Editorial

Journal of Financial Services Marketing (2008) **13**, 179–182. doi:10.1057/fsm.2008.23

In this third issue of Volume 13 I am pleased to introduce the following seven papers covering a range of themes from customer and marketing orientation to understanding the behaviour and preferences of mature financial services consumers.

The first two papers focus on a similar theme of customer and relationship marketing orientation (RMO), exploring the providers' and managers' views of the customer and their approach to the relationship. The first of the two papers, *The Customer Orientation of Financial Advisors*, by Halstead, Jones, Lesseig and Smythe, focuses on the financial adviser–client relationship. A key factor influencing retention of clients is the quality of the client–adviser relationship; a major determinant of a satisfactory relationship is the extent of customer orientation of the adviser. Despite the importance of customer orientation to relationship continuance, the authors contend that no research to date has examined the customer orientation of financial planners. Based on survey results from 530 financial advisers regarding their customer orientation levels, the research reveals that financial advisers exhibit very high customer orientation levels in general, although customer orientation varies across gender, income, and company type. Female advisers were found to have significantly higher customer orientation levels than men. Advisers earning the least amount had lower levels of customer orientation and advisers working for brokerage and security firms reported slightly higher customer orientation than advisers working for banks or insurance companies. The findings also indicate that the importance advisers place on critical mutual fund characteristics varies according to

advisers' level of customer orientation.

Moreover, it seems that advisers with higher customer orientation are more satisfied with their performance in a number of key areas. There are important implications for both investors and advisers in the development of a customer orientation.

Although the premise that relationship marketing positively affects business performance is supported in the literature, the role that mediators such as commitment and trust play in these outcomes renders the link more complex. Effectiveness of an RMO can vary according to particular situations and contexts. While relationship marketing has been studied extensively in Western countries, few studies have examined it in an Eastern cultural context. This provided the impetus for the second paper, *The Relationship Marketing Orientation of Hong Kong Financial Services Industry Managers and its links to Business Performance*, by Gordon, Pires, and Stanton. The paper examines the importance of a RMO in the Hong Kong financial services industry and tests the impact on business performance. The objective of the research was to assess the relative importance attached by managers to the factors used to develop a relationship with clients, to assess the links between these factors and performance. The relationship-marketing construct employed in the study comprised six independent variables (trust, reciprocity, empathy, bonding, communication, and shared values). Data were gathered via a postal survey of financial services managers, yielding 310 completed questionnaires (31 per cent response rate) capturing a cross-section of the sector in terms of type, size, and desired respondents. The findings reveal a complex picture of RMO. The six RMO

factors were found to vary in their effect on the different business performance indicators, complicating the picture of how RMO can be designed to improve business performance. For example, communication was found to be the only factor significantly associated with customer retention, yet seemed unimportant for market share. The findings suggest important implications for the development of a RMO. For example, although the elements of RMO are found to be interdependent, differences in their contribution to achieving particular business performance outcomes suggest the need for a fine-grained approach to building a RMO strategy, one crafted to the service context and particular business performance goals.

Also on the theme of relationships and retention, the fourth paper, *Acquisition, Affinity, and Rewards — Do They Stay or Do They Go?* by Steffes, Murthis, and Rao, examines the role of acquisition mode, affinity, and rewards on customer retention and customer lifetime profitability in the context of a credit-card-issuing bank. Previous research into retention has tended to focus on loyalty cards and reward cards; the authors acknowledge a gap in research in the credit card context. Based on a data set of 4,977 customers of a major financial services provider in the United States, covering a three-year period of credit card usage, the authors use survival analysis to examine the lifetime durations of customers. The research reveals considerable variation in lifetimes across customers. Some customers have a short-term orientation when they entered their relationship with the bank, taking advantage of promotional offers and pricing. These customers are less likely to develop into long-term customers. Others entered relationships with a long-term orientation. These customers are more likely to develop into loyal, relatively low maintenance customers than their short-term counterparts. The research also finds that affinity card customers and customers acquired through direct mail have longer lifetimes than direct selling accounts. The

former finding is interesting since previous research finds that affinity accounts are less profitable than non-affinity accounts. The research did not find that reward card customers have a longer lifetime than non-reward card customers, as expected. The authors argue this may be due to reward cards having an annual fee while affinity cards do not. The paper also re-examines the link between longstanding customers and profitability and finds that the relationship is weak, consistent with recent findings. A number of implications are outlined for marketers of credit cards in terms of developing and maintaining long-term and profitable relationships with customers.

As global migration continues apace, the subject of migrant banking is receiving increased attention. Notwithstanding, Neilson and Chadha note there is a lack of academic research to provide guidance and direction to financial organisations seeking to maintain relationships with customers as they migrate or for domestic financial institutions seeking to attract growing immigrant segments. Migrant banking can also serve as a low-risk means of entering a foreign market. A retail bank considering international expansion faces several obstacles including a lack of cultural awareness and understanding of the market, and language differences that may hinder effective communication. One strategy retail banks may adopt to overcome these obstacles is to target home country customers in the foreign market. In their paper, *International Marketing Strategy in the Retail Banking Industry: The Case of ICICI Bank in Canada*, Neilson and Chadha explore the marketing strategy that a retail bank may pursue when it targets home country nationals in a foreign market. Using a case study of ICICI Bank Canada (the Canadian subsidiary of India's second largest bank), the paper illustrates how an international bank that targets home country nationals in a foreign market can successfully adapt its marketing mix and highlights a number of lessons to be learnt for other retail banks

considering a similar expansion strategy. For example, the authors contend that banks need to ensure they have established a successful network and presence in the country of origin of the target market and that the targeted segment has future growth potential in the new country. In addition, they argue the need to showcase commitment to the target market through various factors. For example, they suggest that managers should select staff who are able to communicate effectively with customers in order to meet the needs of the target market. To allow for relationship development at early stages of immigration, they recommend that new strategies to recognise the credit history of applicants are developed and changes to pricing policies may be called for. The paper concludes that financial institutions educate staff, especially customer contact and marketing employees in order to understand immigrant markets, provide cultural sensitivity training to all staff, expand alternative credit measurements, and develop partnerships with community-based organisations in order to offer financial literacy workshops to new immigrants. Future research in this area could consider retail banks that have been longer established in international markets, serving target segments at more advanced stages immigration.

The fifth paper in this issue, *Antecedents to Customer Satisfaction with Financial Services: The Moderating Effects of the Need to Evaluate* by Hansen and Sand, explores how the effects of commonly accepted antecedents to customer satisfaction (ie benevolence, image and service quality) are moderated by the personality trait 'need to evaluate'. While previous research emphasises the moderating effect of customer characteristics on satisfaction, the authors contend that knowledge of how personality differences between consumers moderate the antecedents to satisfaction is lacking. The authors propose a theoretically derived base line model of antecedents to customer satisfaction, and then argue how these effects may be moderated

by NES. Based on a survey of 214 customers of a large regional bank the model effects are tested revealing that the effects differ depending on the NES levels of consumers. For example, benevolence is not found to have an effect on satisfaction in the low-NES group but the effect is positive and significant in the high-NES group. Image has a positive and significant effect in the low-NES group but not in the high-NES group. Quality has a positive and significant effect in both low- and high-NES groups. The results suggest some important implications for theory and practice. The research reveals the importance of accounting for personality differences in understanding satisfaction. The authors maintain that providers of financial services should not only be interested in how satisfied their customers are in general, but should also focus on the underlying causes of customer satisfaction and how these can be influenced by the firm. The study focuses on a few commonly accepted antecedents to customer satisfaction and one personality trait (NES). The authors call for a closer look at the role of personality differences in satisfaction models in general, taking into account a wider range of antecedents and personality traits.

The last two papers focus on mature consumers and financial planning and preferences. The first of these, *Quality of Life Aspirations: Exploring Baby-boomer Financial Means-end Goal Structures* by Johnson, examines baby-boomers' perceptions of the importance of financial means in contributing to their quality of life. The author employs a novel approach to the application of means-end chain analysis, laddering and schematic representation to qualitative data in order to examine a number of theoretical expectations. The findings indicate that financial means are not high in the order of life domains that contribute to respondent quality of life. Retirement planning tends to rely on compulsory superannuation contributions from employers, with the often misguided assumption that this will provide a sufficient

income to maintain current lifestyles into retirement. Prior to retirement, it seems that respondents are more preoccupied with the 'here-and-now' and meeting education costs and mortgage payments. Interestingly, gender seemed to have an influence on the priority given to financial means and subsequent decisions to seek financial planning advice. The findings suggest important implications for financial planners and confirm the importance for financial planners in determining the core motivations and subordinate means through which baby-boomers envisage achieving quality of life on the journey to retirement. In order to capitalise on this, the authors suggest that financial planners demonstrate the value of their services and work at understanding the relevance that their advice occupies in the minds of potential clients.

The final paper in this issue, *Affluent Mature Consumers: Preference and Patronization for Financial Services* by Moschis and Nguyen, explores the unique financial services preferences and behaviour of affluent mature consumers. The authors note that the mature segment is not homogenous and can be further segmented according to a number of variables, one of which is affluence. Drawing on findings from two large-scale surveys conducted in the United States, the paper reveals a number of differences between up-scale mature consumers and their lower-scale counterparts. Up-scale mature consumers (with annual incomes of over

\$75,000) were found to be different from lower-scale mature consumers in terms of their preferences and patronage reasons for financial services. In general, affluent mature consumers are more likely to prefer financial services from stock brokerage companies than lower-scale consumers but are less likely to receive services from credit unions than lower-scale mature consumers. For other types of financial services providers, including commercial banks, patronage behaviour is mixed, although there appears to be some preferences for certain types of products according to affluence. In terms of marketing strategy, financial services providers targeting the affluent mature should position their services in terms of convenience. The findings seem to show that affluent mature consumers depend more on their own advice when deciding which financial services to use. It is important that sales representatives and financial advisers are aware of this and communicate with affluent mature consumers appropriately. Lower fees and discount programs seem to be ineffective in attracting the affluent mature. Although not tested in the paper, further research could usefully explore the extent to which affluent mature consumers display financial services behaviour that is more like that of other affluent consumers than other mature consumers.

Tina Harrison
Editor