Editorial

Journal of Financial Services Marketing (2010) 15, 1–4. doi:10.1057/fsm.2010.7

In this first issue of Volume 15, I am pleased to introduce the following six papers. The first paper, *The Information Search Process of Socially Responsible Investors*, by Nilsson, Nordvall and Isberg argues that limited research has been conducted that attempts to understand the decision making process of Socially Responsible Investors (SRI). This paper attempts to address this gap by focusing on an early stage in the decision-making process: consumer pre-purchase information search. The paper examines the impact of a number of ‘financial’ and ‘social, ethical and environmental’ (SEE) variables on information search behaviour; in particular, the type of information that Socially Responsible (SR) investors use before making an investment decision, the extent to which the information used is more financial or SEE in nature and the impact of financial and ‘SEE’ types of involvement and perceived knowledge on the external information search process of SR investors.

The population of interest was investors that had chosen to invest at least part of their portfolio in SRI-profiled mutual funds. A questionnaire was sent to 2000 individuals from the database of a large Swedish mutual fund company, resulting in a final usable sample of 369 or 19 per cent. The results of the study reveal that SR investors in general search more for SEE information than traditional financial information, such as past financial return and level of risk. The study also finds that while involved and knowledgeable consumers, in general, search for more information than less involved and knowledgeable consumers, different types of involvement and perceived knowledge were

associated with different search behaviours. For example, financially involved and knowledgeable investors tended to exhibit external search processes that focused on financial aspects of the mutual fund, whereas SEE involved and knowledgeable investors searched more for the relevant SEE information. The authors contend that the rest of the decision-making process may also be different for these groups of investors. The paper makes a number of valuable practical recommendations.

The second paper, *An Exploratory Study of Divided Pricing Effects on Financial Service Quality Expectations*, by Estelami and De Maeyer, explores the perceptual effects of divided versus lump-sum pricing and potential interactions that may exist with company reputation and financial service risk. Many financial services are long-term in nature, provided to consumers over an extended time period. Pricing such services can be executed in one of two primary ways: as a lump-sum in advance of the time period during which the service will be provided, or divided into a sequence of payments extended over the length of the service agreement. Consumer perceptions of the pricing offer and the impact on their subsequent expectations of service quality may be influenced according to whether the price is lump-sum or divided.

The research method uses an experimental design consisting of 12 ($3 \times 2 \times 2$) between subject cells. A total of 252 subjects were recruited through intercept interviews in separate locations in northeastern United States and assigned to each cell of the between-subject design randomly. Each

subject was asked to provide responses to a series of measures, using 1–7 Likert rating scales (with 1 = ‘Strongly Disagree’, and 7 = ‘Strongly Agree’), which measured service quality expectations and price perceptions.

The results indicate that divided pricing has varying effects on consumer expectations of service quality, depending on firm reputation and the underlying risk associated with the financial service. Dividing the payments over an extended time was found to be associated with higher levels of anticipated service quality, particularly when the financial service is of a risky nature and the company providing it does not have a well-recognised brand name. The authors acknowledge that the results need to be interpreted within the context of the constraints of the sampling approach used and warn that use of a broader sample of individuals and wider range of financial services may show different results from those obtained from the convenience sampling method by which subjects were recruited. The paper draws a number of valuable practical implications from the findings of the study.

The third paper, *The Effects of Customer Age and Recovery Strategies in a Service Failure Setting*, by Varela-Neira, Vázquez-Casielles and Iglesias explores the relationship between service failure type (in terms of process failure or outcome failure), age and the customer’s negative emotions after a service failure as well as the relationship between emotions, the recovery strategies executed and service recovery satisfaction. The paper contends that services failures occur frequently in financial services and cannot be eradicated: hence, the need for service recovery strategies and their subsequent impact on consumers’ emotional and behavioural responses to be understood. The paper notes that while a number of studies acknowledge that different types of service failure can be the source of different emotional responses, few studies have

analysed the effects of negative emotions in service failure and recovery situations.

The study is based on the analysis of real customer experiences in service failures which, the authors argue, contrasts with most previous research in this area that has tended to be conducted via laboratory or field experiments based on hypothetical scenarios and role-play. A convenience sample of 197 individuals who had experienced a financial services failure were surveyed using a structured questionnaire administered via personal interview. The study took place in Spain.

The findings of the study reveal that while negative emotions are more intense following process failures than outcome failures, the result was not statistically significant. However, the type of service failure (process or outcome) was found to have an indirect effect, interacting with age to affect negative emotions. In addition, customer age has a negative impact on the intensity of the negative emotions experienced after a service failure: negative emotions after a service failure become less intense as customer age increases. Finally, recovery strategies were found to offset the negative effect of emotions on customer satisfaction. In particular, customer satisfaction with the service recovery was found to be greater when the service provider compensated the customer, when it apologised and when the measures taken were carried out quickly. Yet quick apology did not appear to have the same positive effect as a quick compensation. The authors suggest a possible explanation is that compensation and speed of response can be related to economic resources, whereas apology is related to social resources. Based on exchange resources theory, people assign economic and social resources to different accounts and prefer exchanges between similar resources; hence the link between speed of recovery with compensation but not with apologies. The study concludes that both customer characteristics and service provider behaviour influence customer

satisfaction with the service failure and recovery encounter. The paper makes a number of recommendations for service recovery strategies.

The fourth paper, *Consumer Generated Content: Source Effects In Financial Services Advertising*, by Steyn, Wallström and Pitt examines the impact of consumer generated advertising content on perceptions of financial services advertising. The authors posit that traditional advertising content previously was under the control of organisations and their advertising agencies: consumers were often passive recipients of the advertised content. However, following developments in information technology, combined with increased interactions via social networking sites, many consumers actively seek out comments and recommendations from other consumers and, the authors note, are now creating and distributing their own ads, resulting in the emergence of what has become known as 'consumer generated advertising'. The authors argue that this poses a number of challenges for marketers and academics as little is known about the source effects of these types of ads.

In order to address the research gap outlined, the paper uses a series of experiments designed to test source effects in the context of consumer-generated ads in a financial services context. Six test and one control group were established: all seven groups were exposed to the same 30-second online commercial featuring a financial services company. However, each of the six test groups was exposed to one of three different source effects: creator (consumer versus professional agency), popularity (popular versus unpopular peer reviews) and motivation (motivated to express creativity or to enter a contest).

A self-completion survey was used to gather the data from a quota sample of 466 individuals who responded to an email invitation to participate in the survey that

was sent to 2250 online panel members. The experiment did not find significant evidence that consumer-generated advertising is preferred over agency-created ads, or that the motivation for the creation of the consumer-generated ad has a significant effect on the overall likability of the ad. However, the research does suggest that consumers are affected by cues that indicate the popularity of the ad among their peers. The authors identify a number of implications for marketers as well as suggestions for future research.

The fifth paper, *Distribution Channel Strategy and Efficiency Performance of the Life Insurance Industry in Taiwan* by Chen and Chang assesses the impact of recent changes in Taiwan's life assurance industry on the efficiency and performance of distribution channel strategy. The authors note that, in common with a number of life assurance industries globally, changes in regulations and laws over the past few decades have affected Taiwan's life insurance industry and caused many insurers to modify their marketing strategies. Many life insurers expanded their distribution channels in order to obtain more business and cut costs. Channel strategies have changed from being largely direct to indirect or non-direct channels. To assess the impact of these changes on the Taiwanese life insurance market, the authors estimate efficiency and the sources of productivity change for a sample of 24 life insurers with complete data available for the 10 sample years (1997–2006). The 24 firms accounted for 93 per cent of industry assets in 2001, the midpoint of the sample period. The authors note that most life insurers changed their distribution system in 2003 and they compare the differences in efficiency scores before and after the change of distribution channel strategy. This study uses nonparametric frontier efficiency methods of data envelopment analysis to measure corporate performance. The results suggest that a direct distribution

channel strategy performs better than a non-direct distribution channel strategy in terms of efficiency and productivity change. These results are contrary to insurers' motives and the paper makes a number of recommendations for insurers.

In the final paper, *An Examination of the Factors Influencing Yemeni Bank Users' Behavioural Intention to Use Internet Banking Services* by Zolait and Sulaiman, the authors acknowledge that despite the increase in internet banking and the scale of research in this area, the adoption rate among customers varies from country to country, as too do the reasons why individuals use it. They argue for the need to study Internet banking adoption in Yemen as there are only a few studies examining the adoption of Internet banking in developing countries, specifically those in the Arab world. In addition, the authors note that the factors influencing Internet banking adoption vary among consumers. They note that previous authors have studied Internet banking adoption using the Technology Acceptance Model, the Theory of Planned Behaviour (TPB), and the Extended Theory of Planned Behaviour (ETPB). The research reported in the paper uses a model adapted from both the TPB and ETPB models and incorporate the authors'

own variable 'user readiness' as a potential factor influencing internet banking adoption in the context of a developing country.

Data were gathered using a self-completion survey administered to a convenience sample of 369 Yemenis' bank customers. A path-analysis approach using the Ordinary Least-Squares method was performed to test the proposed model, facilitating testing of the cause and effect among variables, as well as estimating the direct and indirect effects of the variables and understanding the magnitude and direction of the relationships among the model variables. The findings reveal that the key predictors include Relative Advantage/Compatibility, User's Informational-Based Readiness, Attitude, Observability, Technology Facilitating Condition, Perceived Behavioural Control and Self-efficacy. The model accounted for 75 per cent of the variation of an individual's behavioural intention to use Internet banking. The paper makes a number of recommendations.

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