman, 2000). The advantages of using the Likert scale have been outlined by Coolican (1999):

- Participants find the Likert scale "natural" to complete as it maintains the participants direct involvement

- The Likert technique has yielded a high degree of validity and reliability

- It has been shown to be effective at measuring change over time

It is essential to achieve a balance between positive and negative statements in Likert-style questionnaires, so as to avoid the user always ticking an agree box rather than disagree which would represent a bias. This effect is known as the *response acquiescence set*, and it is important to try to counteract people's tendency to agree rather than disagree. This can be achieved by including an equal number of positive and negative statements within the questionnaire, presented in a randomised order (Gross, 2003). The values in the seven-point Likert scale range from 'strongly agree' to 'strongly disagree' to which the participant responds by ticking (paper) or clicking (computer) the appropriate box. In analysing these responses the respondents 1-7 choice becomes enumerated. These enumerated responses are then inverted for the negatively skewed statements, around the midpoint. For example χ instead becomes $(8-\chi)$ as agreement with a negative statement is the opposite of

agreement with a positive statement. On a scale, where 7 is good usability and 1 is bad, in a question whereby the participant has rated they strongly agree with a positive statement the score is 7 for that particular item, but they would score 1 for strongly agreeing with a negative statement. Once the respondent has completed the whole questionnaire the scores for each item are summed and the arithmetic mean is calculated to provide an overall score to reveal a participant's overall attitude towards the usability of the service.

4.4.3 The Semantic Differential Scale

Another attitude scale format with a long history of success is the semantic differential scale, (Osgood, 1950; Osgood et al, 1957) developed to understand the connotative meaning people attached to objects or events. Respondents are asked to rate objects such as people or events on a number of bipolar adjectives, otherwise known as antonym pairs according to the position they felt related to the concept under review scales such as:

helpful								unhelpful

Figure 4.4: Semantic Differential Form of Attitude Measurement Via a Questionnaire

Numerous cross-cultural studies have been conducted with the semantic differential scale (Dawes, 1972). In these studies, respondents have been asked to rate many objects with a large number of antonym pairs. The data has been found to be consistent and social research measures respondent attitude towards concepts such as corporate image, advertising image or brand service image (Smith and Albaum, 2004).

The research reported here adopts the seven-point scale illustrated above although it is recognised that other research uses five-point or three-point scales in specific situations (Oppenheim, 1992).

Successful semantic differential questionnaires are largely dependent on the adjectives that are used in the investigation. Each antonym pair has to be relevant to the focus of the questionnaire. Also key is the pairing of the adjectives, as it can be difficult to ascertain exact opposites to reflect either end of the scale. The scale and dimension that exists between them should be immediately obvious to the respondent. An advantage of using antonym pairs is that adjectives can be used that it may not first spring to mind with regard to the concept under investigation, but may however turn out to be appropriate to formulating an idea which reflects the user's attitude well, such as masculine or feminine to embody the ergonomic shape of a car. A problem with the adjectives used in the semantic differential scale is that they may not hold the same connotations of meaning to all participants. An individual's personal definition of "helpful" may not be the same as someone else's e.g. "I had a problem. No help was available" therefore for this person the system was "unhelpful". For another person using the system who managed to fulfil what they needed to do but witnessed others having difficulty they might state "I managed, others might not have, I could see the system was unhelpful". They are therefore answering the attitude based not on their own actual experience but how they perceive an interaction could result. It is not realistic to produce a dictionary of what the adjectives mean for each participant to choose and rate from, however the tagline can define the situation and context the question should be regarded in e.g. "Think about the experience *you* have just had with the service. Was it helpful-unhelpful"

As with Likert attitude statements it is important to randomise the presentation of the positive and negative location of each antonym pair so as positive words sometimes appear on the left hand side and sometimes appears on the right hand side. If items were not randomised then a *halo effect* could represent any bias seen, whereby the respondent habitually ticks to the right as they perceive this to be the 'positive location' rather than responding to each item individually (Coolican, 1999).

To analyse the results of the semantic differential scale the responses to the questionnaire are taken and converted as a numeric score from 1 (unfavourable) to 7 (favourable) allowing for the location of the positive and negative ends of the score. The scale values can then be averaged across the subject sample group to form semantic differential profiles.

There are several important considerations to regard when designing an attitude scale. It is necessary to produce a number of statements that explore the issues, which influence the attitude under test. In this research, the attitudes under investigation are towards the interactive systems that the bank staff and customers are invited to use. Each investigation uses slightly different Likert statements or semantic differential statements dependent on the interface and experience under review. It should be noted however that a core set of attitude statements for both usability and brand will be assessed.

No optimum number of questions in any of the experiments has been identified, although it has been recommended that the number of items should be kept manageable so as the respondents patience is not tested and the amount of time it takes them is not perceived as being too long as these factors may affect the reliability of the measure (Coolican, 1999).

Both questionnaires and attitude scales allow researchers to gather structured information from a target audience of users.

4.4.4 Disadvantages of Attitude Scales

There are particular disadvantages attached to the two chosen forms of attitude measurements used in this research, which should be noted at this stage. Both the Likert style questionnaire and the semantic differential are open to position response bias. However with the Likert scale used here this risk is reduced slightly

as there are seven points used in the scale where the options are explicitly labelled. The semantic differential on the other hand does not have these definitive labels so any ambiguous antonym pairings may be open to scoring around the mid-point of 4. Scores around this centre point may reflect neutral responses but may also result from equal numbers of strongly positive and strongly negative responses, which cancel one another out (Coolican, 1999).

4.4.5 Broad Usability Metrics used in this Research

The questionnaires used in this research stem from metrics that were published in 1993 (Dutton et al, 1993). These questions were originally created with reference to an automated telephone service but have since undergone rigorous peer review to be adapted and modified for computer interface and service design. The original usability questionnaire was formulated after a pilot study, which involved direct observations, interviews with potential users of an automated service and a literature review. From this, a list of potentially relevant attributes was identified and an experiment was conducted to investigate user interaction with the telephone service under investigation. The participants in this study were then asked to choose the six most important attributes from the list devised after the requirements capture, and rank them. They were further asked to create any words that they thought of themselves that had not been mentioned. A control group were also asked to think of adjectives that they thought were important in this context without any prompting from a list. The results revealed strong similarities between the attributes that were regarded as important by both the experiment group with the list and the control group. From this the attributes became the most salient usability attributes relating to this specific automated telephone service. Further research resulted in more development and refinement of a robust questionnaire for evaluating the user experience of automated telephone services (Love et al, 1992; Love et al, 1994; Love, 1997 PhD). Although the broad set of 20 statements has been shown to be reliable (Foster et al, 1993) for telephone services, they have also more recently been tested with regard to their reliability and validity as a measuring tool

in a multimedia domain (Carraro, 1997, Anderson, 1998 and 1999, McInnes, 1999, McKay, 2000 PhD). Any changes that are considered to the broad set of attributes are peer reviewed by experts familiar with the interfaces and are evaluated with regard to whether they are task specific, technology specific or interface specific attributes.

Research has identified a set of broad attributes that determine the usability of a human-computer interface (Love, 1997). The evolution of these attributes has resulted in the following five areas to be considered when evaluating the usability of a system or interface:

Cognitive attributes: Confusion, Concentration, Flustered, Stress.

Fluency attributes: Frustration, Complication, Competency, In control, Speed

Transparency (Clarity) attributes: Ease of use, (Voice clarity), Prefer human

Quality attributes: Use again, Reliable, Efficient, Needs improvement

(Social) Engagement attributes: Friendly, (Liked voice), Enjoyment, Polite

4.4.6 Reliability and Validity

In designing an attitude measurement device it is necessary to assess its reliability and validity. *Reliability* is the extent to which a test accurately produces the same results on replication (Rust and Golombok, 1989). *Validity* is defined as the extent to which a test measures what it claims to measure (Coolican, 1999). The validity of the usability questionnaires used in this thesis has been established via a process of content validity. That is, as already mentioned researchers with expertise in the domain of usability evaluated the content of the questionnaire in order to ascertain whether it is representative of the area it purports to measure. The emphasis of this procedure is that it is ensured that all the important elements in the topic area are adequately addressed without any undue weighting being given to some features of usability compared with others (Foster et al, 1993).

This thesis has addressed aspects of reliability and validity in a series of experiments. Content validity was carried out at each iteration of the usability measures that were used in each experiment, whereby a peer review process of experienced researchers in the field critiqued each experiment design.

4.4.7 Direct User Experience

Usability investigation benefits from enquiring about direct user experience of the interface, where questioning can be posed and identification of improvements can be achieved. The empirical evaluation of a design incorporates using metrics to measure things like task completion, observed behaviours, and attitudes through the use of questionnaires and interviews. Usability experiments can be used to make observations in a context where there are controlled manipulations of variables to answer specific questions concerning the effectiveness, efficiency and satisfaction attitudes towards product design. The aim of a usability experiment is to confirm or refute a hypothesis in order to contribute to further understanding of a design and discover how it may be practically altered towards the next stage of the design process. The attitude measurements that are employed occur after each direct user experience with the design. These can then be coupled to the performance measures (errors, task completion rates and speed) of the user's interaction with the system in order to see the ease of use and usefulness of the design (Hartson, 1998). Further to the measures of attitude and performance the user is typically asked to employ a 'think aloud' technique throughout their user session. This means that the participant is requested to provide a narrative of what they think and feel at the time of interacting with the system they have been asked to use. In doing this the researcher can gather a first hand record of what the user's initial thoughts are and the logical sequence they employ to solve problems and complete tasks. However not all participants are good at verbalising their experience at the time of testing as some can find this distracting, and sometimes intimidating. The measures discussed here serve to provide the researcher with experiment-based evidence of a quantitative and qualitative nature.

Experiments in this research use experiment-based evaluation, heuristic evaluation and a task orientated methodology with the cognitive walkthrough and the user's "think aloud" narratives, to derive as much data as possible about the user experience for both bank staff and customers. These will be briefly outlined.

4.5 Experimental Evaluation

This research uses methods that are commonly used in applied experimental psychology. Monk (1985) has identified the steps that should be adhered to in designing an applied experiment, these are:

1. Identification of the topic to be investigated
2. Gathering information about the identified topic
3. Specify the aims of the experiment
4. Specify the experiment's hypotheses
5. Define the variables
6. Design the experiment
7. Set realistic tasks

With these guidelines in mind the experiments described here are structured such that an identification of need is laid out after a literature review of relevant topic areas, stating why the research is necessary and how its results contribute to knowledge. These literature review's aims and topics shape the hypotheses that are set in the design of the experiment.

The hypotheses provide a claim about the outcome of the experiment. In each experiment the independent and dependent variables are identified. The independent variables are the manipulated variables (e.g. the version of the user interface) whereas dependent variables are the ones, which are measured (e.g. the usability score). In experiments the aim is to predict that the independent variables will cause a difference in the dependent variables. The experiment hypotheses are

tested against the null hypothesis that states that there exists no difference in the dependent variables between the levels of the independent variables.

Experimental evaluation provides accurate and balanced assessment of an interface as the user experience is tested in a robust, rigorous way. The quantitative data gathered in experiment scenarios can then be used in statistical hypothesis testing. The advantage of experimental testing in this way is that the results are less dependent on the individual attitudes and taste preferences given of any individual in for example a focus group or a discount usability test situation. Participants in experiment situations are asked to fulfil certain tasks while interacting with various interface designs within the context of a convincing scenario. The scenario invites the user to place themselves in a 'what if this were real life' scenario while being safe in the knowledge that the implication of their actions will not have repercussions in terms of mistakes being made or errors occurring as this is reflective of the system design rather than user aptitude. They can become engaged in this role play in the 'comfort zone' of the experiment and can react as though they were in real life in their commentary of how they would feel if the system reacted in this way should they be by themselves and how their attitude is formed based on these interactions. Comparative designs of interfaces can be useful to business in finding out user preference and whether there are any confusions that arise from interaction with one particular system over another. Business can then make an informed choice as to which design to adopt and how it should be modified for test at the next stage of development (Shneiderman and Plaisant, 2004).

The data that is collected from an experiment can be statistically analysed to test the hypotheses such as with the analysis of variance (ANOVA). The main statistical technique used in this thesis is the ANOVA, Appendix 4. The ANOVA produces an F value for each effect tested and is used to derive a significance level, or 'p value'. For brevity only the p values are included within the results of the thesis as a measure of the strength of the effect. Inferences can then be made with regard to

how the specific controlled variables have resulted in attitudes to satisfaction and user performance (Landauer, 1988). Qualitative analysis from structured questionnaires or 'think aloud' approaches can provide useful insight that measurement sometimes cannot hone in on. The disadvantage however of think aloud techniques in particular is that some participants can find this hard to do and it can also impinge other objective findings and distract the user away from fulfilment of the tasks they have been set. Running a usability experiment with a user interface for a new product is primarily about creating an environment that will enable the interaction between the customer and product to be systematically examined and measured. The product is usually a 'tool' of some description that helps the customer to achieve a goal or objective. Using it involves the customer carrying out specified tasks the combination of which constitute the process of interaction between product and customer. The tasks generally involve a cycle of customer action, product response, customer decision, customer action and so on. In design terms this process of interaction is central to what is often referred to as the user interface aspect of the product and evaluating the effectiveness of a product from a customer's point of view means evaluating the design of the user interface.

The principal elements in this experiment-based approach to usability assessment are:

- A group of customers as participants - members of the target market sector.

- A product - the device(s) to be used in the experiment.

- A set of tasks - that the customer must complete using the product.

- Customer criteria - aspects of the customers or their behaviour, which can be used to measure the effectiveness of the product (demographics and technographics).

- Measurement techniques - used to measure the usability of the user interface against the criteria selected.

The customer based experiments reported here use larger numbers of participants. This provides robust statistical testing of each demographic group such as age, and gender etc. The size of the samples studied vary dependent on the remit of the sponsor and also the segmentations that were required in analysis. The more independent variables that were present the bigger the sample had to be. Due to the availability and access to bank staff a large population of sample size was not possible. This is recognised as a weakness in the investigation. Because of this most staff orientated investigation and questionnaires were centred on expert user evaluation through the use of the aforementioned cognitive walkthroughs of the system and qualitative questionnaires.

4.5.1 Standardisation of Experimental Procedures

Each experiment followed a standardised procedure, whereby every participant in the experiment is treated in a similar way (Whiteside et al, 1988) and is primed with minimal information so as not to bias their experience. The experiments follow a repeated measures design where each participant encounters each version of the system that is tested. The main benefit in using a repeated measures design is that a comparison of each condition for each participant can be made. A problem with repeated measures experiments are order effects therefore the order of experience has to be counterbalanced throughout the cohort (Preece et al, 2002). Individual factors should also be balanced for such as the age group and gender, and then these groups may undergo comparative analysis. Although experimental procedures are typically standardised, extraneous variables can exist and should be identified prior to experimentation begins. A record of the participants each researcher runs should be kept in order to check for experimenter bias. To avoid this researchers should also undergo standardised priming of how they should script the sessions and the communicative stance that should be maintained, as even an over friendly research might skew results. The aim for any experiment is that it should be robust enough to able to be replicated with the same controlled variables in another place or time.

4.5.2 Personae

The Data protection Act of 1998 (HMSO, 1998) ensures that researchers place paramount importance on the anonymity and privacy of participants. This act ensures that the personal data held about them are totally anonymised so as the individual can no longer be personally attached to the data. In doing this, the data are exempt from the Act. The strategy throughout this thesis to protect customer's private details and allow them to remain anonymous to the sponsor was to employ the use of personae in all experiments. The use of personae also meant that the participant could have a realistic experience with the system without being uncomfortable in using their own name, birth date, account numbers etc. Personae therefore, provide fictitious personal details that again benefit from being a standardised variable of experience for all participants in the experiment. The principle reasoning behind using personae in this research were:

- To ensure first and foremost that the participant is empowered enough to answer each question thus ensuring that they do not gain a negative perception of the experience simply due to not being able to maintain their role as the 'customer'.

- Participants are matched to their persona on the basis of age and gender so that they can easily relate to the generalised life experience of the persona.

- The briefing instructions to the participant ensure that they know the persona is only to be used as a 'framework' to ensure they can answer the questions they will be asked in the consumer experiment.

- The personae are also used to ensure some level of standardisation within the experiment so that all participants are empowered with the same information. This ensures that each participant gains the same level of experience with the application they are using.

4.5.3 Gathering Qualitative Information

Although qualitative data can be more difficult to analyse than numeric data, due to the sometimes verbose nature of participants' answers to questions, it can still be useful in providing explanation behind the quantitative results. These findings help in formulating relationships and rationales behind the behaviours that have been observed and can be used to build theories. Specifically, the experiments reported here use structured interviews, direct observation of participant behaviour/ responses, and focus groups, and cognitive walkthroughs, which allowed an opportunity to investigate user opinion further and *"probe the user more deeply on interesting issues as they arise."* Dix et al (2004).

4.5.4 Exit interviews

Structured exit interviews were used throughout the methodology of this research in which the wording of the questions and the order in which they are asked remain the same in every case. This approach enables a repeatable question and answer session, from which the data is more reliable and allows the participant to be debriefed on their experience. Since the order and wording of the questions is the same for all subjects, it is more likely that they respond to the same stimuli and different answers to the same questions, thereby indicating real differences between participants. Different answers do not therefore simply reflect differences in the way questions are phrased. Typically exit questions home in on the specifics of each experience that the user had. Participants are usually reminded with a verbal commentary on what they encountered or are given an illustration to trigger their memory of the difference between the conditions they used. Exit questions usually are made up of both open and closed questions. The participant is asked for the main likes and dislikes they had with what they encountered, their preference between conditions (sometimes with a ranked measurement) and how the interface or service they encountered may fit in with their own lives.

4.5.5 Laboratory Disadvantages

Although it has been discussed that standardisation of the experiment scenario, task and persona orientated approaches are robust and allow isolation for the manipulation of specific variable testing there are distinct drawbacks to the laboratory setting. It should be borne in mind that what occurs in the experimental setting is not real life and the results should not extrapolate and predict future behaviour beyond the context of the test. It is intended that the results of this research be read in the spirit of the hypotheses that are identified and the context of investigation that each individual introduction to the experiment provides.

4.5.6 Demographics

Demographics are the process of characterising population segments on the basis of variables such as age, sex, family size, income and occupation. It is the most popular basis for distinguishing consumer groups, the idea being that consumer desires, preferences and usage rates of products are often correlated with demographic variables, which can be determined by the collection of the relevant data. Demographic segmentation allows the marketer to target a market more successfully. As is normal with demographic profiling only those variables deemed relevant for understanding participants' evaluation of the software were chosen for measurement in this research. These were, primarily: age, sex, occupation – used to assign socio-economic group – Internet usage (frequency, location, purposes and purchasing behaviour using the Internet) and usage of Internet banking. Some experiments did not require analysis of this data, as they did not shed any light on relevant behaviour patterns.

4.5.7 Quality Control of Data

Having data consistent with the intended design of each questionnaire does not guarantee that it is accurate and that database spreadsheet entries correspond to the intended customer response. For each experiment in this thesis the attitudinal data

were collected directly on a computer. Data entry errors therefore would only be expected, in relation to the (paper-based) demographics data and the exit questionnaire responses.

A standard procedure was adopted for ensuring the accuracy of the data recorded for each participant. This took place in a number of stages. Firstly a set of worksheet functions was used to check for numbers and letters not expected in the data set. Secondly a random sample of 10% of the data was taken at the end of each experiment and checked for errors. The paper (exit interview) questionnaires that were entered for the demographics and the exit questionnaires showed zero data entry errors in the sample of 10%.

4.6 Brand Equity Metrics

The brand equity metric and a background literature review are given in this section to set the scene of the investigations that lead to the creation of the brand personality and brand relationship metrics in subsequent experiments in Chapter 6 and Chapter 7. The initial experiment described in Chapter 5 uses the brand equity metric to ascertain participants' perceptions of the brand as they enter the experiment scenario. This represents a baseline measurement of the participants' perceptions of the brand before use of the interface under study. Then a measurement with the same metric is taken immediately after they have had their first experiment-based interaction with the brand, usually after the first cell exposure in a controlled experiment. The brand equity metric is outlined.

4.6.1 The Concept of Brand

A brand is a name or symbol such as a logo, trademark or package design that uniquely identifies the products or services of a company, and differentiates them from those of its competitors. A powerful brand – an intangible mix of symbol, text and graphic – has value because it influences customers' and potential customers'

choices, thereby improving sales and financial performance. This extra value directly attributable to the brand – over and above the value provided by intrinsic product attributes – is referred to as 'brand equity', now widely acknowledged as an important component of the overall equity valuation of a company. As a result, companies spend considerable resources in establishing, maintaining and measuring the equity of their leading brands.

The importance of the brand equity concept and the role of the consumer in establishing the 'size' of the equity was first recognised in the 1980's (Farquhar, 1989) in discussions of the management of brand equity focussing mainly on the consumer's perspective since it was already recognised that the ultimate source of the equity value was the customer. That work lays out many of the basic issues relating to brand equity which more recent research has extended or modified, starting out with a simple definition of brand equity: 'the added value with which a brand endows a product'. This added value can be viewed from the perspective of the firm (see Grassl 1999), the trade, or the consumer (see Aaker 1991, 1992, 1996a, 1996b: Keller 1993, 2001).

To achieve a positive evaluation of the brand in the consumer's memory, a firm must have a quality product that delivers superior performance to the consumer, and three types of evaluation by the customer can be defined (again illustrating a new systematic approach to the problem, with an emphasis on its psychological aspects):

- Affective response (involving emotions or feelings toward the brand)
- Cognitive evaluation (inferences made from beliefs about the brand)
- Behavioural intentions (developed from habits or heuristics toward the brand)

Positive evaluations are *necessary* for building a strong brand, but a common error is to assume they are *sufficient*, which they are not. Also 'attitude accessibility' is key to a strong brand: a positive evaluation is not enough if it is not readily retrieved from memory. Therefore, one goal in building a strong brand must be to foster accessible attitudes thereby influencing subsequent consumer behaviour. This can be done in one of two ways: direct behavioural experience (e.g. product trial) or repeated attitudinal expression.

Here it is important for the consumer to imagine how it feels to use or buy the branded product. Also, use of multiple evaluative statements in advertising copy strengthens the brand's associations. Customers can be induced to access their attitudes at the point of purchase or shortly thereafter. Again, note that the emphasis here, as throughout is on the practical issues of brand development and management though the concepts introduced provide the building blocks for the later authors to develop more theory-based models.

A consistent brand image is part of managing the relationship between the consumer and the brand and a relationship develops between the personality of a brand and the personality of the consumer with each purchase. This special relationship between a brand and a consumer must be analysed, nurtured, and reinforced. It is the consistency of this brand-consumer relationship that counts; if one changes, the other must also change. This philosophy is the foundation of for the subsequent brand personality and brand relationships that are discussed later in the thesis, although assessment of the customers' personalities and how they may change over time is beyond the scope of this thesis, this topic is recommended for future research.

Three distinct stages exist in the development and management of brand equity:

- *Introduction.* It is important to start with a quality product and then build a brand image that creates a positive consumer evaluation. The key strategy is to plan how the brand can be used as a platform for new products and extensions.

- *Elaboration.* Favourable evaluations alone do not influence behaviour. Therefore, the first goal should be to foster attitude accessibility in the consumer's mind: make the brand easy to remember. The next goal should be to increase brand equity by encouraging direct behavioural experiences and repeated attitudinal expressions by the consumer as often as possible. It is important to be consistent in managing the special relationship between the brand and the consumer.

- *Fortification.* The strategy is to leverage the brand equity by extending the brand to other products.

A wide variety of analyses of brand equity have been proposed reflecting the inherent diffuseness of the concept, the fact that a number of diverse factors contribute to the value added by a brand to the overall equity of the company owning that brand. This diffuseness is reflected in the many different definitions that have been given over the years to the term brand equity. However, attempts to define the term tend to fall into two camps: in the first place there are those who view brand equity from the customer's perspective; alternatively, there are those who view the concept from the company's perspective and as simply another attribute of the company along with its people, plant and stock that constitute the value of the company in the financial markets.

Although brand equity has been established both as an important facet of company valuation and as a topic for market research, it offers quite limited theoretical insights into the nature of brand equity and offers little in the way of practical help for those wishing to measure brand equity. Since the early 1990's a number of

different approaches to the analysis have been developed, not all of them theoretically compatible with each other.

The most influential analysis has been reported in publications and books since the late 1980's (Aaker 1991, 1992, 1996a, 1996b: Aaker and Biel 1993). The key enduring feature of this analysis has been the insistence that brand equity can only be understood by the use of multiple indicators or dimensions, in other words that it is a multi-dimensional concept which requires appropriate multi-dimensional tools for its measurement. This work adopted and extended earlier analysis (Farquhar, 1989) to include company and customer contributions to brand equity and stands out as a well-developed model of the relationships between the multiple dimensions of brand equity, has made specific and concrete recommendations for its measurement and management.

Based on research in cognitive psychology into network memory models, it has been suggested (Keller 1987, 1993, 1998, 2001) that the notion of 'brand knowledge' is key to conceptualising and managing customer-based brand equity. From an information-theoretic perspective within the economics of branding it was also proposed (Erdem and Swait, 1998) that brand equity can be characterised by the clarity and credibility of the brand signals. Alternatively, it was proposed (Simon and Sullivan, 1993) that brand equity be measured using a concept of financial worth, and other authors (Kamakura and Russell, 1993: Park and Srinivasan, 1994 and Swait et al, 1993) have all proposed to measure brand equity on a scale of consumer utility that is not accounted for by the physical attributes of the products or customers' attitudes to services.

Broadly, the multiple dimensions that are used to conceptualise and measure brand equity can be classified as either behavioural or attitudinal. Behavioural indicators such as actual brand choice, loyalty or market share accurately reflect the salience of a brand's equity, but they are not readily observable at the consumer level in most

environments. Attitudinal variables on the other hand such as brand knowledge and perceived product or service quality have been consistently shown to shape customer-based brand equity (Aaker 1996a, Keller 1993 and Yoo et al 2000) and can be directly probed using customer surveys. As a result, most of the research into brand equity has been based on the measurement of attitudes. This leaves open as an on-going research issue the extent to which attitudinal surveys and research can be relied on to provide an accurate, quantifiable measure of brand equity in any specific situation.

4.6.2 *Brand Equity Metrics: Point of Departure*

The most extensive contribution to the subject of brand equity is represented by two key papers (Aaker, 1992 and Aaker 1996a). The first introduces a model for the analysis of brand equity; the second discusses how brand equity can be measured within the context of the model base on how brand equity generates value and therefore how that value can be measured. These ideas were developed more fully in the seminal book on the subject *Managing Brand Equity,* (Aaker, 1991) and these ideas have remained central to discussions of brand equity in the literature – and they form the basis for the approach to measuring brand equity used here. Brand equity is based around a set of brand assets and liabilities. It is linked to the brand's name and symbol. It can subtract from, as well as add to, the value provided by a product or service. It provides value to customers as well as to the firm. Five brand equity assets are the source of the value created: brand loyalty; brand name awareness; perceived brand quality; brand associations in addition to perceived quality, and other proprietary brand assets. Each brand equity asset generates value for the customer or the firm in a variety of ways. In managing brand equity, it is important to be sensitive to how value can be created to make informed decisions about brand-building activities.

There are three ways that these five brand assets create value for the customer.

1. Accessibility: brand equity assets can help a customer interpret, process, store, and retrieve a huge quantity of information about products and brands.

2. Confidence: the assets can also affect the customer's confidence in the purchase decision; a customer will usually be more comfortable with the brand that was last used, is considered to have high quality, or is familiar.

3. Satisfaction: the assets provide value by enhancing the customer's satisfaction when the individual uses the product.

Six ways can be identified whereby brand assets create value for the firm. First, brand equity can enhance the efficiency and effectiveness of marketing activities. A promotion, for example, will be more effective if the brand is familiar and if the promotion does not have to influence a consumer sceptical of brand quality. Second, brand awareness, perceived quality, and brand associations can all strengthen brand loyalty by increasing customer satisfaction and providing reasons to buy the product. Third, brand equity will usually provide higher margins for products by permitting premium pricing and reducing reliance on promotions. Fourth, brand equity can provide a platform for growth by brand extensions. Fifth, brand equity can provide leverage in the distribution channel as well. Channel members have less uncertainty dealing with a proven brand name that has already achieved recognition and has established strong associations. Finally, brand equity assets provide a firm with a significant advantage: a barrier that prevents customers from switching to a competitor.

The problem of measuring brand equity was approached (Aaker, 1996a) by establishing four criteria that measures for evaluating brand equity must meet. First, and most obviously, the measures should reflect the construct being measured, namely brand equity. Second, the measures should reflect constructs that truly drive the market because they are associated with future sales and profit.

Third, the selected measures should be sensitive. Finally, the measures should be applicable across brands, product categories, and markets. Applying these criteria to a set of putative measures involves a set of ten brand equity measures that could be applied across markets and products. These are: loyalty measures (price premium, satisfaction, loyalty); perceived quality and leadership measures (perceived quality, leadership); associations / differentiation measures: (perceived values, brand personality, organisational associations); awareness measures (brand awareness); market behaviour measures (market share, price / distribution indices).

The first four categories represent customer perceptions of the brand along four dimensions of brand equity – loyalty, perceived quality, associations, and awareness. The fifth includes two sets of market behaviour measures that represent information obtained from market-based information rather than directly from customers.

Price premium is the amount a customer will pay for the brand in comparison with another brand. A brand's price premium can be determined by simply asking consumers how much more they would be willing to pay for the brand.

Perceived quality can be measured with scales involving comparison with alternative brands. However, perceived quality may not be a key driver in some contexts. In particular, it may not be responsive to certain events. It is that concern that leads him to include leadership as a variable. Leadership has three dimensions. First, it is an expression of the "No. 1" syndrome. The logic is that if enough customers are buying into the brand concept to make it the sales leader, it must have merit. Second, leadership can also tap innovation within a product class – that is, whether a brand is moving ahead technologically. Third, leadership taps the dynamics of customer acceptance, reflecting the fact that people want to be on the bandwagon and are uneasy going against the flow.

Value arises within the brand-as-product perspective, and measures the functional benefit. Brand personality is based on the brand-as-person perspective. It involves the brand's emotional and expressive aspects. Organisational associations involve the brand-as-organization perspective, which considers the organisation (people, values, and programs) that lies behind the brand.

Different levels of brand awareness can be identified: recognition; recall; top-of-mind; brand dominance; brand knowledge; and brand opinion.

4.6.3 Brand Equity Assessment Metric

The brand equity metric used in this research is derivative of the seminal work by Aaker (1991), and the larger-scale books flowing from it, and the attributes used in the questionnaire are those identified in that work. What is not covered in the questionnaire are those aspects of brand equity which are identified as requiring access to the company or to consumers' patterns of behaviour in the marketplace.

User experience of a customer contact channel, as with any service that an enterprise provides be it by telephone, Internet, TV, face-to-face or by post, has a major impact on customers' perceptions of the enterprise brand. When a new customer-facing technology is introduced by an enterprise two questions may be asked:

- What is the perceived value to the customer of the new service?

- What is the impact of the new service on customers' perceptions of the enterprise?

Answering these questions involves assessing the potential and developing brand equity of the new service and its impact on the existing image of the enterprise with its customers. Although the assets and liabilities on which brand equity is based will differ from context to context, they can be usefully grouped into the five factors

of brand loyalty, brand awareness, perceived quality, brand associations and brand assets. The brand equity model, Aaker (1991) provides the following analyses of the value of each of these factors. Examples of each of the five factors used as the attributes measures in this thesis are provided here.

Brand Loyalty

Brand loyalty is exhibited in features such as consumers' resistance to change and pride of association with the product and the enterprise. Brand loyalty helps to reduce market costs for the enterprise; it helps to attract new customers (thereby helping to generate brand awareness and reassurance to new customers). It also provides 'breathing' time for the enterprise to respond to competitive threats. In order to help generate brand loyalty, the enterprise needs to treat the customer appropriately, stay close to the customer, effectively manage customer satisfaction and, where possible, provide extras associated with the service.

Brand loyalty attributes

- not considerate - considerate
- uncaring - caring
- poor at anticipating customers' future needs - good at anticipating customers' future needs
- not committed to the customer - committed to the customer

Brand Awareness

Brand awareness creates a sense of familiarity with the overall offering and an understanding of different features of the offering. Brand awareness provides a market anchor to which other associations and products can be attached; it creates a sense of familiarity, which can be transposed under suitable conditions to a liking for the service; it offers a signal of commitment by the enterprise and a feeling of substance. Overall, it ensures that the brand is one that should be considered by potential customers.

Brand awareness attributes

- customer friendly - not customer friendly

- helpful - not helpful

- welcoming - not welcoming

- approachable - not approachable

- easy to deal with - not easy to deal with

- accessible - not accessible

Perceived Brand Qualities

Perceived quality depends on features such as consistency, reliability and the perceived care taken with the service and attention given to it. A perception of quality is a crucial component of brand equity. It provides potential customers with a reason to buy; it differentiates the service within the market and helps position it; it permits the addition of price premiums for increased revenue.

Brand quality attributes

- irresponsible - responsible

- poor at providing a trustworthy service - provides a trustworthy service

- good at meeting individual customers' needs - poor at meeting individual customers' needs

- good at providing an honest service - poor at providing an honest service

- sincere - not sincere

Brand Associations

Brand associations impact on a customer's perceived life-style and the societal positioning of the product. Brand associations help customers process and retrieve information relating to products; they also provide differentiators within the market and reasons to buy. Above all, they create a positive attitude and feeling towards a product or service.

Brand association attributes

- dependable - not dependable

- reliable - not reliable

- efficient - not efficient

- incompetent - competent

- unprofessional - professional

Brand Assets

Brand assets provide competitive advantage for a product; they are essential differentiators of the product, associated with its logo, company history, governance, probity and ethical standing.

Brand asset attributes

- not a leader in its field - a leader in its field

- forward thinking - not forward thinking

- unimaginative - imaginative

- exciting - not exciting

- up to date - out of date

In summary the brand equity questionnaire used in the thesis uses a semantic differential format in which participants indicate the degree to which one of a pair of antonyms (e.g. 'caring' versus 'uncaring') is thought to be more relevant to their perception of the enterprise, its service and its brand. Using the mean scores of the brand equity attributes, brand equity charts can be constructed. Here the main attributes of brand equity, displayed along the horizontal axis are grouped into the core factors of brand loyalty, brand awareness, associations and competitive advantage.

Chapter Five

Experimental Assessment of Usability and Brand Equity of a Technology-Mediated Interview Process

5.1. Introduction

The aim of this experiment was to assess the usability and impact on the brand of a technology-mediated interview process in identifying customer's needs. Also assessed was its role in initiating and maintaining a relationship between the bank and the customer.

5.1.1. Types and Systems of Human Needs

Humans' needs and motives have been investigated throughout the discipline of psychology and other interested bodies of research such as advertising, marketing and consumer behaviour (Schiffman and Kanuk, 1997). Humans have both physiological needs and psychological (also known as psychogenic needs). There is little disagreement concerning the former but the later raises many avenues of discussion. Lists have been devised such as the 'Forty-four motives in male and female adults' (Starch, 1923) and the 'Twenty-eight psychogenic needs' outlined as basic needs (Murray, 1938), this theory believed that everyone has the same set of basic needs but that individuals differ in the importance ranking they attribute to these needs.

Maslow (1954) developed theories of motivation in line with research on personality, formulating the Hierarchy of Needs, which acknowledges that humans are subject to two quite different motivational states of forces:

1. **Physiological:** these ensure survival by satisfying basic physical and physiological needs.

2. **Self-Actualisation:** realising one's full potential, especially in the intellectual and creative domains.

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This theory postulates five basic levels of humans' needs that are ranked in order of importance from the lower level, biogenic needs to the higher level, psychogenic needs, illustrated in Figure 5.1. Individuals primarily seek to satisfy these lower level needs before their higher-level needs emerge. Motivation occurs when the individual experiences the lowest level of unsatisfied need. When this need is satisfied a new, higher need emerges which the individual is motivated to fulfil and so on. Some overlap is allowed in this theory, recognising that no need is ever completely satisfied. In essence this theory postulates that higher order needs become the driving forces once the lower level needs are satisfied. Essentially dissatisfaction rather than satisfaction is the main motivation force behind human behaviour in this theory.

Figure 5.1 Maslow's Hierarchy of Human Needs

Physiological needs: By and large in today's Western society many people's biogenic needs are fulfilled with sufficient food, water, light, heat, and shelter, some people are however not so fortunate so exist primarily to fulfil the first level of needs.

Safety and Security: These needs relate to far more than just physical safety. They include order, stability, routine, familiarity, personal control of one's life and

certainty. It is at this stage that people plan for the future so as they can live safe in the knowledge that, for example they can provide for their family not just today but well into the future. Individuals satisfy these needs for security through such things as insurance, savings accounts, pensions, and education.

Social needs: The third level includes such needs as affection, love, friendship and belonging. People seek out satisfying relationships with others and are motivated by love for those that are close to them such as their families.

Self-Esteem: Once the social needs have been fulfilled the next level, self-esteem becomes operationalised. These needs are also known as egotistical needs, which can be of an inward or an outward orientation. Inwardly directed needs reflect a person's needs of self-acceptance and esteem, independence, and personal satisfaction. Ego needs that are directed outwardly include such things as the need for prestige, reputation, status and recognition from others.

Self-Actualisation: Maslow considered that people rarely ever satisfy their ego needs sufficiently to move on to this top level of self- actualisation or fulfilment. This level refers to a person's need to fulfil their potential of being all that they are capable of being. Advertising tries to appeal to this higher level need in showing the best possible status of fulfilment through their product message such as military advertising of "Be the Best". The need for self-actualisation is not necessarily a creative urge to strive to be the best one can be, but it maybe present as driving force behind people that have the capacity for creativity.

A problem with this theory is that it cannot be tested empirically as there is no way of measuring how satisfied one need is before the next need becomes operative. The hierarchy has also been criticised in terms of how general each level is depicted as being, as it does not differentiate between conscious and unconscious drives. This need hierarchy has been called an "emotional trigger". This means that marketers

can use it to communicate with the target audiences on a personal and meaningful level that goes beyond product benefits (Schrocer, 1991). Marketers can target a large segment audience of those people who a certain level of need would appeal to such as family protection in car advertisements or smoke detector alarms. They can also use the hierarchy in positioning of products to different audiences such as centring on status appeals, "Impress your friends" or self-actualising appeals, "You deserve the best".

5.1.2. Identifying Customer Needs: Consumer Experience of Financial Services

Thus far the heterogeneous experiences of service industry encounters have been described with reference to consumption behaviours and the important role staff play in tangiblising each encounter. As this research reported here is deeply rooted in the financial services domain, the consumer experience of financial services and the difficulties customers may encounter will now be discussed with reference to two empirical investigations. These two experiments relate directly to a technology-mediated interaction between the bank and its customers in order for them both to realise and identify what the customer's needs are and signpost how the bank may be able to help, without sales approaches being made.

Financial services are difficult to evaluate both pre-purchase and post-purchase for the customer due to financial services being low in search qualities and high in experience and credence qualities (Ennew and McKechnie, 1998). These 'problem' characteristics of consumer financial choice will be discussed.

The customer's decision process: As previously noted a buyer's decision process embarks when they recognise that they need to fulfil the difference between the state they desire to be in and their actual state. In this problem recognition they are then motivated to act and will therefore begin the search for relevant information to

reach their desired state. This is an evaluative process that has been researched mainly with regard to consumer and organisational buying behaviour (Robinson, Faris and Wind, 1967). The subsequent stages of buyer evaluation from this would be to evaluate their post purchase satisfaction and whether the customer is swayed into positive word of mouth where they would further recommend their purchase experience to others, and whether they would have a propensity to repurchase based on their experience. Models of the problem solving decision making process should be regarded with caution as they assume a high degree of logical thought sequences that the consumer apparently goes through in order to make a rational purchase decision. (This notion has been discussed in more detail in a section 3.7 of the thesis's introduction with regard to the *Cognitive Consumer and Exchange Relationships*.) However the foundation of the concept itself is sound and allows researchers to identify the difficulties that consumers come up against in buying financial services. The basic framework that aids this study is problem recognition, information search, the evaluation of alternatives, and the behaviours associated with purchase and post purchase.

Problem recognition: This is essentially the customer's identification of needs and the motivations that go into satisfying the needs that are identified. In product purchase, needs that are identified are easier to recognise and assess as they relate to a tangible thing that can be materially evaluated. In financial services however the identification of need may require the customer to think about things that are either uninteresting or unpleasant such as mortgage assurance (illness and job loss), pensions (getting older), and life insurance (death). Furthermore the customer may have never had cause to identify a financial need until the point of sale and a representative of the bank helps them to recognise their need. Some groups of people are however more financially savvy than others. This group actively engages in identifying needs such as those customers who seek independent financial advice. Another characteristic that relates to the concept of intangibility is

inseparability where the service is produced and consumed at the same time by the consumer.

Typically needs that are satisfied through financial services are related so heavily to every day living that they go unnoticed in terms of need evaluation such as:

- Need to make purchases with debit cards and cheque books

- Need to defer payment with credit cards and loans

- Need for protection with house/ health insurance

- Need to accumulate wealth with savings, investments

- Need for advice with financial planning

In this chapter an experiment entitled *Map For Life* addresses the concept of problem recognition and identification of customer need from both the customer viewpoint and the staff's perspective. This experiment relates to the customer service experience and realisation of need. The software to enable the staff to identify customer need is evaluated in terms of usability and extensive qualitative staff comments are provided with regard to the staff's cognitive walkthrough and subsequent exit interviews where they were invited to describe how the new interactive system would fit into their role as "relationship managers" of the branch. The customer evaluation of these interactions with the bank provides further insight into how they identify their own financial needs and how they view the service that is provided to enable them to reflect logically upon these needs once they have been identified.

Information search: There are difficulties associated with the customer's search for information that goes into finding relevant financial service products. This is due to the lack of prior experience with similar services due to the long-term commitment nature of financial products. Consequently customers who have the product may not be able to recommend it to others because they will not have realised the benefits of their choice for many years. It is also difficult to rely on word of mouth

from other financial consumers as products continually change, as do terms and conditions with regard to the economic climate of the time and also the individualistic nature of products that are tailored to customer's specific personal situations.

Evaluation of alternatives: This again relates to the intangible nature of services as the experience a customer encounters is a process rather than a physical object, furthermore the ability for customers to evaluate their experience may be hampered by the passive nature of their interaction with the purchase experience. In evaluating alternatives customers can suffer confusion at the complexity of financial products that essentially achieve the same thing but have very different costs and benefits such as different savings accounts, and investments. The perception of risk and their returns therefore becomes a main factor in the evaluation of the product. This can be difficult as comparison of different products across different financial institutions would be an extensive process and would sometimes be taken on as a marketing tool by the institution to illustrate the benefits of their own products over competitors. Thus, the financial institution is commonly evaluated by the customer in terms of how much customers feel it can be trusted and the confidence they feel they could place in its services.

Purchase and post purchase: As previously discussed a characteristic of financial services is that customers needs are sometimes only recognised at the point of purchase after the customer has had interactions with sales staff engaged in the selling effort. In the past financial organisations have come under increased scrutiny for hard selling to customers and the effects this may have on vulnerable customers. Financial institutions also have a fiduciary responsibility towards customers in that even if the customer has identified a product that they wish to purchase the service can elect to deny it based on its (un) suitability for the customer. In recent years banks have adjusted the way its staff approach sales with the customer. They have reduced the concept of meeting targets for staff so that they are less likely to try

hard sell tactics to their customers and persuade a vulnerable customer of their 'need' for a product that they are under pressure to sell that week.

With post-purchase behaviour the difficulties the consumer may experience are based on the evaluation of the experience with the service rather than an evaluation of what it was that was purchased. As the experience with a service is so heavily dependent on such factors as interactions with sales staff, customer experience of purchasing the same thing can vary enormously. The risk of cognitive dissonance in customers can be high due to the difficulties experienced in post purchase behaviour. It has been hypothesised that high levels of cognitive dissonance in customers may be related to switching behaviour.

The intangible nature of services: Services based organisations have to work harder to "tangiblise" the service so as there is some type of physical evidence that the customer can relate to when they think of the institution. Instead of thinking of a particular brand in terms of the service experience customers can begin to attribute concrete evidence that supports the imagery of the brand such as seeing the brand image on promotional free gifts, and chequebook covers. The marketing strategies that are employed to fulfil this may work successfully in terms of creating effective brand image and associations with a logo, however such tangiblising is less effective for service products that lack physical form and carry predominantly abstract concepts behind them. Financial marketers have therefore focussed on building trust and confidence in their products through advertising illustrating away from perceived risk and focussing on the longevity of the organisation and the benefits associated with the purchase of financial products such as a car with a loan.

Other techniques that are used to focus attention away from the intangible nature of a service are to emphasise a theme of the performance and the quality of the service staff that the financial institution employ. This results in a halo effect from organisation to the product. For example some banking companies advertise how

their contact staff have such good interpersonal skills rather than concentrating on their banking knowledge. Rewarding customers who introduce a new customer to the service can influence positive word of mouth in advocating the service of a financial organisation. Banks such as the case study bank in this thesis have recently offer a reward of £50 to their customers who introduce a friend to enrol in the services of the bank.

The mechanisation of the delivery of a service can cut down the possibility of its heterogeneity. In this the delivery of the service encounter is standardised and the experience for customers has less opportunity for variability such as automated phone services, cash machines and Internet banking.

5.2. Intention of 'Map for Life' Interface

The Map For Life relates well to the Needs Hierarchy (Maslow, 1954). As previously discussed, people find it difficult to recognise what their financial needs actually are. Map For Life makes people address what their needs and goals in life are. It is a top down recognition process of need. Once the customer has outlined their dreams by 'thinking big' with self-actualisation as a starting point, they are asked to embark on a process of elimination to focus on their lower-level immediate needs for the future or their long term security. By beginning at the aim of self-actualisation the customer is required to get past issues of self-actualisation and self-esteem and begin to focus on the essentials that the bank can help them achieve for themselves and their family. Map for Life centres in on the customer's first lower level need after the biogenic, that of safety and security to provide stability, personal control and certainty for the future.

Essentially the customer is allowed to recognise all levels of need in the hierarchy by freely expressing what their dreams for in life are. The purpose of this is to allow the customer positivity in outlook for what could ultimately be fulfilled while also

indicating ways in which the bank can assist in operationalising their lower level needs. The current interview procedure in banks is free flowing and un-standardised, relying heavily on the characteristics, people skills and banking knowledge of the individual bank staff. The interview process suggested in the following experiment mechanises the service to cut down the possibility of this heterogeneity so as there is less opportunity for variability.

5.2.1.   Screen Flow of Map For Life

The software opens with a welcome page that summarises the purpose of the Map For Life software[1]. It states,

> "Map For Life gives you the opportunity and framework to think about what you want from your life, where you want it to go and what help you need to achieve this. The following elements of Map for Life will help you plan and achieve your goals. Today we will focus on; Your Aspirations (which define what you want from life) and Your Preferences (which prioritise your aspirations)."

Firstly the customer is asked to define their goals and actions in the Your Aspirations section, and score a set of statements in five specific areas: Family, Income, Home, Lifestyle, and Finance. Customers at this stage are asked to score the statements relevance to their lives using a scale of 1- 9 where 9 was them totally agreeing with the statement and 1 was totally disagreeing, 5 was neutral

For example from 'Family'

Preset statement to be scored= 'I am experiencing a change in my family circumstances'

Free form answer = 'I am getting married next year'

There are many stages to this free form questioning process whereby the customer is asked to give answers on a 'Customer Notepad' in their own words, which serve as reminders of how the preset statements relate to their own personal circumstances.

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[1] The Map for Life software was provided in its finished form by Lloyds TSB as a complete software application to be used as a resource in this research.

These scores from the five sections of the customer's lifestyle are then processed into a matrix of an 'Aspiration Rose' which depicts to the customer the areas they have put most emphasis on so far in the interview, Figure 5.2.
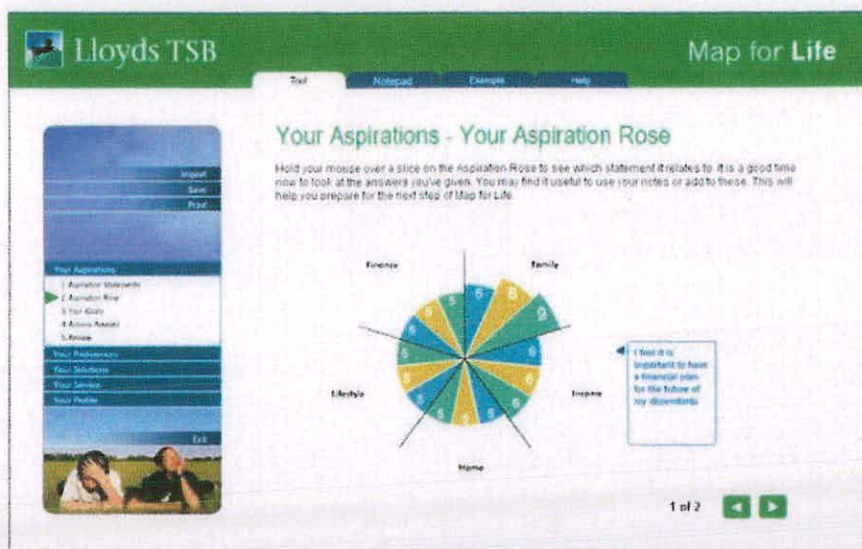
Figure 5.2: Aspiration Rose

The next stage to the software is for the customer to outline their goals in life. The software defines a goal thus:

> *"A goal is defined as something you would like to achieve; a timeframe for achievement is useful to focus your mind. The goal maybe something you want to achieve within the next month or it maybe a long term desire."*

The customer is asked to consider the life stages that they may encounter and re-evaluate their already stated "Aspirations" with regard to how they might like these to become goals. In this they are asked to look at their Aspiration Rose and complete free text answer boxes with a drop down categorisation of one of the five life categories from the first section.

From this the customer is then required to state Actions towards their goal's fulfilment, so as they might be achieved. For each goal stated there are three possible fields for entry of a way of achieving the goals. For example:

Goal: Plan a wedding

Actions: Find a wedding venue, get a wedding licence, save for a reception.

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The next stage in the customer's identification of the needs is to identify their 'Preferences'. This involves them going through each action as a pairing and 'trading' them off against one another as a preference over the other.

The outcome is a ranked order of importance, which the customer is asked, to review and rate in terms of the assistance they believe they need form the bank in order to achieve the goals that they have outlined.

The final outcome of the Map For Life software is the presentation of a preferences matrix, Figure 5.3. This plots the importance and ease scores for each of the customer's actions. The areas are colour coded into the following:

- Green quadrant: Important areas the bank can help the customer with soon
- Orange quadrant: Actions that can be assisted by the bank which aren't as important so can be tackled at a later date.
- Blue quadrant: Important actions that the customers can do themselves soon
- Pink quadrant: Less important actions that the customers can concentrate on themselves.
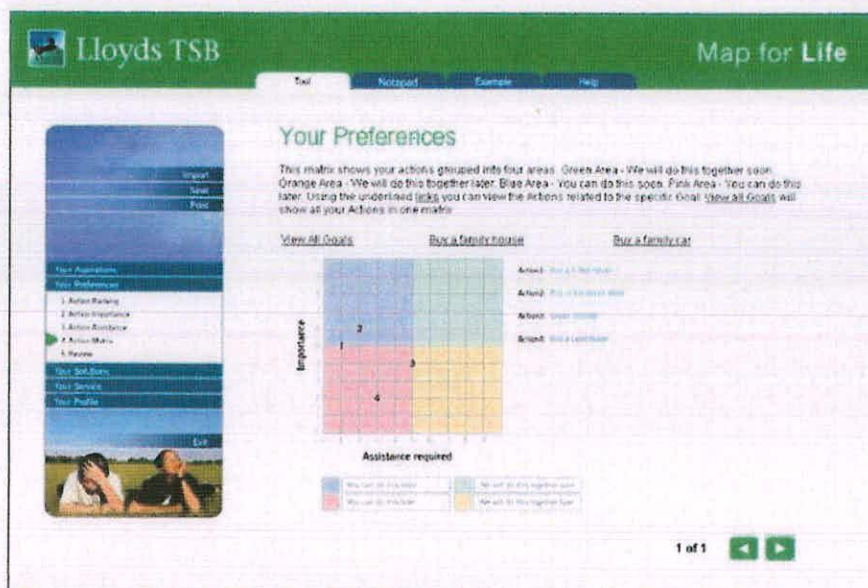
Figure 5.3: Preferences Matrix

The customer is given a print out of both graphical representations of the needs they have identified and the actions they intend to take to fulfil these goals at the end of the interview.

The remainder of this chapter documents two empirical studies that evaluate the usability and brand equity of two user groups. Part 1 documents the feedback of the relationship manager's use of the technology-mediated software whereas Part 2 documents the attitudes of the customer towards the usability of the interview session and the impact this experience had on the brand equity metric.

5.3. Empirical Investigation Part 1: The Relationship Manager's Assessment of Map For Life

5.3.1. Introduction

This section details the results of a usability experiment with new designs of a technology-mediated interview process based around a software application called *Map For Life*. This aims towards the bank's 'Know Your Customer' (KYC) philosophy of forming a relationship with the customer base. The research was carried out, with a total of ten participants (experienced bank relationship managers (RMs) from different customer segment groups) who each spent some two hours experiencing the new screen-based process in a hands-on session, as part of the experiment. This analysis incorporates extensive qualitative data from each participant including the results of a cognitive walkthrough and one-to-one question and answer sessions. Quantitative results of attitude towards usability of the technology-mediated interview process are given, as are the results of the brand equity questionnaire. The aim of this experiment was to assess the usability of the technology-mediated interview process in identifying customer's needs and also it's impact on bank relations with the customer.

5.3.2. Methodology

The procedure of the experiment experienced by the participants consisted of several distinct data capture phases:

1. Induction. Researcher outlines plan for session, the aim was to seek participant's views and attitudes.

2. Demographic Questionnaire.

3. Brand equity Baseline. Participant completed brand equity Questionnaire BE0 (Brand Equity 0).

4. Usability baseline. Current process USE0 (Usability Questionnaire 0)

5. Usage. Hands-on usage of application; cognitive walkthrough - think aloud protocol with researcher as customer taking notes.

6. Usability Questionnaire. New process USE1.

7. Brand equity Questionnaire. New process BE1.

8. Brief comprehension test of the Aspiration Rose and Preferences Matrix

9. Exit Interview.

10. Psychographics Questionnaire (AH4)

5.3.3. Demographics

A questionnaire was used to collect relevant relationship management data including whether they were a novice or an experienced relationship manager, how long they had been in the role of performing such activities, their experience in gathering hard facts (financial details and status) about their customers, and the process they typically use for gathering soft facts (life events and goals) about their customers (paper-based note taking or screen-based data capture). The customer segment with which they typically dealt with on a day-to-day basis was also recorded. The interview investigated existing behaviour to identify how they currently cope with potential failure points in the process they currently use and also the relational aspects of where customers are seated during interview

processes. These data were recorded to assess how much training participants think would be required on the new process as presented in the experiment.

5.3.4. Brand Equity

The brand equity questionnaire was administered to participants on entering the experiment session to gain a baseline measurement of their opinion of the brand. They were then given the same questionnaire after they had used the technology-mediated system. Appendix 1.1 shows the semantic differential pairs that were used in this experiment.

5.3.5. Usability

Two usability questionnaires were administered. The first required the participant to assess their current method of gathering information from the customer in order to identify their needs. The subject of these questions was therefore the current process. The second questionnaire was administered after the participants had interacted with the technology-mediated interview system. The subjects of the questions were therefore "this process" and were positioned in the past tense.

The 20 Likert statements in this research examined: liked using, know what they are expected to do, efficient way of organising workload, flustered, happy to use, met with expectations, annoying features, under stress, being too slow, confusing, details easy to interpret, enjoy using, clear structure, needs improvement, makes job easier, not complicated, easy to understand, very frustrating, concentrate hard, in control. An example of these questions can be found in Appendix 1.2.

5.3.6. Cognitive Walkthrough and 'Think Aloud'

This part of the session was designed to investigate how well the screen designs for the Map for Life process support intuitive use and exploratory learning i.e. first time use without formal training. Participants performed their usual role of the

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interviewing staff and the researcher played the part of a customer. Paper copies of the screens were used to highlight where individual *usability issues* and *process issues* occurred. This was recorded from using a 'think aloud' technique that the relationship managers were asked to follow during their hands-on use.

5.3.7. Brief Comprehension Test (Aspiration Rose & Preferences Matrix)

Participants were asked to complete a brief comprehension test of three multiple-choice questions to gauge their understanding of the graphics they experienced. There were three questions for each graphic (the Aspiration Rose and the Preferences Matrix) each with a possible three answers to choose from, Appendix 1.3.

5.3.8. Exit Interview

An exit interview gave further scope to discuss design and usage issues with screen shots used as memory aids to trigger discussion about specific screens in the interface. This interview served to summarise the findings of the cognitive walkthrough and allowed the participants opportunity to re-evaluate their overall perceptions of the system once they had completed the process as a whole.

5.3.9. Psychological Testing

The AH4 (Heim, 1970) test is a group test of general intelligence and designed for use with a cross- section of the general population (Heim 1970). The first part of the test is composed of 65 questions, which have a verbal motivation. The second part of the text is made up of 65 questions, which have a spatial motivation. All questions in this test are in multiple-choice form. Participants are given ten minutes to complete as many questions in Part I as they can. The same time constraint applies to Part II. In each part of the test the questions are arranged in ascending order of difficulty. The scores from each section may be summed to provide an overall measure of intelligence.

For the purpose of this experiment the individual scores for each section were used as a comparison between the participants' verbal ability and their spatial ability. The scores from the verbal section and spatial sections of the test were separately converted into a binary distinction between high (H) and low (L), the former being defined as the upper half of the distribution, the latter being defined as the lower half of the sample distribution. It was hypothesised that these scores would reflect the participants' ability to understand the graphical output of the Aspiration Rose and the Preferences Matrix.

The hypotheses overall for the staff experiment were:

HA_0: There will be no significant correlation between correct comprehension scores and high spatial scores in the AH4 test

HA_1: There will be a significant correlation between correct comprehension test scores and high spatial scores in the AH4 test.

HB_0: There will be no significant effect on usability scores between the existing interview process and the new technology-mediated process

HB_1: There will be a significant effect on usability scores between the existing interview process and the new technology-mediated interview process.

HC_0: There will be no significant effect on brand equity scores before using the new technology-mediated interview process and after.

HC_1: There will be a significant effect on brand equity scores before using the new technology-mediated interview process and after.

The independent variables were the types of process under review, either the staff's existing format from memory or the new technology-mediated process that they

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experienced in the experiment. The dependent variables were the scores for brand equity and usability.

5.4. Results

5.4.1. Demographics

A total of ten experienced relationship managers (RMs) took part in the experiment: There were seven females and three males. The age distribution ranged between 32 years of age as the youngest and 58 years of age as the eldest.

There were different types of staff role in this cohort. The experience participants had of their role varied enormously between 7 months experience to 24 years experience. All of the participants typically used a mix of paper and screens in their approach to interviewing customers. Participants reported that on average the job does seem to be populated by women rather then men. This sample can therefore be seen as representative although obviously not ideal for comparisons to be made on the male/female demographic.

Participants were interviewed about their current interview format as a baseline comparison of whether the new Map For Life system helped or hindered their role. With reference to this one participant answered

> "You write things down about the customer that actually don't mean anything - it is the relationship forming that strengthens the bond with the customer and impresses them the most".

5.4.2. Cognitive Walkthrough Results

This part of the session was designed to support exploratory learning in the participants' first time use of the new application. The participants were primed in how the Map for Life application was planned to be used within their existing interview process and were asked to perform their usual role of relationship

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manager while the researcher took on the role of a customer. Participants were asked to "think aloud" throughout the session.

Summary of Cognitive Walkthrough Comments: In terms of participants having to ask customers to score their needs participants were concerned how they would differentiate between a score of 8 and 9 and how this may impact on an overall score in the final screens. They thought that customers may be inclined to score highly for most aspiration statements in order to conform to how they want to be perceived by the Bank / interviewer rather than how they actually feel. It was felt that the format of 'strongly agree' to 'strongly disagree' also failed to fit with many customers' lifestyles. They judged that customers will feel frustrated setting a score to issues that had no direct relevance to them - which could be damaging to the interview process as it suggests that they are somehow different to what the Bank perceives as 'normal'.

Participants felt that although soft facts (e.g. personal circumstances that impact finances) were friendlier to gather they would have to revisit much of what had been recorded again in gathering hard facts (e.g. actual monetary information of wealth and status) - this would create frustration in the customer and would be repetitive for in their day-to-day job execution.

They were concerned that the customer might become so involved in recording soft facts they might want to know why the 'customer notepad' had not been filled in even if they had said something that wasn't of particular relevance to their profile. *"How do you draw the line between nice to know and need to know fact?"* The customer also might try to rephrase the wording of comments in the notepad, which would only serve to prolong the process even more. One participant felt that the Bank could be perceived as becoming a bit too *"big brother"* concerning what a customer wants to spend their money on, or what they want to borrow for.

They expressed concern over those customers who may come into the Bank looking to buy a specific product and how they would achieve that product quickly from Map for Life. There was also concern voiced over the potential for mis-selling of products and whether the Map for Life would in the future suggest products that were best suited to an individual's needs and how this may ultimately conflict with what a customer actually thinks they want.

They felt that there was scope for a communication breakdown between the RM and the customer due to the extensive question and answer format of the application. They were put off by what they perceived as being a *"form-filling exercise"*.

They felt that the general look and feel of the application was *"warmer"* than the one they use currently and would be friendlier for a customer to look at. They commented that customers are generally very bad at looking at *"the bigger picture"* and typically have a reactionary stance towards finance rather than proactive planning.

Most of the participants were experienced with a high net worth customer base. They were eager to point out that training is not standardised across all types of customer base so each skill set would be coming to the application with different perspectives of what they saw as the most important fact to gather.

The participants commented on the choice of wording and tone used in the Map for Life application. They felt that many aspects of the application were too *"jargony"* or relied on *"buzz words"*. They felt that the Goals information screen did not relate well to the subsequent screens, as they did not deal with the concept of the temporal nature of customer planning until the final Preferences Matrix screen.

The most recurring comment throughout the participant interviews was the integration of the soft facts with the gathering of financial information,

"This needs to be incorporated or integrated with the hard facts. The questions need to be rearranged more logically to make the flow of conversation more natural."

Some participants thought that the application felt like they would be leading the customer down a *"sales path"*.

"I feel like I am influencing what the customer has in their head by asking these questions as inevitably anything they want to do is going to cost money so it seems I am trying to coax them into spending more."

"As a think tank idea its brilliant. The concept is sound in putting the Bank on the customer's agenda and getting back to forming old-fashioned ideals and relationships with the customer BUT relating this to the man in the street I don't know. You have to work with various intellects and this is too detailed and very confusing"

Ergonomics Issues with Interviews: A few participants voiced that they *"try not to look at screens too much as that breaks the bond with the customer"*. Three of them pointed out that the normal branch situation involves the PC set up in a typical 'interview' seating arrangement with the staff at one side of the table and the customer at the other side. The screen is usually positioned so as the relationship manager can see it most easily although typically the monitor can be rotated for customer viewing, although this is still a little awkward for both staff and customer to see at the same time. Participants also pointed out that they do not have access to a printer in the room so they would have to leave the interview session twice, thus breaking the interview continuity and therefore the relationship with the customer. Two participants also took note of the colour of the screens and wanted to know if branches would be replacing their black and white printers with colour ones.

5.4.3. Exit Questionnaire Results

Participants were asked what they thought about the length of time it took to complete this process. Most (six) felt that the process took too long to complete. They based this on the fact that they would end the application and still need to gather hard financial facts about the customer. They were dubious about the next stages they had been informed that there would be, as they had been told this was 'two steps of a five stages process'. The four who felt the process was 'about right' stated that they would try to rush through this stage of the process and try and fit

the information given in this stage of the process to the hard financial fact gathering later.

A representative comment from the participants was:

> "It was too long. The existing process is highly dependent on factors of time. The current process is also sales and target driven - I am aware that there is a cultural shift occurring within the Bank whereby they want to implement a balanced score card whereby they manage for profits rather than targets by forming relationships with the customer."

Participants were asked whether they thought the software made them ask too little or too much information. One felt that 'too little' information had been asked as they felt that the customer could possibly fabricate what they wanted to achieve from the interview and not enough information had been gathered concerning how wealthy the customer was, and therefore what was realistically achievable. They were divided between thinking that that the software asked 'too much' information, (five) and 'about right' information, (four).

Comments noted were:

> "It would be better if we could ask that much but it just crosses the boundary of being too personal."

> "Conversation is typically a of way fact finding - jotting down separately may help pre-fill some answers when you come to gathering hard facts."

They were asked whether they felt is it appropriate for the Bank to be asking customers for this type of information. All participants in this sample felt that the concept of gathering soft facts and being able to record these facts was highly relevant to what their job entailed. All participants commented at some point during their walkthrough that they converse with the customer on a similar level to gain relevant information although this information gathering typically works in accordance with hard fact gathering as well. Most felt that they didn't want to ask certain aspiration statements as their connotations could be viewed as too invasive.

A representative comment noted was:

> "You couldn't really ask them those types of questions in real life as it is too nosey."

Participants were then asked whether they would feel comfortable asking for this sort of information. Seven participants felt they would be comfortable asking this type of information although they felt they would have to put their own stance on just how to address the customer with these statements and questions.

A representative comment noted was:

> *"You might feel comfortable in the future if all questioning in banks started to use that type of very personal stance - I wouldn't be comfortable with my customers using that no."*

They were questioned who they thought would benefit most from an interview like this the customer or the Bank. Marginally more of the participants (five) felt that the customer would benefit from this process. Those who felt the Bank would benefit more were rational about their reasoning but very cynical.

Comments noted were:

> *"They will get help and support to reach their goals. It puts the Bank on their short term and long term agendas."*

> *"Customer gets something visual and factual as a result of getting asked questions."*

They were asked whether they thought the interview would help them to define and understand how a customer might achieve their financial goals. Marginally more (six) felt that the interview would help the customer achieve their financial goals and needs. Those that answered yes to this question were thinking in terms of the sales that could be potentially made from the interview rather than other forms of helping the customer achieve their goals and needs. The main concern of those who answered no was that the interview had not dealt with financial needs.

Answered Yes

> *"Listening to what they say forms what you would sell them ultimately."*

> *"It would be difficult though. If the customer was looking towards a 10 year plan you would find it difficult and awkward if they can't achieved the goals they had stated."*

Answered No

"We are not talking about hard facts here we are talking about hopes and dreams."

The participants were then asked to turn their attention to the print outs and were asked whether the graphics would help in showing the customer how they might achieve their financial goals. The consensus of opinion (seven) was that the graphics were confusing and would not aid the customer's understanding. During the walkthrough most participants (six) commented that they could see no real need or use for the Aspiration Rose graphic and although the Preferences Matrix gave more information it was too hard to understand.

Comments noted were:

> *"The graphics would introduce a real barrier to those that may struggle in understanding them. In trying to explain them to the customer they might feel belittled and not understood by the Bank."*

> *"Find the square very confusing - even a normal graph would show things a bit easier."*

Participants were asked whether they would be concerned about the accuracy of entering the customer's personal details into the application. They had no real concerns about the accuracy of entering a customer's details as they all had years of practice and would ask customers to check and confirm what they had entered. The most serious concern raised was that they might seem like they are evaluating the customer psychologically for trustworthiness. Another concern raised was that they could merely end up recording customer's fabricated notions, which would waste their time.

A representative comment noted was:

> *"I would like them to sign something saying that it is ok to keep their details on the system as this approach is so personal and we would maybe know a bit too much about their lifestyles- its almost like psychologically profiling the customer to see if we want to lend to them!"*

Important to the business case for implementing this software, the staff were asked if such an interview service were offered by the Bank would their customers use it. Half the sample thought their customers would use such a service but under the caveat that this would possibly be a one-off experience for the customer. The most common concern voiced was that they would not want to make customers experience an interview such as this if the customer knew the product they would like to obtain from the Bank. Those who answered that their customers would not use such a service had very strong opinions concerning the ethical implications of using such a service.

The RMs were asked whether they thought the interview and its results help the customer in understanding which financial products they might need to achieve their goals. Once again the consensus of opinion (seven) was that thus far the interview process would not help the customer understand which financial products they would need in order to help achieve their goals.

They were asked whether they would be keen to use this application in their own interview sessions. Overall seven participants were not keen to use the Map for Life software in their own interview sessions.

Comments noted were:

> *"Not as the process stands at the moment. I would like it to a point but would then become embarrassed at how much repetition there was in it."*

> *"Lengthy. Not relevant before fact finder - no rapport building. Specific purpose - or a point to an interview / lacks a focus."*

They were questioned whether they felt that their sales targets would influence their use of the Map For Life software. There was a split in opinion between those who were already aware / informed of a change in the Bank's culture and those that were thinking very much from an *"everyday at the branch"* stance. Those who viewed the application as a move towards a more relationship stance, (four) automatically

answered that sales targets would not affect their use of the application whereas five thought (and worried) that sales targets could determine the success of the software. Comments noted were:

> *"The whole culture of the Bank is changing - time scales in a new system would be very affected."*

> *"Depends on the customer. Some people would welcome being sold to in this way."*

In terms of staff training they were asked how difficult they thought it was to learn how to use the system. Eight felt that there were no aspects of the application that would be difficult to learn how to use. They did feel that it might be difficult to learn how to explain the graphics and apply them to being relevant to their customers.

Participants were asked to put into their own words what they though the Map For Life software did for their customers.

Comments noted were:

> *"You are helping customers to realise their own goals and representing how the bank can help them achieve their aspirations."*

> *"Getting down thoughts and ideas to plan for the future to meet your needs."*

Finally participants were asked for their thoughts and feelings on their experience of the Map For Life software. One participant was a manager whose role was finding out the agenda of 'high net worth' customers. This interview lasted longer than other interviews as the role she described and the training she had experienced had direct relevance to a more relationship focussed format of interview - their role is not to 'sell', dealing more with the soft skills required in forming a relationship rather than relying on the gathering of hard and fast facts for long term profitability.

> *"It is a very relationship focused role where it is important that a good bond is formed with the customer."*

One participant felt that there was a real danger of dismissing a customer's enthusiasm concerning aspects of their lives, or their dreams because what they were saying might not be appropriate to the screen they are is on at the time, in the structured screen sequence.

Most participants were concerned towards the end of the session that the time taken to capture such soft facts had been extremely long yet no *"disturbance technique"* had been used to respond to the customer need in a way that the bank could help with (products). They were most concerned about the amount of time that the interview to gather such soft facts would take.

One participant was concerned about how the ethos of the Bank was changing. She knew that the focus of the Bank was moving towards building deeper relationships with their customer base *"If they move from sales and profitability then they will have to be able to record customer's needs rather than aim at sales targets."* She was worried that the move towards such a radically different focus would not be filtered down through to branch staff in the correct manner so as they may still find themselves evaluated in terms of fulfilling sales targets even though that was not what the process involved anymore.

5.4.4.   *The Social Desirability Effect*

In discussions, many participants commented that in an interview situation with the Bank most customers do try to reflect an image that they perceive the Bank would want them to have in order to be eligible for a better accounts and products. They used the example of a customer dressing up in a suit in order to have an interview for a loan. This example can be transposed directly to the Map For Life interview situation whereby customers will say what they think the Bank wants them to say in order to reflect themselves, their lifestyle and their finances in a more positive light in order to maximize their potential access to more products.

The tendency to provide answers on surveys that make the respondent look good is known as social desirability responding (SDR). Hancock and Flowers (2003) have investigated the growing popularity of self-report surveys on the Internet. Their research predominantly looks at how survey responses obtained through the Internet compare with responses obtained on more traditional formats. Their sample of participants completed the same survey on both the Internet and paper demonstrated significantly more SDR when taking the survey on the Internet.

This research offers potential explanations for these observations by the RMs and should be considered in any future use of the Map for Life application for customer use over the Internet. In this investigation however it was beyond the remit of the experiment to investigate the responses given to each field due to standardised personae being used in the customer experiment.

5.5. Empirical Data from Hands-on Experience

5.5.1. Brand Equity Results

The participant relationship managers completed the brand equity questionnaire designed to elicit respondents' attitudes about how brand equity for the Bank might be affected by the use of the Map for Life application they had just experienced. Measurements were taken before and after experience of using the software.

5.5.2. Charts

Throughout this thesis charts are used as a graphical representation of results, they are entitled with a 'Figure' reference. By computing mean values for each of the questionnaire items, it is possible to draw attitude charts which allow comparisons to be made between various sub-groupings of the participant sample and for the analysis to investigate specific usability issues. The categorical horizontal axis of these charts displays the brand or usability attributes using a shorthand name for identification. The vertical axis shows the mean attitude score on a 7-point scale

where 4 is the neutral point. Scores higher than 4 are positive, supportive and non-problematic for each respective issue; scores below 4 signals a potential problem.

Figure 5.4 confirms that the initial mean brand equity score of 5.55 (7-point scale) increased to a mean of 5.70 after experiencing the interview process with the Map for Life application. This was however, not a statistically significant increase overall ($p = 0.6$, N= 10). Although there was no overall effect between the initial brand equity and post-experience brand equity scores there were significant differences found for 4 out of the 27 semantic differential pairings. Figure 5.4 shows that there were three attributes that scored at a highly significant level ($p<0.01$) these showed that after the Map for Life interview the Bank was perceived as being more *forward thinking, good at anticipating future needs*, more *dynamic*, there was also one attribute that scored at a significant level ($p<0.05$) this showed after the Map for Life interview the Bank was perceived as being more *modern*.

Details of the brand equity semantic differential questionnaire can be found in the Appendices.

5.5.3. Usability Results

Participants completed a usability Likert style questionnaire designed to elicit respondent's attitudes firstly to the current interview process they use and subsequently the usability of the overall interview process incorporating the Map for Life application they had just experienced. Figure 5.5 shows that the mean usability of the current process was 4.50 (7-point scale) compared with a lower usability score of 3.93 for the process involving the Map for Life application. A repeated-measures ANOVA showed that the fall in usability scores between the current interviewing process and the new interviewing process experienced in this experiment approached statistical significance ($p= 0.09$, N= 10).

Figure 5.5 shows that there was a trend for the usability scores to be rated lower after exposure to the new interviewing process with four usability attributes exhibiting reductions which were statistically significant ($p<0.05$); and one usability attribute where the reduction in usability approached significance. The usability of the new interviewing process was seen by participants to be too *confusing*, too *complicated*, making the *job harder* to carry out, and *did not meet with expectations*.

The reduction in process efficiency approached statistical significance - the new process was not seen as an *efficient* way of organising the workload of the interview ($p=0.071$).
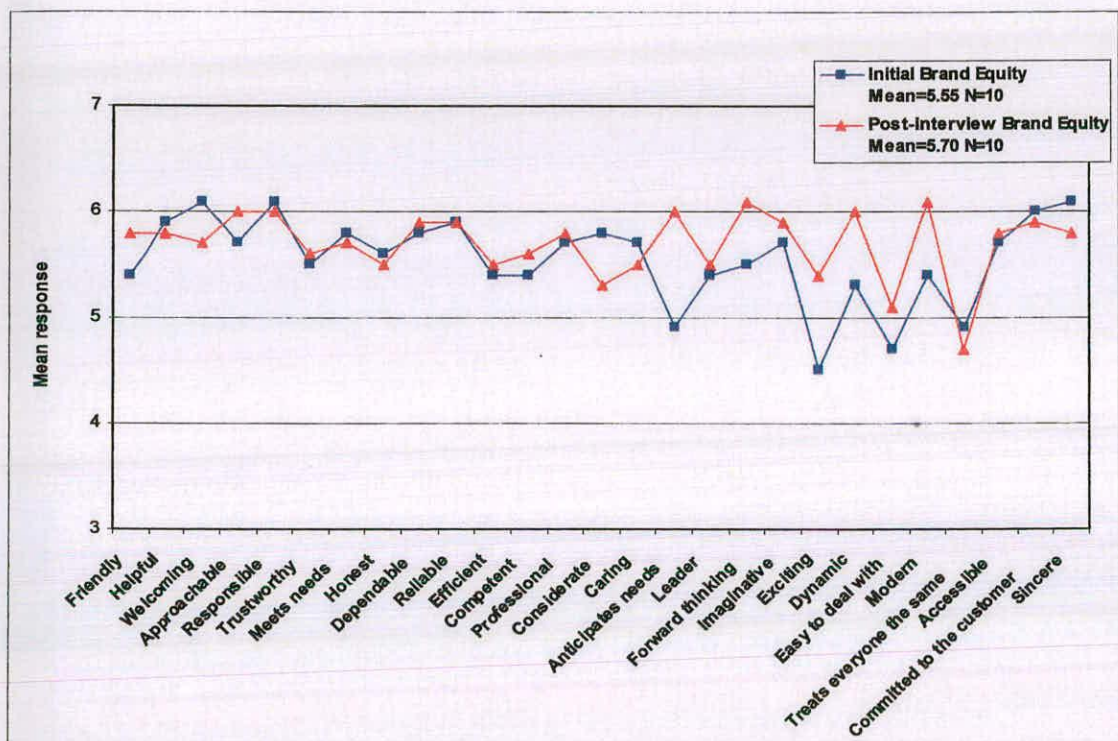
Figure 5.4: Relationship Manager Brand Equity Results Before and After Experience with the Technology-Mediated Software
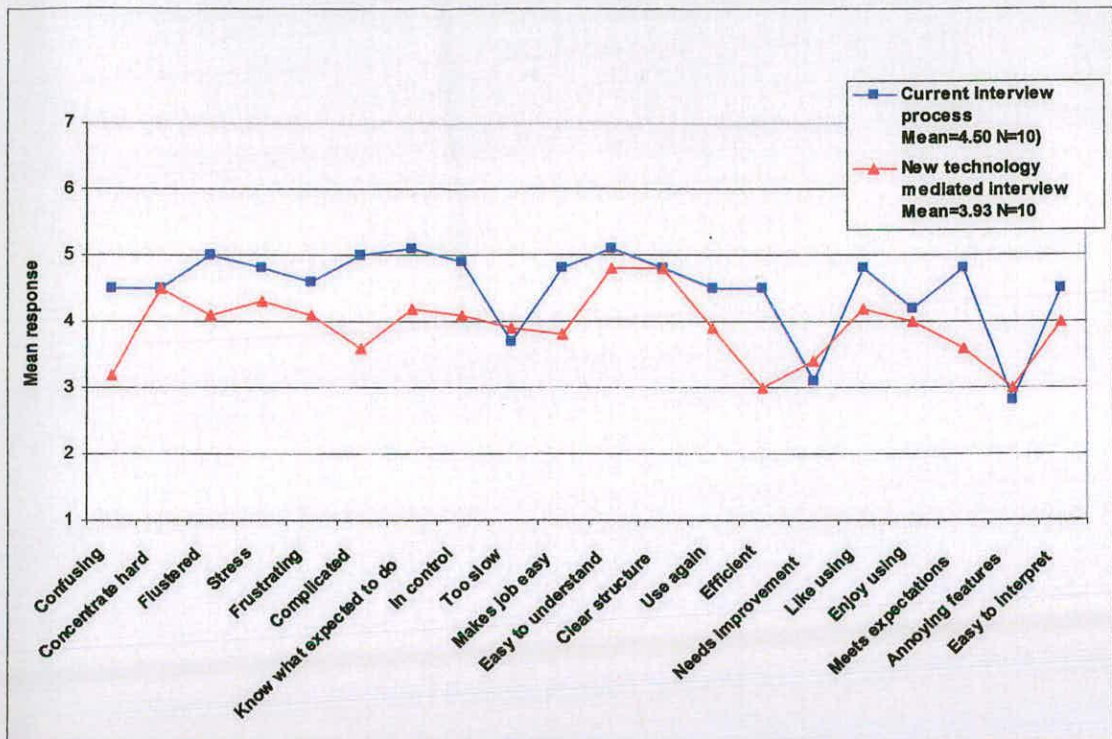
Figure 5.5: Relationship Manager Usability of Current Interview Process versus the New Technology-Mediated Process

5.5.4   Interpretation Test Results

A set of six multiple-choice test questions (three for the Aspiration Rose; three for the Preferences Matrix) was administered. For each format the questions were designed in accordance with a well-established model of the hierarchy of cognitive functions (Bloom, 1956). Three levels form the taxonomy (one for each question) of the increasing cognitive complexity were selected as follows:

- *Knowledge and recall (Question 1).* This is the simplest of the cognitive functions requiring no more than identifying and listing information.

- *Analysis (Question 2).* This involves comparing information by analysing the relationships between its component parts. Success implies an understanding of the organisational principles involved.

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- *Synthesis (Question 3).* This involves the ability to draw sources of information together and apply them to new situations.

The results of the test questions are shown in Tables 5.1 and 5.2:

ROSE	Percentage correct answers
Q1	80%
Q2	100%
Q3	80%

Table 5.1: Correct Answers for Rose Illustration

MATRIX	Percentage correct answers
Q1	50%
Q2	70%
Q3	100%

Table 5.2: Correct Answers for Matrix Illustration

The mean scores suggest that the Preferences Matrix, with a success pass rate of 73.3%, was cognitively more challenging than the Aspiration Rose which had a higher success pass rate of 86.7%.

The number of correct answers are shown in Table 5.3 (from none correct to all six questions correct):

Number correct	Count
6	4
5	4
4	0
3	0
2	2
1	0

Table 5.3: Number of Correct Answers Across the Cohort

5.5.5.   Results of Verbal and Spatial Aptitude Tests (AH4)

As part of the study, participants completed a standardised aptitude test - AH4, which assess their verbal and spatial aptitudes as separate components of ability.

The scatterplot in Figure 5.6 shows there was a strong positive correlation between verbal and spatial scores. Statistical analysis (Wilcoxen non-parametric test) of the

verbal and spatial scores from AH4 against correct answers given on the interpretation test questions for the Aspiration Rose and the Preferences Matrix found a significant correlation ($p = 0.014$), between those participants with high spatial abilities and high interpretation test scores as suggested in HA_1. This suggests that those with greater spatial aptitude will have a greater understanding of the types of graphical representations incorporated in the Map for Life application.
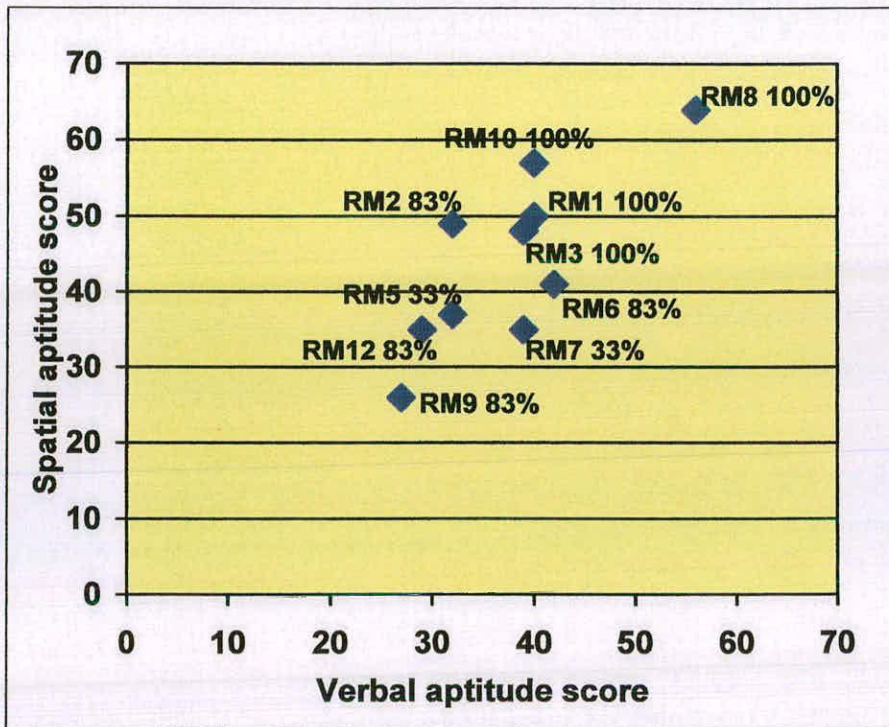
Figure 5.6: Scatterplot of AH4 results

5.6 Summary and Conclusions

Overall the relationship managers were pleased at the overall concept of being given a KYC application such as Map For Life that allowed them to gather and record soft facts about their customers. However a major issue voiced by all participants was that the capture of soft facts should work hand-in-hand with

gathering (hard) financial details about the customer. Their main concern was that the software made the interview process too long and repetitive.

Many usability and design issues were noted by participants during the cognitive walkthrough, with their overall perception being that the application needed a lot more work to make it a competent design and they were dubious about how this approach to gathering soft facts would be received by customers.

They enthused about the idea of being able to jot down notes down about the customer in the Customer Notepad function, and wanted to be able to refer back to this as it was seen to be the most useful aspect of the software.

The notion of scoring aspiration statements was not well received and they were worried about the wording of the statements. They disliked the Aspiration Rose, as they did not see what further information it added to the session. The also found the Preferences Matrix difficult to understand and difficult to explain.

They felt that the application would not require any new skills training but were concerned how staff would be educated away from a sales approach towards a more customer relationship focus.

There was no overall effect on brand equity as predicted in HC_1 therefore there is insufficient evidence to reject the null hypothesis. However there were significant differences found for 4 out of the 27 brand attributes - the Bank was perceived as being more *forward thinking* ($p< 0.01$), *good at anticipating future needs* ($p <0.01$), more *dynamic* ($p< 0.01$), more *modern* ($p<0.05$).

The mean usability of the interview process involving the Map for Life application current process was lower at 3.93 than the usability of the current interview process at 4.50, a fall which approached statistical significance ($p= 0.09$, $N= 10$). The

prediction in HB_1 was not supported, therefore there is insufficient evidence to reject the null hypothesis at the $p < 0.05$ level.

There was a trend for the usability scores to be rated lower after exposure to the new interviewing process with four usability attributes exhibiting reductions, which were statistically significant; and one usability attribute where the reduction in usability was nearly significant. The usability of the new interviewing process was seen to be too *confusing* ($p=0.022$), too *complicated* ($p=0.045$), making the *job harder* to carry out ($p=0.023$), and *did not meet with expectations* ($p=0.044$).

The reduction in process efficiency approached statistical significance - the new process was not seen as an *efficient* way of organising the workload of the RM ($p=0.071$).

The mean scores to an interpretation test show that the Preferences Matrix (pass rate in the test of 73.3%) was cognitively more challenging than the Aspiration Rose (pass rate of 86.7%). There was a significant correlation ($p < 0.05$), between those participants with high spatial abilities and high interpretation test scores as predicted in HA_1, therefore the null hypothesis can be rejected. This suggests that those with greater spatial aptitude will have a greater understanding of the types of graphical representations incorporated in the Map for Life application.

Overall the impact on the brand was more positive even though the usability of the new interview design was significantly lower. This could be due to trust and familiarity in the staff's existing system and knowledge in how to make it work for them disregarding its design difficulties. There could also have been a factor of fear of change in learning a new process as at least half of the sample of participants did not relate the change in culture of forming relationships to the customer with the application. Many participants did note how difficult it was for customers to think abstractly about their financial needs for the future for the reasons identified in the

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introduction to this chapter such as inexperience, unawareness and an inability to compare with others. Results also confirm how difficult it may be for customers to understand why the bank needs to know such details such as 'dreams' and goals for the future (self actualisation in Maslow's hierarchy) when the customer's engrained intention of an interview such as this is typically to achieve a product in order to fulfil the first tier of the hierarchy, security.

5.7. Empirical Investigation Part 2: The Customer's Assessment of Map For Life

5.7.1. Introduction

Having discovered the end user's opinion of the software from a staff point of view this section of the chapter considers the opinion and experience of the customer. This empirical investigation describes the results of a controlled usability experiment for this new technology-mediated interview process. In the experiment customers used the application both in collaboration with a relationship manager and also individually, online.

A cohort of 100 customers comprising high net worth customers and general customers, used an operational version of the interview management application (Map for Life) to explore their financial position. Two thirds of the cohort used the application in collaboration with a relationship manager, half being asked to prepare their data (on paper) beforehand. The remaining one third of the cohort experienced the application online, in a self-completion scenario.

The cohort of customers was recruited, drawn from an existing database of customers who had previously agreed to take part in such experiments. Participants were telephoned to invite them to attend for their 90-minute experiment session at the research facilities.

5.7.2. Experiment Procedure

The core of the experience was the hands-on sessions where participants undertook a set of tasks which were defined to have increasing complexity in order to exercise usability and brand equity criteria which have been identified for the user interface of the channels. The procedure for the customer experience consisted of:

- Customer Induction. Researcher outlines plan for session, reassures that no personal data will be kept, no selling is involved and the aim is to seek participant's views and attitudes.

- Demographic Questionnaire. Researcher completes.

- Brand equity Baseline. Participant completes Brand equity Questionnaire BE0.

- Engaging with the Persona. Researcher introduces, reads through and discusses (primes) participants on their fictitious personae. Researcher spends time developing immersion in the persona with the customer. For an explanation of use of the personae in this experiment see below.

Depending upon the group to which participants were assigned, they did one of the following:

- Condition I. Completed an Aspiration Questionnaire followed by an Interview

- Condition II. Completed an interview only, without the preceding Aspiration Questionnaire

- Condition III. Completed the process online

- Researcher introduces customer to relationship manager who initiates the interview process and uses the Map for Life application in an interview setting. After the interview the interviewer leaves the room after completion

of the modules (or where customer determines that they do not wish to continue).

- Usability Questionnaire. Participant completes.

- Brand equity Questionnaire. BE1. Participant completes.

- Test Questions. Interpretation of Rose and Matrix graphics outputs.

- Exit Interview. Researcher completes.

- Psychographic Questionnaire (AH4)

- Participant receives honorarium

The strategy used in the experiment of making a persona available to the customer as participant was based on the principles outlines in Chapter 4.

Three personae were used across the cohort of customers. Participants were matched to their persona on the basis of age so that the generalised life experience of the persona could easily be related to by the participant. The persona was presented to the participant after the researcher had investigated the participant's demographics, so where appropriate the persona was better matched to their own persona circumstances e.g. if a younger participant had life experience that better suited that of the middle aged persona they were given this persona to work with.

The briefing instructions to the participant ensured that they knew the persona was only to be used as a 'framework' to ensure they could answer the questions they would be asked in the interview. They were made aware that if they were indeed comfortable, or interested enough in their experience they could use their own personal details and these would not be retained after the end of the experiment. In this format of testing participants do typically maintain some level of the fictitious details given to them but they also use their imagination or/ and use some level of their own details.

The personae were also used to ensure some level of standardisation within the experiment so that all participants were empowered with the same information. This ensured that each participant gained the same level of experience both with their interview and the application screens that they were viewing either by themselves (online version) or during the interview version with the experiment Relationship Manager.

The hypotheses for this experiment were:

HA_0: There will be no significant difference in usability scores between Condition I, II and III.

HA_1: There will be a significant difference in usability scores between Condition I, II and III.

HB_0: There will be no significant difference between the initial brand equity scores and the scores after the first exposure to Conditions I, II, or III

HB_1: There will be a significant difference between the initial brand equity scores and the scores after the first exposure to Conditions I, II, or III.

HC_0: There will be no correlation between correct comprehension test scores and high spatial scores in the AH4 test.

HC_1: There will be a significant correlation between correct comprehension test scores and high spatial scores in the AH4 test

The independent variables were: the Condition I, II, or III. Participant - gender (2 genders, balanced), age group (3 groups, matched). The dependent variables were: responses to the attitude questionnaires, usability and brand equity.

5.7.3. Demographic Questionnaire

The participant cohort was distributed by age group. They were matched with persona - with persona A being the youngest and persona C being the oldest.

Participants were asked if they had experience of being interview by bank staff in a branch in real life: 78% of participants had experience of an interview where they had discussed their finances.

5.7.4. Brand Equity Results

Overall, across all participants and all experiment conditions, a repeated-measures ANOVA showed there was a statistically highly significant increase in brand equity between the initial questionnaire and the questionnaire completed after experience of the technology-mediated interview process. The initial mean brand equity of 5.43 (both on a 7-point scale) was boosted to 5.76 after experiencing the interview process, an improvement which was statistically significant ($p < 0.01$, $N=100$).

The effects of the different versions was investigated. The mean brand equity scores before and after each condition (use of application) are shown in Table 5.4.

	Initial Brand Equity	Brand Equity after experiencing the service
Condition I: Aspiration questionnaire, then RM interview	5.51	5.91
Condition II: RM interview only	5.33	5.72
Condition III: Online version	5.43	5.65

Table 5.4: Brand Equity Means by Experiment Condition

Although analysis showed that the change in brand equity was not significantly different between the three groups, Table 5.4 shows that the increase in brand equity following use of the online version was only about half that following the face-to-face RM interview. The use of the Aspiration Questionnaire prior to the interview had no effect on the increase in brand equity.

Figures 5.7 to 5.9 show the change in brand equity for each of the experiment conditions (different uses of the application). In the case of the face-to-face interview preceded by the Aspiration Questionnaire (Figure 5.7), 16/27 items showed significant improvement, of which 10 were very strongly significant at $p<0.01$. These were *efficient, considerate, caring, anticipates needs, leader in the field,*

imaginative, exciting, dynamic, committed to the customer and *sincere*. Results that were significant at *p<0.05* were *trustworthy, meets needs, honest, professional, modern,* and *accessible*. For the interview not using the Aspiration Questionnaire (Figure 5.8) 5/27 items showed highly significant improvement at the $p<0.01$ level. These were *caring, leader in the field, imaginative, exciting,* and *modern*. 9/27 attributes showed a significant improvement at the $p<0.05$. These were *meets needs, reliable, efficient, competent, considerate, anticipates needs, forward thinking, treats customers as individuals* and *committed to the customer*. For the online version (Figure 5.9), fewer items showed a significant change (4/27), *modern* was shown to be significant at the $p<0.05$ level, and *caring, imaginative* and *exciting* were highly significant at $p<0.01$.

Common to all three conditions, the company was perceived to be more *caring* ($p<0.01$), *imaginative* ($p<0.01$) and *exciting* ($p<0.01$) and *more modern* ($p<0.05$) as a result of the Map for Life experience, and these differences were statistically significant.

Analyses were carried out to investigate the effects of age group, customer segment and gender on the brand equity results. No effects were found for age (based on the persona provided to the participant which was correlated with their actual age).
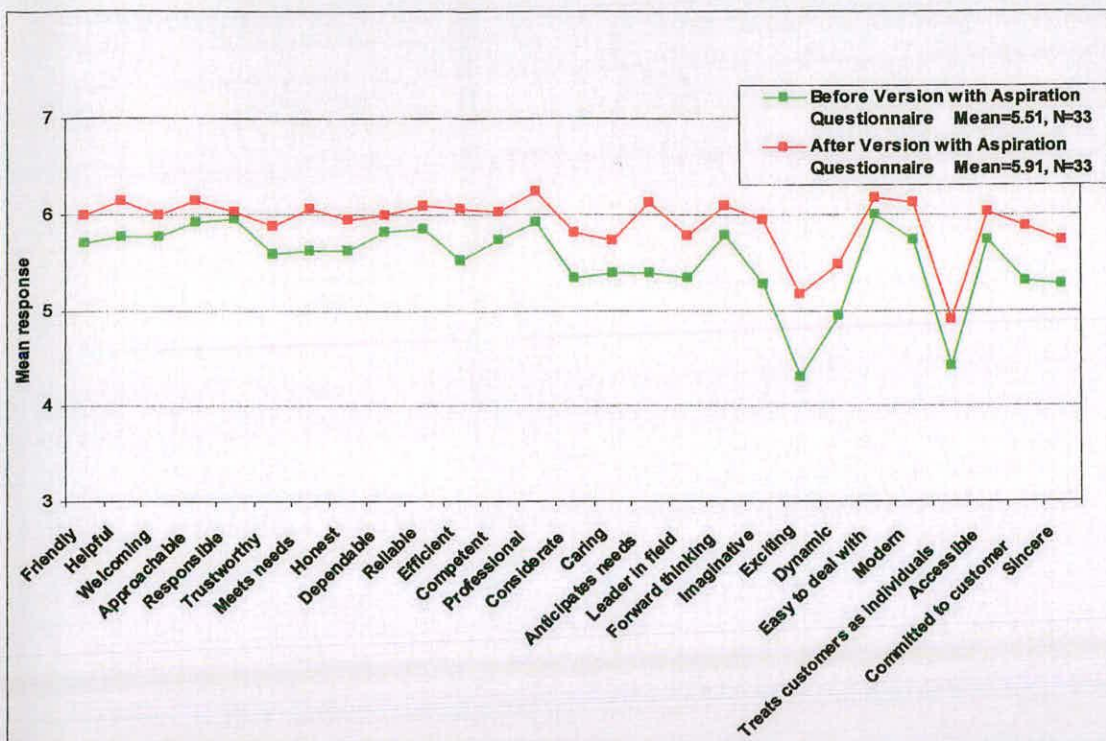
Figure 5.7: Customer Brand Equity Before and After Process with the Aspiration Questionnaire
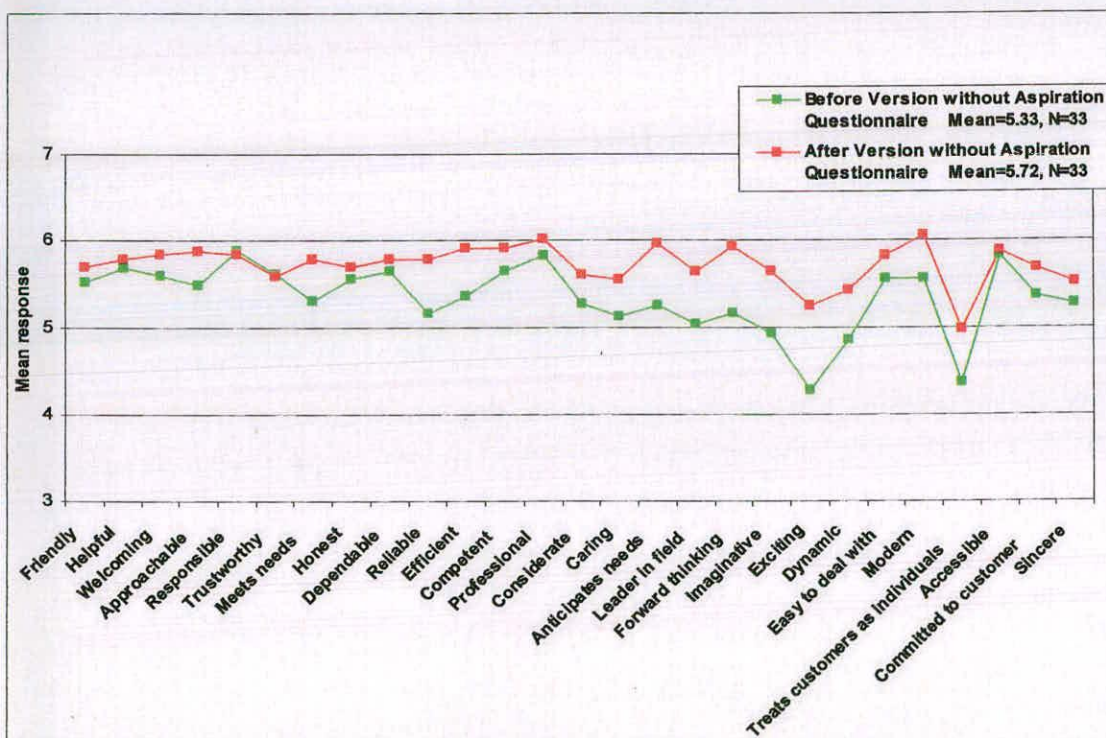
Figure 5.8: Customer Brand Equity Before and After Version Without Aspiration Questionnaire
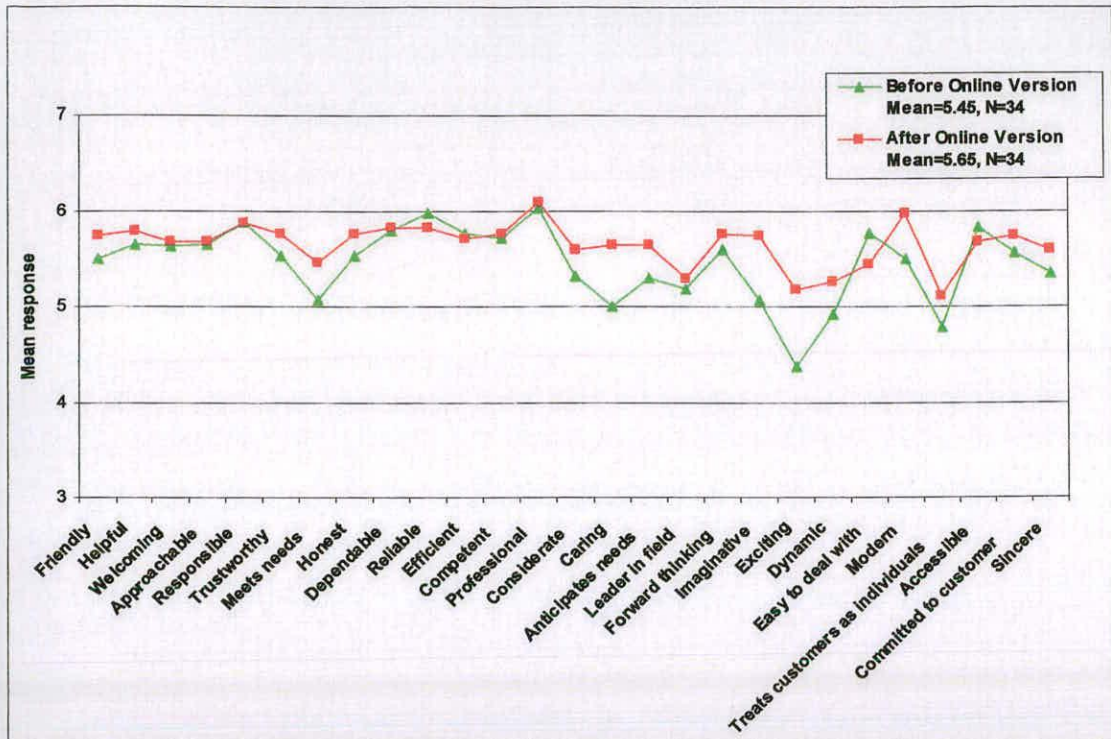
Figure 5.9: Customer Brand Equity Before and After the Online Process

An effect was found for customer segment independently of the experimental condition. The questionnaire means are given in Table 5.5.

Customer segment	Initial Brand Equity	Brand Equity after experiencing the service
High net worth	5.69	5.87
General	5.23	5.67

Table 5.5: Effect of Customer Segment on Brand Equity

The increase in brand equity for the general customer cohort was twice that for the high net worth customers. Note however that the high net worth customers started from a much higher baseline.

There was also no interaction between gender and experimental condition i.e. response to one version of the service compared with a different version was not influenced by participant gender. However, there was a strongly significant

between-subject effect ($p<0.01$) whereby males had lower overall brand equity scores than females, as shown in Table 5.6.

	Initial Brand Equity	Brand Equity after experiencing the service
Male	5.27	5.57
Female	5.60	5.96

Table 5.6: Effect of Gender on Brand Equity

5.7.5. Usability Results

The mean usability for the three conditions with the application are given in Table 5.7.

	Service Usability
Condition I: Aspiration questionnaire, then RM interview	5.62
Condition II: RM interview only	5.28
Condition III: Online version	4.74

Table 5.7: Mean Usability Scores Per Condition

The significance of these differences was tested using a Univariate (between-subject) ANOVA. The result showed that, overall, the difference was very highly significant ($p<0.001$) and that it lay between Condition I and Condition III ($p<0.001$) and to a lesser extent between Condition II and Condition III ($p<0.05$). There was no significant difference between Condition I and Condition II.

These results re-enforce the intention of the experiment to show a difference between the two interview processes and the online process, rather than between the use or non-use of the Aspiration Questionnaire. Figure 5.10 shows the per-item usability for each of the three experiment conditions. A total of 9/20 items showed highly significant differences at $p<0.01$. These were *confusing, stressful, complicated, easy to interpret, needs improvement, meets expectations, annoying features, clear structure,* and *easy to understand.* There were 2/20 significant results at $p< 0.05$. These were *knew what was expected to do* and *happy to use again.* In nearly all cases the difference lay between the two interview processes and the online process. Analyses were carried out to investigate the effects of age group, and gender on the usability

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results. No effects were found for age (based on the persona provided to the participant which was correlated with their actual age), or gender.
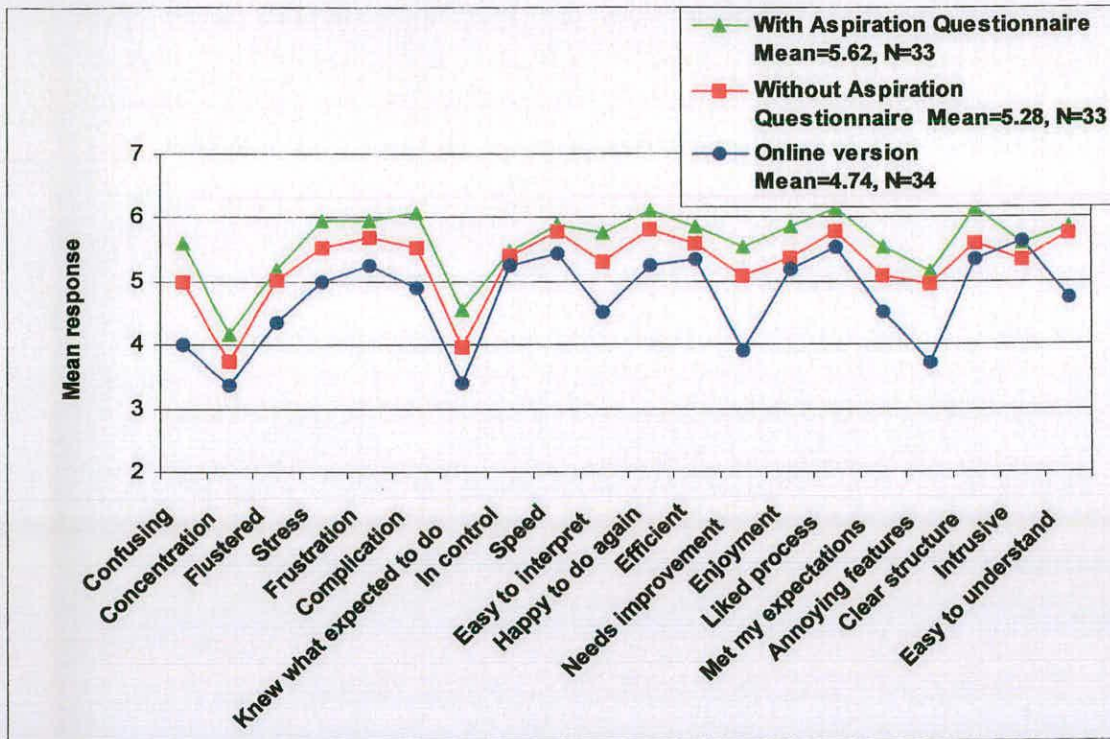
Figure 5.10: Customer Usability by Interview Process Type

5.7.6   *Test Question Results*

A set of six multiple-choice test questions, three for the Aspiration Rose; three for the Preferences Matrix, were administered. For each format the questions were designed in accordance with a well established model of the hierarchy of cognitive functions (Bloom, 1956). Three levels from the Taxonomy (one for each question) of increasing complexity were selected.

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The results of the test questions are shown in Table 5.8:

ROSE	Percentage correct answers
Q1	81.8%
Q2	86.9%
Q3	88.9%
MATRIX	
Q1	64.6%
Q2	87.9%
Q3	71.7%

Table 5.8: Correct answers for Rose and Matrix Illustrations

The mean scores suggest that the Preferences Matrix display (74.7% correct) was cognitively more challenging than the Aspiration Rose (85.9% correct).

Participants' scores (from none correct to all six questions correct) are shown in Table 5.9:

Number Correct	Count
6	42
5	31
4	10
3	7
2	3
1	3
0	1

Table 5.9: Table of Correct Answers Across the Cohort

A substantial proportion of participants (15%) failed to answer more than half the questions correctly. Analysis showed that the success rates on the Rose and Matrix displays were independent of the type of experience (face-to-face interview or online).

A test on the relationship between the combined success rates on the Aspiration Rose and Preferences Matrix display against experiment cell types (interview or online) showed there was no significant difference between the delivery methods with respect to the ability of participants to understand the graphics as tested with the AH4 test.

5.7.7. Exit Interview

Two versions of an exit questionnaire were created - one for the self-complete online condition and another for the interview condition. In this way, certain key features of each version could be exposed and analysed more fully. The purpose of the exit questionnaire is two-fold. Firstly, an impression of the application is given following direct use of it. Secondly, participants are given the opportunity to expand on key issues and extrapolate their experience into a real world context. In this analysis, those questions which are common across both versions are studied independently where appropriate.

Participants were asked about the length of time it took to complete this process. Most believed that the length of time taken to complete the process was appropriate (87% Interview, 74% self complete) though there was a slight tendency for the self-complete participants over the interview participants to consider the process to be too long or too short. Comments for the interview process included *"expected longer but felt comfortable with length" "Would have liked to have said more myself and been in control"*. For the self-complete comments included *"too long for an Internet process"*

Participants were asked whether they thought they were asked too much or too little information. The majority of participants felt that the process asked for the right amount of information *"enough to discuss goals" "it wasn't too prying or in your face selling"*: 23% of those who experienced the interview version and 32% of those who did the online version felt the quantity of information requested was inappropriate, however they did not find that this meant the information requested was invasive *"maybe a little too much" "more financial details really, perhaps outgoings - any vast loans to pay off that sort of thing"*.

Participants were asked if they thought it is appropriate for the Bank to be asking them this type of information: 92% of interview participants and 91% of the self complete thought it was appropriate.

They were also asked whether they felt comfortable providing this type of information of which a similarly positive result was found, 94% interview, 85% self complete. Clearly, the information requested was deemed appropriate and people would be comfortable to provide it.

Almost two thirds of the interview version cohort were unconcerned about the accuracy of details entered by the relationship manager (65%). A common response to this question was the fact that the customer should be able to view the screen so they can respond to any errors which appear.

Participants were asked who they felt would benefit the most from such a process. For the interview version there was a very mixed response although marginally the cohort thought that it was for the Bank's benefit (39%): *"more financial products sold"*, *"It's quite obviously a selling tool"*. Other responses included comments for both the bank and customers (29% interview, 22% self complete) *"Benefits both equally. The Bank generates business. And it prompts me to sort out finances – useful"*. The self-complete cohort deemed the process to be more beneficial to the customer (50%) *"Giving the bank this information will hopefully help you benefit your finances"*.

Participants tended to view the Map for Life software as a tool for sorting out finances as the major advantage. *"It does help customer to sort out ideas, list priorities"* *"give you an idea about what to think about"* *"find out your financial position"*. However disadvantages were noted with some commenting that it was impersonal *"also misses out the personal touch"*.

In terms of advantages to the bank participants comments centred on the Bank generating more sales *"bank can help customer and get sale"* *"more business"* *"more profit"*.

Participants were asked whether they thought the interview/process helped them to define and understand how they might achieve their goals and identify their needs. Around two thirds of the cohort claimed that the process or interview has helped to define and understand how their goals and needs may be achieved (65% interview, 62% self complete) *"focussed your mind"* *"It was good at splitting things up into manageable chunks for you"*. Some felt that the software did not really help in understanding how to achieve goals *"Not really as the ranking didn't seem relevant and didn't actually correspond to things on a time scale"* *"not particularly, prompted to think but not define"*.

Participants were asked whether they thought the graphics helped in showing how they might achieve their goal. A little over half the respondents (56% interview, 59% self complete) thought that the graphics were helpful *"visualisation of that always helpful"* *"made things clear"*. Some of those who said that the graphics helped placed caveats in their response *"matrix was a little confusing"* *"the square is a lot more understandable than the rose"*. Most of the more negative comments centred around the fact that the graphics were seen as confusing *"not needed and confusing"* *"quite complicated"* *"felt like a test"*.

Despite the confusion of the graphics most participants (82% interview, 71% self complete) still stated that they would like to have something tangible to take home about themselves from the interview such as the printouts. Clearly, the printouts were seen as a benefit *"take home and study them"*.

Participants were asked if such a (interview) service were offered by the Bank would they be inclined to use it. Responses are shown in Table 5.10.

	Interview	Self-complete
Yes	77%	62%
No	19%	29%
Don't know	4%	9%

Table 5.10: Percentage of Customers Who Would Elect to Use the Service

Although both groups said they would use such a service (77% interview, 62% self complete), less people said they would use the online version. General comments indicated that it would only be used when significant life changes occur.

When asked what next steps should be provided by the bank most participants felt that the Bank should offer a follow-up interview to discuss the results of the process/interview and identify ways in which they could achieve their goals with financial help from the bank.

Participants were asked whether they thought the interview/process and its results helped them in understanding which products they might need to achieve their goals. Participants generally felt that the software did not go into enough specific details (40% interview, 38% self complete) *"needs more detailed information so determine your future"*.

Of those participants who had been in the Interview sample 69% of participants would be interested in using the Map for Life software on the Internet. Those not interested indicated that they would prefer to talk in person to a member of staff about such financial matters *"personally prefer to talk to someone. Internet too impersonal for this"*

As with the interview cohort, the majority of self-complete participants (64%) said they would be interested in completing the Map for Life process in a branch discussion *"better face to face contact" "possibly- if not sales like"*. However a third would not be interested *"would only want to do this on my own. If you were in a branch you might feel under pressure to answer in a more acceptable way" "you would be more honest on web"*.

Customer participants were asked to sum up the software and interview experience that they had in the experiment. Comments included: *"financial or lifestyle review"*, *"controlling my income"*, *"financial health check up"*, *"online lifestyle review"*, *"financial planner/advisor"*.

Participants were asked if having experienced this interview/online process would they be more likely to purchase from this bank if they completed an interview/online process using their own personal information. The majority of participants claim that they would be more likely to purchase from the bank (66% interview, 55% self complete) *"would look at their products as options but would compare before deciding, not certainly"*. The self-complete cohort were less likely than the interview cohort to commit to purchase from the bank *"I would want to shop around"*.

Participants were asked if they thought that this type of interview/online process would change their relationship with the bank. Generally, participants felt that it would either strengthen their relationship (40% interview, 47% self complete): *"if this was customer friendly interview, then more likely to be loyal" "it is a financial shoulder to lean on if you need help"* or leave it unchanged (56% interview, 47% self complete) *"good relationship anyway" "probably not, they do this every year or so anyway"*.

5.7.8. Conclusions

The change in brand equity produced by the technology-mediated interview experience was not significantly different between the three conditions as predicted in HB_1. There is insufficient evidence therefore, to reject the null hypothesis. The increase in brand equity following use of the online version was only about half that following the face-to-face interview. The use of the Aspiration Questionnaire prior to the interview had no effect on the increase in brand equity.

Common to all three versions, the company was perceived to be *more caring, imaginative* and *exciting* and *more modern* as a result of the Map for Life experience.

There was no interaction between gender and experimental condition i.e. response to one version of the service compared with a different version was not influenced by participant gender.

With respect to the hypothesis prediction HA_1 concerning usability scores, the results suggest a difference between the two interview processes and the online process, rather than between the use or non-use of the Aspiration Questionnaire. No usability effects were found for age (based on the persona provided to the participant which was correlated with their actual age), customer segment or gender.

The results suggest that the Preferences Matrix graphic was cognitively more challenging than the Aspiration Rose. A substantial proportion of participants (15%) failed to answer more than half the questions correctly. Analysis showed that the success rates on the Rose and Matrix were independent of the type of experience (face-to-face interview or online).

A test on the relationship between the combined success rates on the Aspiration Rose and Preferences Matrix against experiment condition (interview or online) showed there was no significant difference between the delivery methods with respect to the ability of participants to understand the graphics.

It was found that the number of correct responses to the two graphics (Aspiration Rose and Preferences Matrix graphic) was independent of verbal and spatial reasoning skills of participants as was predicted in HC_1, therefore there is insufficient evidence to reject the null hypothesis. In other words, the number of accurate responses to the six multiple-test questions was not influenced directly by

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innate verbal or spatial reasoning skills of participants. For example, some participants with high verbal and spatial skills answered most or all of the questions; others answered less than half of the questions. It can be concluded therefore that differences in scores derive from the experience during the experiment i.e. from the interview process and the inherent complexity of the graphical designs. For some participants (irrespective of their natural verbal or spatial processing abilities) the graphics proved to be quite difficult to understand in the context of the interview process as a whole. It could be hypothesised that there may be other underlying individual differences that may influence a participant's ability to answer these questions such as eyesight which the experiment did not account for.

Those who completed the online version felt that the process was quicker than those who completed the interview version. Most believed that the length of time taken to complete the process was appropriate though there was a slight tendency for the self-complete participants over the interview participants to consider the process to be too long or too short. The majority of participants felt that the process asked for the right amount of information. For the interview version there was a very mixed response although marginally the cohort thought that it was for the Bank's benefit.

Around two thirds of the cohort claimed that the process or interview had helped to define and understand how their goals may be achieved. A little over half the respondents thought that the graphics were helpful *"visualisation of that always helpful"*. Although a high proportion of customers said they would use such a service, significantly less said they would use the online version. Customer comments indicated that they would only be interested in such a service if significant life changes occurred.

In general, participants would be interested in using the Map for Life software on the Internet. Those not interested indicated that they would prefer to talk in person

to a member of staff about such financial matters. As with the interview cohort, the majority of self-complete participants said they would be interested in completing the Map for Life process in a branch discussion.

Generally, participants felt that it would either strengthen their relationship with the bank or leave it unchanged.

In summary the empirical investigations in this research employ a structure based on interpersonal psychology and stage theory to examine the sequences that relationships may pass through in their lifetime. The initiation of the relationship was investigated in the experiment described here, in terms of laying the foundation for future relations between the customer and the bank, either in interactions face-to-face with a bank representative or using the remote banking distribution channel of the Internet. The next experiment that follows investigates how relationship to the brand can be maintained and developed through treating the brand as an active relationship partner.

Chapter Six

Experimental Assessment of Customer Attitude to Brand Personality and Brand Relationship

6.1 Introduction

In this chapter the concept of the brand as a relationship partner is introduced, tying concepts of brand personality and brand relationship together with an empirical investigation that invents two new metrics of measurement, contributing to further knowledge in the disciplines of psychology, marketing and usability engineering. The main aim of this experiment was to determine whether the attributes created in each metric were appropriate for evaluating the personality of a bank and the relationship the bank has with its customers. A further aim was to compare the impressions of Lloyds TSB's brand personality and brand relationship as perceived by the customer using five different banking channels - Branch, Cashpoint, PhoneBank, PhoneBank *Express* and Internet banking to see whether these mediums effectively communicate the brand message. This research describes an experiment conducted with a cohort of 60 Lloyds TSB customers.

6.1.1 Brand Personality and Brand Relationship

The Concept of Brand

The notion of branding is in essence derived from the actions of making a personal mark on something in order to identify ownership (Carratu, 1987). With consideration of branding a product or a service, the idea is to burn a brand image into these so that consumers will immediately recognise the brand identity. Competitive advantage is both created and sustained through branding and brand-based differentiation (Pankaj, 2002).

The term brand personality has become a popular focus of study in recent years among marketers, advertisers and psychologists alike although the phrase has been coined for many years and is referenced as early as 1958 when it was used to refer to

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the non-material dimensions that make an enterprise special (Martineau, 1958). Research has confirmed that participants in in-depth interviews and focus groups have no trouble answering questions such as "If this brand were a person, what kind of person would they be, with what personality?" (Azoulay and Kapferer, 2003).

By investigating customer opinions of a brand's personality in this way, an enterprise is able to better understand its business relationship with the customer. Characterisation of customers' perceptions and attitudes towards an enterprise and its brand(s) can then serve to assess how the projection of brand personality may affect the success of new products and services associated with the brand.

Two elements can affect an individual's attitude to the brand (Aaker, 1996b). Firstly there is the type of person the brand personifies. Secondly there is the relationship between the two parties, the customer and the brand, considered as an interpersonal relationship.

6.1.2   The Brand as an Active Relationship Partner

The notion of brand relationship has primarily focused on how consumers differ not only in how they perceive brands, but also in how they relate to brands (Fournier, et al, 1998), using interpersonal relationship theory to formulate a framework for understanding and extending the concept of brand personality; the brand is treated as *"an active, contributing partner in the dyadic relationship that exists between the persona and the brand"* (Fournier, 1995). In the same way that 'act frequency theory' (Buss and Craik, 1983) proposes that human personality can be revealed by systematic observation of (trait relevant) behaviour, so a brand's personality can be perceived by witnessing its actions towards the customer. The customer's perception of the brand relationship can then be modelled in terms of the traits that are inferred from its behaviour and actions and these models can serve to illustrate how brand behaviours trigger attitudinal, cognitive and/or behavioural customer responses. In

order for the customer to formulate an evaluative concept of the brand relationship, additional sources of identity such as the brand's goal constructs and identity themes that are used over time by marketing actions to communicate brand values to customers, need to be considered. From these, trait interferences then form in relation to the brand, which in turn form the basis for the customer's evaluative concept of the brand.

Traditionally the brand has been considered to be the passive partner in the relationship. Whilst the customer's attitudes and behaviours towards the brand are observable, the behaviour of the brand (and governance of the enterprise behind the brand) towards the customer remains difficult to characterise. Social relationships however are deeply rooted in not only how partners perceive one other, but also how they regard and interact with each other, leading to the notion of the brand relationship as a dyadic situation involving two active partners.

The brand-as-a-relationship concept has been investigated by Fournier et al (1998) who has primarily focused on how consumers differ in not only how they perceive brands but also how they relate to brands. This research has highlighted how people will occasionally form a relationship with a brand much the same way as when they form relationships with other people in social contexts. Such research has used narrative accounts from customers to show that consumer brand relationships cover a wide spectrum ranging from examples of the 'fling relationship', 'courtships', 'best friends', 'arranged marriages', 'enmities' showing ultimately that customers do form strong emotional bonds with some brands. Fournier's research uses interpersonal relationship theory, as outlined previously in this thesis to formulate a framework for understanding and extending the concept of brand personality. Essentially the marketing actions and the company's mission statement form the customer's perception of the brand-as-a-partner (BAP) where it is evaluated in terms of the traits that are inferred by these behaviours and actions.

Some theorists disagree with this train of thought and have conducted research, which suggests that judgements of people (social stimuli) are dependent on inferred abstract information such as traits; conversely judgements of products (and other non social stimuli) are likely to depend on concrete attributes (Lingle et al, 1984). There are however reasons why some people may interact with brands in the same way as they would with people. Pankaj (2002) outlines four reasons why people at times interact with brands in a way that is similar to human interactions.

- *The company is the brand, and the brand is the company:* Consumers do not distinguish between brands and the manufacturers of brands. Service brands accommodate at their core many products and services whereby consumers have direct interaction with people who work for the company and who in essence represent the face of the company.

- *Animism:* Sometimes customers can think of product offerings as living things and may even consider objects to possess souls. In thinking of the product in terms of animism or in an anthropomorphic (Reeves and Naas, 1998) way an opinion of the brand can be formed and the relationship affected.

- *Interactions and communications:* Repeated levels of interaction and communication with the brand can strengthen the brand-customer relationship. With advancement of interactive media communication with the customer has become a more dyadic relationship.

- *Bringing the brand alive:* User imagery is a strong medium used by marketers to create an association between the product/ brand and human qualities. Researchers have used projective techniques to get customers to describe the brand. Such research has found that adjectives describing personality traits, demographics, gender and age are used by consumers to describe the brand. Through this customers may interact with the brand in ways similar to social relationships.

This research acknowledges that brand relationships are different in many ways from human relationships that are formed. This research does however identify that

> *"Consumers often behave as if they have relationships with brands that parallel human relationships in a social setting." (Pankaj, 2002 p 6)*

As has been recognised throughout the research here, a fundamental change in the ideology of the retail-banking sector has occurred in recent years (Christopher et al, 1994). Instead of focusing on account-based and transaction-based services, banks are beginning to orientate themselves towards relationships with their customers (Harden, 2002). The delivery channels of electronic banking are becoming more advanced: PC banking, Internet banking, telephone banking, TV banking, mobile phone banking, are aiding superior distribution strategies and playing an increasingly important role in communicating and delivering products to customers.

Tactical considerations of how the brand should be communicated include the notion that

> *"Practical decisions have to be made not only on advertising but packaging, promotions, which events to associate with and the style of personal interactions between the customer and the brand"* (Aaker, 1996b).

The aim of the research here is to investigate how current technological banking channels are effective in guiding the communication effort of the brand and how brand perceptions are formed at the communication interface from the behaviour of the brand as experienced via the channel.

6.2 Brand Personality Assessment

The "Big Five" brand personality scale has defined a brand personality as being *"the set of human characteristics associated with a given brand"* (Aaker, 1995). In this way, characteristics usually associated with people such as their demographics can personify a brand with the gender, age and class becoming adjectives that would describe the brand easily. The purpose of this scale was to design a compact set of traits that would both measure and structure the notion of brand personality.

Development of the Big Five scale drew upon trait inventories obtained from three sources: personality scales from psychology, personality scales used by marketers (academics and practitioners), and original qualitative research. These produced an inventory of 309 candidate personality traits, which was reduced to a more manageable 114 traits after thorough experimentation of how relevant and descriptive participants in a study thought the words were of brands in general. The scale was then refined using data from 631 US respondents who evaluated 37 brands with distinctive personalities. Analysis revealed that even when the sample was subdivided by age and gender and subsets of the brands were used, five overall brand personality dimensions were revealed: *sincerity, excitement, competence, sophistication, and ruggedness*. Factor analysis of each of each dimension produced the brand personality factors and their facets shown in Table 6.1.

Factors	Facets
Sincerity	Down to earth, honest, wholesome, cheerful
Excitement	Daring, spirited, imaginative, up-to-date
Competence	Reliable, intelligent, successful
Sophistication	Upper-class, charming
Ruggedness	Outdoorsy, tough

Table 6.1: Brand Personality Scale (Aaker, 1995)

This brand personality scale has since been successfully replicated world-wide with tests for external validity to evaluate the robustness of the scale and also its ability to support inter-cultural uses and translation (Azoulay and Kapferer, 2003). However, Davis et al (2001) replicated Aaker's work and found that certain brand personality facets actually yield low reliability scores. These include the facets of "Western", "small town" and "feminine", all of which can be attributed to the cultural ties that exist in connection with the brand.

Other techniques which attempt to get customers to describe a brand have found that adjectives describing the demographics of a brand are commonly used by consumers to describe brand personality traits. These include socio-economic

attributes (class distinction of ownership of things considered to reflect wealth), gender (the consideration of male or female qualities with a product) and age (strategies reflected by a brand may reveal symbols of the age of the brand). Other descriptors such as human personality trait characteristics such as extroversion and agreeableness stem from psychology and personality research (Costa and McCrae, 1992) and adjectives have evolved over the centuries in order to allow people to describe themselves and others.

Allport (1937) defined traits as being

"a generalised and focalised neuropsychic system (peculiar to the individual) with the capacity to render many stimuli functionally equivalent, and to initiate and guide consistent (equivalent) forms of adaptive and expressive behaviour."

The lexical tradition has investigated trait adjectives in English and other natural languages (John et al, 1998). Allport and Odbert (1936) carried out extensive dictionary searches in which they found 17,953 trait names. They then eliminated synonyms that basically represented the same traits and were left with 4,505 English trait names that denoted psychological differences between people.

Trait theorists such as Cattell (1946) and Norman (1963) proposed that a list of trait-associated terms could be taken from the dictionary and could be considered to be an *"exhaustive enumeration of personality traits"* (Costa and McCrae, 1992) and if ratings for these were factor analysed then the structure of personality traits themselves could be uncovered. Studies that investigated this theory led to the identification of the five factors of personality (John, 1990). The five factors of personality represent the basic dimensions that underlie the traits identified in natural language and psychological questionnaires.

The NEO Personality Inventory, based on the five factor model of personality (McCrae & Costa, 1990), has evolved as a proven approach to assess aspects of personality, showing that the five factors are comprehensive and can account for the

major dimensions in personality (McCrae & Costa, 1990). A comprehensive sketch that summarises a person's emotional, interpersonal, experiential, attitudinal and motivational styles can be formulated by assessing their standing on each of the five factors.

Although brand personality traits derive from attributes of human personality, being defined as the set of human characteristics associated with a given brand, they differ in how the traits are formed. An individual's behaviour, their physical characteristics, their demographic characteristics, their attitudes, and beliefs can form our perceptions of a person's personality. In the same way, perceptions of traits in brand personality can be influenced by any direct or indirect contact the customer has with a brand. Direct factors of influence include those personality traits of the people that are associated with the brand such as the company's employees, the CEO of the company, celebrities advocating the brand in advertising and the media and the brand's sponsors. These direct factors of influence are known as the user imagery associated with the brand - defined as

> "the set of human characteristics associated with the typical user of a brand"
> (Aaker, 1995)

Indirect associations can also influence the personality traits of product related attributes; the price, the advertising style, the product category, brand name or logo and the distribution channel. The demographics of a brand's personality can therefore be inferred both directly through the user imagery associated with a brand and also indirectly via other brand associations.

6.2.1 Aaker's BPS and the Big Five Psychological Model of Personality

There are typically two types of brand personality scale that try to examine the relationship between brand and human personality and how it might drive customer preference. Ad hoc scales are designed with a specific brand in mind and

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tend to be atheoretical in nature. The validity and reliability of these scales can be questioned as typically the traits identified for these scales are chosen arbitrarily.

The second type of brand personality scale has a more theoretical basis and is typically based on human personality scales that have not been validated in the context of brands.

Aaker's (1995) brand personality scale (BPS) corresponds to three elements out of the five-factor model found in psychology. Aaker compares Agreeableness and Sincerity to the idea of warmth and acceptance; Extroversion and Excitement hold connotations of sociability, energy and activity; Conscientiousness and Competence encompass notions of responsibility, dependability and security. Two dimensions however, Sophistication and Ruggedness differ from those personality traits found in the Big Five psychology based human personality scale. Aaker suggests that Sincerity, Excitement, and Competence are connected with an innate part of human personality whereas Sophistication and Ruggedness are part of a dimension that individuals may desire but not necessarily hold.

6.3 Relationship Strength

Aaker et al (2004) highlight that research is sparse concerning evolutionary foundation questions of factors that make relationships lasting and strong. Relationship strength has been studied in the context of the services field with particular emphasis on the transgressions that befall long-term relationships. (Aaker et al, 2004) This area of research has focused primarily on the response to the transgression as the main factor of consequence to the relationship quality and course rather than on the transgression itself (Hart et al, 1990). Relationships can be influenced both directly and indirectly by the effects of the personalities that commit the transgression acts.

Aaker et al (2004) conducted a longitudinal study where participants' responses to brand personality and transgression manipulations were monitored over two

months. Their research concentrates on brand transgression manipulations of two main brand personality templates: Sincere and Exciting brand personalities. They found that sincere brands, which were associated with friendship templates, suffered dramatically from brand transgression manipulations and the effect was irreversible. However the relationship was reinvigorated for brands that were considered to be Exciting and were typical of a short-lived fling relationship template. Poor usability and a negative user experience can surmount to a transgression of the brand. As banking, like most other services is perceived as a Sincere brand (e.g. a brand to trust) a transgression caused by a change of the norms of channel behaviour could ultimately irrevocably damage the customers relationship with the brand.

As it has been hypothesised (Aaker et al, 2004) that it is the response to the transgression that is of critical importance to the relationship quality the customer as the partner has to be considered as the other player in this dyadic relationship. Some people cope better to the negative threat on a relationship better than others so the customer's personality should be considered as an influence on the brand as a partner relationship.

6.4 Brand Personality and Brand Relationship Questionnaires

The brand statements employed in the research presented here were designed to deal with one specific brand, Lloyds TSB. The frame of reference with which to build appropriate brand associations were taken from the company's "Promise" to the customer literature ("Lloyds TSB You First: Personal and Modern for the 21st Century") and CARE index reference for overall customer satisfaction ratings of Customer understanding, Accessibility, Responsibility, and Expertise.

Previously published research (Caprara et al, 2001), found that

> *"descriptors of human personality convey different meanings when attributed to different brands"*

showing that the interpretation and application of brand personalities can sometimes be inappropriately compared to human personalities. In the methodology of this research, experiment participants were asked in the exit interview to list those personality adjectives they deemed inappropriate to ask about in the context of the financial service brand. As Bock and Davis (2001) point out

> *"If the statements used are ambiguous, managers risk making inappropriate decisions due to a misunderstanding of how brands actually are positioned in the minds of consumers."*

That research highlights that the problem of multiple and conflicting definitions is not easily rectified and may only be resolved if marketing develops a standardised set of key terms formulated by professional bodies within the marketing discipline. The brand personality scale used in the experiment described here draws upon a hybrid of the general and brand-specific approaches. Although some of the brand attributes identified were derived as being pertinent for a banking brand, many were also adopted from psychological theory of human personality. Using a mixture of commercial phrases used to describe brands, the findings in the academic literature and the NEO traits for human personality, an initial inventory of 111 descriptive attributes for the Lloyds TSB brand was created. A panel of six judges then assessed the relevance of each attribute and made suggestions as to additions and deletions from the inventory. Broad agreement concerning the names and definitions of the remaining battery of 33 brand personality attributes was reached. A similar process established a separate inventory of 11 brand relationship attributes.

An acceptable level of agreement for inter-judge reliability has been defined in the literature as being 80% (Keaveny, 1995). The consensus for this experiment between

the six panel judges was typically 80-100% in the decision to adopt the chosen 33 brand personality and the 11 brand relationship attributes. These attributes are listed in Table 6.2, grouped into seven categories. Some of the categorisation decisions were marginal, and in general the brand relationship attributes fitted less clearly into the categories than the brand personality attributes.

In contrast to the brand personality questionnaire, that used a semantic differential format where each attribute was presented as an antonym pair, the brand relationship questionnaire used a 7-point Likert-style proposal-response format (Likert, 1932). For both questionnaires a 7-point response scale was used. The questionnaires are listed in Appendix 2. The versions shown are the initial ones, administered before participants used any of the banking channels, and referring to the customer's overall perception of Lloyds TSB. The channel-related versions were identical to these except for the introductory words preceding the list of attributes in each questionnaire, which were channel specific.

The same randomly-generated order of the brand personality attributes (as in Appendix 2.1) was used in all the versions of the questionnaire and for all participants, and likewise for the brand relationship attributes (as in Appendix 2.2). Using fixed ordering of the attributes was convenient for the purposes of questionnaire generation and data entry, but had the weakness that participants' responses might be influenced by the sequence.

The left-right polarities of the brand personality antonyms on the questionnaire pages were likewise random, but the same in all the questionnaires. The wordings, and hence polarities, of all the Likert statements were also fixed and were designed to achieve a balance of positive and negative statements in an attempt to minimise any bias due to 'response acquiescence set' as previously discussed in the thesis.

Category	Brand personality attributes		Brand relationship attributes
modern and in touch	forward thinking modern adventurous open-minded interesting imaginative stylish	backward looking old fashioned unadventurous narrow-minded boring unimaginative not stylish	Lloyds TSB is out of touch with its customers Lloyds TSB doesn't understand my banking needs
confident	outgoing laid-back confident	reserved uptight not confident	
committed	enthusiastic not complacent hardworking conscientious	unenthusiastic complacent lazy not conscientious	Lloyds TSB doesn't always act in my best interests Lloyds TSB values its customers
personal and accessible	welcoming cheerful caring friendly helpful approachable informal patient	not welcoming gloomy uncaring unfriendly unhelpful unapproachable formal impatient	Lloyds TSB treats me as an individual Lloyds TSB puts me in control of my finances Lloyds TSB offers straightforward banking
genuine	sincere genuine dependable	insincere not genuine not dependable	Lloyds TSB treats its customers with respect Lloyds TSB is patronising towards its customers Lloyds TSB treats its customers unfairly
competent	professional consistent meticulous efficient rational	unprofessional inconsistent careless inefficient irrational	Lloyds TSB offers a high quality service
miscellaneous	masculine frugal modest	feminine extravagant arrogant	

Table 6.2: Attributes in Brand Personality and Brand Relationship Questionnaires

6.5 Experiment Design and Procedure

6.5.1 Aims

The main aim of the experiment was to measure and compare the brand impressions (brand personality and brand relationship) for Lloyds TSB (Group) as perceived by customers using a number of different banking channels. A second aim was to assess the effectiveness of the new questionnaires developed to measure perceived brand personality and brand relationship.

The banking channels used in the research were:

Branch: a version of a Lloyds TSB local branch, constructed within the research premises and staffed by research assistants;

Cashpoint: a realistic (non-networked) simulation of a Lloyds TSB Cashpoint machine (ATM);

PhoneBank: a version of Lloyds TSB's human-operated telephone banking service, with research assistants as agents and with authentic scripting based on the real service;

PhoneBank *Express*[1]: Implementation of Lloyds TSB's automated telephone banking service, using the same prompt recordings and speech recognition engine as in the real service;

Internet banking: a mirror copy of the Lloyds TSB Internet banking service using copies of pages from the real Lloyds TSB Internet banking site.

As the main focus of interest was on perceptions of Lloyds TSB by its own customers, the experiment was conducted with a cohort of 60 customers as participants.

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[1] The speech recognition engine used in the experiment modelled the real world service used by customers of Lloyds TSB PhoneBank Express. It uses a commercially available speech recognition product from Nuance Communications and is based on a directed dialogue which allows user responses as spoken words or sentences or as push button inputs.

The hypotheses in this experiment were:

HA_0: There will be no significant difference between brand personality scores for each banking channel

HA_1: There will be a significant difference between brand personality scores for each banking channel

HB_0 There will be no significant difference between brand relationship scores for each banking channel

HB_1 There will be a significant difference between the brand relationship scores for each banking channel

HC_0: The usability of a channel will not significantly impact the participant's view of the brand

HC_1: The usability of a channel will significantly impact the participant's view of the brand

6.5.2 Overall Design

A within-participants design was adopted, in which each participant used all five banking channels and completed questionnaires after each channel. All participants were Lloyds TSB customers, and the recruitment criteria stipulated that they should all be familiar with the Internet and with using a Web browser, so as to avoid any problems in using the Internet banking service due to unfamiliarity with the technology. This requirement was considered reasonable because those encountering the Internet banking service in real life would almost certainly be customers who already had some Internet experience. It was assumed that for all the other channels the mode of interaction would be familiar enough to enable any customer to use the service.

The main independent variables in the experiment design were:

channel (the within-participants variable, ranging over the five banking channels for each participant);

participant gender (equal numbers of male and female participants);

participant age group (equal numbers of participants from two age groups, 18-39 and 40+, within each gender).

Order of use of the five channels was a further between-participants variable. The experiment was designed with a balanced set of 60 different orders of use in which each channel occurred equally often in each position in the sequence, and was preceded and followed by each of the other channels equally often, so that any effects of absolute position or residual effects of the preceding channel should cancel out across the cohort. The allocation of orders to demographic groups was balanced for first channel and for last channel, so that within each age and gender group each channel occurred as the first in the sequence for three out of the 15 participants, and as the last in the sequence for three of them.

6.5.3 Personae

Each participant was assigned a different fictitious persona for each of the five channels. These personae differed in respect of name, account details, security information (PIN, password etc) and the account information relevant to the tasks (balance and recent transactions). The allocation of personae to channels was exactly balanced across the cohort, in the same way as the allocation of channels to positions in the order of use.

The tasks assigned to participants were similar for all channels: to find out the balance of the account, and to check whether a specified recent payment had been taken out of the account yet. These two task types were selected because they were things that could be done using any one of the five channels.

6.5.4 Experiment Procedure

Participants were contacted by telephone and invited to attend the research laboratories in Edinburgh at a timetabled slot to take part in their experiment session. During recruitment it was verified that participants were familiar with use of an Internet browser.

At the outset, participants were welcomed to the research suite and given minimal priming before the session began.

Participants were asked to complete a brand personality questionnaire (Appendix 2.1) and a brand relationship questionnaire (Appendix 2.2) to deliver a baseline reference of their attitude to the Lloyds TSB brand as a point of departure for the experiment data.

Before each banking channel was experienced the participants were given a new fictitious persona to use and two banking enquiries to make using the channel. They were also given a leaflet containing a brief description of the channel, which they were asked to read.

After each banking channel was experienced, a usability questionnaire (Appendix 2.3) was completed which measured user attitudes to the banking channel. Then the brand personality and brand relationship questionnaires were completed to measure the impression given by the channel of Lloyds TSB's brand.

After participants had experienced all five banking channels a debriefing session took place. The debriefing interview followed the sequence given on the interview form, on which the researcher noted the participant's responses.

The first part of the (structured) interview was concerned with the five banking channels. These were taken in the order in which the participant had experienced them during the experiment. For each channel, the researcher showed the

participant a photograph, screenshot or service information leaflet as a reminder, and then asked the participant to identify any aspects of the channel that were particularly liked, any aspects that were disliked or that could be improved, and any aspects that gave a particular impression of the bank's personality.

In the second part of the interview, participants were asked to comment on the brand personality questionnaire, to gather data for the secondary purpose of the experiment. They were given a list of the brand personality attributes used in the questionnaire (Appendix 2.4) and asked first to cross out any of the antonym pairs they felt were inappropriate for describing a bank's personality. Secondly they were asked if they could think of any other words that were not on the questionnaire that would be appropriate to describe a bank's personality, and finally participants were asked to choose from the questionnaire, and any of their own added words, the five most important characteristics they would like their bank to exhibit.

There was also an opportunity for participants to give further comments on any aspect of the experiment or the banking services that they felt had not been covered by the specific questions during the interview.

Finally a demographic and technographic questionnaire was completed (age group, gender and occupation).

In summary, the experiment involved the following procedure:

1. Welcome with minimal priming

2. Brand personality BP0 and brand relationship BR0 (baseline reference)

3. Channel 1

4. Usability LU1, brand personality BP1 and brand relationship BR1

5. Channel 2

6. Usability LU2, brand personality BP2 and brand relationship BR2

7. Channel 3

8. Usability LU3, brand personality BP3 and brand relationship BR3

9. Channel 4

10. Usability LU4, brand personality BP4 and brand relationship BR4

11. Channel 5

12. Usability LU5, brand personality BP5 and brand relationship BR5

13. Exit interview

14. Demographic and technographic questionnaire

15. Participant receives honorarium

6.5.5 Customer Sample and Descriptive Statistics

As stated in the previous section, the balanced experiment design called for a sample of 60 Internet-experienced Lloyds TSB customers, balanced for age group and gender.

6.6 Questionnaire Data

6.6.1 Nature and Coding of the Data

The questionnaire data for each participant comprised responses to two initial questionnaires - a 33-attribute brand personality questionnaire and an 11-attribute brand relationship questionnaire; plus a total of 15 channel-related questionnaires (after use of each channel, there was a three-attribute usability questionnaire, followed by channel-related versions of the 33-attribute brand personality and 11-attribute brand relationship questionnaires). All questionnaire attributes had seven-point response scales, and during data entry each response was coded as a number from 1 to 7, reading from left to right across the scale on the paper questionnaire.

In the case of the brand personality questionnaire, each attribute had an obvious polarity (with a "good" and a "bad" end to the scale), and the responses were transformed accordingly so that a value of 1 represented a strongly negative evaluation and a value of 7 a strongly positive one, with 4 being the neutral point.

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Each attribute in the brand relationship questionnaire also had an obvious polarity, and the scores were similarly transformed. In the usability questionnaire all three statements were positive, and so all the usability attribute scales were reversed during data processing so that a "strongly agree" response gave a score of 7 and "strongly disagree" gave a score of 1. The brand relationship questionnaire contained a mixture of positive and negative statements and so the polarity normalisation varied from attribute to attribute.

For the brand personality questionnaire, some attributes had obvious polarities (e.g. *friendly - unfriendly*, where *friendly* is clearly the more favourable evaluation); for other attributes such as *masculine - feminine* and *formal - informal* it was less obvious what the polarity should be or indeed whether the notion of an evaluative polarity applied at all. The procedure adopted for this questionnaire was to normalise the polarities so that all the scales had positive loadings on the first factor (before rotation) in the factor analysis of the initial brand personality data described below. The result was that high scores represented favourable evaluations on all the attributes where the polarity was intuitively obvious, and that the correlations, across the participant sample, between scores on different attributes were mostly (though not universally) positive.

The attributes in the usability and brand relationship questionnaires were left in the random orders in which they appeared in the respective questionnaires, since the results did not suggest any clear grouping of these attributes. The brand personality attributes, however, were re-arranged, for clarity of presentation, into an order based on the categories defined when the questionnaire was developed, with minor adjustments in the light of the experiment results. This resulted in the following groups of brand personality items (with descriptive labels taken from the prior categorisation):

modern/adventurous: forward thinking, modern, adventurous, open-minded, imaginative, interesting, stylish

confident: outgoing, laid-back, confident

committed: enthusiastic, not complacent, hardworking, conscientious

accessible/personal: welcoming, cheerful, caring, friendly, helpful, approachable, patient

genuine: sincere, genuine, dependable

competent: professional, consistent, meticulous, efficient, rational

miscellaneous attributes: formal, masculine, extravagant, modest

All the figures and tables below take the brand attributes in this standardised order. Where attributes are referred to by single descriptions, e.g. *formal* rather than *formal/informal*, the description adopted is the one at the positive end of the polarity-normalised scale.

6.7 Initial Brand Personality and Brand Relationship Results

At the beginning of the experiment, each participant completed a 33-attribute brand personality and an 11-attribute brand relationship questionnaire, addressing perceptions of Lloyds TSB, its brand and its relationship with its customers. The mean responses to these initial questionnaires are shown in Figures 6.1 and 6.2 - which also show the mean responses to the corresponding questionnaires completed after experiencing the five channels as discussed below.

As Figure 6.1 shows, the mean scores in the initial brand personality questionnaire were close to neutral for five brand attributes: *laid-back/uptight, formal/informal, masculine/feminine, extravagant/frugal and modest/arrogant*. Four of these attributes were considered inappropriate for describing a bank's personality by a majority of participants and they had correspondingly high rates of neutral responses the exception to this was *formal/informal*, which was not judged as inappropriate by participants. For all the remaining 28 attributes the mean score was well on the favourable side of neutral, typically being close to 5 on the scale from 1 to 7.
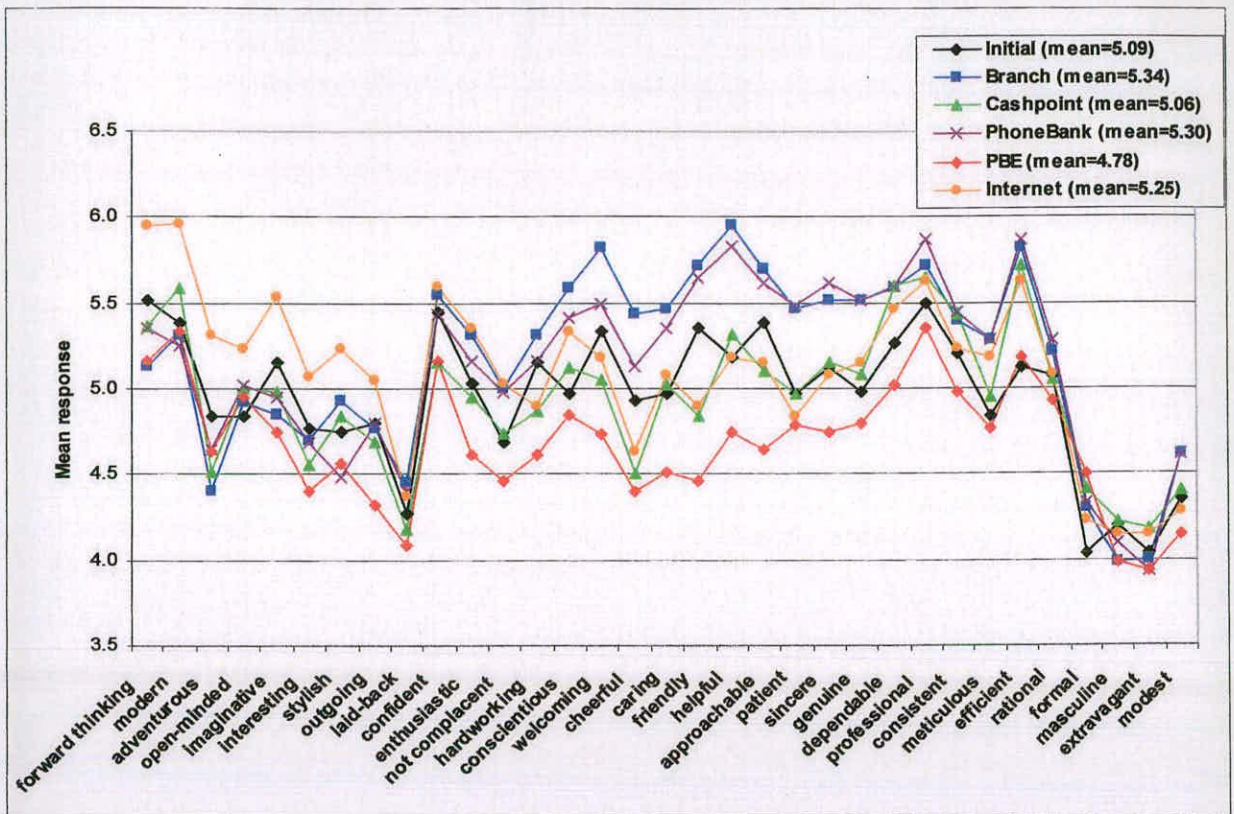
Figure 6.1: Mean Brand Personality Scores By Channel

The mean scores for all the brand relationship attributes (Figure 6.2) were also on the favourable side of neutral, but substantially less so for the statement "Lloyds TSB doesn't always act in my best interests" (mean 4.42) than for the others, which were all close to 5 or higher.

Correlations amongst all the brand personality attributes were computed. These showed that the attributes in the *accessible/personal* category were all strongly correlated. Also strongly correlated ($r > 0.4$) with all these attributes were *forward thinking, imaginative, stylish* and *efficient*; several other attributes were strongly correlated with most of them. Correlations within the *modern/adventurous* category were somewhat less consistent, but still mostly above 0.4; also strongly correlated with all or nearly all these attributes were *enthusiastic, hardworking, conscientious, caring* and *efficient*. The remaining categories appeared less coherent, though some pairs or groups of attributes within them had strong correlations - particularly *professional, consistent* and *efficient* within the *competent* category. The *miscellaneous*

attributes showed no significant correlations amongst themselves, and only *modest* had strong correlations with any of the other attributes in the questionnaire (chiefly with *patient* and *hardworking*).
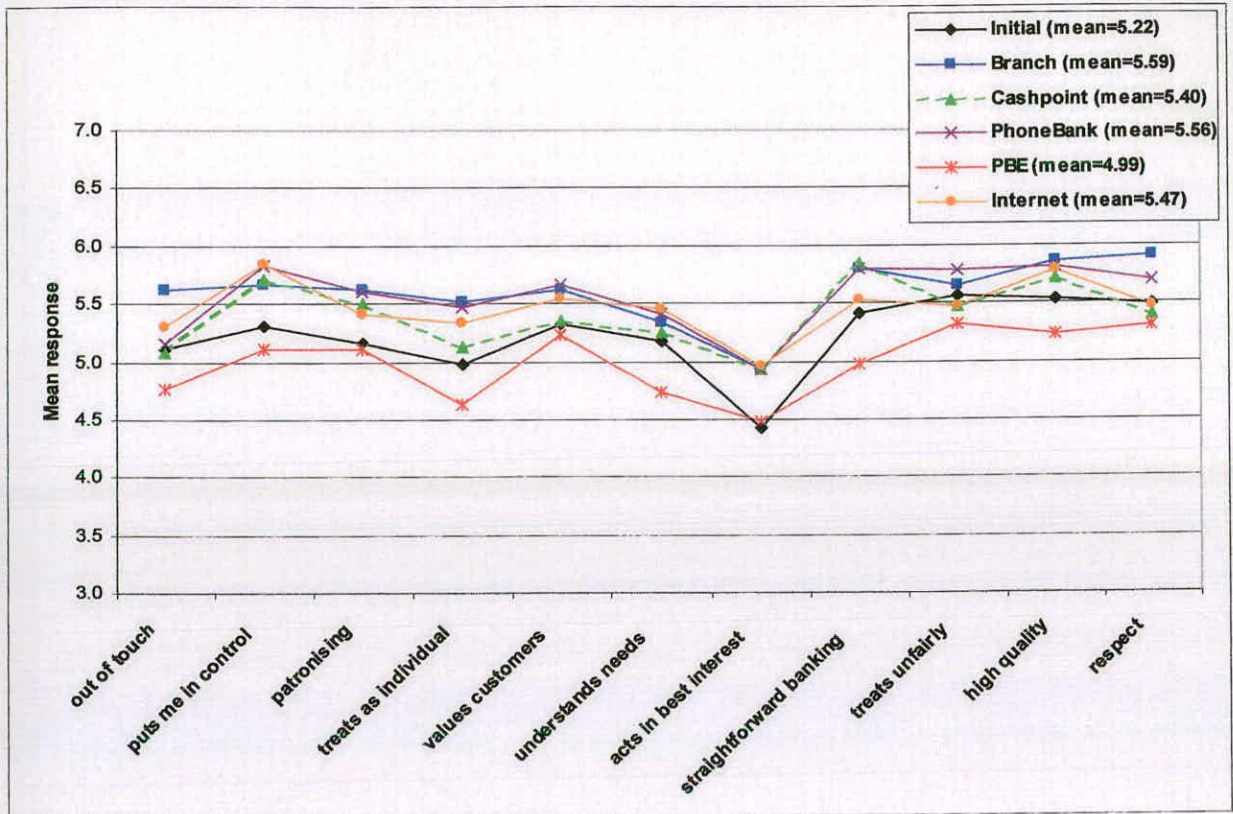
Figure 6.2: Mean Brand Relationship Scores By Channel

Factor analysis was performed using standard SPSS software, on the brand personality data using the following settings:

Extraction method: Maximum Likelihood

Number of factors: 4 (based on examination of a scree plot)

Rotation: Varimax

In the initial extraction the first factor explained 40.5% of the variance, and the next three factors explained a total of 14.9%, bringing the total variance explained to 55.4%. After rotation, the factors were associated with the following questionnaire attributes (listed, for each factor, in decreasing order of the loading coefficient):

Factor 1 (accounting for 17.9% of total variance): relate mainly to the *modern/ adventurous category; imaginative, conscientious, adventurous, forward thinking, modern, open-minded, interesting, outgoing, enthusiastic, caring, efficient, genuine*, stylish*, masculine**

Factor 2 (16.4%): relate to the positive approach one has to their life and work; *patient, hardworking, cheerful, laid-back, rational, caring, modest, friendly, not complacent*, confident**

Factor 3 (16.2%): relates to the *accessible/ personal, genuine and competent categories; efficient, dependable, approachable, consistent, professional, welcoming, sincere, friendly, helpful, meticulous*

Factor 4 (4.9%): a nonconformity factor; *informal, extravagant**

(Attributes listed with an apteryx*, are those for which the factor loading was less than 0.5 but still greater than the loading on any other factor for the same attribute.) A few attributes showed strong associations (loading > 0.5) with more than one factor: *caring* with Factors 1 and 2, *friendly* with Factors 2 and 3, and *efficient* with Factors 1 and 3.

The results of the factor analysis should be treated with caution, and should certainly not be considered definitive, since the sample size (60) was considerably smaller than is recommended for reliable factor analysis of a 33-attribute questionnaire.

Factor analysis on the initial brand relationship data yielded a single factor, explaining 45.1% of the variance. This suggests that the way in which the Bank relates to its customers, as measured by the brand relationship questionnaire, is a one-dimensional concept: a customer's scores tend to be high or low on all the attributes together - or at least, if other dimensions exist, the present questionnaire does not provide clear evidence of them.

ANOVAs on all the individual brand personality and brand relationship attributes showed no evidence of age and gender effects beyond what would be expected by chance.

In view of the findings as to perceived inappropriateness of *laid-back, masculine, extravagant* and *modest*, and the weakness of the correlations between *formal* and all the other brand personality attributes, these five attributes were omitted from the set used to compute an overall mean brand personality score for each participant. The brand personality mean, representing the overall favourableness of the brand personality evaluation, was thus computed over the remaining set of 28 attributes. Mean scores for the brand relationship questionnaire (representing the way in which the bank related to its customers) were computed over all of the 11 attributes. On this basis, the overall mean initial brand personality score for the cohort of 60 customers was 5.09, and the overall mean initial brand relationship score was 5.22, each representing an average evaluation of Lloyds TSB which was positive and favourable (given that a score of 4 would be neutral and the maximum possible was 7).

ANOVAs on the brand personality and brand relationship means showed no significant effects of age group or gender.

A scatterplot of brand relationship means against brand personality means is shown in Figure 6.3. The correlation between the two questionnaires was strong (0.716) and highly significant ($p<0.001$).
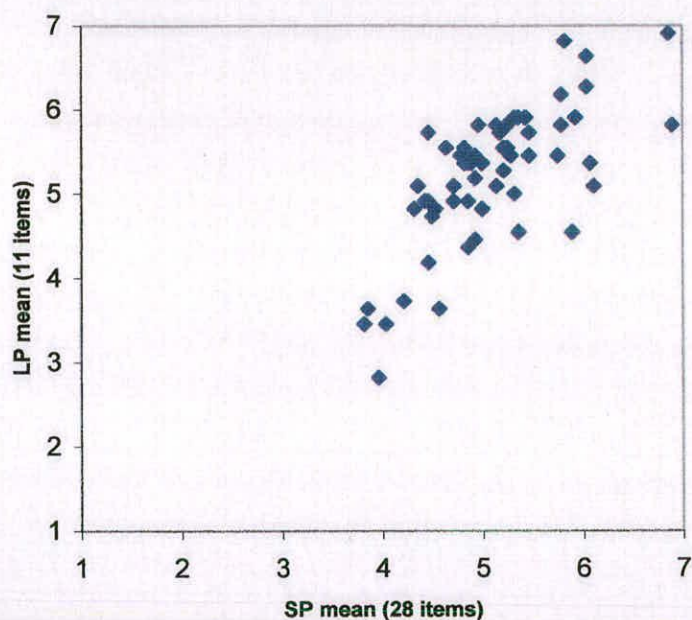
Figure 6.3: Scatterplot of Mean Scores on Initial Brand Personality and Brand Relationship Questionnaires for 60 Participants
(LP = brand relationship data, SP = brand personality data)

6.8 Per-Channel Questionnaires

After using each banking channel, participants completed a three-attribute usability questionnaire, a 33-attribute brand personality questionnaire and an 11-attribute brand relationship questionnaire. The channel-related brand personality and brand relationship questionnaires were the same as the initial ones, except that responses were requested for the impression of Lloyds TSB given by the particular channel in question (rather than the respondent's prior or overall impression of the Bank).

The mean scores for all channels on the three usability questionnaire attributes are shown in Figure 6.4. The mean scores on the channel brand personality and brand relationship questionnaires are shown in Figures 6.1 and 6.2 as already mentioned. Repeated measures ANOVAs were performed on all the individual attributes and on the questionnaire means (computed over 28 brand personality attributes and

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over 11 brand relationship attributes, as above, and over the three attributes in the usability questionnaire), with *channel* as the within-participants factor (five channels, plus the initial condition in the cases of brand personality and brand relationship) and *age group* and *gender* as between-participants factors. Correlation and factor analyses (as already described for the initial scores) were performed on the brand personality and brand relationship attribute scores for each of the channels separately. Correlation analysis was also performed on each attribute or questionnaire mean across the channels, to discover how strongly the same participants' responses to different channels were related to each other.
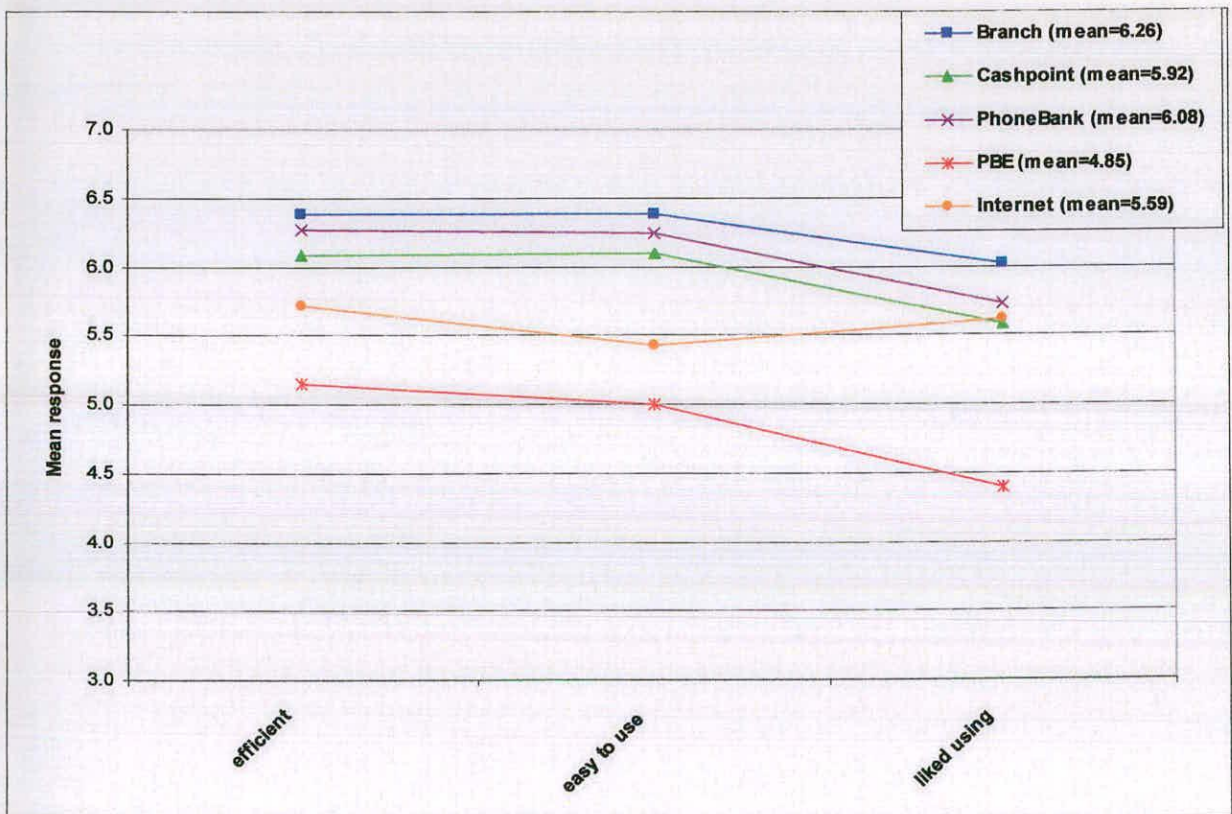
Figure 6.4: Mean Usability Scores By Channel

For the brand personality and brand relationship attributes, *relative scores* for each channel were also computed and analysed, the relative score being the difference

between the channel score and the initial score on the same brand personality attribute. The mean relative scores for all channels on the brand personality questionnaire are shown in Figure 6.5, and those on the brand relationship questionnaire in Figure 6.6. These charts do not add any information to what is already present in Figure 6.1 and 6.2, but they provide a different way of visualising the data, and may assist in comparing the magnitudes of inter-channel differences against those of the between-participants relative score differences.
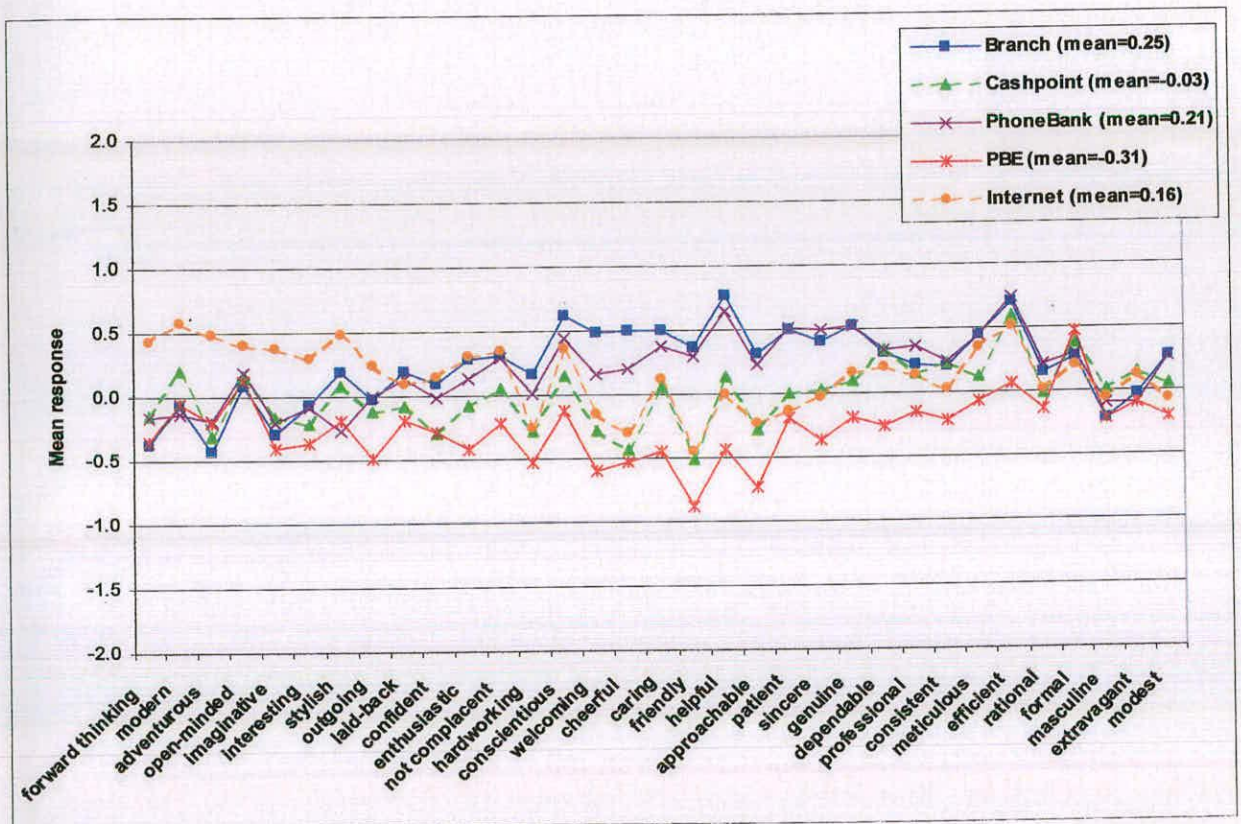
Figure 6.5: Relative Brand Personality Scores By Channel
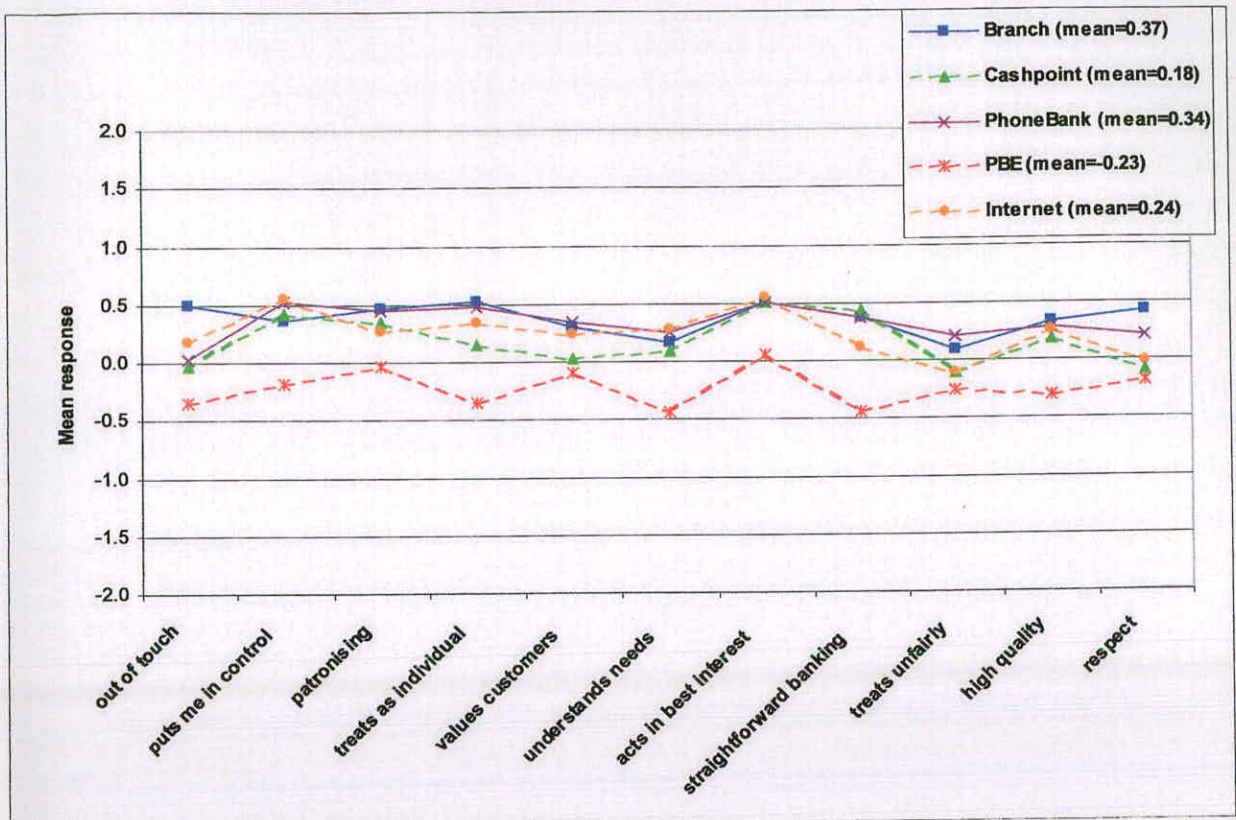
Figure 6.6: Relative Brand Relationship Scores By Channel

6.8.1 Usability Data

The main effect of channel was very highly significant ($p<0.001$) for each of the usability attributes. There were no significant effects or interactions involving age group or gender.

The results of pair-wise tests of the inter-channel differences on the individual usability attributes (with no adjustment for multiple comparisons) are shown in Table 6.3. The channels are denoted by B (Branch), C (Cashpoint), P (PhoneBank), E (PhoneBank *Express*) and I (Internet). All pair-wise *p* values below 0.05 are shown; empty cells represent non-significant results. Where channel X scored higher than channel Y, the *p* value for the "X v Y" comparison is shown in italic; where X scored below Y it is in normal type.

Attribute	Branch v:				Cashpoint v:			PB v:		PBE v
	C	P	E	I	P	E	I	E	I	I
efficient	*.000*		*.000*	.001		*.000*		*.000*	.005	.046
easy to use	*.002*		*.000*	.000		*.000*	.009	*.000*	.001	
liked using	*.017*		*.000*			*.000*		*.000*		.000

Table 6.3: Significance Levels for Pair-wise Comparisons of Channels on Individual Usability Attributes ("X v Y" value in normal type where X < Y, italic where X > Y)

As Figure 6.4 shows, the ranking of the channels was the same on each of the usability attributes (Branch, PhoneBank, Cashpoint, Internet, PhoneBank *Express*), except that on *liked using* the Internet service was rated more highly relative to the other channels and was placed marginally above the Cashpoint.

The mean scores across the three usability attributes are shown in Table 6.4. A repeated measures ANOVA on the usability means yielded a very highly significant main effect of channel ($p=0.000$) with no significant effects for age group or gender. The pair-wise comparison results on the mean usability scores are shown in Table 6.5.

Channel	Mean score on 3 usability attributes
Branch	6.26
PhoneBank	6.08
Cashpoint	5.92
Internet	5.59
PhoneBank *Express*	4.85

Table 6.4: Mean Usability Scores for Banking Channels

Channel	PhoneBank	Cashpoint	Internet	PhoneBank *Express*
Branch	.107	.000	.002	.000
PhoneBank	—	.076	.017	.000
Cashpoint		—	.141	.000
Internet			—	.006

Table 6.5: Significance Levels for Pair-wise Channel Comparisons on Usability Mean Scores (*p* values below 0.05 shown in bold)

Within each channel, the individual participants' scores on the different usability attributes were strongly correlated. The highest correlations were between *efficient*

and *easy to use* (correlations ranging from 0.657 for PhoneBank to 0.874 for Internet banking); correlations between these two attributes and *liked using* were slightly weaker but still highly significant, ranging from 0.495 (PhoneBank) to 0.840 (Internet).

Table 6.6 shows the correlations, computed across the set of 60 participants, between the usability means for different channels. Significant correlations were found for only some pairs of channels. In particular, Internet banking usability scores showed little or no correlation with usability scores for the other channels, and PhoneBank *Express* usability scores were only weakly correlated with those for the Branch, Cashpoint and PhoneBank. A similar pattern was seen in the cross-channel correlations for each individual usability attribute.

		Branch	Cashpoint	PhoneBank	PhoneBank Express	Internet
Branch	Correlation	1	.587	.390	.190	.106
	Sig. (2-tailed)	.	.000	.002	.145	.418
Cashpoint	Correlation	.587	1	.507	.276	-.005
	Sig. (2-tailed)	.000	.	.000	.033	.967
PhoneBank	Correlation	.390	.507	1	.256	.134
	Sig. (2-tailed)	.002	.000	.	.048	.307
PhoneBank Express	Correlation	.190	.276	.256	1	.133
	Sig. (2-tailed)	.145	.033	.048	.	.310
Internet	Correlation	.106	-.005	.134	.133	1
	Sig. (2-tailed)	.418	.967	.307	.310	.

Table 6.6: Correlations Between Channel Usability Scores

6.8.2 Brand Personality Data

Absolute Scores

The per-channel brand personality data, plotted in Figure 6.1, show a clear distinction between attributes in the *modern/adventurous* category (plus *outgoing*), on which the Internet banking service was rated well above the other channels, and most of the remaining attributes, especially those in the *accessible/personal* and *genuine* categories, on which the Branch and PhoneBank scores were the highest. Attributes of *confident, enthusiastic* and *not complacent* show an intermediate pattern, with the Internet channel only slightly above the Branch and PhoneBank. As in the

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initial brand personality questionnaire, scores were near neutral for *laid-back, formal, masculine, extravagant* and *modest,* and the inter-channel differences on these attributes were all small. A common feature of nearly all the other 28 attributes is that PhoneBank *Express* scored lower than the other channels - the main exception being *adventurous,* on which the Branch and Cashpoint had lower scores. The Cashpoint was rated similarly to the Branch and PhoneBank (and below Internet banking) on the *modern/adventurous* attributes and *outgoing;* relatively low on *confident, enthusiastic,* not *complacent* and *meticulous;* and similarly to Internet banking on the other attributes. While the Branch and PhoneBank scores were similar on most attributes, there were some exceptions: Branch higher on *stylish, welcoming* and *cheerful;* and PhoneBank higher on *forward thinking* and *adventurous* (though these two differences did not attain statistical significance in the pair-wise tests described below).

Mean scores computed over the core set of 28 brand personality attributes are shown in Table 6.7.

Channel	Mean score on 28 brand personality attributes
Branch	5.34
PhoneBank	5.30
Internet	5.25
(initial questionnaire)	(5.09)
Cashpoint	5.06
PhoneBank *Express*	4.78

Table 6.7 Mean Scores for Banking Channels Based on 28 Brand Personality Attributes

Repeated measures ANOVAs on the brand personality data yielded very highly significant main effects of channel ($p<0.001$) for all attributes except *open-minded* ($p=0.008$), *interesting* ($p=0.002$), *laid-back* ($p=0.025$), not *complacent* ($p=0.004$), *professional* ($p=0.004$), *consistent* ($p=0.009$), *rational* ($p=0.068$), *formal* ($p=0.161$), *masculine* ($p=0.087$) and *extravagant* ($p=0.074$).

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Attribute	Initial v:					Branch v:				Cashpoint v:			PhoneBank v:		PBE v
	B	C	P	E	I	C	P	E	I	P	E	I	E	I	I
forward thinking	*.003*			*.028*	.000				.000		.000			.000	.000
modern				.003	.018				.000	*.025*			.002	.000	.000
adventurous	*.002*	*.004*		.000					.000		.000			.000	.000
open-minded			.046	.001					.020						.028
imaginative	*.021*			.029	.015				.000		.000			.000	.000
interesting									007		.002			.011	.001
stylish				.001		*.002*	*.033*		*.011*	*.028*	.003			.000	.000
outgoing			*.016*	.044				*.038*	*.037*	*.032*	.003	*.013*		.030	.000
laid-back						*.006*		.010		.043			*.020*		.033
confident		*.023*				.001		.005		.006	.000	*.019*			.001
enthusiastic	.028			*.015*	.012	*.002*		.000			*.028*	.000	.003		.000
not complacent				.016	*.041*			.006				*.045*	.003		.003
hardworking	.040	*.040*	.001		*.000*			.000	.000	.003			.003	.028	.030
conscientious	.000		.002	*.017*	.000				.000	.004	*.039*	*.035*	.000		.000
welcoming	.000	*.037*	.001	.000		.009	.000	.000	.000	.000				.018	.012
cheerful	.001	*.004*	.014	.000		*.022*	.000	.000	.000				.000	.001	
caring	.000		.008	*.013*		.000		.000	.001	.005	.001		.000	.010	.001
friendly	.009	.000	.000	.001	.000			.000	.000	.000		*.038*	.000	.000	.008
helpful	.000	.000						.000	.000	.000	.000	.001	.000	.000	.022
approachable	*.023*	*.027*	.001					.000	.000	.000	.000	*.018*	.000	.002	.007
patient	.000	.000						.000		.000	.000	.000	.000	.000	
sincere	.002	.000				.001		.000	.000	.000		*.003*	.000	.000	.017
genuine	.000	.000				.000		.000	.001	.000		*.005*	.000	.003	.002
dependable	*.032*	*.034*	.035						.000		.000		.000		.004
professional		.000							*.014*	.009		*.013*	.000		
consistent									.004			.003	.001		
meticulous	.002	.002	.010	*.033*					.001	.029			.000		.001
efficient	.000	.000	.000			*.002*				.000		.001	.000		.010
rational									*.024*	.022			.002		
formal		.049	.038												
masculine	*.032*					.029					.006				
extravagant										*.008*	.013			*.036*	.033
modest		.020				.021		.000	*.013*	.019	.008		.000	.007	

Table 6.8: Significance Levels for Pair-wise Comparisons of Channels on Individual Brand Personality Attributes ("X v Y" value in normal type where X < Y, italic where X > Y)

The results of pair-wise tests of the inter-channel differences on all the individual brand personality attributes are shown in Table 6.8. The notation here is the same as in Table 6.3, but the initial condition is also included in the comparisons.

The pair-wise tests gave significant results (defined in this paragraph as $p<0.01$, but often in fact $p<0.001$) for Internet banking against all or most of the other channels for most of the *modern/adventurous* attributes, the main exceptions being *open-minded* (no inter-channel differences significant at $p<0.01$, though the difference between the initial and Internet scores was significant) and *outgoing* (Internet v. Branch $p=0.037$, v. PhoneBank $p=0.030$, v. others $p<0.01$). On *confident* and *enthusiastic*, both Branch and Internet had significant differences from PhoneBank *Express* and Cashpoint. On *not complacent*, Branch, Internet and PhoneBank were significantly above PhoneBank *Express*. For *personal/accessible* attributes , the Branch had significant differences from all other channels except (in most cases) PhoneBank; the differences between PhoneBank and the other channels were also significant for most of these attributes, and on some of them (particularly *caring* and *genuine*) Internet and Cashpoint were significantly above PhoneBank *Express*. A similar pattern was shown for *conscientious* except that the Internet service scored higher, significantly above PhoneBank *Express* and not significantly below Branch and PhoneBank. On *dependable* and *efficient*, the scores for Branch, PhoneBank, Cashpoint and Internet had no significant differences amongst themselves but were all significantly higher than for PhoneBank *Express*. On *professional* PhoneBank was placed above all the other channels, with significant differences from Cashpoint and PhoneBank *Express*. On *consistent* and *meticulous* the only significant inter-channel differences were between the three highest-scoring channels (Branch and PhoneBank plus Cashpoint or Internet) and PhoneBank *Express*. There were only a few significant pair-wise differences on the remaining miscellaneous attributes: Branch v. Cashpoint on *laid-back*; PhoneBank v. PhoneBank *Express* on *rational*; Cashpoint v. PhoneBank *Express* on *masculine*; Cashpoint v. PhoneBank on *extravagant*; and Branch, PhoneBank and Cashpoint v. PhoneBank *Express*, and PhoneBank v. Internet, on *modest*.

A repeated measures ANOVA was also performed on the brand personality mean scores (over 28 attributes). The main effect of channel was very highly significant ($p=0.000$); there were no significant effects involving age and gender. Pair-wise tests

on the individual channels yielded the results shown in Table 6.9 (The channels are arranged here in order of their mean scores.) It can be seen that there were no significant differences in brand personality mean amongst Branch, PhoneBank and Internet and that all these three channels had scores significantly above those for Cashpoint and PhoneBank *Express* and in the initial questionnaire; also the brand personality scores for PhoneBank *Express* were significantly below the initial and Cashpoint scores.

Channel (mean score)	PhoneBank	Internet	*initial*	Cashpoint	PhoneBank *Express*
Branch (5.34)	.595	.260	*.000*	.000	.000
PhoneBank (5.30)	—	.574	*.005*	.000	.000
Internet (5.25)		—	*.020*	.017	.000
initial (5.09)			—	.720	*.007*
Cashpoint (4.96)				—	.004
PhoneBank *Express* (4.68)					—

Table 6.9: Significance Levels for Pair-wise Channel Comparisons on Brand Personality Mean Scores (*p* values below 0.05 shown in bold; comparisons against initial brand personality in italic)

Factor analyses, similar to the one on the initial brand personality data, were performed on the brand personality data for each channel separately. The proportion of variance explained by the first factor ranged from 45.9% (Internet) to 54.1% (Cashpoint).

For the Branch, Cashpoint and PhoneBank, the results were similar to those on the initial data in that attributes in the *modern/adventurous* category (plus *outgoing*) were all or mostly associated with a single factor; the distinction between these and the remaining attributes was clearest for Branch and PhoneBank, while for the Cashpoint the *modern/adventurous* attributes were grouped together with *enthusiastic, welcoming, cheerful, friendly* and *helpful*. The grouping of the remaining brand personality attributes varied across these three channels; for the Branch it included a *'hardworking, cheerful, patient, genuine, rational, modest'* factor, similar to Factor 2 in the initial analysis, and a *'friendly, sincere, feminine'* factor. For PhoneBank *Express*, most of attributes the *accessible/personal, genuine* and *competent* categories

were grouped together with *'forward thinking, open-minded, laid-back* and *confident'*; a second factor brought together *'hardworking, conscientious, cheerful, patient, sincere, genuine, extravagant* and *modest'*; and the remaining attributes were divided between a *'modern, adventurous, interesting, stylish, masculine'* factor and an *'imaginative, outgoing, enthusiastic, informal'* factor. For the Internet banking service, only three factors were obtained some of the *modern/adventurous* attributes - *adventurous, imaginative, interesting, stylish* - were grouped together with *'enthusiastic, welcoming, caring, friendly, sincere, genuine'* under Factor 1, while the rest – *'forward thinking, modern, open-minded'* - were grouped with *'outgoing, laid-back, confident, cheerful, extravagant, modest'* under Factor 3, and Factor 2 was associated with all the remaining attributes except *masculine*.

Scatterplots (Figure 6.3) of the participants' initial and per-channel brand personality means showed clear positive correlations between the scores for all pairs of channels, and between each channel's score and the initial brand personality score. (That is, the same customers who gave more favourable personality ratings to the Bank initially also tended to give more favourable ratings of the personality impression given by each channel. This could be due to their having genuinely more favourable impressions of the Bank throughout, or to a general tendency on their part to give more strongly positive scores on brand personality attribute scales regardless of what they were rating; since this experiment measured attitudes to only one company, namely Lloyds TSB, it is not possible to distinguish these explanations, and it seems plausible that in fact there may be elements of both involved.) All the pair-wise between-channel and initial-to-channel correlations were highly significant ($p<0.001$); the correlations ranged from 0.459 (between initial and PhoneBank *Express*) to 0.833 (between Cashpoint and PhoneBank). The correlations are shown in full in Table 6.10.

	Branch	Cashpoint	PhoneBank	PhoneBank Express	Internet	initial
Branch	1	.800	.767	.528	.775	.767
Cashpoint	.800	1	.833	.660	.671	.692
PhoneBank	.767	.833	1	.686	.751	.689
PhoneBank Express	.528	.660	.686	1	.581	.459
Internet	.775	.671	.751	.581	1	.681
initial	.767	.692	.689	.459	.681	1

Table 6.10: Correlations of Initial and Channel-Related Brand Personality Scores

Relative Scores

The strength of the correlations between initial and channel scores suggests that the statistical errors due to inter-participant variations in the channel scores might be reduced by adopting the relative scores (channel score minus initial score) instead of the absolute scores - subtracting out the effect of each participant's overall attitude to the Bank (and any individual peculiarities in the participant's treatment of the questionnaire items as represented by responses to the initial brand personality questionnaire. Using relative instead of absolute scores makes no difference to the within-participants comparisons between channels, since the same initial score per participant is subtracted from all the channel scores, but it will make a difference to between-participants comparisons. It also affects the correlations (between questionnaire attributes and between channels) and factor analysis results, since participants who have particularly high or low *absolute* scores (throughout the questionnaires or for specific attributes or channels) do not necessarily have high or low *relative* scores.

The analysis described above was re-run using the relative brand personality scores instead of the absolute ones. (In the relative score analysis the *channel* variable ranged only over the five banking channels, since of course the relative scores from the initial questionnaire would all be zero.)

The repeated measures ANOVA results on the relative scores were broadly similar to those on the absolute scores. On *open-minded* the main effect of channel was not

significant (p=0.062) - unsurprisingly given that the only highly significant pair-wise difference in the absolute scores was between the initial and Internet questionnaires rather than between any two channels. The main effect of age group was significant for *open-minded* (p=0.002), with the younger group (under 40) having higher relative scores based on all the channels than the older group; there was also a moderately significant gender effect on this attribute (p=0.018), with female participants having higher relative scores. A more significant gender effect occurred for *genuine* (p=0.005), with female participants giving higher relative scores for all the channels than males. The attribute *meticulous* had a gender effect (p=0.011) and an interaction of gender and age group (p=0.001), with females under 40 giving the highest relative scores, and males under 40 the lowest, across all the channels. Overall, however, the effects of age and gender were not very significant, considering the large number of attributes tested and the relatively small number of significant per-attribute results.

For each channel, the correlations between different brand personality attributes in the relative scores were mostly weaker than those in the absolute scores - the contribution due to participants' overall attitude towards the Bank, or tendency to give high or low scores on semantic differential scales, being removed by the relative score computation. However, the correlations between attributes within the *accessible/personal* category remained mostly significant for each channel. There were also some strong correlations between relative scores within the *competent* category (plus *dependable*) for each channel, though less so for the Branch and PhoneBank than for the automated channels. Correlations among some of the *modern/adventurous* attributes, plus *outgoing* and *enthusiastic*, and between these and the *accessible/personal* attributes, were strong for most channels, and particularly for PhoneBank and PhoneBank *Express*, but for the Internet banking service many of these correlations did not attain significance. Significant negative correlations occurred between *formal* and some other attributes (such as *imaginative, cheerful* and *caring*) for PhoneBank and PhoneBank *Express*, and to a lesser extent for the Branch, indicating that for those channels an impression of informality, relative to the

customer's initial perception of the bank, was associated with a favourable impression of the Bank through the channel in respect of these other personality traits. The negative correlation between relative scores for *formal* and relative brand personality means (computed over the core 28 attributes), was significant for PhoneBank (-0.505, $p=0.000$) and for PhoneBank *Express* (-0.371, $p=0.004$), but not for the Branch (-0.113, $p=0.389$); for the Cashpoint and Internet banking there was a small (and non-significant) positive correlation.

Factor analysis was performed on the relative scores for each channel in turn. The proportion of relative score variance explained by the first factor (before rotation) was much lower, for each channel, than in the corresponding analysis of the absolute scores, and ranged from 20.0% (Branch) to 34.8% (PhoneBank *Express*) - the explanation being that the contribution due to the participant's overall attitude to the Bank (or approach to the questionnaire scales) had been largely removed by the subtraction of the initial scores. The proportion of relative score variance explained by the first factor was considerably higher for PhoneBank *Express* than for any other channel (the next highest being 27.5% for PhoneBank); a plausible explanation is that the first factor for PhoneBank *Express* corresponds to the participant's overall attitude towards automated telephone services and that this is an important determinant of the impression of brand personality given by the service to that participant. As in the factor analyses on the absolute scores, no very clear pattern emerged overall from the rotated factor matrices, but there did appear to be some tendency for the expanded *modern/adventurous* group to load on a common factor (*open-minded* being an exception for some channels), and likewise for the expanded *accessible/personal* group (with the exception of *patient*) and for the expanded *competent* group. These groupings were less clear for the Cashpoint than for the other channels.

The cross-channel correlations in the relative scores were weaker than those in the absolute scores, but were all still positive and statistically significant. (That is, for

any pair of channels X and Y, those participants whose brand personality impressions showed a more favourable change than average from the initial questionnaire to Channel X also tended to show a more favourable change - again relative to the average across the participant group - from the initial questionnaire to Channel Y.) These correlations are shown, with their significance levels (p values), in Table 6.11.

		Branch	Cashpoint	PhoneBank	PhoneBank Express	Internet
Branch	Correlation	1	.594	.534	.345	.556
	Sig. (2-tailed)	.	.000	.000	.007	.000
Cashpoint	Correlation	.594	1	.694	.555	.403
	Sig. (2-tailed)	.000	.	.000	.000	.001
PhoneBank	Correlation	.534	.694	1	.608	.558
	Sig. (2-tailed)	.000	.000	.	.000	.000
PhoneBank Express	Correlation	.345	.555	.608	1	.453
	Sig. (2-tailed)	.007	.000	.000	.	.000
Internet	Correlation	.556	.403	.558	.453	1
	Sig. (2-tailed)	.000	.001	.000	.000	.

Table 6.11: Correlations Between Channels' Relative Brand Personality Scores (Relative = channel brand personality mean - initial brand personality mean)

A positive correlation between relative scores, as seen here, may arise because of the variation in participants' initial scores: those who give a high initial score have less room for improvement (and more room for worsening) in their channel scores relative to the initial score, and may thus tend to have lower relative scores for all channels than those who give a low initial score. Indeed, relative scores for each channel were found to be negatively correlated with initial scores, and in some cases significantly so - the correlations ranging from -0.178 (Branch) to -0.318 (PhoneBank Express). However, partial correlation analysis, controlling for initial brand personality mean, showed that the correlation between relative scores for each pair of channels was still positive and significant (in most cases highly significant) when this effect of initial score variation was removed. The partial correlation results are presented in Table 6.12.

		Branch	Cashpoint	PhoneBank	PhoneBank *Express*	Internet
Branch	Correlation	1	.581	.513	.309	.538
	Sig. (2-tailed)	.	.000	.000	.017	.000
Cashpoint	Correlation	.581	1	.682	.534	.378
	Sig. (2-tailed)	.000	.	.000	.000	.003
PhoneBank	Correlation	.513	.682	1	.574	.531
	Sig. (2-tailed)	.000	.000	.	.000	.000
PhoneBank *Express*	Correlation	.309	.534	.574	1	.412
	Sig. (2-tailed)	.017	.000	.000	.	.001
Internet	Correlation	.538	.378	.531	.412	1
	Sig. (2-tailed)	.000	.003	.000	.001	.

Table 6.12: Partial Correlations of Channels' Brand Personality Scores, Controlling for Initial Score

6.8.3 Brand Relationship Data

Absolute Scores

As seen in Figure 6.2, the Branch and PhoneBank had consistently high scores, relative to the initial questionnaire responses and those for the other channels, across all the brand relationship attributes (statements about the bank and its relationship with customers) - except that PhoneBank yielded less favourable scores on "Lloyds TSB is out of touch with its customers", and the Branch rated marginally below the Internet and Cashpoint services on "Lloyds TSB puts me in control of my finances". PhoneBank *Express* gave the least favourable impressions of the Bank (as in the brand personality questionnaire), and the Internet and Cashpoint services were intermediate. The mean scores over the 11 brand relationship attributes are shown in Table 6.13.

Channel	Mean score on 11 brand relationship attributes
Branch	5.59
PhoneBank	5.56
Internet	5.47
Cashpoint	5.40
(initial questionnaire)	(5.22)
PhoneBank *Express*	4.99

Table 6.13: Mean Scores for All Banking Channels Based on 11 Brand Personality Attributes

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Repeated measures ANOVAs were performed for the individual brand relationship attributes. The main effect of channel was significant for each attribute: $p=0.008$ for *out of touch*, $p=0.005$ for *values customers*, $p=0.026$ for *treats customers unfairly*, and $p=0.001$ or better for all the other attributes. The results of pair-wise comparisons of the channels on all the brand relationship attributes are shown in Table 6.14.

Attribute	Initial v:					Branch v:				Cashpoint v:			PB v:		PBE v:
	B	C	P	E	I	C	P	E	I	P	E	I	E	I	I
Out of touch	.002					*.005*	*.004*	*.000*							*.037*
In control		.021	.009	.008				.006			*.000*		*.000*		*.001*
Patronising	.003	.018	.009					*.003*			*.012*		*.001*		
Individual	.000		.006	.008		*.004*		*.000*		*.007*	*.001*		*.000*		*.001*
Valued	.016		.003					*.044*		*.023*	*.004*		*.001*		*.043*
Understanding								*.004*			*.004*		*.001*		*.001*
Best interests	.004	.002	.004	.005				*.007*			*.013*		*.011*		*.008*
Straightforward	.036	.009	.018	*.014*				*.000*			*.000*		*.000*		*.004*
Fair										*.012*	*.010*		*.000*	*.010*	
High quality	.008	.014						*.000*			*.003*		*.001*		*.002*
Respect	.001								*.000*	*.000*	*.000*	*.015*	*.015*		

Table 6.14: Significance Levels for Pair-wise Comparisons Of Channels on Individual Brand Relationship Attributes ("X v Y" value in normal type where X < Y, italic where X > Y)

The pair-wise tests showed significant differences ($p<0.05$, and usually $p<0.01$) between PhoneBank *Express* and all or most of the other channels on each attribute, except for *out of touch, treats customers unfairly* and *treats customers with respect*. The difference between Branch and PhoneBank *Express* was significant on every attribute, and between PhoneBank and PhoneBank *Express* on all but *out of touch*. Branch and PhoneBank also scored significantly above Cashpoint ($p<0.01$) on *treats me as an individual*, and PhoneBank was above Cashpoint ($p<0.01$) on *values customers*. Differences between the Internet banking service and the other channels other than PhoneBank *Express* were generally not significant, the main exception being on *treats customers with respect* where the Branch was significantly above the Internet service.

A repeated measures ANOVA was also performed on the mean brand relationship scores, computed by averaging over the 11 attributes. The main effect of channel was very highly significant ($p=0.000$); there were no significant effects involving age group or gender. The results of pair-wise tests of the differences between channels are in Table 6.15. The pattern is similar to that for the brand personality means except that on the brand relationship questionnaire the Cashpoint had higher than the initial scores, and was not significantly below the Internet service, and the PhoneBank *Express* scores were not significantly below the initial ones.

Channel (mean score)	PhoneBank	Internet	Cashpoint	*initial*	PhoneBank *Express*
Branch (5.59)	.375	.193	.004	*.000*	.000
PhoneBank (5.56)	—	.400	.014	*.005*	.000
Internet (5.47)		—	.474	*.008*	.001
Cashpoint (5.40)			—	*.044*	.000
initial (5.22)				—	*.080*
PhoneBank *Express* (4.99)					—

Table 6.15: Significance Levels for Pair-Wise Channel Comparisons on Brand Relationship Mean Scores (*p* values below 0.05 in bold; comparisons against initial brand relationship in italic)

A factor analysis was performed on the brand relationship data for each channel. In each case there was one dominant factor, as in the initial brand relationship analysis, and this accounted for over 40% of the total variance.

As with the brand personality means, the brand relationship means for all the channels were strongly correlated with one another and with the corresponding initial scores. All the initial-to-channel and between-channel correlations were highly significant ($p=0.001$ or below); they ranged from 0.430 (initial v. PhoneBank *Express*) to 0.818 (Branch v. PhoneBank), as shown in 6.16.

	Branch	Cashpoint	PhoneBank	PhoneBank Express	Internet	initial
Branch	1	.764	.818	.531	.573	.631
Cashpoint	.764	1	.807	.658	.497	.671
PhoneBank	.818	.807	1	.630	.580	.613
PhoneBank Express	.531	.658	.630	1	.464	.430
Internet	.573	.497	.580	.464	1	.633
initial	.631	.671	.613	.430	.633	1

Table 6.16: Correlations of Initial and Channel-Related Brand Relationship Scores

Relative Scores

Relative scores for all the channels were computed for the brand relationship questionnaire in the same way as for the brand personality questionnaire, by subtracting the initial scores from the channel scores for the same participants.

Repeated measures ANOVAs on the relative scores for the individual brand relationship attributes yielded significant effects of channel for all the attributes: $p=0.004$ for *out of touch*, $p=0.004$ for *patronising*, $p=0.007$ for *values customers*, $p=0.017$ for *acts in my best interests*, $p=0.012$ for *treats customers unfairly*, and $p=0.001$ or better for all the other attributes. (The pair-wise channel comparison results were the same as for the absolute scores, as given in Table 6.14 since these comparisons were unaffected by the relative score computation.) A few effects of age and gender were significant at the per-attribute level: the interaction of age group, gender and channel for *out of touch* ($p=0.023$, females under 40 giving the most positive relative scores for the Branch and Internet banking but the most negative for the other channels), the main effect of gender for *patronising* ($p=0.017$, females giving higher relative scores than males across all the channels), the interaction of age group, gender and channel for *values customers* ($p=0.030$, males under 40 having the most positive relative scores for the Branch but the most negative for PhoneBank *Express* and Internet banking), the main effect of age group for *straightforward banking* ($p=0.009$, the 40+ group giving higher relative scores for all channels than the under-40 group: the two age groups' *absolute* scores for the channels were similar, but the older group had lower initial scores) and the main effect of gender for *treats*

customers unfairly ($p=0.031$, females giving higher relative scores than males, which again represented similar absolute scores against a lower initial score baseline).

A repeated measures ANOVA on the relative brand relationship means, obtained by averaging over the 11 attributes, yielded a very significant main effect of channel ($p=0.000$), with no significant effects involving age group or gender.

A factor analysis was performed on the relative brand relationship data for each channel. A common feature of all the channels' data was that the loading of *acts in best interests* on the first factor was relatively low: always under 0.4, and under 0.2 for Branch, Cashpoint and PhoneBank.

The correlations between relative brand relationship means for different channels were smaller than those between the absolute brand relationship means, but were still all positive and statistically significant; they ranged from 0.270 (Cashpoint v. Internet) to 0.811 (Branch v. PhoneBank), as shown in Table 6.17. Correlations between relative brand relationship means and initial brand relationship mean ranged from -0.354 (PhoneBank) to -0.630 (PhoneBank *Express*) and were all highly significant. Partial correlations, controlling for initial brand relationship, were positive for all pairs of channels, and significant ($p<0.05$) for all pairs except Cashpoint and Internet; the partial correlations for all pairs of channels excluding Internet were highly significant ($p<0.01$ and in most cases $p<0.001$) - as shown in Table 6.18. These partial correlation results show that the positive correlation across channels, whereby participants giving high relative scores for one channel tended also to give high relative scores for any other channel, was only partly due to participants' differing initial brand relationship scores.

		Branch	Cashpoint	PhoneBank	PhoneBank Express	Internet
Branch	Correlation	1	.696	.811	.488	.430
	Sig. (2-tailed)	.	.000	.000	.000	.001
Cashpoint	Correlation	.696	1	.756	.622	.270
	Sig. (2-tailed)	.000	.	.000	.000	.037
PhoneBank	Correlation	.811	.756	1	.596	.455
	Sig. (2-tailed)	.000	.000	.	.000	.000
PhoneBank Express	Correlation	.488	.622	.596	1	.368
	Sig. (2-tailed)	.000	.000	.000	.	.004
Internet	Correlation	.430	.270	.455	.368	1
	Sig. (2-tailed)	.001	.037	.000	.004	.

Table 6.17: Correlations Between Channels' Relative Brand Relationship Scores (channel score minus initial score)

		Branch	Cashpoint	PhoneBank	PhoneBank Express	Internet
Branch	Correlation	1	.591	.703	.370	.289
	Sig. (2-tailed)	.	.000	.000	.004	.026
Cashpoint	Correlation	.591	1	.675	.552	.125
	Sig. (2-tailed)	.000	.	.000	.000	.347
PhoneBank	Correlation	.703	.675	1	.513	.314
	Sig. (2-tailed)	.000	.000	.	.000	.015
PhoneBank Express	Correlation	.370	.552	.513	1	.275
	Sig. (2-tailed)	.004	.000	.000	.	.035
Internet	Correlation	.289	.125	.314	.275	1
	Sig. (2-tailed)	.026	.347	.015	.035	.

Table 6.18: Partial Correlations of Channels' Brand Relationship Scores, Controlling for Initial Score

6.9 Relationships Between Responses to Different Questionnaires

The relationship between mean scores on the initial brand personality and brand relationship questionnaires has already been shown (Figure 6.3). The scores on these two questionnaires were found to be strongly correlated. The present section extends the analysis to consider the channel-related brand personality and brand relationship scores and the associated channel usability scores. The data can be analysed at the level of questionnaire means, and also in terms of individual attributes and groups of attributes such as those defined in the preceding section.

Correlations between questionnaire means were computed for each channel. The correlation between brand personality means (over 28 attributes) and brand relationship means was highly significant for each channel, and ranged from 0.691 (for PhoneBank) to 0.818 (for PhoneBank *Express*). Correlations between usability scores and the brand personality and brand relationship means were also highly significant, though less strong than the brand personality-brand relationship correlations for most channels. The correlation of usability mean and brand personality mean ranged from 0.433 (Internet) to 0.714 (Cashpoint); the correlation of usability mean and brand relationship mean ranged from 0.531 (Branch) to 0.829 (PhoneBank *Express*).

Correlations were also computed using the relative brand personality and brand relationship scores (channel score minus initial score). The correlation between relative brand personality means and relative brand relationship means ranged from 0.409 (Branch) to 0.671 (PhoneBank *Express*). Correlations between usability means and relative brand personality or brand relationship means were also positive, but varied greatly in strength, being weakest for the Branch (usability v. relative brand personality 0.379, usability v. relative brand relationship 0.068) and PhoneBank (0.290, 0.231) and strongest for PhoneBank *Express* (0.653, 0.672); these correlations were highly significant ($p<0.01$) for the three automated channels, but not for the human-operated channels (usability v. relative brand personality significant ($p=0.003$), but usability v. relative brand relationship not significant, for Branch; both marginal ($p=0.025$ and $p=0.076$) for PhoneBank). Thus usability scores appear to be strongly associated with a favourable brand personality impression (relative to the customer's prior perception of the brand) in the case of each of the automated channels, but much less so in the case of a human-operated channel, showing that the human-operated channels are easier in usability than the automated channels.

In relation to these results, it should be noted that the range of usability scores across the participant sample was much narrower for the Branch and PhoneBank (and for the Cashpoint) than for PhoneBank *Express* and Internet banking: only for the latter channels did substantial numbers of participants give mean usability scores below neutral. To explore this, the correlations were recalculated for each channel using only the participants who had usability means greater than 4. This made little difference to the Branch, PhoneBank and Cashpoint results, since few if any participants were excluded[2]. For PhoneBank *Express* the correlations were reduced to 0.524 (still significant, $p<0.001$) for usability against relative brand personality and to 0.303 ($p=0.046$) for usability against relative brand relationship. For Internet banking they were reduced from 0.475 (on all participants; $p<0.001$) to 0.274 ($p=0.057$) for usability against relative brand personality and from 0.508 ($p<0.001$) to 0.057 ($p=0.697$) for usability against relative brand relationship - that is, there was no significant correlation between the usability score and the relative brand personality and brand relationship scores for the Internet service amongst those 49 participants who rated this service above neutral for usability. (The correlations between usability scores and *absolute* brand personality or brand relationship scores remained highly significant for all channels, but these correlations could be largely due to participants' overall attitudes to Lloyds TSB, or their general tendencies to give above-neutral questionnaire responses, rather than anything specifically related to the banking channels.)

Correlations were also computed, for each channel, between the brand personality attribute-group scores and the usability and brand relationship means. All the correlations on the absolute scores were highly significant. Correlations between the relative brand relationship means and all the relative brand personality group means were highly significant for Cashpoint, PhoneBank and PhoneBank *Express*. For the Branch these correlations were lower and less highly significant, ranging

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[2] Reasons for exclusion included attempting to insert the Cashpoint card upside down without noticing.

from 0.279 (brand relationship v. the *competent/dependable* group score; $p=0.031$) to 0.359 (brand relationship v. *personal* group; $p=0.005$). For the Internet service the relative brand relationship means were strongly correlated with the relative *personal* and *competent/dependable* scores (correlations 0.485 and 0.505 respectively, $p<0.001$ in each case), but not with the relative scores for the *modern/adventurous* group: here the correlation was only 0.275 ($p=0.033$). Correlations between the usability means and the relative brand personality group scores were all significant for the three automated channels, but for the Branch the usability scores were significantly correlated only with the *modern/adventurous* group (correlation 0.325, $p=0.011$) and the *competent/dependable* group (0.301, $p=0.020$), while for PhoneBank the nearest approach to a significant correlation was between usability and the *competent/dependable* group (correlation 0.248, $p=0.056$).

Considering the individual usability attributes, for Branch and PhoneBank the strongest correlations with the relative brand relationship and brand personality group scores occurred for *liked using*: the correlations of *efficient* and *easy to use* with relative brand relationship and brand personality were never more than moderately significant for the Branch, and all non-significant for PhoneBank. All the usability attributes had significant positive correlations with the relative brand personality and brand relationship means, and with some or all of the relative brand personality group means, for Cashpoint, PhoneBank *Express* and Internet, but the correlations with the *modern/adventurous* and *competent/dependable* groups for Cashpoint, and with the *personal* group for Internet, were less strong and were not all significant at the $p=0.05$ level.

6.10 Customers' Opinions on the Questionnaire Attributes

In the second part of the exit interview, participants were given a copy of the list of the antonym pairs used in the brand personality questionnaire, and were asked to score out any pairs that were inappropriate for describing a bank's personality, to add any further words that they considered appropriate, and then to select from the

resulting edited list the five most important attributes that a bank should have. The results are summarised in Table 6.19 (For ease of reference, the attributes are arranged here in the same order used in the charts (figures), and the "positive" word in each pair, as defined by the adjusted score polarities, is shown in bold; the version seen by participants, however, had the same random order as in the original questionnaires and had all words identically formatted.)

The "N inappr" column in Table 6.19 shows for each attribute the number of participants (out of 60) who marked it as inappropriate; the "N import" column shows the number of participants who included the attribute in their list of five most important attributes. Blank entries represent counts of 0. Where those giving a particular response constituted a majority of the 60 participants, the number is shown in bold.

As already mentioned, a majority of participants considered the following attributes inappropriate: *uptight/laid-back, masculine/feminine, frugal/extravagant, modest/arrogant*. Substantial minorities (20 or more participants) gave judgements of inappropriateness for *adventurous/unadventurous, reserved/outgoing* and *lazy/hardworking*.

The attributes receiving most votes as important attributes of a bank were *efficient, professional* and *helpful*, followed by *dependable, approachable* and *friendly*; it is noticeable that these all are in the *competent, accessible/personal* and *genuine* categories, and for all of them the Branch and PhoneBank yielded the highest scores in the experiment (tied with the Cashpoint in the case of *dependable*). Many of the attributes on which the Internet service scored highly were considered inappropriate by substantial minorities of participants; but *forward thinking* and *modern* (on which the Internet service had its highest scores and was well above the other channels) were generally thought appropriate and were placed in the top-five list by around 20% of the customer sample.

Attribute		N inappr	N import
backward looking	**forward thinking**	1	13
modern	old fashioned	1	11
adventurous	unadventurous	20	
open-minded	narrow-minded	17	1
unimaginative	**imaginative**	1	3
interesting	boring	17	
stylish	not stylish	13	
reserved	**outgoing**	22	
uptight	**laid-back**	40	
not confident	**confident**	7	3
unenthusiastic	**enthusiastic**	7	4
complacent	**not complacent**	9	2
lazy	**hardworking**	25	1
conscientious	not conscientious	4	11
not welcoming	**welcoming**		9
cheerful	gloomy	12	4
uncaring	**caring**	5	10
friendly	unfriendly		20
helpful	unhelpful		35
approachable	unapproachable		21
impatient	**patient**	6	2
sincere	insincere	5	5
genuine	not genuine	6	4
dependable	not dependable		29
unprofessional	**professional**		38
inconsistent	**consistent**	3	6
careless	**meticulous**	9	10
efficient	inefficient		49
rational	irrational	19	1
formal	informal	3	
masculine	feminine	45	
frugal	**extravagant**	34	1
modest	arrogant	37	

Table 6.19: Responses to Questions About Brand Relationship Attributes in Exit Interview

Twenty-three participants suggested additional words. The most common suggestions related to the security and speed of the bank's services ("secure", three participants; "speed" or "fast", two participants) and to the Bank's competence, trustworthiness and usefulness ("competent", two participants; "trustworthy", two participants; "useful", two participants); also two participants suggested "responsive".

6.11 General Discussion and Conclusions

6.11.1 Questionnaires

While the main aim of this experiment was to explore the brand personality and brand relationship impressions given by different Lloyds TSB banking channels, an

important subsidiary aim was to gather data on the characteristics of the brand personality questionnaire, measuring perceived personality traits of the Bank, and the brand relationship questionnaire measuring perceptions of the Bank's relationship with its customers. Since most of the data on the banking channels can be interpreted only in relation to an understanding of these questionnaires, the findings relating to the secondary aim will be discussed first.

The development of the questionnaires was informed by the existing literature on brand personality, and by the judgements of members of the research team as to what wordings (antonym pairs and Likert statements) might be appropriate to express aspects of the perceived personality of a bank. To these information sources the experiment added customer response data, which could be analysed in terms of correlations across attributes, and in terms of inter-channel and initial-to-channel differences. The experiment also provided information, gathered during the exit interview, as to customers' judgements of the appropriateness and importance of the personality attributes included in the brand personality questionnaire.

6.11.2 Correlations Across Questionnaires and Attributes

Responses to all the brand relationship attributes, and most of the brand personality attributes, were found to be strongly correlated with one another and (when the questionnaires referred to impressions from a particular banking channel) with the responses to the three-attribute usability questionnaire. This appears to indicate the existence of an overall favourableness dimension.

In the initial condition, where the questionnaires are completed before use of any of the banking channels and refer to the customer's overall perception of the Bank, this overall favourableness dimension seems likely to be a combination of the customer's attitude towards Lloyds TSB and the customer's general questionnaire response tendency - whereby some people will tend to give more favourable responses, or perhaps more extreme (less neutral) responses, to Likert and semantic differential

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questionnaire attributes than others, regardless of what the questionnaire refers to. In the per-channel responses, both these factors remain relevant, but there is also the customer's attitude to the particular channel, overlaid on the general and brand-related factors and possibly interacting with them. This channel-related factor can be further analysed into the customer's attitude to the *modality* of the channel - e.g. the fact that it is face-to-face or that it is over the Internet - and the customer's attitude to any particular design and implementation features within that modality. Since only one brand (Lloyds TSB) was considered in this experiment, the general-tendency and brand-attitude components of an overall favourableness cannot be distinguished: that would require an experiment in which the questionnaires were applied to two or more different brands.

Partial correlation analysis, controlling for the initial scores, yielded strong and significant positive correlations between different channels' scores on the brand personality questionnaire, and likewise on the brand relationship questionnaire. This provides evidence of a systematic difference between overall (initial) and channel-related perceptions of brand personality, which varies between customers and thus constitutes a dimension of inter-customer variation - some customers giving high scores across all the channels, and others giving low scores across all the channels, relative to what would be predicted from their initial scores.

Considering the responses to specific attributes in the questionnaires, some pairs of attributes were consistently more correlated than others, both in the absolute scores (initial and channel-related) and in the relative scores. In particular, the correlations (within any one context) within certain groups of brand personality attributes tended to be stronger than those between attributes in different groups, and this was reflected in the groupings emerging from factor analysis. One such coherent group contained the attributes in the predefined *accessible/personal* category plus *sincere*. Strong correlations also occurred within a group consisting of the *modern/adventurous* category plus *outgoing* and *enthusiastic*. The attribute *formal* was

unusual in that it sometimes had significant positive correlations with certain other attributes (e.g. *professional*), which would suggest that formality was part of a favourable brand personality impression, but it also had significant negative correlations in some contexts - particularly in the relative scores for PhoneBank and PhoneBank *Express* - with attributes such as *outgoing, cheerful, caring* and *friendly*, suggesting that in these contexts informality was perceived favourably. The other three *miscellaneous* attributes (*masculine, extravagant* and *modest)*, along with *laid-back*, were distinguished from all the other attributes by having neutral responses from more than 50% of the participants in the initial condition and for every channel. (This was perhaps related to the tendency for participants to judge these attributes inappropriate for describing a bank's personality.)

Correlations amongst all the brand relationship attributes were high generally, and no distinct groupings of attributes emerged within this questionnaire. This was reflected in the factor analysis results, with a single factor dominating the results - taken to represent the overall favourableness of the perception of the bank-to-customer relationship.

The three usability attributes were highly correlated together for each channel, with particularly strong correlations between *efficient* and *easy to use*. Correlations between usability scores and brand personality scores (brand personality and brand relationship) based on the same channel were less consistent, being stronger for some channels than for others. Specifically, the correlation between usability mean and *absolute* brand personality or absolute brand relationship mean was strongest for PhoneBank *Express*, and weakest for Branch and Internet, but the correlation between usability mean and *relative* brand personality or relative brand relationship mean (i.e. channel score minus initial score) was stronger for all the automated channels than for the two human-operated ones. The absolute score correlations could be largely due to the overall favourableness dimension, but the relative score results seem to indicate that brand personality impressions relate more strongly to

usability scores in the case of an automated service than for a human-operated one (where factors not measured by the usability questionnaire may contribute more strongly). However, the correlations between usability and relative brand personality scores for Internet banking (in particular) and for PhoneBank *Express* became considerably weaker when participants with below-neutral usability scores were excluded; this suggests that a large part of the usability element in brand personality perceptions for these channels is due to those users who experience severe usability problems, and for the remainder of users factors other than usability are perhaps more important. These results suggest evidence for the prediction HC_1 which suggested that the usability of a channel will significantly impact the participant's view of the brand, although further study is recommended.

6.11.3 Inter-Channel Differences

The previous section considered the correlations of some inter-customer variations, relative to the mean over the whole participant cohort for each questionnaire or attribute. The differences between the means for different channels are also of interest and are reviewed in this section.

Significant differences between channels were found for almost all the attributes in the brand personality questionnaire, and for all those in the brand relationship and usability questionnaires. A common feature was that PhoneBank *Express* was at or near the bottom of the range of channel means on all attributes (except for *formal*, whose polarity is questionable as mentioned above). The relative placings of the other channels varied between questionnaires, and between attributes especially in the brand personality questionnaire.

The inter-channel differences provided a clearer grouping of the brand personality attributes than any inter-customer differences. The *modern/adventurous* category plus *outgoing* all yielded higher scores for the Internet banking service than for all the other channels, and in most cases the differences were highly significant, while

differences amongst the remaining channels were mostly small and non-significant. The groupings in the remainder of the brand personality questionnaire were not quite so clear-cut, but a group consisting of the *accessible/personal* category plus *sincere* and *genuine* could be distinguished, on which the human-operated channels (Branch and PhoneBank) scored substantially higher than the three automated channels. A third group comprising the *competent* category plus *dependable* all placed PhoneBank *Express* below the other channels, with significant differences between PhoneBank *Express* and at least some of the rest, while differences amongst the other four channels were mostly smaller and less significant. Amongst the ten attributes not included in any of these groups, *hardworking* was a marginal candidate for addition to the second group, and *conscientious* for the second or third group; a possible fourth group consisted of *confident, enthusiastic* and *not complacent* (all placing Internet, Branch and PhoneBank close together at the top of the ranking), and the remaining attributes (*laid-back* and the *miscellaneous* attributes) showed little discrimination amongst the channels.

The brand relationship questionnaire produced a pattern of channel scores similar to that for the *competent* attributes in which PhoneBank *Express* was placed well below the other channels (and slightly below the initial condition) while differences amongst the other channels were relatively small. Variations on this pattern occurred for a few attributes, with Cashpoint scoring low on *treats as individual, values customers, treats customers unfairly* and *treats customers with respect,* and Internet also low on the last two of these, relative to Branch and PhoneBank, but PhoneBank *Express* remained consistently at the bottom of the ranking.

In the usability questionnaire, the relative scores for the channels on *liked using* were similar to those on the brand relationship questionnaire, though the gap between PhoneBank *Express* and the other channels was greater on this than on any of the brand relationship attributes (or indeed any of the brand personality attributes). The other two usability attributes, *efficient* and *easy to use,* yielded a different pattern,

with Branch, PhoneBank and Cashpoint all scoring highly and well above Internet, which in turn was well above PhoneBank *Express*. It is notable that this pattern was not reproduced in the brand personality and brand relationship responses (which tended to place Internet above Cashpoint), except on "Lloyds TSB offers straightforward banking" and, less clearly, on *consistent*; this supports the hypothesis that the channel-related brand personality questionnaires measure something different from the usability of the channel.

6.11.4 Participants' Comments and Conclusions

The exit interview provided information on the *appropriateness* and *importance* of the brand personality attributes included in the brand personality questionnaire, as perceived by the participating customers. This information can be taken into account, alongside the questionnaire response data, in drawing conclusions about the questionnaire.

Four of the 33 brand personality attributes were considered inappropriate for describing a bank's personality by more than half the participants: *laid-back/uptight, masculine/feminine, extravagant/frugal* and *modest/arrogant*. Only one participant placed one of these (*frugal*) in the list of five most important attributes of a bank. These therefore seem likely candidates for exclusion from future versions of the questionnaire.

Other attributes considered inappropriate by substantial numbers of participants (more than 25% of the sample of 60) were *adventurous/unadventurous, open-minded/narrow-minded, interesting/boring, outgoing/reserved, hardworking/lazy* and *rational/irrational*. None of these received more than one vote as an important characteristic of a bank. Four of these attributes were in the expanded *modern/adventurous* group, and so excluding them would reduce this group to four attributes - one of which, *stylish/not stylish*, was considered inappropriate by 13

participants and important by none, though the opinions expressed on the three remaining attributes were much more positive.

Three attributes were included in the list of five most important attributes by a majority of participants: *helpful, professional* and *efficient*. Also selected as important by more than 25% were *friendly, approachable* and *dependable*. None of the participants marked any of these six attributes as inappropriate. Three of the six are in the *personal* group, and the other three are in the *competent/dependable* group, reinforcing the importance of these broad aspects of brand personality in the minds of customers. Two attributes in the *modern/adventurous* group, *forward thinking* and *modern*, were also selected as important by substantial minorities (13 and 11 participants respectively).

On the whole, the attributes selected as important by more than one or two participants were rarely marked as inappropriate by the remainder, while those repeatedly marked as inappropriate received few if any votes as important attributes. This indicates a considerable degree of consensus amongst the participants. However, there were a few attributes showing a moderate level of polarisation, with some participants considering them important while others viewed them as inappropriate: in particular *meticulous/careless* (10 votes as important, 9 as inappropriate), *cheerful/gloomy* (4, 12), *caring/uncaring* (10, 5), *conscientious/not conscientious* (11, 4), *enthusiastic/unenthusiastic* (4, 7) and *sincere/insincere* (5, 5). This could indicate a division between those willing to associate a full range of human personality attributes with a bank and those considering this inappropriate, but the evidence from the data is not clear: participants marking large numbers of attributes as inappropriate had a fairly similar distribution of important-attribute votes to the remainder of the participant group.

Taking the exit interview responses together with the questionnaire response data, a possible revision of the brand personality questionnaire would be as shown in Table 6.20. All attributes judged inappropriate by 25% or more of the participants have been excluded, and those others marked as inappropriate by 10% or more are shown with question marks. The attribute *conscientious* has a question mark because it is not clear from the experiment data whether it belongs in the *personal* category or the *competent/dependable* category. Some additional attributes, based on participants' suggestions in the exit interview, are shown in the *competent/dependable* category; these also have question marks, since they are as yet untested. The whole of the fourth category is questionable, and it is not clear what its description should be if it is included; this could be a topic for further research.

Category	Attributes
modern	(01) forward thinking / backward looking (02) modern / old fashioned (05) imaginative / unimaginative ? (07) stylish / not stylish
personal	? (14) conscientious / not conscientious (15) welcoming / not welcoming ? (16) cheerful / gloomy (17) caring / uncaring (18) friendly / unfriendly (19) helpful / unhelpful (20) approachable / unapproachable ? (21) patient / impatient (22) sincere / insincere ? (23) genuine / not genuine
competent/dependable	(24) dependable / not dependable (25) professional / unprofessional (26) consistent / inconsistent ? (27) meticulous / careless (28) efficient / inefficient ? competent / incompetent ? trustworthy / untrustworthy ? security conscious / not security conscious
enthusiastic?	? (10) confident / not confident ? (11) enthusiastic / unenthusiastic ? (12) not complacent / complacent

Table 6.20: Possible Categories and Attributes in a Revised Brand Personality Questionnaire

The large numbers of attributes in the *personal* and *competent/dependable* categories in Table 6.20 reflect the fact that few of the existing attributes in these categories were

considered inappropriate, and the emphasis placed on these aspects of brand personality in participants' selection of important attributes and in their suggestions for additional words. The *modern* category received rather less support in the interview responses, but is still worth including.

6.11.5 *Banking Channels*

Considering each channel in turn, the results can be summarised as follows.

Branch: very high on usability; high on *personal* and *competent/dependable* personality traits and on bank-customer relationship (as measured by the brand relationship questionnaire); moderate on *modern/adventurous* traits.

Cashpoint: high on usability; fairly high on *competent/dependable* traits and bank-customer relationship; moderate on *modern/adventurous* and *personal* traits.

PhoneBank: high on usability; high on *personal* and *competent/dependable* personality traits and on bank-customer relationship; moderate on *modern/adventurous* traits.

PhoneBank Express: low on usability and on all aspects of brand personality and bank-customer relationship (but still above neutral).

Internet banking: fairly high on usability; high on *modern/adventurous* traits; fairly high on *competent/dependable* traits and bank-customer relationship; moderate on *personal* traits.

These results suggest evidence for rejection of the null hypothesis in favour of both HA_1 and HB_1. These predictions stated that there would be a significant difference between the brand personality and brand relationship scores for each banking channel and here PhoneBank *Express* is seen to reflect the brand significantly worse than the other channels which all vary on the personality traits and relationship scores.

6.12 Conclusions

This experiment has provided interesting information as to the performance of the brand personality and brand relationship questionnaires, across a range of contexts including both overall perceptions of the Lloyds TSB brand and the impressions given by a variety of specific banking channels. It has also provided indications as to which personality attributes customers consider inappropriate when applied to a bank, and which attributes they consider to be most important. These results will constitute useful input to further development of brand personality questionnaires. Three main groups of brand personality traits were identified, which can be summarised as (1) *modern/adventurous,* (2) *personal* and (3) *competent/dependable*. These were distinguished by the different ways in which they ranked and separated the channels - the Internet banking service being placed above the other channels on the first dimension, while the Branch and PhoneBank scored most highly on the second (especially) and the third, with PhoneBank *Express* lagging behind all the other channels especially on the second and third groups of attributes.

Many areas for further research can be identified. These include the refinement and further testing of the brand personality and brand relationship questionnaires, and the exploration of various factors (customer characteristics, channel characteristics, tasks, context of use and familiarity with the channel), which may have caused differences between the results obtained in the experiment and the corresponding perceptions of service usability and brand personality in real-world conditions. The issue of channel modality versus specific channel design features could also repay further investigation.

The findings of this experiment led to a revision of the brand personality questionnaire: 10 attributes, which were found to perform poorly or judged inappropriate by customers, were omitted, and two new attributes, suggested by participants in the experiment, were added. The resulting set of 25 brand

personality attributes, shown in Table 6.21 below, is recommended for research that further expands upon research with this brand.

In summary this chapter has examined the maintenance and growth of the relationship with the brand, showing how a robust measure of brand personality and brand relationship was created from an extensive literature review and tested. This research has investigated the consideration that two main elements can influence an individual's attitude to the brand; the personality of the brand and the interpersonal relationship between the two partners. The research here can conclude with confirmation that a brand's personality can be revealed by systematic observation of trait relevant behaviour. It has shown how the customer's perception of the brand relationship is modelled in terms of the traits that are inferred from its behaviour and actions towards the customer through their use of each banking distribution channel, highlighting how the style of personal interactions between the customer and the brand should be considered important.

Category	Attributes
modern	forward thinking / backward looking modern / old fashioned imaginative / unimaginative stylish / not stylish
enthusiastic	confident / not confident enthusiastic / unenthusiastic not complacent / complacent
personal	conscientious / not conscientious welcoming / not welcoming cheerful / gloomy caring / uncaring friendly / unfriendly helpful / unhelpful approachable / unapproachable patient / impatient sincere / insincere genuine / not genuine
competent/dependable	dependable / not dependable professional / unprofessional consistent / inconsistent meticulous / careless efficient / inefficient competent / incompetent trustworthy / untrustworthy security conscious / not security conscious

Table 6.21: Attributes in Revised Brand Personality Questionnaire

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Chapter Seven

Experimental Assessment of Customer Contact Strategies for Complaint Update Messages and Their Impact on the Customer-Brand Relationship

7.1 Introduction

This chapter investigates how the relationship with the company can be maintained and how deterioration and dissolution, the sequential stages of Levinger's (1983) relationship model, may be avoided when the customer has experienced a gap in service quality. This chapter details the results of an experiment designed to examine different customer contact strategies in a multi-channel approach to dealing with customer complaints. The work was carried out in the general context of a move towards a more 'integrated bank' and explored four contact channels, which are illustrated in Appendix 3.3:

- Mobile phone SMS messaging

- Messaging on ATM screens

- Internet Banking messaging (in the authenticated domain)

- Email messages

The experiment also examined the role of automated message generation in comparing customer reactions to generic messages versus complaint-specific messages as responses from the Bank.

The point of departure for this experiment stemmed from the principle that excellence in customer relations is paramount to good brand health for financial services institutions where

> "...it has been shown that good recovery from mistakes builds customer loyalty and increased profitability"(Armistead and Clark 1992)

Management of customer contact history, coupled with the management of customer complaint lifecycles and real time access to the progress and resolution of individual customer cases, can serve to facilitate and strengthen the two-way relationship between the customer and the brand.

Customer attitude to a brand can be heavily influenced by a company's approach to customer complaints and the company's performance in recovering from mistakes. Market research (Abu-Shakra and Clay, 2003) has shown that whilst satisfied customers will typically tell five other people how good their encounters were, dissatisfied customers will typically tell double that number about a bad service experience. Customers who experience positive recovery from a complaint will typically tell three other people about their experience - thereby becoming advocates of the company involved. Harnessing the power of word of mouth can therefore serve to promote brand value via advocacy. Effective recovery from a complaint can often result in customer loyalty being re-established at the same level as being right first-time with perfect service, whereas bad complaint resolution will only serve to reinforce a customer's bad impression and further instil the impression of inadequacy in the company

Whereas in the past people were 'more likely to get divorced than change their bank', the on-line world now allows much more flexibility and account agility such that customers are becoming more likely to change bank if something has gone wrong with their service. New technologies such as the Internet, now mean that seeking out the best quality products and services has become more accessible to customers (Abu-Shakra and Clay, 2003).

The experiment reported here sought to understand how the complaints acknowledgement and feedback / response loop to the customer, experienced after they have raised a complaint, might be managed more effectively and how customer relationships and customer communications can be maintained in a multi-

channel 'Integrated Bank'. The experiment deals with 'next generation' approaches to unified multi-channel interactions, complementing and extending the concepts of the Integrated Bank currently envisioned by the Bank in provision of a seamless continuum of interactions and transactions with the customer.

The flexible and well-integrated multi-channel options of communication that were examined in the research are ATM, mobile banking (SMS), Internet banking (messaging) and Email. Each messaging channel was used to reflect two styles of communication with the individual customer - to compare and contrast the benefits of generic recovery strategies, possibly generated by an automated message generator in response to a customer complaint, versus complaint-specific recovery strategies.

7.1.1 The Brand as Relationship Partner

The research in this experiment follows on from the previous chapter, which detailed how a brand's personality is perceived by witnessing its actions towards the customer. This research focuses on the brand as an active, contributing partner in the dyadic relationship that exists between the persona and the brand (Fournier, 1995). The customer's perception of the brand-as-a-partner can therefore be evaluated in terms of the traits that are inferred by the brand's perceived behaviour and actions, to include marketing decisions that are made such as advertising, customer relations in the tone of correspondence with the customer and the way in which service failures such as customer complaints are dealt with.

The brand relationship metric used in the research reported here is based on the detailed study of relevant brand relationship literature previously outlined and uses brand relationship questions derived from Lloyds TSB specific literature. This brand relationship metric had been used with great success in the previous experiment investigating brand personality and brand relationships for the Lloyds TSB brand as

portrayed through different distribution channels. The brand attributes incorporated in the metric as being salient for evaluating the customer-brand relationship have been proven in rigorous factor analysis. Experimental specific questions were added to this metric as with the ideology behind the usability likerts in this thesis.

7.1.2 Common Customer Complaints

Data from the Banking Code Standards Board (BCSB) 2001-2 show that the most common customer complaints raised were in the proportions of 51% about current accounts and payment systems, 20% about loans and overdrafts, 11% about deposit and savings accounts, 10% about cards (including credit cards and cash machines), 6% about other topics (including foreign exchange and basic accounts). The Banking Ombudsman Service, received 62,000 new complaints in 2002, a 44% increase on the figure for the previous year (BBC News 2003). The National Association of Bank and Insurance Customers (NABIC) recorded in 2003 that the most common gripe of customers is that they consider banking staff in general are 'arrogant and unhelpful if customers complain or query any product or service'. The top five complaints were - incorrect or duplicated entries on statements, cheques and transactions taking up to five days to clear (and customers incurring charges or bounced cheques because of this), excessively high charges on unauthorised overdrafts, branch closures, and call centre staff that are unhelpful and "only read from a script" (Guardian, 2003). The intent for the experiment reported here is to reflect a range of the most common customer complaints made to banks in a *'serious'* context – those in which the customer has suffered actual costs, either financial or emotional.

The most common reaction to unsatisfactory products and services is for the customer to do nothing - 60% of dissatisfied customers do nothing, showing that whilst dissatisfaction may be high, most people are reluctant to actually complain about it. Analysis has shown that there is only a low correlation (approximately 0.4)

between dissatisfaction and complaining (Oliver, 1981) and although dissatisfaction is not sufficient reason to make a complaint, it is likely to be one cause of complaints. One aim of the experiment reported here is therefore to question whether acknowledging the customer's dissatisfaction at an early enough stage serves to increase perceptions of the brand and serves to impacts positively on the customer-brand relationship.

It has been suggested that an important quality in keeping current customers is to show true commitment to a customer when a service failure occurs (McCole 2004). Hart et al (1990) has shown that by having recovery efforts in place even negative service encounters that have resulted in the customer perceiving a service failure by the company can be turned around. In this the existence of recovery efforts can increase positive attitudes towards the company.

Relationships between an organisation and its customer's breakdown for two distinct reasons (McCole, 2004); *unavoidable breakdown* occurs as a by-product of the customers life circumstances such as not being able to afford a service anymore, geographically not being able to use a service anymore, trading up or down from what the service can offer. It is difficult in these situations for the organisation to predict or pursue loss of these customers. In contrast, *avoidable breakdown* occurs as a reactionary response to the way an organisation has behaved towards its customers. The customer will begin to develop a negative perception of the brand if they perceive that the values it transmits are not reflective of valuing a relationship with its customers. Customers can format opinion based on whether they feel their needs are being adequately addressed by the company and whether when service failures occur they are managed effectively. Relationship breakdown can occur as reaction to negative service encounter experiences. These negative experiences can be perceived by customers as service failures and can include such things as failure to meet expectations, and inefficiencies of service.

In the financial domain Kennedy (1989) has identified the top five factors, outlined as influences over the customer's decision to switch banks. These are detailed in descending order of importance:

- Convenience of branch location

- Poor counter service

- Disrespectful staff attitudes

- Excessive questioning and hassles by staff

- Niggling penalties and charges

Complaints provide the benefit of allowing the company to see where it has room to improve services and products to the customer. The aim of any company should be to organise complaints effectively (Dunning et al, 2004). Most research to date on customer complaint handling has focused on dissatisfaction and the complaining issues themselves. Little attention has been paid to the preservation and repairing of relationships once a complainant has raised a complaint.

It has been demonstrated (Day et al, 1981) that if a consumption experience involves large financial expense, damage to property, personal injury or major inconvenience then the redress that the customer seeks is more pronounced. When things do go wrong in a customer's experience of a service and their expectations are not met, the customer has two ways of dealing with their experience; do nothing, or complain and seek some kind of redress (Smith et al, 1999). The experiment reported here concentrates on major financial complaints - complaints that would warrant both financial and emotional costs to the customer. In real life many customers choose to 'lump it' rather than voice a complaint when they have reason to be dissatisfied with the service they have received. The complaints examined in this experiment are therefore situations that the customer would feel that they needed to voice a complaint, as the associated costs have been high.

Organisations have four alternative options (Bies, 1987) in providing an adequate response to a complainant.

Excuse: an explanation, a reason that mitigates the offending company's responsibility.

Ideological account: the enterprise legitimises their actions by placing the complainant's experience in a wider context.

Referential account: This takes other people's experiences as reference points in an attempt to make the complainant's situation seem less serious, or provides reference that things in the service will be better in the future.

Social account: an apology that tries to suggest that the service failure is not representative of the usual service provided by the company. In order for such an apology to be effective it has been suggested that it has to fulfil two roles. Firstly, the content of the apology has to be adequate and it has to contain valid information of sufficient quantity and integrity. Secondly, the quality and style of the apology has to communicate interpersonal sensitivity. The communication style of the apology can also include the personal characteristics of the apologiser such as their credibility and sincerity, their role in the organisation can reflect that the complaint is being dealt with seriously and has come to the attention of an appropriate person.

> *".....apology , explanation and effort are three organisational response options that exert significant positive effects on complaint satisfaction and loyalty"* (Karatepe and Ekiz, 2004).

The experiment reported here therefore adopts two main variables between the complaints handling messages experienced by customers taking part - a generic message format and a complaint-specific message format. Both messages contain the same amount of information in that they both serve the purpose of simply

updating the customer on the status of their complaint and apologise for the inconvenience caused to the customer. However the integrity and interpersonal sensitivity of the messages are different. The complaint-specific message uses personal acknowledgement of the customer's name, and provides a named member of staff who would deal with the complaint; it also provides a time reference of when more correspondence towards a resolution of the complaint could be anticipated.

This experiment was unable to examine the idea of content design to any extent, as it would have been unwise to speculate on how the Bank would deal with individual complaints raised in specific circumstances. The experiment therefore concentrated on assessing the impact of message style on the brand relationship (Shapiro et al, 1994).

Within any service encounter mistakes, failures and complaints are inevitable (Babakus et al, 2003), therefore it is important in understanding customer satisfaction and customer-company relationships needs to find out what effect an organisation's responses to these failures have on satisfaction and brand loyalty. The experiment reported here concentrates on customer complaints that result from service failure.

Both the management and resolution of complaints are important if dissatisfied customers are to be transformed from unhappy, complaining customers, into satisfied and loyal customers (Johnston and Mehra, 2002). When customers have experienced a service failure, an effective recovery from the failure will actually result in improved loyalty and satisfaction (Smith and Bolton, 1998) although many complainants will remain dissatisfied with the way in which their complaint was handled (Johnston and Mehra, 2002). It is important to identify what communication and support an organisation can provide to the customer to allow them to re-evaluate the brand in the context of recovery from the failure. The impact

on the brand from poor complaint handling can be serious with such outcomes as negative word of mouth and permanent loss of customers (Kelley et al, 1993: Boshoff, 1997). There are some common ways that companies try to satisfy unhappy customers. These take the form of apologies, refunds, free gifts, company polices and procedures, increased employee effort and speedy response (Karatepe and Ekiz, 2004) a range of key facets have been defined (Johnston, 2001; Davidow, 2003) for effective responses for an organisation to pursue in managing complaints: apology, atonement, promptness, facilitation, explanation, attentiveness and effort.

Apology: an apology restores the equilibrium in the dyadic interaction between the company and the customer as it provides the customer with "psychological compensation" (Davidow, 2000) to show that the supplier recognises that the customer has been inconvenienced and that the customer is valued enough to have their issues listened to and resolved. Complaint satisfaction and repurchase intention are significantly correlated (Yavas et al , 2004) to apology, as well as word of mouth interaction, demonstrating that the aversion felt by a customer to the company after they have received unsatisfactory resolution to raising a complaint can indeed be alleviated by proper complaint management procedures centring on an apology.

Atonement: Complainants evaluate the company's response to their complaint on the basis of outcomes they receive in return. The general expectation of customers is to receive compensation for service failures and it has been shown that the higher the level of atonement from a company the greater the satisfaction that is felt by the customer (Davidow, 2000).

Promptness: Prompt replies to customer complaints are a key determinant to successful resolution and customer satisfaction (Johnston and Mehra, 2002). There is also evidence to suggest that positive word of mouth, advocacy by the customer, is an outcome of prompt recovery in service errors (Swanson and Kelley, 2001).

Facilitation: How the company supports customer complaints with its policies, procedures and tools it has implemented in order to recover from service failures and respond to its customer base are important (Davidow, 2000). Staff can be an important resource in reporting areas that the organisation could improve, as their point of contact with the customer is invaluable.

Explanation: Offering the customer acknowledgement of the organisation's accountability. When organisations provide explanation for their behaviour or service failures it provides the customer with more knowledge with which to rationalise their experience and enables them to understand why their experience may have deviated from their expectation. One difficulty found in larger businesses today is that front line staff in contact with the customer will sometimes fail to offer explanation because their training, scripting and the business hierarchy deliberately restrict this.

Attentiveness: Interactions between the front line staff of an organisation and the complainant are crucial for service recovery. The factors that good and attentive behaviour should demonstrate are respect, politeness, empathy and a willingness to listen in order for the complainant to gain satisfaction. The benefit of attentiveness to complaints is that it re-shapes the customer's perceptions and beliefs about the company to be more in line with the customer's expectations before they experienced the service failure.

Effort: This is reflected in the amount of energy an organisation puts into resolving a complaint for a customer. Many organisations place emphasis on customers in their mission statement, reflecting commitment to them as the main driving force and value behind the philosophy of the organisation. The clichéd "the customer is always right" reflects the general cultural emphasis placed on this as the expectation of effort in the banking sector in Britain.

Satisfaction and Loyalty: Complaint satisfaction, from a customer's point of view, can be defined as the customer's general feeling towards and organisation, which is formed as a result of how a company has handled a complaint (Davidow, 2000). Satisfied customers will demonstrate loyalty and positive word of mouth (Karatepe and Ekiz, 2004). Apology, explanation, and effort have been shown to have a significant positive effect on customer relationships and customer loyalty and promptness of response has a significant effect on complainant loyalty.

The most influential company response to a complaint is effort, which affects both satisfaction and loyalty. The more effort that front line staff are seen to be putting in to resolving a service failure the more likely they are to convert a dissatisfied customer into a satisfied and loyal customer.

> *"Providing personal apologies, accepting responsibility for the problem and putting a great amount of energy into trying to resolve the problem are effective organisational responses in satisfying complaints and retaining a pool of loyal customers"* (Karatepe and Ekiz, 2004).

7.2 Brand Relationship Metric

The term 'relationship' is used in everyday language to define a connection or association between two or more people or things. In terms of relationship marketing it has been defined as

> *"attracting, maintaining and....enhancing customer relationships"* (Berry, 1983)

To understand relationships and interactions, behavioural, affective and cognitive aspects have to be considered as properties of the customer-supplier dyad, and not as the properties of the individuals in isolation (Gummesson, 1997). Furthermore dyadic relationships exist in a social context so they can only really be fully understood with reference to that context. In the experiment reported here, the relationships that exist do so in a financial services context, therefore the organisation's responses can be evaluated as a dyadic interaction between the

customer and the Bank within the service encounter (Surprenant and Solomon, 1987)

Societal, cultural and family norms and values invariably shape an individual through the experiences they have while growing up. Individuals also do not exist in a vacuum - they operate as part of complex networks of interactions (on various levels) where individuals have relationships with individuals who in turn have relationships with other individuals. This has great importance in investigating customer attitudes to service failures and complaints procedures because the word of mouth behaviour that exists within these social networks can impact the brand.

The development of a relationship from its earliest stages is dependent on external factors such as proximity, physical attributes, similarity in attitudes, need compatibility and aspects of construct similarity and mutual understanding (Gross, 2003). Generally, relationships progress from an initial exchange between two parties to increasing levels of awareness and exchange between the parties, and then on to interdependence between the parties (Bejou, 1997). In this interdependence, the partners in the relationship must collectively affect, define and re-define the relationship (Hinde 1979).

The experiment reported here investigates whether this definition and re-definition of the relationship is impacted by a complaints handling procedure in which the behaviour of the brand is communicated within messages that are intended to rectify the attitude created by a service failure that the customer has experienced. A five-phased model has been identified (Dwyer et al, 1987) whereby the stages in a relationship have been outlined as awareness, exploration, expansion, commitment and dissolution. In this experiment the participant cohort relates to committed customers - existing customers of the Bank who have already formed a relationship with the brand.

Tactical considerations of how the brand should be communicated include the notion that "practical decisions have to be made not only on advertising but packaging, promotions, which events to associate with and the style of personal interactions between the customer and the brand" (Aaker, 1996b).

The experiment reported here aims to take those customers who have an existing relationship with Lloyds TSB and investigate the attributes that they feel reflect the brand values of their bank as stated in the company's mission statement, or 'Promise' to their customers. The 11 brand relationship statements that were proven as a valid metric in Chapter 6 were once again used here.

Since this experiment was designed to deal mainly with the initial contact between the Bank and the customer once the customer had cause to raise a complaint. It was therefore important that the communication medium and how it reflected on the Bank be measured. Message-related statements were therefore added to the metric:

- The message made me confident my issue was being dealt with
- The message was too abrupt
- The message was polite
- The message was inappropriate
- The message was informative
- The message was too brief
- The message was reassuring
- The message was irrelevant

The 19 attribute brand relationship questionnaire used in this experiment can be found in Appendix 3.2. The wordings, and hence polarities, of all the statements in the questionnaire (Likert format, 7-point response scale) were fixed and were designed to achieve a balance of positive and negative statements in an attempt to

minimise any bias due to the 'response acquiescence set' (previously discussed in the introduction to this thesis).

7.3 Experiment Design

The experiment was designed to assess the impact of different styles of complaint (update) messages and the impact of different messaging channels on customer perceptions of their relationship with the Lloyds TSB brand. The research involved a cohort of 96 Lloyds TSB customers as participants. In the scenarios of the experiment each participant experienced a randomised exposure to the four channels (SMS, Internet banking messaging, Email and ATM) and for each channel they experienced exposure to generic and complaint-specific messages about the complaint they had made (and for which they had already received a written response from the Bank). Examples of the generic and complaint specific update messages can be found in Appendix 3.3.

The hypotheses for this experiment were:

HA_0: There will be no statistically significant differences in brand relationship metrics of customer attitude towards the Bank based on the channel used for update messages.

HA_1: There will be a statistically significant difference between customer's brand relationship attitude metrics based on which channels used for update messages.

HB_0: There will be no statistically significant difference in brand relationship metrics between complaint-specific and generic messages

HB_1: There will be a statistically significant difference in brand relationship metrics between complaint- specific and generic messages.

The independent variables were: Channel (4 channels, SMS, IB messaging, ATM, Email), context (major complaint x 8) and message type (2 types, specific, generic)

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Participant - Gender (2 genders, balanced), age group (2 groups, balanced) these demographics are discussed in-depth in section 7.4.2. The dependent variables were: Responses to the attitude questionnaire, effect on perceived relationship to the brand based on experience with the complaint.

Participants were asked to take part in scenarios where they played the role of a complaining customer. The tasks used in the experiment were designed to avoid any uncertainty in the need for complaint on the part for the participant. In each case, the service failure had been an inconvenience to the customer. The customer therefore receives an apology and the Bank declares that they are going to put effort into a resolution of the complaint. The customer receives the update in acknowledgment of receipt of raising their complaint ensuring that effort, promptness and attentiveness are addressed by the complaint handling messages in this experiment. Explanation is not addressed in this experiment because the intention of the update messages is not to resolve the complaint for the customer but to provide adequate reassurance to the customer that the matter is being dealt with. Satisfaction and loyalty are assessed by the brand relationship questionnaire and also are further investigated in the exit questionnaire.

For the purposes of the experiment reported here, it is recognised that the types of customer complaints that occur within the banking sector will vary enormously; therefore these different types of grievance were reflected in the experiment, focussing on complaints in which the customer has actually suffered financially and may have suffered emotional upset and stress caused by the Bank. The levels of grievance considered were selected as those, which had the potential for the Bank to lose the customer and referred to the financial ombudsman service.

To ensure that all the complaints in the experiment scenarios reflected the same 'feelings' for participants, they were asked to rate the complaint in terms of its 'seriousness' for them. The intention here was to ensure that participants perceived

all of the complaints as being of equal severity. It was recognised that some participants might relate to some complaints scenarios differently from others due to personal experience and for this reason all complaints were randomised between each channel during the experiment.

In the experiment, the complaint handling response centred on the following basic principles:

- Customer complaints should be answered quickly
- Customer complaints should be answered with as few employees as possible
- Issues should be resolved in a timeframe that is perceived as reasonable to the customer
- The customer must have a high level of confidence that their complaints will be professionally addressed - therefore, the style of message presentation is extremely important.

Participants were grouped according to age and gender, and additional demographic (and technographic) data were collected including banking channel preferences. During their sessions, each participant therefore played their role in a total of eight scenarios, experiencing both generic and context-specific message styles in each of the four communication channels. The range of data collected during the experiment include:

- Demographic and technographic characteristic of participants (age, gender, Internet usage, mobile phone usage, ATM usage)
- Attitude response to their relationship with the brand per channel / complaint / response (brand relationship questionnaire)
- Quality rating, comparing messages types / channels on a linear scale (best to worst)
- Preferences (implied from quality rating: best, equal, worst)

- Debriefing one-on-one interview responses, qualitative comments about the complaints handling variants experienced in the experiment.

The experiment sessions took approximately 60 minutes per participant and took place in a research laboratory facility.

The realisation of each of the four channels examined in this experiment adhered to the same 'look and feel' for experiment control purposes. To this end, no branding was used in the message screen displays so that the communication would be perceived as a message rather than a letter. In addition, no graphics were used since this may have distracted attention away from the content of the message itself.

7.4 Experiment Procedure

Volunteer customers were contacted by telephone and invited to attend the research laboratories at a timetabled slot to take part in their experiment session. During recruitment each customer was asked if they had experience of using the Internet and how often they used it - to check that they were computer/ technology 'savvy' and also that they had some understanding of Internet banking and the services that are currently provided online for customers.

At the outset, participants were welcomed to the research suite and given minimal priming before the session began.

In the experiment, attitudinal responses were taken after exposure to each message type and each messaging channel (eight sets of attitudinal data). To avoid order effects in the experiment, participants experienced a randomised exposure to each channel. The generic and complaint-specific message types were randomly displayed on the channel they had been assigned to so that each participant experienced both messages over the same channel in succession, before moving on

to their next channel. This allowed participants to comparatively judge each message type over the same channel and also allowed for two simultaneous participant sessions per hourly slot (there was only one ATM available for the experiment.)

The experimental procedure is summarised below in the following standardised blueprint of the sessions:

- Participant induction. [5 minutes]
  - Researcher greets participant
  - Outlines plan for session as executing a banking task on four channels (Internet banking, Mobile phone, Email and the ATM) and asks them to consider the complaints handling procedures used on each channel.
  - Asks participant demographics which get them thinking about the complaints they have raised in the past
  - Affirms the aim is to seek participant views and attitudes, re-assures that this is not a test of the participant
- First task and questionnaire set [5 minutes]
- [Take participant to their first banking channel]
- Introduces the first complaint scenario to the participant, which is standardised as a recent letter to the Bank "written by the customer". Participant is asked to assume the role of this customer.
- Asks participant to rate the seriousness of the complaint.
- Allows participant to review the bank's response message
- Brand relationship attitude questionnaire [BP1A]
- Second task and questionnaire set [5 minutes]
- [Stay on same channel]
- Introduces a new complaint scenario (letter) to the participant and asks them to assume the role of a second customer

- Asks participant to rate the seriousness of the complaint

- Allows participant to review the bank's response message

- Brand relationship attitude questionnaire [BP1B]

- Third task and questionnaire set [5 minutes]

- [Take customer to their second channel]

- Introduces a new complaint scenario (letter) to the participant and asks them to assume the role of a third customer

- Asks participant to rate the seriousness of the complaint

- Allows participant to review the bank's response message

- Brand relationship attitude questionnaire [BP2A]

- Fourth task and questionnaire set [5 minutes]

- [Stay on same channel]

- Introduces a new complaint scenario (letter) to the participant and asks them to assume the role of a fourth customer

- Asks participant to rate the seriousness of the complaint

- Allows participant to review the bank's response message

- Brand relationship attitude questionnaire [BP2B]

- Fifth task and questionnaire set [5 minutes]

- [Take customer to their third channel]

- Introduces a new complaint scenario (letter) to the participant and asks them to assume the role of a fifth customer

- Asks participant to rate the seriousness of the complaint

- Allows participant to review the bank's response message

- Brand relationship attitude questionnaire [BP3A]

- Sixth task and questionnaire set [5 minutes]

- [Stay on the same channel]

- Introduces a new complaint scenario (letter) to the participant and asks them to assume the role of a sixth customer

- Asks participant to rate the seriousness of the complaint

- Allows participant to review the bank's response message

- Brand relationship attitude questionnaire [BP3B]

- Seventh task and questionnaire set [5 minutes]

- [Take customer to their fourth channel]

- Introduces a new complaint scenario (letter) to the participant and asks them to assume the role of a fourth customer

- Asks participant to rate the seriousness of the complaint

- Allows participant to review the bank's response message

- Brand relationship attitude questionnaire [BP4A]

- Eighth task and questionnaire set [5 minutes]

- Stay on the same channel

- Introduces a new complaint scenario (letter) to the participant and ask them to assume the role of a fourth customer

- Ask participant to rate the seriousness of the complaint

- Allow participant to review the bank's response message

- Brand relationship attitude questionnaire [BP4B]

- One-on-one exit questionnaire [10 minutes]

- Participant receives honorarium

7.4.1 Severity of Complaints Scenarios Used

A bundle of eight complaint scenarios were used in the experiment (Appendix 3.1). The complaint scenarios were randomised between each channel and each message type. Participants were asked to rate each complaint scenario in terms of how serious they thought it was on a scale of 1-10 (1 not serious, 10 very serious). Pearson's correlation tests confirm that the complaint severity judgement scores are independent of the mean brand personality scores derived overall for each complaint in the experiment.

7.4.2 Demographic Characteristics of the Cohort

The questionnaire profiled participants' key demographic and technographic characteristics. The distribution of age and gender was key to all subsequent analysis.

A total of 96 Lloyds TSB customers participated in this experiment. There were 42 participants aged under 35 and 54 participants aged over 35, a closed fit to the planned-for balance of 50:50 (+/- 5%).

There were 49 male participants in this sample and 47 female participants, which can be considered as being adequate as an almost equal split.

The majority of this cohort of participants (49%) uses the Internet on a daily basis, 21% use it two to three times a week, 10% weekly, 17% monthly. There were three participants who claimed they never use the Internet, however they were accepted as being valid participants since they were judged by the researchers involved to be computer 'savvy' and had used the Internet at some point in the past.

The majority of participants in this experiment (89%) use a mobile phone. Of these 51% use their mobile phone more than once a day, 25% use it on a daily basis, 15% use it two to three times a week, 8% weekly and 1% only on a monthly basis.

98% of participants use an ATM. Of these 6% use an ATM on a daily basis, 44% use it two to three times a week, 39% use one weekly and 11% on a monthly basis. There was no significant relationship found between ATM usage and age ($p=0.208$) or between ATM usage and gender ($p=0.162$).

70 % of participants had experience of raising complaints in the past – although not always to the bank in question (Lloyds TSB). The majority of complaints voluntarily

detailed by participants were concerned with both service and product complaints. No relationships were found between whether participants had experience of complaining to a company and age (chi-square test, $p=0.889$), or gender ($p=0.721$).

The demographics questionnaire asked customers whether they had any experience of complaints in the past, what these were, how they made them feel, how any complaints were dealt with, and how they thought this affected subsequent relationships with the business. Examples of service complaints included banking charges, the late running of trains and services that were employed to fix, repair or replace a product that had broken. The running theme throughout service complaints was that participants had a perception of what constituted a good service based on previous experience with other companies or even within the same company. When the reality did not meet with their expectations they felt strongly enough to vocalise their sentiments and indeed claim compensation or at least re-gain the service they felt they should have been given in the first place.

The expectations associated with purchase behaviour elicit much the same responses, in that if customer expectations are not met then customers perceive the cost/ benefit trade off as being much less in their favour. Participants' comments reflected an awareness of their rights and also what competitors' products are able to offer. Many participants commented that if they received poor service and/ or poor products they would be more likely to complain if advertising had already shaped their expectations - for example three customers commented that they had complained about their holiday accommodation, as it was not reflective of what had been advertised in the brochures.

When customers are made to feel uncomfortable in raising a complaint, their annoyance and (in turn) frustration escalates. Many customers voiced the anger that they felt at the time towards the company and some even stated that they now feel *"hatred"* towards the company involved. Some customers stated that they felt empowered by complaining and *"standing up for themselves"* to a *"faceless"* big

business. Other participants stated that they really disliked complaining as they found that often it involved too much effort and emotional upset for little return.

The perceived imbalance in the reciprocity of the relationship between the customer and supplier (product or service) was apparent in most responses. This was demonstrated in participants' comments on how difficult it was to have the supplier listen to them, the cost to them of making the complaint, and then the further emotional costs associated with *"fighting"* to rectify a complaint. The costs that participants associated with the need to make a complaint include money spent, time lost away from the workplace, time in waiting for deliveries and repairs, cost associated with replacing the poor service/ product, cost of the mental and emotional effort associated with the *"hassle"* of raising a complaint and the worry in its outcome. Words listed by participants to explain how having to raise a complaint made them feel included angry, upset, furious, not comfortable, nervous, wound up, frustrated, empowered.

The majority of participants reported that their complaint had been dealt with in a satisfactory manner with 58% happy; while 42% were left feeling unhappy at the way their complaint had been dealt with. There were no relationships found between customers being satisfied with the outcome of their complaint as a factor of age (chi-square test, $p=0.818$), or gender ($p=0.649$).

Interestingly here, there was a divide in satisfaction between those consumers who had complained about a product or a service. Those participants, who had made a service-related complaint such as a banking error/ charge or a travel complaint with a big company, were typically satisfied with the outcome of their complaint. In this participants identified that the result of their satisfied attitude towards the complaint was due to apology in the first instance and then monetary compensation. Participants who had made a bank-related complaint in their

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illustrative example were satisfied because they had received their money back plus £25 to £50 credit by way of apology, or a crate of wine in one instance.

In contrast, those participants who had illustrated the example with a product-related complaint felt little satisfaction in the outcome. Most of them commented that the issue had never been resolved, was on-going or had been highly unsatisfactory. Some participants explained the treatment that they had encountered by the 'complaint support' staff had been rude or the company had *"not believed"* them.

Many participants who were dissatisfied with the way, in which their complaint was dealt with, mentioned temporal inefficiency of dealing with the complaint as a key factor.

> *"I did not get a reply on my complaint and it is six weeks ago"*

> *"They refused to accept responsibility. Three years later they finally tested the equipment and found out that they were liable after considerable time and cost to me."*

> *"Eventually I got my money back - but it took a long time."*

Interestingly those participants who had been satisfied did not mention efficiency as a factor behind their satisfaction.

One of the most characteristic aspects of those customers, who have made a complaint at some point, was their persistency.

> *"They sent more people to research the problem, it was resolved and they paid. It took more than a year but it was worth it in the end."*

Some participants were reflective in the way they responded to this question. They seemed to distance the responsibility of the customer service representative from

the company's behaviour. A few acknowledging that the fault and reason they were complaining in the first instance was not due to the staff.

> "The people of the company are very friendly. They believed me that it did not arrive and checked it but the result is still not good. It is still not resolved"

However in stark contrast to this, were some participants who voiced that the incompetence, or rudeness, or lack of knowledge of those in customer service only added to the complaint.

> "I got very mixed information from different bank employees which gave me the impression no one knew what was going on. It really angered me and made it even more frustrating. In the end they still charged me."

There was a notable difference in how the process of complaining had made participants feel, based again on whether they had experience of making a service-related or product-related complaint, the costs they had incurred and the effort the company had made in resolving their complaint. Where customers had a long running relationship with a company and the complaint had been a one off 'glitch' in their usual expectations then they voiced that they were willing to forgive if the resolution had been satisfactory.

> "I still feel OK because everything else has been dealt with fine"
> "It was a decent thing to recognise their mistake and to act on it. I feel slightly more confident towards then than before"

If the participant had a long relationship with the company and their complaint had not been resolved adequately then they felt 'betrayed' and very negative to the company.

> "Quite bad. I would never use them again. It would not recommend them to anyone. When my partner and I talk about it now, we still feel angry."

This type of sentiment was also reflected in those customers who had invested a lot of money into a product such as double-glazing or insurance. If the product had not

been satisfactory and the cost of it had been high then again words such as 'hatred' and 'negative' were used in explaining feeling towards them.

"Very negative. I would discourage anyone of going to them"

"I hate them and I am thinking about seeking legal advice."

Two notable outcomes of participants having to raise complaints and receiving an unsatisfactory outcome were firstly, altering their behaviour in the future, and secondly, influencing others to not use the service/ product again. One participant stated that she would now be *"Unsure now whether to trust Internet shopping"* due to her experience of the delivery of her product. Another participant said that they would alter their behaviour in the future

"I am pretty angry and I will change my breakdown company when the contract runs out"

Some participants wanted to influence the decisions of others in their behaviour towards a company in making sure they *"spread the word"* of how badly they perceived the treatment of their complaint.

"Very negative. I would discourage anyone of going to them"

Most participants (63%) felt that having to raise a complaint had not (or would not) damage their relationship with the company. A significant effect was however found ($p=0.030$) between participants who had made complaints and those who thought raising a complaint damaged their relationship with the company - the majority of those who had no experience of raising a complaint felt that if they did have to raise a complaint in the future it would not necessarily have to damage their relationship with the company. On the other hand those participants who had experience of raising a complaint were much more split in their opinions of the damage caused to their relationship with the company. No significant effect was found ($p=0.111$) between participants who had made complaints and were satisfied

with their outcome and whether they thought that raising a complaint had damaged their relationship with the company.

Many answers offered on this topic serve to illustrate that the relationship between the company and the customer was affected more by how the company handled the complaint rather than by the customer having to make the complaint in the first place, identifying the "relationship" and "bond" that the customer may feel for the product/ service.

> "It demonstrates the strength of your feelings. It can strengthen the relationship with the company if they handle it well. It can be a very positive opportunity for the company"

> "Even a bad customer experience can be turned around by the company so that the relationship becomes stronger"

Many participants felt that even if the relationship is damaged with one customer the complaint itself may still be a beneficial learning experience for the company as the customer is pointing out an area to the company that they should improve on to better themselves for the benefit of others.

> "You are probably pointing out something to their benefit in some cases."

> "I feel I have the right to complain. It shouldn't affect them or me"

7.5 Brand Relationship Data

A brand relationship questionnaire was completed by participants after each message to measure the impact on the their relationship with the brand produced by the different message styles and the different channels. In the questionnaire, the 'tag line' used in each case related to the complaints message they had just experienced "I'd now like you to think about the type of message you received in response to your complaint"

The 'message-related' attributes of brand relationship metric dealt with in the questionnaire are: confidence in the issue was being dealt with, the message's abruptness, the politeness of the message, whether the message was inappropriate, whether the message was informative, or too brief, or if it was reassuring, or felt that its content was irrelevant

The more 'personal' attributes of brand relationship metric dealt with in the questionnaire are: whether the participant felt that the bank is out of touch with its customers, whether they were made to feel that they were being treated as an individual, whether they were made to feel that the bank understands their banking needs, whether they were made to feel that the bank acts in their best interests, whether they felt that the bank treats its customers with respect.

The 'quality of relationship' attributes of brand relationship metric dealt with in the questionnaire are: whether the customer felt they were put in control, whether they found the bank patronising towards its customers, or if they felt that the bank values it customers, whether they feel that the bank offers straightforward banking, or if they felt that the bank treats its customers fairly, and if they felt that the bank offers a high quality service based on their experience of the message they received.

Table 7.1 shows the mean overall attitude score on the brand relationship attributes derived from experiencing the complaints messages on each channel. On the Internet banking channel was 4.58 (7-point response scale), slightly lower for SMS and Email (both at 4.43) and lower still for the ATM channel (4.14) The ATM channel scores poorly in terms of preserving brand relationship in these complaints messages compared to the other three channels. A repeated measures analysis of variance (ANOVA) shows that there is a highly significant main effect in the differences between mean brand relationship scores across the four channels ($p < 0.001$). Pair-wise comparisons of the brand relationship mean scores reveals that there is no significant difference between effects on the SMS, Email and Internet

banking channels. The score for the ATM channel is highly significantly lower than that for Email ($p<0.001$), Internet banking ($p<0.001$) and SMS ($p<0.001$).

Message Channel	Mean Brand Relationship Score (7-point scale)
Internet banking	4.58
SMS	4.43
Email	4.43
ATM	4.14

Table 7.1: Mean scores on the Brand Relationship Attributes Over Each Channel

In terms of message type, complaint-specific messages (mean= 4.89) are rated higher in terms of preserving brand relationship in comparison to generic messages (mean= 3.90) and this is a highly significant result ($p<0.001$). No between-subjects or within-subject effects are evident for these overall mean results.

Figure 7.1 shows the mean brand attribute scores for each of the four channels when pooled over message type (complaint-specific or generic). Analysis on the pair-wise comparisons between these four channels was conducted. Pair-wise analysis between ATM and Email channels reveals that there is a significant difference ($p<0.05$) in scores for five of the brand attributes with Email scoring higher for brand relationship attributes dealing with being *reassuring, in touch, treats as an individual, straightforward banking* and *high quality of service.* Email also scored highly significantly better then the ATM channel on a further ten attributes exhibiting a highly significant difference ($p<0.01$) for being *not abrupt, polite, appropriate, not overly brief, relevant, best interests, treats with respect, not patronising, values its customers, treats customers fairly.*

There were no significant differences found between the ATM and Email for *confident, informative, understand needs* and *puts customers in control.*

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The difference in brand relationship scores between ATM and Internet banking is particularly stark with all nineteen attributes yielding a significant difference, sixteen of which are highly significant ($p< 0.01$) in favour of the Internet channel. The other three attributes, *understands needs, straightforward banking and treats customers fairly* were significant at $p< 0.05$.

Pair-wise analysis between the brand relationship scores for SMS over the ATM channel was conducted. This reveals a highly significant difference ($p<0.01$) between eight of the scores, *appropriate, not overly brief, reassuring, relevant, treats as an individual, not patronising, values its customers* and *provides a high quality of service*, with a further four separated by a significant difference ($p<0.05$), *in touch, understands needs, straightforward banking, treats fairly*.

For those pair-wise comparisons not involving the ATM channel, there are fewer statistical differences in the mean scores. The differences between Email and Internet banking was revealed, with the difference in the attribute of *in control* being highly significant ($p<0.01$) – participants felt significantly more in control using Internet banking than Email. A further three attributes are significantly different ($p<0.05$) with higher scores shown for Internet banking; *confident, informative* and *treats the customer as an individual*.

A comparison between Email and SMS reveals that Email messages are viewed as more *polite* than equivalent messages delivered via SMS (highly significant, $p<0.01$).

The differences between Internet Banking and SMS were revealed, where two attributes are significantly higher for Internet banking - *best interests* and *treats customers with respect* and a further two attributes are highly significantly different ($p<0.01$), again higher for Internet banking - *polite* and *informative*.
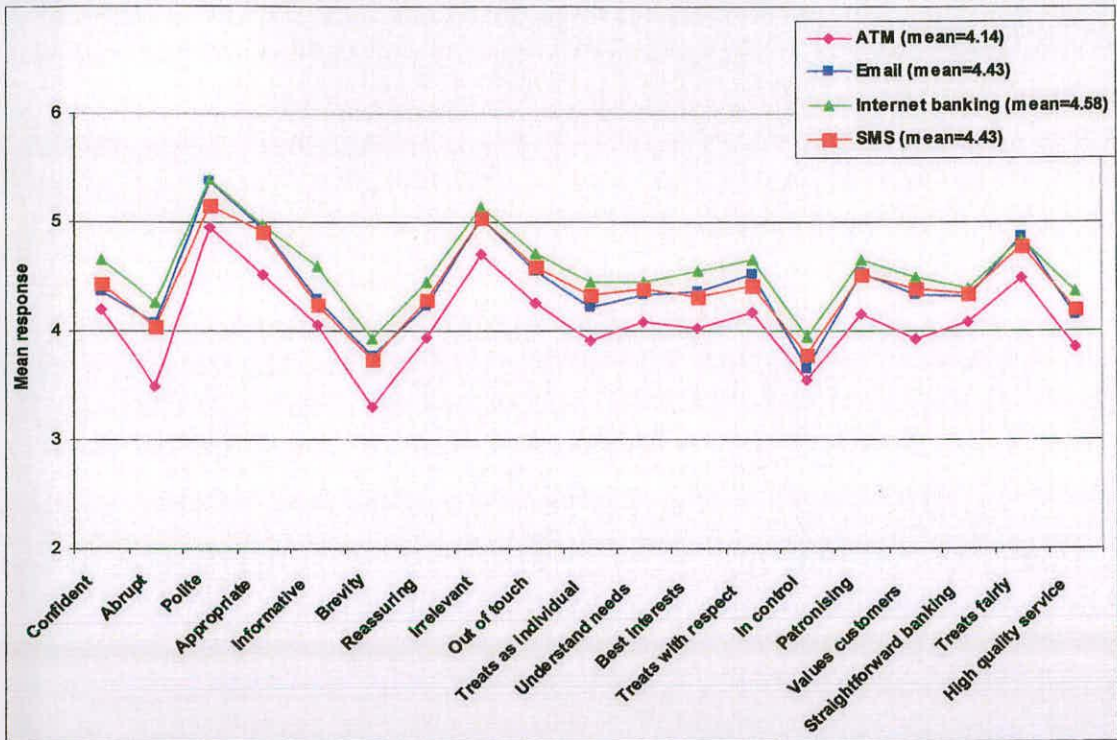
Figure 7.1 Brand Relationship Attributes For Each Channel
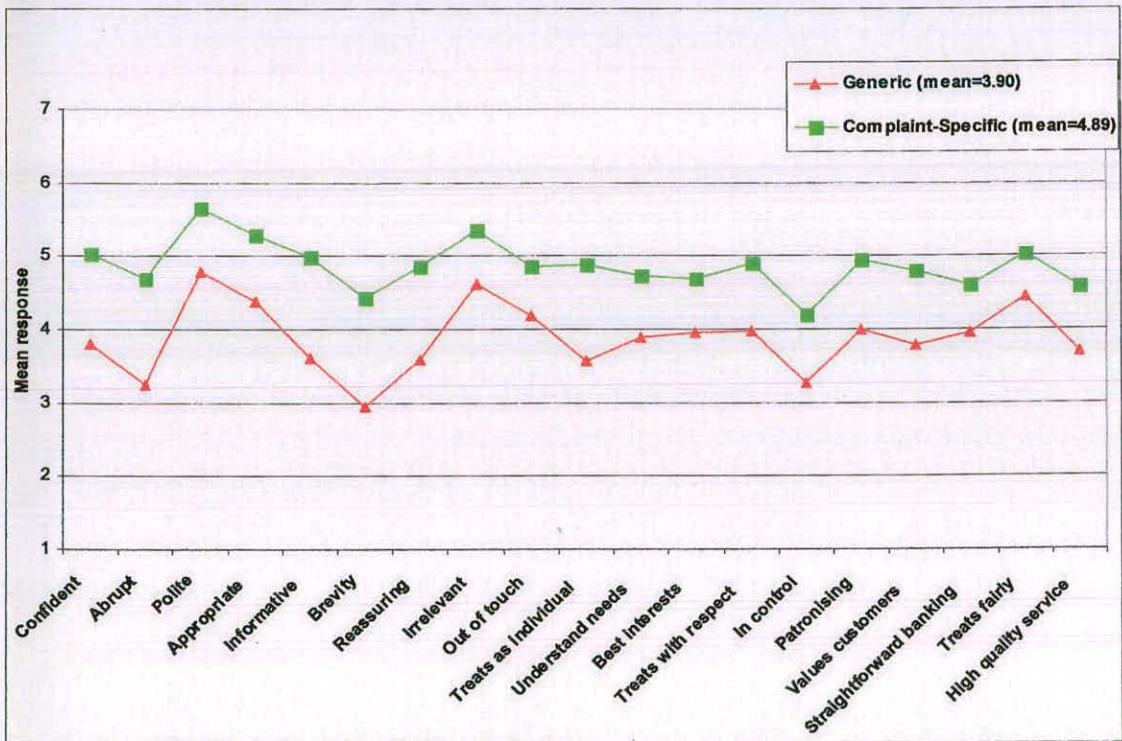

Figure 7.2: Brand Relationship Attributes Overall By Message Type

Figure 7.2 shows the scores for complaint-specific and generic messages averaged over the four channels. All nineteen attributes show a highly significant difference ($p<0.01$) in favour of complaint-specific messages.

Figure 7.3 through Figure 7.6 show the effect of message type for each of the four channels separately. Extending the findings above, it is clear that message type has equal impact across each channel with all attributes showing highly significant differences (with the exception of *treats customers fairly* for SMS ($p=0.013$).
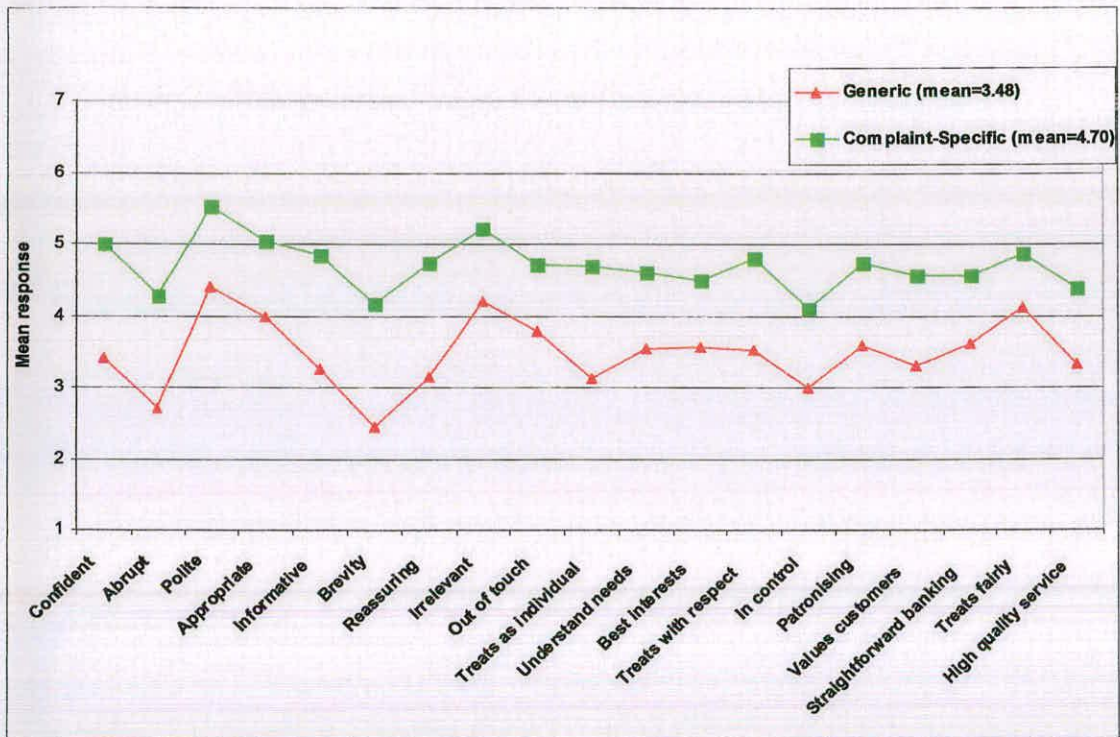
Figure 7.3: Brand Relationship Attributes by ATM (by message type)
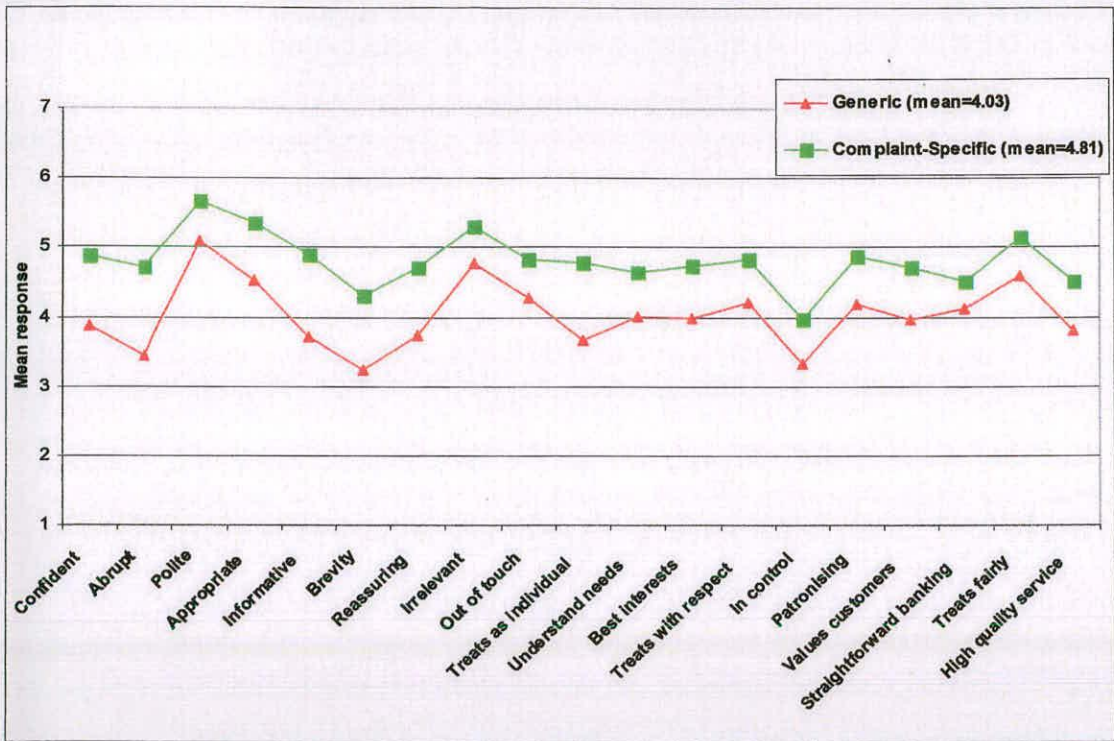
Figure 7.4: Brand Relationship Attributes for Email (by message type)
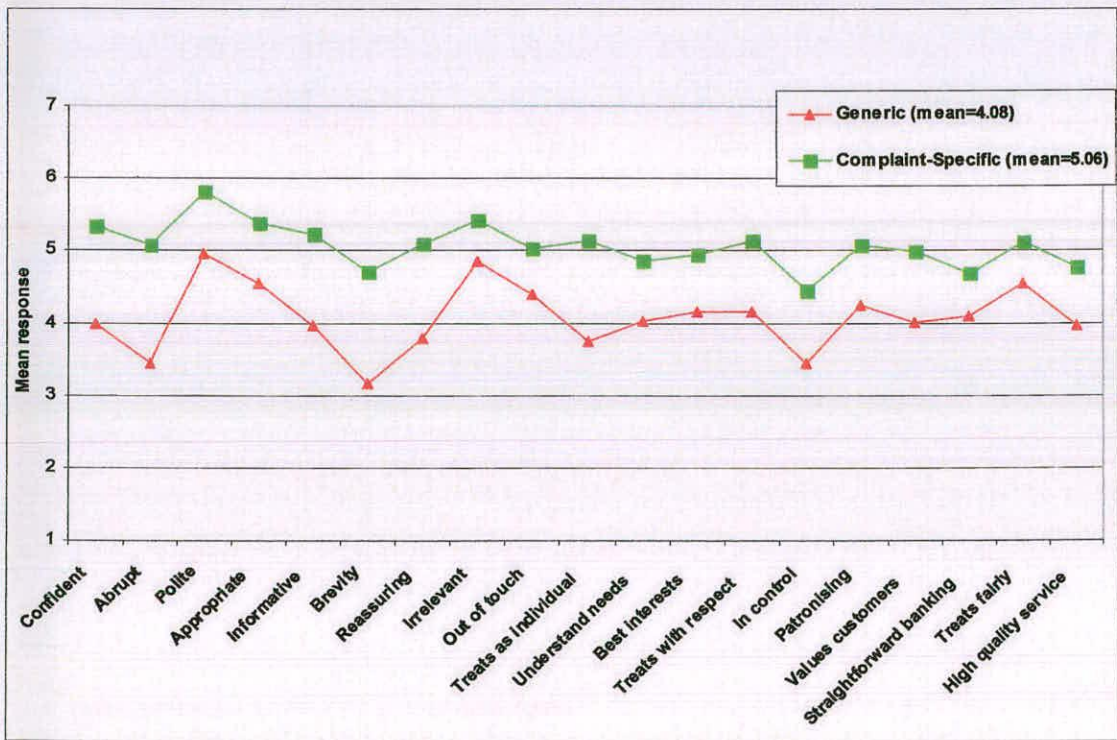
Figure 7.5: Brand Relationship Attributes for Internet Banking (by message type)
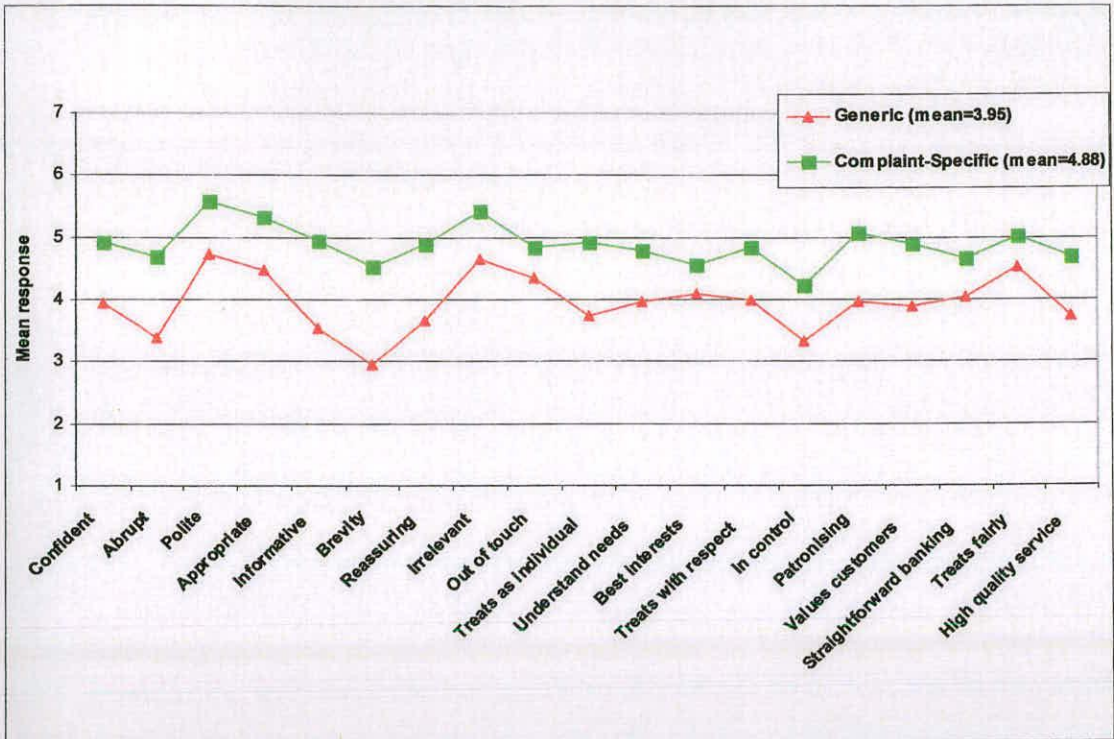
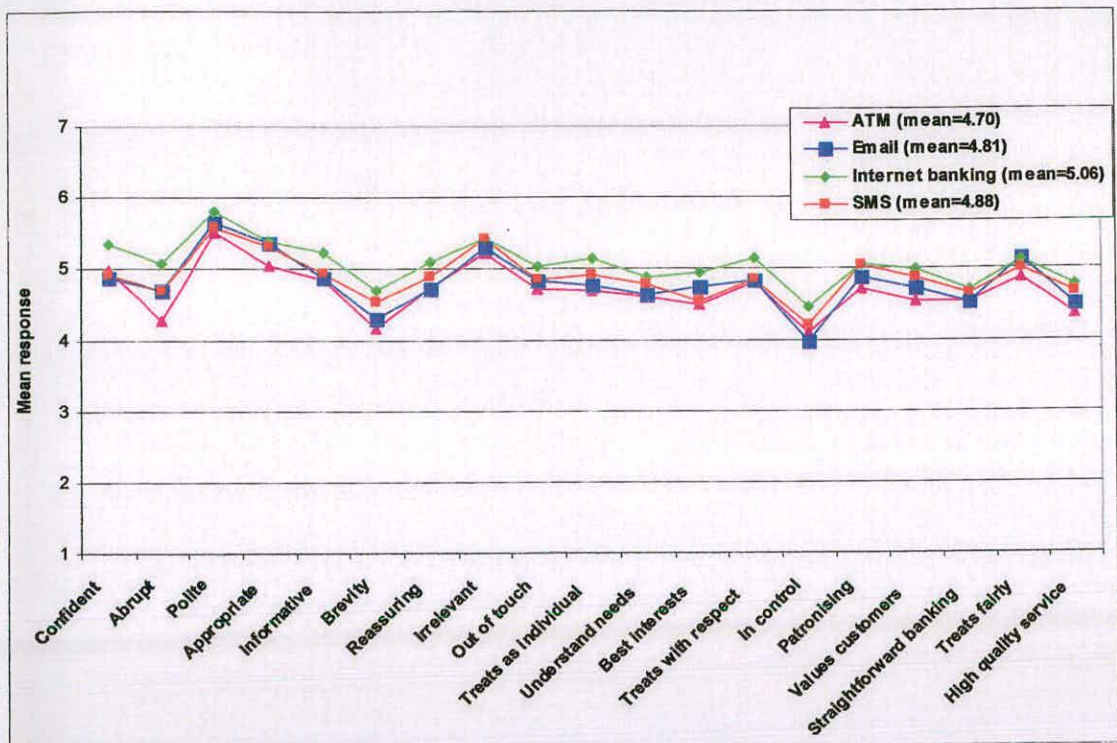**Figure 7.6: Brand Relationship Attributes for SMS (by message type)**
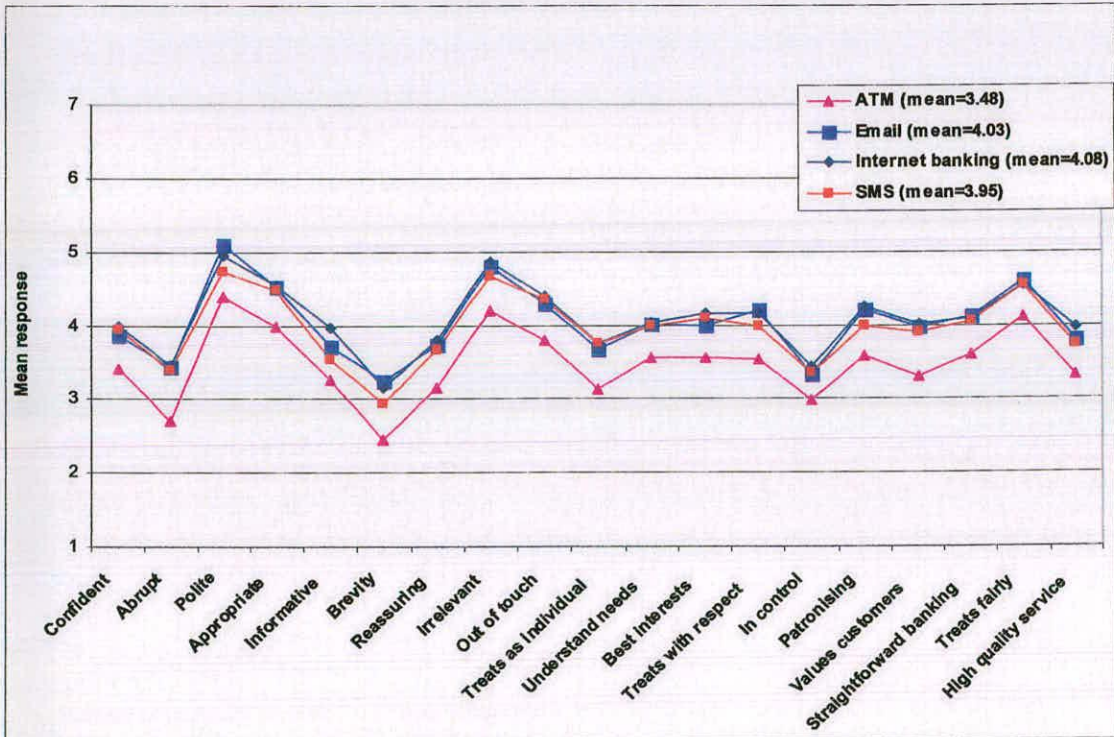
Figure 7.7: Brand Relationship Attributes for generic messages (by channel)

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Figure 7.8: Brand Relationship Attributes for Complaint-Specific Messages (by channel)

Figure 7.7 illustrates the responses for all four channels when the message type is generic. The channels of SMS, Email and Internet banking all yield similar scores for brand relationship while the ATM channel yields lower scores on every attribute. This may be because the generic message may be considered inappropriate for such a public display where other queuing customers may be able to view the information. At a glance this message may seem too curt and abrupt for bystanders to invade on, whereas in a complaint-specific scenario on the ATM there is enough information for bystanders to visually eavesdrop on and maybe even sympathise with. Figure 7.8 shows the equivalent graph for complaint-specific messages. Again the scores are similar across channels, with ATM being slightly lower in scores across all attributes, except in control where the score dips for the Email channel. These charts show that the difference in response across channels for generic messages is larger than that for complaint-specific messages.

Pair-wise comparisons for each channel pair was conducted for both message types. There is a significant difference between the overall means ($p<0.001$) between ATM and Email channels for generic messages. All but one of the attributes, *in control*, is significantly lower for the ATM and fourteen of these attributes are highly significantly depressed. Correspondingly, there is no significant difference between the overall means for complaint-specific messages. Only one attribute, *abrupt*, is significantly different with lower scores being given to the ATM channel for this attribute.

There is a similar pattern for ATM and Internet banking channels. For generic messages all attributes are significantly different between these two channels (seventeen of them are highly significant, and two were significant at $p<0.05$, *confident* and *understands needs*). There is a significant difference between the overall means ($p<0.001$). In the case of complaint-specific messaging, Figure 7.8 this pair-wise comparison reduces to significant differences in only seven attributes, only one of which, *abrupt*, is highly significant. However, there is still a significant difference in the overall means ($p=0.011$)

A significant difference for eighteen attributes (ten are highly significant ($p<0.01$; *abrupt, reassuring, irrelevant, out of touch, treats as individual, best interests, respects, values customers, straightforward, treats customers fairly*) is found for generic messages in the pair-wise analysis between ATM and SMS channels. There is only one attribute, *informative*, which did not yield a significant difference showing that participants felt that generic messages delivered via the ATM and SMS were similarly informative. There is a significant difference between the overall means ($p<0.001$). Complaint-specific message responses yield a significant difference ($p<0.05$) for only one attribute, *abrupt* and there is no significant difference between the overall means.

As expected, those further pair-wise comparisons not involving the ATM channel reveal less significant differences.

Pair-wise comparison was conducted on the scores for Email and Internet banking. In the case of generic messaging, no differences are revealed. However, for complaint-specific messaging, there are four attributes exhibiting significant differences *informative, brevity* and *treats the customer as an individual* ($p < 0.05$). One attribute was highly significant, *in control*, where the difference in the means is significant ($p = 0.031$).

The pair-wise analyses between Email and SMS in the generic message case revealed there is only one significant difference, *polite* and the other attribute means do not differ significantly. It is interesting to note that for in the generic message, the SMS channel was not perceived as being as polite as exactly the same message when received over Email. There is no significant difference for complaint-specific messages.

Internet banking and SMS were compared. As for Email and Internet banking, there are more significant differences in the individual attributes when complaint-specific messages are considered (one compared to four). The overall means do not differ significantly for either generic or complaint-specific messages. The means for generic messages only differ in the attribute of informative across the two channels, where Internet banking scores higher than SMS. With complaint-specific messages there is one highly significant difference between Internet banking and SMS where *polite* was given a significantly higher score by participants for the Internet channel. Issues of *abrupt, best interests* and *treats customers with respect* were also rated significantly different in favour of the Internet channel ($p < 0.05$)

7.6 Debriefing Interview: Exit Interview

At the end of each experiment session the opportunity was taken to investigate each participant's attitudes to a range of issues raised by their use of each channel and each message type. Comments and observations at this stage are important given the extent of the participant's experience with the different channels and the different messages during their experiment session.

7.6.1 Appropriateness of Channels

Participants were asked whether they thought it was appropriate for the Bank to update them on their complaint on the ATM, Mobile phone, Internet banking, and Email (Table 7.2)

Appropriate	ATM	Mobile phone	Internet banking	Email
YES	60 (63%)	69 (72%)	90 (94%)	82 (85%)
NO	34 (31%)	26 (27%)	5 (5%)	13 (13%)

Table 7.2: Appropriateness of Each Channel

The majority of participants felt that all four channels they had experienced were appropriate for the Bank (but lesser so the ATM) to use in updating customers on progress with their complaint. This can be taken as an indication of general customer support for a more 'integrated bank' strategy whereby customers have more options of contact with the bank.

Many participants voiced general responses of liking any technology as a medium of communication to the customer in preference over the postal service due to the speediness and convenience of the communication that could be sent.

Some participants recognised that there was a 'social difference' in the approach that was being made to the customer between the technologies. They recognised a difference between bank-initiated communications whereby the communication came to the customer anytime in a non-banking related domain. The customer-

initiated communication, on the other hand was instigated by the customer fulfilling a banking task such as going to the ATM to use it, or logging into their online bank account.

Some participants felt that messages to the customer were appropriate on any medium and would prefer that if a communication were to be initiated by the Bank to the customer then all channels available to the customer should be activated, with their permission.

Participants also acknowledged that not all customers may have access to a computer or a mobile phone but the ATM was accessible to all with a bank account.

Some participants did not like the idea of any means of automated communication with the customer and would prefer to be dealt with either over the phone or by personal letter.

In contrast there were participants who voiced that because they disliked complaining and the type of interaction this involved they would welcome any means of automating the experience.

Finally, there was the perception from participants that if the message was personalised and used their name in the correspondence they would be more "certain to get it". On questioning this further people mentioned that they be more likely to dismiss a message automatically, or even instinctively if it did not mention their name.

Participants were asked to rate the channel options if complaint updates were to be made available in real life. A 30cm ruler was used to accurately record the channel ratings, running from Poor = 0 to Excellent = 30.

Message Channel	Mean Rating Score (30-point scale)
Internet banking	20.96
SMS	15.78
Email	21.49
ATM	12.21

Table 7.3: Mean Rating Score Per Channel

Rank	ATM	Mobile phone	Internet banking	Email
1st place	8	18	30	42
2nd place	18	16	33	27
3rd place	17	38	20	19
4th place	52	23	12	7

Table 7.4: Rank Order of Preference for Each Channel

The majority of participants ranked the two computer-mediated services of Internet banking or Email within the top two ranks (44% for Email and 31% for Internet banking in first place). These two channels were also ranked in second place with 35% ranking Internet banking in second place and 29% for Email. Some 40% of participants ranked the mobile phone in third place. The majority of participants (54%) placed the ATM as the least preferred option.

Pair-wise binomial tests confirm that text messaging for complaints updates was ranked significantly lower than both Email ($p<0.001$) and Internet banking ($p<0.001$). The difference between Email and Internet banking for messages was not significant ($p=0.061$). The ATM was ranked statistically lower ($p<0.001$) than the other three channels.

A major characteristic of the measurements taken is that they reflect an overall acceptance for all of the channels that participants experienced. Many participants voiced that if all of these were introduced then it would provide the customer with more choice and the Bank would become 'more accessible' to their lives, with many stating that they were busy people and would like the choice to use anyone of these channels if they were asked initially how they wished their complaint to be dealt with. They could therefore then choose how the updates would fit into their daily lifestyle.

Two participants summed up what they thought about the channels

> *"Personally, I would definitely use Internet and Email. You would receive it quickly, you can access it in the office, at home. ATM: you have to go there physically. Mobile: you have it on you all the time. Moreover, summarising complaints would be very difficult via ATM and you have to think about queues!"*

> *"ATM is good because it is handy but not so secure because it is on the street. Mobile is an immediate response but brief. Internet banking and Email are both good and more information can be provided."*

The main reasons given for ranking Email in first place were that it allowed the opportunity to read and re-read the response in the customer's own time. They could save the message and even respond to that message. The expectation was that more detail could be included from the Bank in Emails as these gave the perception of a letter-based formalised communication where all of the other types of communication were notably perceived as 'messages'.

7.6.2 Benefits to the Bank

Participants were asked what they thought the benefits the messages are to the Bank. The customer responses to this question show very logical reasons and thought processes behind what the benefits to the Bank would be by introducing updates on complaint handling status through the various channels. The benefits that were mentioned by participants follow:

Costs for the Bank: Costs were referred to by 26 of the participants. The main reasoning as being a benefit to the Bank was that it would be cheaper to employ technology to communicate with customers than staff members who need to phone to update the customer and also send the customer letters (staff to write, stuff envelopes and the cost of postage). Representative comments included:

> *"Cuts down the amount of staff they have to use. It might be more efficient and financially more solvent."*

"Staff have to make less calls, they do not get angry customers on the phone all the time. Stops people phoning and chasing them up all the time. It will save them money and time"

Efficiency and Speed: A total of 70 participants mentioned speed and efficiency as a major benefit to the Bank in this answer, with key words mentioned such as prompt, quick, efficient. Representative comments included:

"They can respond quite quickly, much quicker than via post. It offers a more accessible and personal service to people"

"More efficient way of dealing with complaints. You could deal with a larger number of complaints. It would give them more time to deal with complaints. They just have to click a button instead of spending loads of time on the phone to clients. They actually would have more time to deal with the complaint"

Pacifying the Customer: Here 7 participants mentioned that the main benefit of complaint updates in this manner would be to simply pacify the customer, buying some time in order to sort the complaint out while acknowledging that the customer has a concern. A representative comment was:

"Gives them time. Some people might be placated at the time. Allows them to hold complaint so that other staff can work on resolutions."

Recording Communications: Some 16 participants mentioned the importance of recording communication between the Bank and the customer during the complaint process. Customers were interested in documenting proof of promise from the Bank that their complaint was indeed being looked at. So rather than just seeing the message as a complaint status update they were perceiving it as evidence of the Bank acknowledging their complaint, taking on the responsibility and demonstrating a willingness to resolve the issue for the customer. A representative comment was:

"It records the fact that they have received it and that something is done about it. There is an electronic record of the initiation of a process. There is nothing more annoying than not knowing what has happened to a complaint"

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Customer Loyalty and Boosting Brand Image: A total of 31 participants mentioned that the messages from the Bank showed that it cared about its customers, it valued them, it wanted to keep them therefore it would benefit in retaining its existing customer, it wanted them to become advocates for the brand to their friends and it wanted them to help attract new customers. Several customers mentioned brand image in relation to "nipping complaints in the bud" early on, so as customers received immediate acknowledgment showing the Bank cares, and cares quickly. They felt that the messages showed a good quality of customer service and care and would make customers more likely to be loyal to the Bank and also tell their friends about the service they had received. Representative comments included:

> *"In terms of marketing.it is very good. It projects a positive image. It shows they see the customer as an individual, shows something is being done rapidly. Impact would be heightened if it was sent the same day as complaint was received."*

> *"The Bank shows that it cares more about their customers than just taking their money. I would respect the Bank more. Happy customers will recommend the Bank"*

> *"Stop you chasing up any complaints which saves their time and is good for their public image."*

Bank Staff Accountability: Here 4 participants mentioned staff accountability as a benefit of the messages to the Bank. In this the complaint-specific messages that had identified an (accountable) person in a branch who would deal with the complaint were mentioned. They also felt that the messages would provide the Bank with a complaints management tool in which they could categorise the complaints as they came in and have a specific person in a complaints handling team that would be able to deal with a specific complaint. For example there maybe a person on a complaints handling team that always deals with credit card problems.

Alternatively the purpose of the message could be used as a filtering mechanism in which a standard reassurance response could be sent by anyone in the Bank and the case then passed on to someone who could deal specifically with the complaint. A representative comment was:

"Speed/ they do not have to deal immediately with the angry customer, cheaper not very time-consuming. Helps the staff of the Bank to be quite focused. They have been in contact by giving you this message"

Customer Service: A total of 46 participants mentioned customer service along several different dimensions. This ranged from demonstrating caring for the customer, providing the opportunity to learn from their customers and improving communication between the Bank and its customer in terms a two-way dialogue. Representative comments were:

"It improves customer service. It reaches customers in a range of different ways and provides them with the opportunity to improve the service to the customer by the speed and accuracy of the messages."

"For research, they could see how many people are complaining about the same things."

"Complying with complaints procedures acknowledging that you have raised a complaint."

Being Seen to Embrace Technology: Here 8 participants mentioned the benefits of the messages with regard to technology. From the comments given it seems that banks are still regarded by customers as being not particularly forward thinking in their use of the common household technologies such as the Internet and mobile phones. Participants who mentioned technology did so with catchment of new customers in mind - especially younger customers. It was also mentioned that no other banks are embracing technology so this bank would be setting a standard, and something for other banks to aim for - which made these particular participants answer with a certain amount of pride in that it was "their Bank" leading such innovation. Comments included:

"No other bank is making good use of technology out there, so it will help them. It may attract new customers"

"They can deal with the complaints quicker and they can trace what works best for the customers and use that specific channel"

Reassurance to the Customer: Here 25 participants mentioned reassurance to the customer as a major benefit of the messages to the Bank. Once again, as with customer loyalty and brand image participants felt that catching the complaint early in its life, with an acknowledgement that shows the Bank is listening to their customers means that they will be more likely to diffuse anger, stop a continued cycle of "angry" interaction from the customer while also demonstrating that the Bank values the customer.

> *"They reassure the client that their complaint is dealt with, certainly if a name is given in the message. They won't get any angry customers coming in, creating problems for other staff and embarrassing everybody. Happy customers create more business. Customers might therefore ask information about other products"*

7.6.3 Benefits to the Customer

Participants were then asked what they thought the benefits of these messages are to the customer. The responses to this question were very similar to the previous question.

Reassurance/ Acknowledgement to the Customer: 50 participants voiced that they provided a level of reassurance to the customer. Many participants in this context mentioned the style of the communication. Generic messages gave the perception to customers that they had been to some degree 'fobbed off' with an automatically generated reply. Complaint-specific messages were seen as providing an acceptable level of reassurance that reduced levels of stress and worry felt by the customer as they were being advised that their complaint was being dealt with.

> *"Customer is happy because they know that it is dealt with. It works both ways the client and the Bank knows what is happening and because of that the client will not become angrier at the Bank. The fact of knowing creates also less stress for the customer."*
>
> *"It is reassuring, puts your mind at rest, is helping you. If you have a problem, it makes you stop worrying."*

Updating you: For the purpose of the experiment the messages had been introduced to participants as being 'updates' on the status of the complaint that they had raised (in an attempt to ensure that participants were not anticipating resolution of their problem over the channels they were interacting with in the experiment). Surprisingly then, 3 participants echoed this concept back to the researcher in answer to the question "What benefit to the customer are these updates?" The participants that did mention 'updates' as a benefit did so with reference to it as a reassurance tool to the customer.

"Constant update on how their complaint is proceeding"

"Letting them know the Bank hasn't forgotten about them."

"Quick response, record of that response/ hopefully you would be able to see progress oh how the complaint is being dealt with."

Speed and Efficiency: 35 comments on speed and efficiency from participants centred around the fact that customers do expect a response from an organisation about their complaint within a reasonable time frame. Participants acknowledged that the postal service does not provide the immediate access that customers may desire in a society where communication is mediated so successfully by technology. Participants anticipated that on receipt of their complaint the message of acknowledgement on its status would be sent immediately to the device they most used for communication, like a mobile phone or an email address. Participants, who voiced that they may want to keep updated anytime, anywhere, also addressed accessibility. They may wish to be updated on the status of their complaint while away on business or holiday rather than be 'tied' to receiving communication via the post.

"Speedy responses. One is able to know that one will get a response within a specific time. It is still in writing, which is the right way to proceed for complaints. It is flexible for people on the go."

Provide a Frame of Reference but are of No Benefit: Here 6 participants felt very strongly that although the "update" made the bank look like it cared more for its

customers it was not in fact not providing a resolution to the issue the customer had raised. With this in mind some participants felt that it would be quite frustrating to receive a message that did not make them feel their complaint was 'moving any further forward'.

> *"They are very quick without being satisfactory. They are just an acknowledgement."*

> *"Apart from the fact that you know that they are dealing with it, it does not resolve anything. There is no other benefit. It is only saying, yes, we know about it."*

Making the Customer Feel Valued: Once again some participants recognised that any message acknowledgment from the bank concerning customer complaints would go a long way in making them feel more valued by the Bank. Most participants mentioned this in conjunction with reassurance, 50 participants mentioned reassurance and out of these 16 mentioned feeling valued by the Bank. The concept of reassurance and brand image had also been covered by the previous question asking about the benefits of the message to the bank.

> *"Customers will feel more cared for, will feel that they get a better service. They feel that something is happening, that something has been done. Feeling that problem is being dealt with as quickly as possible is the best thing."*

Technology and Convenience: Some 18 participants addressed the idea of accessibility. Their comments included acknowledgment that in today's society there are many differences between people as to their preferred method of communication. They also thought that the different technologies provided the Bank with greater access to keeping up with them on the move. The purpose of the 'update' was seen as being a quick response from the Bank that served to 'touch base' with the customer according to his or her own convenience rather than being in line only with convenience of communication the bank wanted to dictate.

> *"More convenient; different people's lifestyles are served better by different types of communication."*

> *"Informative. Speedy information to the customer. Covers all communications on a daily basis. Reassures customer. Lets customer plan ahead."*

7.6.4 Impact of Generic versus Complaint-specific Messages

Participants were reminded that they had received updates on the status of 'their' complaint in two different ways, with a generic message or with a complaint-specific message, and were asked to rate the generic message on the 30cm ruler to show how they would feel if they received a generic response message about their complaint from the Bank (where 1 was "negative" and 30 was "positive"). They were then asked to perform the same rating task on a complaint-specific message.

The complaint-specific messages were preferred over the generic messages with an average rating score of 25.0 and 8.0 respectively. A repeated measures ANOVA test confirms that the rating for the complaint-specific message style was significantly higher than for the generic message style ($p<0.001$).

Participants were asked why they preferred the one they had ranked highest. The interpretations that people made in favour of the perceptions induced by the complaint-specific messages were very interesting. The style of the complaint-specific messages was made up of three main components. Firstly, they incorporated a named (personalised) introduction e.g. Dear Mrs Smith; secondly, they addressed the specific complaint in their acknowledgement; and thirdly, they named the member of staff who would be dealing with the complaint. As this was an open-ended question the qualitative analysis of each answer involved identifying recurring themes and key words being used by each participant. It is interesting to note that responses to these questions centred mainly around listing positive attributes of the complaint-specific message rather than concentrating on the negative aspects of the generic message. Some examples of customer's comments that were illustrative of each recurring theme are detailed below.

A contact name being provided (35 comments)

> "The best way is personal - names, timescale and what the complaint was - makes customers happier. If not dealt with they have a contact name they can speak to"

Participants felt that this was one of the most important attributes of any message from the Bank as it provided accountability, point of contact, reassurance and professionalism.

Being treated as an "individual" (23 comments)

> "It appears to treat you as an individual. They also name the contact with the Bank. It attaches ownership to the issue and in doing so it puts more pressure on the Bank to 'do' something with it. I would find it more important to know the staff's name in the bank than that they put my name in the message"

Participants speculated that the complaint-specific messages contained more indicators that the Bank was treating them as an individual case rather than a number or 'just another complaining customer'. A major indicator of them being made feel like an individual was use of their name with their case being briefly outlined as a secondary indicator.

Using the customer's name   (22 comments)

> "The customer is made feel more confident, respected. The generic ones are very uncaring".

Providing adequate detail (2 comments)

> "It tells me who and when. I want it to be solved. I want someone taking ownership of that problem. Giving a name does that and makes the client feel better. Giving a time-scale is also very important. Not knowing does not make the problem go away. It only makes it bigger, so knowing when is very important."

Adequate detail in such a short message was still seen as essential in an update. Participants considered the content and style of the specific message to give the three most important pieces of content to reassure the customer, recognition of the problem (therefore indication of responsibility) a named individual dealing with the complaint and the timescale to anticipate next contact.

Providing a timescale (10 comments)

> *"First of all the heading: it relates to the actual complaint. It indicates that someone has looked at it and not just sent me an automatic generic message. I receive a name of someone who is dealing with it, it tells me where he or she are located and it gives me an indication of time-scale in which it will be resolved. It is also addressed to me with my name."*

The timescale that the message provided in this experiment was deemed 'too long' for next contact from the Bank to the complainant. However comments from participants showed that any indication of next contact the that Bank could provide to customers was good as it would allow the customer to anticipate progress, and a solution and also would allow them to prepare for that contact.

Providing reassurance (8 comments)

> *"It shows that they know who you are and it gives the name of someone who is dealing with it. It is a little more reassuring that someone specific is dealing with your request."*

Again many references concerning reassurance were centred on the provision of information, acknowledgement of the problem and names being used to both refer to the customer and direct towards a member of staff who would recognise the customer's case.

Seeming "interested" (8 comments)

Participants stated that most companies send out generic messages. Thus there is no sense of contact with that company. From this they felt it is the same as any other company and a 'pretty bland' experience. They felt that the specific message reflected 'a more individual to you, they are offering you a better service'. They thought this raises customer consciousness towards the Bank.

Comments concerning the Bank acting as though they were 'interested' in the customer once again stemmed from the feeling people had about what made them feel like their complaint was being dealt with in an individual manner.

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Providing believability/ confidence   (7 comments)

> *"Seem to believe it more. They have given the complaint to someone so you know it is being dealt with. I could satisfy myself that it has been read and not just sent out a standard letter."*

Participants felt that the tone and style of communication in the specific message made the response from the Bank seem more believable. Some participants hypothesised that the specific message was possibly also an automatically generated message but even so it made them feel more valued and individual.

Tracking status (1 comment)

> *"It feels that some-one has got your best interests. If you have a name you can track your complaint. Generic feels as though it has not even been looked at."*

Some participants answered this question by voicing what they did not like about the generic message. The themes fell into the following reoccurring categories, again the instances of these comments has been recorded. All of them show feelings of discontent towards machine driven, cold responses, and lack of responsibility from the Bank. These comments show how employing generic messages could damage the brand relationship:

Feeling the Bank couldn't be bothered (4 comments)

> *"The personal one shows they are really interested, they show they know who is complaining. The other one shows they can't be bothered. They probably send the same message to everybody."*

Message was machine driven (6 comments)

> *"The computer has sent out an automatic response, you feel that you are still in the queue."*

Treating customers as "nobodies" (1 comment)

> *"The bank knows who they are talking to. The generic one makes you feel like a nobody."*

Automatic generation of message (9 comments)

"It looks like some-one has taken the trouble to look at the complaint and looked at my account instead of just an automated message. Looks better."

Feeling "pushed away" (8 comments)

"It feels as if they were talking to you, as if someone was at the other end. Generic: it felt as if they were pushing you away"

Having a lack of control (5 comments)

"The customer is made feel more confident and respected with the personal message. The generic ones are very uncaring and you don't have any control of the situation, as you have not been given any more information. With the personal one you are empowered to feel like you can at least contact someone and you have been prompted in advance of the contact you will receive from the bank."

Feeling "palmed off" (5 comments)

"Because the generic one is automated and you are just being palmed off. The personal one you know some-one will be in touch with you."

Lack of accountability (4 comments)

"The more personal one seems more committal, you think that you are listened to. The generic one is very impersonal, and non-committal"

7.6.5 Preference for Updates or Final Resolution

Participants were asked if they would prefer to wait to hear a resolution from the bank in response to their complaint, or whether it would be better to update them in this way.

Response	Count
Final Resolution	12 (12%)
Update	84 (88%)

Table 7.5: Preference for Resolution or Update

Table 7.5 shows that 88% of participants wished to be updated with a message rather than wait for final resolution of their complaint. This shows a significant preference for frequent updates ($p<0.001$). Here most participants hypothesised that a resolution may take longer than simply being notified that someone was looking into the complaint.

"I would prefer an immediate resolution. It would be the Holy Grail. Realistically, there will be delays. So, in the mean time, informing the customers is really good."

Many stated that hearing an update would reassure them that their complaint had been acknowledged and was being looked at. This in turn would give them 'peace of mind', 'reassure them' and stop them from being 'frustrated'. Many participants stated that they would have more 'confidence' in the bank in receiving updates, and feel better about the bank and the service they were getting.

> "I would feel that they are doing something positive, hopefully in a shorter space of time. You feel things go quicker than if you do not hear anything. Gives a chance to the consumer to respond."

7.6.6 Advocacy

Participants were asked If Lloyds TSB introduced this service would they be inclined to recommend the bank to their friends (Table 7.6)

Recommendation level	Count
Would recommend	49 (51%)
Would not recommend	16 (17%)
Maybe	27 (28%)

Table 7.6: Advocacy of the bank to Others

A group of four customers gave the answer that they 'didn't know' for this question. Just over half the participants in this study, 51% said that they would recommend Lloyds TSB to their friends if this multi-channel complaints update service were introduced. This was a significant proportion ($p<0.001$). Most participants placed a caveat with their answer that they would hope to never have to complain and would be unlikely to recommend the bank 'off the back' of a complaints handling service. Most participants recognised that the word-of-mouth that they would entertain however would be more positive with regard to the bank rather than negative if they did not receive updates on the status of their complaint.

Those customers who would not recommend the bank to their friends stated similarly that if they had had to complain about the bank in the first place this would influence them more in their word-of-mouth behaviour until the matter was resolved. Two customers in this category felt very negatively about any machine-

driven correspondence with the customer and felt that all complaints should only be handled using a human and 'sympathetic' contact.

> *"I would still prefer to deal with someone face to face and with the SAME person throughout the procedure. For me, this is not personal enough although the Bank might think that by mentioning your name the client would perceive it this way"*

7.7 Conclusions

Results from this experiment demonstrate that Lloyds TSB customers are highly in favour of the idea of the Bank acknowledging and updating them on the status of their complaints via different banking channels.

Participants in the experiment saw the update messages as key to reassuring the customer if they had cause to raise a complaint. They also saw the update as an acknowledgment of the bank's responsibility to customers' concerns. Participants felt that the key benefits to the introduction of updating the customer on their complaints to the bank were; costs in staffing and postage, bank staff accountability, boosting customer loyalty and boosting brand image, providing a good means of recording communications, pacifying the customer at an early enough stage to avoid frustration, providing better customer service than competitor banks, being seen to embrace technology, providing efficiency and speed of contact and showing that they truly value customer opinion and are willing to learn from it.

Brand relationship scores revealed a difference between the channels, which was significant, on the part of the ATM, suggesting evidence to reject the null hypothesis HA_0 which stated there would be no significant difference between the brand relationship scores based on the channel used to update the customer. The exit interview revealed that the preferred channels of communication with the customer base are Email and Internet banking. Although recognised as a highly efficient and easily accessible channel, SMS was not favoured as much due to security concerns of

losing a phone and bank details being made available. The ATM was rated significantly lower then the other channels on the brand relationship attributes, as customers were concerned about queuing behaviour that would result from people reading their messages. They felt that queue lengths would increase and were worried that people standing behind them may be able to read what complaint they had raised with the bank. Participants felt that the content of the communication between the bank and the customer was key to the success of the message. The brand relationship scores were highly significantly different for generic and complaint-specific formats ($p<0.001$), giving evidence to reject the null hypothesis HB_0 and accept of HB_1 which predicted there would be a significant difference in brand relationship metrics between complaint-specific and generic messages. Every brand relationship attribute was impacted by the message type, with generic messages yielding significantly lower scores. This trend occurred across all of the channels. With complaint-specific messages, participants were significantly more confident that their complaint was being dealt with, that the message was seen as less abrupt, more informative, more polite, more appropriate, more reassuring, not too brief, significantly more relevant, and made customers feel the bank was in touch with its customers. Participants felt the complaint-specific messages also put them significantly more in control, was not patronising, made them feel significantly more valued, treated as an individual, and they felt that the bank understands their banking needs, always acts in their best interests, they felt more respected and felt they were being treated more fairly. The brand relationship scores also revealed that the specific messages made participants feel that the bank offered straightforward banking, offered a high quality of service

From analysis of the demographic consumer behaviour a relationship was found between those people who had experience of making a complaint and those who thought that raising a complaint damages a relationship with the company. In this an equal split was revealed between people who thought their relationship with the company would be damaged and those who felt it would not be damaged. This is a

very important finding as it shows that the influence of how the customer's complaint is dealt with is paramount to whether their relationship with the company is damaged.

In summary this research shows that if the complaint is dealt with early enough in terms of acknowledging that the customer has raised a complaint, and if the response is specific to the customer, then perceptions of brand relationship increase significantly. Furthermore if the customer's preferred channel is used as the communication medium with the bank for this specific "update" then customers perceive the Bank as being more accessible to their lives, ahead of competition and providing better customer service while embracing new technology.

Chapter Eight

Conclusions and Suggestions for Further Research

The research reported here has examined user interface design and its impact on customer interactions with the brand of an enterprise, identifying the implication of this on customer relationships with the brand. In its contribution to knowledge this work has sought to provide a practical metric to assess brand personality and brand relationship with reference to one specific company, Lloyds TSB Bank. In this it has examined the usability of banking distribution channels in the financial services sector and has provided an understanding of how these and the company's intentionally transmitted character (mission statements and 'promise') may shape customer perception of the brand's personality, and subsequently the customer's relationship with the brand as an active relationship partner.

The work has presented for the first time, how the customer brand relationship can be affected by the usability of the channel and the customer's perception of the brand's personality based on their interactions with the different banking distribution channels. It has considered how the user's interaction with the design of the interface are imperative to the attitudes that are subsequently reflected on the brand. In investigating this the research attended to two main factors known to be critical in a customer's choice of financial institution, ease of doing business (usability) and the quality of personal service. Usability has been shown to influence user attitudes, emotions and tolerance of the design of a system; as have the personal interactions a customer has with an enterprise. Both of these are factors of tangiblising a service and relate to the cognitive and affective aspects of interpersonal behaviour, so should be considered in relation to how the Bank tangiblise their offerings to the customer during each interaction they have.

Primarily the empirical investigations in this research employed a structure based on interpersonal psychology and stage theory to examine the sequences that relationships may pass through in their lifetime. The initiation of the relationship was investigated in the first experiment described here, in terms of laying the foundation for future relations between the customer and the bank, either in interactions face-to-face with a bank representative or using the remote banking distribution channel of the Internet. The second experiment reported here investigated how relationship to the brand could be maintained and developed through treating the brand as an active relationship partner. In this it was necessary to identify the brand's personality, as it might be perceived by customers using the different banking distribution channels. The investigation aimed to find out whether the brand's promise/ mission statement, and therefore its personality was effectively communicated through using the common service mediums of communication with the brand. A further aim of this second experiment was to assess the evolving brand personality and brand relationship metrics, created as part of the work. The third experiment discussed here investigated the maintenance, deterioration and potential dissolution of the relationship with the brand by addressing the issue of complaint handling. This work took as its point of departure the assumption that there had been a transgression of the brand in a gap or breakdown of the service blueprint and the bank needed to act in such a way that would get the relationship 'back on track'. It used generic and complaint-specific standardised remote updates over different banking distribution channels to communicate with the customer.

The first empirical investigation reported here addressed the first stage of the relationship with the customer in the initiation of the relationship, to discover their needs and distinguish what reciprocity and complementarity is required to sustain the relationship in the future. This investigation embarked on two pertinent avenues of research. It acknowledged the cognitive problems financial consumers can encounter when faced with the financial decision making process and also used

a model of the hierarchy of human needs to illustrate the purpose of an interviewing tool to assist customers in recognising their immediate needs for financial security and also the needs they may have in the future in recognising what they may aspire to in years to come. It built upon the idea outlined in the introduction of how imperative Bank staff are as actors in the customer experience and how their role has to be sufficiently supported with scripting and a 'professional' data-capturing interface. This investigation also took into account the role of usability with automated service interactions in allowing customers to use the same service themselves as an Internet-based application. Here the behaviour sequences were a set of standardised transaction exchanges of information in order to achieve the same outcome in identifying the areas the Bank could help the customer achieve their goals, fulfilling the first prerequisite of choosing a financial institution, ease of doing business.

In fact, the experiment results did not correlate with the overall hypothesis prediction that the brand would be negatively impacted by poor usability as in the first part of the investigation the main end user, the relationship manager, rated the new application's usability lower than their existing interview process, however they rated brand equity higher than their initial baseline. There could be several reasons for this, such as the participant group mistrusting the anonymity of the research and worrying that their job role was being evaluated; combined with their aptitude and accommodation of change. The scripting of the dialogue also was perceived as too formulaic considering the personal nature of what the questions were asking the customer to divulge. With this factor in mind the customer responses also revealed that their role as the 'audience' in this service scenario was ill-conceived by the Bank. It was unclear to customers what the dynamics of the interview should entail and they were suspicious as to the reasoning behind the Bank needing to know information about their goals for the future as both a selling tool (although no sales approach was made) and a credit reference to see whether they might be a credit risk if their goals were not in line with their means.

This research used a tool that was essentially designed as a top-down process, requiring customer's to assess their goals for the future and then define their immediate needs for financial security. Furthermore the model of the tool examined in the Map for Life application functioned from an information processing perspective in that it allowed customers to examine their current state and their ideal state in the same situation and allowed the Bank the opportunity of applying a 'disturbance technique' at the end of the interview to inform the customers of how they could be helped achieve their desired state through banking products and services.

In the customer-facing part of the experiment with the Map for Life application, interestingly the brand equity showed a significantly higher increase following the face-to-face interaction with the branch staff in comparison to the Internet application. This again may signify how important branch staff are in communicating the brand and may indicate how this is enhanced through using the interview mediated tool. The results of the usability of the remote application versus the face-to-face application also showed significantly higher results for the face-to-face scenario. This may be because the perception of the quality of service may be higher when the customer has received one-to-one information gathering with a member of staff rather than having to complete the application themself online. They may perceive the interaction itself as adding value to their experience so they are known 'personally' by the Bank. However this 'closeness' to the customer can be regarded also as too invasive, as it was noted how some customers were unhappy in communicating this type of information to a member of staff. In the experiment, the screen design required the customer in the interview scenario to be able to see the screen, suggesting the need for a change in the ergonomics of the 'interview' (typically the interviewer on one side of the desk, interacting with the computer and the customer, and the interviewee seated at the other side of the desk). As well as the dialogue becoming more personal the physical interaction experience with the

Bank becomes closer. With the screen arrangement the customer is required to take the relationship manager into their 'personal zone' (4 feet), when the common zone for business interactions is between 4 feet and 12 feet. It could be hypothesised for a future experiment in this area, that customers may abide by proxemic rules, whereby an invasion of personal space for information may exist as it does with the physical environment. If the customer perceives that in the cost benefit trade-off there is little benefit to them to divulge such personal information as goals and aspirations for the future, they may become suspicious of the intention of the Bank in needing to know this.

Ideally different designs of interface, with the same functionality would have been interesting to test for perceived usability and how this reflected on the brand. This idea would have been particularly relevant to the design of the graphics that proved so difficult to understand by both customers and bank staff. Physical attractiveness has shown to be a key determinant in the perceptions that are held about how well something performs and aesthetically pleasing designs are perceived as being easier to use, fostering positive relationships with people and making them tolerant of problems with the design.

The mission statement of the Bank's brand was used in the second experiment as a starting point for the brand's personality, as it has been suggested that the 'promise' to the customer should reflect the strategic focus of the company. The relationship that the company desires to have with its customer base is also represented in the mission statement as it forms the customer's perception of the brand-as-a-partner. The experiment confirmed that people do indeed have no trouble answering questions that abstract a brand or product to be personified in such a way that describes trait characteristics. This research has investigated the consideration that two main elements can affect an individual's attitude to the brand; the personality of the brand and the interpersonal relationship between the two parties. The research here can conclude with confirmation that a brand's personality can be

revealed by systematic observation of trait relevant behaviour. It has shown how the customer's perception of the brand relationship is modelled in terms of the traits that are inferred from its behaviour and actions towards the customer through their use of each banking distribution channel, highlighting how the style of personal interactions between the customer and the brand should be considered important.

One of the intentions of the second experiment reported here was to discover whether the brand's personality was effectively communicated through five common mediums of banking distribution channel and how the usability of these banking channels impacted the brand personality and brand relationship. Significant differences between channels were found for almost all of the attributes in the brand personality questionnaire, and for all those in the brand relationship and usability questionnaires. The brand personality attributes appear to reflect the interaction that the customer had with the Bank in that person-to-person channels such as the Branch and PhoneBank rated high on *personal* and *competent/ dependable* traits whereas the more remote banking distribution channels were rated higher on the *modern/ adventurous* and *competent/ dependable* traits. The brand relationship scores for each channel reflected a similar pattern in their inter-channel difference. An interesting result was that the relative score results indicate that brand personality impressions relate more strongly to usability scores in the case of an automated service than for a human-operated one. The overall implication of the result was that the usability element in brand personality perceptions for these channels was due to users who experienced usability problems of the banking distribution channel. This result concurs with research that has shown how the transgressions of a service, such as poor usability or a negative user experience can impact heavily on customer's perception of the brand. This could be further investigated by manipulating the transgressions the brand could encounter in the behaviour of the channels a user interacts with, and defining at which point a change in the user's expectation becomes detrimental to their relationship with the brand. (The point of departure for the third experiment reported here was a

'transgression' of the brand, to investigate this notion of whether the relationship to the customer is damaged irrevocably.)

The results of this brand personality and brand relationship experiment show that overall, the multiplex nature of the relationships enforced by the Bank do in fact reflect a cohesive brand image, with all brand personality and brand relationship attributes reflecting a consistent message, the mission statement of the brand. The difference between the traits for each channel were logical, upholding the validity of the metric, whereby technological interfaces were deemed less personal than person-to-person interactions, but were seen as more modern and adventurous. This research also implies that there is room in both domains to adopt the trait characteristics of the other in order to boost the 'personality trait' in which they are lacking. Interactions at the branch could therefore benefit from increasing visibility and use of the more technological features of branches such as Internet kiosks.

Another aim of this second experiment was to formulate a metric that measured brand personality and brand relationship of the specific brand, Lloyds TSB, as foundation for future research of this brand. This was achieved successfully after factor analysis and extensive qualitative results revealed those attributes that were appropriate with which to describe the Bank's personality. The findings of this experiment led to a revision of the brand personality questionnaire: 10 attributes, which were found to perform poorly or judged inappropriate by customers, were omitted, and two new attributes, suggested by participants in the experiment, were added to form a 25 question brand personality questionnaire recommended to be used in future research.

Factor analysis also revealed three main groups of brand personality traits, which can be summarised as (1) *modern/adventurous*, (2) *personal* and (3) *competent/dependable*. As previously indicated these were distinguished by the different ways in which they ranked and separated the channels - the Internet

banking service being placed above the other channels on the first dimension, while the Branch and telephone banking scored most highly on the second (especially) and the third, with automated telephone banking lagging behind all the other channels especially on the second and third groups of attributes. The brand relationship questionnaire revealed to be considered by customers along the same single dimension, indicating that it too is a valid measurement of a relationship to the brand.

The multiplex natures of relationships were revealed in this experiment, showing the diverse interactions that can exist within the context of the relationship. For further research it could be hypothesised that these interactions have the potential for influencing one another e.g. the ATM communication on a daily basis may impact how a customer perceives an Internet banking communication, both of which may influence the customer's branch based interactions with staff. If the different banking distribution channels are shown to reflect consistent values and message then this would further represent that the Bank has clarity of vision in the mission statement they wish to transmit.

The third experiment reported here investigated how the relationship with the company can be maintained and how deterioration and dissolution may be avoided when a customer has experienced a transgression of the brand, such as a gap in service quality. At the core of this concept is interpersonal psychology, which identifies that relationships exist within some form of interdependence whereby the partners in the relationship collectively affect, define and re-define the relationship. It is this re-defining after customers have had cause to complain that is investigated here through the use of a brand relationship metric.

Brand relationship scores revealed a significant difference between the channels due to low scores for the ATM channel. The exit interview revealed that the preferred channels of communication with the customer base are Email and Internet banking.

The brand relationship scores were highly significantly different for generic and complaint-specific formats. Every brand relationship attribute was impacted by the message type, with generic messages yielding significantly lower scores. This trend occurred across all of the channels confirming that apology from a company should fulfil two roles; a) the content of the apology has to be adequate and contain valid information of sufficient quantity and integrity and b) the quality and style of the apology should communicate interpersonal sensitivity. The findings in this experiment suggest that in providing a complaint specific update inclusive of an apology the customer has been provided with 'psychological compensation'. In this the business is seen to acknowledge the inconvenience and has also shown how they value the customer enough to listen and resolve their complaint.

An important implication was revealed in the customer demographic interview where a relationship was found between those participants who had experience of making a complaint and those who thought that raising a complaint damages a relationship with the company. Half of the cohort felt that a relationship would be damaged and half felt that their relationship would not be damaged revealing that the way in which customer complaints are dealt with is a key factor in the resulting opinion a customer holds of the brand.

In conclusion the results of the third experiment show that if the complaint is dealt with early enough in terms of acknowledging that the customer has raised a complaint, and if the response is specific to the customer, then perceptions of brand relationship increase significantly. Furthermore if the customer's preferred channel is used as the communication medium with the bank for this specific 'update' then customers perceive the Bank as being more accessible to their lives, ahead of competition and providing better customer service while embracing new technology.

From the results of experiments reported here it is acknowledged how interactions can be influenced on the part of the customer. It is suggested that future research attend to the investigation of whether there are relationships between the customer's personality and the brand personality they chose to interact with and form a relationship with. On another dimension it could be investigated whether the customer's personality dictates their desire to communicate remotely with the brand. In this the type of user, adopter and non adopters, could be tested for personality traits to see whether it is a certain type of personality that prefers to interact face-to-face or over less personal interactions such as the Internet and whether their perception of 'risk' is of influence.

It would also be interesting to study permission-based marketing in this context and how the brand may be damaged if this is not fulfilled using an ethical marketing approach. With the advent of mobile marketing this line of investigation would be particularly relevant as text messaging could be considered to be a double edge sword that is deadly effective in creating customer loyalty if used correctly or ruin the brand if misused.

The experiments in this research have considered the relationships to the customer as properties of the dyad of communication between the direct user interface experience and the customer's reaction to it. Certain types of customer may relate better to the values a bank may transmit due to similarity in values and a mutual understanding of attitude. The accessibility to banking in terms of proximity have been broken down somewhat by the access and affordability of remote banking distribution channels. The research here required using samples of participants who were customers of one particular Bank. Further experiments could build upon this and relate to the filter model, which illustrates how customers filter out what bank they want to acquaint with based on similarities in values, as it makes communication easier.

The mere exposure effect could also be a reason for customers to chose a bank in the first place as so many branches exist, in terms of geographical closeness to people in towns. This could be further investigated in future research. It would be interesting to query customers that come into the bank to open accounts as to why they chose that particular bank i.e. for mere exposure reasons or for word of mouth advocacy reasons. This research could be extended to investigate non-adopters and adopters of remote banking distribution channels. It could be hypothesised that if there exists a convenient access to branches in, for example towns and cities then this may be seen as the nucleus of fulfilling the customer's banking needs. Whereas customers who live in more remote towns or villages may, for convenience adopt technological means to access their banking. It would also be interesting to note the demographics of the 'footfall' in branches to see whether it is older customers who prefer the face-to-face interaction of a bank branch and whether this represents a trend for non-adoption of remote channels of distribution.

For further research it would be interesting to evaluate the brand personality and brand relationship questionnaires in terms of other brands of financial institution, to see if the metric is transferable to other financial brands.

It would be interesting to test the real life implication of brand personality and brand relationship on customers. Although it is acknowledged that this introduces too many extraneous variables for scientific study it would be beneficial to the Bank's understanding of how customer's perceive the brand in terms of their interactions with channels, personnel and even the 'make up' of the branch.

This research has also recognised how financial services institutions have changed from a transactional exchange model to a relationship-based paradigm by introducing customer service, people and the consideration of processes into the marketing mix. It has also recognised how customers perceive the culture and image of a retail bank based on their interactions with the bank employees and the

remote banking interfaces they use. In acknowledging this it has further shown how each interaction with the customer has to be upheld as an experience that shapes their opinion of the brand. The service blueprints used here, have been shown to be a valid basis for each experiment in this research and have allowed the designer of the usability engineering of the system, the Bank, realise how each interaction should be controlled through a structured support network of the system or service, scripting dialogues and organising process sequences in line with user expectation and customer need.

In summary the research reported here has contributed towards a valid metric for the study of brand personality and brand relationship with reference to one specific company, Lloyds TSB Bank, who now use the approach widely in creating new customer facing services. These metrics have added to knowledge in the fields of usability and brand personality and their effect on relationships, while also being widely adopted on a commercial scale by the Bank for the creation of new mass-market services. This work has further revealed that these metrics are upheld as valid measurements of brand personality and the customer-bank relationship.

The results of the research presented here are offered in support of the thesis that the customer-brand relationship in modern banking services can be influenced by self-service channel usability since the customer's perception of the brand is dependent on their interactions with different distribution channels.

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Appendix 1

Appendix 1.1

Relationship Manager Brand Equity Semantic Differential

customer friendly	not customer friendly
helpful	unhelpful
approachable	not approachable
not a leader in its field	a leader in its field
incompetent	competent
unprofessional	professional
efficient	inefficient
irresponsible	responsible
exciting	unexciting
not considerate	considerate
reliable	not reliable
unimaginative	imaginative
uncaring	caring
dependable	not dependable
old fashioned	forward thinking
welcoming	not welcoming
poor at anticipating customers' future needs	good at anticipating customers' future needs
good at providing an honest service	poor at providing an honest service
poor at providing a trustworthy service	good at providing a trustworthy service
good at meeting customers' individual needs	poor at meeting customers' individual needs
dynamic	not dynamic
not easy to deal with	easy to deal with
modern	out of date
treats everyone the same	treats customers as individuals
accessible	not accessible
not committed to the customer	committed to the customer
sincere	not sincere

Appendix 1.2

Relationship Manager Usability Questionnaire

The initial usability Likert questionnaire is shown below. The subsequent usability questionnaire after the participant had experienced the Map for Life software, replaced "the current process" with "this process".

I like using the current process
When using the current process I don't always know what I am expected to do
The current process is an efficient way of organising my workload
I get flustered using the current process
I would be happy to keep on using the current process
The current process meets with my expectations
The current process has some annoying features
I feel under stress when using the current process
The current process is too slow for me
I find the current process confusing at times
The details of the current process are not easy to interpret
I enjoy using the current process
The current process has a clear structure
I feel that the current process needs a lot of improvement
The current process makes my job easier to carry out
The current process is not complicated
I find the current process easy to understand
I find the current process very frustrating
I have to concentrate hard using the current process
I feel in control using the current process

Appendix 1.3
Multiple Choice Test Questions

Looking at the **aspiration rose**, please indicate your answers to the following questions by circling the appropriate letter.
·Which category is the most important?

A   Lifestyle
B   Finance
C   Income
[correct answer: C]

Which category is more important than Family?

A   Finance
B   Home
C   Lifestyle
[correct answer: A]

If another person thought that Lifestyle was more important than Home, which Rose would best represent their aspirations?

A
B
C
[correct answer: B]

Looking at the **preference square**, please indicate your answers to the following questions by circling the appropriate letter.
Which of the following actions requires most assistance?

A   Action 1
B   Action 2
C   Action 6
[correct answer: B]

Which of the following actions is less important than action 3?

A   Action 2
B   Action 5
C   Action 4
[correct answer: B]

If you considered that Action 5 needed to be done before Action 3 (because you thought it was more important), where would you place it on the Preferences Square?
A At x
B At y
C At neither x nor y
[correct answer: A]

Appendix 1.4

Customer Brand Equity Semantic Differential

customer friendly	not customer friendly
helpful	unhelpful
approachable	not approachable
not a leader in its field	a leader in its field
incompetent	competent
unprofessional	professional
efficient	inefficient
irresponsible	responsible
exciting	unexciting
not considerate	considerate
reliable	not reliable
unimaginative	imaginative
uncaring	caring
dependable	not dependable
old fashioned	forward thinking
welcoming	not welcoming
poor at anticipating customers' future needs	good at anticipating customers' future needs
good at providing an honest service	poor at providing an honest service
poor at providing a trustworthy service	good at providing a trustworthy service
good at meeting customers' individual needs	poor at meeting customers' individual needs
dynamic	not dynamic
not easy to deal with	easy to deal with
modern	out of date
treats everyone the same	treats customers as individuals
accessible	not accessible
not committed to the customer	committed to the customer
sincere	not sincere

Appendix 1.5

Customer Interview Questionnaire

1. I liked taking part in an interview this way

2. During the interview I didn't always know what I was expected to say

3. The interview process was an efficient way of describing my financial goals

4. I got flustered during the interview

5. I would be happy to take part in an interview like this again

6. This interview process met with my expectations

7. The interview process had some annoying features

8. I felt under stress during the interview

9. This interview was too hurried for me

10. I found this interview process confusing at times

11. The results of the interview were not easy to interpret

12. I enjoyed this interview process

13. This interview process had a clear structure

14. I feel that this interview process needs a lot of improvement

15. The questions in this interview process were not intrusive

16. This interview process was not complicated

17. I found this interview process easy to understand

18. I found this interview process very frustrating

19. I had to concentrate hard during the interview

20. I felt in control during this interview process

Appendix 1.6

Customer Web Questionnaire

1. I liked this process

2. During the process I didn't always know what I was expected to do

3. The process was an efficient way of describing my financial goals

4. I got flustered during this process

5. I would be happy to complete a process like this again

6. This process met with my expectations

7. This process had some annoying features

8. I felt under stress during this process

9. This process was too fast for me

10. I found this process confusing at times

11. The results of this process were not easy to interpret

12. I enjoyed this process

13. This process had a clear structure

14. I feel that this process needs a lot of improvement

15. The questions in this process were not intrusive

16. This process was not complicated

17. I found this process easy to understand

18. I found this process very frustrating

19. I had to concentrate hard during this process

20. I felt in control during this process

Appendix 2

Appendix 2.1

Brand Personality Questionnaire
I associate the Lloyds TSB brand name with a company that is ...

unenthusiastic								enthusiastic
unimaginative								imaginative
reserved								outgoing
sincere								insincere
uncaring								caring
modern								old fashioned
conscientious								not conscientious
backward looking								forward thinking
not confident								confident
modest								arrogant
complacent								not complacent
open-minded								narrow-minded
efficient								inefficient
adventurous								unadventurous
masculine								feminine

not welcoming								welcoming
helpful								unhelpful
inconsistent								consistent
dependable								not dependable
interesting								boring
careless								meticulous
formal								informal
unprofessional								professional
genuine								not genuine
approachable								unapproachable
stylish								not stylish
lazy								hardworking
cheerful								gloomy
impatient								patient
rational								irrational
frugal								extravagant
friendly								unfriendly
uptight								laid-back

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Appendix 2.2

Brand Relationship Questionnaire

Please tick the box which most closely represents how you feel about each of the following statements.

1. **Lloyds TSB is out of touch with its customers**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

2. **Lloyds TSB puts me in control of my finances**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

3. **Lloyds TSB is patronising towards its customers**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

4. **Lloyds TSB treats me as an individual**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

5. **Lloyds TSB values its customers**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

6. **Lloyds TSB doesn't understand my banking needs**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

7. **Lloyds TSB doesn't always act in my best interests**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

8. **Lloyds TSB offers straightforward banking**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

9. **Lloyds TSB treats its customers unfairly**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

10. Lloyds TSB offers a high quality service

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

11. Lloyds TSB treats its customers with respect

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Appendix 2.3

Usability Questionnaire

This questionnaire relates to the service that you have just used.

Please tick the box which most closely represents how you feel about each of the following statements.

1. **The branch was efficient**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

2. **The branch was easy to use**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

3. **I liked using the branch**

strongly agree	agree	slightly agree	neutral	slightly disagree	disagree	strongly disagree
☐	☐	☐	☐	☐	☐	☐

Appendix 2.4

Brand Personality Attribute Assessment Sheet

"Thank you. I'd now like to hear your opinions about this questionnaire [hand participant brand personality Semantic questionnaire]."
"First of all I'd like you to cross out any word pairs you feel are inappropriate for describing a bank's 'personality'. [wait until participant has scored out items]"
"Can you think of any other words that you think would be appropriate to describe the bank's personality? [if so tell participant to note these at the bottom of the page]"
"From the list of personality aspects that you have in front of you now, I'd like you choose (either from the list or your own added words) the five most important characteristics you would like your bank to exhibit."

unenthusiastic	enthusiastic
unimaginative	imaginative
reserved	outgoing
sincere	insincere
uncaring	caring
modern	old fashioned
conscientious	not conscientious
backward looking	forward thinking
not confident	confident
modest	arrogant
complacent	not complacent
open-minded	narrow-minded
efficient	inefficient
adventurous	unadventurous
masculine	feminine
not welcoming	welcoming
helpful	unhelpful
inconsistent	consistent
dependable	not dependable
interesting	boring
careless	meticulous
formal	informal
unprofessional	professional
genuine	not genuine
approachable	unapproachable
stylish	not stylish
lazy	hardworking
cheerful	gloomy
impatient	patient
rational	irrational
frugal	extravagant
friendly	unfriendly
uptight	laid-back

Appendix 3

Appendix 3.1:

Complaint scenarios used and their rated seriousness by participant

Dear Sir/ Madam   Complaint No.1: Seriousness = 5.99 / 10
I am writing to you to complain about the amount of time it takes transactions to clear in my account. My pay cheque takes 4-5 days to clear each month while a direct debit I have set up with Scottish Gas always takes in the region of 3 days. The mis-timing of these transactions puts me into my overdraft every month meaning I incur charges on my account. Could you please explain why these transactions take different times to clear?
Yours sincerely
L. Shaw
-- 00 --

Dear Sir/ Madam   Complaint No. 2: Seriousness = 6.61 / 10 .
I recently withdrew money on the day I was paid. The money from my pay had not yet cleared into my account and I incurred ridiculously high charges from going into an unauthorised overdraft. I would have thought since I am paid a regular salary the bank would have used common sense and seen that either I should not have been able to withdraw money. I should have been warned I was about to go into an unauthorised overdraft or you would have known that the money was about to be paid into my account.
Yours sincerely
S. Brundrette
-- 00 --

Dear Sir/ Madam   Complaint No. 3: Seriousness = 3.85 / 10
I recently applied for your Gold card and my application was successful, yet when I recived the information pack the agreed credit limit was not at the advertised amount of £3000 it was only £2800.
Yours sincerely
R. Taylor
-- 00 --

Dear Sir/ Madam   Complaint No. 4: Seriousness = 6.78 / 10
I recently paid in a cheque of the sum £200 to my current account over the counter in your High Street branch. I had not noticed that this cheque was more than 3 months old and was therefore out of date, unfortunately your teller also did not notice this and the cheque has subsequently bounced leaving me to incur ridiculous charges!
Yours sincerely
M. McAndrew
-- 00 --

Dear Sir/ Madam   Complaint No. 5: Seriousness = 8.82 / 10
I recently received a letter of confirmation and a PIN number for my new debit card. Unfortunately I did not receive this card in the post and have since been informed during a telephone conversation with your call centre that this card has been used and £500 spent on it. I can only think that my card has been intercepted in the post so I have requested this card is stopped immediately. I find it appalling that this could happen and the security so lax in posting cards out to your customers. I will be picking up my new card from my local branch and expect to be reimbursed what I have lost in full.
Yours sincerely
L. Moore
-- 00 --

Dear Sir/ Madam   Complaint No. 6: Seriousness = 7.52 / 10
On the 2nd October I contacted my branch to let them know I would not be able to afford the loan payment of £176.80 that was due to go out of my account on the 17th October. They instructed me that they had cancelled this payment for me. I was horrified then to discover that I incurred charges and a letter telling me I had "missed a payment" when in fact I had set up a new arrangement that I could afford at a later date. I expect the charges to be reimbursed immediately!
Yours sincerely
J. Whyte
-- 00 --

Dear Sir/ Madam   Complaint No. 7: Seriousness = 7.31 / 10
I was divorced last year and was promised that our joint finances would be closed down ASAP. Instead I have been invited in for financial review after financial review by your staff who pry into my personal life and ask me

insensitive questions in order to try and sell me loans, life assurance, a new mortgage. All I want is to have control of the money that is mine. Please rectify this post haste.

Yours sincerely

C. Holdsworth

-- 00 --

Dear Sir/ Madam   Complaint No. 8: Seriousness = 5.29 / 10

I am writing to voice a general annoyance that I have every time I ring to enquire on my account. Each time I have to go through so many security questions that I find difficult to answer on many occasions. Typically I do not know what my last switch transaction was, it could have been for £2.31 in Sainsburys! It seems strange why I can't be asked more memorable information that I might be able to answer. I have failed the security questions in the past, was made to feel like a fraudster and I have been unable to cancel a Standing Order as a result. Surely there is a better way to identify your customers?

Yours sincerely

P. Willmott

Appendix 3.2

Brand Relationship Attributes

"I'd now like you to think about the type of message you received in response to your complaint"

(+) The message made me confident my issue was being dealt with
(-) The message was too abrupt
(+) The message was polite
(-) The message was inappropriate
(+) The message was informative
(-) The message was too brief
(+) The message was reassuring
(-) The message was irrelevant
(-) The message made me feel that my bank is out of touch with its customers
(+) The message made me feel that my bank puts me in control
(-) The message made me feel that my bank is patronising towards its customers
(+) The message made me feel that my bank treats me as an individual
(+) The message made me feel that my bank values its customers
(-) The message made me feel that my bank doesn't understand my banking needs
(-) The message made me feel that my bank doesn't always act in my best interests
(+) The message made me feel that my bank offers straightforward banking
(-) The message made me feel that my bank treats its customers unfairly
(+) The message made me feel that my bank offers a high quality service
(+) The message made me feel that my bank treats its customers with respect

Appendix 3.3

From: Customer Services

Subject: Re: Your joint account

Dear Mr Holdsworth. Our apologies. Esther Stokes will deal with your complaint in your local branch within the next 5 days.

Main Menu   Go to inbox

                                       Delete message

www.lloydstsb.com

ATM banking screenshot with complaint- specific update

From: Customer Services

Subject: Re: Your complaint

Our apologies. Someone will contact you shortly to discuss your concerns.

Main Menu   Go to inbox

                                       Delete message

www.lloydstsb.com

ATM banking screenshot with generic update

Re: Gold card application

```
File    Edit    View    Tools    Message    Help

  Reply    Reply All    Forward    |    Print    Delete    Previous    Next    |    Addresses
```

This message is High Priority.

From: Lloyds TSB Customer Support
Date: 18 January 2005 17:24
To: Robin@happyccir.wanadoo.co.uk
Subject: Re: Gold card application

Dear Mr Taylor.

Re: Gold card application.

We are sorry that you have been inconvenienced in this way. Your complaint has been passed on to Tara McCrae in your local branch. She will be in contact with you to discuss the issues you raised within the next 5 days.

Yours faithfully

Customer Support

Email screenshot of complaint –specific update

Re: Your complaint

```
File    Edit    View    Tools    Message    Help

  Reply    Reply All    Forward    |    Print    Delete    Previous    Next    |    Addresses
```

This message is High Priority.

From: Lloyds TSB Customer Support
Date: 18 January 2005 17:24
To: Pat@happyccir.wanadoo.co.uk
Subject: Re: Your complaint

Re: Your complaint.

We are sorry that you have been inconvenienced. The concerns you raised are being looked into and someone will contact you shortly to discuss them.

Yours faithfully

Customer Support

Email screenshot of generic update

321

File Edit View Favorites Tools Help

Back - Search Favorites

Lloyds TSB online

Account overview
Personal Details
Messages Inbox
Change password
Change memorable info
Change greeting
Help
Apply Online
Personal loan
Credit Cards
Car Insurance
Home Insurance
Savings
Travel Money
Mortgages
Pensions

Logoff

Selected account	Sort code	Account number
Current Account	87-41-25	65932192

Your Message

Message to	Sean Brundrette
Date	20/01/2005
Subject	Re: Your overdraft
Priority	Urgent
Message	Dear Mr Brundrette. Re: Your overdraft. We are sorry that you have been inconvenienced in this way. Your complaint has been passed on to Thomas Gibb in your local branch. He will be in contact with you to discuss the issued you raised within the next 5 days.

Choose an option:

Remove
Back

Done   Trusted sites

Internet banking screenshot of complaint- specific update

File Edit View Favorites Tools Help

Back - Search Favorites

Lloyds TSB online

Account overview
Personal Details
Messages Inbox
Change password
Change memorable info
Change greeting
Help
Apply Online
Personal loan
Credit cards
Car Insurance
Home Insurance
Savings
Travel Money
Mortgages
Pensions

Logoff

Selected account	Sort code	Account number
Current Account	87-41-25	65932192

Your Message

Message to	Sean Brundrette
Date	20/01/2005
Subject	Re: Your complaint
Priority	Urgent
Message	Re: Your complaint. We are sorry that you have been inconvenienced. The concerns you raised are being looked into and someone will contact you shortly to discuss them.

Choose an option:

Remove
Back

Done   Trusted sites

Internet banking screenshot of generic update

Mobile phone screenshot of complaint-specific update

Mobile phone screenshot of generic update

Appendix 4

Appendix 4.1:

Notes on Analysis of Variance (ANOVA)

The basic principle of analysis of variance (ANOVA) is, as the name indicates, that the *variance* in the data (consisting of squared differences between dependent variable values) is *analysed*, or partitioned, into components corresponding to different effects – which may relate to between-participants factors, within-participants factors, interactions between factors, and random variation. The relative sizes of these components are then used to test whether the apparent effects of the factors, as seen in the sample data, are real (i.e. non-zero on the population from which the sample is taken) or whether they are adequately explained by random variations.

The simplest type of ANOVA is the *one-way univariate ANOVA*. The term *one-way* means that only one independent variable (or *factor*) is being tested; *univariate* means that only one dependent variable is involved. This type of test is appropriate for investigating the effect of a *single between-participants factor* (with two or more values, or *levels* – occurring of course for different participant groups) on a designated dependent variable.

The null hypothesis H_0 is that the factor has no effect on the dependent variable, i.e. the mean of the dependent variable (on the population) is the same for each level of the factor. On this hypothesis, any differences between means, within the sample, for different levels of the factor must be due to random variations (individual differences between participants, random errors in measurement, etc). The statistic used in testing the null hypothesis is a quantity called F, which is a ratio of squared differences *between* levels of the factor to squared differences *within* levels of the factor. On the null hypothesis, all that is present is random variation, with no systematic differences between levels of the factor, and so the magnitude of the between-levels differences should be similar to that of the within-levels differences. More precisely,

$$F = (SS_{\text{between-levels}}/df_{\text{between-levels}}) \,/\, (SS_{\text{within-levels}}/df_{\text{within-levels}})$$

where SS stands for *sum of squares* and df stands for *degrees of freedom*. The SS quantities are sums of squared differences between values of the dependent variable, and the df values are the appropriate normalisation factors which convert between *sums* of squares and *means* of squares, so that F is the ratio of normalised between-levels variation to normalised within-levels variation. On the null hypothesis H_0, F has a particular probability distribution denoted by $F_{df1,\,df2}$, where $df1$ and $df2$ are the degrees of freedom in the numerator and denominator respectively (i.e. $df1 = df_{\text{between-levels}}$ and $df2 = df_{\text{within-levels}}$). On the other hand, if H_0 is false, and there are actually systematic differences between levels of the factor, $SS_{\text{between-levels}}$ will tend to be larger than H_0 predicts, and so F will also tend to be larger than predicted by H_0. Hence the null hypothesis can be tested by testing the computed F value against the $F_{df1,\,df2}$ distribution. The more extreme the observed F value is, relative to the distribution predicted by H_0, the stronger the evidence against H_0.
(The letter F is used for the variance-ratio statistic in honour of R.A. Fisher, one of the leading statisticians of the 20th century, who developed much of the mathematics involved.)

The output of a one-way univariate ANOVA will be a table showing the sums of squares, the F statistic and the corresponding significance (p value). The F value and significance of interest are the ones shown against the factor name in the table. There will also be an F value and a significance for the *intercept*, representing the overall offset of the data (dependent variable values) from zero; this is of practical interest only if the scale on which the dependent variable is measured has a meaningful zero point.

When two or more between-participants factors are present, the one-way univariate ANOVA generalises to the *n-way univariate ANOVA* (where n is the number of factors). Instead of producing just one F value (plus one for the intercept), an n-way ANOVA yields separate F statistics, and corresponding p values, for all the n individual factors and for all the pairwise and higher-order interactions between factors – a total of 2^n-1 F statistics and 2^n-1 p values (or 2^n of each including those for the intercept). It is thus not just a single statistical test, but a battery of 2^n-1 tests, with different null hypotheses, performed together. (Therefore the overall risk of a false positive, i.e. a spurious significant result, is increased. A four-way ANOVA, for instance, yields 2^4-1 = 15 p values representing tests of different factor effects and interactions; and in a set of 15 p values it is more likely than not that at least one will be significant at the 0.05 level even if all the null hypotheses are actually true.)

The n-way ANOVA (where $n > 1$) brings in the concept of *interaction* between factors. An interaction between two factors means that the effect of the first factor is systematically different at different levels of the second factor (or vice versa: the definition of interaction is symmetric). For example, if customers under the age of 35 tend to have more favourable attitudes to a certain service than those over 35, but *non*-customers in the older group have higher attitudes than non-customers in the younger group, then there is an interaction between the factors *age group* and *customer status*. In this example, the interaction is particularly prominent in that the direction of the effect of one factor (age group) is actually *reversed* by a change in the other factor (customer status); but an interaction can be present even where only the size, and not the direction, of the first factor's effect is different across levels of the second factor. The exact form of an interaction can be discovered by looking at the estimated marginal means for all the combinations of factor values.

When there are more than two factors in the analysis, not only two-way interactions (between pairs of factors) can arise, but also three-way and higher-order interactions (amongst sets of three or more factors). A three-way interaction of age group, gender and customer status, for example, means that *the way in which the gender effect differs between age groups is dependent on customer status.*

When the factors to be tested include a within-participants factor, a *repeated measures ANOVA* is used. Here again the null hypothesis is that there is no difference, on the population, between the mean values of the dependent variable (e.g. usability score) for different levels of the factor (e.g. different interface designs – experienced by the same participants in the experiment). But the hypothesis is tested using *within-participants* differences in the dependent variable between factor levels, rather than between-participants differences as used in the univariate ANOVA. (Thus, repeated measures ANOVA is to univariate ANOVA as related samples t-test is to unrelated samples t-test.) The repeated measures ANOVA may include two levels of the within-participants factor, or more than two; it may also take account of between-participants factors and their interactions with one another and with the within-participants factor. The different levels of the within-participants factor are represented in the data by multiple dependent variables (one per level of the factor), whose values are the measurements on the same set of participants under the different conditions being compared.

The repeated measures ANOVA technique generalises to cases with two or more within-participants factors. Different dependent variables must be specified for all the combinations of levels of the within-participants factors. For example, if the factors are *version* (with three levels, representing three different versions of an automated telephone service) and *call* (with two levels, representing the first and second telephone calls made by the participant to any version of the service), there should be dependent variables (e.g. usability scores) for all the combinations of version and call (six combinations, corresponding to the total of six calls made by each participant – hence six dependent variables).