Remote Channel Customer Contact Strategies for Complaint Update Messages

Gary Douglas, University of Edinburgh, UK

Hazel Morton, University of Edinburgh, UK

Mervyn Jack, University of Edinburgh, UK

ABSTRACT

This research focuses on the preservation and repairing of relationships once a banking customer has raised a complaint. This research investigates the impact of different messaging channels (email, Internet banking site messages, SMS text messages, and messages on the ATM screen) and the impact of different styles of complaint update messages on customers' perceptions of their relationship with their bank. The empirical research is conducted on a sample of 96 banking customers. Quantitative data are collected to examine the impact of the banking channel and the update message style on customers' perceptions of their relationship with the bank. The results indicate that update messages are a reassurance tool for the bank to use for customers who had cause to raise a complaint. The preferred channels of communication with the customer base for update messages are email and Internet banking. Also, customer-brand relationship was found to be higher for complaint-specific content in the messages than for generic messages.

Keywords: *Brand Relationship, Complaints, Ebanking, Messaging, Remote Channel Banking*

INTRODUCTION

Customer attitude to a brand can be heavily influenced by a company's approach to customer complaints and the company's performance in recovering from mistakes. Customer complaints are on the rise and in the financial services sector an increase in the numbers of complaints made to the Financial Ombudsman Service has been reported ("Complaints about

financial services," 2010). It has been found that customer complaints in public sector banks are increasing and adversely affect customers' satisfaction (Uppal, 2010). Excellence in customer relations is paramount to good brand health for financial services institutions as company profitability and customer loyalty can be increased if the company recovers well from mistakes, (Armistead & Clark, 2002). Management of customer contact history, coupled with the management of customer complaint lifecycles and real time access to the progress and resolution of individual customer

cases, can serve to facilitate and strengthen the two-way relationship between the customer and the brand.

This paper presents results from an experiment which was designed to investigate how the process of sending acknowledgements and feedback responses to the banking customer who has raised a complaint against the bank, might be managed more effectively and how customer relationships might be better maintained using digital banking channels to keep the customer updated about the progress of their complaint. The four digital banking channels for communication that were examined in the research are the automated teller machine (ATM); mobile phone text / short messaging service (SMS); messaging on a (secure) Internet banking site; and email.

The four channels offer differing levels of privacy and security, from the highly secure password-protected Internet banking site on the one hand to the unsecured SMS text message on the other hand. As a consequence, each messaging channel was used to examine the impact of two styles of communication with the customer, comparing and contrasting the customer reactions and perceived benefits of *generic* message strategies, as would be generated by an automated message generator to keep the customer updated on progress with their complaint, versus *complaint-specific* message strategies, which include customer-specific, and complaint-specific detail in the message.

CONCEPTUAL FOUNDATIONS

The Brand as an Active Relationship Partner

A fundamental change in the ideology of the retail banking sector has occurred in recent years (Christopher, Payne, & Ballantyne, 1994). Instead of focusing on account-based and transaction-based services, banks are beginning to orientate themselves towards relationships with their customers (Harden, 2002). The term 'relationship' is used in everyday language to define a connection or association between two or more people or things. In terms of relationship marketing it has been defined as "attracting, maintaining and….enhancing customer relationships" (Berry, 1983, p. 25).

The brand-as-a-relationship concept has primarily focused on how consumers differ not only in how they perceive brands but also how they relate to brands (Fournier, Dobscha, & Mick, 1998). Such ideas use interpersonal relationship theory to formulate a framework for understanding and extending the concept of brand personality; the brand is treated as "an active, contributing partner in the dyadic relationship that exists between the persona and the brand" (Aaker & Fournier, 1995, p. 393).

In the context of service relationships, consumers' decisions about maintaining a relationship are largely influenced by their emotional and affective bonds with the service provider (Oliver, 1999; Shemwell, Cronin, & Bullard, 1994). In order to behave in an active way, the brand must perform in a reciprocal manner and integrated marketing actions and communications can serve as a means of the brand in fulfilling its reciprocal role with the customer. Tactical considerations of how the brand should be communicated include the notion that decisions are required not only on advertising but packaging, promotions and the style of personal interactions between the customer and the brand (Aaker, 1996).

On this a basis, it is not unreasonable to postulate that the customer's perception of the brand as an active relationship partner might be evaluated in terms of the traits that are inferred by the brand's perceived behaviour and actions, to include marketing decisions that are made such as advertising, the tone of correspondence with the customer and the way in which service failures are dealt with.

Customer Complaints

Within any service encounter mistakes, failures and complaints are inevitable (Babakus, Yavas, Karatepe, & Avci, 2003). Therefore with respect to customer-company relationships, it is important to find out what effect an organisation's

Related Content

Determinants of the Risk-Taking Attitude among Small Equity Investors

Imran Ali, Saleh Al-Sabaan and Saud Mandurah (2016). *International Journal of Applied Behavioral Economics (pp. 1-13).*

www.igi-global.com/article/determinants-of-the-risk-taking-attitude-among-small-equity-investors/164881?camid=4v1a

Evaluating the Readability of Privacy Policies in Mobile Environments

R. I. Singh, M. Sumeeth and J. Miller (2011). *International Journal of Mobile Human Computer Interaction (pp. 55-78).*

www.igi-global.com/article/evaluating-readability-privacy-policies-mobile/51657?camid=4v1a

Of Paradigms, Theories, and Models: A Conceptual Hierarchical Structure for Communication Science and Technoself

Luciano L'Abate (2013). *Handbook of Research on Technoself: Identity in a Technological Society (pp. 84-104).*

www.igi-global.com/chapter/paradigms-theories-models/70349?camid=4v1a

Mobile Phone and Driving

Andrea Benedetto, Alessandro Calvi and Fabrizio D'Amico (2015). *Encyclopedia of Mobile Phone Behavior (pp. 1341-1355).*
www.igi-global.com/chapter/mobile-phone-and-driving/130238?camid=4v1a