Editorial

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In this first issue of Volume 12, I am pleased to introduce a variety of papers covering the spectrum of marketing issues. In the first paper, Hofmann, Meier-Pesti and Kirchler investigate the decision process for ethical investment. Ethics has recently become an issue in financial markets, and the demand for ethical investing is increasing, suggesting that investment decisions are influenced by both financial and moral considerations. Little is, however, understood about the impact of ethics on decision processes. Hofmann *et al.* attempt to address this gap in their paper *The Decision Process for Ethical Investment*. The paper examines the utility of the issue-contingent model of ethical decision making in organisations in explaining ethical investment decisions. Based on a survey of 286 individuals in Vienna, the paper shows that the issue-contingent model is suitable to describe ethical investment decisions. The findings have practical relevance for the marketing of ethical funds. In the first stage of the decision process, when investors seek out an ethical investment, the extent of moral intensity depends on the expressive descriptions of the company's moral or immoral business conduct. In the second stage investors consider whether it is morally good to invest in the fund. At this point financial advisors should provide vivid descriptions of moral conduct related to the specific fund. The final stage of the decision process is not influenced by moral or immoral company descriptions. Further work in this area could consider different influences of moral intensity for positive and negative moral issues.

The number of women as financial services decision-makers has increased rapidly giving rise to studies focusing on women as

specific targets of financial services. In this respect, Lawson, Borgman and Brotherton, in their paper *A Content Analysis of Financial Services Magazine Print Ads: Are they Reaching Women?*, question whether financial services advertising and communication is targeted appropriately at women. The study was based on a content analysis of randomly selected print ads appearing in a leading women's magazine in the US. The study finds that advertisers do not seem to tailor their ads differently to women than to men, despite evidence that women respond to different approaches. Further work is required to assess the responses of women to the communicated print ads to assess the extent to which they are achieving their communication objectives.

The measurement of service quality in financial institutions has become a key activity as a means of understanding and enhancing the customer experience. In his paper, *How Similar are Frontline Bank Employees' Perceptions of Service Quality to their Customers? A Study of Female Customers and Employees in Turkey*, Yavas investigates the extent to which underlying configurations of customer evaluations of service quality, as perceived by frontline employees and as reported by customers, match. The study, which focused on female customers and bank branch staff in Turkey, used SERVQUAL as the main data-gathering instrument. Overall, the study found that customers' and employees' service quality perceptions do not correspond. The discrepancy reveals a need for an accurate assessment of customer perceptions of service quality and staff training to understand customer service quality from the customer's perspective. The study focused on female customers and staff

allowing possible gender effects to be controlled. Further studies could focus on male customers and male staff and also incorporate mixed gender studies. Cross-cultural research is also needed to understand the role of culture in shaping customer and employee perceptions of customer service.

As online banking increases in importance and usage, financial institutions may benefit from understanding how consumers value online banking. In her paper *Conceptualising Online Banking Service Value*, Heinonen develops and tests a conceptual model to assess how consumers value online bill payments services. The model identifies four key value dimensions (temporal, spatial, technical and functional dimensions). Two studies, with a Finnish bank involving the gathering of both qualitative and quantitative data, were conducted. The findings suggest that temporal and spatial dimensions — when and where — were perceived as most important value-adding aspects of online bill payments. The technical and functional dimensions — what and how — were perceived to be less important, in fact the combined utility of the technical and functional dimensions was found to be less than that for the temporal dimension alone. Temporal and spatial dimensions were also found to be linked to flexibility, suggesting that the value of online banking service may be moving away from mere availability to more deep-seated elements of time and location. This is consistent with a broader trend in mobile banking. The research findings have important implications for developing e-services, understanding how online service value is perceived from the customer perspective, and managing and supporting both the bank's and the customer's value creation processes. This study focused only on online bill payments; further studies need to explore the importance of the dimensions for more complex services and in different contexts.

The financial services sectors of most countries have experienced some changes

to their structure with consequences for strategic orientation of the companies within the sectors. Against this backdrop, Pleshko investigates the structural characteristics of firms' strategic orientations. In his paper, *Strategic Orientation, Organizational Structure, and the Associated Effects on Performance*, he attempts to assess whether firms with different strategic orientations (ie Defenders, Analysers, Reactors and Prospectors) implement different structural configurations (ie Low, Mixed, High), whether strategic orientation or structural configuration is more relevant to performance, and whether the effects of the strategic variables are the same for both profitability and market share. The focus of the study is credit unions in Florida, US. Most of the credit unions studied were found to implement either a Defender or Analyser strategy and most firms have a mixed structural form, with few being highly structured or unstructured. Defenders are most likely to be of mixed structural form, whereas Prospectors and Analysers are most likely to be highly structured. Reactors show little distinctiveness. It appears that strategic orientation is the primary driver of market share; hence, Analysers and Prospectors might be considered the best strategies to achieve large market shares. In terms of profitability, it seems that structural configuration exerts the most impact. Surprisingly, the lesser-structured credit unions appear to be more profitable than the highly structured or mixed structure firms. One key question unanswered is whether large market share precedes strategy or follows it? The cause and effect relationship could form the basis of further study in this area.

Around the globe the supply of and demand for Islamic banking services is increasing, yet take-up of the services remains limited in some geographical areas. Rammal and Zurbrugg, in their paper *Awareness of Islamic Banking Products among Muslims: The Case of Australia*, attempt to understand some of the underlying reasons and make

recommendations for widening take-up. A sample of 300 Australian Muslims was surveyed about their awareness of and willingness to use Islamic banking products. The findings indicate that the majority of respondents are favourably disposed towards using Islamic banking products but are not adequately informed about how they work and the principles on which profit-and-loss sharing Islamic products are based. The research suggests a need for Islamic banks to widen their communication and educate consumers to ensure they are aware of how Islamic banking products operate.

The importance of relationship marketing for financial institutions is recognised in terms of building long-term profitability. A key element of a successful long-term relationship is trust. In his paper, *Should a Financial Service Provider Care about Trust? An Empirical Study of Retail Saving and Investment Allocations*, Cox questions whether a relationship between trust and retail savings and investments exists. The conceptual premise of the paper is that trust influences individuals' risk-taking. The paper tests this by questioning whether a financial service provider that is highly trusted, and with savings propositions across the risk continuum, has more success with risk-based savings than with risk-free savings compared to the industry average. A relationship between trust and retail savings and investments was found to exist. The research suggests that a provider not perceived as highly trusted may have difficulty selling risk-based products. In addition, trust appears to be a form of competitive advantage in that it encourages more assets in risk-based products on which higher fees are earned. Further work in this area could consider trust as a valuable and scarce resource. It may also

consider the relationship and mutual dependence between trust risk-aversion.

In the US, the Morningstar fund rating has been reported to affect mutual fund flows in US markets; essentially, investor funds flow to those funds that have higher star ratings with five-star rated funds attracting abnormally large flows. Owing to the special characteristics of the Finnish market, where the banks dominate the market, Knuutila, Puttonen and Smythe examine whether the same relationship between Morningstar ratings and fund flows can be observed. In their paper, *The Effect of Distribution Channels on Mutual Fund Flows*, they first note that bank-managed funds in Finland are on average performing more poorly than independently managed funds, where performance is measured by Morningstar stars. Secondly, the performance-flow relationship in Finnish funds as a whole seems to be non-existent; the best-performing bank-managed funds do not attract more money than average funds, whereas the five-star non-bank funds received almost 80 per cent of the total investment in non-bank funds. The paper demonstrates the importance of banks in the Finnish market and concludes that, in this context, distribution channels have more of an impact on investor fund flows than Morningstar ratings. Future research in this area could investigate the extent to which consumers choosing bank-managed funds differ significantly from those investing in non-bank funds in terms of a variety of economic and attitudinal characteristics. Moreover, research could also consider the extent to which distribution channels may help or hinder consumers in achieving the best investment solutions.

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