Editorial

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Welcome to the start of a new year and a new volume of the Journal. In this first issue of this 21st volume, I am delighted to introduce six papers. I'm particularly pleased that the topics covered in these six papers have generally received limited attention in previous research, including insurance fraud, health insurance, pricing of new financial products, nudging in mobile banking, multi-family offices and sponsorship.

The first paper in this issue, *Moral Intensity, Moral Awareness, and Ethical Predispositions: The Case of Insurance Fraud*, by Steven Taylor, Chiharu Ishida and Woojung Chang focuses on the increasingly important topic of insurance fraud. Insurance fraud is a major concern to the industry costing billions a year. The authors note that around 10 per cent or more of property/casualty insurance claims are estimated to be fraudulent, yet only a fraction of these are actually detected. Moreover, consumer attitudes are becoming increasingly tolerant of insurance fraud. The recent financial crisis that exposed wrong-doings, unethical and fraudulent behaviours of firms and individuals may partly be to blame for this change in consumer attitude. A deeper understanding of why people engage in fraudulent behaviour helps to advise suitable industry responses. In this context, the authors examine the impact of moral characteristics on the behaviour of insurance claimants.

The research utilised a 2×2 experimental design to examine fraudulent behaviour that was motivated to help others versus to profit oneself by customers of credit unions versus a large online insurer. The study compared the results between two independent age samples: younger, Millennials (355 individuals) and older (385 individuals). It also investigated the impact of ethical predispositions on moral awareness

and moral judgment. The findings show clear differences between the younger and older age groups. In particular, Millennials seem to perceive insurance fraud differently to older individuals, and appear to be affected more strongly by situational and contextual factors. They also displayed more lenient moral characteristics when dealing with a large insurer versus a small credit union. The authors suggest that the insurance industry should consider investing in consumer education that particularly targets younger consumers to correct their understandings of insurance fraud. They also suggest that it may be worthwhile for the insurance industry to invest in building and maintaining a brand community/social network in an effort to build relationships.

In the second paper, *Investigating the Significance of Insurance and Income on Health Service Utilization across Generational Cohorts*, Genevieve O'Connor examines the relationship between health insurance and income on the use of health services. While there has been considerable interest in financial exclusion from the perspective of a variety of mainstream banking and financial products, O'Connor notes that the study of financial exclusion from a healthcare perspective has been largely overlooked. Access to health services is critical to consumers' well-being, yet because of certain pre-disposing characteristics and financial resources some consumers may face barriers to access. Set against this context, the paper provides an analysis of the impact of enabling factors, such as insurance and income, on health service access and utilisation across four generational cohorts: Baby Boomers; the Silent Generation; Generation X; and Generation Y.

The study was based on data from 442 745 healthcare consumers of a major metropolitan hospital in the United States. The research

shows that consumers' responses to insurance as an enabling factor to service access vary across demographic groups and generational cohorts. Results indicate that insurance and income may facilitate access to healthcare services, yet the effect is varied amongst different demographic cohorts and generational groups. It was found that while insurance has a positive effect on most ethnic groups, some ethnic groups were found to use fewer services than both white uninsured and white insured consumers of the same cohort. The findings suggest a need for further research to fully understand how consumers' shared experiences affect health service utilisation within generations. The findings serve to highlight the complexity of healthcare service access and provide insight into consumer healthcare behaviour across the life course.

In the third paper, *Optimal Introductory Pricing for New Financial Services*, Mohammad G. Nejad and Sertan Kabadayi explores the pricing of new financial products and the impact of special introductory pricing on firm profit and customer behaviour. The introductory price of any new product is critical to its success. Introductory pricing generally involves a promotional price for a certain period of time. While this practice is commonplace in the financial services industry, the effectiveness of such activities on firm profitability remain largely unexplored. Set against this background, the author examined the effect of introductory pricing on the net present value (NPV) of profits as well as two key managerial pricing decisions: the discount percentage and the duration that a new customer receives the discount.

Understanding the optimal pricing strategy is not possible without capturing the complexity of the adaptive and interactive nature of pricing decisions. Hence, an agent-based simulation approach was used to allow for this complexity to be modelled. The study finds that offering introductory discounts significantly increases a firm's NPV of profits. In addition, the amount of discount and the duration of time that a new customer receives the discount also seem to be critical factors in determining the NPV of

profits. NPV is increased because customers are less likely to terminate the service during the promotional discount periods. Moreover, many customers will sign up for the service to evaluate it and then remain a customer if they find it beneficial. Also the social value of adoptions through WOM goes some way towards mitigating the lost revenue during the introductory pricing period. However, offering a long-term discount is not an effective pricing strategy as it eliminates a significant amount of potential revenue for the firm.

The fourth paper, *Mobile Nudging: Youth Engagement with Banking Apps*, by Roel Wijland, Paul Hansen and Fatima Gardezi considers how to increase engagement of young people with mobile banking. The authors note that much research has been conducted into the adoption of mobile technologies, but this is now shifting to understanding ongoing use and engagement. To date, much of the research into ongoing use has been based on psychological theories, in particular theories of reasoned action. Yet, not all behaviour is planned and reasoned. Set against this context, the authors apply concepts from behavioural economics and 'nudging' to explore and understand young people's engagement with mobile banking and money management.

The study explored the effectiveness of mobile banking app features on engagement. Potential new mobile banking app features or adaptations to existing app features were first identified from focus group discussions and refined in discussions with senior managers to identify two key app features for each of the five behavioural economics constructs examined: loss aversion, power of now, scarcity value, chunking and choice architecture. On the basis of a sample of 257 young mobile banking consumers, and using a survey involving a pairwise-ranking exercise, the desirability of the features was evaluated.

The research finds that young mobile banking users see value in money-management tools that work in an intuitive way to provide them with opportunities that help them manage their money better. The study

highlights that unless young people are actively nudged into making better money decisions, they will often fail. Surprisingly, perhaps for this age group, the research finds a lack of interest in features that offer aspects of exclusivity, elements of gaming and in particular the sharing of individual achievements with their peers when it comes to money-management. Hence, distinctions can be drawn between the popular features of fitness apps and the sorts of features that appeal for banking. Instead, young mobile banking users indicated a preference for a more basic mobile banking app that addresses their core money-management concerns, including saving, achieving goals and day-to-day financial survival. The research provides useful insights into the practical implications for mobile banking app design.

In the fifth paper, *The Global Field of Multi-Family Offices: An Institutional Perspective*, Carolin Decker and Knut Lange examine whether a global organisational field of multi-family offices exists and, if it does, whether it is dominated by homogeneity or distinct clusters. Wealthy families in the Americas, Europe and Asia are often served by specialised institutions: a single-family office provides services to a single blood-related family, whereas a multi-family office may serve multiple, unrelated families. Multi-family offices specialise in the preservation of enterprising and geographically dispersed families' fortunes and provide their services across generations and countries.

The study uses data from Bloomberg's Top 50 Family Offices. On the basis of analysis of this data, the authors show that multi-family offices constitute a global organisational field made up primarily of two distinct clusters of homogeneity. Hence, clients may choose between two different configurations of activities, according to their preferences and requirements regarding asset management, resource management, family management and service architecture. In addition, the study reveals that multi-family offices make relatively similar value propositions all over the world. The distinctiveness of the clusters is not determined by different national environments

and contexts or varying degrees of international experience. Rather, it is related to the value propositions of exclusivity and transparency of services. The paper outlines a number of practical implications.

In the final paper in this issue, *How the City Olympic Sponsorship Strategy uses the Knowledge of the Elaboration Likelihood Model*, John Fortunato shows how one sponsor is developing its activation programme based on an understanding and application of the Elaboration Likelihood Model (ELM). Financial brands are among the most prominent in sports sponsorship. Sponsorship of large sporting events enables a wide market to be reached and a broad interest group. The global reach of some sporting events, such as the Olympics, enables a high level of prominence for global brands. Sponsorship deals attract significant spend and it is crucial that the impact is evaluated. In planning a sponsorship activation programme a critical question is 'how well do sponsors understand consumer involvement with their product category?' The ELM holds that individual involvement in a product category will motivate a person to evaluate brand messages in that product category more critically. Sponsorship is an ideal promotional communication context in which to explore and apply the ELM principles.

The paper examines the strategy of Citi, the official, exclusive retail bank sponsor for the US Olympic and Paralympic teams. The study takes a case-based approach utilising an assessment of Citi's television commercials during the broadcast of the 2014 Winter Olympics from Sochi on NBC as its focus. The study shows how Citi developed its Olympic sponsorship activation programme and television commercials to appeal to both high and low involvement product category customers. The paper provides a useful insight for other firms seeking to develop sponsorship activation programmes.

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