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PREDOMINANTLY ELECTRONIC OR PERSONAL SERVICE DELIVERY? A CASE IN THE WEALTH MANAGEMENT CONTEXT

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PREDOMINANTLY ELECTRONIC OR PERSONAL SERVICE DELIVERY? A CASE IN THE WEALTH MANAGEMENT CONTEXT

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Abstract

Financial services have been a recurrent subject of a multichannel inquiry but investigation into the wealth management area is scarce. This paper intends to fill the gap and presents the results of a questionnaire directed at customers of a financial conglomerate. The objective of this research is to examine which variables influence consumers' channel preferences in the wealth management context, and to find out possible differences between the customers who prefer predominantly electronic service or personal service delivery. Logistic regression and t-tests are used in the analysis. The perceived channel attributes of personalization, convenience and safety, relationship strength, and the internet and wealth management knowledge influence the channel preferences. Typical wealth management customers prefer multichannel service delivery; only 4 % of customers prefer pure electronic service, and 14 % of customers prefer pure personal service. There are several aspects that differentiate those customers who prefer predominantly electronic or personal service. The preference for the electronic channel indicated investments in shares, independent decision making style in wealth management tasks and reliance on electronic information channels. In addition, the customers who perceive relationship strength with the service provider as weaker prefer predominantly e-services, which should give impetus for action among the management in the financial service companies.

Keywords: Multichannel, Wealth Management, Electronic Service, Personal Service, Relationship Strength

1 INTRODUCTION

Multichannel customer management is the design, deployment, coordination, and evaluation of channels through which firms and customers interact, with the goal of enhancing customer value through effective customer acquisition, retention and development (Neslin et al. 2006). Multichannel retailing is assumed to offer synergies, as it can result in an increased customer base, added revenue, and higher market share (Berman and Thelen 2004). A well-integrated multichannel strategy includes product, service and quality consistency across channels, highly-integrated promotions and integrated information systems that share customer and offering information. Much of the multichannel research has taken place in the financial industry for several reasons. Financial services have been in the forefront of the new technology deployment, since the financial industry is essentially an information-based industry (Dewan and Seidmann 2001). In addition, financial service providers control both their online and offline channels and can decide fairly freely how to develop the channels, and where the focus of the development should be. In the financial sector, multichannel service delivery is thus commonplace. The average adoption rate of online banking is high in the Nordic countries making the need for multichannel strategy essential. According to the statistics from spring 2008, 83% of Finns use the internet, and 72% of the population are online banking users (Statistics Finland, 2008).

This study is based on the results of both qualitative and quantitative data that were collected under a larger research project. The main aim of the project was to develop a comprehensive wealth management service concept for individual customers. The qualitative methods included financial expert interviews and consumer focus group discussions. The main focus of this paper is, however, on reporting the results of a questionnaire sent to customers of a Nordic financial conglomerate (N = 291). The sample customers have some property and savings, representing thus a customer segment that financial service providers will find increasingly interesting in the future. They are, however, not entitled to private banking services. In our case financial conglomerate only customers who have 100 000 € of assets for investment purposes can use private banking services. The sample customers thus manage their assets either independently or after infrequent consultations with a financial advisor.

This paper broadens the research focus from transactional services (mainly payment of bills and checking account balances) to wealth management services. For the purposes of this study, we understand wealth management broadly as those activities focusing on financial issues in the households; real and financial assets and liabilities, including insurances for protection of possessions and persons. We emphasize a comprehensive view to wealth management services, and recognize that wealth management requires knowledge and experience that are not necessary in day-to-day running of financial affairs. For example, in the preliminary testing phase of the wealth management service concept, a financial security check” – the opportunity for consumers to map their own financial situation – and compare it with others belonging to the same demographic group, was appreciated.

The objective of this research is to examine which variables influence consumers’ channel preferences in the wealth management context. Consequently, a model of variables influencing the consumers’ channel preferences is developed. We examined the channel attributes; convenience, security and personalization, and whether customers’ perceptions of the relationship strength with the service provider are associated with channel preferences. In addition, internet and wealth management knowledge and experience were hypothesized to have an impact on the channel preferences. Our paper thus concentrates on finding an answer to the question: *What variables influence consumers’ channel preferences in the wealth management context?* In addition, we carry out an exploratory analysis on how predominantly electronic service (PES) and predominantly personal service (PPS) customer groups diverge from each other.

This paper is structured as follows. We first discuss the literature investigating the multichannel usage, and then develop the hypotheses for the model. In section three we describe the data and methodology used in the empirical study. After that, the results based on the binary logistic regression and t-test analysis are presented. Finally, the results and theoretical and managerial implications are discussed.

2 THEORETICAL BACKGROUND AND HYPOTHESES

Sousa and Voss (2006) define multichannel service as a service composed of components that are delivered through two or more channels. According to Neslin et al. (2006), practitioners have five challenges to address in the effective management of the multichannel environment: i) data integration, ii) understanding consumer behaviour, iii) channel evaluation, iv) allocation of resources across channels, and v) coordination of channel strategies. Academic research has mostly addressed the question of consumer behaviour, and has concentrated on three main channels: catalogs, bricks-and-mortar stores, and the internet.

Previous research has given evidence for reasons for channel choice and concluded that multichannel consumers, in general, buy more (Kumar and Venkatesan 2005). According to Neslin et al. (2006), the main determinants of customer channel choice can be divided into five groups: *marketing efforts* (Ansari and Mela 2003), *channel attributes* (Devaraj et al. 2006), *channel integration* (Montoya-Weiss et al. 2003), *social influence and situational factors* (Burke 2002, Dabholkar and Bagozzi 2002) and *individual differences* (Durkin 2004). In addition, the *task characteristics* of goal-directed or experiential tasks (Hoffman and Novak 1996) and the *type of products purchased* (Chiang et al. 2006) influence the channel choice. Less research has been conducted in the area of data integration even though it is important for financial companies (see however, Cappiello et al, 2003).

It is likely that the characteristics of wealth management services influence the channel choice and the need for channel interaction. Long-term wealth instruments and services consist mainly of credence attributes (Darby and Karni 1973), and are marketed and sold with promises of future revenue streams and credibility of the service provider (Harrison 2000). The channel – service framework (Apte and Vepsäläinen 1993) concludes that complex and infrequently used services would typically require personal interaction whereas simple and frequent transactions can be carried out as a self-service. In addition, the media richness theory (Daft and Lengel 1986) emphasizes the richness of personal contact, and its superiority in dealing with complicated issues in comparison to, for example, phone calls or e-services.

Most of the multichannel studies in the financial services context have examined the association between channel choice and loyalty, and the findings have been contradictory. On one hand, multichannel environment can be seen eroding loyalty because it encourages extensive search and enables easy switching to another service provider. In addition, electronic channels entail little human contact, which itself can erode loyalty. Wright (2002) claims that new channel technologies have loosened the relationship between the banker and the customer. On the other hand, multichannel usage might also enhance loyalty (Shankar et al. 2003). According to Wallace et al. (2004), multichannel usage is associated with higher perceptions of the provider's service offering, which in turn leads to higher customer satisfaction and loyalty. Coelho et al. (2003) investigated 62 UK financial service companies and found that multichannel companies enjoyed higher sales levels but lower profits. It seemed that multichannel companies suffered especially in terms of customer service and customer retention. Thus, providing good, coordinated service is a challenge for multichannel companies. In general, however, several research results indicate that channel choice has no association with loyalty in the banking context (e.g. Colgate and Smith 2005; Herington and Weaven 2007).

Only few studies have examined services related to maintaining and accumulating wealth. Falk et al. (2008) found that in Germany, the status quo bias is a powerful hindrance for consumers to turn to electronic services in the investment context, and especially older, male consumers and inexperienced internet users preferred continuing to use purely personal service. Ding et al. (2007) examined what combination of features financial institutions should offer to satisfy the needs of the high involvement customers who preferred using the e-service, multichannel or personal service for investment needs. Within these different customer segments the customer needs regarding online features differed, indicating a need to personalize the multichannel offering for each customer segment. The electronic service segment included 52 %, multichannel 37 %, and personal service 11 % of the sample's customers in the study (Ding et al. 2007).

Channel preferences (dependent variable in the model)

Channel choice can range from pure electronic channel (self-service) to pure personal service. The dominant view of the experts we interviewed was that in wealth management tasks, personal encounter with a financial advisor is the best way to influence customers, especially when the customers are inexperienced. More experienced customers might be able and willing to turn to electronic services. Thus, the multichannel view emerged very strongly in the interviews. However, a linkage between the relationship strength and channel preferences could not be made. In the consumers' focus group discussions, the internet was mentioned as an information source but e-services of banks were not discussed. Topics like security or privacy did not emerge directly in the discussions. Instead, consumers talked spontaneously about the need for trust in the wealth management relationship and their partial distrust in financial advisors (Sunikka and Peura-Kapanen 2008a, 2008b).

The channel preferences are measured with one item "I prefer taking care of my wealth" with anchors at 1, signifying electronic channel delivery and 7, signifying interaction with a financial advisor. The midpoint 4 denotes customers that prefer electronic and personal service delivery to the same extent. For the purposes of the binary logistic regression analysis, customers were divided into two groups; those who prefer predominantly electronic service, PES-group (choices from 1 to 3, n = 72) and those who prefer predominantly personal service, PPS-group (choices from 5 to 7, n = 160). We decided to omit those customers who chose the mid-point 4 from further analysis (n = 59).

Channel attributes

Previous research has identified several reasons why consumers adopt new technology. Especially in the financial service sector, research has concentrated on examining the antecedents of electronic banking adoption (e.g. Durkin, 2004). The technology acceptance model, TAM, (Davis 1989) has identified usefulness and ease of use as the main variables for explaining why consumers adopt new technology. In addition, the consumer readiness (Meuter et al. 2005) and the technology readiness (Parasuraman 2000) constructs explain why some consumers feel more comfortable with new technology than others.

Convenience, security and personalization represent channel attributes in this study. For example, Szymanski and Hise (2000) found convenience to be an important factor in e-satisfaction. Convenience is understood in terms of consumers' time and effort perceptions related to using a service. Fun of interaction was not included as an attribute since electronic banking (also for wealth management tasks) is considered as a utilitarian electronic service (van den Heijden 2004). In an online context, security, and the perception of trust have been identified as important determinants of customer willingness to use electronic services (Casaló et al. 2007, Yousafzai et al., 2003). According to a recent Eurobarometer (2008) study, consumers in the Nordic countries trust banks and financial institutions to use their personal data in an appropriate way. Personalization has been taken into new levels in the electronic environment, and research interest has continuously increased (for a review, see Fan and Poole, 2006). The chosen attributes were combined with two tasks: information search about wealth-related issues, and buying or selling of assets. Hence, we combined three channel attributes with two wealth management tasks.

We hypothesize that all relationships between the channel attributes and the channel preference are positive. In other words, if a respondent thinks that information search is convenient with the help of a personal financial advisor, the customer is expected to choose options from 5 to 7 and thus indicate her/his preference for the personal service delivery channel. If, on the other hand, a customer regards electronic service as a convenient channel in information search, s/he is expected to choose options from 1 to 3 and thus show preference for the predominantly electronic service delivery. Descriptive statistics of the items and constructs are presented in Appendix 1.

H1: Customer's perception of the channel convenience will be associated with the customer's channel preferences.

H2: Customer's perception of the channel security will be associated with the customer's channel preferences.

H3: Customer's perception of the channel personalization will be associated with the customer's channel preferences.

Relationship strength

Incorporating the relationship strength as one of the variables in the model was motivated by the question whether financial service relationships are perceived as strong or weak by the consumers. Financial service relationships are often used as examples of the relationship management approach, which is defined as activities directed towards establishing, developing and maintaining successful relational exchanges (Morgan and Hunt 1994). However, there are doubts about the strength of ties that consumers feel towards their financial service providers in the current era where "the competitor is only a click away".

In contrast to the research on service quality, satisfaction and loyalty (e.g. Beerli et al., 2004), there are only few studies on relationship strength. Donaldson and O'Toole (2000) and Hausman (2001) have examined relationship structure and strength and its impact on performance in a non-finance B2B context. Wong and Sohal (2006) have developed a model of relationship strength in the retail sector, and claim that their results could be generalized to banking and insurance industries. Other researchers have concentrated on the salesperson's role (Bove and Johnson 2001), or on comparing varying levels of relationship strength in different service industries (Ward and Dagger 2007). Ward and Dagger (2007) found out that of the five service contexts they studied, customers in general perceive that the relationship with a bank represents medium level strength; the strongest relationship is usually with the hairdresser, and the weakest with a cinema.

In this study, relationship strength is defined as the extent, degree, or magnitude of relationship which is governed by the amount of trust and the level of commitment the customer feels towards the service provider (Bove and Johnson 2001). The relationship strength is particularly applicable in situations where the service involves a high component of interpersonal delivery, and when the service is varying and high in experience or credence qualities, making quality difficult to predict or evaluate and therefore increasing the customer perceived risk (Sheth and Parvatiyar 1995).

Ball et al. (2004) grouped the antecedents of loyalty as follows: *characteristics of the environment* (perceived switching costs or technological changes), *characteristics of the dyadic relationship* (shared norms or relationship duration), *characteristics of the consumer* (relationship tendency or involvement in the category), and *consumer perceptions of the relationship with the company* (service satisfaction, trust and service quality). Consumers' perception of the relationship strength with the service provider is thus perceived as an antecedent of loyalty. In this paper, the perceived relationship is understood purely from the consumer's point of view. Originally, we had three items to measure the relationship strength; however, the transactional item had to be excluded from further analysis since it did not fit with the other two items of the construct.

H4: Customer's perception of the relationship strength with the service provider will be associated with the customer's channel preferences.

The internet variables: knowledge and experience

In line with previous studies (e.g. Montoya-Weiss et al. 2003), increased familiarity (knowledge and frequency) of the internet usage is likely to result in increased use of electronic services. According to Alba and Hutchinson (1987), knowledge can be divided into subjective and objective knowledge. Subjective knowledge is the own perceived level of knowledge, in this study the self estimated ability to use the internet. Objective knowledge was not measured in this study.

Experience with the internet, both the length of time the consumer has used the internet and the frequency of the internet usage, as well as the versatility of the tasks, are expected to influence channel preferences. In this study, frequency of usage (in hours per week) represents the internet experience.

H5: The internet knowledge will be associated with the customer's channel preferences.

H6: The internet experience will be associated with the customer's channel preferences.

Wealth management variables

Knowledge on different instruments is assumed to increase the confidence of customers in their own ability to conduct wealth-related tasks independently, without turning to customer representatives for assistance. The frequency of wealth management transactions is also assumed to increase the likelihood of electronic channel usage. Associated with this is the nature of the financial assets owned since, for example, ownership of liquid assets (e.g. shares) can require frequent transactions and might thus result in preference for multichannel and electronic channel service delivery.

H7: Wealth knowledge will be associated with the customer's channel preferences.

H8: Wealth experience will be associated with the customer's channel preferences.

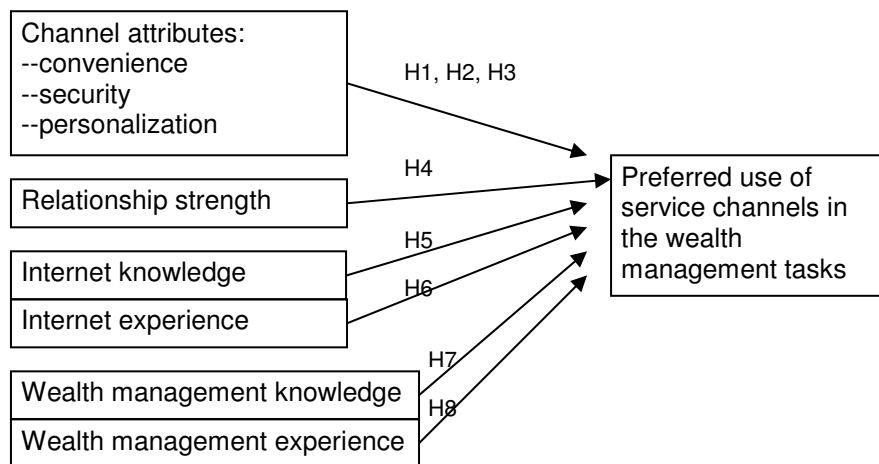


Figure 1. Model for channel preference in the wealth management context

3 METHODOLOGY

Our qualitative data examined wealth management behaviour both from the point of view of consumers and service providers. At first, focus group discussions were carried out with 33 consumers in six sessions and 11 individual interviews were conducted with financial experts. Based on the results of this qualitative phase and an earlier literature, a questionnaire was constructed. The questionnaire included several themes ranging from motivations for financial behaviour to customer views of total wealth management services. Most of the items used in the questionnaire were adapted from previous studies. In addition, practitioners and academics participating in our research project commented extensively on the questions resulting in several changes to the final questionnaire form. 1500 questionnaires were sent out to customers of a financial conglomerate. Two mailings were used. The customers were chosen from the database of the financial services company, and are representative of relatively wealthy customers. The response rate was 20.6 % (309 returned questionnaires), which can be considered satisfactory considering the length of the questionnaire, the sensitivity of the topic, and the fact that this was a mailed survey. After having removed incomplete responses, 291 usable responses were available for our analysis.

4 RESULTS

The demographics of the 291 respondents were the following: 57 percent were female, the average age was 49 (range from 25 to 75), and 49 percent had a polytechnic or a university degree. Nearly 70 percent earned less than 40 000 € per year and the group owning between 100 001 and 250 000 in assets was the biggest group (35 %). 83 percent of the respondents lived in smaller towns and rural municipalities.

Confirmatory factor analysis (CFA) was conducted using principal component analysis and orthogonal varimax rotation. Appendix 1 depicts the constructs that were used in the logistic regression model. The security attribute on buying and selling loaded on the convenience attribute, leaving only one item, the security of information search, to represent the security construct. The reliabilities of the constructs (Cronbach's alpha values) ranged from 0.76 for convenience to 0.84 for relationship strength. Nearly all tasks were considered more convenient, more personalized and more secure when conducted as PPS. Only the information search item was considered slightly more convenient as PES. Correlations among variables ranged from -0.35 (personalization and frequency of wealth management decision making) to 0.64 (channel attributes personalization and convenience).

We conducted a stepwise binary logistic regression with SAS 3.0 to test the hypotheses. The explanatory variables were derived from the factor analysis and the significant variables are presented in Table 1 below. The dependent variable is channel preference, 1 for PES and 0 for PPS. We used the question "I prefer taking care of my wealth" with anchors at 1 for purely electronic channel and 7 for purely personal channel to distinguish those who prefer PES (from 1 to 3, 25% of the respondents) from those who prefer PPS (from 5 to 7, 55% of the respondents). We decided to omit those customers who chose the mid-point 4 to denote their channel preference (20% of the respondents). However, multichannel service delivery was clearly the dominant service delivery model since the pure electronic channel was preferred only by 4 percent and pure personal service by 14 percent of the respondents.

| Parameter | DF | Estimate (B) | Standard Error | Wald Chi-Square | Pr > Chi Sq | Exp (B) |
|--------------------------------|----|--------------|----------------|-----------------|-------------|---------|
| Intercept | 1 | 1.5401 | 0.3292 | 21.8828 | <.0001 | 4.665 |
| Channel Convenience | 1 | 1.227 | 0.2938 | 17.4402 | <.0001 | 3.411 |
| Internet knowlege | 1 | -0.7583 | 0.3194 | 5.6354 | 0.0176 | 0.468 |
| Wealth mgmt knowledge | 1 | -0.5927 | 0.2925 | 4.1053 | 0.0427 | 0.553 |
| Channel Personalization | 1 | 3.1297 | 0.5074 | 38.0397 | <.0001 | 22.867 |
| Relationship strength | 1 | 0.8288 | 0.2838 | 8.5305 | 0.0035 | 2.291 |
| Channel Security | 1 | 0.9689 | 0.2932 | 10.9212 | 0.001 | 2.635 |

Table 1: *Influential variables for channel preferences*

The -2Log likelihood of the final model was 83.651, R-Square 0.556 and Max-rescaled R-Square 0.874. In the likelihood ratio test for the global null hypothesis ($\beta = 0$), chi-square was 160.901 with 6 DF (<.0001). No additional effects met the 0.05 significance level after Step 6. Somers' D denotes the strength and direction of the relation between pairs of variables. It is the difference between the percent concordant and the percent discordant divided by 100, in our model $(96.6 - 3.4)/100 = 0.933$. The C measure (equivalent to a well-known measure of ROC) is 0.966, which corresponds to the model discriminating the responses well.

The channel attributes of personalization, convenience and safety are all positively related with the channel preference (H1 – H3); those who rate these attributes high for personal service also prefer PPS delivery. Relationship strength is also positively related with the channel preference; those who perceive a stronger relationship with the service provider prefer PPS delivery in the wealth management context (H4). The relationships with the internet knowledge (H5) and wealth management knowledge (H7) with channel preference are reverse; that is, the increase in these variables indicates a move from personal service preference to multichannel and electronic service preference. The relationships between the internet experience and wealth management experience with channel preference were not statistically significant; we thus reject H6 and H8.

In order to develop a deeper understanding of the differences and similarities between the customer groups that preferred PES or PPS delivery we carried out t-tests with variables that were not included in the logistic regression model (see Appendix 2 for details). We used the same binary variable as in the logistic regression to group the data. Even though we did not think that demographic variables

would have an impact on the channel preferences, there was a statistically significant difference between the groups. PPS was preferred by older customers; the average age of PPS customers was 50 years in comparison with 46 years in PES group ($p = 0.0308$). PPS group consisted of 63% of females whereas PES group included only 36% of female. In addition, members of the PPS group owned less shares. We asked about the *sources of information* that customers considered as the most important in the financial decision making context. PPS group turned to financial advisors for information whereas PES group used a variety of information sources to support them in the financial decision making: especially electronic channels but also printed articles and own previous experience. When *decision making style* in financial matters was specifically inquired, PES group acted independently, relying on their own expertise whereas PPS group needed more advice and reassurance from others. PPS group had a more favourable *view of the marketing activities* of the financial institutions; seeing marketing as aiming at the good of the customer rather than pushing products to customers. Customers in PPS group intended to increase the use of services of the current service provider indicating *behavioural loyalty* even though there was no statistically significant difference with the intentions to use services of other companies between the PPS and PES groups. The PPS group also felt that they had invested more effort in finding a suitable service provider creating thus higher *switching barriers*. In general, PES group had a more critical attitude towards financial service providers than PPS group.

5 DISCUSSION AND CONCLUSIONS

This paper focused on understanding customers' multichannel usage in the wealth management context, and especially the linkage between the relationship strength and the channel preferences. Multichannel service delivery is clearly preferred to pure electronic service delivery (4%) or pure personal service delivery (14%) in wealth related tasks. Only the information search task was considered slightly more convenient as predominantly electronic service (PES) than personal service, whereas convenience, personalization and safety constructs were all seen as predominately personal service (PPS) attributes. Channel preferences in wealth management are also influenced by the relationship strength; those who perceive a stronger relationship prefer using PPS. Increasing internet and wealth management knowledge, on the other hand, makes customer prefer switching to the multichannel and electronic service delivery.

The t-tests between the PPS and PES groups revealed quite distinguished profiles of the two customer groups. Those who preferred PES were demographically more likely to be younger males and they had more investments in shares than the PPS group. The preference for increased electronic channel usage might be partly explained by their willingness to use e-services for share trade transactions. The PES group used more versatile information sources than the PPS group who mainly relied on the information provided by their primary financial service provider. In addition, customers in the PES group preferred making independent decisions instead of turning to financial advisors for advice. Perceptions about the advice that the financial service companies offered differed too; the PES group thought that the advice of the financial service companies mostly promoted the products or services of the particular company, and not the good of the customer. Furthermore, the behavioral loyalty and perceived switching costs diverged confirming the stronger perceived relationship between the PPS customers than the PES customers with their financial service provider.

Traditional wealth services require expertise and are thus labor intensive. As the number of consumers willing and able to invest is expected to increase in the future, the challenge of suitable service channel combinations will intensify. When electronic and personal services are combined the wealth management service providers are not only able to offer services to a larger number of customers but can also provide more comprehensive and more integrated services to cover consumers' wealth management needs as a whole. The findings of our study show that those who prefer PES are more knowledgeable and willing to make independent decisions in wealth management issues than the PPS customers. However, there are only 25% of PES customers in this sample compared with 55% of PPS customers. Thus, even though customers are active users of online banking in everyday monetary affairs, the majority of customers seem to need personal interaction with the financial advisor in a

more complex context at the moment. Also, since the multichannel strategy emerged as the most preferred channel choice both electronic and personal channels have to be developed in an integrated manner.

As it seems that the PES customers perceive a weaker relationship with their service provider, the financial service providers should emphasize the added value that their electronic channel provides for the customers. Nowadays, information technology offers several possibilities for automated and personalized service delivery. However, e-services are not necessarily perceived as personalized even though customers find their own account and transaction information in the online applications. The information provided by the financial service provider is not personalized, and not necessarily relevant for the customers' situation, or their financial objectives in life. A more personalized experience could be offered with a tool that aggregates the customers' financial transactions in order to show their financial status and the allocation of wealth automatically, without manual calculations. A more hedonic application is a widget that is provided by an e-service of one bank: the customer can choose a certain objective for savings, for example, a vacation trip, and the widget records all the savings by depicting a piggy bank that is becoming rounder when the savings amount accumulates. In addition, chat and VoIP could be harnessed for customer service purposes since one of the recurrent sources of complaints is that it is difficult to get in contact with financial advisors. However, the linkage to personal service should always be kept in mind, and the PES customers should be served efficiently when they need personal service. For example, Colgate and Smith (2005) studied multichannel financial services, and concluded that a good relationship with a financial advisor can build trust among the e-service customers.

Our research has the following limitations. Only customers of one service provider were surveyed, limiting the external validity of the study. Because the questionnaire was long (11 pages), and there were several themes, the number of items for the channel and relationship questions was restricted. According to Drolet and Morrison (2001), one-item constructs are not necessarily harmful in service research. For example, Shankar et al. (2003) only used one-item constructs in their multichannel study. The main reason for this was to avoid the excessive length of the questionnaire, as in our case.

It should be noted that we do not know if customers who perceive weaker relationship prefer PES, or if the usage of PES leads to weaker relationship due to the decreasing amount of personal contact. More studies should concentrate on finding out how the financial service offering should be combined in various channels, and what kind of services are regarded as attractive in the electronic channel. Further studies should also examine other industries and companies to confirm the relationship between the electronic service usage and relatively weaker relationship with the service provider.

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Appendix 1: Variables, mean averages, standard deviations, and Cronbach alfas for the constructs

| Construct | Item | Factor loadings | N | Avg | SD |
|--|---|-----------------|-----|------|------|
| Channel convenience CA = 0.7611 Avg: 4.29, Std: 1.34 | Information search about wealth is the most convenient (1 = as a pure electronic service, 7 = as a pure personal service) | 0.5711 | 291 | 3.73 | 1.67 |
| | Purchasing and selling wealth is the most convenient... | 0.8057 | 291 | 4.15 | 1.74 |
| | Purchasing and selling wealth is the most secure... | 0.7656 | 291 | 4.99 | 1.45 |

| | | | | | |
|--|--|--------|-----|------|------|
| Channel security | Information search about wealth is the most secure... | 0.9109 | 291 | 4.70 | 1.41 |
| Channel personalization CA = 0.7880 4.72 (1.37) | I receive information about my personal wealth situation the best... | 0.7089 | 291 | 4.79 | 1.66 |
| | My personal needs regarding wealth purchasing and selling are best fulfilled... | 0.6932 | 291 | 4.87 | 1.63 |
| | I myself best influence the management of my wealth | 0.7672 | 291 | 4.51 | 1.61 |
| Relationship strength CA = 0.8438 5.51 (1.23) | I have a confidential relationship with my principal wealth management company. (1 = strongly disagree, 7 = strongly agree) | 0.9298 | 285 | 5.65 | 1.27 |
| | I have a confidential relationship with the financial advisor of my principal wealth management company | 0.9043 | 283 | 5.34 | 1.42 |
| Internet knowledge (range 1 – 7, 1 = no, 7 = excellent) | | 0.9026 | 281 | 4.50 | 1.37 |
| Internet experience (hours of usage per week) (0 – 60 decisions) | | 0.9427 | 278 | 7.53 | 8.64 |
| Wealth management knowledge in comparison to financial expert's (1 = inferior own knowledge, 7 = superior own knowledge) | | 0.9731 | 288 | 3.06 | 1.32 |
| Wealth management experience/decision making freq per year (0 - 52) | | 0.9405 | 280 | 3.63 | 6.47 |
| Channel preference (I prefer taking care of my wealth) (1 = as a pure electronic service, 7 = as a pure personal service) | | - | 291 | 4.69 | 1.70 |

Appendix 2: T-test results

| | Predominantly personal service (PPS) | | | Predominantly e-service (PES) | | | Significance * |
|---|--------------------------------------|-------|-----|-------------------------------|-------|----|----------------|
| | Avg. | SD | N | Avg. | SD | N | |
| Share ownership (1 = none, 7 = all assets) | 2.06 | 1.667 | 140 | 2.82 | 1.928 | 65 | 0.0048* |
| Information sources (1= not at all important, 7 = very important) | | | | | | | |
| Personal advice from own financial advisor | <u>5.20</u> | 5.202 | 158 | 4.37 | 1.476 | 71 | <.0001*** |
| Material distributed at branch offices | <u>4.11</u> | 1.371 | 158 | 3.67 | 1.322 | 72 | 0.0231* |
| E-services of own financial institution | 4.03 | 1.451 | 152 | <u>4.54</u> | 1.401 | 70 | 0.0135* |
| E-service of independent service providers | 3.73 | 1.461 | 154 | <u>4.33</u> | 1.411 | 70 | 0.0043* |
| Articles in print magazines and newspapers | 4.23 | 1.295 | 157 | <u>4.67</u> | 1.322 | 72 | 0.0193* |
| Articles in the internet | 3.26 | 1.395 | 155 | <u>3.86</u> | 1.387 | 71 | 0.0029* |
| Own knowledge and experience | 4.70 | 1.320 | 158 | <u>5.19</u> | 1.109 | 72 | 0.0058* |
| Decision making style in financial affairs | | | | | | | |
| Turn to financial advisor for assistance (1 = never, 7 = always) | <u>4.93</u> | 1.481 | 157 | 3.78 | 1.366 | 72 | <.0001*** |
| Rely more in (1 = own deliberation, 7 = others' advice) in financial decision making | <u>4.47</u> | 1.534 | 158 | 3.31 | 1.469 | 72 | <.0001*** |
| Advice and marketing | | | | | | | |
| Objective of marketing: Push and sales (1) vs. good of the customer (7) | <u>4.13</u> | 1.433 | 158 | 2.76 | 1.409 | 72 | <.0001*** |
| Marketing directed to individual products (1) vs. to total wealth concept (7) | <u>4.73</u> | 1.096 | 157 | 3.83 | 1.424 | 71 | <.0001*** |
| Relationship strength | | | | | | | |
| Intention to increase service of the current service provider (1 = disagree, 7 = agree) | <u>4.42</u> | 1.350 | 158 | 3.37 | 1.434 | 67 | <.0001*** |
| Investments in finding a suitable financial services company (1 = disagree, 7 = agree) | <u>2.81</u> | 1.515 | 158 | 2.24 | 1.169 | 67 | 0.0026* |
| Perception of wealth service prices (1 = very low, 7 = very high) | 4.81 | 1.096 | 156 | <u>5.24</u> | 1.177 | 71 | 0.0077* |