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CUSTOMER RELATIONSHIP MARKETING AND EFFECTS OF DEMOGRAPHICS AND TECHNOLOGY ON CUSTOMER SATISFACTION AND LOYALTY IN FINANCIAL SERVICES

by

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May 2004

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ABSTRACT

CUSTOMER RELATIONSHIP MARKETING AND EFFECTS OF DEMOGRAPHICS AND TECHNOLOGY ON CUSTOMER SATISFACTION AND LOYALTY IN FINANCIAL SERVICES

Priscilla Gaudet Aaltonen
Old Dominion University, 2004
Director: Dr. Anusorn Singhapakdi

In today's market, financial institutions are adopting Customer Relationship Marketing (CRM) as a strategy aimed at collecting and using data to deliver increased customer value (Payne, Holt, Frow 2000) and, in turn, to increase customer satisfaction and, ultimately, customer loyalty. However, as more studies are being done on the outcome of CRM strategies over time, it is becoming evident that the costs often outweigh the expected benefits and CRM projects have consistently over-promised and under-delivered (Norman and Zafar 2001). Often, customer satisfaction is increased slightly but loyalty rates do not increase at all.

To date, much of what has been written on CRM is from the practitioner's point of view and little is known from a theoretical perspective (Plakoyiannaki and Tzokas 2002). Firms have focused on customer satisfaction rates largely because of the suggestion, historically, that there is a strong, positive relationship between customer service and loyalty (Reichheld and Sasser 1990; Rust and Zahorik 1991). Yet, others have shown evidence that there are high defection rates of satisfied customers from some firms (Homburg and Giering 2001).

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This study is an investigation of the use of a CRM strategy in the financial services industry and its effect on satisfaction and loyalty levels of the firm. It looks at what part demographics play in overall customer satisfaction and loyalty rates. And, it looks at what part satisfaction with technology might play on overall satisfaction rates.

The study was accomplished using data from a customer survey conducted in the credit card division of a financial services firm. Hypotheses were tested using standard multiple regression. The results suggest that technology satisfaction does drive overall customer satisfaction and that, in turn, overall customer satisfaction does drive loyalty. However, demographics do not have any significant effect in determining overall customer satisfaction or loyalty rates. And, although CRM is a common strategy used in financial services, for the purposes of this study it did not have a significant impact on overall customer satisfaction rates.

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CHAPTER I

INTRODUCTION

In the financial services industry today, firms are operating in a highly competitive, complex and rapidly changing business environment. Leaders of financial services organizations know the importance of having ready access to timely, accurate, consistent information and data stores for the purpose of establishing, nurturing and managing customer relationships across divisions.

In recent years, the marketing strategy, specifically in credit card services, has shifted focus from transactional to relationship marketing. One of the major reasons for this is that it is more costly to acquire new customers than it is to retain them (Roberts 2000). It costs up to five times as much to make a sale to a new customer as it does to make an additional sale to an existing customer (Slater and Narver 2000; Floyd 2000; Dixon 1999). It is thought that 20% of a company's customers can account for 80% of its business (Kotler 2000). And, it is becoming more evident that the only way to remain a leader in this industry is to not only be customer-driven but to focus on building long-term relationships.

From a customer perspective, deregulation and the emergence of new forms of technology have created highly competitive market conditions that have had a critical impact on consumer behavior. Consumers are now apt to change their buying behavior

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and switch providers more often leaving bank providers less certain that customers will continue to bank with them (Beckett, Hewer and Howcroft 2000).

Although the idea of relationship marketing has been widely discussed, Gummersson's suggestion that 'the operational contents' of the new paradigm are 'unclear' still holds (Plakoyiannaki and Tzokas 2002). At the same time that the marketing focus is shifting, CRM is becoming an integral part of the marketing management function of the financial services industry. Changes in demographics, consumer attitudes, technology and law are also responsible for changing the products and services the industry can provide (Sievewright 2001) and the channels through which they can deliver those services, making CRM an important strategy in this industry.

At the same time, in an era where customer retention and cross-selling products to existing customers are critical in determining profitability, it is important that banks attempt to better understand their customers to influence customer buying behavior (Becket, Hewer and Howcroft 2000). It is thought that in order to acquire and maintain a competitive edge, service organizations should develop long-term relationships with their customers (Berry 1995; Gronroos 1995; Gummesson 1999; Levitt 1983). CRM has a huge potential to widen the profit margin of any industry and is especially effective in financial services.

Whether the objective is acquiring or retaining customers, a customer relationship marketing strategy is deemed especially important in the financial services industry. The nature of the financial services industry is that of selling services that are

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intangible and are highly competitive in near-saturated markets. Most everyone can relate to, either from their own experience or that of a neighbor, the plethora of mailings they receive daily with offers from financial services institutions for new, improved, less expensive credit cards, investment programs, mortgages, auto and other consumer loans. In order to gain a competitive advantage in the industry, it is essential to implement strategies that promote profit over the long-term. And, as there is strong evidence that customer retention and profitability are directly related, it is important to a financial services firm to develop long-term profitable customer relationships. Building strong relationships between firms and customers can help the firm to increase customer loyalty and/or commitment to the firm (Sin, Tse, Yau, Lee and Chow 2002). It seems that the longer a customer stays with a firm, the higher is the likelihood that they will place a greater amount of business with it. And, these retained customers will cost less to service and will likely be less motivated solely by price (Payne, Christopher, Clark and Peck 1995). When a relationship marketing program is properly implemented, the firm begins to focus as much on managing its customers as on managing its products (Kotler 2000).

Retaining customers and growing their relationship with the firm means making and keeping promises (Bitner 1995; Gronroos 1995), creating superior customer value via intelligence generation (Slater and Narver 2000), and maintaining the presence of relationship commitment and trust (Morgan and Hunt 1994). Relationship building, by definition, is a long-term process. The relationship marketing paradigm builds on the concept of relationship marketing, but is described as a longer-term approach to

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marketing (Payne, Christopher, Clark and Peck 1995). And, relationship marketing is not necessarily effective and profitable for every segment. It is important for the marketing team to know which groups of customers share common values and expectations and which groups are more likely to be most profitable.

Reichheld (1996) offers some guidelines for calculating customer value. Profits from loyal customers increase over time. Reichheld's model shows customer life cycle profits for credit cards with increasing profits per customer over time.

Newly acquired customers use the card sparingly at first showing only a small profit initially. But, as the cardholder remains and balances grow, profits increase. Also, when a company lowers its defection rate, the average customer relationship lasts longer and profits go up (e.g., 90% retention implies a10-year duration and customer value of $300). Established long-term customers are simply more profitable over time. This formula appears to hold true in practice today.

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Most financial services firms, determined to grow top-profit customers, have implemented a set of measures to focus resources on their most productive use and have identified the profit drivers in this top segment, stabilizing their relationships with these key customers. A pyramid approach is often taken and is the case with the financial services institution used in this study.

Several authors agree on the major important components of relationship marketing. Although referring to business-to-business relationships, Morgan and Hunt (1994) advise that commitment and trust are central to successful relationship marketing in generating the kind of loyalty it takes for customers to expand their relationship with an organization. They suggest that when both commitment and trust are present, outcomes are produced that promote efficiency, productivity and effectiveness.

Another important element of the services industry is how to satisfy customer expectations. Seldom is interpersonal contact the first point of interaction between customer and firm. With financial services, an individual is buying an intangible service and is committing to do business, generally, with a firm that promotes technology-driven services that should represent the caliber and standards of that organization. The more complex the system, the more software it requires (operating procedures, protocols, management routines, service components) and the longer it takes to implement, the greater the customer's anxieties and expectations (Levitt 1983). And, the greater the expectations, the more difficult it is to meet them and promote loyalty.

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From an industry perspective, financial services has embraced CRM as the answer to integrating all customer information and technology to better manage the marketing function and to service customers. The promise of CRM is to allow firms to gather customer data swiftly, identify the most valuable customers over time and increase customer loyalty by providing customized products and services (Rigby, Reichheld and Schefter 2002). Financial institutions are adopting CRM as an approach aimed at collecting and using data to deliver increased customer value (Payne, Holt and Frow 2000) and, in turn, to increase customer satisfaction and ultimately customer loyalty.

However, as more studies are being done on the outcome of CRM usage over time, it is becoming evident that the costs often outweigh the expected benefits (Gofton 2001; Patton 2001; Calhoun 2001; Sweat 2000; Kiesnoski 1999) and that CRM projects have consistently over-promised and under-delivered (Norman and Zafar 2001). According to a Gartner Group survey, fifty-five percent of CRM projects do not produce the expected results (Rigby, Reichheld and Schefter 2002) and CRM ranked in the bottom three for satisfaction out of 25 popular tools. Also, according to a 2001 survey of 451 senior executives, one in five users reported that their CRM initiatives not only failed to deliver profitable growth but had also damaged long-standing customer relationships (Rigby, Reichheld and Schefter 2002). Some companies are not seeing the expected increased customer satisfaction, loyalty and profits and are often seeing no change at all. CRM has become an increasingly expensive and complex strategy to employ.

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Statement of the Problem

It has become clear that in order to respond to customer needs and proactively maintain customer relationships, it is necessary to engage in the proper technological support – technology that supplies the firms' associates with the history, purchasing patterns and behavior of their customers. This information is vital to marketers in their effort to develop and implement products and services that are winners for both the firm and the customer. However, the marketplace is not static as customer expectations shift in response to changing needs and market forces. Hence, the process used to evaluate and measure the marketplace needs to be a dynamic process.

To determine the correct marketing strategy requires having good data about customers, competitors, and markets and the capability to imaginatively convert this data into meaningful and usable information. In addition, given today's choices, a financial service firm must determine which banking channels are most appropriate for which customers while being most cost effective for the firm. It must accurately predict which customers will embrace technology as a substitute for personal service and still be highly satisfied and which customers will demand the personal touch almost exclusively. And, it is especially important to understand this in the context of a firm's "highly valued" segments of their population. It is generally believed that with the proper technology in place, customer satisfaction and loyalty rates will increase, and long-term relationships will flourish.

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The capability of using CRM and customer satisfaction survey information in a way that provides the best indication of what drives customer satisfaction and loyalty is key. To determine the proper CRM program and technology is difficult at best and an extremely expensive task. Accordingly, it is important to produce more research that identifies the specific components of CRM and identifies which components account for its success as millions of dollars are being expended yearly by financial service institutions to implement a CRM strategy and its support systems. Yet, there is a severe lack of empirical research that addresses CRM, especially in the context of the financial services industry today, and especially in determining what elements of CRM are responsible for success in achieving the expected customer satisfaction and loyalty rates.

There are several components involved in implementing CRM that are necessary to its overall success. Problems arise as firms neglect one or more of these components negating the potential long-term benefits of the CRM program. One element that is often overlooked is the manner in which CRM is used by the associates of the firm. Often, expensive installations have taken place only to find that associates either are not properly trained in usage or are so adverse to changing their attitude toward CRM that, trained or not, they do not use it to its maximum benefit. Another issue arises when executive management does not fully support and consistently espouse the benefits of CRM to associates. And, it is equally important to measure the proper elements of a program so that the outcomes are as beneficial as they are expected to be. In other words, it is important for the firm to clearly understand which

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elements drive customer satisfaction (or dissatisfaction) and loyalty (or disloyalty), and to segment properly so that the demographics of a firm's customer base are clearly represented and monitored.

Prior Models

In the age of technology and the Internet, several new factors have begun to play an important role in the type and quality of experience the customer has. In an effort to respond to the proliferation of technology in the process through which products and services are purchased and consumed, Parasuraman and Grewal (2000) created the 'pyramid model' by adding technology as a third dimension to Kotler's two-dimensional triangle model suggested earlier (1994). The pyramid model emphasizes the need for effectively managing three new linkages – company-technolgy, employee-technology, and customer-technology to maximize marketing effectiveness.

Once the technological component enters into the equation, many questions arise alluding to how the customer-firm relationship might be impacted:

- Will satisfaction rates rise amongst those customers receiving CRM protocols?
- Will satisfaction rates of those customers receiving CRM protocols translate to greater loyalty to the firm?
- Does the technology involved in supporting CRM invade consumer privacy? If so and if customers resent this, does their loyalty to the firm suffer?

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- Is the CRM customer who uses technology banking more satisfied overall and more loyal?
- Could age, gender or income levels in any way impact a CRM customer's perception of customer service and their satisfaction rate and desire to remain loyal?

In other words, how does a firm define and use CRM and what effect does practicing CRM have on the satisfaction level of the customer and, in turn, on their loyalty to the firm. What part does technology play in influencing a customer's overall satisfaction? And, what part do demographics play, if any, in overall customer satisfaction and loyalty rates? What really are the keys to success for financial institutions that expend enormous amounts of money and time installing and redirecting their work force to understand and use CRM and its supporting technology?

Anderson and Sullivan (1993) investigated the part that expectations and perceived quality play in customer satisfaction and repurchase intentions. According to Anderson and Sullivan (1993), satisfaction is positively influenced by how a customer perceives how quality measures up to their expectations, and repurchase intention (or loyalty) is positively influenced by their level of satisfaction.

It is thought that if protocols are introduced which deliver that quality and satisfy those expectations, then those customers should be more highly satisfied and

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subsequently more loyal. Customer Relationship Marketing seeks to create such quality for a firm's most highly valued customers.

Sin, et al. (2002), hypothesized that relationship marketing is multi-dimensional consisting of trust, bonding, communications, shared value, empathy and reciprocity. However, given that these components are accounted for in a CRM strategy and given that customer satisfaction and loyalty rates do not always increase as expected, what other factors might play a part?

This dissertation work suggests that establishing CRM protocols for one's most valuable and profitable customers should increase customer satisfaction and loyalty rates and that both of these components are affected by other factors including demographics and technology.

To date, much of what has been written on CRM is from the practitioners' point of view – market studies conducted by the companies enlisting this strategy. From a theoretical perspective, little is known about CRM since there is no field-based empirical research to provide a clear picture of its process complexity (Plakoyiannaki and Tzokas 2002). And, additionally, empirical research prior to 2000 has largely neglected the element of moderator variables having any effect on customer satisfaction and loyalty rates. Firms focus on customer service rates largely because of the assumption, historically, that there is a strong, positive relationship between customer service and loyalty (Reichheld and Sasser 1990; Rust and Zahorik 1991; Payne, Holt and Frow 2000; Anderson and Sullivan 1993). At the same time, however, some studies suggest evidence that there are high defection rates of satisfied customers from

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some firms (Homburg and Giering 2001) and other studies that suggest that many customers may be dissatisfied but remain loyal to a product or service (Yorgey 2002).

What elements would cause satisfied customers to become disloyal? And, at the same time, why do dissatisfied customers remain loyal? Hence, it is important to examine the effects of moderating factors on the firm-customer relationship.

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Purpose of the Research

The main purpose of this research is to investigate the relative effects of CRM on the Customer Satisfaction and Loyalty concepts to determine if the extra effort and cost of introducing CRM protocols to highly valued customers really does positively affect customer satisfaction rates and the intention to remain loyal. Another objective of this study is to look at whether these concepts are further affected if other variables are introduced, specifically in a financial service industry context.

This study is important for several reasons:

1) An increase in customer satisfaction rates generally translates into an increase in loyalty rates (Jones and Sasser 1995; Reichheld, Markey and Hopton 2000; Bolton, Kannan and Bramlett 2000; Anderson and Sullivan 1993; Gwinner, Gremler and Bitner 1998). And, an increase in loyalty can decrease administrative costs by 10-40% (Vincent 2000).
2) In spite of large investments in time, training, and dollars in CRM, many firms are not increasing customer services rates (Karimi, Somers and Gupta 2001). And, if a firm spends a great deal of money on CRM, then, it is important to know what change they can expect in customer service and loyalty rates.
3) There is little published empirical research on the subject of CRM aside from industry surveys evaluating company results after CRM programs are installed. As important, little research exists on differentiating between

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highly vs. moderately satisfied customers and what effect this has on customer satisfaction and loyalty rates.

4) Not all satisfied customers remain loyal (Homburg and Giering 2001; Gummesson 1999; Heskett, Jones, Loveman and Sasser (1994), making it important to clarify the role of CRM and other elements that might impact customer satisfaction and loyalty.
5) From a practical perspective, it is important for managers to know for which customers satisfaction is the driver of loyalty and which customers tend to be less loyal even though they are satisfied (or more loyal even though they are dissatisfied).

In their rush to remain competitive, marketers in the financial services industry often reactively create protocols and process changes based on marketing incentives and disguised as plans to improve customer relations. Often, these changes are a result of what other companies in the industry have done.

The point of this research is to fill the gap that exists in understanding whether CRM strategies actually make a positive difference in customer satisfaction and loyalty rates among certain segments of a company's account base. It looks at what role demographics might play in driving customer satisfaction and loyalty (or dissatisfaction and disloyalty) rates. Finally, it looks at whether overall customer satisfaction leads to customer loyalty to the firm and whether those customers who use certain banking technologies (ATMs, VRU/telephone banking), are more satisfied than those who do

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not. It looks at these elements in the context of a large international credit card company headquartered in the United States.

The uniqueness of the elements of the financial services industry, especially its intangibility and the intimacy with which people regard their credit and their money, makes financial services a difficult industry in which to measure customer satisfaction and loyalty. What might be considered satisfactory to a customer in another industry, may be unsatisfactory when a consumer has their credit or their money on the line.

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Organization of the Research

Chapter 1 introduces the constructs, ideas under consideration, background of the technology used, and a synopsis of the problem in the present context. Chapter 2 presents the conceptual model and a review of the literature in the customer relationship marketing (CRM) arena, customer satisfaction and loyalty as it relates to CRM, and technology satisfaction for ATM and VRU/telephone usage. A review of demographic elements (age, gender, and income) and their effects on customer satisfaction and loyalty rates is also presented. Several hypotheses are suggested. Chapter 3 describes the measures, samples, and statistical techniques used to empirically test the hypotheses. Chapter 4 presents the data analysis and results. And, Chapter 5 discusses the findings, managerial implications, research limitations, and suggestions for future research.

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CHAPTER II

LITERATURE REVIEW AND HYPOTHESES

As discussed in the Introduction, CRM is one of the most commonly applied strategies in the financial services industry today. In this Literature Review section, the major works in CRM are reviewed and discussed leading to the conceptual model, which is the focus of this dissertation.

Customer Relationship Marketing – History

In 1995, Sheth and Parvatiyar observed that the development of marketing as a field of study and practice was undergoing a reconceptualization in its orientation from transaction marketing to relationship marketing. The concept of relationship marketing went beyond the substance of the marketing exchange idea. There existed a potential for emotional bonding that transcended economic exchange. The parties understood and appreciated each other's needs and constraints better, were more inclined to cooperate with one another, and thus, become more relationship oriented (Sheth and Parvatiyar 1995). A paradigm shift was in the making reminiscent of marketing practices of the pre-industrial age when relational bonding between traders was quite prevalent partly because of the need to do business with others one could trust. In the economic history of the old 'silk route' that flourished during pre-colonial times in China, India and Afghanistan, marketers were concerned with retaining customers,

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influencing repeat purchases, fostering trust and facilitating future marketing. Producers established permanent retail shops in the marketplace to make and sell goods daily and those who participated in the market knew and trusted each other. As a consequence, consumers and producers had direct relationships with each other (Sheth and Parvatiyar 1995).

Highly individualized, relationship oriented and customized marketing practices continued during early industrialization. Relationships between customers and suppliers were critical because customers depended on manufacturers and traders to make goods available as per specifications and expectations. The trustworthiness and commitment of the marketers were critical to the consumer's commitment to buy (Sheth and Parvatiyar 1995).

In recent years, relationship marketing has been one of the most frequently mentioned phrases in scholarly marketing journals as well as in business publications. Research and practice in marketing during the last twenty years points particularly to the significance of relationships, networks and interaction. Yet, the literature is mostly narrow, characterized by treating single issues in relationship marketing (e.g., databases for direct marketing, call centers, and rewards clubs) (Gummesson 1999). As a concept, it has blossomed recently in our rapidly changing environment (Ha 1998). One common point among the many definitions of relationship marketing is that it is associated with attempts by firms to develop long-term relationships with certain customers or key accounts (Nevin 1995). Partnerships are thought to derive the greatest benefits – product profitability, customer satisfaction, product performance,

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and commitment – from the relationship (Morgan and Hunt 1994). This would lead us to believe that forming a long-term firm-customer relationship would provide benefits to both parties.

Today, relationship marketing focuses on building, maintaining and retaining customers. Profits tend to climb when a company increases its retention rate. And, retention rates tend to increase as customer satisfaction rates increase. Based on an analysis of more than 100 companies in approximately 24 industries, Reichheld and Sassser (1990) found a high correlation between customer retention and profitability. A firm could improve profits from 25% to 85% by reducing customer defections only 5% (expressed in NPV-net present value). An analysis of a credit card company showed that lowering the defection rate from 20% to 10% doubled the longevity of the average customer's relationship from 5 to 10 years; and more than doubled the net present value of the cumulative profit streams for a customer from $135 to $300 (Reichheld and Sasser 1990; Payne and Frow 2000). And, at MBNA a 5% increase in retention grows the company's profits by 60% by the fifth year (Reichheld 1993). Across a wide range of businesses, the pattern is the same. The longer a company keeps a customer, the more money it stands to make (Reichheld and Sasser 1990).

Benefits to the customer are also impressive. Especially high-involvement services (e.g., banking, insurance, the medical industry) hold relationship appeal causing customers to desire continuity with providers. Customers seek and get risk-reducing and social benefits as it fundamentally appeals to people to be dealt with on a one-to-one basis (Barlow 1992). Relationship marketing addresses the basic human

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need to feel important. Parasuraman, Berry and Zeithaml (1991) report that customers' desires for more personalized, closer relationships with service providers are evident in interviews for ongoing and intermittent services. Consumers like to reduce the choices they have (and risk anxiety) by engaging in ongoing relationships. It is a form of commitment made by consumers to patronize selected products, services, and marketers rather than exercise choices (Sheth and Parvatiyar 1995).

However, relationship marketing has evolved into a more technological strategy. This evolution, more often represented by CRM technology, may introduce new twists to a firm's expected customer satisfaction and loyalty outcomes.

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Customer Relationship Marketing – Definition

In recent years, there can be found as many definitions of CRM as there are clients. Now, there is widespread acceptance that it is a philosophy or culture that should penetrate the whole organization (Gofton 2001). It is a combination of business process and technology that seeks to understand a firm's customers – who they are, what they do, what they like – and convert them into returning customers. It is a systematic approach to managing the relationship between a business and its customers for mutual benefit (Couldwell 1999).

Defining customer relationship marketing is not an easy task. Relationship marketing is perceived and defined in different ways both from an academic and a practical perspective. CRM is defined by one financial service firm as: "an approach to providing seamless coordination among process, people, information and technology that creates positive experiences for a party each time he or she interacts with the bank. It is the capability for delivering each 'valued experience' enabled by the bank's knowledge about a party including their preferences, behaviors, goals, and attitudes" (Anonymous, BankofAmerica.com 2002).

Parvartiyar and Sheth (1994) view relationship marketing as an orientation that seeks to develop close interactions with selected customers, suppliers, and competitors for value creation through cooperative and collaborative efforts. Several other views of relationship marketing are noted: "Relationship marketing is database marketing that emphasizes the promotional aspects of marketing linked to database efforts" (Bickert 1992). Or, as Vavra (1995) suggests, it is customer retention in which a

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variety of after-marketing tactics are used for customer bonding or staying in touch after the sale is made.

A more popular approach is to focus on "individual or one-to-one relationships with customers that integrate database knowledge with a long-term customer retention and growth strategy" (Peppers and Rogers 1999). And, Shani and Chalasani (1992) define relationship marketing as 'an integrated effort to identify, maintain, and build a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides through interactive, individualized and value-added contacts over a long period of time.' Berry and Parasuraman (1991) define relationship marketing more strategically as attracting, maintaining, and in multi-service organizations, enhancing customer relationships. And, Gronroos (1995) proposed relationship marketing is establishing relationships with customers and other parties at a profit by mutual exchange and fulfillment of promises.

The primary goal of relationship marketing is to build and maintain a base of committed customers who are profitable for the organization (Zeithaml and Bitner 2000) and, at the same time, minimize the time and effort spent on customers who are not profitable. The benefits to the organization of building and maintaining this base of committed customers are numerous and can be linked directly to an organization's bottom line. Morgan and Hunt (1994) suggest that relationship marketing is all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges. And, Gummesson notes that relationship marketing is seen as relationships, networks and interaction (Gummesson 1999). This definition is

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the only one that includes the concepts of networks and interaction. From a practitioner's perspective, it is considered a strategy to enhance existing relationships by expanding the depth of the relationship (by investing more money on more products and services with the firm) and by concentrating on repeat business from the firm's most valuable customers. It is marketing-oriented management, not limited to marketing or sales departments but becoming part of the total management of the firm (Gummesson 1999). And, most financial service firms use CRM systems as the basis and driver of their relationship marketing and management strategy.

For the purpose of this study, the following definition is used: Customer relationship marketing is the ongoing process of engaging in cooperative and collaborative activities and programs with the purpose of enhancing mutual economic value over the long-term using technology, programs and protocols that intentionally aim to enhance the depth of the relationship. Without these aspects of interaction between the firm and the customer, the relationship could easily unravel. It is important to recognize the value of each customer segment and to concentrate relationship marketing programs on those segments of customers who have a higher potential to return profits to the company.

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Customer Relationship Marketing – Trust and Commitment

Commitment and trust have been referred to, often, as two of the most important components of a long-lasting relationship between firms and their exchange partners. Although it is not the intention of this study to investigate the role of trust and commitment as a driver of loyalty, it is important to note the role these elements play when a customer evaluates his or her customer satisfaction.

It is thought that effective services marketing depends on the management of trust because the customer typically must buy a service before experiencing it (Berry and Parasuraman 1991). Morgan and Hunt (1994) suggest that trust is a major determinant of relationship commitment. And, Garbarino and Johnson (1999) suggest that for low relational customers, overall satisfaction is the primary mediating construct between component attitudes and future intentions; and for high relational customers, trust and commitment (vs. satisfaction) are the mediators between component attitudes and future intentions. Theirs is one of the first empirical studies to determine differences in moderating elements of high and low relational customers, suggesting that relationship marketing programs directed toward high relational customers should focus on maintaining and building trust and commitment, not satisfaction. It seems clear that without trust there is no long-term commitment and, without long-term commitment, the relationship between firm and customer is transient at best.

The trust-commitment connection is much easier to understand when in the context of a one-to-one relationship between a customer and marketer (or other firm

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employee). It is often thought of as a personal connection that happens between the customer and the marketer. It implies that there is communication between two people and that values are shared. Hunt, Wood and Chonko (1989) found that shared ethical values were 'a significant and substantive predictor of organizational commitment' in marketing (Morgan and Hunt 1994).

As with other disciplines, time and technology changed the nature and activities of marketing institutions. The one-to-one relationship between producer and user has evolved. While technology development makes it easier for consumers to interact directly with producers, producers also become more knowledgeable about consumers by developing and maintaining enormous sophisticated databases containing massive amounts of information on individual consumers (Sheth and Parvatiyar 1995). Yet, the trust and commitment components of the relationship still remain vital.

However, once the one-to-one relationship is replaced by technology, an element is removed from the equation that was assumed in the one-to-one relationship. The human interaction that was, historically, so important a part of the relationship is missing. The possibility exists, then, that the trust-commitment component is in jeopardy, affecting the consumer's intention to remain loyal over the long term which, in turn, affects the firm's expected profitability.

CRM acts as a two-way link between individual customer preferences and the offerings of the firm. Firms, generally, believe that this strategy and technology will positively influence their customer service and loyalty rates and provide enhanced

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profits. Yet, often the firm fails to recognize how the technological aspects of CRM affect their customers' trust of and willingness to do business with them.

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Customer Relationship Marketing – Database Technology

Most of what has been written about CRM is from the practitioner's point of view (Plakoyiannaki and Tzokas 2002) and relatively little is known about the CRM process as there is no field-based empirical research to provide a clear picture of the system's process complexity. Yet, Forrester Research reports that only 2% of businesses have an integrated view of customer data (Calhoun 2001) and most firms still seem to strategize in silos (i.e., each department or division concentrates on the strategy that will help achieve their goal rather than overall company goals). Customer databases in different departments of a firm are rarely linked together especially in financial service companies where investment in legacy systems has hindered the use of database technology. One of the top barriers slowing CRM deployments are integration with legacy systems (65%) and pulling together scattered legacy data sources (62%) (Sweat 2000). (Legacy systems are large computer systems and application programs that capture large stores of information specific to a corporation's needs (customer or otherwise) and are usually very organization-specific and very difficult and cost prohibitive to modify) (Gold 1998). Although things are changing and more dollars are being invested to merge and enhance these systems, financial institutions are still a long way from achieving this.

During the 1990s, technological advances bolstered the amount and quality of customer data available to firms and firms began to spend millions of dollars on CRM

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systems. Companies began to look at their customers more holistically in order to better understand the reasons behind their loyalty (James 2002).

CRM systems may, justifiably, pose other concerns for marketers. Do consumers understand what database technology is? Do consumers view database marketing as an invasion of their privacy or do they, as marketers believe, see it as a method of enhancing a marketer's knowledge in order to better understand the customer's needs? Although most corporations have strict policies around customer information and privacy, earlier studies have shown that consumers and marketers do not necessarily perceive ethical issues in the same way. Even though corporations distribute a 'privacy policy' to their customers, it alone does not necessarily provide the level of confidence that a customer has in the firm's privacy practices. And, customers today are more aware of marketing databases and how that information is used.

Information technology equates to knowledge for the company and for the consumer. It could be argued that this technology shift is causing more and more anxiety on the part of consumers who resent the amount of information firms have accumulated on them and, at the same time, sense a departure from the one-to-one personal relationship they previously knew. Yet, having a customer database is no longer a competitive advantage. Not having one, however, is a competitive disadvantage (Newell 1997). Database marketing allows the firm to combine the best of customization and personalization in varying degrees.

1999-2000 was the year of exposing "privacy laws" to consumers in the hope that their fears would be allayed. Customers, however, still tend to view information

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technology as an invasion to their privacy. This reaction also tends to erode the trust element in the relationship. In spite of all the confidence placed on database marketing systems, emotionally satisfying relationships require periodic human presence. Absent human involvement, authenticity is compromised in a customer's perception (Sheth and Parvatiyar 2000). CRM does not necessarily espouse elimination of personal contact, but it certainly is designed to minimize the time human interaction is needed.

Barefoot (2001) suggests that the best way to avoid problems with customer privacy is to build a pervasive privacy culture within the organization so that employees can recognize privacy issues when they encounter them and know how to react. This, of course, requires leadership that builds and then sustains sensitivity to privacy throughout the company. Installing a privacy culture in a financial institution requires a supportive environment. The critical factor becomes the surrounding culture in which employees operate -- that set of shared understandings and informal rules that groups use to guide behavior.

Generally speaking, financial service institutions today possess deeply rooted cultures that guide employees toward building market share and earnings. However, when privacy issues arise outside the scope of new rules (e.g., Gramm-Leach-Bliley Act), they will struggle to compete for thoughtful attention with the business values already entrenched there, including a drive to gather ever more customer information and use it more creatively to improve performance. After all, such use of customer information constitutes one of the major building blocks of the customer relationship management strategy (Barefoot, 2001).

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Using database marketing is considered by the firm as an innovative way to present new products and services to consumers based on their buying patterns translated to their specific needs – products and services intended to enhance the relationship. It helps to build, strengthen and maintain relationships. This permits firms to segment in new ways and retain customers via the design of products and services that meet the needs of customer "clusters", communicate with them more effectively, and earn their loyalty. It employs tools (neural networks, decision trees, rule induction, etc.) that look for meaning, find patterns and infer rules that may be causal, predictive or descriptive to make better management decisions (Gordon 1998). At the same time, however, customers often perceive it as an invasion of their privacy.

In the final analysis, the financial institution must create a complete culture-supporting infrastructure with written policies and procedures, ongoing privacy training, creating privacy 'champions' who monitor customer interactions and the institution's own products and practices. Employee 'ownership' of the privacy issue is a must if sensitivity to it is to permeate the corporation and if customers are going to get the sense that they are in secure hands.

Customer information generally captured in databases includes things like: name, phone number, customer value (to the firm), demographics (household size, age, income, gender), consumption habits, psychographics, purchase and post-purchase behavior, creditworthiness, etc. In the right hands, the company can learn about consumers and add value to the relationship. In the wrong hands, this information can compromise the customer (Gordon 1998).

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Database marketing can identify customer differences and similarities and can help marketers know what customers want. It is also important to characterize segments into identifiable and measurable groups via demographic and psychographic variables (Zeithaml 2000). Database marketing helps the firm do this.

Clearly, then, for CRM to be successful several elements must be in place: a database of the highest quality; a high level of commitment at the top of the organization and alignment of activities around the CRM strategy and goal; proper segmentation; appropriate protocols that add value for the most highly-profitable customers; and a high level of training and indoctrination of all employees. It also is important to created easily accessible technology for customers' use so that information on them can be more easily gathered. Managed appropriately and consistently, this should increase customer satisfaction and, in turn, customer loyalty rates.

Today's database technology is powerful and, used appropriately, provides the firm the capability to manage proper products and services to customer segments. However, if not appropriately applied, it can also serve to put the customer outside the firm's walls (Gordon 1998).

Caught up in our enthusiasm for our information-gathering capabilities and for the potential opportunities that long-term engagements with customers hold, it is possible that we have forgotten that relationships take two sides to succeed (Fournier, Dobscha and Mick 1998). We may have lost sight of the needs of the relationship. In other words, to get loyalty a firm must give loyalty. To get trust, a firm must give

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trust. Database marketing supports the CRM effort, but may be precisely the element that turns customers away.

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Customer Relationship Marketing – Measures

Increasingly, customer satisfaction and loyalty measurements are being integrated with internal operational data that CRM systems provide. Firms also need to be able to justify the enormous costs of their CRM systems and need to be able to measure the effects of CRM on the bottom line.

According to James (2002), the top three strategic rationales for implementing CRM have been to increase customer retention/loyalty, to respond effectively to competitive pressure, and to differentiate competitively based on customer service superiority. Linking CRM data with customer satisfaction survey data let firms show that CRM systems have a larger, indirect effect by influencing customers' intentions. Total spending by U.S. banks on CRM was close to $9 billion by the end of 1999 and was expected to grow to $46 billion by the end of 2003 (Patton 2001).

In the industry, it is thought that the Pareto rule still holds where a small portion of elite customers account for the bulk of profits (Masters 2000)—approximately 80% of bank profits come from 20% of customers. But, this may be over stated. Deloitte Consulting suggests that a mere 3% of customers provide up to 44% of profits at Norwest, a Minneapolis-based regional bank now merged with Wells Fargo (Kiesnoski 2000). Increased loyalty among high value customers, actual or potential, has a major effect on profitability according to a Gale Group study (Masters 2000). Generally, this is precisely the reason that financial service industry firms install CRM protocols for their most highly-valued and profitable customers.

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CRM, however, is not for the weak-spirited. Although the technology is designed to help companies keep track of their customers and boost revenues by developing long-term relationships and increasing customer loyalty, it is proving difficult to accomplish. Companies are investing up to $70 million in a CRM launch and millions more during multi-year rollouts. Yet some companies still jump into CRM projects without clear strategies or support from top management (Patton 2001). B2B Analysts' President, David Dobrin, in visits to six Fortune 500 companies during 1999 and 2000, described CRM projects as 'moribund' or used in a way that didn't match initial expectations (Patton 2001). The collective opinion about CRM implementations and results suggest that part of the problem with CRM is that, once installed, associates are not trained properly to use it efficiently nor does top management continue to give it the support it needs to produce the expected results.

Companies are beginning to demand more practical and long-term support from CRM consultants. Many firms have learned that CRM is more than a technology or software solution. Other factors involving organizational changes, executive (upper management) support and buy-in, user friendliness, and ongoing CRM consultant support are important in the success of CRM implementations. In a report sponsored by IBM and Royal Mail, it was suggested that the most advanced companies were at best only two-thirds of the way to implementing CRM by the end of 2000 (Gofton 2001). Insight Technology reported in 2000 that 31% of companies implementing CRM solutions believed they received no return on the investment; 38% reported only minor gains; and 70% reported it was a failure or minor success (Calhoun 2001). The

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Gartner Group reported that 45% of CRM projects fail to improve customer interactions while 51% generate no positive returns within three years and the Meta Group goes further to say that up to 75% of CRM initiatives fail to meet their objectives (Anonymous 2001). Another study showed that 35% of CRM users reported significant improvement in customer satisfaction; 46% showed slight improvement; and 15% could not tell the difference (Sweat 2001). Although it may be too early to tell, these numbers are discouraging at best.

There are many reasons why it is thought that CRM programs have failed. However, one study suggests that to drive loyalty a firm must take an integrated approach that focuses on improving the total customer experience (Calhoun 2001), a strategic and costly approach that not all firms are willing to take.

On the other hand, in an article predicting future trends in CRM, Yorgey (2002) emphasizes that companies will realize that customer satisfaction does not always translate to loyalty. She notes that many customers may be dissatisfied with a service but remain loyal to a product and continue to buy it. And, it is safe to say that the opposite is also true that as many customers may be satisfied with a service but will switch if enticed with a better offer. Most reported results of CRM implementations come from consulting firms or from CRM firms themselves via in-house customer satisfaction surveys.

If CRM systems are so sophisticated, then, why is there so much dissatisfaction with them? Why are measured results so poor compared with firm expectations? Why aren't those companies that install such programs producing the expected increased

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customer satisfaction and increased loyalty? And, why aren't there more studies analyzing the roots and results of so important an investment? Many factors may contribute but there is an obvious need for more empirical investigations into CRM strategy.

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Customer Relationship Marketing – Segmenting

Zeithaml (2000) noted that most research on service quality and profitability report relationships in the aggregate rather than by segment or by individual, and that individual customer tiering can have a moderating effect on the quality-profitability relationship. Revenue and price sensitivity are not always the best ways to segment customers. In fact, companies espousing a CRM strategy typically segment their customers in terms of tiering based on profitability. In the credit card industry this involves understanding what the overall profit per account is on any individual and marrying that information with information from other parts of the financial institution to understand the overall profitability of a customer (including his/her mortgage, personal loans, auto loans, investments, other financial services). Some firms code accounts so that front-line employees can know the overall 'value' of a customer who enters the bank or calls in on the phone. These 'tiered' customers often receive differentiated service in the form of telephone scripting by a human representative or a voice response unit (VRU), claims adjustments, fee waivers, higher credit lines, higher over-limit spending, lower interest rates, and other specific protocols.

The question is whether these 'valued' customers actually notice or care whether they are receiving differentiated service or not. In order to provide these different services, enormous investments are made in changing protocols, systems enhancements, employee and management training and enhanced products and services. Yet, there always remain questions around which channels certain segments should be

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relegated to. How will certain customers interact with technology to administer their services?

In focus groups conducted in 2000 by this international financial services company, it was found that some customers perceived technological intervention, regardless of whether the service was 'enhanced', as a shift away from personal service and somewhat disconcerting. Yet, it is thought that the satisfaction levels of some customer segments may be enhanced by less personal distribution channels (e.g., ATMs) while other customers will be dissatisfied by such channels (Mazur 2001). Proper segmentation is clearly a very important consideration when determining what channels to promote and what protocols to institute. And, research shows that relevant interests and preferences can be uncovered by using basic socio-demographic variables (age, employment status, household structure), rather than by building massive databases and complicated segmentation (Mazur 2001).

While this technological age requires us to better understand how the introduction of technology to the marketplace has influenced customers and their commitment to financial service institutions, some financial institutions feel that technology should enhance, not replace, personal service (Anonymous 2001). At some banks customers have relationship managers who take care of all their needs regardless of the product or service.

Another financial institution assigns relationship managers to only their 'highly valued customers'. They are in contact with their respective clients, constantly advising, suggesting, and enhancing the relationship between the customer and the

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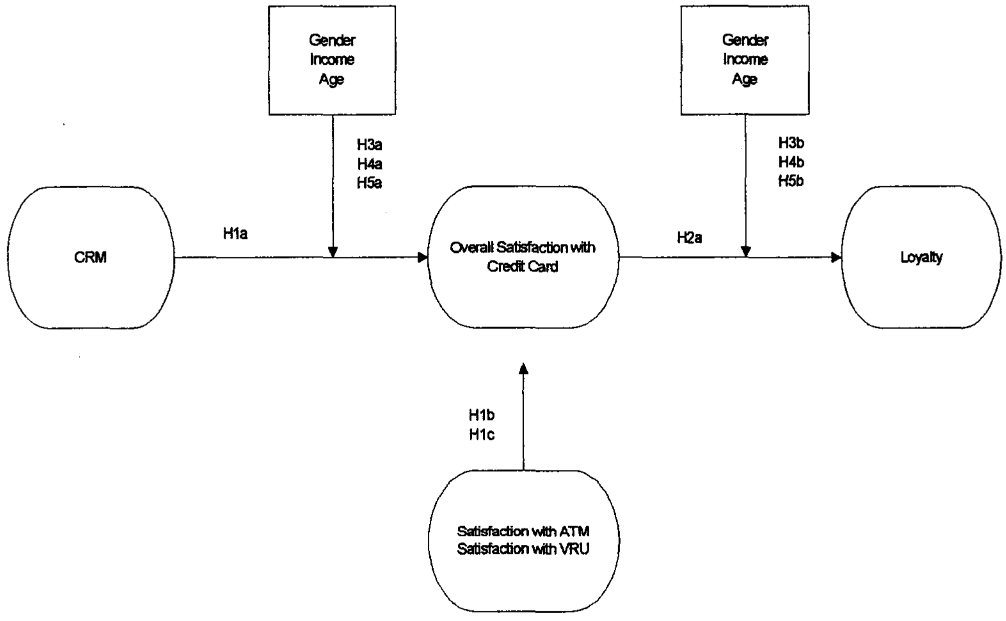
bank—a more personal one-on-one approach. Customers know they can contact a real person whenever there is a need. Yet, their less valued customers experience less personal contact and are encouraged toward more technology integration (e.g., ATMs and telephone/VRU banking). It appears that the trend is toward defining which segments are more inclined toward technology and what factors go into enhancing technology to encourage others toward its use.

Based on the evidence presented thus far that there is a positive relationship between customer satisfaction and loyalty rates and that CRM protocols should drive increased customer satisfaction, Figure 1 reflects the proposed conceptual model.

FIGURE 1

CRM MODEL



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The conceptual model suggests that applying a CRM strategy and protocols to the most highly valued customers positively affects customer satisfaction which, in turn, positively affects loyalty rates. Based on the findings in the literature review, demographics (age, gender and income) may have some effect on customer satisfaction and, in turn, on loyalty rates. And, whether customers are satisfied with the ATM and Telephone/VRU technology at their disposal, may affect how satisfied they are with the credit card service overall.

It is the intent of this study to investigate what characteristics might impact the effect that CRM has on customer satisfaction and what characteristics might impact the effect that customer satisfaction may ultimately have on loyalty rates.

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Customer Relationship Marketing – Overall Customer Satisfaction

Why should a financial service firm, then, invest so much money, time and effort to pursue a systemic customer relationship marketing strategy? One reason is that as mentioned earlier, historically, those firms that concentrate their efforts on retaining customers and establishing long-term relationships produce higher profits than those who concentrate their efforts on acquiring new customers (Reichheld and Sasser 1990; Anderson and Sullivan 1993). In the credit card industry, especially, where competition is at the highest it has ever been and where the customer base is saturated with offers from every other financial institution, it is important to understand the customer's needs in order to grow the depth of the relationship and to achieve higher profits.

In every economic quarter since the American Customer Satisfaction Index began (in 1994), banks trail the national satisfaction statistics by a significant percentage each year. While overall national satisfaction scores have modestly increased over the past five years, bank customer satisfaction scores have declined 8.1% (Feinberg, Hokama, Kadam, Kim 2002). Hence, it is important to concentrate efforts on improving customer satisfaction rates. And, one way to do this is through implementation of a CRM strategy.

One of the major goals of CRM is to identify what protocols not only satisfy customers but what protocols "delight" them so that customers want to maintain and grow a relationship with the firm. It is thought that the more satisfied customers are, generally, the more loyal customers are. As was mentioned earlier, several authors

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have identified a strong and positive link between customer satisfaction and loyalty (Jones and Sasser 1995; Rust and Zahorik 1991; Anderson and Sullivan 1993; Payne, Holt and Frow 2000). Others have found a distinct link between customer satisfaction, loyalty and customer retention (Reichheld and Sasser 1990; Reichheld 1996). And, research suggests that customer loyalty (rather than relative market share or any other factor) is the primary determinant of profitability.

Needless to say, concentrating efforts on customer satisfaction in order to promote loyalty among customers is a major part of the CRM strategy of modern financial service firms. One way to do this is to not only be customer-oriented, but to be involved in educating, training and providing the most sophisticated technical support to the staff to obtain buy-in and understanding of the importance of treating customers with a 'long-term relationship' in mind. To accomplish this, every department that directly or indirectly touches a customer must be involved in determining which protocols will result in higher customer satisfaction rates amongst the most highly valued customers.

Although some authors conclude that increased customer satisfaction rates lead to increased loyalty, increased retention rates and profitability, there is also discussion about what, exactly, customer satisfaction is. Some authors suggest it is perceived quality (as opposed to expectations) directly affecting satisfaction rates (Churchill and Suprenant 1982). Others show that disconfirmation (the extent to which perceived quality fails to match pre-purchase expectations) is an important antecedent of satisfaction (Anderson and Sullivan 1993) along with perceive quality. Others contend

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that providing customers with outstanding value may be the only reliable way to achieve sustained customer satisfaction and loyalty (Jones and Sasser 1995; Heskett, Jones, Loveman and Sasser 1994). And, one way to establish value in the financial services industry is to provide customers with choices in their method or channel of banking (e.g., ATMs, telephone/VRU banking, internet, banking centers).

Others have investigated the importance of the overall physical setting and a customer's familiarity with the players (associates) of a firm that can influence a customer's ultimate satisfaction (Garbarino and Johnson 1999). Although there are many different ways to measure customer satisfaction, there is consensus that it should be viewed as a judgment based on a cumulative experience rather than on a one-time transaction event (Homburg and Giering 2001). A single transaction producing satisfaction is unlikely to produce loyalty and vice verse.

It is relatively clear that a lot depends on how you define customer satisfaction and on whom you are trying to satisfy. Satisfaction is relative and because of the relationship to various norms, it should not be taken in an absolute sense (Goode, Moutinho, Chien 1996). As there are indeed many elements of customer satisfaction, hence, many definitions of a satisfied customer exist. They can be thought of as those customers who indicate anything above a "5" on a scale of 1-10 or it can be thought of as only those who are "highly" satisfied by choosing anything above an "8" on the same scale. Some studies reveal that there is a sizeable difference in retention rates between those who say (in a questionnaire) that they are *very* satisfied and those who are *just*

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satisfied (Gummesson 1999). Some organizations do not even distinguish between the satisfaction rates of their most and least valued customers (Gofton 2001).

Of AT&T's customers who rated the company's overall quality as excellent, over 90% expressed willingness to purchase from them again. For customers rating service as good, fair, or poor, the percent decreased to 60%, 17%, and 0% respectively (Zeithaml, Berry and Parasuraman 1996).

Company	**Highly Satisfied**	**Satisfied**
Pitney-Bowes	78.2% will remain	20.9% will remain
Xerox	80% will remain	14% will remain
(Gummesson 1999)		

According to Heskett, et al. (1994), there is a distinct relationship between satisfaction and loyalty (defined by them as retained relationships). The more highly satisfied the customer, the more loyal they are and the more likely they are to remain a customer.

On the other hand, many customers say they are satisfied but are not loyal and switch for a variety of reasons – persuasion by another firm, the influence of friends, a desire to try something new, etc. And, many dissatisfied customers remain despite the fact that a firm is charging more or offers lower quality than a competitor (Gummesson 1999). Perhaps this is due to their fear of switching or the difficulties involved in establishing new relationships. And, it is important to understand which segments of the customer base are more likely to stay or switch, whatever their reason may be.

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It is important to note here the existence of the 'service paradox' which states that the less profitable customers are, the more satisfied they are; while the more profitable customers are the less satisfied they are (e.g., the airline industry offers an off-season economy ticket for $250 and full business for $3000; the business traveler is profitable but highly demanding and the economy traveler is less profitable but grateful for a low price and not as demanding. There is a likelihood that the business traveler is less satisfied even though he/she is offered better service) (Gummesson 1999). This is important because CRM customers are the firm's 'most profitable' and possibly their least satisfied customers.

For the purpose of this study, customer satisfaction is defined as "those customers who are satisfied with the value of their credit card". In this particular financial service firm, it is the installation and practice of new CRM protocols that is expected to so enhance the customer experience and provide increased value that those customers receiving these protocols will be more highly satisfied than their non-CRM counterparts who receive only basic products and services and no special treatment. It is thought that these protocols and special treatment add value to the customer experience as they are intended to enhance the interaction the customer has with the firm. The objective of CRM, generally, is to enhance the customer experience so that the customer is delighted with the service and is receiving the attributes that make this credit card service better for them than the competition.

In the case of this financial service firm, CRM customers receive added protocols that include higher credit limits, waived fees (e.g., late payment fee, check-

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cashing fee, etc.), higher over-limit spending, more thoughtful scripting on the part of employees who they may encounter, and other special treatments. (See Appendix D for a list of CRM protocols). As these added protocols are intended to delight customers, it is thought that the customer satisfaction rates of CRM customers should increase. Therefore, it is thought that:

H1a: CRM customers are more satisfied, overall, with the credit card service than non-CRM customers.

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Technology and Virtual Banking

Satisfaction with ATM and VRU/Telephone Banking Services

Intensifying competition among financial service providers has increased pressure on profit margins and has emphasized the strategic role of technology as a potential source of differentiation and cost reduction (Moutinho and Smith 2000). In order to increase profits and decrease expenses over the long-term, financial institutions have shifted some of their services from branches to the virtual banking arena (ATMs, telephone banking, internet banking). Bank service automation is a critical factor in the process of trying to attain cost-effectiveness – a strategic competitive weapon in the financial service market (Goode, Moutinho, Chien 1996). The expectation of banks is that more customers will take advantage of the convenience and speed of being able to deposit and withdraw money without having to wait in line for personal assistance. (The firm in this present study has customer satisfaction survey data from several years past indicating that customers expect faster, more convenient methods of banking).

On the other hand, some segments of the population do find the shift away from personal service disconcerting (Thornton and White 2000). It is vitally important to provide the most valuable customers the level of personal interaction they expect and it is difficult, at best, to arrive at that level for the millions of customers serviced each day.

Some authors suggest that a reduction in branch visits could have a detrimental effect on the relationship between customers and service providers (Thornton and

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White 2000). Although it is generally thought that service quality is compromised by a reduction in the employee-customer interface (Rexha, et al, 2003), Mols (1999) found that many users of electronic (internet) banking have become even more satisfied overall with their bank possibly due to the fact that a new service delivery option is available.

On the other hand, many customers still feel vulnerable when exposing their finances to electronic media and are inclined to perceive 'branch banking' as more reliable and trustworthy (Tee 2000). It was found that a low level of satisfaction was attached by some bank customers to the fact associated with their experience of having to queue when using an ATM, and that breakdowns in ATMs is another source of service dissatisfaction. And, it is suggested that the reasons for being loyal to a bank are changing as a result of increased competition and the application of technology in the provision of bank services (Goode, Moutinho and Chien 1996).

Virtual banking exists in many forms. The most common uses of technology for financial services are ATMs to deposit and extract cash, telephone banking to make payments and transfer money from one account to another, and, more recently, home or online banking to pay bills on accounts outside the financial institution, move investment money, and view account balances and activity. The financial services industry is information intensive and is rapidly changing the way it designs and delivers personal services. For the purposes of this study, the definition of virtual banking from Liao et al. (1999) will be used: Virtual banking is the provision of banking services

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through electronic media. The technology referred to, specifically in this study, is ATM usage and Telephone Banking with a voice response unit (VRU).

Because most consumers say they require more channels to do their banking, ATM access is one channel in which financial institutions are investing great amounts of money in order to satisfy that customer need. Telephone banking and voice response units (VRU) have also become important channels customers use to perform the same functions that required one-on-one involvement only a decade ago.

However, providing these channels to customers does not imply that all customers will use them. Some segments of the population are more likely to shy away from any type of technology no matter how simple it may be to use. 'Innovators' and 'early adopter' segments may be more likely to try technology first (Rogers 1983). According to Rogers (1983), 'innovators' and 'early adopters' of innovations are usually young, well educated, and with higher incomes than 'late adopters' and 'laggards'. Demographics, then, should be one means of differentiating which segments are likely to be users of and satisfied with technology and which segments simply are not.

Another element that might differentiate the satisfied users from the non-users or dissatisfied users might be whether they are CRM customers or not. As CRM customers are more accustomed to special treatment and personal interaction with their banker, they may not take advantage of technology as much as non-CRM customers. Or, when they do, they may be less satisfied than their non-CRM counterpart. And, as it is suggested that customers satisfied with technology are, in turn, more satisfied with

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the overall credit card service, it is possible that these different segments would show different satisfaction rates, not only with technology, but in their overall satisfaction of the service as well.

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Automated Teller Machines (ATMs)

Today, there are more than 200,000 ATMs nationwide and, generally speaking, more transactions take place through nontraditional channels than at branch banks (BankofAmerica.com 2002). That single-function machine used to mainly withdraw or deposit funds in 1967 has evolved into a multi-function self-service kiosk that can execute many advanced transactions, such as check deposits, balance inquiries, and statement printing. The ATM has become so trusted and reliable that more than 60 billion consumer transactions flowed over the ATM platform in 2000, and current thinking is that consumers are performing more transactions on this platform than at any other financial service delivery point available (Mazanet 2000).

And the advantages don't stop there. In 1999, Diebold introduced "Optinet" software to help credit unions better recognize their members' needs, linking ATMs to any intranet or internet site the member selects. This tool helps credit unions capture valuable information they can analyze to define new products and services. An internet-enabled Consumer Access Point (CAP) can offer additional services such as insurance, investment products and other e-commerce services from one convenient, trusted source (Mazanet 2000). And, as importantly, it costs only $1.25 to process an ATM transaction while it costs $3.50 for a teller in a bank to process the same transaction (Sheth, Sisodia, Sharma 2000).

Among brick-and-mortar institutions, only BankofAmerica operates more than 20,000 ATMs and American Express operates more than 10,000 ATMs.

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BankofAmerica has begun to install 2,500 NCR Diebold 'talking' ATMs in Florida and California to serve blind customers. It has also adopted an application that lets customers find the nearest ATM via telephone (Kiesnoski 2000). The 7-Eleven chain (where most American Express ATMs are located) expects to have touch screen access to services such as bill payment, deposit capability, event ticketing, travel directions and road maps. Its Vicom kiosks (in 36 stores in Florida) make it easier to cash checks, wire money and complete other financial transactions. And some are web-enabled that merge the capability of an ATM with the benefits of the internet.

ATMs have increasingly become a channel for banking for customers because of round-the-clock access and because of increasing functionalities on these machines. Customers can use a menu-driven series of options available in English and Spanish and when needing personal attention, a customer can speak with a bilingual representative using the phone attached to the kiosk.

Of course, convenience comes at a price. Average transaction volume has begun to drop since the introduction of new fees to each transaction. Research shows that 70% of frequent ATM users go out of their way to avoid a surcharge. Customers may be open to fees if more value added services are provided but will avoid fees for withdrawing and depositing money as several banks provide this service free to their own customers using their own ATMs (Reid 2001).

Another concern to consumers is the security and privacy allotted while using ATMs. Even though the technology exists to support many other functions, consumers have some of the same concerns that they have using the internet. And, until these

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channels offer a secure and private environment for a customer to perform financial service functions there, their usage will remain primarily for simple transactions only.

When ATMs do become more sophisticated and consumers do begin more regular usage, another issue on the minds of the firms operating them is the timeliness of transactions and what that will do to the wait in customer lines. The more options available, the longer a customer will take, the longer the wait will be for the next customer in line. For the time being, the bread-and-butter of ATMs will remain the simple withdrawal and deposit transactions.

While ATMs offer significant advantages to customers, many are unwilling to adopt them. Some are resistant to new ways of doing banking especially if there is a loss of personal contact (Goode, Moutinho, Chien 1996). As mentioned earlier, the late adopters and laggard segments are less likely to use technology than their early adopter counterparts (Rogers 1983). At the same time, product diffusion theory suggests that not all new products and services are accepted by customers at the time of introduction (Mahajan, Muller and Bass (1990). It is likely, then, that those individuals who fall into the late adopter and laggard segments will not embrace this technology initially and may even resent it. These segments are, generally, older and less educated than the early adopter segment. Also, it is likely that trust and commitment are playing a part in the link to overall customer satisfaction for both CRM and non-CRM customers.

CRM customers, in this financial institution, are generally older individuals with high levels of education and income. They are accustomed to more personal touches

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when making financial transactions. And, although ATMs offer enhanced value (number of options), convenience and timeliness, it is likely that CRM customers will find these options less personal and, therefore, less satisfying. CRM customers likely will expect more personal service and prefer interacting with a banking center teller or a human telephone representative. From a CRM perspective, then, technology may be considered an imposition on their human relationship with the bank representative. And, this may negatively affect how they rate customer satisfaction.

In another study, Murdock and Franz (1983) suggested that customers found using ATMS "embarrassing and degrading" implying that some customers may prefer more personal service.

What also might be at issue is the idea of service failures, especially with ATM, VRU, and internet banking. What a firm can do to minimize those failures or fix the problem when it occurs my affect a customer's overall satisfaction as well.

On the other hand, some studies have found that a great majority of consumers perceive banks with ATMs as being very successful (Leonard and Spencer 1991). And others (Moutinho and Brownlie 1989) have found that a high level of bank customer satisfaction is directly related to the accessibility of ATMs. In fact, the availability of conveniently located ATMs is vital to retaining customers (Milligan 1997).

Rexha, et al (2003), found a positive relationship between using electronic banking and commitment, between customer satisfaction and commitment, and between trust and commitment, suggesting that customers who trust their bank

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probably use electronic banking satisfactorily and, in turn, enhance their overall satisfaction with the bank.

Based on the fact that consumers, generally, say they enjoy the availability of more channels to do their banking, especially ATMs, it is thought that customers satisfied with ATM services are likely to be more satisfied, overall, with their credit card service. Hence, it is thought that:

H1b: Customer satisfaction with the credit card service is positively related to customer satisfaction with ATM services.

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Telephone Banking and Voice Response Units (VRUs)

In the financial services arena, access over the phone is emerging as the access of choice for customers who expect telephone access 24 hours a day, 7 days a week, 365 days a year (Feinberg, Hokama, Kadam, Kim 2002). As competition for life-long customers is fiercer than ever, financial institutions are searching for ways to leverage their call centers and voice response units (VRUs) to their advantage. PSI Global reports that the number of monthly transactions among telephone banking users has risen 55% over the past five years, with consumers conducting an average of 13 financial transactions by phone each month (Floyd 2000). According to a 1997 report from the Tower Group, the number of transactions with retail call center agents was 1.2 billion in 1996 and is expected to rise to 2.4 billion by the end of 2001 (Jacobson 1999). The most common transactions conducted through a call center are account inquiries, loan servicing, funds transfers, new account openings and investment transactions.

Telephone banking is undergoing its own metamorphosis. It is clear that customers satisfied with their telephone contact are more likely to repurchase, purchase more, and promote positive word of mouth (Feinberg, et al, 2002). Call centers clearly play a role in achieving overall customer satisfaction (Allimadi 1999; Anton 1997), but determining exactly what elements of the telephone/VRU call experience directly influence customer satisfaction is key to a more accurate measurement.

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An important part of telephone banking is a firm's capability to perform 'intelligent routing' to serve the best customers better and to help retain the most valued customers. By combining the advantages of customer relationship management and call routing, firms can commit to providing tiered service—with their most valuable customers receiving enhancements and less valuable customers still receiving good service but no enhanced protocols. At the same time, VRUs offer customers the advantage of receiving the information they need without human interaction and, usually, with greater speed.

Financial institutions favor virtual response units because of the cost savings. According to a study by Booz, Allen and Hamilton in 1999, the cost of a call center transaction involving an agent is $2 while the same transaction using VRU technology costs only 35 cents (Floyd 2000). Financial institutions typically encourage their customers to use telephone banking/VRU rather than opting out to speak with a human representative. And, to make this happen more conveniently, a firm creates as many options on their VRU to accommodate that which it seems customers consistently and frequently perform. What financial institutions fail to deeply investigate, though, is how customers really react to VRU options and whether the VRU is being embraced by customers, as the firm suspects, or simply is being tolerated.

If convenience for the customer is at the heart of technology development (Van Zyl 1999) and if the primary benefit for firms is cost savings, then the quality of service element also needs to be addressed. VRU servicing is often time-consuming and even complicated to use for the customer. Many customers opt out of a VRU out of

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frustration causing firms to lose customers or to have them call back and opt out to a representative, a practice that is twice as costly.

Telephone banking also relies on the elements of trust and commitment. In order for a customer to fully trust that their issue is being resolved appropriately, they need to have confidence in the representative on the phone or in the fact that the VRU has captured their information properly and is going to pass that information on to the appropriate party for resolution. If there is an absence of direct contact, such as with telephone banking, it is assumed that there is less control perceived by the customer (Joseph, McClure and Joseph 1999). Unless other attributes of the technology are considered of high quality (e.g., reliability, user-friendliness), customers may not trust the service.

Also, as was mentioned in relation to ATM technology, new product diffusion theory suggests that not all products and services are accepted by consumers at the time of introduction. Some products are much slower than others in being accepted by potential adopters (Mahajan, Muller and Bass 1990). Possibly, those segments of this firm's customer base who are older and less educated would likely not be as accepting of telephone technology as their younger and more educated counterparts. This implies that this technology might be more accepted by the early adopter than later adopter or laggard segments. This also implies that CRM customers, who are generally older customers, might not be as enthusiastic about using VRU technology.

Although a growing number of customers prefer to conduct transactions on their own, many still want human interaction. And, demographics (especially age,

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income level, gender and comfort level with the technology) may play a part in how individuals respond to VRU technology. Some customers may give up if the VRU instructions are not clear or are seemingly too lengthy.

Firms who have adopted this technology early, generally, see substantial cost reductions and increases in revenue and profits. At the same time they, generally, see increases in the usage volume. Clearly, customers are using the technology, especially when it comes to seeking simple information like asking for "account balance" or "last payment" information. The convenience of VRU/telephone banking services enhances the customer experience, generally, and it is likely that some customers will be more satisfied, overall, because they are satisfied with this technology service. And, it is likely that these customers are the younger segment of this firm's customer base. Hence, it is thought that:

H1c: Customer satisfaction with the credit card service is positively related with customer satisfaction with VRU/telephone services.

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Customer Relationship Marketing – Loyalty

There are also different ways to perceive loyalty and many definitions of loyalty. Customers define loyalty to an organization according to their total experience with it across all touch points in the exchange process (Calhoun 2001). Loyalty can be thought of as a percentage of retained customers, as those customers intending to continue using the service or product or as those customers who intend to recommend the product or service to others. Customers will declare themselves loyal through feelings and perceptions of high satisfaction, through positive attitudes and preferences (for the supplier) meaning that customers will be willing to repurchase from this supplier (Hennig-Thurau and Hansen 2000; Peppers, Rogers and Dorf 1999).

Most of the early literature conceptualizes loyalty as behavioral (Brown 1952; Churchill 1942). This type of loyalty is characterized as a form of repeat passive purchasing (Beckett, Hewer, Howcroft 2000). However, other studies indicate that it is both behavioral and attitudinal. Attitudinal loyalty involves holding positive or negative attitudes towards a service provider (Beckett, Hewer, Howcroft 2000) and is characterized by a likelihood that a customer will recommend the product or service to another (Day 2000; Dick and Basu 1994; Homburg and Giering 2001; Peppers, Rogers and Dorf 1999). A dual perspective of loyalty is adopted for this study.

It is thought that CRM impacts loyalty through customer satisfaction. Some authors suggest that unless customers are very "highly" satisfied (as opposed to "moderately" satisfied), loyalty rates do not significantly increase (Jones and Sasser

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1995; Reichheld, Markey and Hopton 2000), especially in highly competitive markets as is the case with credit cards.

Jones and Sasser (1995) studied the satisfaction-loyalty link to test Xerox' discovery that a high level of satisfaction will lead to greatly increased customer loyalty. They looked at the automobile, personal computer, hospital, airline, and telephone services industries, and found that customers who are 'completely satisfied' are more loyal than 'merely' satisfied customers. And, John Larson (VP, Opinion Research Corporation), found that 'completely satisfied customers' were nearly 42% more likely to be loyal than 'merely' satisfied customers.

In the Jones and Sasser article (1995), they found that individuals can be classified into four categories (loyalists, defectors, mercenaries, hostages). Hostages had low to medium levels of satisfaction but high loyalty rates; and mercenaries had high levels of satisfaction but low/medium loyalty rates. Perhaps some customers remain loyal because they cannot move due to switching costs or the fear of risking a move to another firm?

One issue unearthed in the Reichheld, Markey and Hopton article (2000) on the relationship between loyalty and profits suggests that satisfaction surveys alone don't yield the information companies need to have about delivering value to customers. For example, at one Toyota dealership a salesman pleaded with a customer to 'fill out the satisfaction questionnaire with favorable responses', explaining that 'both my wife and I lost our jobs at a computer company and I'll lose my job here if I don't get high satisfaction scores'. This kind of pressure on customers to tweak their responses on

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customer satisfaction surveys is not uncommon in today's market. This may be one factor in determining why customer satisfaction rates are high but loyalty rates are not as high as expected.

Other authors intimate that there are other moderating factors that determine customer satisfaction and loyalty. For example, Zeithaml, Berry and Parasuraman (1996), in a multi-company empirical study examining relationships from the model concerning customers' behavioral intentions, show strong evidence of their being influenced by service quality and suggest that those customers not reporting service problems have the strongest levels of loyalty. Reichheld (2001) suggests that customer loyalty cannot be achieved unless corporate executives gain employee loyalty via 'principled leadership' and a set of surveys that measure more than customer satisfaction and loyalty by forcing people to think of whether the organization really does deserve that customer's loyalty. And, Homburg and Giering (2001), in a consumer-durables context analyzing the moderating effect of selected personal characteristics on the relationship between satisfaction and loyalty, found that age, income, and variety seeking are important moderators of the satisfaction-loyalty link. Loyalty can be elusive even if customer satisfaction exists. And, there may be other barriers to higher loyalty rates that firms need to investigate and overcome.

Loyalty, on the other hand, may be involuntary. Possibly there is no alternative to the product or service or maybe the bonus or reward for participating is so great (Hennig-Thurau and Hansen 2000) that it makes sense to a customer to remain with the firm. Yet, what a firm really strives for is loyalty with no strings attached. In other

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words, if an error is made and the service is compromised, the firm hopes that the customer will still be inclined to stay once the problem is fixed. Generally, though, past evidence does suggest that the majority of highly satisfied customers remain loyal.

For the purpose of this study, then, loyalty is defined as customers who indicate intent to repurchase this service by continuing to use their credit card and by their intent to recommend this service to others. As mentioned in the studies above, it is thought that the more highly satisfied a customer is, the more likely they are to be loyal (Heskett et al 1994; Gummeson 1999) so that:

H2a: Satisfied customers are more likely to be loyal than non-satisfied customers.

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Demographic Influence

Until recently, firms focused on overall customer satisfaction rates and relied on a strong, positive link between customer satisfaction and loyalty as was previously noted. Firms have also relied on enormous databases and complicated segmentation rather than learning about customers' relevant interests and preferences by using basic socio-demographic variables (Mazur 2001). At the same time, however, some studies suggest evidence that there are high defection rates of satisfied customers from some firms (Homburg and Giering 2001; Yorgey 2002). What elements would cause satisfied customers to become disloyal? On the other hand, what might cause dissatisfied customers to remain loyal?

Demographics are important to study for several reasons. Since post-World War II, demographic patterns have shifted dramatically, leading to market diversity in terms of the needs and wants of consumers as well as the resources (financial, expertise, and time) available to them (Sheth, Sisodia, Sharma 2000). The market place has become increasingly diverse in terms of lifestyle, ethnicity, income and age. And, in relation to gender, females have increased their expendable income over time and have, in many cases, become the decision-maker and head of household.

If the 65 and over segment is growing at twice the rate of the general population and if it is true that by 2030 this segment will be 20% of the population (in the U.S.) (Javalgi and Thomas 2000), and that today more than 38% of the adult population is near 50 (Demarrais 2002), then it is important to determine how these

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age groups are enticed to be loyal. Also, if it is true that females in 30 years will represent two thirds of the over-65 segment (Javalgi and Thomas 2000), then it is also important to understand what makes gender segments satisfied and loyal.

Homburg and Giering (2001) produced a study that provided insight into the relationship between customer satisfaction and loyalty by examining the effects of moderating factors -- specifically gender, age, income/education, variety seeking, and involvement -- on the relationship of customers in the durable goods industry. It is important for managers to have this kind of information as they determine what kind of marketing and retention strategies to institute.

To better understand the history of past studies in the customer satisfaction and loyalty arena, Homburg and Giering (2001) organized the customer satisfaction-loyalty literature in three categories: 1) those with empirical evidence of a positive relationship between customer satisfaction and loyalty (articles by Bitner 1999; Rust, Zahorik and Keiningham 1995; Anderson 1994; Biong 1993; Halstead and Page 1992; Taylor and Baker 1994; Woodside, Frey and Daly 1989); 2) those that investigate the functional form of the relationship between customer satisfaction and loyalty (articles by Heskett et.al. 1994; Jones and Sasser 1995; Auh and Johnson 1997; Woodruf, Cadotte and Jenkins 1983). (Interestingly, these studies show that low or high satisfaction levels increase a customer's likelihood of reacting in some way but medium satisfaction levels might find customers indifferent and, hence, have a small impact on loyalty); and 3) those that examine the effects of moderator variables on the relationship between the constructs (articles by Bloemer 1995).

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According to Homburg and Giering (2001), in this last category are very limited studies that examine the existence of external factors moderating the relationship between satisfaction and loyalty ("involvement" is studied by Bloemer 1995). This is the gap that Homburg and Giering's study begins to fill. And, it is intended that this present study goes a step further in demonstrating what impacts CRM might have on customer satisfaction and loyalty rates and how certain demographics, specifically, age, gender, and income, might affect both satisfaction and loyalty rates in the credit card industry. It is especially important to understand what elements play a part in the customer satisfaction-loyalty link as a firm's customer base changes and ages.

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Gender

Most studies delineating by demographics were done in the social and psychological literature. In the area of gender, historically, it has been found that in terms of personality differences, males are more aggressive, assertive and less anxious than females (Maccoby and Jacklin 1974; Feingold 1994). In other studies, females have been found to score higher than males on such traits as tendermindedness (Cohen 1977; Feingold 1994), anxiety, trust, and impulsiveness. And, social role theory (Eagly 1987), proposes that men and women behave according to the stereotypes associated with the social roles they occupy – women seen as more communal (friendly, unselfish, emotionally expressive and concerned for others) and agreeable (trust, tolerance, personal relationships, nurturance, tendermindedness, altruism, empathy (Feingold 1994; Franke, Crown and Spake 1997). Men are, generally, seen as more independent, assertive, masterful, instrumentally competent and self-assertive (Franke, Crown and Spake 1997).

According to Gilligan (1982), female identity formation takes place in a context of ongoing relationships and, historically, social norms assign women greater responsibility for the care of dependents which, almost literally, requires altruism (Badgett and Folbre 1999). Women are more likely to behave in altruistic ways towards the community. Females, generally, experience a reluctance to hurt and have difficulty with choices that jeopardize their loyalty (to family). They search for ways to resolve the tension they may feel between responsibilities to others and their own self-

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development. They simply do not want to be perceived as selfish and usually describe themselves in terms of a relationship (mother, wife, child) with an ethic of nurturance, responsibility and care often considering their professional achievements as jeopardizing their own sense of self. Whereas, men speak of the role of separation as defining and empowering the self (Gilligan 1982).

In 1982, Gilligan also found that 'care reasoning' was used predominantly by females while 'justice reasoning' was used predominantly by males. And, the care orientation is characterized by a focus on maintaining relationships, responding to the needs of others, and a responsibility not to cause hurt, while the justice orientation is concerned with principles of fairness and equity. According to Jaffe and Hyde (2000), the experience of attachment and connection, then, is more salient to females, where the experience of inequality and separation is more salient to males. And, women appear to be more idealistic in nature; men more relativistic (Singhapakdi, Vitell and Franke 1999).

In stereotyping, men are believed to be more self-assertive and motivated to master their environment (e.g., more aggressive, forceful, dominant) while women are thought to be more selfless and concerned with others (e.g., kind, helpful, understanding, sympathetic, aware of others' feelings) (Eagly and Johnson 1990). In Eagly and Johnson's study, a trend toward women being more concerned about maintenance of interpersonal relationships was found.

In terms of purchasing behavior, women are thought to be strongly influenced by their evaluation of personal interaction processes and are more involved in the

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purchasing activity than men are, paying more attention to the consulting services of sales people (Gilbert and Warren 1995). And, it has been suggested that females are more influenceable (Aronson 1972; Sistrunk and McDavid 1971; Darley and Smith 1995) and more likely to conform than males. These concepts would also suggest that females might respond more positively to the sales scripting protocol used on CRM customers.

Additionally, it is thought that gender might moderate the linkages between satisfaction and loyalty (Homburg and Giering 2001) and that the loyalty effect of satisfaction with the sales process is stronger for females than for males. Women's purchasing behavior is found to be strongly influenced by their evaluation of personal interaction processes and are more involved in purchasing activities as compared to men. And, they are likely to pay closer attention to the advice of sales personnel than men do (Homburg and Giering 2001). Therefore, it might be said that females will pay more attention to the relationship and that because of this relationship are more likely to be satisfied and loyal customers than their male counterparts.

Although most literature on consumption behavior has focused on manufactured goods studies, one study of financial services suggests that men are three times more likely than women to complain (Burton 1995). This can intuitively mean that men are less satisfied with the service they receive, in general, than are women. It would also seem from these assessments that females would be more inclined to maintain a relationship with a company to avoid the emotional difficulty of switching to another company and men would be less interested in the relationship and more

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interested in the best offer. Possibly, this would lead males to more likely switch services to pursue the best offer at another firm, adversely affecting their loyalty rates at the present firm.

From a technology perspective, in a study analyzing "non-adopters" of ATMs, Stevens, Warren and Martin (1989) found that users of ATMs were not as concerned about safety when conducting business at an ATM and less likely to enjoy going to the bank to conduct financial business. And, it was found that users tended to be males. In a study of attitudes toward using electronic funds transfer point of sales terminals (EFTPOS), it was found that males have a more positive attitude toward this system than females (Abdul-Muhmin 1998). If males are thought to be more likely to use technology, in general, and ATMs specifically, then it is possible that they are more satisfied with technology. However, their stronger connection with technology may mean that their expectations of a service involves more precision, speed and convenience. They may not care as much about human interaction, preferring the advantage and convenience of the technological expertise.

The one-on-one relationship that the financial institution establishes with the female customer, then, should be more appealing to them than it is to their male counterparts. It should result in greater customer satisfaction and, subsequently, greater loyalty rates for females than for males. Hence, the following hypotheses are suggested:

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H3a: The CRM impact on satisfaction is greater for female customers than for male customers.

H3b: Satisfied female customers are more likely to be loyal than satisfied male customers.

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Income

Some studies have found that low social status promotes a concern with fairness and rights as they rectify the social inequalities experienced by minority or subordinate groups (Beal, Garrod, Ruben and Stewart 1997; Jaffe and Hyde 2000). Jaffe and Hyde (2000) found that although females consistently score higher than males on care reasoning, the magnitude of that effect size increased as socioeconomic status increased from lower class to upper class groups. Their findings also suggest that social class and gender do not interact and that lower class (lower income) women are more likely than other groups to endorse a "care orientation". It would seem, then, that lower income individuals (especially females) would be less inclined toward technology use and more inclined toward personal interaction.

Customer segments most likely to be attracted to technology-intensive financial institutions appear to be those who are higher educated and in the upper-end professionally (Filotto, Tanzi and Saita 1997). Earlier studies found that individuals with higher incomes were more innovative and more likely to adopt a new product, service or technology earlier than individuals with lower incomes (Uhl, Roman and Poulsen 1970). Others found that early adopters of PCs were individuals with higher income and education levels than non-adopters (Greco and Fields 1991). And, some products and services are much slower than others in being accepted by potential adopters (Mahajan, Muller and Bass 1990).

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However, clearly products and services have different rates of adoption for different segments of the population and the rate of diffusion varies over time (Martinez, Polo and Flavian 1998). Demographics do seem to play a part.

The results of a survey by Paymentech, a payment processor and joint venture of Bank One and First Data corporations, suggest that of the people with lower incomes (less than $25,000), 62% tend to make payments by phone (vs. ATM or internet banking) even though phone bill pay tends to carry a fee (Polling Company 2003). The same survey also suggested that 28% of people with annual incomes greater than $75,000 tended to pay bills online. People with higher incomes tend to be more satisfied with technology-driven processes for their financial transactions. And, because they are more demanding of different types of technological options, they may be less satisfied with a service that does not provide them with the flexibility they demand. Possibly, then, the higher income segment of the bank's population will be less satisfied with their credit card service than their lower income counterparts as a result of their higher expectations.

Another consideration (Stevens, Warren and Martin 1989) is that individuals with higher incomes are likely to be more satisfied users of ATM technology. Users of technology tend to have higher incomes (amongst other attributes) and tend to believe that (ATM) technology improves the quality of the service (Goode and Moutinho 1995). Abdul-Muhmin (1998) found that respondents with higher incomes tend to have more positive attitudes toward EFTPOS technology than lower income respondents. Another study (Filotto, Tanzi and Saita 1997) found that higher income

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and more highly educated customers were more attracted to technology-intensive financial service institutions.

The CRM customers surveyed in this study, generally, have higher incomes than their non-CRM counterparts. If the evidence, although limited, suggests that higher income customers will be more satisfied than lower income customers with technology usage, it is possible that these customers perceiving technology as the advantage would not care so much about personal interaction and CRM protocols. Because of their desire and ability to use technology for financial transactions, they may be less likely to care whether they are being treated with special protocols by a human representative in a bank. In other words, they may rarely even care to interact with a human voice over the phone or in person, preferring to go online or to the nearest ATM to conduct transactions. CRM protocols may mean very little to them.

Homburg and Giering (2001) suggest that people with higher incomes (and a higher level of education and social status) usually engage in more information processing prior to making a decision. Schaninger and Sciglimpaglia (1981) found that people with higher socioeconomic status tend to process more information and examine more attributes and alternatives than their counterparts. The fact that they have more choices to evaluate, gives them the impetus for higher expectations from a service. This could cause them to be less satisfied than their lower income counterparts who may have fewer alternatives from which to choose. And, because higher income individuals tend to lean more toward technology for processing simple financial

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transaction, likely they are not too concerned with special CRM protocols offered them by human contact either on the phone or in person.

Unless a firm is on the cutting edge of technology and offering these customers flawless bill paying and investing options, they may not give high marks on a survey. And, because of all the possibilities and options available to them, they may take longer to commit to a firm even if satisfied. As it is possible that there are socio-economic influences on 'rights considerations', there may also be a socio-economic influence on individuals' customer satisfaction and/or loyalty considerations. So, it is thought that:

H4a: The CRM impact on satisfaction is greater for lower income customers than for higher income customers.

H4b: Satisfied customers with lower incomes are more likely to be loyal than satisfied customers with higher incomes.

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Age

Age is an important demographic to study as the number of older consumers in our society continues to increase. In 1995, people over 50 accounted for 77% of all assets in the U.S. and for 66% of all investment portfolios greater than $25,000 (Bednar, Reeves, Lawrence 1995). The 45-55 age group will rise between 30 and 50 per cent by 2005 and the number of workers between the ages of 55 and 65 will increase from 7.6% (in 1990) to 9.1% in 2005 (Patrickson and Hartmann 1997). People in these age groups no longer presume retirement at 60 or 65. They increasingly continue to work for a variety of reasons, not the least of which is financial. People are thinking differently about what an older individual is and how they think.

Studies have begun to discern how the definition of specific demographics is changing. For example, in older age groups some authors (Demarrais 2002) have sought to identify one segment as 'new age elderly' for those individuals who are 50 (or more) years old. These individuals have a different value orientation than most people their chronological age. Rather, their opinions are more similar to someone twelve years younger than their chronological age (Mathur, Sherman and Schiffman 1998). The concept of cognitive age (as opposed to chronological) has become increasingly important in research as cognitively young people tend to be more willing to try new brands (Szmigin and Carrigan 2001), possibly engaging in more brand switching which, in turn, can affect their loyalty intention. It could also mean that

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younger customers might be satisfied but not necessarily more loyal as younger segments might be more amenable to switching if there is a better offer elsewhere. Younger customers may be less easy to please while older customers may be more easily satisfied.

To be effective in the senior market, some authors advise that 'trust building' is critical. Seniors tend to make decisions based on their experience and wisdom and are more inclined to analyze producers (Koco 2001). The senior population also tends to require more personal attention and may be more sensitive to and appreciative of CRM protocols that offer a more personal touch.

Older segments tend to be more resistant to change and less motivated by new technology (Patrickson and Hartmann 1997). They also tend to cling to more antiquated and trusted ways of performing financial transactions. A survey by Paymentech (Bank One and First Data corporations' joint venture) found that 73% of people aged 45-55 preferred to put a check in the mail for paying bills (vs. internet or ATM payments) (Polling Company 2003). Younger consumers tend to process more information and examine more attributes and alternatives than their older counterparts (Schaninger and Sciglimpaglia 1981). This may lead them to have higher expectations and be less satisfied with a service. Also, according to another study, 82% of customers over the age of 55, preferred to deal with a human teller when withdrawing cash than withdrawing it at an ATM.

As was mentioned in the Stevens et al. (1989) study earlier, demographics affect whether someone will use certain technologies and it was found that younger

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customers are more likely to be users of (ATM) technology. And, in other studies of attitudes toward usage of electronic funds transfer at point of sale (EFTPOS) technology, it was found that younger customers have more positive attitudes toward usage than their older counterparts (Ho, Chan and Hsu 1990; Abdul-Muhmin 1998). Technology, in general, was more important to younger customers with 53% of customers 35 years old or younger preferring to transact at ATMs while 82% of customers over 55 years of age preferring to transact with a human teller in another study (Bednar, Reeves, Lawrence 1995).

In the ethics literature, experience is studied (as it relates to age) in the context of whether more senior workers may be more idealistic or not. It was thought that more senior workers may be less willing to make exceptions to ethical guidelines because they are more idealistic than their more junior counterparts (Singhapakdi, Vitell and Franke 1999). If older people are thought to be more idealistic, then, possibly they will be more sensitive to one-on-one relationships and more receptive to CRM protocols. They may simply care more about personal attention and treatment.

As was mentioned earlier, segments more satisfied with technology tend to be less influenced by one-on-one interaction and more motivated by the idea that a transaction can be done quickly, easily, conveniently and at any time of the day through a technology channel. Younger customers will more likely be less impressed with CRM protocols, whereas, older customers will likely be more appreciative of them. Regarding age, then, the following hypotheses are made:

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H5a: The CRM impact on satisfaction is greater for older customers than for younger customers.

H5b: Older satisfied customers are more likely to be loyal than younger satisfied customers.

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CHAPTER III

METHODOLOGY

The previous chapter reviewed the theoretical assumptions that support the major concepts of this dissertation – customer satisfaction, loyalty and the influences of demographics and technological preferences on these concepts. The intention of Chapter 3 is to describe the research design and those procedures used in collecting and analyzing the data set.

Description of CRM Protocols

The data collected was from a financial institution focused on establishing protocols that, as a result of customer and associate focus groups and other limited survey results, it concluded its highly valued customers expected and that associates of the company felt would improve customer satisfaction and loyalty rates. The protocols selected for the highly valued 'CRM' customers were:

- priority service including dedicated call center associates 24 hours/day, 7 days/week
- higher fee waivers (than non-CRM customers)
- special rates on selected products and services
- enhanced credit and debit card features (e.g., higher credit lines, higher over-limit spending)

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- personalized guidance when selecting investments and other financial products and services
- special scripting used by associates in special call centers designed to meet the needs of these more highly valued customers
- special procedures when disputing a charge
- differentiated activation, fraud and collections procedures
- differentiated retention management (better pricing offers)

These protocols were instituted over a year-long project intended to implement protocols smoothly and in a way transparent to the customers effected. These protocols were in place for approximately one year before the survey was conducted.

CRM Customers

For the purpose of this study, CRM customers are defined as those customers considered 'highly valued' by this financial institution as is indicated by profitability measures. Normally, a combination of factors including profitability of the relationship and length of time of the relationship are a part of the formula used to calculate the relationship's value. For this financial institution, the criteria included these elements as well as the number of relationships the individual had with the company, and the overall behavioral scores (risk and payment histories) of the individual owning the account(s). Because of their level of profitability they were afforded this special treatment.

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The segments represent customers who are 'basic' (tier 1 and profitable at $30 per credit card account per year on average), of 'moderate' value (tier 2 and profitable at approximately $41 per credit card account per year on average), and of 'primary' value (tier 3 and profitable at approximately $55 per credit card account per year on average) as was reported in analyses performed the year prior to the year the survey was conducted.

Although these protocols do noticeably provide customers with a more quality customer experience, they are not 'sold' to customers as benefits. In other words, it is intended that these customers realize the unique customer experience during and following the experience but they are not notified, in any way, that they have been selected for differentiated service and that they should expect to hear specific scripting or receive any special treatment. It was intended that these special services be transparent to the customer.

However, as a result of these unique experiences, it is expected that the tier 2 and 3 customers will be more highly satisfied than their tier 1 counterparts. And, as mentioned earlier, it is thought that because they have a higher level of customer satisfaction, they should subsequently show a trend toward a higher level of loyalty to the financial institution.

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The Sample

The data for this study was collected from customers of an international financial service institution headquartered in the United States.

Questionnaires to measure the customer satisfaction and loyalty constructs were created for and used in a telephone survey setting where representatives contacted 9,237 randomly selected customers of this institution. A total of 2,166 responses were captured representing a response rate of 24%. Almost 50% of these respondents, however, were missing demographic data pertinent to the study and these cases were eliminated. Additionally, any other cases missing a CRM code identifying the respondent's tier or missing answers to other questions pertinent to the study were also eliminated, bringing the final total sample of available responses to 619.

The participants were at least 18 years of age and were the primary or joint financial decision makers regarding their accounts. They were credit card customers who had used the card in the six months preceding the interview and were broken down into two separate categories. The first group of customers with credit card only (no other accounts or relationship with the bank) are considered non-CRM customers and the second group of customers with credit card and another (or many other) relationship(s) and accounts with the bank represent the CRM customer segment. A demographic analysis shows that slightly less than half of the respondents (47%) are male and slightly less than half again (44%) have higher incomes ($45,000 or above). 57% of the respondents fall into the older category (45 years old and above) while 36%

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were coded as having CRM status, the remaining 64% being non-CRM customers. A profile of demographic information on respondents can be found in Table 1.

DEMOGRAPHIC PROFILE

Table 1

GENDER:		**INCOME:**	
Males	47%	Higher ($45,000 and above)	44%
Females	53%	Lower (< $45,000)	56%
AGE:		**CRM CODE:**	
Older (45 and greater)	57%	CRM	36%
Younger (< 45)	43%	Non-CRM	64%

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The Research Instrument – CRM

The CRM construct was measured applying the same questionnaire to non-CRM customers as to CRM customers representing this financial institution's most highly valued segments. Although this financial services institution segmented customers on four different levels, this study measures three of those segments. Because there were so few respondents in the tier 3 segment and because the protocols in place to enhance the relationships of tier 2 and 3 customers are very similar, both tiers 2 and 3 respondents are merged together to represent the highly valued CRM segment. In essence, this study compares the satisfaction and loyalty rates of CRM treated (tiers 2 and 3) customers with non-CRM treated (tier 1) customers and goes on to analyze the impacts that certain demographic variables (age, gender, and income) and technology satisfaction may have on overall customer satisfaction and loyalty rates.

CRM is operationalized by recognizing the most highly valued customers and applying special protocols and treatment to them (as listed at the beginning of this chapter). Customer satisfaction rates for CRM customers are then compared to that of the non-CRM customers' satisfaction rate. Both CRM and non-CRM customers are asked the same questions relating to their satisfaction and loyalty levels, and are measured in the same manner.

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The Research Instrument – Customer Satisfaction

Customer satisfaction is measured by one question asking customers to rate their overall satisfaction on a 10-point Likert type scale. Then, they are asked to rate their overall satisfaction for ATM usage, telephone usage using a human representative and telephone usage using a VRU (voice response unit). They are also asked how often they use these services and for what purposes.

For the purpose of this study, customer satisfaction ratings of 8, 9, and 10 are considered 'highly satisfied' ratings and those of 5, 6, and 7 are considered 'moderately satisfied'. Any rating below 5 is thought to represent a dissatisfied customer. Appendix A documents the questions used to measure each construct in the model.

Customer satisfaction is measured by the following question:

1) Overall, how would you rate your satisfaction with your (bank name) credit card? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes your level of satisfaction (on a scale of 1-10; 1 representing "not at all satisfied" and 10 representing "extremely satisfied").

And, because it was noted that customers who are satisfied with technology usage (ATMs and VRUs) are likely to be more satisfied overall with the service, the following questions were included:

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2) How many times within the past three months have you used the bank's automated telephone service for a question or issue regarding your credit card? Please write in the exact number of times.
3) Overall, how satisfied were you with the automated telephone service? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes your level of satisfaction (on a scale of 1-10; 1 representing "not at all satisfied" and 10 representing "extremely satisfied").
4) Have you used your (bank name) credit card at an ATM in the past year? Please check one response (yes or no; if 'yes', go to the next question; if 'no', go to page 25).
5) Overall, how satisfied were you with the ATM service provided by (bank name)? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes your level of satisfaction (on a scale of 1-10; 1 representing "not at all satisfied" and 10 representing "extremely satisfied").

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The Research Instrument – Loyalty

Loyalty is measured by two questions asking customers to rate their intention to use the service in the future and their intention to recommend the service to others. According to Zeithaml, Berry, Parasuraman (1996) only one of these questions is used in a 1992 study by Cronin and Taylor; and both questions are used in a 1993 study by Boulding. And, Sheth, Sisodia, and Sharma (2000) used a variation of these two questions in a 2000 study.

Previous research suggests that customer loyalty consists of a behavioral and an attitudinal component (Homburg, Giering 2001; Peppers, Rogers and Dorf 1998) so that a customer's willingness to recommend a product or service and intentions to repurchase a product or service implies his/her intention to be loyal to the company.

Loyalty is measured, then, by the following questions:

1) How likely are you to use your (bank name) credit card in the future? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes your level of satisfaction (on a scale of 1-10; 1 representing "not at all likely" and 10 representing "extremely likely").
2) How likely would you be to recommend a (bank name) credit card to a friend or family member who wants to get a new credit card? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes your level of

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satisfaction (on a scale of 1-10; 1 representing “not at all likely” and 10 representing “extremely likely”).

The variables representing “likelihood to use” and “likelihood to recommend” were highly correlated and were combined to form an “overall loyalty” variable to measure the loyalty concept. (See Tables 2a and 2b for Correlation Matrices).

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TABLE 2a. CORRELATION MATRIX

		OASATCC	OALOYAL	SATVRU	SATATM	CODECRM	GENDGPS	AgeGps	IncGps
OASATCC	Pearson Correlation	1	.721	.436	.549	-.181	-.109	.148	.140
	Sig. (2-tailed)	.	.000	.000	.000	.000	.007	.000	.001
	N	617	617	617	617	617	612	617	588
OALOYAL	Pearson Correlation	.721	1	.396	.513	-.185	-.076	.117	-.163
	Sig. (2-tailed)	.000	.	.000	.000	.000	.060	.004	.000
	N	617	617	617	617	617	612	617	588
CRMAGGP	Pearson Correlation	.436	.396	1	.729	-.076	-.091	-.004	-.148
	Sig. (2-tailed)	.000	.000	.	.000	.060	.025	.919	.000
	N	617	617	617	617	617	612	617	588
CRMINCGP	Pearson Correlation	.549	.513	.729	1	-.104	-.116	.031	-.144
	Sig. (2-tailed)	.000	.000	.000	.	.010	.004	.435	.000
	N	617	617	617	617	617	612	617	588
CRMGENGP	Pearson Correlation	-.181	-.185	-.076	-.104	1	-.019	-.346	.101
	Sig. (2-tailed)	.000	.000	.060	.010	.	.643	.000	.014
	N	617	617	617	617	617	612	617	588
OASATAGE	Pearson Correlation	-.109	-.076	-.091	-.116	-.019	1	-.039	.141
	Sig. (2-tailed)	.007	.060	.025	.004	.643	.	.338	.001
	N	612	612	612	612	612	612	612	585
OASATINC	Pearson Correlation	.148	.117	-.004	.031	-.346	-.039	1	-.065
	Sig. (2-tailed)	.000	.004	.919	.435	.000	.338	.	.013
	N	617	617	617	617	617	612	617	588
OASATGEN	Pearson Correlation	-.140	-.163	-.148	-.144	.101	.141	-.065	1
	Sig. (2-tailed)	.001	.000	.000	.000	.014	.001	.113	.
	N	588	588	588	588	588	585	588	588

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

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TABLE 2b. CORRELATION MATRIX – Interactive Variables

		OASATCC	OALOYAL	CRMAGGP	CRMINCGP	CRMGENGP	OASATAGE	OASATINC	OASATGEN
OASATCC	Pearson Correlation	1	.721	-.052	-.201	-.152	.466	.106	.127
	Sig. (2-tailed)	.	.000	.195	.000	.000	.000	.010	.002
	N	617	617	617	606	615	617	588	612
OALOYAL	Pearson Correlation	.721	1	-.071	-.233	-.156	.350	.013	.095
	Sig. (2-tailed)	.000	.	.079	.000	.000	.000	.760	.018
	N	617	617	617	606	615	617	588	612
CRMAGGP	Pearson Correlation	-.052	-.071	1	.292	.332	.390	.017	.018
	Sig. (2-tailed)	.195	.079	.	.000	.000	.000	.680	.659
	N	617	617	617	606	615	617	588	612
CRMINCGP	Pearson Correlation	-.201	-.233	.292	1	.371	-.257	.667	.064
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000	.000	.119
	N	606	606	606	606	605	606	588	602
CRMGENGP	Pearson Correlation	-.152	-.156	.332	.371	1	-.163	.128	.618
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000	.002	.000
	N	615	615	615	605	615	615	587	612
OASATAGE	Pearson Correlation	.466	.350	.390	-.257	-.163	1	-.007	.117
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.862	.004
	N	617	617	617	606	615	617	588	612
OASATINC	Pearson Correlation	.106	.013	.017	.667	.128	-.007	1	.171
	Sig. (2-tailed)	.010	.760	.680	.000	.002	.862	.	.000
	N	588	588	588	588	587	588	588	585
OASATGEN	Pearson Correlation	.127	.095	.018	.064	.618	.117	.171	1
	Sig. (2-tailed)	.002	.018	.659	.119	.000	.004	.000	.
	N	612	612	612	602	612	612	585	612

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

The Research Instrument – Demographic Variables

The demographic variables are grouped to compare males and females, young and old, and low and high income individuals to determine how these variables affect customer satisfaction or loyalty.

The questionnaire was divided into sections to measure overall satisfaction with the credit card, with ATM services, with telephone services, and with various other products and services available to customers.

The demographic information requested included:

1) The state where the customer resides
2) Their age (select one of 8 groups)
3) Their income (select one of 8 groups)
4) Their education level (select one of 6 groups)
5) Their marital status (select one of 3 groups)
6) Their gender (select one of 2 groups)

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Analysis Techniques – Qualitative

As part of a preliminary investigation, focus groups were held to determine, generally, how customers might rate different categories of credit card services. A total of 58 credit card customers were interviewed. All interviewees were over 18 years of age; 25 were male and 33 were female. The areas rated were: pricing, customer service, payments and billing, ATM usage, VRU usage, rates and fees, and overall satisfaction with the credit card. The results of these focus groups were as follows:

Feature	**Credit Card Only Customers (nonCRM)**	**Relationship Customers(CRM)**
Highly sat with card(9,10)	56%	61%
Sat with card (6,7,8)	20%	28%
Highly sat with ATM(9,10)	76%	67%
Sat with ATM (6,7,8)	18%	26%
Highly sat with VRU (9,10)	62%	62%
Sat with VRU (6,7,8)	25%	29%

CRM customers show higher overall satisfaction rates with the card with 89% choosing six or above (on a scale of one to 10) and 76% of non-CRM customers choosing the same. From a technology perspective, though, non-CRM customers show higher levels of satisfaction (94% vs. CRM's 93%) with ATM services, yet lower levels of satisfaction ((87% vs. non-CRM's 91%) with VRU services. An interesting note is that the difference between the satisfaction levels for CRM and non-CRM regarding VRU services is not substantially different.

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Analysis Techniques – Quantitative

Variables – Overall Satisfaction

For this study, two separate models are created. The first model uses "Overall Satisfaction with the Credit Card" as the dependent variable with the following independent variables:

- Satisfied with VRU services
- CRM code
- Age
- Income
- Gender
- CRM/Age
- CRM/Income
- CRM/Gender
- VRU satisfaction/Age
- VRU satisfaction/Income
- VRU satisfaction/Gender

Because VRU satisfaction and ATM satisfaction variables were so highly correlated, the overall satisfaction model was broken into two models using VRU satisfaction in one and, then, ATM satisfaction in the second model. Hence, the second "Overall Satisfaction with the Credit Card" model used the same variables as mentioned above with the one exception of using "Satisfied with ATM services" in place of "Satisfied with VRU services".

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Variables – Loyalty

In the Loyalty model, the two variables "likelihood to recommend the credit card to others" and "likelihood to use the credit card again" were combined to form one "overall loyalty" variable used as the dependent variable with the following independent variables:

- Overall Satisfaction with the credit card
- Gender
- Age
- Income
- CRM/Gender
- CRM/Age
- CRM/Income

The Method

For this study, regression is used in the two Overall Satisfaction with the Credit Card models and the one Loyalty model. The results of these analyses are expected to be the best representation of the best prediction of the dependent variables as stated above.

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CHAPTER IV

ANALYSIS AND DISCUSSION

The results are reported for each model in two sections. The first section reviews the regression results for two models using Overall Satisfaction with the Credit Card as the dependent variable while the second section reviews results of the regression for the model with Loyalty as the dependent variable.

Data Preparation

The original data file of 2,166 cases was reviewed to determine if there were random missing responses. When a respondent did not answer demographic information or did not answer questions used in this study, the case was eliminated. Also, cases with missing CRM code status were eliminated. This resulted in a data file of 617 cases for the analysis.

A new variable was created for "overall loyalty" by combining the results of "likely to use" and "likely to recommend". Income was consolidated from eight groups into two groups: high and low income. And, age groups were consolidated from eight groups into two groups: old and young. The higher income group consists of individuals with salaries from $45,000 and above while the lower income group consists of individuals with salaries below $45,000. The older age group consists of

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individuals 45 years and older while the younger age group consists of individuals younger than 45. Gender was simply defined as male and female. And, cases were either identified as CRM or non-CRM customers.

Interaction variables were created to determine what, if any, interaction exists between CRM and age, income and gender. And, dummy variables were created for gender (1=male; 0=female); CRMCode (1=non-CRM; 0=CRM); income (1=high income; 0=low income); and age (1=old; 0=young).

The "income" rather than the "education" demographic variable was chosen because income is a more important evaluative element of risk than education in the credit card industry and because these two variables are often highly correlated (if one has a higher degree of education, one most likely is earning a higher income). See Table 1 for correlation matrix results.

Factor Analysis

A varimax factor analysis was performed to determine if redundancies or multicolinearity among variables exists. Three factors clearly emerged based on having an Eigenvalue of greater than one and explaining 67% of the dependent variable. Before and after rotation, the loadings were similar suggesting that multicolinearity is not a problem. To further confirm no significant multicolinearity, variance inflation factor (VIF) method was used and all original variables were found to have a VIF less than three. Although no exact test exists, if five is a conservative case for a variable

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having excessive multicolinearity (Hair et al, 1998), then it is concluded that no multicolinearity exists amongst the variables.

Reliability

Reliability is defined as "an assessment of the degree of consistency between multiple measurements of a variable." (Hair et al.1998). Because each concept was measured using single stand-alone questions, no reliability tests were conducted.

Validity

Validity is defined as the extent to which a scale or set of measures accurately represents the concept of interest (Hair et al.1998). Nomological validity is considered one of three most widely accepted forms. It refers to the degree that the summated scale makes accurate predictions of other concepts in a theoretically based model suggesting that supported relationships from prior research or accepted principles are supported by the scale. In other words, nomological validity determines if the scale being used demonstrates the relationships shown to exist based on theory and/or prior research (Hair et al. 1998).

The validity of this scale was not explicitly examined. However, nomological validity is suggested as the scale used demonstrates that the relationship amongst variables is similar to that of the prior research of Homburg and Geiring 2001; and Sirdeshmukh, Singh and Sabol 2002 (Sheth 2002; Hair et al. 1998). There are well-grounded practical and theoretical reasons, in the case of this study, to expect a

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positive association between customer relationship marketing and customer satisfaction, and customer satisfaction and loyalty rates.

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Results

The Satisfaction Model – VRU

Standard multiple regression was performed to assess the VRU model as it relates to "overall satisfaction with credit card services" as the dependent variable.

Additionally, as satisfaction with VRU (VRUSat) and satisfaction with ATM (ATMSat) variables were so highly correlated, the overall satisfaction model was run separately, first with VRU satisfaction as an independent variable then with ATM satisfaction as an independent variable.

Table 3a shows the results of the standard multiple regression for the VRU model using "overall satisfaction with the credit card" as the dependent variable and "VRU satisfaction" as an independent variable:

TABLE 3a

OASATCC = f (CodeCRM + SatVRU + AgeGps + IncGps + GendGps + CRMAgeGps + CRMIncGps + CRMGendGps + VRUSatAgeGps + VRUSatIncGps + VRUSatGendGps) + e

Variable	Stnd Coeff	T value	P value	Significant
Satisfied w/VRU	.306	3.169	.002	Yes
CodeCRM	.007	.051	.959	No
AgeGps	.063	.309	.758	No
IncGps	-.101	-.582	.528	No
GendGps	-.236	-1.358	.175	No
CRMAgeGps	-.084	-.632	.528	No
CRMIncGps	-.093	-1.262	.207	No
CRMGendGps	.000	-.005	.996	No
VRUSatAgeGps	.115	.624	.533	No
VRUSatIncGps	.117	.718	.473	No
VRUSatGendGps	.174	1.063	.288	No

R2 = .235

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The significant variable driving overall customer satisfaction and explaining approximately 24% of its variation is overall VRU satisfaction. No other variable was significant in explaining overall customer satisfaction.

This model had a p value of .000, considered an appropriate model for this study. However, for the purposes of this study, hypothesis H1a suggesting that CRM customers will be more satisfied overall than non-CRM customers is not supported. On the other hand, as VRU satisfaction is a strong predictor of overall customer satisfaction, hypothesis H1c suggesting that overall satisfaction with the credit card is positively related to satisfaction with VRU services, is supported.

None of the proposed demographic variables were significant so that hypotheses H3a suggesting that the CRM impact on satisfaction would be greater for females than for males is not supported. And, hypothesis H4a suggesting that the CRM impact on satisfaction will likely be greater for lower income customers than for higher income customers is not supported. Nor is hypothesis H5a supported which suggested that the CRM impact on satisfaction would be greater for older customers than for younger customers.

Overall, then, it appears satisfaction with VRU services is the strongest predictor of overall satisfaction with the credit card service. And, for the purposes of this study, it cannot be assumed that CRM protocols or demographics have any effect on overall customer satisfaction.

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The Satisfaction Model – ATM

A second model was created to test the effect on overall customer satisfaction with the credit card as it relates to ATM satisfaction. In this case, ATM satisfaction (ATMSat) is used as an independent variable with the same demographic and technology variables that were run in the above model. Again, the model was tested using standard multiple regression.

Table 3b shows the results of the standard multiple regression with "overall customer satisfaction with the credit card" as the dependent variable and "ATM satisfaction" as an independent variable:

TABLE 3b

OASATCC = f (CodeCRM + SatATM + AgeGps + IncGps + GendGps + CRMAgeGps + CRMIncGps + CRMGendGps + ATMSatAgeGps + ATMSatIncGps + ATMSatGendGps) + e

Variable	Stnd Coeff	T value	P value	Significant
Satisfied w/ATM	.485	5.496	.000	Yes
CodeCRM	.023	.189	.850	No
AgeGps	.453	1.838	.067	Marginally
IncGps	-.257	-1.191	.234	No
GendGps	-.522	-2.424	.016	Yes
CRMAgeGps	-.126	-1.019	.309	No
CRMIncGps	-.060	-.871	.384	No
CRMGendGps	.051	.763	.446	No
ATMSatAgeGps	-.280	-1.217	.224	No
ATMSatIncGps	.252	1.233	.218	No
ATMSatGendGps	.437	2.132	.033	Yes

R2 = .333

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Clearly, in this model, there is a positive relationship between overall satisfaction with the credit card and satisfaction with ATM services so that hypothesis H1b suggesting that customer satisfaction with the credit card is positively related to satisfaction with ATM services is supported.

However, some differences were observed in this model as compared to the VRU model. The CRM code, again, seemed to not be a significant variable in predicting overall customer satisfaction showing no significant difference in satisfaction for CRM and non-CRM customers, leaving hypothesis H1a again not supported. However, gender was a significant predictor without the CRM interaction variable ($p=.016$). This could be interpreted to indicate that if one is a female individual and not a CRM customer, one is more likely to be satisfied, overall, with the credit card service. Although this is a significant and interesting finding, this particular item was not originally hypothesized. In the ATM model case, hypothesis H3a, which suggests that the CRM impact on satisfaction will be greater for females than for males, then, is not supported.

Also, on a marginal level of significance, age ($p = .067$), which appears to indicate that if one is an older customer and not impacted by CRM protocols, one is likely to be more satisfied, overall, with the credit card service than if one is a younger customer (in the ATM model but not in the VRU model). This is another interesting finding, but because this was not originally hypothesized, hypothesis H5a which

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suggested that the CRM impact on satisfaction would be greater for older customers than for younger customers, is not supported in the ATM model as it was not supported in the VRU model.

And, there was interaction between the ATM satisfaction variable and gender ($p = .033$) indicating that males satisfied with ATM usage are more satisfied overall than their female counterparts. However, no specific hypothesis was made for this situation.

No effect was suggested by the income variable so that H4a, which suggested that the CRM impact on satisfaction would likely be greater for lower income customers than for higher income customers, is not supported.

No other interaction variable showed any significance leaving satisfaction with ATM service as the strongest predictor of overall satisfaction with the credit card. This supports hypothesis H1b, which implied that customer satisfaction with the credit card is positively related to satisfaction with ATM services.

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The Loyalty Model

Multiple standard regression was performed to assess the Loyalty model as it relates to "overall loyalty". The following Table 4 represents the results of the standard multiple regression.

TABLE 4

OALOYALTY = f (OASATCC + GendGps + AgeGps + IncGps + CRMGendGps + CRMAgeGps + CRMIncGps) + e

Variable	Stnd Coeff	T value	P value	Significant
OASATCC	.704	23.811	.000	Yes
GendGps	.071	1.473	.141	No
AgeGps	-.030	-.698	.485	No
IncGps	-.005	-.095	.924	No
CRMGendGps	-.081	-1.490	.137	No
CRMAgeGps	.031	.661	.509	No
CRMIncGps	-.079	-1.409	.159	No

R2 = .52

This model can also be considered appropriate with a p value of .000 and an R2 of .52.

In this model, clearly if one is overall satisfied with the credit card service, one is likely to be more loyal. Customer satisfaction is the strongest, most powerful predictor explaining 70% of the variation and is the most significant variable (p = .000). This supports hypothesis H2a, which suggested that satisfied customers would more likely be loyal to the service than unsatisfied customers.

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As the gender demographic was not significant in any of the analyses in the loyalty model, hypothesis H3b, which suggested that satisfied female customers would likely be more loyal than their male counterparts, is not supported.

And, as the income variable was not significant, hypothesis H4b, which suggested that satisfied higher income customers would likely be less loyal than their lower income counterparts, is not supported.

Finally, as the age demographic was not significant in the loyalty model hypothesis H5b, which stated that older satisfied customers would likely be more loyal than younger satisfied customers, is also not supported.

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CHAPTER V

CONCLUSION

This chapter offers an overview of the study, its limitations, managerial implications, and some suggestions for future research.

Limitations

Although this research project provided some interesting insights to understanding CRM, its impact on satisfaction levels and the impact that demographics and technology might have on customer satisfaction or loyalty, it is important to recognize the limitations associated with this study.

First, the data used in this study was obtained from a single financial service firm. It might be more beneficial to obtain sample data from other firms in the industry to test whether this model can be generalized throughout the industry and to test whether it can be useful for measuring customer satisfaction and loyalty levels and show moderating effects in other industries.

Another element impacting the unexpected results of the CRM protocols may be that the protocols were in place for a very short period of time before this study was conducted. Customers calling into this service firm for help with an issue or with questions about their credit card, may have called only once or twice. Other customers may have used an ATM on only a few occasions before the study was conducted. The protocols may not have been in place long enough for CRM customers to notice the

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difference in scripting on the part of a representative or on the VRU or for them to notice that there were any differences in the perks they were being offered. Perhaps if these extra services had been announced to customers, the results would have been different; their perception of the intended service may have been affected.

Also affecting the survey results may be the fact that representatives who were responsible for responding to CRM customers were still climbing up the learning curve. Not all protocols were put in place at the same time. Although many of the protocols were systemic and prompts were available for representatives reminding them of the differentiated services for CRM customers, representatives were still learning how to handle and follow up on some of the newer protocols. It is quite conceivable that a CRM customer would receive a specific protocol only partially or possibly not receive it at all.

This study concentrated on selected demographic characteristics of individual customers. A number of other personality traits (e.g., uncertainty orientation of a customer, purchase decision involvement) that were not considered here could have impacts on customer satisfaction, on loyalty and on the relationship between the two concepts. And, as women in our society become increasingly more responsible for their family's financial status, it is possible that females will become more objective in their evaluation of services than has traditionally been the case.

It is noted by Crosby, Johnson and Quinn (2002) that a key deficiency of these (CRM) systems is their inability to address the "why" question of buyer behavior and that demographics predict behavior in reaction to marketing stimuli only because of

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their association with the internal states and motives of customers. Until we can incorporate insight into the minds of consumers into the CRM technology, it is unlikely that we will be able to capture and measure the true effectiveness of this strategy.

Possibly, the fact that this was a telephone survey put a constraint on the accuracy of the information captured. The time constraints of telephone interviews necessitate the use of relatively simple measurement scales (Urban and Pratt 2000). Future studies might incorporate other survey methods that provide for more complex measurement scales and open-ended questions.

And, it is also possible that the formula used to code customers as CRM is not a true indication of a customer's value to the firm. In other words, possibly some customers were coded as CRM but whose value to the firm is less than what was expected by the firm. In these cases, these customers may not have cared very much whether they were receiving any special treatment at all because their expectations may not have been high to begin with. The reverse may also have been true where customers were not coded as CRM and should have been. These customers, whose expectations were higher, would not have received the intended differentiated service and so would have responded more negatively to the questions on the survey.

Lastly, because of the way the data was obtained for this study, it was not possible to poll the non-respondents in order to test for bias. It would be interesting to understand whether there is any non-respondent bias in a study such as this.

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Management Implications

Although it is clear that more highly satisfied customers are, generally, more loyal, there is no substantial support for the idea that customer relationship marketing boosts customer satisfaction levels significantly for CRM customers in this financial service firm. There could be several reasons for this result. Often CRM programs are either not properly installed, people are not properly trained, or firms are not appropriately measuring the needs of their customers. Some researchers think that the things being measured in call centers, for example, are thought important simply because they are automated and are simple to measure (rather than being important enough to measure) (Feinberg, et al. 2002). Often, this leads to installing protocols that are not addressing the needs of the customer but might be addressing the needs of the firm.

In the marketing arena, it is not uncommon for changes to be made to processes, products and services as a direct result of a company's need to boost revenue and profitability. However, these changes do not necessarily respond to consumer needs.

It is also possible that the database information from this firm is not of the highest quality or that customer tiers are not appropriately segmented, which might indicate that the wrong protocols are in place, customer were inaccurately coded, or that, in the final analysis, these protocols simply do not matter to these customer segments.

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And, it is possible that this CRM program does not receive the appropriate level of executive management support. If this is true, the CRM tools may be inappropriately used by employees or not used at all, leaving CRM a strategy in name only.

Managers can make some assumptions from this study regarding the impact of demographics as they relate to technology usage and customer satisfaction and loyalty levels. These results can help managers understand what protocols and channels of service are more highly appreciated by which segments of their customer base and tailor their services to better meet customer needs. And, it may be a fair warning to managers that the adoption of technology without considering customer needs and preferences is short-sighted and dangerous. More studies on customer preference by segment and demographic are needed to help guide managers to the proper strategy.

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Recommendations and Suggestions for Future Research

Financial institutions could carry out more CRM studies related to ATM and Telephone Banking usage, focusing primarily on customer expectations and which segments of the customer base are particularly fond of using these technologies, while understanding which segments are truly committed to the idea of more personal banking services.

Other demographics of interest to study might include zip code or some other regional delineator. It is possible that individuals in different regions have different expectations of financial services, in general, and technology usage, in particular. However, as the number of females in the workplace and who are heads of households increases and, as technology usage becomes an even more important part of every day business acumen, it is important to continue to study gender, income and age as they relate to technology usage in the financial service arena.

Although the sample is reasonably large with 617 cases, it would be preferable to obtain larger samples to provide a higher the level of reliability of the study. And, larger samples of each tiered segment might support stronger comparisons between CRM and non-CRM customers. Also, it is likely that due to the newness of the protocols intended for CRM customers, a survey conducted in the second or third year after protocols have been in place will possibly show different and more realistic and reliable results.

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Clearly more research needs to be done in understanding the needs of customers and whether differentiated protocols are something that customers desire. Surveys that truly capture customer expectations will guide the firm to the proper protocols rather than managers imposing protocols and technologies on customers based on managerial assumptions -- all too often why certain products and services are developed.

Institutions employing a CRM strategy need further study to help companies understand when to (or not to) use CRM as it is such a costly and multi-dimensional undertaking. With more empirical studies, managers can make more cost effective decisions for the firm and for the customer base.

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Conclusion

This study adds to the existing literature by bringing an awareness of the importance of the impacts of demographic variables and of technology on customer satisfaction and loyalty in the financial service industry. It confirms previous studies that indicate that highly satisfied customers are, indeed, more loyal customers. And, it also suggests that CRM programs may not have much influence over customer satisfaction or loyalty levels.

As a result of this study, managers have additional information to help them evaluate where increased spending of the marketing effort should occur (or not occur) to maximize profitability. It also suggests that more empirical study needs to be done to understand the true relationship between customer satisfaction and loyalty and what each segment of a customer base expects from its financial service partner. Although many of the pitfalls of installing a CRM strategy have been identified, the route to effective CRM management needs more marketing research. And, because CRM is such an important and expensive strategy to employ, this research needs to dig more deeply into what consumers really want and why consumers think the way they do. Clarity around consumer needs can only help managers to determine where they should spend their limited resources.

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APPENDIX A

SURVEY INSTRUMENT

Customer Satisfaction

1) Overall, how would you rate your satisfaction with your credit card? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes your level of satisfaction.

   Not at all satisfied 1 2 3 4 5 6 7 8 9 10 Extremely satisfied

2) How many times within the past 3 months have you used the automated telephone service for a question or issue regarding your credit card?

   ______________ # of times (write in number)

3) Overall, how satisfied were you with the automated telephone service? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes your level of satisfaction.

   Not at all satisfied 1 2 3 4 5 6 7 8 9 10 Extremely satisfied

4) Have you used your credit card at an ATM in the past year? Please check one response:

   Yes → Continue to next question   No → Stop

5) Overall, how satisfied are you with the ATM service? Using the scale below, where ten means extremely satisfied and one means not at all satisfied, please circle the number which best describes our level of satisfaction.

   Not at all satisfied 1 2 3 4 5 6 7 8 9 10 Extremely satisfied

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Loyalty

1) How likely are you to use your credit card in the future? Using the scale below, where ten means extremely likely and one means not at all likely, please circle the number which best describes your likelihood to use the card again.

Not at all likely 1 2 3 4 5 6 7 8 9 10 Extremely likely

2) How likely would you be to recommend a company credit card to a friend or family member who wants to get a new credit card? Using the scale below, where ten means extremely likely and one means not at all likely, please circle the number which best describes your likelihood to recommend the card.

Not at all likely 1 2 3 4 5 6 7 8 9 10 Extremely likely

Demographics

1) What is your age? Please check one response.

Under 18 ___	25-34 ___	45-54 ___	65-74 ___
18-24 ___	35-44 ___	55-64 ___	75 or older __

2) What is the last grade of school you completed? Please check one response.

Some high school or less ___	Some college ___
Completed high school ___	Completed college ___
Technical school ___	Post-graduate school ___

3) What was your approximate total annual household income before taxes last year? Please check one response.

Under $15,000__	25,000-34,999__	45,000-74,999__
$15,000-24,999__	35,000-44,999__	75,000-99,999__
100,000-149,000__	150,000 or more__	

4) Are you:
Male ___ Female ___

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5) In what state do you live? ____________________
Write in

6) What is your marital status? Please check one response.

Married living with someone __ Single (never married) __
Widowed, divorced, separated __

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APPENDIX B

SUMMARY OF HYPOTHESES

H1a: CRM customers are more satisfied, overall, with credit card service than non-CRM customers. *Not Supported*

H1b: Customer satisfaction with the credit card service is positively related to customer satisfaction with ATM services. *Supported*

H1c: Customer satisfaction with the credit card service is positively related to customer satisfaction with VRU services. *Supported*

H2a: Satisfied customers are more likely to be loyal than non-satisfied customers. *Supported*

H3a: The CRM impact on satisfaction is greater for female customers than for male customers. *Not Supported*

H3b: Satisfied female customers are more likely to be loyal than satisfied male customers. *Not Supported*

H4a: The CRM impact on satisfaction is greater for lower income customers than for higher income customers. *Not Supported*

H4b: Satisfied customers with lower incomes are more likely to be loyal than satisfied customers with higher incomes. *Not Supported*

H5a: The CRM impact on satisfaction is greater for older customers than for younger customers. *Not Supported*

H5b: Older satisfied customers are more likely to be loyal than younger satisfied customers. *Not Supported*

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APPENDIX C

LIST OF VARIABLES

Overall satisfaction with credit card service	OASATCC
CRM Designation	CodeCRM 1 = nonCRM 0 = CRM
Satisfaction with VRU/telephone service	SATVRU
Satisfaction with ATM service	SATATM
Age Groups	AgeGps 1 = Older 0 = younger
Income Groups	IncGps 1 = higher 0 = lower
Gender Groups	GendGps 1 = male 0 = female
Overall loyalty	OALOYALTY
CRM x Age Groups	CRMAgeGps
CRM x Income Groups	CRMIncGps
CRM x Gender Groups	CRMGendGps
OASatCC x Age Groups	OASatAge
OASatCC x Income Groups	OASatInc
OASatCC x Gender Groups	OASatGend

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APPENDIX D

CRM PROTOCOLS

- Dedicated call center associates 24 hours/day, 7 days/week
  - Includes special scripting to CRM customers
- Higher fee waivers (than non-CRM customers)
- Special rates on selected products
- Enhanced credit and debit card features (e.g., higher credit lines, higher over-limit spending)
- Personalized guidance when selecting investments and other financial products and services
- Special procedures when disputing a charge
- Differentiated activation, fraud and collections procedures
- Differentiated retention management (better pricing offers)
- Selective products (debit and credit card)

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VITA

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PROFILE

Accomplished Manager and Marketing/Business Faculty member with successful history of diverse experiences, demonstrating continual growth while managing complex assignments which require strong leadership, problem solving, organization, planning, and excellent communications and teaching skills. Strengths are in: Relationship Marketing/Change Management/Strategic Planning /Graduate and Undergraduate Teaching/Training/Mentoring

EDUCATION

PhD, Int'l Business-Marketing	Old Dominion University - 2004
Six Sigma Greenbelt/DFSS Certification	Bank of America – 2004
M.A., International Studies	Old Dominion University – 1992
Business w/Gov't Agencies Seminar	Brookings Institution - 1990
C.S.S., Management and Administration	Harvard University - 1985
B.A., Music History and Analysis	Keene State College - 1979

EXPERIENCE

OLD DOMINION UNIVERSITY **2000-present**
Adjunct Professor

Conduct classes in "Marketing Principles" and "Marketing Services" to graduate and undergraduate students.

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BANK OF AMERICA - Norfolk, VA **1997-present**
Vice President/Change Manager - Marketing Projects

Using Six Sigma methodology, lead teams of department managers, business partners and technical analysts to plan, develop and implement marketing projects for the Relationship Sales and Development division of Consumer Card.
* Create business case and approach for marketing initiatives consistent with division goals
* Research and assess potential success of new products and services via cost/benefit analyses
* Create new processes and procedures (including systemic and technological changes) to support initiatives for relationship marketing projects
* Design and implement customer experience protocols, processes and product enhancements to selected consumer segments.
* Manage other Change Managers in bank-wide initiatives to ensure consistency of services across Bank divisions
* Volunteer as Program Manager for 2002-03 mentoring program

HOUSEHOLD INTERNATIONAL - Chesapeake, VA **1994-1997**
Assistant Vice President/Project Manager - Household Credit Services

Managed development and implementation of new client portfolios in Customer Service operations.
* Implemented successful migration of Customer Service bankcard calls from HFC/U.K. and private label credit card calls from HRSI/Chicago to the Chesapeake, Virginia call center
* Implemented and managed the Customer Service relationship for new partner portfolios
* Acted as marketing and systems liaison to provide product information online and to identify and isolate problems for proper resolution
* Facilitated management and supervisor training classes
* Resolved client and customer related issues

Assistant Vice President/Section Manager - Household Credit Services

Managed daily Customer Service telephone operation for bankcard and retail service products.
* Motivated a team of eight unit managers and 106 customer service representatives to achieve goals in quality, total service time and occupancy
* Developed and implemented successful programs to increase cardholder retention
* Developed and implemented empowerment procedures to improve customer service representatives' efficiency in handling customer issues

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CITICORP SERVICES, INC. **1986-1994**
Senior Government Relationship Manager - Diners Club, Fairfax, VA

Managed relationships for the Government Travel and Expense program for U.S. Army and Air Force portfolios.
* Converted clients to Diners Club system increasing volume by $20 million
* Implemented Diners Card and Travel System programs for Air Force and Army accounts
* Assessed training and MIS needs, and presented program benefits and procedure seminars to domestic and international travelers, travel coordinators and financial officers
* Created formal program manual for Air Force client use

Senior Project Manager - Diners Club, Trevose, PA

Managed the implementation of the Travel and Expense program for Citicorp employees.
* Identified and established 250 travel accounts for Citicorp business sectors
* Contributed $65 million in volume to corporate T&E program
* Presented and coordinated product knowledge seminars to 1,500 world wide travel coordinators and financial controllers
* Instituted MIS reporting requirements for each account to simplify expense management
* Managed ongoing relationship between account coordinators and Diners Club operations

Relationship Manager - Citicorp Retail Services, Melville, NY

Managed private label credit card program for 18 retail department stores in the mid-Atlantic region.
* Managed application operation for new store openings, exceeding expected goals
* Defined and consistently achieved up to 110% of expected monthly goals
* Created and implemented motivational programs for sales personnel to achieve their goals
* Acted as liaison between clients and operations center

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National Training Director - Global Payment Products, Chicago, IL

Managed agent relationship for Express Money, an international high-speed money transfer system.
* Managed the test market phase of this new financial service
* Ensured the smooth implementation of this product nationally and internationally
* Developed professional training presentation materials and coordinated seminars for senior level managers

WORKING PAPER

"CRM and Effects of Demographics and Technology on Customer Satisfaction and Loyalty in the Financial Services Industry"

CONFERENCE PUBLICATIONS

"Telecommunications: Marketing Opportunities in Developing Economies, The Case of Hungary, Poland, and the Czech Republic" - Int'l Management Development Association Proceedings, 11/95
"Foreign Trade Zones and Other Contributing Factors to Economic Success, The Case of South Korea." - Academy of International Business Proceedings, 3/97

AWARDS

SMA Fellow from Old Dominion University – Fall 2001
Making the Climb Initiative Recognition - Bank of America - August 2000
Customer Experience Leadership Award - Bank of America - August 1998
Beta Gamma Sigma Award for High Scholastic Achievement in Graduate Business Program - 1998/1999-Old Dominion University PhD Program in Int'l Business

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