CUSTOMER VALUE AND FINANCIAL SERVICES DISTRIBUTION CHANNELS

Anita Chakrabarty

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Abstract

This research effort seeks to investigate the co-creation of customer value in distribution channels of financial services as perceived by customers. In financial services, an in-depth investigation of customer value is necessary because of its recognised strategic imperative for competitive advantage (Woodruff, 1997). The Service Dominant Logic further demonstrates the importance of customer value as the basis of customers' evaluations of products or service offerings (Vargo and Lusch, 2004) . Customer value assessments are typically based on core services. However, core services are rapidly copied, diminishing prior competitive advantages. Hence, other sources of customer value and competitive advantage have to be considered. In light of this, distribution channels are considered resilient sources of value for the customer (Ballantyne and Varey, 2006). Specifically, this research seeks to empirically determine the type of value co-created through interactions in various distribution channels of financial services and the degree to which the various types of value vary, in distribution channel use.

The conceptual model developed for this study synthesises two perspectives of customer value. The first perspective is the unidimensional perspective, which posits that customer value is a trade off between perceived benefits and perceived sacrifices. The alternative perspective is the multidimensional perspective where customer value is multidimensional. Various types of value, functional or utilitarian as well as emotional and aesthetic value are offered in the extant literature. In financial services, dominant studies focus on adoption and non-adoption of financial services channels particularly innovative technological channels such as the internet channel and mobile channel. A study of the customer value of various channels in the multichannel context of financial services is relatively absent. Therefore, a two-step research design was utilised. First, an exploratory study was conducted to determine the different benefits and sacrifices perceived by customers when using the distribution channels. The first stage of the study incorporated an exploratory study of semi-structured interviews conducted on a sample of 22 respondents. The hypotheses developed for the study were based on the exploratory study and the extant literature of customer value and distribution channels. The second stage of the study was a survey of 300 respondents using a questionnaire, within the Klang Valley area. The data were collected and analysed

using Exploratory Factor Analysis (EFA), Analysis of Variance (ANOVA) and regression analysis as appropriate. The findings of the study show that both co-created functional value and emotional value perceptions exist in the distribution channel of financial services. Co-created functional and emotional value furthermore contributes to overall customer value perceptions. The study also finds that different benefit and sacrifice perceptions give rise to co-created functional and emotional value perceptions respectively. A comparison of the customer value perceptions of channels revealed that customers perceived functional value and emotional value in all channels, except the ATM/CDM/Cheque deposit channel. The in-branch channel is perceived to co-create a greater magnitude of emotional value. Adding to the extant literature, the findings demonstrate that distribution channels are an important source of customer value assessments. Furthermore, the findings lend support to the conceptual model, which posits various benefits and sacrifice perceptions existing in distribution channels of financial services lead to co-created perceived functional and emotional value or both simultaneously. From a managerial point of view, the findings of this study enable accurate identification of specific benefits and sacrifice perceptions in the various distribution channels of financial services to inform the development of strategies and tactics to enhance customer value of individual channels. Furthermore, the importance of emotional value in the in-branch channel lends support to the role of face to face interactions, careful recruitment and training of personnel to enhance the in-branch experience. The study also raises the importance of the consideration of service failures in services customer value assessments.

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Chapter 1: Customer Value

1.1. Introduction

This thesis examines the co-creation of customer value in distribution channels of financial services as perceived by customers. The thesis is based on the concept of value seen as a strategic imperative for firms (Treacy and Wiersema, 1993; Slater and Narver, 1994; Parasuraman, 1997; Woodruff, 1997; Sanchez-Fernandez and Iniesta-Bonillo, 2007). In light of the waning effectiveness of product innovation and quality initiatives on competitiveness, customer value has emerged as a key constituent of competitive advantage (Woodruff, 1997; Brodie, Whittome et al., 2009; Sánchez-Fernández and Iniesta-Bonillo, 2009). In his seminal article, Woodruff (1997) emphasises that the question is not whether organisations should compete on customer value delivery but rather how they should do it. Customer value has been found to be a comprehensive measure of customer's overall evaluation of a service compared to service quality (Bolton and Drew, 1991), value had a greater influence on willingness to buy (Cronin, Brady et al., 1997; Sweeney, Soutar et al., 1997), value had a significant impact on satisfaction (Patterson and Spreng, 1997; Cronin Jr, Brady et al., 2000; McDougall and Levesque, 2000; Gallarza and Gil Saura, 2006) and represents the basis for customer loyalty (Reichheld, 1996; Pura, 2005; Lee, Yoon et al., 2007). The significance of the role of value in gaining competitive advantage, in influencing customer's satisfaction and future intentions are important reasons to further study the concept of customer value.

This chapter will provide a brief overview of the concepts of competitive advantage, customer value and distribution channels of financial services that form the underpinnings of the research aims and specific objectives. This is followed by an explanation of the objectives of the study. Subsequently, the organisation of chapters in this document is provided.

1.2. Competitive Advantage and Customer Value

The competitive advantage of a firm allows its offerings and brands to gain longevity in the market. However, the source of competitive advantage has been one fraught with many debates. One school of thought postulates competitive advantage as arising from internal efficiencies and process sophistication termed the resource based view (Hooley, Broderick et al., 1998; Dawes, Mundt et al., 2009). An alternative approach focuses on the external marketplace rather than the internal workings of the firm for the attainment of competitive advantage. This approach is termed the market orientation (Kohli and Jaworski, 1990; Zhou, Brown et al., 2009; Kumar, Jones et al., 2011) and market led view that takes into account customer demand and heterogeneous customer preferences for the design of competitive strategy (Mathur, 1997; Priem, Li et al., 2012). Customer value forms an integral foundation of the market led view of competitive advantage.

According to the market led view, to gain competitive advantage a firm's offerings must provide customer value more successfully than the competition. Customers' preferences and choices are based on the benefits vis a vis cost derived from the product or service (Devlin, 2001). Therefore, the question of which elements of a particular offering are important contributors to customer value, becomes a key consideration as companies attempt to formulate competitive marketing strategies.

In customer value studies, some authors have used the term perceived value to recognise that the value is perceived by individual consumers and not an objective assessment of the product or service (Patterson and Spreng, 1997; McDougall and Levesque, 2000; Sweeney and Soutar, 2001; Gallarza and Gil Saura, 2006). The term customer perceived value has been shortened to customer value, or service value in the case of services (Cronin, Brady et al., 1997; Cronin Jr, Brady et al., 2000; Huber, Herrmann et al., 2001; Lam, Shankar et al., 2004).

Customer value is defined as "*the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given*" (Zeithaml, 1988, p. 14). Commonly, this approach termed the unidimensional view, conceptualises perceived value as a single overall concept measured by a self-reported item (or set of items) that evaluates the consumer's perception of value (Sanchez-Fernandez and Iniesta-Bonillo, 2007). Earlier studies concentrated on the unidimensional conceptualisation of value showing how various benefits and costs including time and effort are weighed by customers in evaluating offerings (Patterson and Spreng, 1997; Sweeney, Soutar et al., 1997; McDougall and Levesque, 2000). However, this view has been criticised as being too simplistic as the consumption experience is multidimensional, and various elements of the purchase experience, prior to purchase and after purchase have an influence on the value that customers perceive from a product or service ((De Ruyter, Wetzels et al., 1997; Sweeney and Soutar, 2001).

The multidimensional view is more popular as the conceptual basis in most contemporary studies of customer perceived value. This is in line with emerging consumer behaviour theory emphasising hedonic and emotional value instead of the more common notion that value is economic and utilitarian in nature (Sanchez-Fernandez, Iniesta-Bonillo et al., 2009; Gallarza, Gil-Saura et al., 2011). Studies which utilise the multidimensional view of value , offer various types of value or elements of value which advance functional or utilitarian benefits and emotional or aesthetic value of the offering (Sheth, Newman et al., 1991; Holbrook, 1994; Holbrook, 1999). For instance, Theory Of Consumption Values (Sheth, Newman et al., 1991) states that consumer choice in terms of purchase, product or brand entails various forms of value categorised as functional, social, emotional, epistemic and conditional. Functional value pertains to whether the product/service performs; social value is related to image and symbolic objectives of the consumer; emotional value is the various affective states positive or negative; while epistemic value has to do with desire for knowledge through novelty or curiosity. Conditional value is value that is dependent on situational or contextual circumstances of the consumer.

Authors' that have adopted Sheth, Newman et al. (1991) conceptualisation of value include Sweeney and Soutar (2001) and Smith and Colgate (2007). In light of the rising recognition of the multidimensional view of value, it is beneficial to consider multiple value bases in any study of value of an offering, its core elements or supplementary. Following the tradition of the multidimensional view of value, Woodruff (1997, p 142) defines value as " *a customer's perceived reference for an evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations."*, while Holbrook (2006, p.715) defines perceived value as an '*…interactive relativistic preference experience.*'. Both these definitions highlight that customer value is based on individual preferences, which originates from the attributes of the offering, its performance and the post consumption benefit that the customer avails.

The importance of the concept of value in recent times has also been elevated with the rising recognition of the Service Dominant Logic in academia (Vargo and Lusch, 2004). The Service Dominant Logic (SDL) reflects the emphasis of the service logic in marketing arguing that everything is a service, blurring the distinction between goods and services. The SDL emphasises that customers evaluate propositions on the basis of value which results from how a product or service is used and not in economic or utility terms. The idea of co-creation of value means that firms are only providing value propositions but the realisation of value occurs when customers use or utilise the service by adding their own resources and competences. Thus value is always co-created value by the customer and the offering (Prahalad and Ramaswamy, 2004). Prior studies demonstrate that customer value does not unilaterally emerge from the firm but is co- created with the customers' contribution to the product or service. In this thesis, customer value is to be regarded as co-created value. (Normann and Ramirez, 1993; Ennew and Binks, 1999; Prahalad and Ramaswamy, 2004).

It is pertinent for firms to illustrate the potential value of the offering to attract customers. Woodruff (1997) emphasises that the challenge in customer value delivery is an understanding of what constitutes value for the customer. In light of this, most studies on customer perceived value are to identify what elements customers' value in the first place as well as rank the importance of value dimensions for consumers (Treacy and Wiersema, 1993; Bevan and Murphy, 2001; Lee, Yoon et al., 2007; Ruiz, Gremler et al., 2008; La, Patterson et al., 2009). The next section will provide an overview of the context of this study.

1.3. Financial Services Context

The context of this research effort is the financial services sector which has dramatically changed in the last two decades. These changes are in the form of liberalisation with different players entering the financial services marketplace with different offers, and the emergence of multiple distribution channels both physical and technological. Traditional lines separating financial services have blurred significantly resulting in the rise of both universal providers, and simultaneously specialist providers of services, and non-financial providers of financial services. The industry additionally suffers from negative perceptions and lack of trust, a legacy from the 2008 financial crisis (Edelman, 2014). Financial services are using social media such as Facebook, Twitter and Linked-in especially to reach out to younger customers who prefer personalised service and humanised presence (Mintel Analyst Report, 2015). In Malaysia and other parts of the world, many non-financial firms have entered the industry. The most notable new entrants include Apple Pay and Google Pay for payment services while other technology giants are considering their forays into the global payments industry (Eyers, 2015). Similarly, new organisations such as Western Union, MoneyGram and ABRA, which are not banks, provide specialist services such as money transmission and cash on demand respectively. In short, the global financial services industry is facing many changes in terms of providers, core product offerings and channels.

Financial services are services directed towards the individuals or organisation's intangible assets such as money and wealth (Ennew and Waite, 2013). The financial services industry incorporates a myriad of financial services which can be categorised as banking and money transmission services, lending and credit services, savings and investment services, insurance services both life and general insurance (Ennew and Waite, 2013).

Financial services represent to a larger extent the core characteristics of services which are intangibility, heterogeneity, perishability and inseparability unlike other types of services which may involve some or more tangible elements (Mckechnie,1992; Shostack, 1977). Intangibility is considered a dominant service characteristic which leads to inseparability, followed by inseparability, perishability and heterogeneity (Ennew and Waite, 2013). The impact of heterogeneity and inseparability has given rise to standardisation efforts through greater use of technologically enabled channels and even self service, while perishability has led companies to consider ways of reserving capacity prior to consumption and digital delivery. Financial services marketing requires that these characteristics are given due attention.

According to Ennew and Waite (2013) financial services vary in their temporal characteristic, the variety of products vary in their complexity and beyond that customers vary in terms of their needs and expertise which make the marketing of even simple financial services problematic. Within this context, the marketing of financial services, the application of the marketing mix and marketing strategy in general take on a more complex dimension.

The unique characteristics of services has a bearing on how financial services can gain competitive advantage (Devlin and Ennew, 1997). As services are highly intangible and mentally impalpable, organisational factors such as image, reputation, and service quality have a larger role in creating differentiation. Service features and advice or information play a role in differentiation, these non-core elements of the service are then potentially of value to the customer. Hence, it is important to

consider non-core elements of the service for competitive advantage in financial services. The notion of the augmented service emphasises that service benefits are not from core service features alone, and that services have a wide range of supplementary features to augment the service (Shostack, 1977; Storey and Easingwood, 1998). Some elements of the service offering are facilitating and are required to avail the service, others are enhancing features for better experience of the service. It is important to point out that in financial services, rarely does a purchase occur without supporting elements such as advice and information (Devlin, 2001). Distribution channels such as the physical branch, the internet channel or sales agents are core to the advice and information role prior to purchase and support maintenance after purchase. Therefore, it is possible that distribution channels are bearers of the value perceived by customers and an evaluative base for customers to judge the nature of the core service. As core services are fast copied and few options remain of innovating on product features, distribution channels are a critical strategic tool for competitive advantage (Coelho and Easingwood, 2003).

The distribution channels of financial services provides information, advice, guidance, provision of choice and means for purchase and building relationships between the customer and firm. Distribution channels of financial services provide both distribution (initial contact) as well as delivery of services over a period of time. The distribution channel of financial services can also be categorised into direct and indirect distribution channels (Harrison, 2000). While most simple financial services are direct, other more complex services such as life assurance, pensions and wealth management may be administered through an intermediary such as an independent agent, firm agent or even retail bank personnel. Technology enabled channels such as the ATM, internet as well as telephone distribution and mobile distribution are also direct distribution channels.

1.4. Rationale and Objectives of the Study

In this context of diverse range of financial services as well financial distribution channels , it is interesting to note that a majority of studies in financial services has been in relation to service quality and customer satisfaction (Avkiran, 1994; Lassar, Manolis et al., 2000; Broderick, Vachirapornpuk et al., 2002; Jayawardhena, 2004; Sheth and Uslay, 2007). Many studies also focus on the adoption or non-adoption of technologically mediated channels especially the internet channel (Herrington and Capella, 1996; Gerrard, Cunningham et al., 2006; Laukkanen, 2007; Grabner-Krauter and Faullant, 2008). The study of value of financial services has been advanced in the extant literature in recent years. Value elements of financial services from a managerial perspective and customer perceived value from a customer perspective has been previously examined of financial services products and channels (Devlin, 1998; Devlin, 2000; Roig, Garcia et al., 2006; Heinonen, 2007).

The literature of customer value has also begun to focus on various elements of the product and service offering other than core product/service. For example, communication value which can be created through four factors ; content, presentation , place and time of communications taking place (Heinonen and Strandvik, 2005). Other studies have extensively reviewed the role of atmospherics in creating value or adding value to retail merchandise ((Babin and Attaway, 2000) and consumer patronage intentions (Baker, Parasuraman et al., 2002). Particularly the role of communication and atmospherics are both important in distribution channels of retail financial services. Ballantyne and Varey (2006) propose that **interaction** is pivotal to the customer service experience as a source of value; while Payne, Storbacka et al. (2008) suggests **encounter processes** – processes and practices of interaction and exchange that take place within customer and supplier relationships as opportunity for successful co-creation opportunities that add value. Other studies focus specifically on distribution channels as value bearers, specifically the role of the internet and mobile channels in value perceptions of customers (Chen and Dubinsky, 2003; Heinonen and Strandvik, 2005; Heinonen, 2006; Heinonen, 2007; Kleijnen, de Ruyter et al., 2007).

Hence, it is argued that various points of interaction and encounters that the distribution channels of services are sources of value for the customer apart from core services provided by the firm. Based on the extant literature of customer value and distribution channels, the objectives of the study are;

- To determine the types of value co-created through interactions in various distribution channels of financial services.
- To determine to what degree the types of value co-created vary according to the distribution channel used.

Following from the pertinence of distribution channels for competitive advantage (Coelho and Easingwood, 2003) and the importance of value (Woodruff, 1997; Parasuraman,1997), this study intends to contribute to the literature firstly by utilising a multidimensional scale of value as most studies utilise the unidimensional perspective of value ignoring affective and hedonistic value dimensions in distribution channels. Secondly, the study intends to discern the different types of value perceived in the distribution channels comparing the channels in a multichannel context. Past studies viewed the concept of value from a managerial perspective whilst this study intends to examine customer value from a customer perspective (Devlin, 1998; 2000) and thirdly it encompasses a wide range of distribution channels which are direct , indirect and technologically enabled channels. Finally, this study is situated in a middle-income economy, which has a reasonably robust financial service sector, and various distribution channels offered to customers

1.5. Conclusion and Chapter Organisation

This chapter has aimed to provide a background to the main concepts of the research and motivations for the proposed study. The thesis is based on the importance of customer value in terms of competitive advantage. The context of the study is the financial services industry. Financial services have to offer customer value in its pursuit of competitive advantage. However, the source of customer value is the core product in most instances, and easily copied. Hence, non-core elements of the service offering, for example, distribution channels may be an important source of customer value. The financial services industry is characterised as a multichannel industry. Therefore, this study intends to examine the customer value in the multiple channels.

The following chapters are organised as follows. Chapter 2 will be a detailed review of the literature on the concept of value, its development and measurement followed by Chapter 3, a literature review on distribution channels of financial services. Chapter 4 presents the findings of the exploratory study for the above stated objectives. Chapter 5 presents the conceptual framework based on the literature and exploratory study concluding with a generation of the proposed hypotheses. Chapter 6 presents the methodology, findings of the pilot study and finalised hypotheses. This is followed by Chapter 7 and 8 which provide the results of the data analyses. Chapter 9 is the discussion and managerial implications while Chapter 10 will present the conclusion of the study acknowledging the limitations and suggesting future research possibilities.

Chapter 2: Literature Review (I) – Customer Value

2.1. Introduction

The importance of the concept of customer value to competitive advantage is highlighted in the 1st chapter. Subsequently, the study of the concept of customer value is considered in the context of financial services and distribution channels in particular as the focal point of this study. This chapter provides a detailed review of the concept of value. It begins with a review of its development, followed by a review of the unidimensional and multidimensional perspective view of customer value. The following section provides a review of the Service Dominant Logic (SDL) which posits new ideas on customer value and re-introduces the idea of the co-creation value. Subsequently, a review of the concept of co-creation of value is presented. As the context of the study is the distribution channels of financial services, a review of the literature on distribution channels of financial services will be presented in Chapter 3.

2.2. Background Of the Customer Value Concept

According to Khalifa (2004), the concept of customer value is one of the most overused and misused concept in social sciences in general. The study of customer perceived value has encompassed a wide range of contexts consisting of the relationship marketing setting (Gronroos, 1997; Payne and Holt, 2001); the B2B setting (Lapierre, 2000; Eggert and Ulaga, 2002; Ulaga and Eggert, 2006; Blocker, Flint et al., 2011) the tourism product (Gallarza and Gil Saura, 2006; Sanchez, Callarisa et al., 2006) as well as financial services (Devlin, 1998; Roig, Garcia et al., 2006; Laukkanen, 2007); and e-related services (Bourdeau, Chebat et al., 2002; Heinonen, 2006; Heinonen, 2007).

The roots of the concept of value can be traced to two main streams of knowledge; firstly from the school of economics and secondly as an abstract or philosophical perspective of consumer values (Woodall, 2003; Lai 1995). The economic perspective, positions the concept of value as purely economic and based on exchange value, subject to its scarcity and current socio-cultural and socio-economic context. The utilitarian or economic view does not take into consideration many other dimensions of value that may be inherent in a pre-purchase, use or post purchase context of an offering. However, the price of an offering may indicate the potential value of the good. Conceptual developments on value emerging from an economic perspective lays the foundation for other studies of value within the domain of marketing which considers the temporal, and hierarchical perspective of perceived value (Flint, Woodruff et al., 1997; Parasuraman, 1997; Woodruff, 1997; Cronin Jr, Brady et al., 2000). These will be explained in later sections.

Alternatively, the philosophical perspective by Woodall (2003) posits the concept of value as arising from consumer motivations or guiding principles, which govern customer choices at the end. According to Lai (1995), in order to understand a consumer's product evaluation, we should consider the values of the consumer within the evaluation process. These values are cultural values anchored in cultural, social and familial environments which shapes societal shared beliefs about what is desirable; personal values which are beliefs about what is desirable at an individual level, and consumption values which refer to beliefs about desirable ways to attain the personal values. Hence, Lai (1995) posits that customer value is related to consumer values. He argues that cultural, personal and consumption values of the customer enable the customer to evaluate products, creating what is termed customer perceived value of the product. This integration of customer values in customer value studies is echoed by Flint, Woodruff et al. (1997) who posit that value consists of values, desired value, and value judgments. However, this study limits its consideration to customer value and not consumer values.

2.2.1. Value In Marketing Studies

In marketing, the term value has been used in many studies to illustrate value in different contexts and from different perspectives. For example, the term value is used in considering shareholder value, in considering customer lifetime value, as well as in considering the company value chain and customer value creation as well as more recently customer co-creation. Payne and Holt (2001) states that shareholder value is created by investing capital, where the rate of returns exceeds the required rate. Shareholder value cannot be enhanced without considering customer value (Srivastava, Shervani et al., 1999; Doyle, 2000). Customer lifetime value on the other hand is a linked to accounting and retention of the customer. The use of the term value here is about the value of a customer to the firm as opposed to the value of a firm's offering to a customer (Payne and Holt, 2001).

The concept of value has also been utilised in the examination of customer value creation specifically in terms of how a supplier might increase customer retention. Customer value creation is based on how customers value a product, meaning the benefits perceived by the customer, which entails increasing the use value or decreasing the exchange value which is the price paid for the product (Priem, 2007). The expanded role of value from between seller and buyer to one where the supplier and buyer co-create value is a recent addition to the study of customer value in marketing based on the Service Dominant Logic (SDL) (Vargo and Lusch, 2004; Gronroos, 2006; Lusch and Vargo, 2006a). The co-creation of value extends the scope of customer value from the supplier to the customer, and will be examined more closely in later sections.

2.2.2. Added Value, Augmented Service And Customer Value

From the perspective of competitive advantage, earlier research on value utilised the term 'added value' (de Chernatony, Harris et al., 2000), or adding value (Devlin, 2000). Gronroos (1997) argues that added value are added services in reference to product augmentation with ancillary service elements such as maintenance services

or guarantees. This view acknowledges the perspective of the augmented service which views that a service is not only made up of core service elements but is augmented by supplementary elements that help facilitate or support the core service (Lovelock and Yip, 1996; Storey and Easingwood, 1998) . Lovelock and Yip (1996) illustrate that in services, supplementary services are normally found in eight categories - information, consultation, order-taking, hospitality, caretaking, exceptions, billing, and payment. The supplementary services are added values in services as they may be performed at different quality levels or utilise different means. It is acknowledged that adding value entails additional elements to the core product or service, so that it is perceived as different on some inherent intrinsic or extrinsic dimension by the consumer from competitor offerings (Devlin, 2000). In recent literature, the term added value has given way to consumer perceived value, service value or customer value; in describing the value derived from consuming a product or service. Although not explicit in most studies, it is highlighted that some dimensions or elements are more valued than others (De Ruyter, Wetzels et al., 1997; Baker, Parasuraman et al., 2002; Gallarza and Gil Saura, 2006; Huber, Herrmann et al., 2007; Lee, Yoon et al., 2007; Ruiz-Molina and Gil-Saura, 2008).

2.3. The Concept Of Customer Value

The conceptualisation of customer value is multifaceted and complex (Sanchez-Fernandez and Iniesta-Bonillo, 2007; Gallarza, Gil-Saura et al., 2011). As different aspects and perspectives are used to conceptualise customer value, various definitions have been forwarded in past research. Some of the key definitions in the study of customer value from prior research are presented and explained in the table 2.1 below.

Table 2.1: Definitions Of Customer Value

Author	Definition	Explanation
Zeithaml (1988)	"perceived value is the consumer's overall assessment of the **utility** of a product based on perceptions of what is received and what is given"	A popular definition of value categorised as a unidimensional view of value based on benefit and sacrifice perceived.
Holbrook (1994)	perceived value is an '…interactive **relativistic preference experience**.'	This definition highlights that customer value is based on interaction, is relative , based on preference and customer experience
Butz Jr and Goodstein (1996)	customer value means the **emotional bond** established between a customer and a producer after the customer **has used a salient product or service produced** by that supplier and found the product to provide an **added value**."	The important elements of this definition are the emphasis on emotions and relationships but this emphasis takes place after the customer has used the product which is similar to the 'value in use' paradigm proposed by Vargo and Lusch (2004).
Bowman and Ambrosini (2000)	define value as the **subjective valuation of consumption benefits** by a consumer	The subjective evaluation illustrates the importance of customer's individual goals and motivations in the usage of a product or service and the value that arises from use.
Woodruff and Gardial (2006)	"customer value is the customers perception of **what they want to have happen (i.e. the consequences) in a specific use situation,** with the help of a product or service offering, in order to accomplish a desired purpose or goal	In their book the authors' highlight the value in use proposition, that products deliver consequences experienced by the customer when they have used the product and not the inherent characteristics of the products by themselves. Customer's value judgements are influenced and determined by the particular use situation.
Woodruff (1997)	" a customer's **perceived reference** for an **evaluation of those product attributes, attribute performances, and consequences** arising for us the facilitate (or block) achieving the customer's goals and purposes in use situations."	This definition includes attributes, their performances and consequences of the attribute performances in customer value judgements. This definition includes the contextual or situational nature of how a customer perceives value..

(Source: compiled by author)

The customer value definitions highlighted and briefly explained above reveal a diversity of meanings as they illustrate various value contexts and temporal dimensions of value. However, key points of commonalities are also revealed as most of the definitions illustrate the benefits **arising from the use of a product,** that

consumers may also **desire values** which are benefits they **expect** they will gain upon use of a product, and that the evaluation of benefits is **relative and individual as well context specific**.

2.4. Categorisation Of Customer Value Literature

The concept of value is still being refined as there are at least four interpretations of the literature of the concept of customer value that offer various categorisations of the past research (Payne and Holt, 2001; Woodall, 2003; Khalifa, 2004; Sanchez-Fernandez and Iniesta-Bonillo, 2007; Gallarza, Gil-Saura et al., 2011). According to Sanchez Fernandez and Iniesta-Bonnilo (2007) who provide an extensive literature review, two major streams of conceptualisations can be discerned from the extant literature of customer value. The first perspective is the unidimensional perspective while the second perspective of value is multidimensional.

The unidimensional perspective of value posits that customer value is a single measurement of the overall utility of the product or service based on the perceptions of what is received and what is given. This view is termed the get vs give assessment. This perspective is considered a utilitarian and cognitive perspective with quality and price as its main determinants (Sánchez-Fernández and Iniesta-Bonillo, 2009). In contrast, the multidimensional view of customer perceived value posits that customer value is a multidimensional concept. This view considers the trade off between benefits and sacrifices as too simplistic and offers the view that there are different types of customer value. In the next and following paragraphs, key unidimensional and multidimensional studies of value will be explored.

2.4.1. The Unidimensional Concept Of Value.

By far the most influential research on customer value was by Zeithaml (1988). Her most cited definition of value suggests that *"perceived value is the consumer's overall assessment of the utility of a product based on perceptions of what is*

received and what is given" (Zeithaml, 1988, p.8), value is a trade off between benefits and sacrifice elements salient to customers.

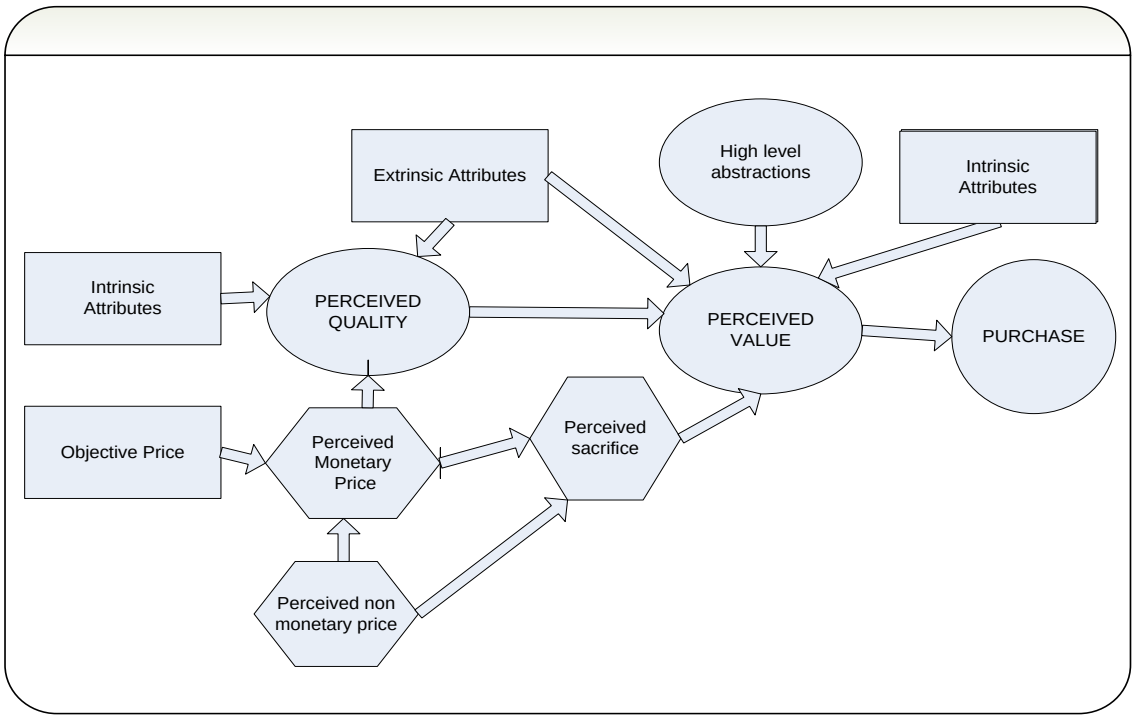
Zeithaml's (1988) Means-End model aimed to reveal the relationships between price, quality and value as shown in Figure 2.1. In the model, perceived quality is considered the 'get' element. The assessment of perceived quality is an outcome of the evaluation of intrinsic and extrinsic cues. Intrinsic cues are core attributes of the product or service, which are more evident in products with search qualities. For example, size, taste and smells are intrinsic cues. On the other hand, extrinsic cues are marketing cues such as brand name, reputation and price amongst others, provided by the supplier of the product to influence customers' evaluation.

Perceived sacrifice (the 'give' element) consists of evaluations of the perceived monetary price (as opposed to objective price) and non-monetary price. Time and effort are elements of non-monetary price. Zeithaml (1988) suggests that when consumers evaluate perceived value; it consists of evaluations of perceived quality, intrinsic and extrinsic cues as well as elements of perceived sacrifice. An important contribution of this study is it clarifies the role of service quality in customer value assessments. Furthermore, the model is able to delineate strategies to enhance value in both products and services. These strategies involve the improvement in relevant intrinsic strategies, the use of extrinsic cues in signalling value, and the reduction of overall perceived sacrifice.

Based on her study, Zeithaml (1988) offered four ways in which consumers perceive value;

- value is low price
- value as whatever the customer wants in a product
- value as the quality obtained for the price paid for the product
- value as what the customer gets for what he or she gives.

Figure 2.1: A Means-End Model relating Price, Quality and Value



(Source: Zeithaml, 1988, p. 4)

Zeithaml's (1988) study provided some significant ideas of how value is viewed in relation to service quality and sacrifices. The study ultimately highlighted the following conclusions on how consumers evaluate elements of price, quality and value:

- That people evaluate products not on their objective attributes but based on their perceptions of price, quality and value. This is in line with the idea that core products are not the only basis of evaluation for customers and that other elements such as price and overall quality have an influence of customer assessment, choices and decision.
- That value is is a *'higher level of abstraction'* (Zeithaml, 1988, p 14.) and is different from quality because it is more individualistic, and personal. This particular aspect of the nature of customer value is in line with later studies on value such as Woodruff (1997) and Holbrook (1994) that posit customer value as an individual, personal assessment.

- That situational or contextual factors can affect the formation of value perceptions (Zeithaml, 1988). The contextual nature of customer value has been discussed in various studies. The context may be time dependent as in pre-consumption, during consumption or post consumption as pointed out by Woodall (2003). It may also be contextual in terms of the actual context of the offering in which value perceptions are sought. For example, in a tourism experience (Gallarza and Gil Saura, 2006), restaurant service (Sánchez-Fernández and Iniesta-Bonillo, 2009) or in relationship marketing studies (Payne and Holt, 2001) or buyer supplier relationships (Ulaga and Eggert, 2006).

Zeithaml's study on value also known as the means-end approach has formed the basis of many studies on value. Amongst them, Bolton and Drew (1991) further examined of the role of service quality, customer satisfaction and value to examine residential customers' perceptions of their local telephone service. Their seminal study revealed some interesting findings about the relationship between service quality and value. Their study revealed that service quality and value are not the same, as similarly demonstrated by Zeithaml (1988). They found that a comparison of customer expectations and their perceptions of performance affected value directly as well as indirectly through quality perceptions. Additionally, they found that customers weighed their perceptions of performance levels of components services, differently for service quality than for value. Customer's personal characteristics were also found to be more important in assessing value while it was found not to be influential in service quality perceptions. This provides support for the consideration of customer characteristics in assessing value perceptions (Devlin, 2000). In contrast to Zeithaml's (1988) study, Bolton and Drew (1991) suggests that value cannot be considered a trade off between a single overall quality construct and sacrifice elements rather that customer value was a more complex construct. Other studies that utilise the unidimensional view include, Cronin Jr, Brady et al. (2000); McDougall and Levesque, (2000); Sweeney et al,(1997).

The unidimensional perspective has been extended to illustrate the role of other determinants of perceived value apart from quality and price for example, the consideration of perceived risk (Agarwal and Teas, 2001); internal price reference (Grewal, Monroe et al., 1998); as well role of atmospherics (Baker, Parasuraman et al., 2002). The role of risk and atmospherics in unidimensional studies of customer value is noteworthy and explained in the subsequent paragraphs.

2.4.1.1. Customer Value and Risk

In services consumption, customers perceive a greater level and varied types of risks mainly due to the intangible nature of services. Service customers assess risk elements, apart from the cost and service attributes and its performance, prior to purchase or during purchase. Lovelock and Wirtz (2011, p 63) suggest that in purchasing and using services customers may experience the following risks;

- **Functional risks** that arise from uncertainty with regards to performance outcomes involved in the evaluation, purchase or use of a service.
- **Financial risks** that arise from uncertainty with regards to monetary loss or unexpected costs elements involved in the evaluation, purchase or use of a service.
- **Temporal risks** that arise from uncertainty with regards to the amount of time involved in the evaluation, purchase or use of a service.
- **Physical risks** that arise from uncertainty with regards to the amount of physical effort entailed in the evaluation, purchase or use of a service.
- **Psychological risks** such as fear and negative emotions that arise from the evaluation, purchase or use of a service
- **Social risks** such as how others may perceive the customer in the service setting that arise from the evaluation, purchase or use of a service.
- As well as **sensory risks** which involve negative or unwanted effects on any of the five senses that arise from evaluation, purchase or use of a service.

Although risks are more evident in services, the purchase of products also includes a certain degree of perceived risk. For example, performance risk entails a failure to deliver product benefits as promised. Agarwal and Teas (2001) study examined the role of service quality, perceived sacrifice and perceived risks on customer perceptions of product value. In their study, price was considered an element influencing perceived quality as well as perceived sacrifice perceptions. Their findings suggest that customers base their assessments of performance risk based on the service quality perceived. On the other hand, financial risk perceptions are dependent on customer perceptions of sacrifice and performance risk. The study reveals the influence of distinctive risks on customer value assessments. The study concludes that customer value assessments are based on the combined perceptions of service quality, sacrifices and risk. Furthermore, the authors' emphasise that while service quality and sacrifice assessments are considered for current purchasing decisions, risks are taken into consideration for future benefits and sacrifices of purchases.

2.4.1.2. Customer Value and Atmospherics

Atmospherics has been found to affect consumer perceptions in various service settings. In a retail environment, various elements of the atmosphere such as music (Milliman, 1982; Herrington and Capella, 1996; Yalch and Spangenberg, 2000), colour (Bellizzi and Hite, 1992), scent (Gulas and Bloch, 1995; Mattila and Wirtz, 2001) and crowding (Hui and Bateson, 1991) have been considered . The role of atmospheric elements in value perceptions of customers has not gone unnoticed. In Baker et al, (2002) the role of service quality, merchandise quality , monetary price as well as time/effort costs and psychic cost perceptions were investigated in the formation of merchandise value perception in a retail store setting. In this study, store environment was operationalised into three categories which are social factors, design factors and ambient factors (music only). Both quality and cost perceptions were modelled as antecedents of the store environment. Their findings suggest that the store environment has an indirect but positive effect on merchandise value

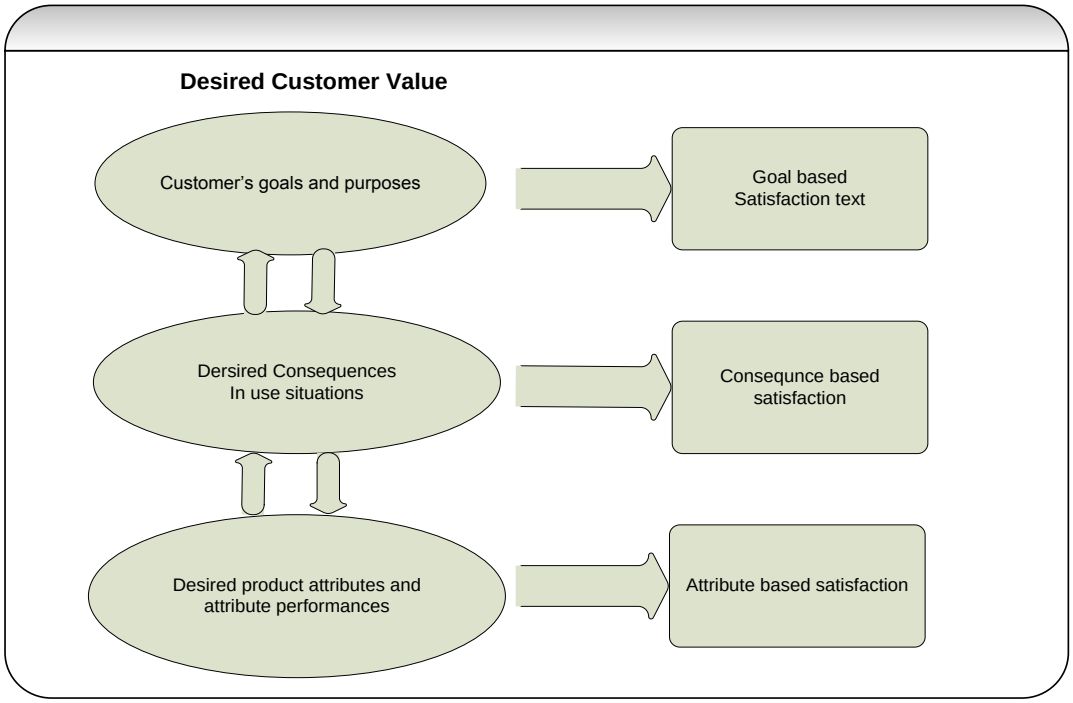
perceptions. The consideration of atmospherics in customer value perceptions has also been reviewed from the multidimensional perspective of value and will be elaborated upon in the next section. However, it is important to recognise that atmospherics influences value perceptions.

2.4.2. Multidimensional Perspective Of Value

The multidimensional perspective of value is considered the contemporary perspective of customer value (Sanchez, Callarisa et al., 2006; Sanchez-Fernandez and Iniesta-Bonillo, 2007; Gallarza, Gil-Saura et al., 2011). In contrast to the unidimensional perspective of customer value , the multidimensional perspective takes into account the role of emotion and affect in the consideration of customer value.

The customer value hierarchy by Woodruff and Gardial (1996) is described by Sanchez-Fernandez and Iniesta-Bonillo (2007) as a multidimensional view of the concept of value as it does not consider customer value as a simple trade off of benefits and costs. Rather customer value is posited as a customer's perceived preference for and evaluation of product attributes, attribute performance and consequences that arise from the use of a product that facilitates the achievement of customer goals and purposes in a particular use situation. Adopting a customer perspective of value incorporating desired and received value, Woodruff's definition of value is captured in a Customer Value Hierarchy model to portray how customers envisage desired value. The model is shown in Figure 2.2 below;

Figure 2.2: Customer Value Hierarchy Model



(Source: Woodruff , 1997 p. 142)

At the bottom of the hierarchy, customers learn to consider products as a bundle of attributes and attribute performances. The model then illustrates that when customers purchase or use a product, they form desires or preferences for some attributes in comparison with other attributes as these attributes facilitate their achievement of a desired consequence experience. This in turn is reflected in an upward move in the hierarchy towards value in use and possession value dimensions. At the top most level of the hierarchy, customers then learn to desire certain consequences to help them achieve their overarching goals and purposes. The model suggests that customers are fundamentally guided by the consequences of attributes when they attach importance to the attributes and attribute performance.

One of the key element of the model is that it recognises the importance of the use situation in value perceptions. Woodruff (1997) argues that the use situation alters the linkages between the product and attributes, the arising consequences, goals and purposes of the customer. Parasuraman (1997) extended the viewpoints of the study to include that value is also subject to the nature of the customer in terms of whether

the customer is a first time customer; a short term customer; a long term customer or a defector as well as the timing of the value perception. As perceptions change over time, experiential learning extends familiarity and comfort levels, changing value perceptions over time. For example, immediately after purchase value perceptions may differ from perceptions that occur after a longer period of use (Parasuraman, 1997). The perception of value will also be different for customers who have experience in comparison with first time patrons. As experience and familiarity may have an impact on value perceptions, an examination of customer value perceptions over time should ideally be a longitudinal examination.

Although, Woodruff's (1997) article provided a detailed review of the process by which customers perceive value of products and services, its operationalisation is problematic. Parasuraman (1997) criticised the model as it did not distinguish customer value at different stages of the purchasing process, and offered numerous bases of customer assessments of value (including product attributes and their performances, usage consequences and customers' own goals). Hence, the model is limited in its complexity and not tested empirically.

2.4.2.1 Value Types in Multidimensional Customer Value

This section will explain several frameworks of the multidimensional perspective of customer value to illustrate the different types of value offered. Babin, Darden and Griffin (1994) distinguish between utilitarian and hedonic value to illustrate consumer evaluations of the shopping experience. Utilitarian value is defined as value related to instrumental, task-related, functional, cognitive and means to an end outcomes, while hedonic value is defined as the entertainment and emotional worth of shopping which is non-instrumental, experiential and affective (Babin, Darden et al., 1994). This stream of research has been extended by Babin and Attaway (2000), and Babin and Babin (2001) which highlights the role of other than quality or sacrifice elements within the formation of the value perceptions. The role of the atmosphere has been observed in unidimensional studies where atmospheric

influences affect value perceptions. However, in multidimensional studies of value, the relationship between atmospheric influences and value is further distinguished into hedonic shopping value and utilitarian shopping value. Hedonic shopping value stems from the value received from the feelings, and the shopping experience itself. Utilitarian shopping value reflects product/information acquisition, and is more cognitive rather than emotive in nature. Importantly, the feeling or emotional value is independent of the task oriented, utilitarian shopping value gained in the shopping experience.

Theory of Consumption Values by Sheth, Newman et al. (1991) states that consumer choice in terms of purchase, product or brand entails various forms of value. These forms of value can be categorised as functional, social, emotional, epistemic and conditional. Functional value pertains to whether the product/service performs as expected; social value is related to image and symbolic objectives of the consumer; emotional value is the various positive or negative affective states; while epistemic value has to do with desire for knowledge through novelty or curiosity. The final one, conditional is value that is dependent on situational or contextual circumstances of the consumer. Different value dimensions may be important depending on the decision level. For example, whether to buy or not to buy and which brand to buy. Research that has adopted Sheth's conceptualisation of value (Sheth, Newman et al., 1991) include Sweeney and Soutar (2001) and Smith and Colgate, (2007). These studies implore that a more sophisticated measure of the perceived value of a product or services is required because earlier attempts of conceptualising value in terms of a trade off between service quality and price is too simplistic.

Sweeney and Soutar (2001) developed a 19 item measure termed PERVAL to assess customer value from durable goods. In a pre-purchase situation, their study revealed four distinct value dimensions; termed emotional, social, quality/performance and price/value for money dimensions. In their study, value dimensions were allowed to be inter-related which means that various value dimensions were simultaneously enhanced from the purchase of a product. From their exploratory study to identify

consumption value, they found little evidence of epistemic value and conditional value as their subject matter was durable goods. Hence, these items were not used in their subsequent quantitative study. The PERVAL scale generated by their study proposes that consumers assess products not only based on functional properties of the expected performance but also in terms of the enjoyment and pleasure derived from the product. In addition an important dimension of customer value is found to be social value or social consequence, which is what the product reflects to others.

More recent studies that have utilised adapted versions of the PERVAL scale include Lee, Yoon et al. (2007) in a tourism context that reveals both functional and emotional value , while Roig, Garcia et al. (2006) in a banking context finds functional and emotional value in physical branch interactions. One of the key significance of the PERVAL scale is that it incorporates costs reflected in the functional value of price dimension.

Holbrook (2006, p.715) defines perceived value as an *'interactive relativistic preference experience.*' nestled in the interactions for any offering. It is considered relativistic because value perceptions are based on comparisons with other objects of the same or different nature but contributing to the same ends. The definition posited implies a preference for one offering over another; one consequence of attributes over another. The concept of value is categorised based on three dichotomies:

- Extrinsic versus intrinsic which is distinguished as a product consumed for some end result or the consumption experience itself and end result.
- Self-oriented versus other oriented which is the distinction of effect it has on oneself or what meaning it conveys on others about oneself
- Active vs reactive which is distinguished as consumption where the product requires manipulation for affect on the customer or reactive when the object itself affects the customer.

The three dichotomies in turn produce eight types of value and tend to occur in any consumption experience in different degrees. The eight types of value are efficiency,

excellence, status, esteem, play, aesthetics, ethics and spirituality. Each type of value is defined below and illustrated in Table 2.2:

- Efficiency – pertains to the ratio between inputs and outputs and includes elements such as convenience.
- Excellence – pertains to the quality or performance of the product in relation to others in the category
- Status – pertains to how the product or service is viewed by others and their response to the customers purchase or use of the product
- Esteem pertains to how the product is perceived by the individual and fits with self aspirations.
- Play pertains to the fun aspects of the consumption experience, for instance entertainment value or basic pleasure derived from a purchase.
- Aesthetics pertains to the value derived from elements that represent 'beauty' in the consumption experience.
- Ethics pertains to feelings of justice and morality that are derived from the purchase or consumption experience. For instance, how one may feel after donating or buying something for charity that follows a personal belief or cause.
- Spirituality pertains to feelings of faith and sacredness that are derived from the purchase or consumption experience.

One of the main criticisms of Holbrook's Typology Of Customer Value is that it is not easily operationalised and measured. This particular shortcoming has been recognised by other research such Sanchez-Fernandez, Iniesta-Bonillo et al. (2009) as well as Smith and Colgate (2007). While, efficiency and excellence types of value is similar to service quality, others such as status and esteem, spirituality may be very difficult to define and operationalise in most research settings (Sanchez-Fernandez and Iniesta-Bonillo, 2007).

Table 2.2: Holbrook's Typology Of Customer Value

		Extrinsic	Intrinsic
Self Oriented	***Active***	Efficiency (output/input, convenience)	Play (fun)
	Reactive	Excellence (quality)	Aesthetics (beauty)
Other oriented	***Active***	Status (success, impression management)	Ethics (virtue, justice , morality)
	Reactive	Esteem (reputation, materialism, possessions)	Spirituality (faith, ecstasy, rapture, sacredness, magic)

(Source, Holbrook, 1999, pp 12)

2.4.3. Summary Of Customer Value Studies

The sections above illustrate some of the seminal studies describing what constitutes customer value from a unidimensional and multidimensional perspective. Importantly, unidimensional studies highlight various antecedents of value in particular service quality and sacrifice elements (both monetary and non-monetary) in forming customer value perceptions. Notable extensions of the unidimensional concept of customer perceived value illustrate the role of other antecedents of value. For example, the atmosphere and the role of risk within customer value perceptions. The element of atmosphere and risk are replicated in studies utilising the multidimensional perspective of value. The multidimensional perspective of value suggests that customer value itself consists of various dimensions and may arise from various sources in multiple stages of the purchase process. Some of the key studies based on the multidimensional perspective are illustrated in the above paragraphs. In contrast to the unidimensional perspective , the consideration of sacrifices such as costs and risks have had relatively scant attention in multidimensional customer value frameworks (Gallarza and Gil Saura, 2006). For example, Sheth's Theory of Consumption Values (Sheth, Newman et al., 1991) and Holbrook's Typology of Customer Value (Holbrook, 1994) do not include sacrifice perceptions. There is a growing call for the consideration of sacrifices such as price

and risks, amongst others in customer value assessments. Hence, Sweeney and Soutar (2001) have considered the price element while Agarwal and Teas (2001) considers the influence of financial and performance risks.

Both unidimensional and multidimensional perspectives have incorporated service quality and customer satisfaction concepts. In customer value studies, service quality has been forwarded as an antecedent (Zeithaml, 1988; Dodds, Monroe et al., 1991; Agarwal and Teas, 2001) or incorporated within the value dimensions (Sweeney and Soutar, 2001; Gallarza and Gil Saura, 2006) while customer satisfaction has been forwarded as an outcome (Gallarza and Gil Saura, 2006; Lee, Yoon et al., 2007). The subsequent section will examine the Service Dominant Logic and its perspective of customer value.

2.5. Service Dominant Logic And Customer Value

According to Vargo and Lusch (2004), the Service Dominant Logic (SDL) of offers the view that marketing has moved from being about the exchange of tangible goods towards the exchange of intangible goods (specialized skills, knowledge, and processes).

Initially, the SDL had eight foundational premises. However, a later revised version highlighted a ninth and tenth foundational premise. Briefly, the SDL offers a number of propositions. The discussion in this section will be limited to specifically illustrate the influence of SDL on customer value. The table 2.3 below illustrates the foundational and revised version of the Service Dominant Logic.

Table 2.3: The SDL's Nine Foundational And Modified Premises

Foundational Premise	Rationale	Modified Foundational Premise	Comment/Explanation
1. The application of specialised skills and knowledge is the fundamental unit of exchange	Service is the applied knowledge for another party's benefit – is exchanged for service	Service is the fundamental basis of exchange	The application of operant resources (knowledge and skills), "service," as defined in SD logic , is the basis for all exchange. Service is exchanged for service
2. Indirect exchange masks the fundamental unit of exchange	Micro specialisation , organisations, networks, goods and money obscure the service –for service nature of exchange	Indirect exchange masks the fundamental basis of exchange	Because service is provided through complex combinations of goods, money, and institutions, the service basis of exchange is not always apparent.
3. Goods are distribution mechanism for service provision.	**"Activities render service; things render service" (Gummesson 1995)- goods are appliances**	**Goods are a distribution mechanism for service provision**	**Goods (both durable and non-durable) derive their value through use – the service they provide .**
4. Knowledge is the fundamental source of competitive advantage	Operant resources, especially "know-how" are the essential component of differentiation	Operant resources are the fundamental source of competitive advantage	The comparative ability to cause desired change drives competition
5. All economies are services economies	Service is only now becoming more apparent with increased specialization and outsourcing ; it has always been what is exchanged	All economies are service economies	Service (singular) is only now becoming more apparent with increased specialisation and outsourcing .
6. The customer is always a co-producer of value	**There is no value until an offering is used –experience and perception are essential to value determination.**	**The customer is always a co-creator of value**	**Implies value creation is interactional**
7. The enterprise can only make value propositions	**Since value is always co-created with and determined by the customer (value in use), it cannot be embedded in the manufacturing process**	**The enterprise cannot deliver value but only offer value propositions**	**Enterprises can offer their applied resources for value creation and collaboratively (interactively) create value but cannot create and /or deliver value independently.**
8. A service-centered view is customer oriented and relational	**Operant resources being used for the benefit of the customer inherently places the customer in the center of value creation and therefore implies relationship**	**A service-centred view is inherently customer oriented and relational.**	**Because service is defined in terms of customer – determined benefit and co-created it is inherently customer oriented an relational**
9. Organizations exist to integrate and transform micro-specialized competences into complex services that are demanded in the market place	**The organisation exists to serve society and themselves through the integration and application of resources**	**All social and economic actors are resource integrators**	**Implies the context of value creation is networks of networks (resource integrators)**
10. -	-	**Value is always is uniquely and phenomenologically determined by the beneficiary.**	Value is idiosyncratic, experiential, contextual and meaning laden.

(Source: Author compiled from Vargo and Lusch ,2004, 2006a)

Firstly, the authors' distinguish between operand and operant resources that are the basis of the SDL. Operand resources are primary inputs or the factors of production owned by the producer. Operant resources on the other hand are resources, which produce effects. For instance, technology is an operant resource. Operant resources are considered to be often invisible and intangible and maybe construed as the core competencies or processes that transform operand resources into items of value. Operant resources are given dominance in SDL because they are producers of effects. Resources by themselves are not value offerings (Vargo and Lusch, 2006) .

The differences between the foundational premises of the SDL and the revised version are relatively minor. The revised version clarifies the terminology used and its implications. The third premise of the SDL draws attention to the role of service in an economy. The authors posit that service consists of competencies used to offer benefits to one self or another entity through deeds, processes or performances, and breaks away from earlier definitions of services. This is based on arguments that question whether tangible goods are indeed offering a service to customers and whether tangible goods can be viewed as embodiments of a service or benefit to the user (Shostack, 1977; Gummesson, 2008). Services' marketing has been portrayed earlier as being different from product marketing due to the unique characteristics of services. The unique characteristics of services are *intangibility, heterogeneity, perishability and inseparability.* Intangibility is considered a dominant service characteristic which leads to inseparability, followed by inseparability ,perishability and heterogeneity (Lovelock and Wirtz, 2011). In recent times, technology has reduced the dominance of these characteristics to some extent which has led to concerns with regards to the validity of the unique characteristics of services in directing marketing efforts (Lovelock and Gummesson, 2004; Vargo and Lusch, 2004a). For example, Lovelock and Gummesson (2004) highlight that the unique characteristics of services stem from economic thought and its definitions are not agreed upon by most authors in earlier service research. The notion of services providing benefits is based on the difference between operant and operand resources. Vargo and Lusch (2004) argue that operant resources should be the basis of

marketing and not operand resources, hence the distinction between products and services become redundant.

Central to this thesis, is the conceptualisation of value as offered by the SDL as shown in the sixth and seventh foundational premise. The SD notion of value suggests that experience and perception are essential for value determination and importantly value is always determined by the beneficiary (i.e. the customer) (Vargo and Lusch, 2004; 2008). The concept of co-creation of value also means that customers or any stakeholder in the firm's network participates in the creation of the core offering. The concept of co-creation will be further explained in the next section. Gronroos (2008) adds to the concept of value in use by positing that the suppliers' role is to facilitate the customers' value creation by providing the value foundation requirements termed value facilitators. The value in use definition posited in the SDL arguably accounts for the various ways consumers derive value from the product and implies to some extent the multidimensional nature of value rather than the previous conceptualisation of value as a ratio between service quality and cost (Vargo and Lusch, 2008). Importantly, in the SDL, the authors' posit that value is perceived and determined by the consumer on the basis of ***'value in use'***, value is not something that is defined by the firm and in this case as shown by the seventh foundational premise firms' can only offer value propositions. The seventh foundational premise was revised to reflect the concept of collaboration and co-creation more accurately.

In examining value in use, the onus of value is implied to reside in the service interaction. The service interaction or service encounter has been highlighted as the focal point of consumer evaluation giving rise to satisfaction and behavioural intentions such as willingness to purchase and recommendation by customers to others (Bitner, 1990; Bitner, 1992). As earlier illustrated, the service encounter or interaction may be in a physical or virtual or other technology based environment. However, the SDL originally does not elaborate upon the service encounter or service interaction (Ballantyne and Varey, 2006a). In an extension of the value in use argument, Ballantyne and Varey (2006) propose that the customer service experience

(through the service encounter) provides three value creating activities which are relationships to give structural support , communicative interaction and knowledge to improve the customer service experience.

Berthon and John (2006) suggest that offerings may have an interactive and non-interactive value component. They posit that in the future firms will compete on the interactive component of their offerings as the opportunities for non-interactive components to be differentiated diminishes. The key point of their view is that customer-firm interactions will become basic unit of offerings and interaction is crucial for competitive advantage. From a consumer point of view, Berthon and John (2006) offers that value in interaction is composed of seven dimensions as shown in the table 2.4 below.

Table 2.4: Interaction Value

VALUE DIMENSION	Definition and explanation
Content value	which is the core content of the interaction. From the content point of view, what customers will ultimately value is reliable outcomes from interactions with firms
Control value	which is the interdependence between the customer and the firm. The author's posit that this is the extent to which the firm enables the customer to direct the interaction. Customers value their ability to control the interaction.
Continuation value	refers to the firm's ability to provide value in subsequent interactions based on information on customers and their preferences gathered from past interactions. For example, repeat hotel guests would value that their preferences are noted so that they need not repeat them for future stays.
Customization value	this value dimension is related to the above however resides in how the firm tailors the interaction to the specific customer's requirements and preferences.
Currency value	refers to the extent to which the firm is responsive . In this case , the interaction respects the temporal relevance for the customer
Configuration value	is similar to the above but reflects the value residing in the locational relevance of interaction. This means that the interaction should be space sensitive.
Contact value	this value reflects the value of the overall experience when customers interact with the firm. For instance , waiting time, promptness, courtesy elements are some of the dimensions that exist within the overall value of the experience which is considered here similar to the functional element espoused in quality studies

(Source: Berthon and John (2006) in Vargo and Lusch (eds) 2006 pg 202)

Interaction value dimensions proposed may be an alternative perspective to explain the value in use of distribution channels (Ballantyne and Varey, 2006; Berthon and John, 2006). Vargo and Lusch (2006) recognise that firms have to make value propositions but these value propositions have to be appreciated by consumers. This

may entail that these values are desired values of consumers. In any context, the firm then has to highlight the value propositions based on their knowledge of what customers may gain from using the product or service offering.

However, the SDL is not without detractors. Some authors find that the SDL cannot be construed as new as it is based on so many previous works. Brown (2007) terms it the *"retro-dominant logic of marketing"* while Levy (2006) finds that SDL *'crystallises'* earlier works that everything is a service. As its foundational premises, it encompasses elements of relationship marketing, service thought, importance of interaction, and value in use concepts from prior works. Achrol and Kotler (2006) criticise the notion of differences between operand and operant resources, stating that the difference may not mean anything for managers or customers. Similarly, Holbrook (2006) and Woodruff and Flint (2006) opine that the SDL is ultimately the concept of value. Holbrook (2006) finds that the foundational premises of SDL embrace too many bases of thought in one contribution and lacks focus. Despite these criticisms, the SDL is providing new directions in marketing thought and new directions for research. In the next section, the notion of value co-creation will be explained.

2.5.1. Co-Creation Of Value

Customers are active participants in the production of the good or service and are active participants in the exchange, thus becoming the co-creators of value which is a departure from earlier thoughts that firms provide value. The customer may be considered an operant resource because customers use their own resources to create value from a service or product offering (Baron and Harris, 2008). The highest level of co-creation occurs when customers do it themselves with the firm providing access to tools, instructions or means to contact service personnel.

The term co-creation has also been illustrated as ***customer participation*** (Kelley, Donnelly et al., 1990; Ennew and Binks, 1999; Eisingerich and Bell, 2006);

customer co production (Ramirez, 1999; Auh, Bell et al., 2007; Etgar, 2008) or ***customers as partial employees*** (Bendapudi and Leone, 2003).

The co-creation of value is beneficial to firms because it conveys the customer's point of view internally and improves the identification of customers' needs and wants. Co-creation or customer participation in various studies can be conceptualised as information sharing, relationship building, information exchange; and intervention involved in the decision making process (Ennew and Binks, 1999; Youngdahl, Kellogg et al., 2003).

For customer co-creation to occur, a number of antecedents have to be in place. Auh, Bell et al. (2007) posit that three customer factors are key to effective co-creation. These factors are perceived clarity of the task, ability or competence and motivation. Payne, Storbacka and Frow (2008) posit that successful co-creation can only occur when the firm can develop its capacity to add to the customers capabilities or influence the customer's process so that the customer may use available resources more effectively. Effective co-creation efforts are expected to lead to outcomes such as service quality perceptions, customer satisfaction and customer loyalty but have been shown to increase employee stress levels and use of management resources (Prahalad and Ramaswamy, 2000; Chan, Yim et al., 2010).

As the scope of customer value moves towards co-creation of value, information sharing and participative behaviours within distribution channels provide the ideal circumstances under which co-creation may be realised. It has to be noted that customer willingness to participate is an important determinant of such efforts in addition to the facilities and tools provided by the firm for co-creation to be effective.

2.6. Conclusion

The first part of the literature review here details the development of the concept of customer value, bringing together some of the key issues and perspectives of the concept. The conceptualisation and measurement of customer value has yet to be agreed upon. Many frameworks are offered to model customer value. The literature demonstrates clearly two major perspectives of customer value – unidimensional and multidimensional (Sanchez-Fernandez and Iniesta-Bonillo, 2007). The unidimensional studies highlight that customer value is based on benefits gained, monetary and non-monetary sacrifices perceived in the process. Many studies reveal key antecedents to customer value including service quality, atmospheric elements, risk and price, as well as other types of non-monetary sacrifices.

On the other hand, multidimensional studies, take the view that different types of customer value exist in the pre-consumption, consumption and post consumption stages. Commonly, the PERVAL scale (Sweeney and Soutar, 2001), Holbrook's Typology of Customer Value (Holbrook, 1994) and Sheth's Theory of Consumption Values (Sheth, Newman et al., 1991) are utilised in many of the contemporary studies reviewed. This research takes the view that customer value is multidimensional. However, different benefits and sacrifices are still weighed when assessing functional and emotional value in overall customer value. Amongst the various conceptual frameworks of customer value, Sheth's Theory of Consumption Values (Sheth, Newman et al., 1991) has been operationalised and extended in many subsequent studies , therefore this conceptualisation will be used as the main framework for the conceptual model of this study. In light of contemporary service thought, the notion of co-created customer value is determined as an underlying basis of all customer value assessments. Therefore, this research effort takes the view that customer value is co-created. The next chapter will elaborate upon various studies of distribution channels of financial services.

Chapter 3: Literature Review (II)-Distribution Channels of Financial Services

3.1. Introduction

The unique characteristics of services limits distribution channel options and typically distribution channels are shorter with fewer intermediaries compared to product distribution channels (Lovelock and Wirtz, 2011). Service encounters pre-purchase to post purchase, service performance and delivery occurs in service distribution channels (Zeithaml, Bitner et al., 2013). Employees, facilities, tools and customers are involved in co-creating the efficient and effective delivery of services to customers (Farquhar and Meidan, 2010).

This chapter serves to provide a review of the extant literature of distribution channels in financial services. The first section will provide an overview of financial services and its characteristics, which has an implication on its marketing. This is followed by an overview of the characteristics, role and function of various distribution channels of financial services. This is followed by a literature review of the key themes in financial services distribution channel research. The subsequent section will provide a brief overview of financial services studies in the Malaysian context. The final section will present a conclusion and summary of the literature review.

3.2. Characteristics Of Financial Services

The context of this research effort is the financial services sector. Financial services are services directed towards the individuals or organisation's intangible assets such as money and wealth and incorporates a myriad of financial services which can be categorised as banking and money transmission services, lending and credit services, savings and investment services, insurance services both life insurance and general insurance (Ennew and Waite, 2013).

Financial services possess the unique characteristics of services which are *intangibility, heterogeneity, perishability and inseparability* to a large extent, in contrast to other types of services which may involve some or more tangible elements (Mckechnie, 1992; Shostack, 1977). Intangibility is considered a dominant service characteristic, which leads to inseparability, perishability and heterogeneity.

Although various debates surround the lack of empirical research into the aforementioned service characteristics (Lovelock and Gummesson, 2004; Vargo and Lusch, 2004a) , these characteristics remain influential in the marketing of services. For example, to overcome the intangibility of services both mental and physical, communications through media and branding (Berry , 2000), atmospherics and employees are emphasised (Bitner, 1992; Wakefield and Blodgett, 1994). The heterogeneity and inseparability of services has given rise to standardisation efforts through greater use of technologically enabled channels and while perishability has led companies to consider ways of reserving capacity prior to consumption and digital delivery. Financial services marketing require that these characteristics are given due consideration to serve customers effectively.

Additionally, financial services possess three other characteristics apart from the unique characteristics of services explained above. These characteristics are fiduciary responsibility, contingent consumption and duration of consumption. Fiduciary responsibility refers to the implicit responsibility of a financial provider for managing customer funds and the nature of financial advice in the context of an intangible asset (McKechnie, 1992; Ennew and Waite, 2013). Contingent consumption implies that the purchase of a financial service does not necessarily imply immediate consumption or consumption in the future. Correspondingly, financial services entail a long term relationship due to the contractual nature of the purchase. Financial services benefits are also received long after a purchase such as insurance or wealth management products. Two way information exchanges between buyer and seller over a longer period of time is unique within financial services. This information is crucial to maintain and develop relationships with existing

customers as well as attract new ones. Customers generally remain with one financial provider for most of their financial requirements resulting from the lengthy build-up of the relationship through two-way information flow.

Financial services vary in their temporal characteristic, some services are owned by customers for the longer term while other services may be owned by customers for a shorter term. The variety of products offered by the retail financial services industry vary in their complexity, and beyond that customers themselves vary in terms of their needs and expertise which make the marketing of even simple financial services problematic.

3.3. Distribution Channels of Financial Services

The intangible nature and in particular, credence qualities of financial services influence channel length and emphasises the location of service consumption and methods. The length of services distribution channels are shorter due to the inseparable nature of some services (Lovelock and Wirtz, 2011). The co-creation of services occurs in distribution channels of financial services as both providers and customers interact for the refinement of the service offering. As financial services differ in complexity, simpler transactions may offer limited opportunities for co-creation (Farquhar and Meidan, 2010).

Distribution channels play a number of crucial roles in financial services as shown below (Ennew and Waite, 2013) ;

1) The provision of appropriate advice and guidance regarding the suitability of specific products.
2) The provision of choice and a range of product solutions to customer needs
3) The means for purchasing a product
4) The means for establishing a client relationship
5) Product sales functions

6) The provision of information concerning relevant aspects of financial services
7) Access to the administration systems and processes required for the ongoing usage (consumption) of the product or service.
8) The means for managing a customer relationship over time.
9) The cross-selling of additional products to existing customers.

In efforts to fulfil its multiple roles beyond delivering the core service purchased by the customer, financial services distribution has had long established tradition of being multichannel in nature with various alternatives modes of distribution and delivery of services to customers (Black, Lockett et al., 2002). In a multichannel environment, customers can use alternative channels for the same service at different stages consumer decision making or purchasing phases termed parallel channels (Sousa and Voss, 2006; Albesa, 2007).

Multichannel distribution was initially established to direct customers towards low cost and self service channels for transactions and maintenance services. These channels are now prevalent for most financial services. Regulatory changes have allowed the same channels to provide different services, and non-traditional providers to distribute financial services.

Financial services distribution channels include the following (Harrison, 2000; Ennew and Waite, 2013);

- Branch outlets for specialist financial services such as retail banks, insurers and mortgage providers or universal providers including bancassurance.
- Non-financial services retailers such as supermarkets and automotive dealers
- Quasi financial service providers such as the post office and property agents
- Personal or face to face sales channels such as financial advisers, insurance agents and credit card sales force
- Telephone channel

- Internet channel (as part of the specialist channel options or direct as a provider or via other sites)
- Direct mail
- Automated teller machines (ATM's)
- Mobile telephones (via Internet or Mobile applications)

In addition to the list above, however is a host of new entrants into the financial services market as well as innovative distribution options utilising current or new distribution channels. For example, Internet only banks, payments and transaction facilities using Facebook and Twitter. ICICI Bank in India "icicibankpay" allows customers to transfer money using Twitter, while in Turkey, Denizbank offers customers the ability to transfer monies and monitor their financial services using Facebook (Ensor, 2012). One of the key factors that enable the rapid pace of channel innovation and entry of non-traditional players in financial services is digitization , which is expected to further change the financial services industry in the future (Broeders and Khanna, 2015). Technological giants such as Apple and Samsung have also forayed into the payments markets (Eyers, 2015) .

In a study modelling customer choice of channels, it was found that channel choice depended on four main factors; consumer characteristics, product and channel characteristics and the organisation (Black, Lockett et al., 2002). Demographic characteristics such as age, income and educational levels marginally influenced the use of distribution channels of banking services (Wan, Luk et al., 2005). For instance, males were slightly more inclined to adopt the internet channel compared to women customers, monthly household income significantly influenced the use of branch banking and internet banking, and older customers were more inclined to use branch banking in comparison to other distribution channel options. Conversely, younger age groups preferred the use of self service distribution channel options (Simon and Usunier, 2007). More affluent mature customers were found to differ in in terms of their preferences and patronage reasons including distribution channel preferences compared to less affluent mature customers . Customers who had more rational thinking styles preferred the use of self service technologies for financial

transactions while those who were more inclined to the experiential style of thinking preferred personnel interactions (Simon and Usunier, 2007).

Channel characteristics such as channel costs, risks as well as level of personal contact or accessibility of the channel influences the propensity to use a channel. Simon and Usunier (2007) finds that customers are likely to utilise the self service , internet or mobile channels for low involvement or transaction based services while for high involvement or more complex services , customers are more likely to utilise the face to face channels such as the physical branch. Similarly, perceptions of privacy and security risks hinder the use of internet or mobile channels (Black, Lockett et al., 2001; Howcroft, Hamilton et al., 2002; Mattila, 2003). Lastly, organisational factors such as the image or reputation, size or age of the organisation and availability of various channels also affect the customer choice of channels. The longevity of the institution reduces risk perceptions of novel or new channel options, increasing customer propensity of adoption and use. The subsequent sections will explain the characteristics of each distribution channel pertaining to retail banking services specifically.

3.3.1. In-branch channel (Physical Branch)

Traditionally, the physical branch has played a dominant role in providing access and information of financial services to both the business and retail customer before the advent of technological channels including self service channels. The branch was the main and only channel where customer provider interactions occurred, and administrative or processing functions were located (Ennew and Waite, 2013) . However, the contemporary bank branch has evolved into the focal sales and retail outlet for customers (Alexander and Pollard, 2000). This in turn emphasises the importance of location and bank branch network apart from personnel qualities and behaviour, for gaining customer preference and competitive advantage in the industry.

In current times, more financial services transactions move to self service and the internet channels, however the physical branch remains relevant for three main reasons. First, it is important as a cue of the financial service brand promise and its value proposition (Greenland and McGoldrick, 2005). Second, the financial service branch is the only channel for face to face interactions for various product and service categories of the financial institution. Third, while current consumers are more enthusiastic about the use of technology and self service channels in general, the physical branch network is considered a richer platform for building relationships through interpersonal interactions.

The extant literature suggests that for complex financial services such as mortgages and insurance or wealth management products, the physical branch remains an important distribution channel (Black, Lockett et al., 2002). The role of physical bank branches in particular has not diminished as studies have shown that the channel caters to first-time bank customers who need to open accounts; for complex or complicated services, such as mortgages or making remittances; as well as face to face service encounters where personal identification is essential (Wan, Luk et al., 2005). Branch networks are relatively costly to maintain in comparison to lower personnel and asset intensive channels such as internet and mobile channel. Many banks are reducing the number of branches and providing branch like experiences in kiosks and supermarket branches (Worthington and Welch, 2011; Stewart, 2014). Various studies report that branch banking will experience the following changes in the coming years (Beckett, 2004; Stewart, 2014) . First , that physical branches will become more tailored in terms of customised services to localised communities and market opportunities. Second, branches will become smaller with less compartmentalised spaces to encourage non- transactional interactions with personnel. Third, branches will have more customer interaction technologies such as ATM's, video teleconferencing with specialised staff and video tellers even beyond opening hours . Lastly, staffing levels will reduce and in place multiple roles will be handled by bank staff to service customer requirments. These changes will impact upon space use, technology utilisation, and staff skill and staff numbers as well as location decisions.

Importantly , the branch is a significant cue for brand reputation and brand equity. This calls for further emphasis on personnel and the branch environment for the above forecasted changes (Byers and Lederer, 2001; Devlin and Yeung, 2003). However, Allard, Babin et al. (2009) suggest that the utilitarian nature of the financial service restraints the level and type of changes that may be implemented in retail branch environments to attract current consumers.

3.3.2. Non-Financial And Quasi Financial Service Providers

Ennew and Waite (2013) categorise non-financial and quasi-financial service providers as distribution channels of financial services. The range of services offered by these channels is relatively narrower than retail banking services. Non-financial service providers provide financial services in conjunction with their own manufactured products or act as an intermediary to a producer. Non-financial service providers include supermarkets and other retailers. For example, supermarkets in the UK such as Tesco and Sainsbury have banking subsidiaries based on the strength of their brand equity (Alexander and Pollard, 2000; Worthington and Welch, 2011). These financial services are typically offered via strategic alliances with existing banking institutions and serve customers of the supermarkets. Non-financial service providers allow traditional banks to expand their market reach and diversify their own customer base, while providing the supermarkets the opportunity to leverage against existing banking operations knowledge and know how. Home appliance retailers and car dealers are other such providers of financial services, typically to provide credit terms for large purchases. The services offered by these institutions range from credit cards to insurance, loans and insurance services as a one stop centre when customers purchase the retailers' products.

Quasi-financial services are channels such as post offices, which allow for state related payments and deposits or other types of deposits and payments typically for government based schemes. The distribution of financial services through these government institutions is based on the imperative of financial inclusion in locations

where private financial entities may not be economically viable (Ennew and Waite, 2013).

3.3.3. Personal Sales Channel

The nature of financial services as credence services requires financial service providers to offer personalised and customised advice and support apart from customised services, specifically in the context of insurance products, mutual funds or wealth management products. Ennew and Waite (2013) emphasise that these personal channels were established to convert latent demand into sales as customers may not realise the need or benefits delivered by such products. This personalised and customised advice and support is provided by the personal or face to face sales channel typically termed agents, independent financial advisers, wealth managers, or financial consultants. Sangari (2014) notes that although various channels are available for financial service distribution, insurance, mutual funds and wealth management products are heavily reliant on the personal sales channel till date. This reliance on the personal sales channel is further attributed to the pre-requisite of trust and relationships between buyers and sellers' for such sales to occur and increase cross selling opportunities (Crittenden, Crittenden et al., 2014). In most cases, the personal sales agent prospects new customers through existing customers and their respective networks. The personal sales channel is remunerated in numerous ways and a key element of their remuneration is the volume and value of sales. This in turn creates the requirement of governance and regulation of the personal sales channel to ensure customers are not 'oversold' unnecessary financial products, and limit other unethical practices. To this end, such regulations have created new challenges to the personal sales channel, especially in terms of recruitment, training and sales strategy. In light of the various challenges, the way forward for the personal sales strategy of financial services is an integrated model with technological channels and superior support to complement the personal sales channel (Crittenden, Crittenden et al., 2014).

3.3.4. Internet Banking

The development of the internet as a means of delivering both information and products directly to the customer has evolved into a necessary dimension of distribution for most services. Clemons and Hitt (2000) argue that the internet has resulted in greater transparency, greater ability for differential pricing and disintermediation in the retail financial services industry. For customers, the internet channel has been associated with greater convenience attributes while for providers it is associated with cost effectiveness through rationalisation of operations and activities (Easingwood and Storey, 1996; Farquhar and Meidan, 2010).

The appearance of this new channel had led to earlier predictions of the demise of the physical branch entity for financial services, however these predictions did not materialise. According to Ennew and Waite (2013), the advent of the internet in financial services in general and in retail banking in particular has given rise to two major strategic options for providers. First, the internet represents a convenient distribution channel for accessing and maintaining financial services possessed by customers. Second, the internet has also provided financial services providers with an option for a distinctive brand offering over the channel with a separate brand identity extending the range of services offered for existing traditional entities or allowing new entrants into the industry such as Smile bank in the UK.

Internet banking services allow customers access to various transactions such as managing bank accounts at their convenience. However, the interactions of various factors in customer channel choice, the disadvantages perceived by customers in other channels and the need for face to face interactions for some transactions have proven the predictions of the physical branches' demise wrong. (Black, Lockett, et., al, 2002). Internet banking has been found to complement the activities of the brick and mortar branch positively influencing profits, deposits and loans per bank branch (Onay and Ozsoz, 2013). Similarly , a study by Ozdemir and Trott (2009) in Turkey found that the internet banking branch complemented and was supported by the physical branch network. They further found that the ATM, telephone banking and internet banking channels were substitutes for each other.

Yiu, Grant et al. (2007) study of internet banking in Hong Kong captured the type of transactions carried out by internet banking users. The most common transaction on internet banking was account balance enquiries, transfers and bill payments. The transactions are shown in the table 3.1 below:

Table 3.1: Banking Services Used Via Internet Banking (In Hong Kong)

Banking services	Number of users	% of Internet banking users
Account transfer	31	24.8
Bill settlement	23	18.4
Account balance enquiry	40	32
Open accounts	1	0.8
Loan/mortgage application	2	1.6
Credit card application usage	5	4
Property evaluation	4	3.2
Demand draft/cashier's order/TT application	1	0.8
Stock /unit trust trading	12	9.6
Foreign currency deposits	10	8.0
Interest rate/exchange rate/stock quote inquiry	25	20
Insurance	Nil	Nil

(*Source: Yiu, Grant et al , 2007; p 343; Sample size : 150)*

In retail banking, the internet channel has become a staple feature to provide more access to customers. The introduction of self service and electronic distribution channels are components of the multichannel feature of financial services distribution.

There is a plethora of studies of the internet channel in general and the various issues surrounding the channel as well as specific studies of internet banking. Research examining the adoption or non-adoption of the channel by customers in various country contexts is numerous (Doherty, Ellis-Chadwick et al., 2003; Ozdemir and Trott, 2009) especially because not all customers are enthusiastic about the increased use of technology and may prefer personal interactions with service providers. Other studies examine customer satisfaction and quality assessments of e-channels (Parasuraman and Grewal, 2000; Zeithaml, Parasuraman et al., 2002; Jayawardhena, 2004; Cho and Menor, 2009) comprising additional elements as compared to such assessments in a face to face interaction. Studies of online servicescapes are also popular, while customer value investigations of this channel are less popular.

3.3.5. Direct Mail

The direct mail channel falls under the domain of direct marketing techniques. It possesses the same characteristics of all other methods under the scope of direct marketing techniques. For instance, it is a form of promotion and communication to existing and prospective customers and includes a response feature. Further to these attributes, the direct mail channel allows for highly personalised communications for building relationships with existing customers and supports cross selling of services and products (Hughes, 1992). It also affords better measurement of response rates in terms of purchase and intention to purchase measures.

Direct mail is the oldest form of distribution channel for services. The direct mail channel entails direct communications with the customer of the financial services provider or prospective customers via a mailing list. The direct mail efforts traditionally provided accounts of transactions and billing details periodically for all types of financial services. Prior to the advancement of telephone or internet technology, the direct mail channel of distribution was the only means of communications between the customer of a bank and the provider. Typically, a customer might receive information about new products or services via a mailed flyer or letter. Subsequently, the customer will normally telephone the bank's customer service or bank branch to gain further information or to purchase the product offered. The customers may also opt to visit the bank branch for further information prior to purchase at the bank branch. The direct mail method is normally slower than all other methods of distribution in eliciting a response from the customer.

According to Ennew and Waite (2013), the direct mail channel performs several roles as a distribution channel. It aids brand awareness, and subsequently supports the reinforcement of the brand image amongst consumers. It also provides customers with information and explanation regarding new or existing products and services offered. Whilst, the direct mail method may be losing its popularity due to more convenient methods of distribution, the channel is cost effective and potentially necessary, in view of legal and regulatory requirements for tangible documentation.

3.3.6. Telephone Channel

One of the first technological channels used by financial services providers was the telephone channel. The telephone channel of distribution allows communication from the customer to the provider and vice versa. According to Ahmad and Buttle (2002), the telephone channel offers the customer both control and convenience. The telephone channel is normally available for 24 hours a day, every day and relatively easy to access from any type of telephone including mobile telephones. The channel is relatively popular and in the early years of the internet channel, the telephone channel was reported to be more popular than the internet (Gordon, 1996). In the contemporary landscape of financial services, the telephone channel is organised as a separate entity from the physical bank branch and termed a call centre, service centre, or customer support centre. The service allows customers to contact the service provider via a telephone number to check their accounts, make transfers or payments, make enquiries about existing and new services, resolve any banking problems, or complain about services. This is termed inbound telemarketing. The consolidation of such services under the customer services or customer support umbrella of services enhances customer relationship with the bank brand rather than the individual bank branch. It also provides the banking institution access to the customer for promoting new offers and financial products and the opportunity to customize products and services allowing for direct and immediate response. This is termed outbound marketing. In addition, telephone banking services are also a conduit for retaining customers through relationship marketing efforts (Ahmad and Buttle, 2002).

The rise of cheaper call centre operations dominantly in lesser cost countries such as India and Philippines, has led to an increase of outsourced providers of call centres to manage and deliver services over the telephone channel for banking services. The rise of such outsourced call centres has also led to increased customer dissatisfaction (Farquhar and Meidan, 2010; Ennew and Waite, 2013). Call centres are able to manage large volumes of inbound and outbound calls; however the personnel are remote from the customer and often relay limited information based on their training.

In addition, automated call handling systems, which results in long waiting times has led to increased customer frustration with the call centre services. The disadvantages stated above have resulted in the move of incorporating such operations in house for the benefit of improved customer experiences. However, this means that providers incur greater operation costs. For example, the excerpt below demonstrates the importance of allaying customer dissatisfaction in relation to outsourced call centres and poor service experience with automated call systems;

"This is where it all began. You can call ***first direct*** *any time of day or night, seven days a week, 365 days a year. Whether you need to take out a loan or pay a bill, we're there for you. What's more, we insist all our calls are answered by real people here in the UK, rather than automated call systems. They'll be wide awake, whatever the time" (Source: http://www1.firstdirect.com/1/2/banking/ways-to-bank/telephone-banking retrieved on 18th November, 2014)*

In order to avail telephone banking services, the customer typically has to provide a password by keying a number which may be a lengthy process. The security verifications involved in telephone banking is being reviewed and certain innovations are expected in the near future. For example, Barclay's Bank of the UK is considering a voice recognition verification to replace the password for identity verification (Caldwell, 2014).

At a strategic level however, the telephone channel has allowed financial services distribution without physical branch networks. The First Direct bank in the UK began with the telephone channel for various financial services such as savings and current as well as mortgage offerings (Devlin, 1995; Farquhar and Meidan, 2010). The telephone channel has provided the opportunity for lower cost for customers purchasing financial services such as lower interest rates on mortgages while from the supplier perspective, telephone banking has allowed banks to extend their reach to customers while keeping asset and maintenance costs at a low level (Costanzo, Keasey et al., 2003).

3.3.7. Automated Teller Machines (ATM)

The ATM channel was one of the pivotal innovations in financial service distribution that enabled the transfer of routine and simple banking transactions to a self service alternative (Farquhar and Meidan, 2010). The channel was first used in the 1970's (Hoehle, Scornavacca et al., 2012). Unlike the telephone banking channel where financial services utilised an existing technology that was used for other purposes , the ATM channel was a crucial step in the direction of automated services and used exclusively for banking transactions (Goode and Moutinho, 1995).

In order to avail ATM services, customers normally have to possess an ATM or bankcard to insert into the ATM machine. The user then provides a pin number to access the accounts possessed or to select a transaction offered on the ATM machine. The ATM channel possessed the advantage of providing customers with accessibility to enable them to deposit monies and access their monies at various locations thus increasing customer convenience. The ATM channel additionally offers the convenience of transferring monies to other accounts of the account holder or to other customer accounts and payment options such as bill payments for utilities. A similar category of this channel specifically is the Cash or Cheque Deposit Machine (CDM). The CDM's allow respondents to pay for various loans, home loans or credit cards by cheque or cash as well as deposit cash or cheques into personal or another person's accounts.

The ATM channel however is subject to the same issues faced by customers using self service technologies in any sector of the economy. The use of self service technologies requires customers to change their behaviour and take responsibility for their own actions to avail the services they demand (Bitner, Brown et al., 2000; Meuter, Ostrom et al., 2000; Cunningham, Gerlach et al., 2005; Meuter, Bitner et al., 2005). Customers thus co create the service desired when using self service technology. The adoption of the self service channel requires customers to learn new behaviours while at the same time reconcile with a higher level of privacy and

security concerns. The adoption of a new technology and furthermore a self service technology, is additionally hampered by service failures and breakdowns.

3.3.8. Mobile Channel

The mobile channel is the most recent innovation in financial services distribution strategy in line with the advances in communication technologies. The mobile channel of financial services distribution is less of an extension of the telephone and more of an extension of the internet channel. The explanation of the mobile channel here does not include the use of the mobile telephone for accessing the telephone channel or the use of an internet browser on the mobile device, which allows the mobile device to act as a handheld computer. The rise of smart telephones globally and other smart devices has enabled distribution of financial services over this channel (Mallat, Rossi et al., 2004). The Capgemini EFMA global retain banking report finds that Generation Y customers are more likely to use the mobile channel compared to other distribution channels in the future in conjunction with higher utilisation of social media (Sullivan, Dandamuni et al., 2014).

Two distinctive types of financial services transactions which are mobile brokerage and mobile banking may be carried out on the mobile device (Pousttchi and Schurig, 2004). Mobile banking typically involves the management of banking accounts over the device and allows banking customers to avail a range of banking transactions' over the device. The banking services can be availed in two ways. First is by short messaging systems (SMS) banking whereby the customer receives notifications of transactions on their accounts via SMS. Second, the mobile channel allows customers to download a banking application to avail banking services without going through the internet browser on the mobile device. While touted as a next generation distribution channel for financial services and banking , the mobile channel has yet to be adopted widely (Farquhar and Meidan, 2010). Similar to other technological channels, the mobile channel has privacy and security risks, which will be elaborated upon in the next section.

The following paragraphs will elaborate upon the key themes in distribution channel research specifically related to financial services.

3.4. Themes of Distribution Channel Research

Major research themes are duplicated for a wide array of channels, both traditional and technology based, because of the multichannel feature of financial services. This section of the chapter intends to provide an overview of the key themes of distribution channel research. The following paragraphs will thus cover adoption and non-adoption of channels and the key factors evident in the literature, which influences adoption such as risk perceptions and trust. This is followed by a review of the extant literature on service quality and customer satisfaction research in the channels culminating with the literature of customer value in distribution channels.

3.4.1. Adoption of Channels

Research interest in channels has been dominated by examinations of adoption and non-adoption of certain channels. Technological channels in particular, the ATM, phone banking, internet and the mobile channel have been the subject of many adoption studies (Black, Lockett et al., 2002; Mattila, 2003; de Ruiter and van Heck, 2004; Zhao, Koenig-Lewis et al., 2010; Akturan and Tezcan, 2012).

In examining customer adoption, the dominant theoretical perspectives that have been utilised are; Innovation Diffusion Theory (IDT) by Rogers (1995), Theory Of Reasoned Action (TRA) by Fishbein and Ajzen (1975) and the Theory Of Planned Behaviour (TPB) by Ajzen (1991) as well as the Technology Acceptance Model developed (TAM) by Davis (1989) (Yousafzai, Foxall et al., 2010; Hoehle, Scornavacca et al., 2012). While the TPB is an extension of the TRA, the TAM framework is a simplification of the TRA directly targeted to the acceptance of new technology (Gu, Lee et al., 2009).

The IDT by Rogers (1995) has been utilised to examine customer adoption of various technologies focusing on the extent of customer willingness to adopt

technologies and factors that lead to adoption (Hoehle, Scornavacca et al., 2012). The factors affecting the rate of innovation adoption are relative advantage offered by the innovation, compatibility of the innovation to the adopter's values and beliefs, trialability of the adoption , observability of the benefits and level of complexity of the innovation. Studies using the IDT have found that perceived relative advantage, perceived complexity, perceived compatibility, perceived uncertainty, and perceived transaction frequency significantly influenced adoption (Wang, Wu et al., 2012). Lin (2011) determined that perceived ease of use was more influential for repeat customers while competence had a greater influence on adoption for potential customers. Hence, different factors may be more influential depending on whether customers are new or existing customers.

Other studies use TAM (Davis, 1989) to explain the acceptance of the internet banking channel and subsequent the mobile banking channel (Eriksson, Kerem et al., 2005; McKechnie, Winklhofer et al., 2006; Yiu, Grant et al., 2007; Kesharwani and Tripathy, 2012; Akturan and Tezcan, 2012) . McKechnie, Winklhofer et al. (2006) utilised the TAM framework to explain the extent of adoption of internet banking channels finding that perceived ease of use affected perceived usefulness. Other studies, find that perceived usefulness of internet banking is an important determinant of adoption (Eriksson, Kerem et al., 2005). Non-internet users did not adopt internet banking because of the risks involved, and the perception of convenience offered by other banking channels such as the ATM, phone banking, and the branch network to perform the banking transactions (Yiu, Grant et al., 2007).

Intention models such as TRA by Fishbein and Ajzen (1975) as explained in Yousafzai, Foxall et al. (2010), and TPB by Ajzen (1991) are also employed to explain channel adoption. An extensive critique and elaboration of the use of the two models in the context of internet banking may be found in Yousafzai, Foxall et al. (2010). Studies have also utilised integrated models that combine both the TRA and TPB or TAM in order to advance the understanding of customer adoption. For example, Nasri and Charfeddine (2012) utilised both TAM and TPB, suggest that

perceived usefulness may explain to a large extent, adoption intention and behaviour, however perceptions of security and privacy risks in such channels may be equally influential in an opposite direction. Differing factors are important at pre-adoption and post adoption stages (Montazemi and Qahri-Saremi, 2015).

Product complexity and customer characteristics have been found to influence adoption of channels. For simpler services, convenience and improved service were important reasons for adoption however greater face to face interaction was needed as product complexity increased (Durkin, Jennings et al., 2008).

Trust in the online channel and trust in the physical bank as well as structural assurances influence intention to use online banking (Zhao, Koenig-Lewis et al., 2010; Montazemi and Qahri-Saremi, 2015). However, the relationship between trust in the physical bank and trust in online banking has been inconclusive.

It is evident from the extant literature, that various studies of adoption and non – adoption mainly regarding internet or mobile channels of distribution have been conducted. Studies of channel adoption offer various models using selected antecedents to explain adoption and non-adoption, based on various theoretical perspectives, and replicated across different country contexts, with conflicting findings (Yousafzai, Foxall et al., 2010; Hoehle, Scornavacca et al., 2012; Montazemi and Qahri-Saremi, 2015). Additionally differing factors may be more influential at different stages of adoption. As discussed in the above paragraphs, various factors are offered in the literature to explain adoption or non-adoption of the various channels.

3.4.2. Service Quality and Customer Satisfaction

The assessment of service quality remains an interest amongst academics and practitioners because it provides superior insulation from competitors and positive outcomes in terms of customer satisfaction and subsequently loyalty towards the

product, brand or firm. The focus of this section is service quality, and customer satisfaction in studies of financial services and in the various channels.

Avkiran (1994) offers a Bankserv measure of service quality consisting of 17 measures in four dimensions based on the SERVQUAL instrument . Their study posits that banking service quality consists of staff conduct, credibility, communication and access to teller services, dominantly related to personnel behaviour, and personnel knowledge. Aldlaigan and Buttle (2002) offer the SYSTRA Q measure which is based on the Nordic perspective of service quality comprising of a 21 item scale of four factors which are service system quality (SSQ) (the most influential), behavioural service quality (BSQ); machine service quality (MSQ) and lastly service transactional quality (STQ) for service quality assessments. Bahia and Nantel (2000) provide a measure termed Banking Service Quality comprising of 31 items categorised in six dimensions based on SERVQUAL. The study also includes monetary price perceptions , and service range as additional dimensions for consideration. Karatepe, Yavas et al. (2005) study of service quality suggests that the most influential service quality dimension was interaction quality which demonstrates the qualities of assurance and responsiveness of the SERVQUAL scale. Table 3.2 summarises the key dimensions of the selected service quality studies explained.

The study of service quality majorly examines retail banks and assessements of integral dimensions such as processes in terms of technical systems, personnel behaviour and responsiveness, elements of the servicescape and its role in facilitating or enhancing transactions and the machinery . The studies explained earlier suggest integral dimensions are evident across many studies regardless of the number of dimensions or terminologies offered. Service quality is an antecedent to customer satisfaction.

Table 3.2: Service Quality Dimensions of Financial Services

Author	Dimensions and Definition (adapted for the purpose of presentation)
Avkiran (1994)	(α ranging from 0.8014 and 0.8845) • **Staff conduct** responsiveness, civilized conduct and presentation of branch staff that for professional image **Communication** fulfilling banking needs of customers by successfully communicating financial advice and serving timely notices. • **Credibility** maintaining staff-customer trust by rectifying mistakes, and keeping customers informed. • **Access to Teller Services** the adequacy of number of staff serving customers throughout business hours and during peak hours.
Aldlaigan and Buttle (2002)	• **Systems SQ** (α 0.93) : attributed to the service organisation as a system. Items relate to both functional and technical performance at an organisational level. Functional quality attributes include listening to customers, ease of availability and accessibility, speed of response and organisational appearance. Technical attributes include quality of advice, flexibility and customised service solutions, promise fulfilment, employee empowerment and customer updating on services. • **Behavioural SQ (BSQ)** (α 0.93): evaluation the service performed by employees. It is composed of FSQ/ behavioural attributes such as politeness, courtesy, friendliness and helpfulness of the employees. It also contains the employee's service attitude. • **Machine SQ (MSQ)** (α 0.80): focuses on machine and equipment quality. It is related to the reliability of machines as well as their performance in terms of satisfactory output • **Service transactional accuracy (STA)** (α 0.85): employee and system accuracy. This dimension is a measure of how accurate the transaction is as experienced by customers in relation to both the system-output and employees-output.
Bahia & Nantel (2000)	• **Effectiveness and assurance** (α 0.96) Competence,responsiveness,credibility,security,empathy and communication. • **Access** (α 0.93) All matters relating to access including modernity of ATM machines. • **Price** (α 0.88) deals with price in its specific monetary form and non monetary cost , • **Tangibles** (α 0.78) atmosphere, to an effective service environment and to service representations • **Services Portfolio** (α 0.90) Range of products offered. • **Reliability** (α 0.87) Accuracy and reliability.
Karatepe, Yavas et al. (2005)	• **Service environment** α 0.73 visual appeal of the exterior and interior of the bank, employee appearance and spaciousness • **interaction service quality** α 0.91, employee behaviour, skill and experience levels. • **Empathy** α 0.85 bank system, and employee roles in ensuring effcient delivery for instance reduction of waiting times and queuing systems. • **Reliablity** α 0.76 assurance of transctions ,conducted appropriately, and accurately.

(Source: Author compiled)

Ahmad and Naser (2002) find that core and relational elements of service quality influence customer satisfaction of retail banks. Measures such as fast service

delivery, courtesy and helpfulness of bank employees and the availability of self-banking services have been found to be important factors for retail banking satisfaction (Al-Eisa and Alhemoud, 2009).

Levesque and McDougall (1996) additionally argue that a third element categorised as service features determine customer satisfaction. The additional determinants included convenience, the competitiveness of the bank's interest rates, the customer judgements about bank employee skills and the customer status in the financial organisation. The importance of service delivery aspects such as ease of banking and convenience features related to self service options is additionally supported by Moutinho and Smith (2000). Caruana (2002) extends the argument that other constructs such as transaction satisfaction, value and corporate reputation or image contribute to customer satisfaction. Therefore, the extant literature strongly supports the relevance of other than service quality assessments in bringing about customer satisfaction.

3.4.2.1. Internet Banking Service Quality and Customer Satisfaction

The infusion of technology into service encounters and service delivery has irrevocably raised research interest in customer assessments of the channel , its use and outcomes (Meuter, Ostrom et al., 2000). Based on the E-S-QUAL and E-RecS-QUAL scales (Parasuraman, Zeithaml et al., 2005); Akinci, Atilgan-Inan et al. (2010) find that the dimensions of efficiency, system availability, fulfilment, and privacy are psychometrically sound dimensions for internet banking service quality assessments. Ramseook-Munhurrun and Naidoo (2011) find that four key service quality dimensions: reliability–responsiveness, security, ease of use, and accessibility were important dimensions for service quality assessments. The study also found that reliability-responsiveness was a more influential dimension of service quality. Jayawardhena (2004) suggests that the following antecedents of service quality; access, website interface, trust, attention and credibility are parsimonious dimensions for the assessment of service quality of internet banking. Access and website

interface dimensions were most influential in the assessment of service quality. The dimensions and its definitions are shown in table 3.3.

Table 3.3: Dimensions of Internet Banking Service Quality

Author	Dimensions and Definitions
Jayawardhena (2004)	**Access α 0.87** Empower customers to utilise the service through a number of points of entry and the ability to carry out a wide range of transactions **Web interface α 0.87** Maintenance of a Web site that enhances the overall browsing experience of customers **Trust α 0.87** Inspire confidence among customers by providing a prompt and information rich service **Attention α 0.87** Provision of an accurate personalised service to customers **Credibility α 0.87** Delivering the promised service to customers at all times.
Ramseook-Munhurrun and Naidoo (2011)	**Reliability – responsiveness α 0.87** The extent to which accurate and prompt service is provided and rate of responsiveness (summarised from items provided) **Security α 0.85** Includes privacy and extent to which the internet banking site and bank is secure for transactions and error free (summarised from items provided) **Ease of Use α 0.84** Ease of use of the banking system, website ease of use and easy navigation **Accessibility α 0.65** Accessibility all the time, anywhere and convenient

(Source: Author compiled)

The literature explained above demonstrates various studies that have been conducted on internet banking service quality and offer various noteworthy dimensions. The dimensions are generally similar although they may be termed differently, or slightly differ in terms of conceptualisations. For example Jayawardhena (2004) offers the dimension of credibility which is the same as reliability in most other studies (Ramseook-Munhurrun and Naidoo, 2011; Wu, Tao et al., 2012). Furthermore, the servicescape of a bank's internet banking service in terms of website design and functionality is significant in various studies as is characteristics of internet banking such as speed and ease of use.

In terms of customer satisfaction, various dimensions of the internet banking channel such as content, accuracy, format, ease of use, timeliness, and safety have been found to influence customer satisfaction, customer service quality, online information system quality, and banking service product quality (Michel, Ashill et al., 2009; Chen, Hsiao et al., 2012).

3.4.3. Risk

Perceived risk is defined as the consumer's perception of the uncertainty and any associated adverse consequences of buying a product or service (Dowling & Staelin, 1994). It is a multidimensional construct consisting of performance risk, physical risk, financial risk, social risk, time risk, and psychological risk, temporal risk and sensory risks (Stone and Grønhaug, 1993; Lovelock and Wirtz, 2011). Higher perceived risk leads to negative consequences such as diminished customer satisfaction and customer value perceptions. Hence, perceived risk is considered a negative element of customer evaluation of the service encounter (Stone and Grønhaug, 1993; Agarwal and Teas, 2001).

The virtual environment is more vulnerable to various threats such as identity thefts, easy access to accounts by unknown parties, fraudulent transactions and phishing websites (Lee, 2009). Therefore, all types of risks consisting of financial, physical, psychological, performance, social and time risk were elevated in internet banking and differed at various stages of the consumer buying process (Cunningham, Gerlach et al., 2005). Kesharwani and Tripathy (2012) additionally find that financial (security) risk, privacy risk, time-loss risk, and informational risk perceived by internet banking users. Other studies find financial risk, performance risk, privacy risk, time risk and psychological risk in mobile banking (Luo, Li et al., 2010). Based on the studies highlighted above, it is evident that similar risks are perceived in channels. For instance, Ho and Ng (1994) observed physical risk, psychological

risk, financial risk, performance risk and time loss risk in electronic payment systems (EFTPOS), credit cards and the ATM. The authors' found that the relative importance of the risk dimensions differed across the three methods. All three methods had low psychological risk (self-image risk), EFTPOS had the lowest physical risk, and credit cards had the lowest psychological risk and highest time loss risk, while cash had the highest physical risk and lowest performance risk.

Although privacy and security risk are dominantly featured in studies of internet banking service quality and adoption, other types of risk have also been found to be inherent in the context of self service or electronic channels of financial services distribution particularly the ATM, internet and mobile channels as explained above. While risk perceptions negatively affect adoption intentions, different types of risk are influential in different contexts. The nature of the role of risk in customer value has been less examined in the context of distribution channels.

3.4.4. Trust In Internet Banking

Trust exists in a context of uncertainty and perceived risks, reflecting performance or outcome expectations, it has both strength and direction, it is person or situation specific and a positive concept (Bhattacharya, Devinney et al., 1998). Trust may also be distinguished as cognitive and affective trust (Johnson and Grayson, 2005). The issue of trust of financial services in general has become more pertinent due to various financial crises, however this section is related to trust in channels (Ennew and Waite, 2013) .

Trust is an important influence on internet banking adoption (Grabner-Krauter and Faullant, 2008; Alsajjan and Dennis, 2010). Dimitriadis and Kyrezis (2008) conceptualise trust as competence, benevolence, integrity and predictability dimensions in assessing the role of trust in the adoption of various banking channels. Their study found that affective trust was more important for innovative channels such as the internet compared to cognitive trust, which was more important in

channels that were already in use such as the ATM channel. Their study suggests that trust in the bank influenced overall affective trust perceptions, however cognitive trust in channels had to be built specifically for new channels and not transferred from the bank. Overall, this study reiterated that the bank's reputation and credibility as well as performance were crucial for developing consumer trust.

Zhao, Koenig-Lewis et al. (2010) found that by improving trust in the bank, the perceived risk in internet banking is reduced and vice versa. The lack of trust in internet banking channel stemmed from concerns of security such as hackers, computer viruses and risks of logging into fake web sites (phishing sites)(Zhao, Koenig-Lewis et al., 2010) . Trust is important in channels, because of its relationship with risk perceptions. In financial services, trust may be further attributed to the channel or institution. Trust in the channel and the reputation of the provider are crucial determinants of use and adoption of the internet banking channel because of the greater risk perceived by customers.

3.4.5. Channel Environment

Bitner (1992) developed a framework which highlights how the various facets of the service atmosphere, which consists of ambient conditions, space/function elements and signs and artefacts, influence customers' and employee approach or avoidance behaviour. Her framework addresses how customers react to atmospheric elements in a service context, which in turn has a bearing on customer assessments and subsequent behaviour or intentions. The effect of the of the internet environment or e-servicescape has also been the focus of multiple studies (Alhudaithy and Kitchen, 2009; Hausman and Siekpe, 2009; Chen, Hsu et al., 2010). According to Harris and Goode (2010), the e-servicescape environment consists of similar factors as the physical environment including aesthetics, functionality and layout factors. However, an important factor in the e-servicescape is the element of financial security. Superior web site features have a negative impact on perceived risk and positive impact on perceived ease of use (de Ruiter and van Heck, 2004).

The environment has been found to influence customer satisfaction thus influencing patronage behaviours (Wakefield and Blodgett, 1994). The extant literature has also demonstrated that the environment or atmosphere affects customers emotionally (Bellizzi and Hite, 1992; Bitner, 1992; Donovan, Rossiter et al., 1994; Greenland and McGoldrick, 2005) leading to longer duration in the physical outlet and increase in purchase likelihood. Furthermore, the environment is a noteworthy dimension of service quality assessment (Parasuraman, Zeithaml et al., 1988) of the physical and e-channel context (Wolfinbarger and Gilly, 2003; Bauer, Falk et al., 2006). The service environment is also an important attribute in customer value perceptions (Babin and Attaway, 2000). Specifically in the banking context (Bahia and Nantel, 2000; Aldlaigan and Buttle, 2002; Karatepe, Yavas et al., 2005) and e-banking context (Jayawardhena, 2004), the environment plays a very important role in influencing service quality and subsequently customer satisfaction assessments. Branch design features also have a positive impact upon level of branch usage (Greenland and McGoldrick, 2005). In the e-banking context, the environment is appraised via perceptions of aesthetics, layout of website and other design features such as font, colours, which contribute to perceptions of ease of use and functionality of the interface (Jayawardhena, 2004).

The channel environment plays a very important role in service assessments including service quality assessments, customer satisfaction and customer value. It also plays a role in altering attitudes and behavioural intentions, which has an important bearing on adoption as well as continued use of service channels specifically in financial services.

3.4.6. Service Failures

There are two types of main service failures in the extant literature, failures related to outcomes and failures related to process (Bitner, Booms et al., 1990). Outcome related service failures tend to manifest as incomplete or inaccurate outcomes of a core service element, which means that the firm is unable to provide the core service or service results as is expected by customers. These types of service failures may involve unavailable service or inaccurate or erroneous service. On the other hand, process related service failures involve the manner in which the service is provided. This may include customers facing difficult procedures, lack of clear information, delays , or poor personnel behaviour, poor personnel knowledge or skill in delivering the service outcome (Gronroos, 1984; Smith, Bolton et al., 1999).

Service failures in financial services involve the non-availability and non-functionality of equipment, lack of facilities internal or external to support customer transactions and interactions; difficult procedures or lack of transparency in the procedural requirements or communications, mistakes in transactions and statements, and importantly lack of personnel knowledge, skills and courtesy in supporting and responding to customer requirements. Service failures have a negative impact on customer satisfaction (Smith, Bolton et al., 1999; McCollough, Berry et al., 2000), and customer loyalty (Buttle and Burton, 2002). It is also an antecedent of negative word of mouth (Colgate and Norris, 2001) and customer exit behaviour (Keaveney, 1995), having a negative emotional impact (Keaveney, 1995; Smith, Bolton et al., 1999; McCollough, Berry et al., 2000; Buttle and Burton, 2002; Singhal, Krishna et al., 2013). Table 3.4. presents the categories of service failures in financial services.

Smith and Bolton (2002) argue that emotional responses towards service failures partially account for lower satisfaction levels of service encounters. The impact of service failures upon customer satisfaction and loyalty depends on the nature of the service failure in terms of importance of the service , and the magnitude or severity of the service failure (Smith, Bolton et al., 1999; Colgate and Norris, 2001) .

Table 3.4: Categories Of Financial Services Service Failures.

Singhal, Krishna et al. (2013)	Lewis and Spyrakopoulos (2001)
• **Machinery related service failures** involving mechanical instruments utilised to process or complete transactions. • **Procedural failures** relating to the formalities in the sector such as administrative delays, slow service and lack of clarity in the process. • **Hygiene and infrastructure** related service failures, which are predominantly related to the environment where service interactions take place including the availability of parking facilities and personnel availability. • **Information related failures** which are focused on lack of information and lack of information dissemination amongst personnel and customers. • **Response and feedback** related failures involving lack of adequate or timely and appropriate level of response and follow up steps responding to customer concerns.	• **Banking procedures**: Which involves bureaucratic procedures and slowness, it also involves lack of information for customers. • **Mistakes.** Employee behaviour and training: this involves lack of procedural knowledge amongst personnel and unwillingness to help or slow to help customers • **Functional/technical failures:** This involves failure of the provider to look into facilitating the service transaction or encounter for example, long and/or unorganised queues; - ATMs out of order; - limited network of ATMs; - limited network of branches; and - incomprehensible statements of accounts, terms of loans, conventions, etc. • **Actions or omissions of the bank that are against the sense of fair trade.**

Prior research emphasises that assessments of the service encounter or channel experience will take into account the occurrence or multiple occurrences of service failure. For financial services, channel related service failures are included in categories of equipment. For example, ATM service failures or personnel related shortcomings within channels affect service process and outcomes. Due to its importance in customer assessments, it is likely that service failures are considered in customer assessments of value.

3.4.7. Customer Value

The extant literature of customer value is provided in the previous chapter. In this section the focus is customer value studies within financial services and distribution channels of financial services specifically. Prior research of customer value of distribution channels are in varied contexts. For example, Bourdeau, Chebat et al. (2002) study the value perceived by student of Web and email functions specifically. In this study, student users of the channel perceive utilitarian value, hedonistic value, social value, learning value and purchase value. In studying location based mobile

services, Pura (2005) found that conditional value, monetary value, convenience value and emotional value are evident. However, in both the contexts, value perceptions are cumulative assessments of value of the channel and the core service which demonstrates the difficulties in distinguishing perceptions of value of the core service received and of the channel. In contrast a study of online grocery retailing emphasised the customer perceived value of the channel specifically. This study found extrinsic-efficiency value perceived in the channel based on convenience, same day delivery, range of products sold, and facility to make selection preferences and shopping lists (Bevan and Murphy, 2001).

In financial services, Roig, Garcia et al. (2006) using the Gloval scale, examined the dimensionality of customer value in banking services. This research effort focused specifically on transactions via face to face interactions in the physical bank branch and did not include other distribution options such as telephone banking, ATM and internet banking. The authors' found that perceived customer value of a banking service consists of functional value of the establishment and installations, functional value of the personnel (professionalism); functional value of the service purchased; functional value price; emotional value; and social value. It is important to note that the dimensions of perceived customer value revealed included customer value perceptions of the channel as well as the actual service purchased. Overall, the study revealed that the most important elements of customer perceived value were related to emotional value and personnel elements of the service interaction rather than the actual service purchased or price perceptions. The findings suggest that emotional value perception is noteworthy for managerial consideration in financial services, similar to other retail environments.

Kleijnen, de Ruyter et al. (2007) examine the customer value perceptions of mobile brokerage based on the perspective that customer value is a trade off between benefits and costs. In this study, the authors' focus on utilitarian value because the service dominantly offers utilitarian benefits. The study finds that customer value of mobile brokerage services offer three types of customer benefits. These benefits are user control, time convenience and service compatibility with customer

requirements. User control is defined as the extent to which consumers are able to control the timing, content, and sequence of a transaction. Time convenience is customer perception of the ubiquity of the mobile channel and time savings allowed by the channel. Service compatibility is defined as the compatibility of the channel with the specific service requirements of the customer at the time. The study also included costs associated with the mobile channel, which are performance risk, financial risk, security risk and cognitive costs related to the complexity involved in understanding the process of service delivery channel. The study finds that the most influential benefit of the mobile channel for brokerage services are time convenience followed by user control. However, cognitive costs were found to be more influential in detracting from overall value compared to risk elements. The findings of this study affirm that customer value determines customer intention to use the mobile channel.

Other studies find that financial services such as online bill payment over the internet offers both temporal (when) and spatial value (where) above functional and technical value perceptions for the online channel (Heinonen, 2004). The study was later extended to include benefit and sacrifice dimensions including risks (Heinonen, 2006). Maas and Graf (2008) posit that financial services customer value consist of company value, product value, service or employee value, relationship value, and social value , not specifically in channels. However, the different types of value have not been empirically verified.

The study of customer value of financial services distribution channels is relatively fragmented. The studies demonstrate context specificity and a lack of generalisability as it is very dependent on the specific service requirement. For online and mobile channels, convenience benefits, control benefits and access benefits are evident. These benefits are arguably not likely to feature dominantly for the same services distributed via traditional or face to face interactions. In line with the inclusion of service quality attributes and the importance of the service environment, other benefits and costs are crucial in customer value perceptions. Financial services are are multichannel in nature, however the extant studies consider a single channel in

examining value. This is an important gap in the study of customer value of financial services channels.

3.4.8. Summary of Distribution Channel Literature Review

The paragraphs presented in this chapter examine the extant literature on distribution channels focusing on financial services. The chapter begins with an overview of the characteristics of financial services and retail banking services. This is followed by an overview of the distribution channels of financial services. Many intermediaries such as retail agents, and the post office may distribute different types of financial services, while various non-financial players have entered the financial services market offering various services.

Financial services distribution channels play many roles ranging from providing information and advice in addition to providing various product options. Retail banking channels are typically parallel channels, which allow customers to perform the same functions and access the same products in different channels of choice. Hence, distribution channels are very important as the context for customer evaluation. The introduction and proliferation of technological and remote channels in financial services has resulted in research interest in customer adoption or non adoption and in the issues consumers face when using these channels. Different channels allow customers to access various functions for transactions, maintenance and for enquiries about the financial services products, prior to purchase and after purchase. An examination of the literature on distribution channels finds that many studies focus on adoption or non adoption of channels, particularly due to the novelty of technological channels, self service and remote access to services. These studies are often duplicated across the different channels. In addition, these studies utilise established theoretical perspectives such as IDT, TRA, TPB, and TAM. The overall focus on services quality and customer satisfaction as penultimate objectives of service firms is equally emphasised in financial services and in studies of specific channels such as the internet channel. Various authors have forwarded various

measures of service quality and customer satisfaction for financial services. Examinations of trust and risk are equally important in channel studies because the internet channel is perceived to possess a higher degree of privacy and security risk, which limits its adoption.

Service failures influence service quality perceptions negatively. The higher use of remote and technological methods in financial services means that service failures are integral elements of service assessments. Similarly, the service environment or servicescape of both physical and technological or remote channels are integral to customer assessments. The studies of customer value for this context focus on individual channels for specific products. In the next section, a brief overview of the context of financial services in Malaysia and channels studies is provided.

3.5. Financial Services Distribution Channel Context in Malaysia

Malaysia is a developing country transitioning into a high-income country with a robust financial services sector. The financial services sector consists of banking intermediaries, insurance companies and capital market intermediaries (IMF, 2014). The retail banking and insurance as well as money markets are governed by broad policies of the Bank Negara Malaysia (Central Bank of Malaysia) (BNM) while other institutions govern other elements of the financial marketplace. For instance, the Securities Commission under the Ministry of Finance regulates and monitors the capital markets, unit trusts and other investments. The financial services sector in Malaysia is pivotal in its economic development contributing over 12% of the real GDP of the Malaysian economy (Trotsenburg, 2013).

The current development of Malaysia's financial sector is based on the Financial Sector Blueprint (2011-2020) with the overarching objective of developing a resilient "financial ecosystem" for the needs of a high income economy, more regional and international interlinkages (BNM, 2011). Apart from this, a significant

development of the financial services sector is the rise and strengthening of Islamic financial services within the country.

The Malaysian banking system has one of the highest levels of financial inclusion globally. In the year 2008, there were 9 bank branches per 1,000 square kilometres, and 24 ATMs per 1,000 square kilometres in Malaysia. The global median is 7 bank branches per 1,000 square kilometres and 15 ATMs per 1,000 square kilometres respectively (Aziz, 2010). It is also estimated that approximately 80% of the Malaysian population has access to a deposit account from physical branches as well as alternative delivery channels such as mobile phone banking and mobile units (Aziz, 2010). The high financial inclusion demonstrates the extensive level of access afforded to the Malaysian publics and extensive coverage of distribution channels of financial services in the Malaysian context.

The Malaysian financial services sector has licensed banking institutions, licensed insurance companies & takaful institutions, as well as other intermediaries such as brokers, development institutions and money service businesses (BNM, 2015). A comparison of the services offered by the three major banks in Malaysia demonstrates that all retail banks offers conventional deposit accounts as well as long-term accounts and accounts based on Islamic financial tenets. The major banks in Malaysia also offer a wide array of financial services such as insurance, investment and wealth management products, loan products for homes, automobiles, business amongst others, as well as credit cards , payment of utility bills and share applications.

In terms of channels, all banks have a physical channel, telephone channel, ATM's and the internet channel (Munusamy, De Run et al., 2012). The multiple channels offered in all banking institutions in Malaysia is also an element of BNM's efforts in modernising the banking sector and ensuring access to all Malaysians (BNM, 2011). Major domestic banks have numerous branches in most commercial and office locations. For instance, Maybank has 401 branches, 4,700 ATM terminals , an

established internet banking service and mobile banking services (Maybank Annual Report, 2014).

The personal sales channel of specialised providers dominantly distributes insurance, wealth management and mutual fund products. The internet channel is less utilised in this context. Hence, the most multichannel financial service in Malaysia is the retail banking service.

The physical bank branch allows for most transactions such as transfer of monies, deposits into accounts, payments for loans and purchasing or maintaining other services such as loans and insurance products. Most physical bank branches are also equipped with ATM and CDMs for customers to conduct transactions with or without personal interaction. Bank customers also have access to telephone banking services that allows transactions and enquiries. For instance, typical telephone banking services that are allowed on the telephone channel are account balance enquiries, funds transfer & account activities such as reporting stolen cards, and changing of pin numbers. Phone banking transactions have been subject to greater security measures such as a specific pin number for easier access to account and account information.

ATM services in Malaysia for all domestic banks are provided by Malaysian Electronic Payment System Sdn Bhd (MEPS), the only interbank payment network service locally (Malaysian Electronic Payment Systems, 2015). The MEPS network offers a shared ATM network for respective participating retail banks. Beginning in the year 2013, MEPS has begun providing retail banking ATM services via their own MEPS ATM machines. The ATM services in Malaysia provided by the retail banks or by MEPS , typically provide the following services account checking, cash withdrawal, payment via direct transfer to various public utilities and private utilities, interbank fund transfers as well as top ups for mobile prepaid cards, and payment for credit cards or loans. Customers avail ATM services with an ATM card issued by the bank and a personal pin number. Cash or cheque deposit machines (CDM) are operated by the retail banks. These self service machines allow customers to deposit their cheques or cash for their own or others accounts. Non-customers of the retail

banks are charged a fee of RM 1 when they use another bank's ATM machines. ATM machines are located in bank premises, in shopping malls, in major petrol/diesel retailers and office buildings.

In recent years, BNM is encouraging customers to adopt internet banking and mobile banking by lowered transaction fees when using these channels. As of March 2015, Malaysia has 17.8 million individual subscribers of Internet banking (60% penetration rate to the population). In contrast, the adoption of mobile banking has been relatively slower due its recent introduction in the marketplace with approximately 6 million subscribers (20% penetration rate in the population) (BNM, 2015b).

3.5.1. Channel Studies In The Malaysian Context

Similar to the studies that have been explained in the previous sections, studies of retail banking channels in the Malaysian context are regarding adoption primarily of the internet channel or mobile channel, customer satisfaction and service quality.

3.5.1.1. Adoption Of Internet Banking And Mobile Banking

Wai-Ching (2008) finds that younger customers in Malaysia were more quick to adopt the internet banking channel similar to other studies in this context (Munusamy, De Run et al., 2012). Wai-Ching (2008) found that demographic factors such as level of education, level of income, computer literacy and accessibility to internet facilities positively influenced internet adoption,. The study, also provided support that convenience, accessibility, feature availability on the channel, and the banks' management of the channel positively influenced adoption while security and privacy concerns impeded adoption of internet banking. Other studies similarly support the importance of convenience and security attributes of internet banking in determining service delivery satisfaction (Aliyu, Rosmain et al., 2014). Munusamy, De Run et al. (2012) in their study consisting of adopters and non-adopters did not find evidence to support the influence of education level on internet adoption. In

contrast, their study found that educated people were more aware of the risks of the channel and hence, more resistant to its adoption. Similarly, the authors' found that higher income levels did not affect internet adoption. The higher income level group preferred in-branch banking. Therefore, it is difficult to conclude based on these studies that in the Malaysian context, higher education, and income levels influence internet banking adoption positively.

Ndubisi and Sinti (2006) suggest that the customers banking needs influenced their adoption of the channel in contrast risk perceptions did not significantly influence attitudes towards adoption. The study also found that utilitarian elements of the internet banking sites significantly influenced adoption of internet banking, while hedonic elements of fun and entertainment were not significant. Thus, internet banking delivered utilitarian based outcomes or transaction based benefits compared to fun and entertainment.

3.5.1.2. Service Quality and Customer Satisfaction of Malaysian Banks

In Malaysia, there are few published studies on the topics of service quality and customer satisfaction of the retail banking industry as well the specific distribution channels. A banking service quality measure for the Malaysian banking context termed banking service quality (BSQ) (Abdullah, Suhaimi et al., 2011) finds that service quality has three dimensions termed "Systemization", "Reliable Communication" and "Responsiveness". The dimension systemization refers to "effective, standardized and simplified procedures and processes" for service delivery to customers. The "Reliable communication" dimension encapsulates communications quality, and effective service performance as well as confidentiality and personnel professionalism in delivering services. "Responsiveness" on the hand, refers to employee behaviour such as courtesy and prompt response, which is similar to the element of responsiveness in the measures of SERVQUAL (Parasuraman et al, 1988). The study finds that systemization is the most important attribute influencing service quality assessments. The study also found that Malaysian banking customers are relatively satisfied with Malaysian banks.

3.6. Conclusion

This chapter provides an overview of the different types of channel alternatives offered in financial services, their characteristics and use features. The chapter then provides an overview of the different research themes in channels. Prior literature is dominated by adoption studies in particular the adoption of technological and self service channels. Equally, studies of service quality and customer satisfaction of financial services are numerous in the extant literature. In view of the waning trust in financial institutions, risk and trust have become the focus of financial services studies in recent times. The environment is an important element in all services and the environment of financial services has a bearing on customer assessments. Service failures are expected to negatively affect customer assessments and it has been offered as an element of service quality studies of financial services. The final part of the chapter reviews financial services and channels in the Malaysian context. One of the key elements of the Malaysian financial services sector is the high level of financial services access afforded to the Malaysian publics. While the government via BNM is intent on encouraging the greater use of the internet and mobile channel of distribution, it can be construed that financial services distribution is relatively reliant on face to face methods in Malaysia. The overview presented in this chapter points to the gap in studies of customer value of financial services in general and in particular in distribution channels of financial services. The next chapter will provide the findings of an exploratory study to examine co-created customer value in distribution channel interactions.

Chapter 4: Exploratory Study of Customer Value

4.1. Introduction

This chapter reports the findings and analysis of the exploratory study carried out to examine how customers create and perceive value in their interactions with financial service organisations. In particular, this section is related to how customer use of distribution channels influence their value perceptions. This chapter reports the first part of a sequential research effort, and details the qualitative methodology employed using a semi structured in-depth interview.

The first part of the chapter begins with a brief reiteration of key findings from the literature review on the concept of customer value and distribution channels presented in Chapter 2 and Chapter 3 respectively. Subsequently, the methodology used will be detailed, followed by the findings and analysis in light of the current literature and conclusions.

4.2. Research Objectives

The conceptualisation of customer value is still relatively inconclusive although current research acknowledges the multidimensional nature of customer value (Sanchez-Fernandez and Iniesta-Bonillo, 2007; Sanchez-Fernandez, Iniesta-Bonillo et al., 2009; Gallarza, Gil-Saura et al., 2011). Nevertheless, benefits and sacrifices perceptions are weighed in customer value assessments (Zeithaml, 1988; Gallarza and Gil Saura, 2006; Kleijnen, de Ruyter et al., 2007). Studies of customer value in distribution channels have been scant and context specific concentrating on one type of financial service or focused on one channel (Heinonen, 2004; Roig, Garcia et al., 2006; Kleijnen, de Ruyter et al., 2007). This chapter reports the findings of an exploratory study specifically to examine customer value within the multichannel context of distribution channels in financial services, in various channels used for

various products. The key focus of the study is the channels and not the products offered.

Specifically, the exploratory stage of the study aims to facilitate the development of a research framework to guide the subsequent research effort. In line with this, this exploratory study will aid in the design of the final quantitative research instrument. The exploratory study intends to identify the various types of distribution channels used by customers prior *to purchase* and *after purchase* of financial service offerings which encompasses the methods used, and the frequency of use in relation to the various types of financial services offerings. Secondly, this study seeks to explore from a customer perspective their experience with the various types of distribution channels, specifically benefits and sacrifices which affect the customer value perceptions.

Lastly but most importantly, this exploratory study aims to identify the various perceived benefits , perceived costs and risks associated with the use of the various distribution channels. The study also seeks to identify elements of co-creation and customers' evaluations or feelings about their effort in the co-creation of value. The next section explains the research methodology and the justifications.

4.3. Exploratory Research Methodology

The use of both quantitative and qualitative methods is not unusual in social science research. Qualitative research is considered to be subjective in nature, while quantitative research is viewed as more objective. Both methodologies aim to provide insights in relation to the objectives of the research effort. In undertaking research in the field of marketing, it is espoused that a balanced approach of both structured and unstructured research is employed. The balance of both approaches supports the construction of a conceptual model for the research effort while providing experiential knowledge (Carson, Gilmore et al., 2001). In light of the aims of the research effort, and the sensitive nature of financial services for individuals, the in-depth interview with individual respondents was chosen as the method of data

collection. The section below will explain briefly the characteristics of the in-depth interview method.

4.3.1. In-Depth Interviews

The interview method enables the extraction of feelings, memories and individual interpretations that cannot be discovered or observed by other means (Carson, Gilmore et al., 2001). In-depth interviews may be open-ended interviews or close ended directed interviews. The choice of utilising in-depth interviews to uncover customer value perceptions of distribution channels follows past studies that recommend interviews as a precursor to quantitative research (Sweeney and Soutar, 2001; Maas and Graf, 2008). However, in-depth interviews are also challenging and open to biases. A researcher's presence in a face to face interview may influence the responses (Creswell, 2009). In particular, this may affect sensitive research topics. Respondents may not provide accurate or honest responses and it is crucial that feelings or opinions are articulated. The interviews were semi structured in order to enable an appropriate level of comparison. The interview guide was prepared in accordance to the research objectives identified and based on the extant literature. The interview guide is attached in Appendix 4.

4.3.2. Interview Procedure

Interviews began with an information summary of the research effort to put the respondent at ease. Respondents were assured of the confidentiality and privacy of their responses and informed that the interviews will be recorded. This was followed by the interview session. The list of respondents as shown in the section below agreed to be recorded. Respondents were asked a range of questions beginning with questions on the types of financial services currently held, initial choice of financial services distribution channels followed by current use of financial services distribution channel, benefits, costs and risk perceived within the distribution channels, as well as negative or positive experiences, which influenced their value

perceptions of the distribution channel. All interviews were recorded and transcribed ad verbatim. Different questions were asked at certain junctures of the session to elicit required information or to gain deeper insights. All interviews were carried out by the researcher. The interview sessions were guided by interviewing techniques and good practice guides such as maintaining eye contact, using active listening techniques and the use of non-directive questions (Carson, Gilmore et al., 2001). The duration of the interview with each respondent differed depending on the number of financial services and distribution channels used by respondents. Interviews lasted between 45 minutes to 1 hour in length.

4.3.3. Respondent Characteristics

For this exploratory study, it was important to consider diverse views of a variety financial services distribution channels. It was also important that respondents' held some knowledge of and maintained various financial services. The ability of respondents to respond in the English language was also an important consideration in the choice of respondents. To some extent, features of the Malaysian general population were incorporated in the choice of respondents, although it is not required that samples in qualitative studies reflect the population. A smaller sample size is suited for the in-depth nature of the enquiry. The in-depth interviews consisted of 22 respondents, with a view to balance age categories, gender as well as ethnicities. The table 4.1 below shows the characteristics of the respondents according to gender, ethnicity, age and occupation and income levels.

The sample has in total 11 respondents of the Malay ethnic group, 7 respondents from the Chinese ethnic group and 4 respondents from the Indian ethnic group. In terms of gender, there are 12 men and 10 women respondents. In terms of age groups, the respondents can be grouped as follows, 2 persons over the age of 60 and currently retired; 11 persons in the age category of 40- 50; 8 persons in the age category of 30-40, and 1 person below the age of 30.

Table 4.1: Demographic Characteristics of Respondents

	Gender	Single/married No. children	Age	Ethnicity	Income (monthly)	Highest level of education	Occupation
1	Male	M – 2	35	Malay	3000-5000	degree	Public Service
2	Male	M – 4	61	Malay		Diploma	Retired Public Service
3	Female	M – 2	41	Malay	5000-10000	Degree	Architect
4	Female	M – 3	41	Malay	5000-10000	Diploma	Entrepreneur
5	Female	M – 2	33	Malay	5000 -10000	Masters	Public Service
6.	Male	M- 2	33	Malay	3000-5000	Degree	IT Services
7.	Male	M- 2	42	Malay	3000-5000	Degree	Entrepreneur
8.	Female	M – 2	44	Malay	5000-10000	Diploma	Entrepreneur
9.	Male	M -3	45	Malay	5000-10000	Masters	Entrepreneur
10.	Male	M – 1	47	Malay	-	Phd.	Academic
11.	Female	Single	26	Malay	-	Degree	Management
12	Male	Single	34	Chinese	3000-5000	Degree	IT Services
13	Male	M- 4	41	Chinese	21000-30000	MBA	It Consultancy
14	Male	M-1	47	Chinese	-	MBA	Lawyer-Entrepreneur
15	Male	M-2	60+	Chinese			Retired Entrepreneur
16.	Female	M-2	36	Chinese	5000-10000	Phd	Academic
17.	Female	Single	40+	Chinese	5000-10000	Phd	Academic
18.	Female	Single	36	Chinese	5000-10000	Masters	Academic
19.	Male	M-2	40	Indian	-	Degree	Financial Services Management
20.	Male	Single	30	Indian	-	MBA	IT Entrepreneur
21.	Female	M- 1	35	Indian	3000-5000	Degree	Administrator
22.	Female	Single	41	Indian	5000-10000	Masters	Academic

The higher age category in the sample reflects the purposive nature of the sample. Younger respondents may possess fewer financial services as compared to older respondents. Interviews were held in various locations selected by the respondents.

4.3.4. Data Analysis

The data analysis and interpretation of data from the in-depth interviews follows closely the steps recommended by Creswell (2009). Audio recorded interviews were transcribed and analysed using visual inspection and interpretation to allow in-depth understanding of the data and identification of the common themes. Individual reading of transcripts was followed by a cross analysis of the transcripts for similarities, differences and unique circumstances.

The first step in the analysis gauged the sample characteristics in terms of the general types of financial services held, assessment of respondent interest and knowledge of financial services. This was followed by a review of before purchase and after purchase use of the channels, an examination of the benefits, disadvantages, risks and co-creation within channels. Exemplar quotes are provided in text to illustrate the dominant themes that emerge in this study. Quotes were edited to focus on elements pertinent to the analysis due to the length of each quotation. The following section reports the findings of the study and its analysis.

4.4. Findings and Discussion

The following section reports the findings and discussion of the data obtained in response to the research objectives. This section begins with an overview of the type of financial services held by respondents. This is followed by the findings and analysis of the use, benefits, disadvantages, risks and elements of co-creation within each distribution channel, prior to and after purchase of the financial service. The analysis and discussion is based on the extant literature as explained in the Chapter 3 and Chapter 4. The analysis and discussion presented here will facilitate the development of the conceptual model in the following chapter.

4.4.1. Types Of Financial Services Held

The table 4.2 below highlights the dominant types of financial services held by the respondents. All respondents possess savings accounts. Most own credit cards and current accounts. None of the respondents possessed financial services from non-financial or non-traditional service providers. The retired respondents do not possess any type of loans. Most other respondents possess some form of mortgage or loans such as home loans, car loans or personal loans. A total of eight respondents possessed unit trusts, mutual funds, or retirement plans. Simple financial services and insurance policies are dominant types of financial services held by respondents.

Table 4.2: Types Of Financial Services

Respondents/ financial services	Savings account	Current account	Credit cards	Loans	Insurance	Unit trust /mutual funds and retirement plans
1	√	√	None	Car loan and home loan	√	None
2	√	√	√	None	√	None
3	√	√	None	Home loan and car loan	√	None
4	√	√	√	Business loans	√	√
5	√	None	√	Home loan	√	None
6.	√	None	√	Home loan and personal loan	√	None
7.	√	√	√	Home loan , personal loan and business loans	√	None
8.	√	√	√	Business loans	√	None
9.	√	√	None	Business loans	none	√
10.	√	√	√	Not provided	√	None
11.	√	√	√	Not provided	√	√
12	√	√	√	Home loans and car loan	√	None
13	√	√	√	Home loans and car loan	√	None
14	√	√	√	Home loan and car loan	√	√
15	√	√	√	none	√	None
16.	√	None	√	Car loan	√	None
17.	√	√	√	Home loan	√	√
18.	√	√	√	Car loan	√	None
19.	√	√	√	Home loan and car loan	√	√
20.	√	√	√	Home loan and car loan	√	√
21.	√	√	√	Home loan	√	None
22.	√	√	√	Home loan and car loan	√	√

(√ indicates that the respondent has the financial service)

4.4.2. Personal Sales Channels

Personal sales channels were utilised for insurance products especially life and health insurance, retirement plans, unit trust and mutual fund products. The personal channel used was tied agents (*agents tied to specific insurance firms).* In the Malaysian context, independent financial advisors are few and limited to high net worth individuals. Prior to purchase, agents were used for information and explanation to evaluate product suitability of the respective financial service. Therefore, the main benefit of agents at this stage is information benefit. Respondents did not express any specific disadvantages or risks at this stage of the purchasing process.

R14: i think for my daughter's policy, i actively looked for it because i actually asked a few different agents to see which one is kind of like was the best you know. Whereas for my own one, i was mostly approached by agents and friends

After purchase, interactions with unit trust advisors were for updates and reviews of investments at quarterly or half-yearly intervals. For insurance products, interactions were at least once a year. Respondents relied quite extensively on insurance agents for updates on new products, enquiries on existing products and claims processing. Agents also facilitated the payments of premiums. Agents were perceived to be important because they were the only 'face' of the insurance service.

Respondent 14: Yes, sometimes they will call me. <u>If they have any new products they will call me</u> and then come and meet me, and have tea or coffee and tell me these are our new products would you be interested or not.

Respondent 15: when <u>I need to make a claim, either just call him up</u> and ask him you know this and this and this my entitlement under my policy to make such claims and how do I go about it

R 1: so far she <u>provides everything</u> that i ask. Sometimes i also study other insurance , I compare with her insurance , and she tells me the pros and cons of different packages. ....she <u>explained</u> it to me in detail.

The dominant benefit was in terms of convenience and support. These benefits provides support for efficiency value (Holbrook, 1994) and functional or convenience value elements (Sheth, Newman et al., 1991) . Agents explained policies and provided information when needed. This benefit may be termed information benefit and support benefit. Additionally, the agents' knowledge and skill provided assurance benefit that insurance matters were appropriately managed. The respondents also suggested that agents provided them positive feelings which supports emotional or psychological value elements as offered by Sweeney and Soutar (2001) and Smith and Colgate (2007). Respondents also suggested felt an agent would 'take care of things'. This element of value provides support for assurance benefit (Parasuraman, Zeithaml et al., 1988) and conditional value

elements offered by Sheth, Newman et.al (1991). The agent offers a range of services to customers, supporting the value elements posited by Berthon and John (2006) consisting of content value, continuation value, customization value, currency value, configuration value and contact value. The inclusion of all of these elements is perhaps not surprising as the agent –customer interaction is a richer channel for exchanges occurring through multiple interactions for various purposes.

Most respondents were very satisfied in their interactions with their insurance, unit trust or mutual fund agents. The dominant disadvantage suggested by respondents, relates to the agent inaccessibility and aggressive "selling" of products to customers. It was important that agents were selected from referrals or social and family networks.

Co-creation elements with agents were high. For life and medical insurance, discussions with agents would entail full disclosure of various types of information from the customer, including budgetary considerations to determine the most viable insurance package. Interactions with unit trust and mutual fund agents typically required a discussion on improving investment portfolios. To summarise, the face to face channel is inherently richer in terms of benefits as well co-creation as compared to other distribution channels

4.4.3. In-branch Channel

Respondents expressed that they utilised the retail banking branch frequently, in contrast to the branches of insurance, mutual funds, or unit trust organisations. Prior to purchase, retail bank branches were patronised to enquire about products and services and speak to sales personnel. The retail bank branch was used after the telephone or internet channels for information gathering.

R20: first of all, I shortlisted three banks and then I went and inquired personally from these three banks. I had a face to face discussion with them and from that I was able to streamline, how responsive they were and informative they were. And then I also looked into the logistics part of it, the proximity of the place I am purchasing

these services from, the servicing part of it, like whether I need to get after sales services and all that

Prior to purchase, the key benefit revealed is information benefit. Importantly, the branch interaction was an indication of the retail banks' service quality level. The in-branch experience provided cues that were crucial in the selection of the institution. These cues were typically sales personnel behaviour, product based conditions and process based elements.

R20: .....I went to Maybank and Maybank was giving me the complex process, then I spoke to the Public bank they couldn't be bothered. It could be the group of people I was interacting with they were not interested in selling their mortgage service. ..... Standard Chartered and the way they processed and did everything was good they were very friendly.

Prior to purchase, assurance benefit related to the expected performance of the branch and information benefit provide support for elements of functional value by Sheth, Newman et al. (1991) and Smith and Colgate (2007); as well as efficiency and excellence value by Holbrook (1994). Emotions related to assurance of the quality of the institution may also be termed assurance benefit located in experiential/hedonic type of value as espoused by Smith and Colgate (2007), and similar to emotional value by Sheth, Newman et al. (1991).

After purchase, the bank branch was utilised for services that may not be conducted through other distribution channels. For example, to pick up a credit card or new cheque book. A visit to the branch was necessitated in matters, which required customer presence. Alternatively, the branch provided assurance that a transaction was conducted immediately and accurately.

Respondent 20: I feel secured because you know for sure that the transaction is the right transaction and you've got everything done accurately whereas in online banking sometimes you don't know whether the funds had been transferred . You know it may show that the funds have been transferred but you're not sure if the receiving party has received the funds yet. .....

The benefit of assurance provides support for the element of functional value by Sheth, Newman et al. (1991) as the respondent's transaction requirement was fulfilled , and support for cost/sacrifice element by Smith and Colgate (2007) as choice of this channel illustrated risk reduction in performing the transaction.

In general, respondents who were more comfortable with internet banking perceived the branch to provide limited benefits. Most respondents suggested that a visit to the branch outlet was difficult and inconvenient, with specific concerns of poor personnel knowledge and behaviour, which negatively influenced their perception of the organisation's ability to fulfil their requirements.

R 16: the time spent waiting because if you are withdrawing money, a lot of people tend to withdraw money,..... So you end up waiting and of course usually people will be going to the counter asking questions and it is very distressing, it takes a lot of my time. ....

R 4: yes but sorry to saylah for banks they are still lacking the service, service is still lacking especially the front counter since I have this RHB,.... treated them like beggars you know, to open an account

Dominant costs of the branch experience are the inconvenience caused by the time and effort required of customers, poor level of personnel knowledge and behaviour well as poor design of the branch. These elements may be termed time and effort cost, personnel knowledge and behaviour cost and interaction environment cost. These cost elements provide support for cost or sacrifice elements by Smith and Colgate (2007) and Zeithaml's (1988), monetary and non-monetary cost elements in the formation of customer value.

The element of co-creation is inherent but limited in the branch environment. In the pre-purchase stage, specialist personnel attended to specific enquiries. In the post purchase stage, co-creation was limited to explaining requirements to specialist personnel or counter based personnel. To summarise, the branch outlet is particularly

beneficial in the pre-purchase stage, while in the post purchase stage various costs are evident.

4.4.4. ATM/CDM/Cheque Deposit Channel

ATM/CDM/Cheque Deposit channel is used after purchase only when the customer has an account with a bank. All respondents expressed that the ATM can be used anytime and anywhere. Hence, this may be termed convenience and accessibility benefit. ATM's were typically used thrice a week to twice a month.

R8: it is fast and easy, easy to use and user-friendly.

R 14: few times a week. The ATMs are very useful you can pay bills, transfer money; you can do the payment of your bills and check your balance. I can use it after work, when there is no crowd. Then I do not have to queue for a long time, I just go to the ATM and do whatever I want. Sometimes with the ATM you can deposit cash or cheques, so you can do everything there.

The common disadvantage cited is the security of this facility due to numerous muggings and snatch thefts at ATM's and CDM's, particularly targeted at women. Queues at these machines do not allow complete privacy during transactions. Breakdowns are common at peak times and may be termed service failure cost. The security of the location, as well as the presence of other customers influence benefit and sacrifice perceptions of this channel. These costs may be termed environment cost.

22: ...then yes you can't do it at certain hours, so I try to do it during work hours where you know there is lots of people walking around and safe, or have someone with me when doing the transaction. Otherwise, I won't go on my own to the ATM teller

R8: yes I have to queue. ... I got robbed twice. ..

As shown in the exemplar quotes, customers perceive a certain degree of risk related to personal safety and safety of their monies when deciding when and where to use

the ATM's. These risks may be limited to the Malaysian context, however worthy of consideration in an examination of customer value. These risks may be termed physical risk (Stone and Grønhaug, 1993; Kesharwani and Tripathy, 2012).

The benefit of convenience expressed by respondents provide support for functional value and conditional value elements as offered by Sheth, Newman et al. (1991), functional/instrumental value by Smith and Colgate (2007) and provide support for efficiency and excellence value by Holbrook (1999). The transactions that can be carried out in the channel also support content value by Berthon and John (2006). Also inherent in this channel is customer control over when and where the transactions could be carried out. This provides support for control benefit. Costs such as service failure cost, and interaction environment cost are perceived in this channel. Service failure cost may impede the transaction. Hence, it is likely to be associated to functional value. However, interaction environment costs as demonstrated here may be associated with emotional value as it gives rise to negative emotions and discomfort. The role of risk such as physical risk in this channel negatively affects the value perceptions of this channel.

4.4.5. Telephone Channel

Telephone based distribution channels are common for retail banking and the insurance sector in this context. Prior to purchase, the channel is used for gathering information on new services and facilities. This may be termed information benefit. The telephone channel is used more extensively after purchase for complaints, and enquiries related to services held.

The benefit cited by respondents is convenience benefit, in terms of the time savings and availability of the facility at the customers' convenience. The element of emotional benefit of speaking to personnel of the call centre is evident. This also suggests that it may be a substitute for face to face interactions. Hence, it may offer support benefit and assurance benefit.

R 21: .....where it is an emergency , You get the information that you need almost immediately. You know you don't have to walk into the bank and wait for someone to help you so in that sense call centres are useful.

However, call centres also had disadvantages. Respondents expressed it took too much time to speak to a person and it was difficult to select options. Poor language skills of the personnel were also a disadvantage. These disadvantages can be categorised as costs related to the use of technology and personnel skill related costs.

R 8: Because i don't like calling the call centres. Pressing numbers it's very irritating. And difficult.

R 20:.... Because for you to choose one option , it takes you about five minutes but when you get there to the option it at time it turns out to be a wrong option/ wrong choice

One respondent expressed that the disadvantage of a call centre was lack of accountability and traceability if the problem is not resolved after the call. The lack of accountability may be interpreted as an ineffective resolution to a problem, hence a performance risk. In terms of overall customer value, in bound calls to the call centre provided the functional and emotional value (Sweeney and Soutar ,2001); as well as efficiency value Holbrook (1994). Similarly, it concurs with convenience and control value (Berthon and John, 2006). Performance risk which may impede complaint resolution is also evident (Lovelock and Wirtz, 2011).

Outbound calls offer various services and new products. Most respondents viewed these types of calls negatively because it was at the wrong time and not relevant, or perceived to be a 'pressure tactic'. Some respondents accepted the offers from these calls if the products offered were relevant.

R8: I do not like them. I give an excuse and cut the line, I find them a waste of time

In terms of co-creation, customers have to provide their national identification number, and other details for verification of identity. Most respondents felt the

security and verification process contributed to their security. For outbound calls from the call centres customers did not provide any significant inputs unless the offer is accepted. Overall, the call centre is a channel to resolve issues or complaints after purchase.

4.4.6. Internet Channel

Prior to purchase, respondents expressed that they view various websites to gather information on product options. Hence, the main benefit revealed prior to purchase may be termed information benefits.

R20:..... when I just browse different corporate websites for example, Citibank, may bank, CIMB, standard chartered, HSBC basically it gives me an idea, in macro perspective how many options I have

R21: I just check the websites to find out information on what they offer

After purchase, respondents expressed that the internet channel was used for retail banking transactions, payment of bills, and viewing statements amongst other things.

R16: for checking my credit card balance, transfer cash from account to another. The credit card transfers money for my column it's a standing order, I also check my savings account online

The benefit of convenience were perceived in the use of the internet channel which included the time and effort savings. It provided customers access to their financial services at all times. This may be termed accessibility and control benefits. The fact that internet transactions were retained in the portal contributed to the benefits perceived.

Respondent 21: you don't have to take your car and physically go to the bank, you don't have to go to the teller, you don't have to worry about someone following you,

you are doing it right at home, locked away from people, and you are so safe,……. .....You save like a whole week of running ....you have all this receipts you can print

Respondent 20: convenience is definitely one of it , ..., I can transact at any time i want and secondly is the real time visibility of my financial standing, ...

Respondents expressed that remembering passwords and additional security measures when transacting on the internet channel was perceived as a problem. These may be termed costs related to the difficulty in using the channel. Privacy and security risks perceived additionally restricted the number of functions carried out.

The internet channel offered convenience benefit, information benefit and accessibility benefit, before purchase and after purchase. Prior to purchase, the information content of the channel saved consumer time and effort in gathering and comparing information. After purchase, the internet saved time and effort for transactions. Additionally, the internet channel offered the benefit of tracking and checking financial services held at all times. The benefit of convenience supported the elements of functional value by Sheth, Newman et al (1991); efficiency and excellence value by Holbrook (1999) as well as Smith and Colgate (2007) functional/instrumental value and cost /sacrifice value. As the internet is also a self service channel, control benefits were revealed that support control, content and configuration elements of interaction value by Berthon and John (2006). The costs involved maybe associated with cost /sacrifice value Smith and Colgate (2007) and non-monetary cost (Zeithaml, 1988). Privacy risk and security risk perceptions are common in the internet channel hence they detract from customer value perceptions (Agarwal and Teas, 2001).

In terms of co-creation, a pin number and password is required from customers using the internet channel for transactions, and to view personal financial statements. Most retail banks are constantly upgrading their internet channel security to avoid ‘phising’ websites. The security of the internet channel is also a customer responsibility in terms of maintaining their pin numbers and passwords carefully.

Overall, the internet channel offers the opportunity for the co-creation of many benefits as revealed in the interviews.

4.4.7. Direct Mailing

Prior to purchase, the direct mailing method provides existing customers with information on new financial services and promotional offers. Respondents expressed that letters would be disposed, if the product offered was not relevant to a current or future need. Respondents who were more comfortable with the use of the internet, also felt that the information could be easily communicated via email.

R17: Actually it clog up my mail , I am just going to throw them, I think they should keep the paper but the only thing I find valuable are my statements and bills, my bank account statements yes, which I don't even look at it because now its online .

R10: the letter is a way of getting my attention then decide, that I want it or not

Most respondents would follow up with a call to the agent or directly to the organisation depending on the type of product offer. However, none of the respondents expressed that they had purchased anything based on the letters received. Some of the main disadvantages expressed by respondents were that letters required customers to spend time reading and understanding the contents.

R10: the way that they do it is you have to spend some time interpreting the letter and getting to the gist of it. .....the thing is sometimes it will take me 5 to 10 min ....

Therefore, in terms of value prior to purchase, the direct mail provides information benefit that supports elements of content value (Berthon and John, 2006) ; and functional/instrumental type of value (Smith and Colgate, 2007; Sheth, Newman et al., 1991). Overall, the perceived value of direct mail prior to purchase is low.

After purchase, the direct mail method mainly provided statements of the financial services held by a customer. In terms of benefits, most respondents found mailed

statements useful as they are checked, and kept for future reference. In case of any discrepancies, the institution or the agent was contacted. Hence, they were beneficial as physical records of the status of financial services and transactions of the customers. Most financial services are using emails or web-based statements. After purchase, the statements may be perceived as providing benefits of information and assurance. These benefits may be associated to emotional value (Sweeney and Soutar, 1991; Smith and Colgate, 2007 and Sheth Newman et al., 1991) ; and functional value as it provides a status of transactions and current status of financial services held (Sheth, Newman et al., 1991; Smith and Colgate, 2007; Sweeney and Soutar, 2001) and content value (Berthon and John, 2006). The sacrifices revealed pertain to the time and effort required to digest materials. No significant risks are revealed in this channel.

The scope for co-creation is rather limited as the direct mail method entails one-way communication. The customer may view the organisation's website for information or call the institution for a clarification. The direct mail channel is a relatively unpopular channel in view of faster communications and response afforded by the internet and mobile channel of distribution.

4.5. Summary

The interviews provide insight into the uses of, the benefits, disadvantages, risk and co-creation within distribution channels leading to customer value perceptions. The main financial services held are simple financial services such as savings and current accounts, credit cards to moderately complex services such as home loans rather than more complex services such unit trust, mutual funds and wealth planning services. The use of distribution channels for wealth management , unit trust or mutual fund and insurance products in the context is relatively agent or personnel dependent compared to the greater use of various channels for savings and deposit accounts. Therefore, the research effort will consider the main savings and deposit accounts as a focal product type.

In the pre-purchase stage, websites were used for basic information search followed by phone calls for more information or direct visits to the branch particularly for retail banking services. The physical branch particularly for retail banking services was still an important method for information gathering and evaluation prior to purchase. In the case of insurance, unit trust, mutual funds, and wealth planning products, the branch or telephone was utilised for basic information gathering but agents were relatively more popular for direct enquiries and clarifications.

After purchase, customers used a variety of channels both interpersonal and self service or technologically mediated channels to conduct their transactions particularly for retail banking services. However, for products such as unit trust, mutual funds and wealth planning, customers had a dedicated agent assigned to them. The insurance, mutual fund, unit trust and wealth planning industry have yet to establish a multichannel mode of distribution. In retail banking, the ATM and the internet channel were used frequently, while the physical branch was less used. The different types of use levels and use purposes of varied channels demonstrate that differing channels are utilised frequently after purchase of the product. Therefore, for a more in depth examination of the benefits, sacrifices and value types, this study will limit itself to the after purchase stage of the financial service possessed. A summary of the use, benefits, disadvantages, risk perceptions and co-creation elements of each channel is presented in the table 4.3 below.

The findings suggest that customers perceive different, and similar benefits, and sacrifices in different channels. The common benefits that are perceived across the channels as shown by the summary above are convenience benefits, support benefits, assurance benefits, control benefits, accessibility benefits, interaction environment and information benefits. These benefits will be considered in the development of the conceptual model that will be elaborated upon in the next chapter.

Table 4.3: Summary Of Key Findings From Exploratory Study

Channels	**ATM**	**Physical branch**	**Telephone or call centres**	**Internet**	**Direct mail**	**Agents**
Use	• Transferring monies • Balance updates • Cash withdrawals • Cash or cheque doposits at CDMs.	• Enquiries on new products • Opening new accounts • Providing documents and signature for new products. • Over the counter transactions	• Enquiries on new products • Problem solving and clarifications on current products	• Information gathering on products and services offered • For transactions and payments interbank or within the same bank.	• Information gathering. • Monitoring and maintaining of transaction records or status of current products	• Enquiries on new products and services. • Assisting and facilitating in various situations such as clarifications and claims.
Benefits	• **Convenience Benefits** • **Control benefits** • **Accessibility benefits**	• **Information benefits** • **Assurance benefits** • Cue for service quality	• **Information benefit** • **Convenience benefit** • **Support benefit** • **Assurance benefit**	• **Convenience value** • **Information benefit** • **Accessibility benefit** • **Control benefit**	• **Information benefit** • **Assurance Benefit**	• **Information benefit** • **Support benefit,** • **Assurance benefit** • Social benefit • Human contact
Costs (Sacrifices)	• **Service failure cost** • Interaction environment costs	• **Personnel based costs** • **Times Cost** • Effort costs • Interaction Environment costs	• **Personnel based cost** • **Time Cost** • Lack of accountability and traceability	• Downtime of internet and lack of services normally after 12mn. • Remembering passwords	• **Time and effort cost** taken to digest material • Irrelevant materials/information.	• Unable to compare products.
Risk (Sacrifices)	• **Physical risk (personal safety)** • **Financial risk (loss of monies)**	• **Physical risk** • Psychological risk.	• **Performance risk**	• **Security risk** • Privacy risk	• none	• **Risk of unethical agents in terms of forcing sales**
Co-creation	Providing card and pin number. Selecting transactions and functions	Enquiries and discussions prior to purchase for retail banking services. After purchase providing documents or filling forms to facilitate specific transactions	Providing information for validation of identity. Stating enquiry or problems, providing instructions	Providing username and password . Selecting functions or transactions required. Printing or saving statements	minimal	Enquiries and discussions prior to purchase , providing personal information , after purchase, updates on new products and facilitating payments as well as claims
Customer value elements prior to purchase	none	**Functional value** Excellence value **Emotional or experiential value**	**Functional value to gather information**	**Functional value** and **Efficiency and excellence value**	**Functional Value** Content value	**Functional value, Emotional value** Content value , Conditional value
Customer value elements after purchase	**Functional value** **Emotional value** Conditional value Control value Configuration value Content value	**Functional value** **Costs/sacrifice elements** Social and esteem value for private banking customers	**Functional value** Efficiency value Conditional value Emotional value Convenience value Control value	**Functional value** and Efficiency and excellence value Convenience value Control value Content value	**Emotional value, Functional value** Content value	**Functional value** **Emotional value** Social value Conditional value Control, convenience, configuration, content and customization continuation value

The sacrifices that are perceived by respondents are more dependent on the individual channel rather than across channels. For instance, personnel related and process related problems are costs in in-branch interactions. However, technology malfunctions are costs that are associated with the ATM or internet channel. In terms of risks, the exploratory study reveals some consideration for risks such as privacy and security risks as well as performance risks related to considerations of whether the transaction will be completed accurately, and financial risks related to monetary loss during transactions. Risks such as privacy risk, performance risk, financial risk, security risk, and psychological risk will be included the conceptual model based on the findings. Physical risk was less emphasised and not included in the model.

This thesis takes the view that customer value is co-created when customers provide inputs of various kinds and to various extents in the interactions, within distribution channels of financial services. Therefore, prior to purchase or after purchase all customer value evaluations are when customers **use** the distribution channels for specific purposes. The customer value and co-creation elements differ according to the distribution channel used as shown by the table 4.3 above.

The dominant customer value type shown in all distribution channels is functional value based on the definition of functional value in the extant literature because distribution channels provide a particular outcome in terms of transactions or enquiries (Sheth, Newman et al., 1991; Sweeney and Soutar, 2001). Emotional value or experiential/hedonic value elements based on the definition provided in the extant literature arises when personal interaction is more evident (Sheth, Newman et al., 1991; Sweeney and Soutar, 2001). Atmospheric elements also influenced perceptions of customer value particularly for the in-branch experience. Atmospheric elements of the internet channel or ATM facility also contributed to customer value perceptions. These elements are termed interaction environment elements. Other types of customer value such as epistemic value (Sheth, Newman et al., 1991), status value, play value, aesthetics, ethics, spirituality (Holbrook, 1999); symbolic /expressive value (Smith and Colgate, 2007) was not found in interactions within distribution channels.

Berthon and John (2006) offered various types of value arising from interactions. However, content value, customization and control, currency and configuration value are similar to functional value in Sweeney and Soutar (2001), and Sheth et al , (1991); functional/instrumental value by Smith and Colgate (2007) as well as efficiency and excellence value by Holbrook (1999). Therefore, these elements may be categorised as functional value elements. Berthon and John's (2006) framework does not refer to feelings or emotions arising from interactions. Therefore, the usefulness of this framework is limited as feelings and affective elements related to emotional value perceptions, were not considered. Based on the exploratory study, both functional and emotional value types are commonly perceived in the individual channels and across all channels.

4.6. Conclusion

The exploratory study reviewed how customers perceive value in their interactions with financial services organisations, in particular how customer use of distribution channels influences their value perceptions. The findings provide an insight into the benefits, and sacrifices (costs and risks) perceived within distribution channels for the development of the conceptual model of the study detailed in the next chapter. The focus of the empirical stage of the study will be the post-purchase use of the in-branch, internet, telephone, and ATM channels for savings or main deposit account. The personal channel is used for a specific types of financial service product and limited in terms of multichannel comparison. Hence, it will not be examined. The direct mail and the mobile channel are not frequently used in this context and will not be examined. As an exploratory study, the present study is limited to data gathered from in-depth interviews with 22 respondents. The next chapter provides a detailed elaboration of the conceptual model for the subsequent stage of the research effort.

Chapter 5: Conceptual Framework and Proposed Research Hypotheses

5.1. Introduction

The literature review on customer value and distribution channels in Chapter 2 and 3 respectively, indicate the existence of gaps in the examination of customer value within distribution channels of financial services. An exploratory study undertaken to examine customer value in distribution channels strongly suggests that customers perceive value in distribution channels of financial services (see Chapter 4). Furthermore, the findings of the exploratory study suggest benefits, sacrifices, and perceived value differ according the distribution channels. Customers in the distribution channels perceive two dominant types of customer value, functional and emotional value. Thus, this research effort expands upon previous research by contributing insights on customer value of various distribution channels. The research objectives are briefly reiterated here;

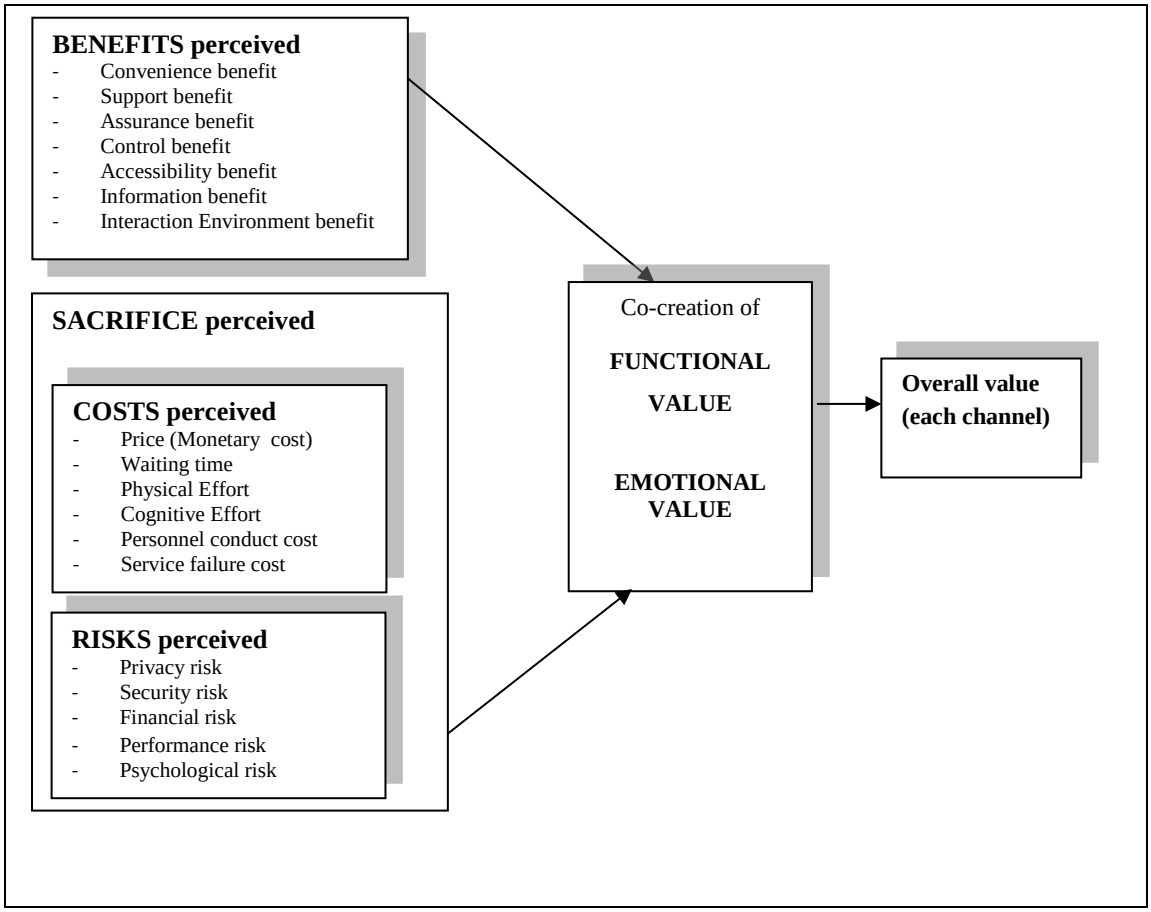
- To determine the types of value co-created through interactions in various distribution channels of financial services
- To determine to what degree the types of value co-created vary according to the distribution channel used.

The proposed conceptual model to examine customer value within distribution channels of financial services is explained in this chapter leading to the development of the hypotheses and measurements utilised. The final section of the chapter presents a summary and conclusion of the model.

5.2. Conceptual Model

The Figure 5.1 below illustrates the conceptual model which demonstrates benefit and sacrifice perceptions influencing functional value and/or emotional value. The different types of value then influence overall customer value perceived in the distribution channels of financial services. The model is based on the literature examined in the previous chapters and exploratory study to identify the benefits and sacrifice assessments of customers in financial services distribution channels. The conceptual model is examined for each distribution channel in this research effort. The subsequent paragraphs will explain the key components and variables of the model.

Figure 5.1: Conceptual Model of Customer Value In Distribution Channels Of Financial Services



Based on the trade off model of customer value, customers assess various benefits and sacrifice elements to form an overall perception of value. However, contemporary research posits that customer value consists of various dimensions known as the multidimensional perspective, which accounts for the inclusion of emotional and hedonistic value as well as other value dimensions depending on the context and customer (Babin, Darden et al., 1994; Holbrook, 1994; Sanchez, Callarisa et al., 2006).

In the model above, functional value and emotional value is based on the dimensions of customer value posited by the Theory of Consumption Values (Sheth, Newman et al., 1991). Sheth, Newman et al. (1991) Theory Of Consumption Values and subsequently Sweeney and Soutar 's (2001) PERVAL scale which extend the former are both empirically tested models. Many newer frameworks offered in the extant literature and explained in the literature review are conceptual (Ballantyne and Varey, 2006; Berthon and John, 2006; Smith and Colgate, 2007) . Theory of Consumption Values (Sheth, Newman et al., 1991) was preferred as the framework for this research effort in view of its ease of adoption and measurement. The exploratory study explained in Chapter 4, revealed that customer value of various distribution channels supported the value dimensions in the Theory of Consumption Values .

The inclusion of benefits and sacrifices (cost and risk) as factors influencing customer assessments of value was highlighted in Zeithaml's (1988) means-end model, explained in detail in Chapter 2. Various benefits supported by the exploratory study are included in the model as benefits influencing functional and/or emotional value perceptions. Zeithaml (1988) also argues that sacrifices such as price and non –price elements are crucial in influencing overall value perceptions. Non-price elements involve time and effort costs as well as various risks as explained in Chapter 2. Cost/sacrifice value dimensions diminishes overall customer value (Smith and Colgate, 2007). In financial services, various risks have been highlighted as the main reason for resistance or non-adoption of new channels (Cunningham, Gerlach et al., 2005; Kesharwani and Tripathy, 2012) as explained in

Chapter 3. Risks such as privacy risk, security risk, financial risk, performance risk and psychological risk are included in the conceptual model of this study.

The conceptual model will be utilised for each distribution channel to demonstrate how overall customer value differs in the channels used. Functional and emotional value arising from the assessments of various perceived benefits and sacrifice elements are expected to differ according to individual distribution channels. The perceived functional and emotional value is expected to influence overall customer value of each distribution channel. The exploratory study as explained in Chapter 4 has revealed that consumers may use various channels for the same product category and different value types exist in varying intensity in each distribution channel used. Thus, the model intends to examine the customer value in the channels and examine the differences of customer value perceptions.

This research effort focuses on financial services related to banking and the main savings or deposit accounts as the exploratory study demonstrated that most adults possess these products. In turn, the retail banking services offer multiple channels for transactions and enquiries that enable a comparison of the customer value of various channels. The nature of perceived value is suggested to be temporal and customer specific (Woodruff and Gardial, 1996; Parasuraman, 1997; Woodruff, 1997). Furthermore, customer value may differ at different points of the purchase process (Grewal, Monroe et al., 1998). As customer value may differ prior to purchase, during and after purchase, this research effort focuses on customers utilising distribution channels ***after purchase*** of a financial product in contrast to before or during purchase. The findings of the exploratory study as discussed in Chapter 4, suggests that customer perceived benefits, sacrifices, and types of value perceived after purchase of a financial product was richer than the pre purchase stage.

The sections of this chapter provide the key debates and supporting arguments of the model and hypotheses for the research effort. Section 5.2.1 discusses the dimensions of value as offered by the Theory of Consumption Values, which are relevant for this research effort. This is followed by the supporting literature and findings from the

exploratory study for the development of the hypotheses. The final section presents the hypotheses and supporting discussion to examine the customer value in each individual distribution channel because of the multichannel context of financial services distribution.

5.2.1. Types Of Customer Value

The section below will present a discussion on the value types as shown in the proposed conceptual model based on Sheth et al (1991) Theory of Consumption Values and the findings of the exploratory study in the previous chapter. The Theory of Consumption Values delineates five consumption values consisting of functional value, emotional value, social value, epistemic value and conditional value. However, the exploratory study did not suggest the existence of epistemic value for financial services. Social value and conditional value as defined by Sheth, Newman et al. (1991) was similarly not evident in the average customer's use of distribution channels of financial services. Based on the exploratory study, the customer value types, which were most common and dominant across all the channels, are functional and emotional value. These value types are also emphasised in the extant literature. Therefore, the discussion below will only encompass the customer value types relevant to the study.

5.2.1.1. Functional Value

Functional value is the perceived utility acquired from attributes of the product or service and is associated with performance based evaluations in terms of the outcomes (Sheth, Newman et al., 1991) . Sweeney and Soutar (2001) whose PERVAL scale is based on Sheth, Newman et al. (1991) Theory of Consumption Values further extended the definition of functional value to encompass both quality as well as price comparisons as explained in Chapter 2. Smith and Colgate (2007) in their conceptual paper categorise functional value as functional/instrumental value, which encompasses characteristics, performance and outcomes of products or

services. Functional value implies the performance as well as utility gained from a product or service and a constant feature in customer value studies. In the context of distribution channels of financial services, functional value is an established type of value perceived. Heinonen (2007) defines functional values as characteristics of the service delivery process and perceptions of the service interaction while within mobile delivery of brokerage services functional value is evident (Kleijnen, de Ruyter et al., 2007) . The findings of the exploratory study augment the inclusion of functional value as an important type of value perceived in distribution channels and common in all distribution channels. Therefore, in light of the salience of service delivery performance and outcome assessments, functional value is expected to be a relevant dimension of customer value perceptions in distribution channels.

5.2.1.2. Emotional value

The inclusion of hedonic or emotional perceptions leading to customer choice and customer value evaluations marks a significant departure from earlier studies of customer value which focused on utilitarian benefits as a key element. The Theory of Consumption Values by Sheth, Newman et al. (1991, p. 161), define emotional value as *"the perceived utility acquired from an alternative's capacity to arouse feelings or affective states.*". As explained in Chapter 2, hedonic value is an important dimension of customer value perceptions of the shopping experience (Babin, Darden et al., 1994). The Typology of Customer Value as explained in Chapter 2, proposed emotional based elements related to the consumption experience instead of the attributes of the product or service (Holbrook, 1999). Sweeney and Soutar (2001, p. 211) found that emotional value , defined as *"affective states that a product generates"* was evident in consumer's willingness to buy in the durable product category. The importance of emotional assessments has also been demonstrated in studies related to self service and internet or mobile service channels (Pura, 2005; Sigala, 2006), and an important dimension in customer value within in-branch interactions in the context of banks (Roig, Garcia et al., 2006). Overall, the emotional dimension in customer value assessments has been found to be relevant in

numerous studies and prominent in consumer behaviour theory (Hirschman and Holbrook, 1982; Babin, Darden et al., 1994; Firat and Venkatesh, 1995). As explained in Chapter 3, past studies of financial services distribution channels have demonstrated emotional value assessments to a lesser degree since utilitarian or functional value take precedence (Heinonen, 2004; Heinonen, 2006; Kleijnen, de Ruyter et al., 2007). Therefore, in light of the relative exclusion of emotional value assessments in studies of financial services distribution channels, emotional value is included in the model as a salient element of customer value assessments.

The next section posits the various benefits and sacrifices elements from the literature and suggested by the exploratory study for the formulation of hypotheses in this research effort. While the broad rationale for the inclusion of benefits and sacrifice elements in the research model is explained earlier, the section below will extend the discussion to specific benefits and sacrifice elements within distribution channels and the supporting arguments for their examination.

5.2.2. Benefits

The extant literature offers various types of benefits, which are positively associated with customer value in differing contexts. For example, service quality elements (Bolton and Drew, 1991; Cronin Jr, Brady et al., 2000), atmospherics (Baker, Parasuraman et al., 2002), time and space benefits (Heinonen, 2007) in unidimensional studies. While, in multidimensional studies, service quality, service equity, and confidence benefits (Ruiz, Gremler et al., 2008) and elements such as aesthetics, play elements and social value as leading to customer value amongst others (Gallarza and Gil Saura, 2006). The exploratory study as explained in Chapter 4, suggests that different types of benefits are perceived in the distribution channels. The following section will discuss the dominant benefits as perceived by respondents in the exploratory study, and the related literature.

5.2.3.1. Convenience Benefit

Various authors highlight that convenience particularly in time savings is an important element of customer value perceptions (Heinonen, 2004; Kleijnen, de Ruyter et al., 2007; Farquhar and Rowley, 2009). Similarly, a prevalent benefit identified across channels in the exploratory study is the convenience attributed to the time and effort savings afforded by the channels as explained in Chapter 4.

In the extant literature, convenience is acknowledged as a relevant element of the service offering. However, the conceptualisation of convenience has yet to be resolved. Farquhar and Rowley (2009) stress that convenience, is not an attribute of the product but a consumer activity during the consumption process. They offer that convenience is a judgement of how consumer effort and time is compared to the achievement of their own goals and includes consumer perception of control over their consumption process.

In conceptualising service convenience, Seiders, Voss et al. (2007) propose that convenience consist of customers perceived time and effort costs associated with service purchase or use decisions (decision convenience), service delivery (access convenience), core benefits of the offering (benefit convenience) and the actual transaction (transaction convenience) . While the study defines convenience as a cost dimension, it is important to consider the customer's view of the categorisation of convenience, specifically whether it represents a benefit or cost element. The exploratory study as detailed in Chapter 4, suggests that consumers viewed convenience as a benefit of distribution channels in line with the role of the distribution channel as explained in Chapter 3. In Sheth, Newman et al. (1991) study, functional value is defined as elements that are derived from characteristics or attributes of an item which may arguably include convenience, usability or accessibility attributes. Convenience was explicitly incorporated by Sweeney and Souter (2001) as an element of performance/quality of functional value while Sanchez-Fernandez et al. (2009) refer to convenience elements as efficiency value in line with Holbrook's (1994) Typology of Customer Value. Given this background,

convenience is categorised as a benefit and expected to be positively associated with assessments of functional value. In relation to distribution channels, the element of convenience is prevalent across various channels. Therefore, the following hypothesis is proposed;

H1: The perceived benefit of convenience will be positively associated with assessments of functional value

5.2.3.2. Support Benefit

Distribution channels of financial services provide customers the means via interpersonal interactions (remotely or face to face) or self service tools to support their transactions, and receive guidance (or advice) with regard to their financial products as explained in Chapter 3 (Ennew and Waite, 2013) . The exploratory study explained in Chapter 4, revealed that distribution channels of financial services eased the purchase process or supported customer maintenance of the product. This element is categorised as support benefit.

Contemporary studies of customer value, for instance Sanchez-Fernandez, Iniesta-Bonillo et al. (2009) propose that process facilitation in terms of waiting times and promptness of service are elements of efficiency value. Alternatively, Smith and Colgate (2007) propose that facilitating ownership or possession transfer provides functional/instrumental value; however how the ownership or possession transfer is executed may affect emotional and even symbolic value. The support element here relates to the support distribution channels provide to facilitate the requirements of the customer to avail the performance or outcome required. Thus, it is reasonable to expect that support benefits contribute to assessment of functional value. Therefore, the following hypothesis is proposed;

H2: The perceived benefit of support will be positively associated with assessments of functional value

5.2.3.3. Assurance Benefit

The exploratory study revealed that customers perceived the benefit of assurance or confidence in their interactions in distribution channel of financial services. The benefit of assurance involved the knowledge and belief that the task will be performed accurately, appropriately and immediately depending on the customer requirements. Flanagan, Johnston et al. (2005) define confidence as having belief, trust, or faith in an organisation, its staff, and services.

The exploratory study similarly finds that customers perceived the benefit of assurance related to outcomes of the channels and competence or capability of the channels when used. Assurance benefits are also demonstrated in the context of relational benefits (Gwinner, Gremler et al., 1998) and in an internet context (Colgate, Buchanan-Oliver et al., 2005). The inclusion of assurance benefits similarly finds support in studies of service quality elements leading to perceived value (Cronin, Brady et al., 1997; Ruiz, Gremler et al., 2008; Sanchez-Fernandez, Iniesta-Bonillo et al., 2009). In Ruiz, Gremler et al. (2008) the element of assurance is to some extent reflected in the category of confidence benefits that conveys trust that the task required will be performed. In light of the extant literature, assurance benefit is proposed to be a salient element of perceived customer value. However, confidence benefit may relate to a benefit or a reduction of the sacrifice element of the model. In light of the findings of the exploratory study, the element of assurance is perceived as a benefit. Furthermore, the exploratory study also suggests that the element of assurance or confidence is found to relate to functional value because distribution channels provide assurance that tasks will be performed appropriately and in an appropriate time required or immediately. Therefore, the following hypothesis is proposed;

H3: The perceived benefit of assurance will be positively associated with assessments of functional value.

5.2.3.4. Control Benefit

Control is defined as the degree of power and influence of the customer on the service specification, realisation, and outcome (Van Raaij and Pruyn, 1998). Hui and Bateson (1991) found that variations to perceived control significantly influenced pleasure and approach-avoidance behaviour. Their study suggests that offering more control to customers positively influences the service experience adding to positive emotions. Perceived control has been found as a dominant influence in choice of distribution channels.(Black, Lockett et al., 2001; Black, Lockett et al., 2002) while other streams of literature emphasises control as an important feature influencing the use and adoption of SST (self service technologies) and the internet channel in particular (Black, Lockett et al., 2001; Devlin and Yeung, 2003; Ndubisi and Sinti, 2006; Collier and Sherrell, 2010). Similarly, the findings of the exploratory study suggest that customers perceived control benefits arising from the use of ATM, internet or telephone channels of distribution as explained in Chapter 4. Previous studies have shown that increased levels of perceived control lead to an increase in positive emotions such as pleasure (Hui and Bateson, 1991) and a decrease in negative emotions such as discomfort and disorientation (Dion, 2004). In the extant literature of customer value, control has been highlighted by Berthon and John (2006) as an element of customer value in service interactions, while in online banking specifically, it contributes to customer value perceptions (Heinonen, 2007).

Smith and Colgate (2007) define functional/instrumental value as consisting of accurate attributes, appropriate performances and appropriate outcomes. In this case, perceived control over the service channel provides the avenue for both appropriate performances and outcomes. Therefore, it is likely that the benefit of perceived control is related to functional value. On the other hand, the findings from the exploratory study also suggest that perceived control over the distribution channels also provides comfort, enjoyment and feelings of assurance or satisfaction. In light of

this, it is equally likely that the benefit of perceived control adds to emotional value of the customers. Therefore, the following hypotheses are proposed;

H4: The perceived benefit of control will be positively associated with assessments of functional value

H5: The perceived benefit of control will be positively associated with assessments of emotional value

5.2.3.5. Accessibility Benefit

The main purpose of the distribution channel in financial services to provide services to the customer at a location and at a time that is suitable to the customer (Ennew and Waite, 2013). Access has been identified a key determinant of distribution channel choice in a multichannel context of financial services (Black, Lockett et al., 2002). The exploratory study revealed that one of the benefits of distribution channels is that it allows customers access to their services as explained in Chapter 4. Therefore, it is likely that accessibility benefits give rise to functional value. Hourahine and Howard (2004) highlight service access as one of the prime benefits of financial services distribution . Additionally, Chen and Dubinsky (2003), demonstrate in their study that customer value arises from the accessibility of various service features within the e-commerce websites. Distribution channels such as the internet and mobile channels allows ubiquity for most transactions. Customers equally experience a significant level of accessibility when opting for face to face interactions for various financial services products. Based on the arguments above, the following hypothesis is proposed;

H6: The perceived benefit of accessibility will be positively associated with assessments of functional value

5.2.3.6. Information Benefit

Information sharing or updates for various types of financial products was cited as a key benefit arising from the various distribution channels as found in the exploratory study explained in Chapter 4. Hansen, Samuelsen et al. (2008) suggest that information sharing is central to efficient relationships, a reduction in information asymmetry and any other ambiguities that arise in the relationship between customer and service provider. The role of information sharing and updates in contributing to customer value has been similarly highlighted by Heinonen and Strandvik (2005) who argue that communication value in terms of context and content are important elements of service value . Sanchez, Callarisa et al. (2006) categorise the element of information as an element of functional value and related to personnel know-how. Similarly, Smith and Colgate (2007) propose that information may be used to offer various value types including functional/instrumental value and cost/sacrifice value. In light of the above arguments, therefore, the benefit of information may be argued to be positively associated with perceptions of functional value. Thus, the following hypothesis is suggested;

H7: The perceived benefit of information will be positively associated with assessments of functional value.

5.2.3.7. Interaction Environment Benefit

The service atmosphere is termed the interaction environment in this research effort as it does not limit itself to a physical space but includes all environments where interaction between a customer and financial service provider occurs. This includes both the physical, technological interfaces and the virtual environments.

The physical atmosphere of retailers has been found to influence customer perceived value specifically from the perspective of hedonic and utilitarian value (Babin and Attaway, 2000; Baker, Parasuraman et al., 2002). In a more recent study, the interaction environment was found to influence functional value in tourism product purchase (Sanchez, Callarisa et al., 2006) and similarly in banking services in-branch

(Roig, Garcia et al., 2006). Specifically in relation to customer value, it has been found that utilitarian value and hedonic value exist in internet based service encounters (Hung, Tsang et al., 2010) . Studies examining the effect of the interaction environment on financial service customers have been relatively scarce. Studies of bank physical environments suggest the positive impact of branch design features upon the level of branch usage (Allard, Babin et al., 2009). The extant literature thus emphasises the role of the interaction environment on customer perceptions and behaviour.

The findings of the exploratory study similarly suggest that the interaction environment influences customer value perceptions suggesting influence on functional as well as emotional value as explained in Chapter 4. Based on the importance of the environment to perceived value as explained above, the following hypotheses are proposed;

H8: The perceived benefit of the interaction environment will be positively associated with assessments of functional value.

H9: The perceived benefit of the interaction environment will be positively associated with assessments of emotional value.

5.2.4. Sacrifice Dimensions

In the extant literature, sacrifice comprising of price and non-price factors has been included as an element of customer value. Assessments of risks are included as sacrifice elements. The exploratory study suggests that the perception of sacrifices are heightened when significant physical effort and time is required specifically in instances which require customers to patronise the branch for transactions or other tasks such as sending monies overseas or signing of documents. These elements include waiting time or numerous attempts at the internet for a transaction and even parking instead of the actual price (cost) of the use of the distribution channel.

Therefore, based on the exploratory study and extant literature price, non-price and risk elements are considered sacrifice elements that detract from customer value.

5.2.4.1. Cost And Non-Cost Sacrifices

Service charges are applied when customers utilise distribution channels for their transactions. However, the exploratory study suggests that most consumers were not aware of the charges of distribution channel use in retail banking services. These charges might be hidden in the service charges of the various transactions. These charges are also not easily available in the information provided by the retail banking providers. The exploratory study also revealed that charges were perceived to be very low and does not impact choice of channels as other benefits overshadow the monetary charges involved in channel choice considerations to a large extent.

Nevertheless, monetary price of channel use is an important dimension of customer value. Holbrook (1994) posits that price is an element of the efficiency dimension while Sweeney and Soutar (2001) and Roig, Garcia et al. (2006) argue that price is part of the assessments related to functional value of banking services. In light of these arguments the following hypothesis is proposed;

H10: Price will be negatively associated with assessments of functional value.

Similarly, non-cost elements such as time and effort are significant in customer perceptions as demonstrated by the exploratory study. Time and effort has been defined as major contributors to sacrifice elements in others studies that examine customer value. In Zeithaml's (1988) seminal study of customer value and its constituents, non-monetary costs was an important element of perceived sacrifice detracting from customer value. The non-monetary costs identified in her study comprised of time and effort , similarly other studies have include perceptions of time costs and efforts (Heinonen, 2007; Ruiz, Gremler et al., 2008). Kleijnen et al (2007) additionally finds that cognitive effort is salient element of non-monetary costs and contributes to the value of mobile brokerage services. Therefore, the following hypotheses are proposed;

H11: Waiting time will be negatively associated with assessments of functional value

H12: Waiting time will be negatively associated with assessments of emotional value.

H13: Physical effort will be negatively associated with assessments of functional value

H14: Physical effort will be negatively associated with assessments of emotional value.

H15: Cognitive effort will be negatively associated with assessments of functional value

H16: Cognitive effort will be negatively associated with assessments of emotional value.

The findings of the exploratory study also suggest various other types of specific non-monetary costs. For example, findings revealed that in-branch, poor personnel knowledge and skills, were a salient cost element detracting from the customer value of the branch channel culminating in incomplete or erroneous actions upon customer requests. Personnel behaviour plays a very important role in influencing customer assessments of service quality and part of the SERVQUAL measurement instrument of service quality in terms of responsiveness and assurance constructs (Parasuraman, Berry et al., 1991). In examining customer value, Roig, Garcia et al. (2006) specifically considers personnel professionalism as a positive influence on customer value in terms of functional value to achieve performance outcomes of a banking service. However, in contrast poor personnel knowledge and behaviour is considered an element of service failure (Smith, Bolton et al., 1999) and further revealed in the exploratory study as an element of cost when interacting with customers.

Service failures affect customer loyalty , customer satisfaction, service quality assessments, is a leading antecedent to customer exit behaviour, in addition to having a negative emotional impact (Keaveney, 1995; Smith, Bolton et al., 1999; McCollough, Berry et al., 2000; Buttle and Burton, 2002; Singhal, Krishna et al.,

2013). In customer value research, the effects of service failures are not explicitly measured. Two types of main service failures are distinguished in the extant literature, failures related to outcomes and failures related to process (Bitner, Booms et al., 1990) and as explained in Chapter 3, service failures in the banking industry are related to machinery, infrastructure and hygiene failures which includes staff shortages, delays and administrative issues (Singhal, Krishna et al., 2013). For this study, the influence of personnel knowledge and behaviour on customer value is distinguished from other non-personnel related service failures because the exploratory study as explained in Chapter 4 emphasises the crucial role of personnel behaviour and knowledge in financial services interactions. Personnel knowledge and behaviour is termed personnel conduct for this study.

Therefore, the following hypotheses are proposed,

H17: Poor personnel conduct will be negatively associated with assessments of functional value

H18: Poor personnel conduct will be negatively associated with assessments of emotional value

H19: Service failure will be negatively associated with assessments of functional value

H20: Service failure will be negatively associated with assessments of emotional value

5.2.4.2. Risk

Perceived risk has been found to influence value perceptions (Agarwal and Teas, 2001; Huber, Herrmann et al., 2007). In financial services research, the study of risks has been examined in terms of ATMS, and EFTPOS services (Ho and Ng,1994) , as well as in the more contemporary use of internet and mobile channels (Cunningham, Gerlach et al., 2005; Howcroft, Hamilton et al., 2007; Grabner-Krauter and Faullant, 2008) as explained in Chapter 3.

Performance risk elements are expected to be related to whether the channel performs required functions appropriately and accurately (Agarwal and Teas, 2001). The exploratory study suggests that performance risks are a concern. Financial risk on the other hand is associated with the loss of monies during transactions especially in technologically enabled channels ; ATMs, internet or mobile channels (Ho and Ng, 1994; Cunningham, Gerlach et al., 2005; Gerrard, Cunningham et al., 2006; Kleijnen, de Ruyter et al., 2007; Harris and Goode, 2010). Dodds, Monroe et al. (1991) posited that malfunctions were noteworthy in perceptions of risk.

In studies of the internet channel in particular, the issue of privacy and security of transactions and customer information are commonly cited as salient risk elements deterring customer adoption (Chen and Dubinsky, 2003; Cunningham, Gerlach et al., 2005; Cunningham, Gerlach et al., 2005b; Crespo, del Bosque et al., 2009).
Other studies have found evidence of psychological risk and physical safety risk in the use of internet channels. Psychological risk involves various emotions such as frustration and anxiety when using internet channels while physical risks arise from physical discomfort and difficulty when using the internet channel for banking (Zhao, Hanmer-Lloyd et al., 2008). In studies related to mobile channels; financial, security, and performance risk were determined as risk elements detracting from overall customer value (Kleijnen, de Ruyter et al., 2007). The findings of the exploratory study support the extant research as consumers' perceive various risks when interacting with financial services distribution channels. In light of the salience of risk as an element influencing customer value and the findings of the exploratory study, the following hypotheses are proposed;

H21: Privacy risk will be negatively associated with assessments of functional value

H22: Privacy risk will be negatively associated with assessments of emotional value

H23: Security risk will be negatively associated with assessments of functional value

H24: Security risk will be negatively associated with assessments of emotional value

H25: Performance risk will be negatively associated with assessments of functional value.

H26: Financial risk will be negatively associated with assessments of functional value

H27: Psychological risk will be negatively associated with assessments of emotional value.

5.2.5. Benefits and Sacrifices of Distribution Channels

The exploratory study suggests that specific benefits, and sacrifices perceived differed in the different channels. For instance, the ATM channel and the internet channels demonstrated higher convenience benefits as compared to in-branch face to face interactions for transaction banking requirements. The exploratory study also suggests that a higher level of non-monetary costs is perceived in face to face transactions in-branch, in comparison to internet or ATM channels. In terms of risks, the relationship is reversed meaning a higher level of risk is perceived in ATM or internet channels compared to face to face transactions in-branch. The extant literature supports the findings of the exploratory study as specific benefits and sacrifices are found in different channels , Noble, Griffith et al. (2005) in a retail context find that differing magnitudes of utilitarian value is perceived over different channels. In financial services, these studies are in the context of one channel for a specific offering rather than a comparison of channels in a multichannel context (Pura, 2005; Roig, Garcia et al., 2006; Kleijnen, de Ruyter et al., 2007). In light of these studies, a comparison of the different benefits and sacrifices across channels is required.

In the subsequent paragraphs , the first set of hypotheses proposed examine benefit differences in channels, followed by a second set of hypotheses examining cost

perceptions across different channels and lastly a set of hypothesis examining risk perceptions across different channels.

5.2.5.1. Benefits And Channel Comparison

1. Convenience Benefit

As explained in an earlier section of the chapter, the benefit of convenience is prevalent across various channels. Based on the exploratory study, the benefit of convenience is expected to be greater in self service channels compared to the in-branch channel. Therefore, the following hypotheses are proposed to examine the difference in convenience benefits.

H28: The perceived benefit of convenience is greater for internet banking, compared to other channels.

2. Support Benefit

The inclusion of support as a salient benefit of distribution channels examined stems from the findings of the exploratory stage . In this case, support elements are deemed greater where personal interaction occurs such as in phone banking or in-branch interactions. Therefore, the following hypothesis is proposed

H29: The perceived benefit of support is greater in-branch, compared to other channels.

3. Assurance Benefit

The exploratory study suggests that the perceived benefit of assurance is stronger in face to face interactions in comparison to internet channels. Alternatively, the findings of the exploratory study also suggests that customers who are more comfortable with technology find equal or more assurance when using internet channels for various tasks relating to their financial products. Therefore, in order to

examine the benefit of assurance perceived in various channels the following hypothesis is proposed;

H30: The perceived benefit of assurance is greater in-branch, compared to other channels.

4. Control Benefit

The exploratory study suggests that control benefits were perceived in technological channels such as internet, mobile, ATM, telephone channels more than in-branch interactions. Therefore, the following hypothesis is proposed;

H31: The perceived benefit of control is greater in the internet channel, compared to other channels.

5. Accessibility Benefit

The exploratory study suggests that accessibility benefits were perceived in the use of the distribution channels. The findings suggest that technological channels were comparatively more accessible compared to the in-branch channel. Therefore, the following hypothesis is proposed;

H32: The perceived benefit of accessibility is greater for the internet channel, compared to other channels.

6. Interaction environment benefit

In the context of parallel channels, a comparison of the interaction environment benefit across channels in financial services is relatively scarce. The exploratory study suggests that interaction environment benefits differ in across channels. Therefore, to examine the benefits of the interaction environment across various channels, the following hypothesis is proposed;

H33: The perceived benefit of the interaction environment is greater in-branch, compared to other channels.

7. Information benefit

One of the key functions of distribution channels in financial services is information dissemination. The findings of the exploratory study suggest that the benefit of information differ across channels. For instance, information provided through ATM channels was not considered a significant benefit in the exploratory study, compared to the information from the internet or from in-branch interactions. Therefore, the following hypothesis is proposed;

H34: The perceived benefit of information is greater in-branch, compared to other channels

5.2.5.2. Sacrifices And Channel Comparison

The exploratory study revealed that perceived, cost and risk perceptions differed across channels. The exploratory study also revealed significant risk perceptions in the usage of internet or mobile channels in comparison to in-branch interactions. In order to examine the differences between cost and risk perceptions across channels, the following hypotheses examines the impact of monetary cost; non- monetary cost, and risk perceptions across various channels;

H35: Price is greater for internet channels, compared to other channels

H36: Physical effort is greater in-branch, compared to other channels

H37: Waiting time is greater in-branch, compared to other channels

H38: Cognitive effort is greater in the internet channel, compared to other channels

H39: Poor personnel conduct is greater in-branch, compared to other channels.

H40: Performance risk is greater in the internet channel, compared to other channels

H41: Financial risk is greater in the internet channel, compared to other channels

H42: Privacy risk is greater in the internet channel, compared to other channels.

H43: Security risk is greater in the internet channel, compared to other channels.

H44: Psychological risk is greater in the internet channel, compared to other channels.

5.3. Conclusion

This chapter builds upon the literature of customer value and distribution channels in order to present and provide support for the conceptual model. In order to achieve the objectives which are reiterated in the beginning of this chapter, this research effort requires examination of the dimensions of customer value adapted from the literature and supported by the exploratory study. This is followed by an examination of the types of customer value in the distribution channels. Following this, the chapter supports the development of the hypotheses for this research effort in light of the extant literature and the findings from the exploratory study. The hypotheses for this research effort examines the type of benefits and costs and its relationship with the different types of customer value, which are functional and emotional value. The subsequent hypotheses compare the benefits and sacrifices across the distribution channels offered in the research effort. The following chapter will provide an explanation of the methodology, and research design followed by the results of the pilot study conducted.

Chapter 6: Research Methodology and Pilot Study

6.1. Introduction

In the previous chapter, the conceptual model, and proposed hypotheses are outlined. They are presented and justified based on the extant literature on customer value, the various customer value types as illustrated in the multidimensional approach to customer value and the findings of the exploratory study of this study. This chapter discusses the research method used for the second stage of this study as well as the theory influencing the methods to provide justifications for the decisions of research design (Creswell, 2009).

This chapter begins with a section explaining the research approach followed by a review of the research philosophy and methodological approaches for empirically validating the conceptual model and hypotheses presented. Subsequently, Section 6.3 outlines the research design, followed by a section which elaborates on the survey instrument with detailed explanation and justification of the measures of various constructs, the psychometric qualities of existing measures and the adaptations that were incorporated to better reflect the findings of the exploratory study. This is followed by section on sampling design, and data collection. Subsequently, the methods utilised to analyse the data are explained to address the research questions and investigate the hypotheses forwarded in the earlier chapter. The chapter concludes with a summary of all the above in the realisation of the research objectives.

6.2. Research Approach

The following section discusses the ontology, epistemology and methodology, which represent a set of beliefs that guide the research effort (Denzin and Lincoln, 1994). Crucial to the research effort is the researcher's ontology, which refers to

philosophical assumptions about the nature of reality and how the researcher views reality. The epistemology is about different ways of inquiring into the nature of the physical and social worlds and asks how we know what we know, and methodology is the study of the epistemological assumptions implicit in specific methods, which includes the way of looking at a phenomenon (Easterby-Smith, Thorpe et al., 2012).

The first section contrasts the main paradigms of positivism and interpretivism, which then extends to the ontological, epistemological and methodological considerations of this study. The section concludes with a discussion of the potential methodological approaches in customer value research before presenting the research methodology employed for this study.

6.2.1. Research Paradigm - Nature And Philosophy Of Research.

The discussion of the nature of research in the extant literature culminates in the main paradigms of positivism and interpretivist research approaches (Hudson and Ozanne, 1988). These paradigms are based on different goals and philosophical assumptions, differ in the way reality is viewed and consequently propose different ways in which the reality is examined and analysed (Hudson and Ozanne, 1988).

The positivists regard reality as a single objective reality, external and independent to the individual's perception , as a structure with relationships to its parts (Hudson and Ozanne, 1988) . The properties or the characteristics of this independent reality can be measured through objective methods (Anderson, 1983; Easterby-Smith, Thorpe et al., 2012) and based on rationality (Deshpande, 1983). The positivist view of social research seeks to establish causal relationships explaining facts and causes. This gave rise to the dominance of quantitative and empirical investigations of social phenomena based on theory in the first instance, the development of hypothesis and verified by observations (Walliman, 2006; Bryman, 2012). The logical positivist view is synonymous with a quantitative paradigm implying that investigations of social phenomena could be simplified into measurable specifics (Deshpande, 1983). The positivist approach has been criticised for its emphasis on rationality and

inability to imbibe cultural, and value laden thoughts and behaviours of human society. In contrast, the interpretivist views that human creations and interactions shape their environment, decisions and behaviours. It is important to note that the nature of the positivistic paradigm as explained above has been the topic of many debates and discussions of its fundamental beliefs (Hunt, 1991) . Nevertheless, the widely accepted view of positivism is as explained above.

The interpretivist view of reality is that it is created by individuals and constantly recreated by its participants (Deshpande, 1983; Hunt, 1991; Bryman, 2012). It recognises the existence of subjective meanings constructed by individuals and the society (Walliman, 2006). Therefore, the interpretivists' approach aims to understand human behaviour by relating it to conscious intentions, motives, purposes as well as the values guiding those behaviours (Henn, Weinstein et al., 2009). The interpretivist approaches research inductively where meaning is generated from the field and then theory is developed based on the examination of patterns and commonalities or differences (Creswell, 2009). The findings and interpretations along with it may not be relevant or replicable in another time and context (Hudson and Ozanne, 1988). The positivist view maintains that findings should stand the test of time and be generalisable to explain behaviours until new variables are added to the theory.

The positivist paradigm of research is dominated by quantitative methods however the interpretivist paradigm relies heavily on qualitative methods. The positivist paradigm research design emphasises scientific protocol of research, based on theory, collection of data and hypothesis testing. The interpretivist approach on the other hand is continually evolving and relatively unstructured in the beginning stages. Concomitantly, the research design of the positivist paradigm normally seeks to explain through generalisations arising from studies of large samples whereas the interpretivist approach seeks understanding through a more detailed and contextual examination of small samples. The main techniques used in a positivist tradition are surveys and questionnaires. The main techniques used in the interpretivist tradition are in-depth interviews and ethnography.

6.2.2. Paradigms in Marketing Research

The extant literature in marketing exploring paradigmatic stances finds that the positivist view dominates the research process , research methodology and method used (Anderson, 1983; Deshpande, 1983; Hunt, 1991). Deshpande (1983) argues that the dominance of the positivist hence quantitative methodology in marketing research has resulted in the relative lack of theory construction or generation and majorly theory verification research.

Focusing on customer value research, Sanchez-Fernandez and Iniesta-Bonillo (2007) and Khalifa (2004) highlight through their extensive review of the literature, that earlier studies of customer value were conceptual in nature . Studies that posit customer value as a route for organisations to achieve competitive advantage were conceptual articles integrating previous theory including customer satisfaction and market orientation theory amongst others (Slater and Narver, 1994; Parasuraman, 1997; Slater, 1997; Woodruff, 1997; Ulaga, 2001).

In terms of foundational paradigm, Zeithaml's (1988) study of customer value was one of the first attempts to measure customer value. The study had an exploratory stage prior to empirical investigation suggesting a mixed method approach. Bolton and Drew (1991) further examined the constructs of value and service quality specifically using mathematical models firmly entrenched in the positivistic paradigm of research. The extant study of customer value can be described as striving for empirical testing of the antecedents, dimensions and outcomes of the construct. More contemporary studies of customer value endeavoured to result in a generalizable measurement of the construct through a multi item scale such as Sweeney and Soutar (2001) termed the PERVAL scale. The wide array of customer value studies as highlighted by the literature review in Chapter 2 has moved towards investigation of the different types or dimensions of customer value and various influences in different contexts. For example, focus groups were used to specify the content of personal shopping value and validate the measure of shopping value (Babin, Darden et al., 1994). Therefore, while conceptual papers were important in

defining and describing the nature of customer value, customer value research remains positivistic with quantitative methodologies dominant.

The emergence of the Service Dominant Logic (SDL) (Vargo and Lusch, 2004) and its later refinements has been one of the more influential conceptual theories forwarded in recent marketing literature. Whilst many conceptual articles expanding and exploring the tenets of SDL have emerged in the literature, its empirical investigation is relatively at a nascent stage.

The context of this study is the distribution channels of services specifically financial services. Financial services distribution research is dominated by studies on adoption and migration of customers to self service or internet based channels in numerous country contexts (Suh and Han, 2002; Gerrard, Cunningham et al., 2006; Mallat, 2007; Yiu, Grant et al., 2007; Durkin, Jennings et al., 2008; Grabner-Krauter and Faullant, 2008; Zhao, Hanmer-Lloyd et al., 2008; Ozdemir and Trott, 2009; Kesharwani and Tripathy, 2012). Few studies have utilised the interpretivist paradigm as theory is used to inform qualitative study in this context (Black, Lockett et al., 2002; Rotchanakitumnuai and Speece, 2003; Gerrard, Cunningham et al., 2006; Mallat, 2007). Therefore, the dominant paradigm in distribution channel studies similarly is positivistic.

The section above demonstrates that most of the research in marketing, customer value and financial services is dominantly positivistic. Hypotheses are developed and subsequently tested based on the background of literature. In light of this, the most common method of data collection is the questionnaire survey using the quantitative methodology of research (Hanson and Grimmer, 2007).

The survey methodology using a structured questionnaire is common in customer value studies (Sweeney and Soutar, 2001; Gallarza and Gil Saura, 2006; Sanchez, Callarisa et al., 2006). Questionnaire surveys provide access to a large number of respondents and ease of administration for the purpose of data collection using a standardised questionnaire (Aaker, Kumar et al., 2011). Surveys may be self-administered in a variety of ways: telephone survey, face to face, mail surveys and

internet based survey or interviewer administered. The use of a questionnaire requires careful consideration of the wordings, the structure and layout of the questionnaire as well as the time it takes to complete the questionnaire. Both pre-tests and pilot tests are good practice in questionnaire survey design to ensure face validity especially if the questionnaire survey is self-administered (Aaker, Kumar et al., 2011).

This research effort is firmly placed in the tradition of the positivist paradigm. A qualitative inquiry was adopted prior to the development of the questionnaire to add contextual input into the research effort. The next section presents an explanation of the research design.

6.3. Research Design

As highlighted in the section above, the most prominent methodology in marketing research is quantitative, and the use of questionnaires for data collection. The first stage of the research design is to develop a survey instrument based on the extant literature and the findings of the exploratory study especially in terms of the development of the scales for benefits, and sacrifice measures of various distribution channels. Therefore, the next section will explain the development of the measures for the questionnaire. This is followed by the justification of the scenario utilised to set the context of the distribution channel assessment. The next section provides the structure and the layout of the questionnaire used followed by an explanation of the pre-test and pilot test process and outcomes. For this research effort, the questionnaire is utilised for data gathering efforts of a large number of respondents via self-administration.

6.3.1. Development of the Measures

The measures developed for this study were based on the benefits, and sacrifices (costs and risks) perceived across channels based on the exploratory study and

offered by the literature. The measurement items used were adjusted to accommodate the context of this research effort. The benefits, costs and risks were measured using multi-item scales as much as possible as recommended by Churchill Jr (1979). The benefit items were measured by three or more items for each construct of benefit. For costs and risks, one item measures have been utilised where more items were deemed not necessary to convey the features of the construct. Single item measures have been found to have similar predictive validity as multi item measures, if the construct tested is concrete (it means the same to all respondents) and easily imagined by respondents (Bergkvist and Rossiter, 2007). The complete list of benefits, cost and risks, the measures used and the extant literature on which they are based will be explained in the subsequent paragraphs. Measures for functional value and emotional value were directly adapted from the extant literature.

All items are measured using closed response questions and scored on a 5-point Likert-type scale commonly used in marketing and in customer value research (Lee, Yoon et al., 2007; Sánchez-Fernández and Iniesta-Bonillo, 2009). The five point Likert scale was utilised to ease respondent choice of their extent of agreement. Respondents were asked to select their degree of agreement, with 1 as strongly disagree and 5 as strongly agree. The other choices between the extremes provided varying degrees of agreement. The following sections provide the rationale for selection of measures for the benefits, and sacrifice constructs for this research effort.

6.3.1.1. Benefits

The first section explains the various benefit items that are part of the research effort. In total, there are 7 benefit items that are categorised based on the findings of the exploratory study.

1. Convenience Benefit

The exploratory study conducted earlier suggests that the main benefit derived from the use of distribution channels is convenience. The extant literature suggests that convenience influences customer value perceptions. Sanchez-Fernandez et al. (2009) refer to convenience elements as efficiency value. On the other hand, Smith and Colgate (2007) define elements of convenience as cost/sacrifice value in their conceptual paper . Kleijnen, de Ruyter et al. (2007) posit time convenience as a benefit.

Most conceptualisations of convenience is based on its time saving and effort reduction dimensions (Yale and Venkatesh, 1986; Berry, Seiders et al., 2002; Seiders, Voss et al., 2007; Colwell, May et al., 2008). Seiders, Voss et al. (2007) convenience scale termed SERVCON, offers decision convenience, access convenience, benefits convenience, transaction and post purchase convenience as dimensions of convenience. The adopted scales for the convenience measure, relate to access convenience, benefit convenience and transaction convenience as categorised by Seiders et al. (2007). Recognising the multidimensionality of the convenience construct, the measurement scale used in this study for the convenience construct focuses on ease of task completion, time savings and information benefits reflecting the benefits suggested by respondents of the exploratory study and the extant literature measured by 5 items as shown in the table 6.1.

Table 6.1: Measure of Convenience

Authors	Items	Scales Used (5 items)
Seiders, Voss et al. (2007)	**Decision convenience (α = 0.76)** 1. I can easily determine prior to shopping whether SR will offer what I need. 2. Deciding to shop at SR is quick and easy. 3. I can quickly find information before I shop to decide if SR has what I'm looking for. **Access convenience (α** 0.83) 1. I am able to get to SR quickly and easily. 2. SR offers convenient parking. 3. SR offers convenient locations. 4. SR offers convenient store hours. **Benefit convenience** (α 0.84) 1. The merchandise I want at SR can be located quickly 2. It is easy to find the products I am looking for at SR.	• **I receive all important information and clarification using this method/way.** • **It is easy for me to (access) reach this method.** • **It takes a shorter time to complete my transaction using this method.** • **It is easy for me to use this method.** • **My problems are resolved quickly using this method.**

	3. I can easily get product advice at SR 4. It is easy to evaluate the merchandise at SR. **Transaction convenience (α** 0.89) 1. SR makes it easy for me to conclude my transaction.* 2. I am able to complete my purchase quickly at SR. 3. It takes little time to pay for my purchase at SR. **Post-benefit convenience** (α0.95) 1. It is easy to take care of returns and exchanges at SR.* 2. SR takes care of product exchanges and returns promptly. 3. Any after-purchase problems I experience are quickly resolved at SR . **Five-point Likert scale ranging from strongly agree (1) to strongly disagree (5).**	

2. Support Benefit

Easingwood and Storey (1996) highlight that distribution channels support the purchase of a product and deliver it to the customer. In financial services, distribution channels support the maintenance and use of a financial product over the long term. Based on this, the support item here is based on the broad notion of its role in facilitating the use and assisting in the requirements of the customer in a dependable manner. The table 6.2 below illustrate the support related items.

Table 6.2: Measure of Support

Authors	Items	Scales Used (3 items)
(Parasuraman, Berry et al., 1991)	**Reliability (α above .88 across various services examined)** 1. When XYZ promises to do something by a certain time, it does so. 2. When you have a problem, XYZ shows a sincere interest in solving it 3. XYZ provides its service right the first time 4. XYZ provides its services at the time it promises to do so 5. XYZ insists on error-free records. **Seven-point Likert scales with strongly disagree (1) and strongly agree (7)**	• **I can rely on the personnel /tools of this method to complete this transaction correctly** • **The personnel/tools in this method will help me quickly complete this transaction** • **The personnel/tools will help do everything required for this transaction**

Characteristics of the support benefit are partially reflected in the measurement of service quality perceptions in the SERVQUAL measurement scale. In earlier conceptualisations of customer value, service quality has been posited as an integral antecedent (Zeithaml, 1988). Drawing from this inclusion of service quality in the formation of customer value perceptions, the measurement of support in this research effort is guided by the measures in the SERVQUAL scale.

3. Assurance (Confidence) Benefit

Respondents of the exploratory study revealed that they felt assured or confident that the distribution channels will complete their transactions or requirements in an effective and timely manner. This particular benefit was termed assurance (confidence) as it conveyed elements of assurance that is similar to that included in the original SERVQUAL scale by the authors (Parasuraman, Zeithaml et al., 1988). The assurance dimension in SERVQUAL (Parasuraman, Zeithaml et al., 1988) included dimensions of confidence, safety, courtesy and knowledge of personnel.

The assurance or confidence in the distribution channels as described by respondents resembled the items utilised by Ruiz, Gremler et al. (2008) study of customer value. The authors posit that confidence is an important dimension of customer value perceptions. The measures of confidence by the authors include items of trust and belief in the level of service performance and outcomes. Based on their study, the measurement of assurance for this study includes elements of trust and belief that customer requirements and transactions are conducted in a complete, accurate and responsive manner. The table 6.3 below shows the scales utilised for assurance perceptions in the refined version of SERVQUAL (Parasuraman, Berry et al., 1991) and the scales used in Ruiz et al (2008). These measures are adapted for use in this survey. A total of 3 items are used to measure the benefit of assurance in this study as shown in table 6.3 below.

Table 6.3: Measure of Assurance

Authors	Items	Scales Used (3 items)
Parasuraman, Berry et al. (1991)	**Assurance (α above .87 across various services examined):** 1) The behaviour of employees of XYZ instil confidence in customers 2) You feel safe in your transactions with XYZ 3) Employees of XYZ are consistently courteous with you 4) Employees of XYZ have the knowledge to answer your questions. **Seven-point Likert scales with strongly disagree (1) and strongly agree (7)**	• **I believe this method will complete my required transaction** • **I am assured that this method will complete my transaction accurately.** • **I have complete trust that this method will respond to my needs.**
Ruiz e et al (2008)	**Confidence (α =0.93)** 1. I have more confidence the service will be performed correctly. 2. I have less anxiety when I buy/use the services of this company. 3. I believe there is less risk that something will go wrong. 4. I know what to expect when I go to this company. 5. I feel I can trust this company. **Seven-point Likert scales with strongly disagree (1) and strongly agree (7).**	

4. Control Benefit

In self service technology in particular, perceived control refers to the ability to dictate the pace of the transaction, the nature of the information flow and the level of interactivity (Collier and Sherrell, 2010). User control has been found to play a significant role in customer value perceptions of mobile services (Sigala, 2006) . Similar to this study **,** Kleijnen, de Ruyter et al. (2007) examined user control in their study of the perceived value creation of mobile channel for mobile brokerage. They define user control as the "extent to which consumers can determine the timing, content and sequence of a transaction". The items to measure control in this study are adapted from the measurement scales utilised by the authors as explained above and based on the exploratory study conducted earlier. Control benefits for this study are measured by 3 items shown in the table 6.4 below:

Table 6.4: Measure of Control

Authors	Items	Scales Used (3 items)
Collier & Sherrel (2010)	**Perceived control (α=.90)** 1. I feel in control using (this SST) 2. (This SST) lets the customer be in charge 3. While using (this SST) , I feel decisive 4. (This SST) gives more control over renting movies. **Seven-point Likert scale with strongly disagree (1) and strongly agree (7).**	• **This method allows me to monitor the progress of this transaction** • **This method puts me in control of the transaction** • **This method allows me to carry out this transaction on my own**
Kleijnen et al (2007)	**User control (α=.93)** 1. Using mobile services for my transactions allows me to make a lot of decisions on my own 2. I have a lot to say about what happens during the mobile transaction 3. I have flexibility when using mobile transactions 4. I have control over the transaction when using the mobile channel. **Seven-point scale; Totally disagree (1), 4 is the neutral point, and totally agree (7)**	

5. Accessibility Benefit

One of the benefits revealed in the exploratory study was access benefits which suggests the characteristic that allows reach and ease of use of the products customers have purchased (Roig, Garcia et al., 2006; Sanchez-Fernandez, Iniesta-Bonillo et al., 2009). In customer value studies, Roig, Garcia et al. (2006) included accessibility in their study of the perceived value of the branch. Other author's such as Sánchez-Fernández and Iniesta-Bonillo (2009) refer to personnel accessibility as one of the items related to excellence or service quality within its overall measure. Similarly, Sanchez, Callarisa et al. (2006) examined ease of access in terms of the physical location of the establishment (travel agency) or ease of access in terms of transportation links to the establishment. Ramseook-Munhurrun and Naidoo (2011) examined accessibility in relation to service quality. The measures used in this study are shown in Table.6.5. The measures used here highlight the benefits that are provided by distribution channels in terms of access related to the timing and ease of access, and access when needed using 3 items.

Table 6.5: Measure of Accessibility

Authors	Items	Scales Used.
Ramseook-Munhurrun and Naidoo (2011)	Accessibility **(α=0.6.45)** 1. Accessible when needed since it is available 24 hours a day, 7 days a week 2. Enables transactions to be conducted at any time at work and at home 3. Provides easy access for online transaction **4.** Convenient way to manage my account **5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).**	• **This method allows me to complete this transaction whenever I want** • **This method is available to me all the time** • **This method is easily available to me**
Sanchez, Callarisa et al. (2006)	**Functional value of the travel agency (installations) (CR=0.84)** 1. The installations were spacious, modern and clean 2. The establishment was neat and well organised 3. The distribution of the interior favoured confidentiality and privacy **4. The establishment was well located (easily found, central and/or with good transport links)** 5. The display window was attractive and eye-catching **5 point Likert scale (1) Completely disagree and (5) completely agree**	

6. Information benefit

One of the benefits highlighted by the exploratory study is that the distribution channels provide information that facilitates the achievement of their tasks. The importance of information as an element of customer assessments has been highlighted in the extant literature. Montoya-Weiss, Voss et al. (2003) posit information content assessments as a determinant of online channel use. Similarly, Rosenbaum (2005) offer a scale of various dimensions related to information quality online. For this research effort, information benefit encompasses multiple channels. Therefore, the dimensions of information are adapted from Montoya-Weiss, Voss et al. (2003) and Rosenbaum (2005). Information benefits are measured by 4 items and shown in the table 6.6 below:

Table 6.6: Measure of Information Benefit

Authors	Items	Scales Used (4 items)
Montoya Weiss et al (2003)	**Information content perceptions (.86/.83)** 1. The FI.site provides the information necessary to make informed decisions 2. The FI.com site provides me with useful information 3. Information on the FI.com site is accurate 4. Information on the FI.com site is up to date. (the scale was not provided)	• **This method provides me the most up to date information** • **This method provides me with the most accurate information** • **This method provides me the information I need** • **This method provides me with valuable information**
Rosenbaum (2005)	**Information scale (α =above .70)** 1. The internet site has pages, texts and images that quickly appear 2. The internet site has pictures for an item that I am interested in purchasing 3. The internet site has downloadable documents, programs, and forms 4. The internet site clearly explains its return policy 5. The internet site has links to other sites with additional information about the firm's products 6. The information on the internet site is consistent with the firm's other communications 7. The internet site notifies me of interesting information 8. The internet site offers me quick responses to my online questions 9. The internet site provides me with different ways for me to communicate with the organization 10. The internet site has an online option that allows me to ask the company questions **7 point scale with** 1 = not important to 7 = extremely important	

7. Interaction Environment Benefit

The exploratory study suggests that the environment of the distribution channel influenced perceived value. Baker, Parasuraman et al. (2002) find that design factors influence store choice criteria and influence both quality and cost perceptions in store environment, which influences overall perceived value.

Roig et al (2006) examined the perceived value of installations within the financial institution. Sanchez, Callarisa et al. (2006) similarly observes the perceived value of installations in a travel agency using measurement scales similar to that used by

Roig, Garcia et al (2006) contextualized to include elements relevant to the travel customer.

Salient factors that may affect the perceived value of the interaction environment of distribution channels were adopted in light of the findings of the exploratory study. The measures include items such as user friendliness, privacy features and correct facilities or personnel within both physical and virtual or self service channel environments. The scales used in this study are shown in table 6.7 below that apply to remote, self service , virtual and physical interaction environments consisting of 7 items.

Table 6.7: Measure of Interaction Environment Benefit

Authors and explanation	Items	**Scales Used. (7 items)**
Roig, Garcia et al. (2006)	**Functional value of the establishment (installations) (CR=0.827)** 1. The installations favour the confidentiality and the privacy of dealings 2. It seems tidy and well organised 3. The installations are spacious, modern and clean It is easy to find and accessible The scale was a 5 point Likert scale with strongly disagree (1) and strongly agree (5).	• **The environment of this method is very pleasing to me** • **The environment of this method provides privacy for the transaction** • **This method has the correct facilities or people to help me complete this transaction accurately** • **This method has the correct facilities or people to help me complete this transaction fast** • **This method makes me feel comfortable.** • **This method is suitable for this transaction** • **This method is very user friendly.**
Sanchez, Callarisa et al. (2006)	**Functional value of the travel agency (installations) (CR=0.84)** 1. The installations were spacious, modern and clean 2. The establishment was neat and well organised 3. The distribution of the interior favoured confidentiality and privacy 4. The establishment was well located (easily found, central and/or with good transport links) 5. The display window was attractive and eye-catching 5 point Likert-type scale completely disagree (1)and completely agree (5)	

6.3.1.2 Sacrifices

The measures of sacrifice in this study consist of costs and risk elements. The first part will explain the measures of cost elements while the second part of this section will explain the measures of risk elements.

1. Cost Items

Cost elements include monetary and non-monetary costs as used in Zeithaml (1988) study of customer value. Monetary costs involve pricing and monetary outlays, while non-monetary costs are normally various types of effort, and time costs. The extant literature offers numerous types of scales that measure both types of costs.

Ruiz et al (2008) offers only one measure of price under the category of perceived sacrifice. In terms of customer value, monetary price items are measured in Sweeney and Soutar (2001) capturing price/value for money perceptions under the category of functional value perceptions. In the interest of brevity, the measures that are adapted and utilised here are similar to that of Sweeney and Soutar (2001). There are two measures to observe price perceptions in this study adapted from that used by Sweeney and Soutar (2001) and shown in table 6.8.

Table 6.8: Measure of Monetary Price

Authors and explanation	**Items**	**Scales Used.**
Sweeney and Soutar (2001)	Functional value :Price/Value for Money (α=0.80) 1. is reasonably priced 2. offers value for money 3. is a good product for the price 4. would be economical **Seven-point Likert type scale, strongly disagree (1) to strongly agree (7).**	• **This method is affordable** • **The charges of this method are fair**

The non-monetary costs elements that were revealed by the exploratory study include waiting costs (time costs), physical costs and cognitive costs as salient costs when using distribution channels. Waiting time include instances of waiting for services to be initiated or to be completed in physical bank branches or when requests are made over preferred channel for services. Physical effort are the costs of effort required to avail and utilise the channel.

Table 6.9: Measures of Non–Monetary Costs

Authors	Items	Scales Used.
WAITING TIME , PHYSICAL EFFORT AND COGNITIVE EFFORT		
Gallarza and Gil Saura (2006)	**Time and Effort costs (α=0.80)** 1. Cost of time planning and preparing 2. Time spent in return trip 3. Cost of time losses 4. Cost associated with the time invested in the trip 5. Opportunity cost associated with the trip 6. Effort made for leaving tasks and works to do 7. Mental effort made for leaving family and friends A 5-point Likert-type scale anchored at strongly disagree (1) and strongly agree (5)**.**	• **This method requires me to wait** • **It is physically tiring to use this method** • **This method requires me to be very mentally alert (attentive).**
PERSONNEL CONDUCT COSTS		
Roig, Garcia et al. (2006)	**Functional value contact personnel (professionalism) (α=0.877)** 1. The personnel know their job well 2. The personnel's knowledge is up to date 3. The information provided by the personnel has always been very valuable to me 4. The personnel have knowledge of all the services offered by the entity **Emotional Value of the purchase (α=0.881)** 1. I am happy with the financial services contracted 2. I feel relaxed 3. the personnel give me positive feelings 4. the personnel don't hassle me 5. In general I feel at ease A 5 point Likert scale with strongly disagree (1) and strongly agree (5).	• **The personnel in this method (handling/supporting) do not have sufficient knowledge for this transaction** • **The personnel in this method are not friendly (impolite/not courteous) for this transaction**
SERVICE FAILURE COSTS		
	Service Failure costs from exploratory study created for this study	• **This method does not complete the this transaction** • **This method breaks down /is unavailable very often** • **This method takes a long time to complete this transaction**

Another type of cost is cognitive effort . These costs are cost of the thinking and cognitive processes required to avail and utilise the channels in an order to complete a transaction or requirement effectively. This particular cost is significant in light of the rise of self service channels in financial services and customer participation required for these distribution channels. Waiting time, physical effort and cognitive

effort are measured using a measures adapted from Gallarza and Gil Saura (2006) study of customer value and shown in the table 6.9 .

Another type of cost that was revealed in the exploratory study was personnel based cost. This particular category related to personnel behaviour and knowledge in interactions in any channel. Personnel conduct costs were measured by two items adapted from Roig, Garcia et al. (2006) as shown in the table 6.9.

A final type of cost suggested by the findings of the exploratory study is service failure costs. Based on the exploratory study and services failure literature, the following items as shown in table 6.9 were offered as measures of service failure in this study.

2. Risks

Based on the risks that were revealed in the exploratory study, the risks that are examined are privacy risk, security risk, performance risk, financial risk and psychological risk. The extant literature demonstrates the salience of privacy risk and security risk in internet and technology enabled channels. These risks were similarly revealed in the exploratory study in relation to privacy of the transaction as well as the concern towards the availability and use of personal information without the knowledge of the customer. The exploratory study revealed that customers felt a certain level of anxiety because transactions cannot be observed. Zhao, Hanmer-Lloyd et al. (2008) found in their study of internet banking sites in China that some risk dimensions appear highly correlated (e.g. security and performance risks, financial and privacy risks, psychological and social risks) suggesting that further research is required for risk perceptions and their dimensions. The authors' measure of privacy risk focuses on data misuse and use of personal data while their measure of security focuses on how internet channels may be open to various threats such as hacking and fake websites. The measures used in their study was further adapted in other studies (Kesharwani and Tripathy, 2012). Privacy and security risks are

measured using two items each to fulfil the main dimensions that were emphasised in the exploratory study shown in Table 6.10.

Stone and Grønhaug (1993) measure financial risk by focusing on the worthiness of the investment and money spent on a purchase. Similarly, financial risk in as observed by Agarwal and Teas (2001) relate to the possibility of loss of monies or investments and maintenance costs . In this study, financial risk involved the risk of losing monies when using a distribution channel but excludes fees or published charges. Therefore, the financial risk here is examined using one item as shown in the table 6.10.

Performance risk is one of the key risk items proposed by Agarwal and Teas (2001) that influence customer value. Agarwal and Teas (2001) measure performance risks using satisfaction and confidence in the product while in Kleijnen et al (2007), the items to measure, performance risks relate to the dependability and reliability of the mobile channel. In this study, performance risk is based on the completion of the transaction and its timeliness using two items shown in table 6.10.

The exploratory study also revealed to some extent psychological risks involved when using these distribution channels. Similarly, the exploratory study found that customers felt worried or anxious after using the distribution channels or the prospect of usage was distressing. The measure of psychological risk by Stone and Grønhaug (1993) forwarded items relating to discomfort, tension and anxiety . The items to measure for psychological risks are shown in table 6.10.

Table 6.10: Measures of Risks

Authors	Items	Scales Used
Zhao, Hanmer-Lloyd et al. (2008)	**Privacy Risk** 1. Others will know my personal details 2. Others will misuse my data 3. I will lose control of my personal data **Security Risk** 1. The internet banking system is insecure 2. Fake internet banking web servers may be shown online **3.** Internet banking systems can be attacked or hacked into (reliabilities not specified due to different relationships identified in the Chinese user context) **Four-point Likert scales (1-4, "very certain" to "not at all certain" and "very serious" to "not at all serious").**	**Privacy Risk.** • **I am concerned that this method allows others to gain my personal information** • **I am concerned that this method allows others to gain access to my accounts/products without my knowledge** **Security risk** • **I am concerned that this method allows others to control my transactions/products without my knowledge** • **I am concerned that this method is insecure and anything can happen** **Financial risk** • **I am concerned that I will suffer financial losses when I use this method** **Performance Risk** • **I am concerned that this method does not complete my transactions/requirements** • **I am concerned that this method will not complete my transactions/requirements in time** **Psychological Risk** • **Using this method makes me feel uncomfortable** • **Using this method makes me feel anxious/worry**
Kleijnen et al (2007)	**(Summated reliability of all risks are above 0.7)** **Perceived financial risks** • Using mobile transactions would cost me money • If I used mobile transactions, I would be concerned that the financial investment I would make would not be wise • If I would use mobile transactions, I would be concerned that I really would get not my money's worth • Using mobile transactions could involve important financial losses **Performance risk (Stone and gronhaug,1993)** • As I consider using mobile transactions, I worry about whether the service will really perform as well as it is supposed to • The thought of using mobile transactions causes me to be concerned for how really reliable the service will be • If I were to use mobile transactions, I become concerned that the service will not provide the level of benefits I would be expecting • The thought of using mobile transactions causes me to be concerned for how really dependable the service will be	
Stone and Grounhaug (1993)	**Psychological Risk (α =0.810)** 1. The thought of purchasing a personal computer within the next 12 months for use at home makes me feel psychologically uncomfortable 2. The thought of purchasing a personal computer within the next 12 months for use at home gives me a feeling of unwanted anxiety 3. The thought of purchasing a personal computer within the next 12 months for use at home causes me to experience unnecessary tension. Seven point bipolar scales with (1) extremely agree to (7) extremely disagree.	

6.3.1.3. Functional, Emotional And Overall Value perceptions.

The final part of the survey instrument is intended to measure the functional value, emotional value and overall value perceptions. Functional value is related to functional or outcome, performance or utility benefits (Sheth, Newman et al., 1991). Sweeney and Soutar (2001) extended this definition to incorporate performance and quality items, and a second functional value category relating price and value for money. Various studies have emphasised functional value as a salient value dimension due to its' direct relationship to outcomes and performance based assessments. In line with the operationalization of functional value measures by Sheth, Newman et al. (1991) and performance/value perceptions by Sweeney and Soutar (2001), this study utilises four measures which relates to accuracy, effectiveness and reliability of the channels as well as expected performance. The table 6.11 below shows the functional value items applicable to different channels. Four items are used to measure functional value.

Table 6.11: Measure of Functional Value.

Authors	**Items**	**Scales Used**
Sheth, Newman et al., (1991)	**For non smokers – functional value –** 1. causes heart and lung disease, 2. annoys other people **For smokers –** **Functional Value** 1. Stops nervousness, 2. helps me fit into situation, 3. keeps me busy is relaxing	• **This method allows this transaction to be completed accurately** • **This method completes this transaction effectively** • **This method performs as expected for this transaction** • **This method is reliable for this transaction**
Sweeney & Soutar (2001)	**Quality/value (α=0.91)** 1. Has consistent quality 2. Is well made 3. Has an acceptable standard of quality 4. Has poor workmanship 5. Would not last a long time 6. Would perform consistently **a seven-point Likert type scale,ranging from strongly disagree (1) to strongly agree (7).**	

Emotional value has been highlighted by both Sheth, Newman et al. (1991) and Sweeney and Soutar (2001) as well as other studies in banking (Roig, Garcia et al., 2006), travel and tourism (Sanchez, Callarisa et al., 2006), mobile phone services (Sigala, 2006) and Korean Demilitarised Zone value perceptions (Lee, Yoon et al., 2007). However, many of the items in these studies are based on Sweeney and Soutar (2001) which in turn was based on Sheth, Newman et al. (1991). The measures for emotional value items for this study are adapted from the author's mentioned above shown in the table 6.12 below. Four items are used for emotional value in this study.

Table 6.12: Measure of Emotional Value

Authors	**Items**	**Scales Used**
Sheth, Newman et al., (1991)	***For non smokers – Emotional value –*** 1. angry, 2. anxious when do not smoke; 3. satisfied, 4. sexy when smoke ***For smokers*** ***Emotional Value*** 1. intelligent, 2. confident, 3. safe when do not smoke ***(scale not provided)***	• **I enjoy using this method** • **I feel comfortable using this method** • **I am relaxed using this method** • **This method gives me positive feelings**
Sweeney & Soutar (2001)	***Emotional Value (α=0.94)*** 1. Is one that I would enjoy 2. Would make me want to use it 3. Is one that I would l feel relaxed about using 4. Would make me feel good 5. Would give me pleasure **a Seven-point Likert type scale,ranging from strongly disagree (1) to strongly agree (7).**	

A final item in the survey instrument is a single item of the overall customer value in line with Roig, Garcia et al. (2006). The item is shown below.

- **"Overall, this method offers me the best value."**

6.3.2. Scenario Choice

The exploratory study revealed that customers may use different channels for different transactions involving the same product. Two scenarios depicting typical transactions involving the same product was offered to respondents in order to maximise the coverage of channels that are examined,. Scenarios present depictions of real life situations without the cost of observations (Laroche, Ueltschy et al., 2004). Respondents are required to consider their channel of choice for the scenarios presented and provide their perceptions based on this scenario in the questions within the survey instrument.

In order to develop the scenarios, an initial set of nine simple banking transaction scenarios were created using simple two to three sentence descriptions of the common transactions indicated by the respondents in the exploratory study. The common transactions included monitoring account balances, withdrawal of monies, depositing monies into own account in the same or different banks, money transmission in same bank or different banks within or outside the country, making payments for home loans or insurance products or car loans or credit cards , complaining or making enquiries on various matters amongst others. This was further validated by two 1 hour observations with permission of the respective branch manager at one branch of each of the two largest banking institutions in the country. The observations were conducted at different times, and different days of the week. The branches of two of the largest banking institutions were selected as they would offer the largest number of customers in-branch, enabling a range of observations of various transactions and enquiries. For Branch A of Bank A, a total of 20 customers enquired about various services at the counter while for Branch B of Bank B a total of 13 customers enquired about various services at the counter in the one hour. These services were checked against the scenarios developed from the exploratory study. Once the scenarios were drafted, they were checked for accuracy and distribution channel choice by the customer service managers of the branches in a follow up telephone call. Some scenarios were altered subsequently due to regulatory requirements of verification of identity and other information details,

which restricted use to one channel only. These scenarios were then presented to three faculty members for further validation. Out of the nine scenarios drafted, two were selected for the survey instrument based on the criterion that the transactions involved the savings or current accounts, that more than one channel could be utilised for the transaction posed, that the transaction involved the channels of only one banking institution; and lastly that the transaction was simple, common and fairly straightforward.

The scenarios are:

1. *You have to deposit RM1500 into another person's account in the same bank in Malaysia. (approximately USD 363 at exchange rates of RM1 =USD 0.242)*

- This scenario depicts a transactional banking activity commonly conducted by respondents. The amount was increased to enable a wider range of channels that may be used by customers.

2. *You notice you have less money than you expected in your savings/current account balance for the month and you want to know why and how this has happened.*

- The scenario depicted is very common for monitoring of accounts. It also allows the use of more than one channel by customers.

The next section will explain the design and layout of the survey instrument.

6.3.3. Design and Layout of Survey Instrument.

The questionnaire or survey instrument requires careful consideration in terms of the wordings, layout and design as well as type and form of questions used in order to achieve the information requirements of the objectives of the research endeavour and meet the requirements of hypotheses testing (Sekaran and Bougie, 2010; Aaker, Kumar et al., 2011). All the questions were in the English language as it is the language used for business and formal transactions in the country to a large extent.

The questions and statements in the questionnaire were simple in language, style and format to ensure ease of response and accuracy,

Two questionnaires were designed for this research effort to present the two scenarios explained in the earlier section. Both questionnaires were identical except for the scenario presented. The total number of questions for each scenario was the same. The questionnaire has three sections, Part A, Part B and Part C.

The first part of the questionnaire began with a brief introduction of the study and its purpose, followed by instructions to respondents on responding to the questionnaire. This is followed by a brief explanation of the confidentiality of the responses and the identity of the participant.

The next part of the survey questionnaire, Section A was information of the respondents banking relationship and use of banking channels. This section required respondents to provide information with regards to their banking provider, duration of relationship with the provider as well as information on channel use. The banking services listed were selected from the websites of two of the largest banks of Malaysia, and the exploratory study. All questions were close ended. However, open ended response categories were added where it was deemed necessary.

This was followed by questions on assessments of benefits, costs and risks in Section B. The first part of this section presented the scenario as explained above, followed by a question on which channel they would prefer to use for the scenario presented. Channel choices for both questionnaires were ATM's, Internet channel, in-branch channel and telephone channel. The mobile channel and postal channel were not included because it was not indicated as widely used in the exploratory study. Respondents were directed to respond to all questions with regards to the benefits, costs and risks perceived based on the channel selected as their commonly used channel for the scenario given. All questions were close ended in this section. The benefits, costs and risk items are on a Likert type scale ranging from 1 (strongly

disagree) to 5 (strongly agree) and commonly used in customer value research (Gallarza and Gil Saura, 2006; Roig, Garcia et al., 2006; Sanchez, Callarisa et al., 2006).

The final section requires respondents to provide their demographic information such as age, gender, ethnic group, highest education achieved, current job or professional status, type of industry as well as monthly income level. For most questions, common response options were provided with one open ended response option.

6.3.3.1 Pre-test Process

The original questionnaire instrument and measures of the various benefit, costs and risks constructs was pre tested by expert faculty and 10 academic and non-academic members of the Faculty of Arts and Social Sciences at the University of Nottingham, Malaysia campus.

In the first round, expert faculty assessed the instrument's wordings, readability and ease of understanding. In order to ease understanding, several rounds of adjustments were made to replace academic or technical terms with more commonly used words and phrases. These adjustments and amendments were made to both the scenarios as well as the measures. Scenario 1 was made clearer with one adjustment adding the words "as your savings/current account." to Scenario 1 as shown below in bold;

You have to deposit RM1500 into another person's account in the same bank ***as your savings/current account*** *in Malaysia*

The words were added to make it clearer that the deposit account was in the same bank as the respondents' bank.

For the questions, style and structure improvements were made for instance in the numbering, style and layout of questions. In this case, the original layout was perceived to involve too much effort because Part A required an almost equal amount of time to respond to as Part B, which was the more important part of the

questionnaire. Therefore, the layout was changed at this stage. The change involved reordering Part A and Part B with no change to the content and style of the original questions. Part A was changed to assessments of benefits, costs and risks, while Section B was information of the respondents banking relationship and use of banking channels. The new layout directed respondents more quickly to the scenario and channel choice. In the second round, expert faculty responded to the questionnaire and provided further comments on style and structure which required some minor changes. A total of 10 questionnaires were also administered to administrative and Faculty staff of the university in order to gauge understanding. Minor amendments were made to the instrument based on the feedback provided. The final survey instrument was subsequently administered for a pilot test.

6.4. Pilot Test Procedure

A pilot study was conducted to assess the reliability of the measurements for the benefit and sacrifice dimensions of customer value , functional and emotional value as recommended for the development of a scale (Sweeney and Soutar, 2001). The pilot additionally provides a preliminary indication of the results that may be emerge from the final study.

The study involved a total of 41 respondents by way of self-administration of the survey instrument. This ensured that all questionnaires were usable for analysis. A total of 20 respondents were given questionnaires with Scenario 1 while 21 respondents were given questionnaires with Scenario 2.The sample was based on the snow balling method where respondents provided the names of other interested respondents. The respondents comprised of both academic and administrative staff members of the University (20 questionnaires), ex-MBA students and their colleagues (10 questionnaires), the remaining questionnaires were distributed to members of a residential community and members of the police force (11). For all the groups of respondents listed above, the two sets of questionnaires were distributed equally while for the final group five questionnaires of Scenario 1 were

distributed with the remaining six respondents given questionnaires of Scenario 2. Respondents of the pilot study must possess a savings or current account.

The measures for benefits, costs and risks for each scenario are the same, to ensure comparability of results. The following subsections firstly explain the demographic details of the sample, and the channels selected according to the scenario provided. Data analyses were conducted using SPSS ver. 20.

6.4.1. Pilot Test Analysis

This section presents the preliminary analysis of the pilot test to review the scales and measures used for the questionnaire and detect any problems with the survey instrument.

6.4.1.1. Sample Demographics And Descriptive Analysis.

Key demographic information of the sample for the pilot study is as follows;

- Ethnicity – 22 Chinese; 14 Malay; 3 Indian ; 1 Others
- Income groups – 26% -RM4501-6000; 21% - RM1501-3000 and 15% above RM15001.
- Age group –60% of the total respondents between the ages 35- 51 years old.
- Education – 25% degree holders, 47% postgraduates. And 12.5% SPM holders.
- Gender: Male 19 (46%) and female 22 (54%)

The sample was skewed towards the Chinese ethnic group who are the second largest ethnic group in Malaysia. The sample had more postgraduates with a slightly higher number of female respondents compared to male respondents.

In terms of banking institution, 51% of the respondents were customers of the largest bank in Malaysia in terms of market share, Maybank while the second largest group, 12.2 % of the respondents were customers of RHB bank. In terms of number of years with bank 22% of the respondents were customers of 6-10 years while 19% were

customers for 16-20 years. The relatively long term patronage with one banking institution suggests customer familiarity with the channels offered and clear channel preferences for simple retail banking transactions.

In terms of channel choice, the study suggests that most respondents tend to utilise the internet or ATM for simple money transfers to other accounts in the same bank. For checking accounts, the study suggests that respondents preferred the in-branch or telephone channel suggesting greater benefits of personal contact directly or remotely by telephone. For both scenarios, direct mail and mobile banking channels were not provided as options. Due to the advent of telephone banking and the internet channel, the direct mail channel is relatively uncommon as revealed in the exploratory study. Mobile banking is relatively new in Malaysia and the exploratory study highlighted that respondents have not reached a level of familiarity with the mobile channel. Table 6.13: below illustrates the channel preference according to the scenario presented to the respondents.

Table 6.13: Channel Preference And Scenario

Scenario	ATM	In-branch	Telephone	Internet	Total
1	4	2	0	14	**20**
2	0	8	9	4	**21**
	4	10	9	18	

6.4.1.2. Reliability Tests (Prior To Factor Analysis)

According to Hair et al (2010) "reliability is an assessment of the degree of consistency between multiple measurements of a variable". A preliminary examination of the various benefits and sacrifice measures respectively, was conducted using the reliability coefficient with Cronbach's α to assess the reliability of the scale. The acceptable minimum of the test is 0.7 with higher reliabilities judged as meritorious. However, it is recognised that a higher Cronbach's α is achievable with more items in a measurement scale (Field, 2013). The measures of benefits, sacrifices, functional and emotional value items had good reliability values with Cronbach's α ranging between 0.7-0.9.

6.4.1.3. Exploratory Factor Analysis

An exploratory factor analysis is recommended when the measurement scales of the instrument have not been tested in the extant literature. According to Hair, Black et al. (2010) a factor analysis provides an empirical basis to judge the dimensionality of a set of items for measurement in a summated scale. Multiple dimensions in a scale will result in each dimension loading on a different factor. For a pilot test, 40 respondents were deemed suitable as the main objective is to examine the underlying structure among the variables investigated in this research effort (Hair, Black et al., 2010).

Before an exploratory factor analysis is conducted, the data should be subjected to a preliminary analysis to ascertain its suitability for factor analysis. Specifically the data must meet the condition that it possesses sufficient correlations. Hair, Black et al. (2010) recommend the use of the measure of sampling adequacy (MSA) and Bartlett test of sphericity to assess the suitability of the data for factor analysis. The Kaiser-Meyer-Olkin (KMO) MSA quantifies the degree of inter -correlations amongst the variables with an index ranging from 0-1, where an index of 0.8 and above is considered meritorious. The Bartlett's test of sphericity is a statistical test to detect the presence of correlations among the variables by examining the entire correlation matrix (Hair et al. 2010). A statistically significant Bartlett's test of sphericity (sig. < 0.5) indicates that sufficient correlations exist and factor analysis may be conducted on the variables. The communalities of each variable were assessed in order to determine the extent to which a variable meets acceptable levels of explanation. The exploratory factor analysis using the Principle Component Analysis was conducted on all the measures of benefits, sacrifice (cost and risks), functional and emotional value respectively with orthogonal rotation (varimax). The results of the EFA are provided in Appendix 3.

The preliminary examination of the data was conducted on the benefit measures of convenience, support and assurance benefit. The Kaiser-Meyer-Olkin (KMO) MSA

for the measures was .747, which is well above the acceptable limit of 0.5. The Bartlett's Test of Sphericity was significant, which shows that there are significant correlations among the variables (Hair et al. 2010). The results of both tests indicate that the variables were sufficiently correlated to provide a reasonable basis for factor analysis. In terms of communalities, two items were below 0.5. which is below the level suggested by Hair et al (2010) as not possessing sufficient explanation of the variable. In this case, the items may be considered for removal as it equally does not load on any factor. The item convenience in terms of information; and support in terms of reliability did not load in the factor analysis and will be further considered. The remaining items of the variables convenience and support loaded favourably. Three factors emerge with factor loadings meeting the minimum factor loadings of .50 as recommended by Hair et al (2010). The Cronbach's α shows high reliabilities for all three factors.

The second factor analysis was conducted on control benefit, accessibility benefit, information benefit and interaction environment benefit. The Kaiser-Meyer-Olkin (KMO) MSA for the measures was 0.818 which is acceptable (Hair, Black et al., 2010). The Bartlett's Test of Sphericity was significant, which shows that there are significant correlations among the variables (Hair et al. 2010). The results of both these tests indicate that the variables were sufficiently correlated to provide a reasonable basis for factor analysis. The communalities are above 0.5, which indicates sufficient variance in the data.

The 1st measure of control loads on two factors. The occurrence of such a factor loading requires further investigation into the reliabilities, specifically to ascertain whether the measure should be removed. The Cronbach's α suggests relatively high reliabilities despite a small sample size. Therefore, the items will be further investigated upon administration to a larger sample. The item is expected to be related to Factor 2 as it relates to monitoring a transaction and loads higher on Factor 2. Item 6 of the environment measure which relates to the suitability of the channel environment for the transaction is absent in the factor loadings. In contrast, it

exhibits a reasonably high communality of 0.667. Therefore, the factor is likely to load upon varimax rotation with a higher sample size.

The third factor analysis was conducted on the sacrifice measures with cost and risk measures separately. The communalities for all items are above 0.5, which means there is sufficient variance in the data except for one item which is about the cost of being mentally alert. For all cost variables, the Kaiser-Meyer-Olkin (KMO) MSA for the measures was 0.762 which is acceptable (Hair, Black et al., 2010). The Bartlett's Test of Sphericity was significant, indicating significant correlations among the variables (Hair et al. 2010). The results of both these tests indicate that the variables were sufficiently correlated to provide a reasonable basis for factor analysis. The variables to measure monetary sacrifice i.e. monetary cost was reverse coded in order for it to be analysed.

The item on the length of time taken to complete the transaction loads on two factors. The occurrence of such a factor loading requires further investigation of the reliabilities, specifically whether the measure should be removed. In this case the Cronbach's α suggests relatively high reliabilities despite a small sample size. These items will be further investigated upon administration to a larger sample. The item on the requirement of being mentally alert (or being attentive) did not load on any factor, which suggests that the factor does not have significant loading. A larger sample may provide a more significant loading.

For all risk variables, Kaiser-Meyer-Olkin (KMO) MSA was 0.789 which is acceptable (Hair, Black et al., 2010). The Bartlett's Test of Sphericity was significant, which shows that there are significant correlations among the variables (Hair et al. 2010). The communalities of the risk measures were equally high meeting the requirements of sufficient variance for exploratory factor analysis. Two factors were extracted from the factor analysis .The reliabilities of the factors extracted for measures of risks are equally meritorious.

The fourth factor analysis was conducted on the functional value and emotional value items respectively. For all functional value variables , the Kaiser-Meyer-Olkin

(KMO) MSA for the measures was 0.819 which is acceptable (Hair, Black et al., 2010). The Bartlett's Test of Sphericity was significant, which shows that there are significant correlations among the variables (Hair et al. 2010). The communalities of the measures for functional and emotional value meet the conditions of sufficient variance for exploratory factor analysis. The factor analysis using the PCA method on these measures extracted only one factor hence it was not rotated. All the functional and emotional value items loaded on one factor, with an eigenvalue of 5.66 explaining 70% of the variance. The reliability test on the factor extracted showed very high reliability of 0.937.

All measures of the questionnaire indicate that the measures of the various benefits, and sacrifice (cost and risk) items are reliable and reflect a suitable extent of unidimensionality of each construct examined. Therefore, the survey instrument is suitable for administration to achieve the objectives of this study. Based on the results of the pilot study, the channel choices for the scenarios were amended to better match the choices indicated by the respondents of the pilot study. For Scenario 1, the channels offered to respondents were ATM/CDM, internet banking and in-branch channel. For Scenario 2, the channels offered to respondents were telephone, internet banking and in-branch channel. The next section will explain data collection and sample.

6.5. Data Collection and Sample

For the purpose of data collection , the survey method was considered the most suitable to achieve the objectives of the study and in tandem with other studies which examine customer value in various contexts (Sweeney and Soutar, 2001; Roig, Garcia et al., 2006; Sanchez, Callarisa et al., 2006; Kleijnen, de Ruyter et al., 2007). The survey method is suited to the cross sectional design of the research effort in order to investigate perceptions of value from a wide range of respondents (Bryman, 2012). The survey method is also comparatively advantageous in terms of the duration required and cost required to collect data from a relatively large number of

respondents compared to structured interviewing or other methods of data collection associated with cross sectional designs. The survey questionnaire was administered face to face. The questionnaires were self-completed and collected immediately after completion. Self-completed questionnaires are cheaper and quicker to administer , and convenient for respondents (Bryman, 2012). Importantly , it minimises or eliminates any interviewer bias on the responses (Creswell, 2009). The postal or internet channel for administering questionnaires were deemed less appropriate as posted questionnaires suffer from a low response rate (Bryman, 2012) while the option of internet administration of the survey questionnaires was deemed inappropriate as it would restrict respondents to those who have internet access which is one of the channels understudy in this research effort. In addition, the questionnaire design emphasises simple questions that are easily understood by the general public.

The survey respondents consist of 300 respondents from the Klang Valley area, which encompasses Kuala Lumpur and its surrounding suburbs in Selangor. The targeted sample size was based on its relative suitability for regression analysis which requires a minimum of 30 respondents for each regression and the notion that for most research a sample size of between 30-500 is appropriate (Sekaran and Bougie, 2010). The main criterion was that the respondents possessed a banking account which they used and maintained. The sample also had to fulfil two other criteria, first that the three main ethnic groups in Malaysia was relatively represented and second, that the gender of the Malaysian population was represented. In order to achieve this criterion, the main locations for data collection were major office, business and banking localities.

Respondents were selected in and around the areas mentioned during their lunch times at food courts, cafes and restaurants. In consideration of the various channels that were to be examined, respondents were first shown the scenarios and asked to provide their preferred channel for the banking activity shown. For Scenario 1, a total of three channel options were provided ATM/CDM followed by internet and in-branch channel. The total number of respondents for each channel for scenario 1

was 50 respondents to enable examination of the value perceptions for each channel. Once the 50th respondent for each channel was achieved, further data collection for that channel was stopped. The same was done for the questionnaires with Scenario 2.

In total , data were collected from 300 respondents which consisted of 100 respondents for internet banking and in-branch channel options from both Scenario 1 and 2; while there 50 respondents for ATM/CDM and cheque deposit machine option for Scenario 1 , and 49 for phone banking for Scenario 2. The breakdown of the respondents according to banking activity and channel is shown in table 6.14.

Table 6.14: Respondents According To Scenario And Channel

	Scenario		
CHANNEL OPTIONS	**SCENARIO 1**	**SCENARIO 2**	**Total**
ATM/ CDM/ Cheque deposit machine	50	0	50
INTERNET BANKING (via internet)	50	51	101
In-branch	51	49	100
Phone banking	0	49	49
TOTAL	151	149	300

6.6. Data Analysis and Interpretation Methods

The data gathered from the survey respondents was analysed using three major statistical tools. The first statistical analysis employed was a general descriptive analysis of the major demographic characteristics of the sample and univariate analysis of the variables measured. This was followed by an exploratory factor analysis. The subsequent stage employed regression analyses to test the hypotheses. All data were analysed using the SPSS ver.20 software programme.

6.6.1. Method of Analysis

The EFA is conducted mainly to summarise the data by grouping together the variables that correlated which aids the consolidation of variables. The subsequent consolidation of variables can then be utilised to generate hypothesis to be tested (Tabachnick and Fidell, 2013). The various factors that emerge from the EFA can be easily managed for subsequent analysis. The data collected from the respondents

were then subjected to an exploratory factor analysis in order to prepare the data for the subsequent stage of analysis. A detailed explanation of the factor analysis is provided in the next section. The regression method, specifically the standard regression method or forced entry method, was used for further analysis of the data and hypotheses testing. The regression method allows assessment of relationships between a dependent variable and many independent variables. Tabachnick and Fidell (2013) emphasise the flexibility of regressions in research because it allows for some degree of correlation between the independent variables as well as between the independent and dependent variables. There are three types of main regression methods which include hierarchical regression, stepwise regression and standard regression methods. The methods are differentiated on the order in which variables are entered into the equation. The standard regression method is utilised here as it allows variables to be included in the equation in a non-predetermined manner. This method is suitable to the research objectives and hypotheses to be tested.

It is recognised that structural equation modelling (SEM) is a more common method of analysis in contemporary marketing literature (Babin, Hair et al., 2008). SEM is conceptually similar to the use of summated scale in a regression analysis, but it generally requires very large sample sizes when examining a large number of variables (Hair et al, 2010). Therefore, it was less appropriate in this research effort as the sample size for effective analysis is relatively small for the corresponding number of variables examined. The regression analysis is able to provide a similar assessment of the degree of relationship between the independent variables and dependent variables indicating both strength and direction of influence.

6.6.2. Exploratory Factor Analysis: Process And Findings.

Data collected from the sample were subjected to an EFA first to identify cluster of variables within the 28 variables examined in the study, to summarise them and verify whether the conceptually defined variables emerge as the factors. The underlying dimensions termed factors are deemed to adequately represent the

original variables (Hair et al, 2010). While the variables have been piloted, the same variables tested in a larger sample may provide different results. Second, the EFA is also performed for data reduction in order to compute composite scores of the factors to be used in further regression analyses to investigate the hypothesised relationships (Hair, Black et al., 2010).

The data were subjected to a PCA analysis using varimax rotation using SPSS ver 20. The first step was to ensure that the overall sample size for the study was adequate. According to Tabachnick and Fidell (2013) a sample size of at least 300 respondents is required for a stable factor solutions. Measures of sampling adequacy include the Kaiser-Meyer Olkin measure of sampling adequacy (KM) whereby a KMO figure of above 0.5 is considered acceptable with KMO's between 0.7 and 0.9 meritorious. A Barlett's test of sphericity must be statistically significant ($p \leq 0.5$)to indicate that correlations exist between variables permitting factor analysis (Hair, Black et al., 2010; Field, 2013).

6.6.2.1. Exploratory Factor Analysis Results

The first EFA was conducted on the 28 benefit items of the questionnaire with varimax rotation. The KMO measure verified the sampling adequacy for analysis, KMO= .86. and a statistically significant Barlett's test of sphericity. The communalities indicated that items two items had communalities less than 0.5 which may be problematic. Table 6.15 below provides the results.

In the initial rotated factor matrix , a total of 7 factors emerged. All factors were checked for reliability with Cronbach's alpha. Factor 7 consisting of items A2_1 and A2_8 did not achieve adequate reliability while two items did not load on the factor loadings (A2_ 26 and A2_ 6). In order to achieve a more stable factor loading, the items A2_ 1 and A2_ 8 were removed from the analysis. In the subsequent EFA, the KMO = 0.87 for all the benefit items excluding the above, and a Barlett's test of sphericity was statistically significant. The subsequent rotated factor loadings had 6 factors.

Table 6.15: Rotated Factor Loadings for Benefit Items

Measures	Rotated Factor loadings						*Communalities*
	1	2	3	4	5	6	
a2_2:(Convenience benefit) It is easy for me to (access) reach this method		.668					*.516*
a2_3:(Convenience benefis): It takes a shorter time to complete my transaction using this method		.722					*.590*
a2_4:(Convenience benefis) : It is easy for me to use this method		.740					*.671*
a2_5:(Convenience benefit) : My problems are resolved quickly using this method		.704					*.585*
a2_6:(Support benefit) : I can rely on the personnel/ tools of this method to complete this transaction correctly		.518					***.520***
a2_7:(Support benefit): The personnel/ tools in this method will help me quickly complete this transaction		.671					*.591*
a2_9:(Assurance benefit): I believe this method will complete my required transaction				.741			*.695*
a2_10:(Assurance benefit) : I am assured that this method will complete my transaction accurately				.802			*.761*
a2_11:(Assurance benefit): I have complete trust that this method will respond to my needs				.722			*.684*
a2_12:(Control benefit) : This method allows me to monitor the progress of this transaction					.806		***.761***
a2_13:(Control benefit): This method puts me in control of the transaction					.854		*.807*
a2_14:(Control benefit) : This method allows me to carry out this transaction on my own					.615		*.661*
a2_15:(Accessibility benefit) : This method allows me to complete this transaction whenever I want						.733	*.591*
a2_16:(Accessibility benefit): This method is available to me all the time						.819	*.616*
a2_17:(Accessibility benefit) : This method is easily available to me						.774	*.711*
a2_18:(Information benefits) : This method provides me the most up to date information			.783				*.665*
a2_19:(Information benefit) : This method provides me with the most accurate information			.802				*.728*
a2_20:(Information benefit) : This method provides me the information I need			.718				*.650*
a2_21:(Information benefit): This method provides me with valuable information			.735				*.622*
a2_22:(Interaction environment benefit) : The environment of this method is very pleasing to me	.609						*.514*
a2_23:(Interaction environment benefit): The environment of this method provides privacy for the transaction	.675						*.610*
a2_24:(Interaction environment benefits) : This method has the correct facilities or people to help me complete this transaction accurately	.673						*.556*
a2_25:(Interaction environment benefits): This method has the correct facilities or people to help me complete this transaction fast	.702						*.571*
a2_26:(Interaction environment benefits) : This method makes me feel comfortable	.564						*.472*
a2_27:(Interaction environment benefits): This method is suitable for this transaction	.506						***.435***
a2_28:(Interaction environment benefits): This method is very user friendly	.690						*.586*
Eigenvalue	7.918	2.351	2.058	1.393	1.307	1.171	
% of variance explained	30.454	9.041	7.917	5.356	5.027	4.503	
Cronbach's α	.832	.822	.825	.814	.797	.730	

However, the items for the convenience and support variables converged as one factor. All other items remained as the originally conceptualised variables. Factor 1 is termed interaction environment benefits factor 2 is termed convenience support benefit, while factor 3 is termed information benefit. Factor 4 is termed assurance benefit, factor 5 is termed control benefit and factor 6 is termed accessibility benefit. The factors were then subjected to reliability tests. The six factors were found to be reliable with above 0.7 and above 0.8 reliabilities, which is meritorious for subsequent use in terms of composite scores.

The second EFA was conducted on all the cost items using varimax rotation. The rotated factor loadings and communalities are shown in table 6.16 below. The KMO measure verified the sampling adequacy for analysis, KMO=.724 and a statistically significant Barlett's test of sphericity. The communalities indicated that only one item had a value of less than 0.5 which may be problematic. In the rotated factor matrix, 3 factors emerged. All factors achieved reliabilities with Cronbach's alphas above 0.7. Factor 1 is termed service failure cost as it takes into account service failures from poor personnel conduct, non-completion of a transaction and breakdowns.

Table 6.16: Rotated Factor Loadings of Cost Items

Measures	Rotated Factor Loadings			*Communalities*
	1	2	3	
a3_1:(Cost perceived) : This method is affordable			.894	*.824*
a3_2:(Cost perceived) : The charges of this method are fair			.905	*.829*
a3_3:(Cost perceived) : This method requires me to wait		.774		*.621*
a3_4:(Cost perceived) : It is physically tiring to use this method		.854		*.733*
a3_5:(Cost perceived): This method requires me to be very mentally alert (attentive)		.687		*.475*
a3_6:(Cost perceived) : The personnel in this method do not have sufficient knowledge for this transaction)	.813			*.663*
a3_7:(Cost perceived : The personnel in this method are not friendly (impolite/ not courteous) for this transaction	.895			*.805*
a3_8:(Cost perceived) : This method does not complete this transaction	.842			*.735*
a3_9:(Cost perceived): This method breaks down/ is unavailable often	.662			*.559*
a3_10:(Cost perceived) : This method takes a long time to complete this transaction		**.586**		*.528*
Eigenvalue	3.401	1.958	1.413	
% of variance explained	34.010	19.578	14.128	
Cronbach's α	.837	.732	.785	

Factor 2 is termed physical costs as it involves the time, physical effort and cognitive effort costs of conducting transactions using a channel. Factor 3 is termed price cost as reflects the monetary costs of using a channel. The three factor solution of all the cost items is suitable for use as composite scores in regression analysis.

The third EFA was conducted on all the risk items consisting of 9 items using varimax rotation. The KMO measure verified the sampling adequacy for analysis, KMO=.823 and a statistically significant Barlett's test of sphericity. The communalities were all above 0.5. The rotated factor matrix showed two factors from the 9 item measure of risk. Item A3_15 and A_16 cross loaded on both factors.

A second iteration of factor analysis was then carried out without item A3_17 as it had the lowest communality of .551. The item also did not load significantly in comparison with the other factor loadings. The KMO measure was .794 with a statistically significant Barlett's test of sphericity. The second iteration resulted in a rotated factor solution with cross loadings of items A3_18 and A3_19 on both factors.

A third iteration of the factor analysis was conducted without item A3_15 as it had the lowest factor loading in the previous rotated factor solution. The KMO was .806, and a statistically significant Barlett's test of sphericity. The rotated factor solution showed cross loadings for items A3_16 and A3_17.

The final iteration of the factor analysis was then conducted without item A3_16 and A3_17, which had the lowest communalities of .602 and.558 respectively. The KMO=.776 and a statistically significant Barlett's test of sphericity. The rotated factor solution without A3_16 and A3_17 was stable with a two factor solution and distinctive loadings. The final rotated factor solution was then subjected to reliability tests. Both factors achieved reliabilities above 0.8 which is deemed meritorious.

Factor 1 is termed transaction risk as it emphasises risks that are directly related to transaction information, access to accounts and uncertainties with the transaction. Factor 2 is termed emotional risk is related to emotions or feelings of discomfort and anxiousness directed to the method rather than the transaction. The final iteration of

the factor analysis, rotated factor loadings and communalities are shown in table 6.17 below:

Table 6.17: Factor Loadings of Risk Items

Measures	Rotated factor loadings		*Communalities*
	1	2	
a3_11:(Risks perceived) : I am concerned that this method allows others to gain my personal information	.796		*.647*
a3_12:(Risks perceived) : I am concerned that this method allows others to gain access to my accounts/ products without my knowledge	.845		*.792*
a3_13:(Risks perceived) : I am concerned that this method allows others to control my transactions/ products without my knowledge	.846		*.783*
a3_14:(Risks perceived) : I am concerned that this method is insecure and anything can happen	.775		*.638*
a3_18:(Risks perceived) : Using this method makes me feel uncomfortable		.927	*.904*
a3_19:(Risks perceived): Using this method makes me feel anxious/ worry		.928	*.916*
a3_15:(Risks perceived) : I am concerned that this method does not complete my transactions/ requirements	.592		*.577*
Eigenvalue	4.109	1.149	
% of variance explained	58.693	16.416	
Cronbach's α	.88	.92	

The next and final EFA was conducted on the functional and emotional value items of the questionnaire using varimax rotation. The KMO=.845 measure verified the sampling adequacy for analysis, and a statistically significant Barlett's test of sphericity . The rotated factor loadings and communalities are shown in the table 6.18 below.

Table 6.18: Rotated Factor Loadings for Functional and Emotional Value

Measures	Rotated factor loadings		*Communalities*
	1	2	
a3_20:(Functional) : This method allows this transaction to be completed accurately	.776		*.622*
a3_21:(Functional) : This method completes this transaction effectively	.823		*.723*
a3_22:(Functional) : This method performs as expected for this transaction	.798		*.667*
a3_23:(Functional): This method is reliable for this transaction	.677		*.556*
a3_24:(Emotional) : I enjoy using this method		.652	*.584*
a3_25:(Emotional) : I feel comfortable using this method		.801	*.697*
a3_26:(Emotional) : I feel relaxed using this method		.873	*.767*
a3_27:(Emotional) : Using this method gives me positive feelings		.753	*.624*
Eigenvalue	3.950	1.292	
% of variance explained	49.373	16.146	
Cronbach's α	.81	.82	

The communalities for all the items are acceptable above 0.5. The rotated factor solutions showed a factor solution of two factors as conceptualised. Factor 1 is termed functional value and factor 2 termed emotional value. The reliabilities were above 0.8, which is deemed meritorious.

The factor analysis highlighted that the conceptualisations of the support and convenience variables did not demonstrate unidimensionality. This is evidenced by convenience and support variable items loading onto one factor and the elimination of one item from the convenience and support variables respectively in the first EFA conducted on benefit items. The next EFA was conducted on all cost items which showed stable factor loadings with 3 factors. The final EFA was conducted on all risk items which was problematic due to cross loadings on two factors for some items. The final iteration of the EFA resulted in a stable factor loading of two factors. However, two items had to be removed from the scale, items A3_16 and A3_17.

In light of the EFA's conducted and resulting convergence of items into distinctive factors, the proposed hypothesis in Chapter 5 had to be altered to better reflect the new factors. The finalised hypotheses are shown in bold in the section below:

6.6.3. Benefit Hypotheses

The results of the EFA highlight that convenience and support elements converge on 1 factor. This factor is termed ***convenience support***. The hypothesis to be tested encompasses the previously proposed hypotheses for convenience and support and therefore the new H1 is shown below;

H1: The perceived benefit of convenience support will be positively associated with assessments of functional value

The new hypothesis reflects the convergence of convenience and support on 1 factor in the rotated factor matrix. The items of the measure of convenience support demonstrate ease of access, ease of use, the speed in which the transaction is conducted, the quick resolution of problems, and reliability of personnel and tools to

complete the transaction quickly and correctly. As indicated earlier, the support benefit is not effectively discerned in the existing literature. The items for the support variable is gleaned from items of reliability and responsiveness from the refined version of SERVQUAL instrument (Parasuraman, Berry et al., 1991). The other benefit hypotheses are the same. The new hypotheses are now numbered differently due to the convergence of support and convenience items.

H2: The perceived benefit of assurance will be positively associated with assessments of functional value.

H3: The perceived benefit of control will be positively associated with assessments of functional value

H4: The perceived benefit of control will be positively associated with assessments of emotional value

H5: The perceived benefit of accessibility will be positively associated with assessments of functional value

H6: The perceived benefit of information will be positively associated with assessments of functional value.

H7: The perceived benefit of the interaction environment will be positively associated with assessments of functional value.

H8: The perceived benefit of the interaction environment will be positively associated with assessments of emotional value.

6.6.4. Cost Hypotheses

In terms of cost, the EFA showed that all items loaded on three factors. These three factors were termed service failure cost, physical cost and price cost. Service failure cost was related to all types of service failure attributed to both personnel and technical service failures. Physical cost related to waiting times, cognitive cost and physical effort that was expended to acquire services over the distribution channels.

The final cost factor was price cost, which was the only element of monetary outlay in the factor analysis. In light of the new factors the following hypothesis are offered. The new hypotheses are shown in bold.

1. Price cost

H9: Price of services will be negatively associated with assessments of functional value.

2. Physical cost

H10: Physical cost will be negatively associated with assessments of functional value

H11: Physical cost will be negatively associated with assessments of emotional value

3. Service failure cost

H12: Service failure cost will be negatively associated with assessments of functional value

H13: Service failure cost will be negatively associated with assessments of emotional value

6.6.5. Risk Hypotheses

The EFA on all risk items showed that they were not loading favourably. In the final iteration, two items were removed from the scales resulting in a stable factor solution of two factors. The first factor is termed transaction risk while the second emotional risk. In light of the factor solution, the hypotheses are adapted to take into account the factors provided by the EFA. First, transaction risks were directly related to the transactions conducted over the method chosen by the customers. It included privacy and security risks as well as concerns of reliability of the method in concluding the transactions. The second factor was related more to emotions and feelings of the customer when using the method rather than focusing on the transactions.

In light of the two factor solutions, the proposed hypotheses of risk items are altered as shown below. The hypotheses are in bold.

H14: Transaction risk will be negatively associated with assessments of functional value

H15: Transaction risk will be negatively associated with assessments of emotional value.

H16: Emotional risk will be negatively associated with assessments of emotional value.

6.6.6. Channel Comparison of Benefits And Sacrifices

In light of the convergence of the convenience and support items of the scale, the benefit of convenience and support hypotheses shown in bold below;

H17: The perceived benefit of convenience support is greater for internet banking compared to other channels

In light of the convergence of the convenience and support items of the scale, the following hypotheses are in the same manner and numbered differently as shown below;

H18: The perceived benefit of assurance is greater for in-branch interactions, compared other channels.

H19: The perceived benefit of control is greater in the internet channel, compared to other channels.

H20: The perceived benefit of accessibility is greater for the internet channel, compared to other channels.

H21: The perceived benefit of the interaction environment is greater in-branch, compared to other channels.

H22: The perceived benefit of information is greater in-branch, compared to other channels

The hypotheses to be examined of sacrifice perceptions are shown below:

H23: Price perception is greater for the internet channel, compared to other channels

H24: Physical cost perception is greater for in-branch interactions, compared to other channels

H25: Service failure cost perception is greater for in-branch interaction, compared to other channels.

H26: Transaction risk perception is greater in the internet channel, compared to other channels.

H27: Emotional risk perception is greater in the internet channel, compared to other channels.

6.7. Conclusion

This chapter presents the theoretical justification of the research approach for the conceptual model proposed in Chapter 4. Subsequently the chapter presents the details of the research design, explaining the survey instrument and the development of the various measures of the constructs examined towards the investigations of the benefits and sacrifices perceived for customer value assessments. The items of the survey instrument are based on a detailed literature review of the measures and adapted based on an exploratory study explained in Chapter 4.The pre-test and pilot test explained in this chapter demonstrates the reliability and internal validity of the measures. However, in light of the EFA employed, several measures converged therefore the proposed hypotheses forwarded in Chapter 4 were finalised based on the results of EFA and presented in this chapter. The subsequent chapter offers the findings of the statistical analyses conducted on the data.

Chapter 7: Univariate And Bivariate Analyses

7.1. Introduction

This chapter presents the profile of the sample presenting the demographic details of the sample, banking and channel use characteristics of the sample employing univariate analyses of frequencies and mean values. This is followed by a description of the mean values and standard deviations of computed scores of the various benefits, sacrifice, and types of value including channel comparisons. The final section of the chapter presents bivariate analyses to examine any patterns in selected demographic variables namely gender , ethnicity, and age on the perceived benefits , sacrifices and the different types of value of the distribution channels. All analyses is conducted on computed scores of the benefit, sacrifice, functional value and emotional value respectively as explained in the previous chapter. Further examination is presented in the next chapter using regression analyses for hypothesis testing.

7.2. Sample Demographics

This section will provide an overview of the sample demographics. The sample has 300 respondents in total comprising respondents who possess banking accounts either savings or current accounts. There are three main ethnic groups in the Malaysian population. Hence, the research design aimed for a degree of consistency in terms of the size of ethnic groups within the sample. The size of the various ethnic groups within the sample is similar to the Malaysian population. The Malaysian Housing and Demographic census in 2010, provides that the main ethnic groups in Malaysia are the Malays (67.4%) Chinese (24.6%), Indians (7.3%) and Others (0.7%) (Census ReportCensus Report Malaysia, 2010).The table 7.1 below provides the breakdown of respondents according to ethnicities.

Table 7.1: Ethnicity Of The Sample

Ethnicity	Frequency	Valid Percent	Cumulative Percent
Malay	149	49.7	49.7
Chinese	102	34.0	83.7
Indian	45	15.0	98.7
Others	4	1.3	100.0
Total	**300**	**100.0**	

In terms of gender, the sample has 161 (53.7%) males and 139 female (46.3%) respondents. In terms of age, the largest age group of the sample is 31-40 years old (37%), followed by 41-50 years old (27%). In terms of income, the mean income level of the sample is RM 4501-6000 per month. The table 7.2 shows the size of the various age groups within the sample;

Table 7.2: Age Categories Of The Sample.

Age Groupings		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00 (18-20 years)	17	5.7	5.7	5.7
	2.00 (21 -30 years)	41	13.7	13.7	19.3
	3.00 (31-40 years)	111	37.0	37.0	56.3
	4.00 (41 -50 years)	81	27.0	27.0	83.3
	5.00 (51-60 years)	36	12.0	12.0	95.3
	6.00 (61-70 years)	14	4.7	4.7	100.0
	Total	300	100.0	100.0	

7.3. Banking Characteristics Of The Sample

The mean for the number of years a respondent was a customer of a bank is 3-5 years (29.7%). The second largest group of respondents consist of those who are with the bank for 1-2 years (28.3%). A longer involvement with a bank implies that the sample has a sufficient extent of experience to form perceptions of selected channels. In terms of the main banking institutions used, the main banks of the sample are Public Bank (28%) followed by Maybank (16%) and CIMB bank (12%). These three banking institutions are the top three banks in Malaysia and have a fairly matured channel presence in terms of branches, ATM/CDM/Cheque deposit machines and internet channel.

7.4. Channel Use

This section aims to examine the use of multiple channels for the same transaction or banking activity. This analysis using frequencies provides an overview of the use of channels for nine of the common transactions and activities in terms of savings and current accounts, as revealed by the exploratory study. The following table 7.3 presents the frequency of channel use for common activities involving savings and current accounts for each transaction or banking activity. The values shown are percentage of use of the channel for the main activities. Respondents were allowed to select more than one channel for each activity to reflect their use of multiple channels for the same purpose, hence total percentages will be more than 100 percent.

Table 7.3: Main Account Activities and Channel use. (%)

Channel	To check my account balance	To deposit money into my own savings or current account	To transfer monies between my own accounts in the same or different banks	To take out monies for general use	To transfer monies to others accounts in the same or different banks	To clarify informati-on from other sources	To pay for my credit cards /loans/ insurance/bills	To complain about errors, problems and mistakes	To update account or personal information
ATM	**61.3**	**54.3**	**37.3**	**81.7**	31.7	7.3	32	3.3	7.7
Internet banking	41	24	**35.7**	9.7	29	16.3	34	12.3	17.7
Telephone banking	6.3	4.0	4.3	4.0	4.0	**35.3**	7.7	**39.3**	18.7
Physical branch	**45.3**	**45.3**	38	**29.3**	**33**	**65**	36	**64.7**	**72.7**

Based on the values of channel use shown in Table 7.4, for checking of account balances, the ATM/CDM/Cheque deposit channel is utilised the most with 61.3 percent of the sample selecting this channel. The use of the internet channel as well as the physical branch is at a similar level with 41 percent and 45.3 percent selecting the channels respectively for checking account balances.

For depositing monies into own accounts, the main channels used are the ATM/CDM/Cheque deposit channel with 54.3 percent selecting this channel. The physical branch is also highly utilised for depositing monies into own accounts with 45.3 percent of the sample selecting the channel. The ATM/CDM/Cheque deposit channel is the main channel for taking out monies with 81.7 percent of the sample

selecting the channel. However, the physical branch also plays a role for this purpose as 29 percent of the respondents selected the physical branch. In order to transfer monies to the accounts of other persons, the more popular channel is the physical branch with 33 percent selecting this channel. Both ATM/CDM/Cheque deposit channel and internet banking is utilised to similar extent for the same purpose. The physical branch remains the popular channel for clarifying information with 65 percent of the sample selecting the channel while telephone banking is the second best option with 35.3 percent opting for the channel.

For payments of credit cards, loans, insurance and bills the ATM/CDM/Cheque deposit channel, internet banking and the physical branch are similarly used. For complaints about errors, problems and mistakes, the physical branch is a preferred channel with 64.7 percent of the sample selecting this channel followed by telephone banking at 39.3 percent. In order to update account or personal information equally the physical branch is the most popular channel with 72.7 percent of the sample overwhelmingly selecting the option. This may be because customer presence or document verification is needed for such purposes depending on the nature of the change.

In summary, the comparisons shown in the table 7.3 above, suggests that the physical branch still maintains its importance in the Malaysian context. The internet channel, phone banking and ATM channels are preferred channels for some transactions. In this context, ATM's are found everywhere including in convenience stores, petrol stations, shopping areas and business/office districts while physical branch presence is equally widespread especially in suburbs, large malls and office complexes or business districts.

7.5. Channel and Scenario Selection

As mentioned in the preceding chapter, the respondents were selected randomly. The selection of respondents was categorised according scenario and channels for

adequate representation of channel use and analysis of customer value. The scenarios presented to the two separate groups of respondents were;

- Scenario 1: *You have to deposit RM1500 into another person's account in the same bank as your savings/current account in Malaysia*

This scenario depicts a transactional banking activity commonly conducted by respondents. It allows the use of various channels.

- Scenario 2: *You notice you have less money than you expected in your savings/current account balance for the month and you want to know why and how this has happened*.

The scenario depicted is very common for monitoring of accounts. It also allows the use of more than one channel by customers.

For the ATM/CDM/Cheque deposit channel, there were 50 respondents. For the internet channel, there were 101 respondents. For the in-branch, there were 100 respondents while for the phone banking channel there were 49 respondents. For Scenario 1, there were a total of 151 respondents, while for Scenario 2 there were a total 149 respondents. The table 7.4 provides the details of the sample according to scenario and channel use.

Table 7.4: Sample According to The Scenario And Channel Use

	BANKING ACTIVITY		
CHANNEL OPTIONS	SCENARIO 1	SCENARIO 2	Total
ATM/ CDM/ Cheque deposit machine	50	0	50
Internet Banking	50	51	101
In-branch	51	49	100
Phone banking	0	49	49
TOTAL	151	149	300

7.6. Distribution Of Benefits, Sacrifices, Functional Value And Emotional Value

This section provides the means and standard deviation values of the computed scores of the perceived benefits, sacrifices and different value types. The table 7.5 below presents the means and standard deviations of the computed scores.

Table 7.5: Means of the Computed Measures Of Constructs

Benefits	**N**	**Mean**	**SD**
Convenience support Benefit	300	3.85	1.0
Assurance Benefit	300	3.93	0.74
Control Benefit	300	3.83	0.84
Accessibility Benefit	300	3.36	1.03
Information Benefit	300	3.67	0.84
Interaction Environment benefit	300	3.82	0.65
Sacrifices			
Price Cost	300	2.19	0.91
Service Failure Cost	300	2.60	0.99
Physical Cost	300	3.28	0.90
Transaction Risk	300	3.03	1.01
Emotional Risk	300	2.58	1.19
Value types			
Functional Value	300	3.92	0.65
Emotional Value	300	3.74	0.70
Overall assessment	***300***	***3.93***	***0.849***

(Legend: M is Mean value, Standard Deviation value is SD)

The EFA resulted in six benefit constructs and five sacrifice constructs. The five sacrifice constructs consist of both cost and risk constructs. The study also involves two value constructs, functional value and emotional value. All constructs were measured on a 5 point Likert scale anchored by 1=Strongly Disagree and 5= Strongly Agree. Apart from price cost, all sacrifice measures had negative wordings to indicate sacrifices involved. High mean values in these sacrifices signified a higher extent of agreement of the sacrifice involved. For price cost, the data were reverse coded for analysis, which means a lower score indicates that price cost is perceived positively.

The mean values for the benefits listed as shown by the table 7.5 above suggest that respondents generally agree that these benefits are perceived in channel interactions of financial services. The mean values are relatively low as the various benefits may be perceived differently according to channels. Convenience support benefit (SD=1), interaction environment benefit (SD=0.65), and control benefit (SD=0.84) have

mean values in the range of 3.8. The standard deviation for interaction environment is small suggesting a general perception of the relatively high interaction environment benefit perceived. Assurance benefit has a higher mean value of 3.9 (SD=0.74). In contrast, information benefit with a mean value of 3.67 (SD=0.84) which is relatively lower than the other benefits. The standard deviation for information benefit is also relatively low which means most respondents perceived relatively low information benefit in the distribution channels. Accessibility benefit has the lowest mean value of 3.36 (SD=1.03). The value of the standard deviation for accessibility benefit suggests that the general perception of accessibility may differ amongst the respondents. In general, the mean values suggest that all the distribution channels examined tend to provide low information benefit and accessibility benefit but provide a relatively higher measure of convenience support, interaction environment and control benefit.

The mean values of the various sacrifices in Table 7.5 above, suggest that sacrifices are not highly perceived in the distribution channels. Price cost, service failure cost and emotional risk have low means which suggest that these sacrifices are not strongly perceived in the distribution channels. The comparison of sacrifice mean values suggests that physical cost perceptions (M=3.28, SD =0.90) are the highest in terms of perceived sacrifice followed by transaction risks (M=3.03, SD= 1.01). The standard deviation for each sacrifice is also relatively small except for emotional risk perceptions, which are marginally above 1. The mean and standard deviation values of the perceived sacrifices suggest that sacrifices are not perceived strongly in the distribution channels.

Lastly in terms of functional value (M=3.92, SD =0.65) and emotional value (M= 3.74, SD=0.70), the mean values suggest that greater functional value is perceived in the channels compared to emotional value. In this case, the low standard deviations suggest that the sample respondents tend to agree to a greater extent with regards to the extent of functional and emotional value perceived.

In terms of overall value, the mean value is 3.93 (SD=0.849), which suggests that in general the sample perceives the overall value of the channels examined positively.

7.6.1. Channel Comparison

To provide more insight, the means of the computed scores of the perceived benefits, sacrifices and functional/emotional value values were examined by channel. The highest and lowest mean value is highlighted. In terms of convenience support, the phone banking channel achieves the highest mean value of 3.97 (SD=0.54). The lowest mean value of 3.65 (SD= 0.74) for convenience support benefits is in the internet channel. The means and standard deviations categorised according to channel are shown in table 7.6 below;

Table 7.6: Means Of Computed Measures Of Constructs by Channel

Channel	ATM/CDM/Cheque deposit channel (N=50)		In-branch channel (N=101)		Internet channel (N=100)		Phone banking channel (N=49)	
Benefits	**Mean**	**Std Dev.**	**Mean**	**Std Dev.**	**Mean**	**Std Dev.**	**Mean**	**Std Dev.**
Convenience support	3.93	0.68	3.95	0.71	**3.65**	0.74	**3.97**	0.54
Assurance	3.88	0.75	4.03	0.64	**4.05**	0.78	**3.54**	0.71
Control	3.75	0.87	**4.09**	0.67	3.78	0.85	**3.46**	0.92
Accessibility	3.53	1.04	3.58	0.95	**2.91**	1.10	**3.63**	0.70
Information Benefit	**3.24**	0.98	3.71	0.86	**3.82**	0.73	3.69	0.75
Interaction Environment benefit	**3.58**	0.72	**3.97**	0.63	3.82	0.67	3.90	0.5
Sacrifices								
Price Cost	**1.95**	0.85	2.09	0.94	**2.35**	0.95	2.33	0.77
Service Failure Cost	**2.89**	0.92	**2.44**	1.06	2.63	0.88	2.58	1.08
Physical Cost	3.33	0.82	**2.78**	0.92	**3.78**	0.69	3.23	0.79
Transaction Risk	3.06	1.02	3.08	1.11	**2.93**	0.94	**3.11**	0.94
Emotional Risk	2.59	1.28	**2.44**	1.19	2.61	1.15	**2.80**	1.18
Value types								
Functional Value	3.83	0.80	**4.06**	0.61	3.94	0.65	**3.69**	0.43
Emotional Value	3.67	0.71	3.81	0.63	**3.66**	0.76	**3.82**	0.70
Overall assessment	3.86	1.01	3.96	0.76	**4.00**	0.87	**3.80**	0.79

The low perceived convenience support benefit in internet channels suggests that the perception of convenience and support in the internet channel remains lower than other channels contrary to the extant literature. In terms of assurance benefit the internet banking channel achieves the highest mean value of 4.05 (SD=0.78) with the in-branch channel achieving a similar mean value of 4.03 (SD=0.64). The mean value of the assurance benefit and the relatively low standard deviation value for the

internet channel suggest that the internet channel is perceived as providing a relatively high level of assurance benefit regardless of the privacy and security risk commonly associated with the channel.

In terms of control benefit, the in-branch channel achieves the highest mean value of 4.09 (SD=0.67) followed by the internet channel which achieves a mean value of 3.78 (SD=0.85). The mean values suggests that in general the in-branch channel entails a relatively high level of perceived control benefit in terms of transactions, in line with the finding from the exploratory study preceding the survey. However, the internet channel equally entails a high level of perceived control benefit in line with the findings of the exploratory study and the relevance of control benefit in a self service channel. In terms of accessibility benefit, the phone banking channel achieves the highest mean value of 3.63(SD=0.70) while the in-branch channel achieves an equally high mean value of 3.58 (SD= 0.95). The internet channel conversely has the lowest mean value for accessibility benefit. The mean value is not surprising as usage of the internet channel depends on internet connectivity and subscription to internet services. The availability of internet banking on mobile devices may entail higher mobile data charges and limit the perceived accessibility benefit. In terms of information benefit, the internet channel achieves the highest mean value of 3.82 (SD=0.73). The relatively high mean and low standard deviation for information benefit for the internet channel suggests its utility as a platform for information in comparison to the lowest information benefit perceived in ATM/CDM/Cheque deposit channel with a value of 3.24 (SD=0.98). In this context, it is relatively difficult to gain information benefits through the ATM/CDM/Cheque deposit machines due to the location of the machines as well as queues and timing of the use. In terms of interaction environment benefits, the in-branch channel achieves the highest mean value of 3.97 (SD=0.63). The mean value suggests that the in-branch channel servicescape benefits users.

In terms of sacrifices, the overall mean values which are lower than a value of 4 suggest relatively low levels of sacrifices perceived in the channels. In terms of price costs, the lowest mean of 1.95 (SD=0.85) is achieved in ATM/CDM/Cheque deposit

channel while the internet channel is perceived to have the highest price cost perception with a mean value of 2.35 (SD=0.95). The ATM/CDM/Cheque deposit channel is perceived to have the highest service failure cost while the in-branch channel has the lowest perception of service failure costs. The mean values are in line with the findings of the exploratory study where respondents highlighted that ATM/CDM/Cheque deposits machine often breakdown during peak times. The mean value for physical cost is highest for the internet channel with a value of 3.78 (SD=0.69). The mean value suggests that either physical cost or cognitive effort is relatively higher in the internet channel compared to other channels. Conversely, the mean value for physical cost of the in-branch channel with a value of 2.78 (SD=0.92) is the lowest. The mean value of physical cost in the in-branch channel suggests that these costs are not perceived as high.

The phone banking channel has the highest mean values of 3.11 (SD=0.94) for both transaction risk and emotional risk 2.80 (SD=1.18). The lowest mean value for transaction risk is achieved in the internet channel with a mean value of 2.93 (SD=0.94) which suggests that the internet channel is perceived as relatively reliable in terms of completing transactions. Perceived emotional risk is relatively low in the in-branch channel with least mean value of 2.44 (SD=1.19) compared to other channels which is expected in light of the high level of responsiveness perceived evident in-branch channel as highlighted in the exploratory study.

The in-branch channel has the highest mean value for functional value with a mean value of 4.61 (SD=0.61) while the phone banking channel has the lowest mean value of 3.69 (SD=0.43). The mean value for emotional value is highest for the phone banking channel with a mean value of 3.82 (SD=0.70) while the lowest mean value for emotional value is lowest for the internet channel with a mean value of 3.66 (SD=0.76). The highest overall value assessment is achieved by the internet channel with a mean value of 4.00 (SD=0.87) while the lowest overall value perceptions is in the phone banking channel with a mean value of 3.80 (SD=0.79)

Overall, the mean values of the various computed scores of the benefits, sacrifice and value type suggest differences between perceptions across channels. The mean

values also suggest that both functional value and emotional value differences are perceived in all channels in differing magnitudes. The detailed examination of the benefits, sacrifices and value types in each channel is presented in the next chapter.

7.7. Bivariate Analyses Findings (Gender, Ethnicity, Age)

The first set of bivariate analyses examines the differences in the benefit and sacrifice, functional value and emotional value computed scores across demographic characteristics of the sample. The first analysis involves examining the data for differences between genders. For this purpose a simple independent sample t-test method is employed. Table 7.8 provides the descriptive statistics. The Levene's test in table 7.9 shows that the test is non-significant for all computed score measures which mean that all variances are equal.

Table 7.8: Descriptive Statistics Of Benefits, Sacrifices, Functional And Emotional Value By Gender

	c1:(Gender)	N	Mean	Std. Deviation	Std. Error Mean
Interaction environment benefit	Male	161	3.8696	.62707	.04942
	Female	139	3.8109	.68473	.05808
Convenience support benefit	Male	161	3.9389	.67048	.05284
	Female	139	3.7482	.72742	.06170
Information benefit	Male	161	3.6444	.86134	.06788
	Female	139	3.6906	.82509	.06998
Assurance benefit	Male	161	3.9627	.71589	.05642
	Female	139	3.8945	.76037	.06449
Control benefit	Male	161	3.8219	.80797	.06368
	Female	139	3.8369	.86938	.07374
Accessibility benefit	Male	161	3.3209	1.07036	.08436
	Female	139	3.4053	.98193	.08329
Service failure cost	Male	161	2.5419	1.00438	.07916
	Female	139	2.6673	.97542	.08273
Physical cost	Male	161	3.2298	.91642	.07222
	Female	139	3.3363	.88961	.07546
Price cost	Male	161	2.1801	.93132	.07340
	Female	139	2.2086	.89057	.07554
Transaction risk	Male	161	3.0658	1.00990	.07959
	Female	139	2.9914	1.01806	.08635
Emotional risk	Male	161	2.5621	1.24469	.09809
	Female	139	2.5971	1.12912	.09577
Functional value	Male	161	3.9627	.62011	.04887
	Female	139	3.8741	.67256	.05705
Emotional value	Male	160	3.7172	.70939	.05608
	Female	139	3.7518	.69581	.05902

The results of the t-test shown in table 7.9, demonstrate that there are no statistically significant differences in the means between genders for all sacrifice, functional

value and emotional value perceptions. All benefit perception means are not different except for convenience support (t=2.362, p=0.19). The mean value of convenience support for male respondents is 3.9389 (SE =0.58) while the mean value for female respondents is 3.7482 (SE=0.62). The mean difference suggests that the benefit of convenience support is more highly perceived by males compared to females. The results of the independent sample t-test are shown in table 7.9 below.

Table 7.9: Results of T-Test (Gender Comparison)

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Interaction environment benefit	Equal variances assumed	.522	.471	.774	298	.439	.05867	.07577	-.09044	.20778
	Equal variances not assumed			.769	282.465	.442	.05867	.07626	-.09144	.20878
Convenience support benefit	Equal variances assumed	**.587**	**.444**	**2.362**	**298**	**.019**	**.19072**	**.08075**	**.03181**	**.34963**
	Equal variances not assumed			2.348	283.251	.020	.19072	.08123	.03082	.35062
Information benefit	Equal variances assumed	.492	.483	-.473	298	.637	-.04624	.09781	-.23872	.14624
	Equal variances not assumed			-.474	294.776	.636	-.04624	.09750	-.23812	.14564
Assurance benefit	Equal variances assumed	.579	.447	.800	298	.424	.06825	.08531	-.09964	.23614
	Equal variances not assumed			.796	285.716	.426	.06825	.08569	-.10041	.23691
Control benefit	Equal variances assumed	.238	.626	-.155	298	.877	-.01498	.09691	-.20569	.17572
	Equal variances not assumed			-.154	284.231	.878	-.01498	.09743	-.20676	.17679
Accessibility benefit	Equal variances assumed	1.436	.232	-.707	298	.480	-.08436	.11930	-.31914	.15041
	Equal variances not assumed			-.712	296.887	.477	-.08436	.11854	-.31766	.14893
Service failure cost	Equal variances assumed	.321	.572	-1.092	298	.276	-.12534	.11475	-.35116	.10048
	Equal variances not assumed			-1.095	293.885	.275	-.12534	.11450	-.35069	.10001
Physical cost	Equal variances assumed	.021	.886	-1.018	298	.310	-.10652	.10468	-.31252	.09949
	Equal variances not assumed			-1.020	293.915	.309	-.10652	.10445	-.31208	.09905
Price cost	Equal variances assumed	.418	.518	-.270	298	.788	-.02851	.10567	-.23646	.17945
	Equal variances not assumed			-.271	294.882	.787	-.02851	.10532	-.23579	.17877
Transaction risk	Equal variances assumed	.003	.957	.635	298	.526	.07447	.11737	-.15650	.30544
	Equal variances not assumed			.634	290.957	.526	.07447	.11744	-.15666	.30560
Emotional risk	Equal variances assumed	1.900	.169	-.254	298	.800	-.03501	.13808	-.30674	.23672
	Equal variances not assumed			-.255	297.257	.799	-.03501	.13709	-.30481	.23479
Functional value	Equal variances assumed	.597	.440	1.187	298	.236	.08863	.07467	-.05832	.23558
	Equal variances not assumed			1.180	283.290	.239	.08863	.07512	-.05923	.23649
Emotional value	Equal variances assumed	.061	.805	-.425	297	.671	-.03461	.08153	-.19505	.12583
	Equal variances not assumed			-.425	292.646	.671	-.03461	.08141	-.19484	.12562

7.7.1. Results of ANOVA by Ethnic Groups

The subsequent analyses examine the effect of ethnicity on the perceived benefits, sacrifice, functional value and emotional value computed scores. For this purpose, a one-way Analysis of Variance (ANOVA) technique was employed. The one way ANOVA allows for differences between groups to be determined. This is followed by a post hoc Scheffe test. The Scheffe test is recognised to be most conservative with respect to Type 1 error to compare groups and the determination of the source of differences (Hair, Black et al., 2010). For the ANOVA test, the other's ethnic group was deemed too small for any meaningful analysis. Therefore, it was combined with the Indian ethnic group. Details of the sample according to the ethnic groups are presented in table 7.10.

Table 7.10: Descriptive Statistics Of Benefits, Sacrifices, Functional And Emotional Value By Ethnic Groups

Descriptives									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Interaction environment benefit	Malay	149	3.8658	.73037	.05983	3.7475	3.9840	1.00	5.00
	Chinese	102	3.7675	.56785	.05623	3.6560	3.8790	2.29	5.00
	Indian	49	3.9271	.56554	.08079	3.7647	4.0896	2.86	5.00
	Total	300	3.8424	.65397	.03776	3.7681	3.9167	1.00	5.00
Convenience support benefit	Malay	149	3.8154	.72833	.05967	3.6975	3.9333	1.00	5.00
	Chinese	102	3.8578	.62862	.06224	3.7344	3.9813	1.00	5.00
	Indian	49	3.9422	.77247	.11035	3.7203	4.1641	2.17	5.00
	Total	300	3.8506	.70274	.04057	3.7707	3.9304	1.00	5.00
Information benefit	Malay	149	3.6779	.93690	.07675	3.5262	3.8295	1.00	5.00
	Chinese	102	3.5956	.76515	.07576	3.4453	3.7459	1.00	5.00
	Indian	49	3.7755	.68702	.09815	3.5782	3.9728	1.75	5.00
	Total	300	3.6658	.84365	.04871	3.5700	3.7617	1.00	5.00
Assurance benefit	Malay	149	3.9575	.74665	.06117	3.8366	4.0784	1.00	5.00
	Chinese	102	3.8595	.71513	.07081	3.7190	3.9999	2.00	5.00
	Indian	49	4.0000	.75154	.10736	3.7841	4.2159	2.00	5.00
	Total	300	3.9311	.73637	.04251	3.8474	4.0148	1.00	5.00
Control benefit	Malay	149	3.7919	.88910	.07284	3.6480	3.9359	1.00	5.00
	Chinese	102	3.8137	.82930	.08211	3.6508	3.9766	1.67	5.00
	Indian	49	3.9728	.66262	.09466	3.7825	4.1631	2.33	5.00
	Total	300	3.8289	.83560	.04824	3.7339	3.9238	1.00	5.00
Accessibility benefit	Malay	149	3.3826	1.01296	.08298	3.2186	3.5465	1.00	5.00
	Chinese	102	3.3464	1.11092	.11000	3.1282	3.5646	1.00	5.00
	Indian	49	3.3197	.91530	.13076	3.0568	3.5826	1.33	5.00
	Total	300	3.3600	1.02949	.05944	3.2430	3.4770	1.00	5.00
Service failure cost	Malay	149	2.5386	1.00788	.08257	2.3754	2.7018	1.00	5.00
	Chinese	102	2.8113	.93900	.09298	2.6268	2.9957	1.00	4.50
	Indian	49	2.3469	.98136	.14019	2.0651	2.6288	1.00	4.25
	Total	300	2.6000	.99139	.05724	2.4874	2.7126	1.00	5.00
Physical cost	Malay	149	3.3641	.96671	.07920	3.2076	3.5206	1.00	5.00
	Chinese	102	3.3775	.73773	.07305	3.2325	3.5224	1.00	5.00
	Indian	49	2.8163	.89672	.12810	2.5588	3.0739	1.00	4.25
	Total	300	3.2792	.90416	.05220	3.1764	3.3819	1.00	5.00
Price cost	Malay	149	2.1745	.88708	.07267	2.0309	2.3181	1.00	5.00
	Chinese	102	2.2794	.88041	.08717	2.1065	2.4523	1.00	5.00
	Indian	49	2.0714	1.04083	.14869	1.7725	2.3704	1.00	5.00
	Total	300	2.1933	.91126	.05261	2.0898	2.2969	1.00	5.00
Transaction risk	malay	149	2.9638	.97566	.07993	2.8058	3.1217	1.00	5.00
	chinese	102	3.1471	1.00727	.09973	2.9492	3.3449	1.00	5.00

	indian	49	2.9959	1.12878	.16125	2.6717	3.3201	1.00	5.00
	Total	300	3.0313	1.01267	.05847	2.9163	3.1464	1.00	5.00
Emotional risk	malay	149	2.4765	1.15714	.09480	2.2892	2.6638	1.00	5.00
	chinese	102	2.7696	1.18085	.11692	2.5377	3.0015	1.00	5.00
	indian	49	2.4898	1.28489	.18356	2.1207	2.8589	1.00	5.00
	Total	300	2.5783	1.19070	.06874	2.4430	2.7136	1.00	5.00
Functional value	malay	149	3.9346	.65205	.05342	3.8290	4.0401	1.25	5.00
	chinese	102	3.8505	.65084	.06444	3.7227	3.9783	1.25	5.00
	indian	49	4.0306	.60732	.08676	3.8562	4.2051	3.00	5.00
	Total	300	3.9217	.64537	.03726	3.8483	3.9950	1.25	5.00
Emotional value	malay	149	3.7668	.73617	.06031	3.6476	3.8860	1.25	5.00
	chinese	102	3.7010	.61342	.06074	3.5805	3.8215	2.25	5.00
	indian	49	3.7194	.78334	.11191	3.4944	3.9444	1.25	5.00
	Total	300	3.7367	.70342	.04061	3.6567	3.8166	1.25	5.00

The results of the ANOVA are shown in Table 7.11 below. The results show that all computed scores of perceived benefits are not different between the ethnic groups (p> 0.5). However, in terms of sacrifices, both service failure cost (p=0.015) and physical cost (p= 0.000) are statistically different between the ethnic groups.

Table 7.11: Results Of ANOVA Of Ethnic Group Differences

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Interaction environment benefit	Between Groups	1.005	2	.503	1.177	.310
	Within Groups	126.868	297	.427		
	Total	127.873	299			
Convenience Support benefit	Between Groups	.601	2	.300	.606	.546
	Within Groups	147.061	297	.495		
	Total	147.661	299			
Information benefit	Between Groups	1.114	2	.557	.782	.459
	Within Groups	211.698	297	.713		
	Total	212.812	299			
Assurance benefit	Between Groups	.860	2	.430	.792	.454
	Within Groups	161.272	297	.543		
	Total	162.132	299			
Control benefit	Between Groups	1.241	2	.621	.888	.412
	Within Groups	207.530	297	.699		
	Total	208.772	299			
Accessibility benefit	Between Groups	.174	2	.087	.082	.922
	Within Groups	316.724	297	1.066		
	Total	316.898	299			
Service failure cost	**Between Groups**	**8.253**	**2**	**4.126**	**4.291**	**.015**
	Within Groups	**285.622**	**297**	**.962**		
	Total	**293.875**	**299**			
Physical cost	**Between Groups**	**12.557**	**2**	**6.278**	**8.042**	**.000**
	Within Groups	**231.875**	**297**	**.781**		
	Total	**244.432**	**299**			
Price cost	Between Groups	1.537	2	.768	.925	.398
	Within Groups	246.750	297	.831		
	Total	248.287	299			
Transaction risk	Between Groups	2.108	2	1.054	1.028	.359
	Within Groups	304.518	297	1.025		
	Total	306.625	299			
Emotional risk	Between Groups	5.661	2	2.830	2.010	.136
	Within Groups	418.248	297	1.408		
	Total	423.909	299			
Functional value	Between Groups	1.123	2	.562	1.351	.260
	Within Groups	123.411	297	.416		
	Total	124.534	299			
Emotional value	Between Groups	.280	2	.140	.281	.755
	Within Groups	147.667	297	.497		
	Total	147.947	299			

The Scheffe multiple comparison results for service failure cost and physical costs are presented in the table 7.12 below. The multiple comparisons show that the Chinese ethnic group differs from the Indian (& others) ethnic group (p=0.026) in terms of service failure cost perceptions.

Table 7.12: Scheffe Multiple Comparisons For Service Failure Cost And Physical Cost By Ethnicity

Dependent Variable		(I) ethnicgroup	(J) ethnicgroup	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Service failure cost	Scheffe	malay	chinese	-.27268	.12603	.098	-.5827	.0374
			indian	.19165	.16150	.495	-.2056	.5890
		chinese	malay	.27268	.12603	.098	-.0374	.5827
			indian	.46434*	.17045	.026	.0450	.8837
		indian	malay	-.19165	.16150	.495	-.5890	.2056
			chinese	-.46434*	.17045	.026	-.8837	-.0450
Physical cost	Scheffe	malay	chinese	-.01336	.11355	.993	-.2927	.2660
			indian	.54777*	.14551	.001	.1898	.9057
		chinese	malay	.01336	.11355	.993	-.2660	.2927
			indian	.56112*	.15358	.001	.1833	.9390
		indian	malay	-.54777*	.14551	.001	-.9057	-.1898
			chinese	-.56112*	.15358	.001	-.9390	-.1833

In terms of physical cost, the Indian (& others) ethnic group differs from the Malay (p=.001) and the Chinese ethnic group respectively (p=.001). The post hoc Scheffe test tables shown in Table 7.13 and Table 7.14 below provide the means of service failure cost and physical cost of the ethnic groups. The results show that the Chinese ethnic group perceived the highest service failure cost of the channels (M=2.81) while the Indian (&others) ethnic group perceived the lowest perceived service failure cost (M=2.35).

Table 7.13: Post Hoc Scheffe Test Result Service Failure Cost

Ethnic group	N	Subset for alpha = 0.05	
		1	2
indian	49	**2.3469**	
malay	149	2.5386	2.5386
chinese	102		**2.8113**
Sig.		.461	.210

(Uses Harmonic Mean Sample Size =81.249)

Similarly, for physical cost, the Chinese ethnic group perceived the highest physical cost perceptions (M=3.38) of the channels while the Indian (& others) ethnic group perceived the lowest perceived physical cost of the channels (M=2.82).

Table 7.14: Post hoc Scheffe test result Physical cost

Ethnic group	N	Subset for alpha = 0.05	
		1	2
indian	49	**2.8163**	
malay	149		**3.3641**
chinese	102		**3.3775**
Sig.		1.000	.995

(Uses Harmonic Mean Sample Size =81.249)

The results suggest the Chinese ethnic group may perceive sacrifices more significantly than the other main ethnic groups in Malaysia. However, all three main ethnic groups have similar perceptions of the benefits of the distribution channels.

7.7.2. Results of ANOVA by Age

The subsequent analyses review the effect of age on the benefits, sacrifice, functional value and emotional value computed scores. For this purpose, a one way Analysis of Variance (ANOVA) technique was employed. This will be followed by a post hoc test Scheffe test. The results of the ANOVA are shown in table 7.15.

Table 7.15: Results Of ANOVA According To Age Groups

		Sum of Squares	df	Mean Square	F	Sig.
Interaction environment benefit	Between Groups	3.654	5	.731	1.730	.128
	Within Groups	124.219	294	.423		
	Total	127.873	299			
Convenience support benefit	Between Groups	.894	5	.179	.358	.877
	Within Groups	146.767	294	.499		
	Total	147.661	299			
Information benefit	Between Groups	5.985	5	1.197	1.702	.134
	Within Groups	206.827	294	.703		
	Total	212.812	299			
Assurance benefit	**Between Groups**	**6.312**	**5**	**1.262**	**2.382**	**.039**
	Within Groups	**155.820**	**294**	**.530**		
	Total	**162.132**	**299**			
Control benefits	Between Groups	5.446	5	1.089	1.575	.167
	Within Groups	203.326	294	.692		

	Total	208.772	299			
Accessibility benefit	**Between Groups**	**35.333**	**5**	**7.067**	**7.379**	**.000**
	Within Groups	**281.565**	**294**	**.958**		
	Total	**316.898**	**299**			
Service failure cost	Between Groups	5.728	5	1.146	1.169	.324
	Within Groups	288.147	294	.980		
	Total	293.875	299			
Physical cost	Between Groups	6.431	5	1.286	1.589	.163
	Within Groups	238.001	294	.810		
	Total	244.432	299			
Price cost	Between Groups	1.291	5	.258	.307	.908
	Within Groups	246.996	294	.840		
	Total	248.287	299			
Transaction risk	Between Groups	5.184	5	1.037	1.011	.411
	Within Groups	301.442	294	1.025		
	Total	306.625	299			
Emotional risk	**Between Groups**	**22.981**	**5**	**4.596**	**3.370**	**.006**
	Within Groups	**400.928**	**294**	**1.364**		
	Total	**423.909**	**299**			
Functional value	Between Groups	3.419	5	.684	1.660	.144
	Within Groups	121.116	294	.412		
	Total	124.534	299			
Emotional value	Between Groups	4.012	5	.802	1.639	.150
	Within Groups	143.935	294	.490		
	Total	147.947	299			

The results of the ANOVA as shown in table 7.15 above show that there are significant differences between groups for the perceived assurance (p=0.039) and perceived accessibility benefit (p=0.000) respectively. In terms of sacrifices, differences between groups are evident for emotional risk perceptions (p=.006). The differences between the age groups are further examined with the post hoc Scheffe tests.

Table 7.16: Results Of Post Hoc Scheffe Test For Perceived Benefit of Assurance

Scheffe			
Agegrouping	N	Subset for alpha = 0.05	
		1	2
1.00	17	3.6078	
4.00	81	3.8230	3.8230
5.00	36	3.8796	3.8796
3.00	111	3.9550	3.9550
2.00	41	4.1463	4.1463
6.00	14		4.2619
Sig.		.157	.377

(Uses Harmonic Mean Sample Size =29.444)

The results of multiple comparisons for assurance benefit do not demonstrate significant differences. However the post hoc Scheffe test for assurance benefit reveals differences between the age groups 1 (18-20 years) and 6 (61-70 years) as shown in table 7.16.

The multiple comparisons for accessibility benefit reveal significant differences in the mean values of several age groups. The table 7.17 below provides the mean differences between groups.

Table 7.17: Scheffe Multiple Comparisons According To Age Groups (Perceived Benefit Of Accessibility)

Dependent Variable	Age Groups	Age groups	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Accessibility benefit	1 (18-20 years)	2.00	.80153	.28230	.157	-.1442	1.7473
		3.00	**.98340***	**.25488**	**.012**	**.1295**	**1.8373**
		4.00	**.87340**	**.26107**	**.051**	**-.0012**	**1.7480**
		5.00	**1.26743***	**.28799**	**.002**	**.3026**	**2.2322**
		6.00	1.98039*	.35319	.000	.7972	3.1636
	2 (21-30 years)	1.00	-.80153	.28230	.157	-1.7473	.1442
		3.00	.18186	.17885	.959	-.4173	.7810
		4.00	.07187	.18757	1.000	-.5565	.7003
		5.00	.46590	.22352	.502	-.2829	1.2147
		6.00	1.17886*	.30293	.011	.1640	2.1937
	3 (31-40 years)	**1.00**	**-.98340***	**.25488**	**.012**	**-1.8373**	**-.1295**
		2.00	-.18186	.17885	.959	-.7810	.4173
		4.00	-.11000	.14301	.988	-.5891	.3691
		5.00	.28403	.18770	.807	-.3448	.9129
		6.00	.99700*	.27755	.026	.0672	1.9268
	4 (41-50 years)	1.00	-.87340	.26107	.051	-1.7480	.0012
		2.00	-.07187	.18757	1.000	-.7003	.5565
		3.00	.11000	.14301	.988	-.3691	.5891
		5.00	.39403	.19603	.545	-.2627	1.0508
		6.00	1.10700*	.28325	.011	.1581	2.0559
	5 (51-60 years)	**1.00**	**-1.26743***	**.28799**	**.002**	**-2.2322**	**-.3026**
		2.00	-.46590	.22352	.502	-1.2147	.2829
		3.00	-.28403	.18770	.807	-.9129	.3448
		4.00	-.39403	.19603	.545	-1.0508	.2627
		6.00	.71296	.30824	.377	-.3197	1.7456
	6 (61-70 years)	**1.00**	**-1.98039***	**.35319**	**.000**	**-3.1636**	**-.7972**
		2.00	**-1.17886***	**.30293**	**.011**	**-2.1937**	**-.1640**
		3.00	**-.99700***	**.27755**	**.026**	**-1.9268**	**-.0672**
		4.00	**-1.10700***	**.28325**	**.011**	**-2.0559**	**-.1581**
		5.00	-.71296	.30824	.377	-1.7456	.3197

The Scheffe multiple comparisons shown in table 7.17 reveals that there are significant differences in the mean values of accessibility benefit. Specifically, between the age groups 1 (18-20 years) and 3 (31-40 years) (p=0.12); between the age groups 1 (18-20 years) and 5 (51-60 years) (p=0.002) and between the age

groups 1 (18 -20 years) and 6 (61-70 years) (p=0.000). There is also statistically significant difference in the mean values of assurance benefit between the age groups of 2 (21-30 years) and 6 (61 -70 years) (p=0.011); age groups of 3 (31-40 years) and 6 (61-70 years) (p=0.026) ; and age groups of 4 (41-50 years) and 6 (61-70 years) (p=0.011). The results of the post hoc Scheffe tests are shown in table 7.18 below:

The Scheffe tests shown in table 7.18 reveals that age group 6 (61-70 years) has the lowest mean value while age group 1 (18-20 years) has highest mean value for the perceived benefit of accessibility. The mean values for the perceived benefit of accessibility are also higher for the age groups 3(31-40 years) and 4 compared to the age group 6 and lower to the age group 1 (18-20 years).

Table 7.18: Results Of Post Hoc Scheffe Test For Accessibility Benefit According to Age Groups

AGEGROUPing	N	Subset for alpha = 0.05		
		1	2	3
6.00	14	2.3333		
5.00	36	3.0463	3.0463	
3.00	111		3.3303	
4.00	81		3.4403	
2.00	41		3.5122	3.5122
1.00	17			4.3137
Sig.		.170	.649	.082

(Uses Harmonic Mean Sample Size =29.444)

The Scheffe multiple comparisons as shown in Table 7.19 reveal statistically significant differences in the mean value of emotional risk perceptions between the age groups 1 (18-20 years) and 2 (21-30 years); between the age groups of 1 (18-20 years) and 3 (31-40 years) and between the age groups of 1 (18-20 years) and 4 (41-50 years). The results of the Scheffe multiple comparisons for emotional risk according to age groups is shown in table 7.19 below.

Table 7.19: Results Of Scheffe Multiple Comparisons According To Age Groups (Emotional Risk)

Dependent Variable	Age Groups	Age groups	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Emotional Risk	1(18-20 years)	**2.00**	**1.20301***	**.33687**	**.028**	**.0745**	**2.3316**
		3.00	**1.09963***	**.30414**	**.025**	**.0807**	**2.1186**
		4.00	**1.13617***	**.31153**	**.023**	**.0925**	**2.1799**
		5.00	.83987	.34365	.312	-.3114	1.9912
		6.00	1.29622	.42146	.096	-.1157	2.7082
	2 (21-30 years)	1.00	-1.20301*	.33687	.028	-2.3316	-.0745
		3.00	-.10338	.21342	.999	-.8184	.6116
		4.00	-.06685	.22382	1.000	-.8167	.6830
		5.00	-.36314	.26672	.869	-1.2567	.5304
		6.00	.09321	.36148	1.000	-1.1178	1.3042
	3 (31-40 years)	1.00	-1.09963*	.30414	.025	-2.1186	-.0807
		2.00	.10338	.21342	.999	-.6116	.8184
		4.00	.03654	.17065	1.000	-.5352	.6082
		5.00	-.25976	.22398	.930	-1.0101	.4906
		6.00	.19659	.33120	.997	-.9130	1.3062
	4 (41-50 years)	1.00	-1.13617*	.31153	.023	-2.1799	-.0925
		2.00	.06685	.22382	1.000	-.6830	.8167
		3.00	-.03654	.17065	1.000	-.6082	.5352
		5.00	-.29630	.23392	.900	-1.0799	.4874
		6.00	.16005	.33800	.999	-.9723	1.2924
	5 (51-60 years)	1.00	-.83987	.34365	.312	-1.9912	.3114
		2.00	.36314	.26672	.869	-.5304	1.2567
		3.00	.25976	.22398	.930	-.4906	1.0101
		4.00	.29630	.23392	.900	-.4874	1.0799
		6.00	.45635	.36781	.908	-.7759	1.6886
	6 (61-70 years)	1.00	-1.29622	.42146	.096	-2.7082	.1157
		2.00	-.09321	.36148	1.000	-1.3042	1.1178
		3.00	-.19659	.33120	.997	-1.3062	.9130
		4.00	-.16005	.33800	.999	-1.2924	.9723
		5.00	-.45635	.36781	.908	-1.6886	.7759

The results of the subsequent post hoc Scheffe test are shown in Table 7.20 below. The results show that the lowest mean for emotional risk is for the oldest age group 6 (61-70 years) while the highest emotional risk is perceived by the lowest age group 1 (18-20 years).

Table 7.20: Results of Post Hoc Scheffe Test For Emotional Risk Perceptions By Age Groups

AGEGROUPing	N	Subset for alpha = 0.05	
		1	2
6.00	14	**2.3214**	
2.00	41	2.4146	
4.00	81	2.4815	
3.00	111	2.5180	
5.00	36	2.7778	2.7778
1.00	17		**3.6176**
Sig.		.813	.182

(Uses Harmonic Mean Sample Size =29.444)

The above comparisons of perceived accessibility benefit, perceived assurance benefit and perceived emotional risk by age groups reveal differences between the youngest and the older age group in the sample.

7.8. Conclusion

This chapter has presented a description of the demographic characteristics of the sample, characteristics of the samples' banking and channel use. The univariate analyses provide an overview of the sample and insights into how benefits and sacrifices are perceived generally and in specific channels. The analyses suggest that benefits, sacrifices, functional and emotional value perceived are different in the channels. The final section of the chapter presented a brief overview of the impact of major demographic characteristics on the various benefits, sacrifices and different value types. Ethnicity, gender and age affect the computed scores of perceived benefits, sacrifices, functional and emotional value. In terms of ethnicity, statistically significant differences were revealed for perceived service failure cost and perceived physical cost, while for gender, female respondents lower perceived convenience support benefit compared to male respondents. Finally, there were also statistically significant differences in perceived benefits of accessibility, and perceived benefit of assurance respectively as well as perceived emotional risk according to age. The results will be discussed in Chapter 9. The following chapter will provide results of the regression analyses employed for hypotheses testing.

Chapter 8: Findings and Analysis (Hypothesis Testing)

8.1. Introduction

This chapter presents the results and findings related to the hypotheses that are examined, and presented in Chapter 6. The first set of hypotheses examines the influence of the computed scores of benefits and sacrifices on the computed scores of functional value and emotional value respectively. The analysis is conducted for the overall data, and for data according to channels to provide a comprehensive analysis. The analysis employs regression analysis on computed scores based on the EFA as explained in Chapter 6.

The second set of hypotheses intends to provide a comparison of the benefits and sacrifices according to channels, comparing the transactions presented in Scenario 1 and Scenario 2. The comparisons use one-way Analysis of Variance test (ANOVA) followed by post hoc Scheffe tests to examine the differences if any, of the means of computed scores of benefits, and sacrifices as well as types of customer value. Post hoc tests provide further analysis after an ANOVA to provide additional insight of which channels differ. The comparison is conducted for all channels presented as options in each scenario. Therefore, the second part of this chapter presents the results of the hypotheses testing related to channel comparisons. All results will be discussed in the next chapter.

8.2. Results of Regression Analyses

Central to the research objectives of this thesis, is the examination of the different types of value perceived by customers when using distribution channels. In order to examine the different types of value, the first regression analyses as explained in the proceeding paragraphs examines the existence and influence of the different types of value in the overall data. This is followed by an analysis of the influence of different types of benefits and sacrifices on functional value and emotional value.

Subsequently an examination by channels is explained at the final section of the regression analyses.

8.2.1. Regression Analysis Results of The Influence Of Functional And Emotional Value On Overall Value (Overall Data)

This regression analysis aims to establish the influence of both emotional and functional value on overall value perceptions of the distribution channels.

Table 8.1: Regression Analysis Results Of Functional Value And Emotional Value On Overall Value (Overall Data)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.061	.234		.261	.794		
	Functional value	**.527**	**.064**	**.401**	**8.215**	**.000**	**.723**	**1.383**
	Emotional value	**.482**	**.059**	**.399**	**8.181**	**.000**	**.723**	**1.383**

The table 8.1 above shows the regression analysis results. The F statistic for the overall model is 141.878, with a significance of 0.00. The results indicate that the independent variables, both the computed scores of functional and emotional value respectively have a statistically significant influence on overall value perceptions of the channels examined.

The adjusted r^2 for the model is 0.485, which means that approximately 48% of the variability in overall value may be attributed to both functional and emotional value of distribution channels. The regression analysis also requires that multicollinearity is observed (Hair, Black et al., 2010). Multicollinearity presents a key challenge in assessing the relative influence of the independent variables upon the dependent variables in regressions. This occurs because some independent variables may be to some extent explained by other independent variables. Multicollinearity in the data set may be assessed in two ways, by using the tolerance value or variance inflation factor (VIF). The suggested cut off for the VIF value of 3 to 5 which suggests a very high correlation with other independent variables within the regression model (Hair, Black et al., 2010). The VIF as shown in the table 8.1 is within the acceptable range (Hair, Black et al., 2010).

The results of the regression analysis suggests that both functional value (standardised β 0.401,t statistic 8.215, p=000) and emotional value (standardised β 0.399, t statistic 8.181, p=000) have a statistically significant influence on overall value perceptions to a similar degree. However, functional value has a marginally greater influence than emotional value perceptions of the distribution channels examined.

The results shown in table 8.1 above provide strong support for the influence of more than one type of value on overall value perceptions of distribution channel. The analysis proves that distribution channels enable the co-creation of some degree of emotional value in addition to functional value.

The subsequent paragraphs intend to augment the findings above with greater detail into the influence of the various benefits and sacrifices examined on functional and emotional value respectively.

8.2.2. Regression Analysis Results of the Influence Of Benefits On Functional Value (Overall Data)

In order to examine the influence of the types of benefits and sacrifices on functional value and emotional value respectively, regression analyses were employed. The first regression analysis was conducted on computed scores of benefits as independent variables and computed scores of functional value as the dependent variable on the overall data. The results of the regression analysis are shown in the table 8.2 below:

The F statistic for the overall model is 34.695, with a significance of 0.00. The results indicate that the independent variables and in this case the computed scores of benefits have significant explanatory power in respect of the dependent variable, i.e. computed scores of functional value.

Table 8.2: Regression Analysis Results For Benefits (Independent) And Functional Value (Dependent) (Overall Data)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.212	.212		5.705	.000		
	Convenience support benefit	**.186**	**.052**	**.202**	**3.576**	**.000**	**.623**	**1.605**
	Information benefit	.014	.040	.018	.342	.733	.732	1.366
	Assurance benefit	**.194**	**.050**	**.221**	**3.907**	**.000**	**.623**	**1.604**
	Control benefit	**.087**	**.042**	**.113**	**2.069**	**.039**	**.666**	**1.502**
	Accessibility benefit	-.052	.030	-.083	-1.765	.079	.898	1.114
	Interaction environment benefit	**.266**	**.062**	**.270**	**4.308**	**.000**	**.509**	**1.965**

The adjusted r^2 for the model is 0.403 which means that approximately 40% of the variability in functional value may be attributed to the various perceived benefits of distribution channels. In the above regression model, multicollinearity is within the acceptable bounds as shown in the table 8.2 with VIF for the explanatory variables above 1 but below 2. The factors are within the acceptable range because they are below the suggested cut off value of 3 to 5. However, the VIF value for interaction environment benefits is 1.965, which suggests some degree of collinearity although not critical.

The regression results indicate that the following benefits: convenience support benefit (standardised β 0.202, t statistic 3.576, p=.000); assurance benefit (standardised β 0.221, t statistic 3.907, p=.000), control benefit (standardised β 0.113, t statistic 2.069, p = .039) and interaction environment benefit (standardised β 0.270, t statistic 4.308, p=.000) as having a statistically significant influence on functional value perceptions. The results indicate that interaction environment benefit has the greatest influence on functional value perceptions followed by assurance benefit and convenience support benefit. Control benefit has the least influence on functional value perceptions. The following hypotheses are accepted based on the above regression results.

H1: The perceived benefit of convenience support will be positively associated with assessments of functional value

H2: The perceived benefit of assurance will be positively associated with assessments of functional value.

H3: The perceived benefit of control will be positively associated with assessments of functional value

H7: The perceived benefit of the interaction environment will be positively associated with assessments of functional value.

The results show that the perceived benefit of information and the perceived benefit of accessibility respectively do not have a statistically significant influence on functional value perceptions of the distribution channels. Therefore, the following hypotheses are not accepted;

H5: The perceived benefit of accessibility will be positively associated with assessments of functional value

H6: The perceived benefit of information will be positively associated with assessments of functional value.

The findings will be further discussed in the next chapter.

8.2.3. Regression Analysis Results Of The Influence Of Sacrifices On Functional Value (Overall Data)

The second regression analyses were conducted with the aim of examining the influence of the computed scores of sacrifices as independent factors with the computed score of functional value as the dependent factor. The results of the regression analysis are shown in the table 8.3 below. The regression model has an F statistic of 15.985 with a significance of 0.00 . The results indicate that the independent variables and the computed scores of the different types of sacrifices have significant explanatory power in respect of the dependent variable, i.e. computed scores of functional value.

Table 8.3: Regression Analysis Results for Sacrifices (Independent) and Functional Value (Dependent) (Overall Data)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.787	.171		27.980	.000		
	Service failure cost	**-.142**	**.044**	**-.217**	**-3.218**	**.001**	**.586**	**1.708**
	Physical cost	.048	.039	.067	1.217	.224	.875	1.143
	Price cost	**-.217**	**.038**	**-.306**	**-5.747**	**.000**	**.940**	**1.063**
	Transaction risk	-.010	.040	-.015	-.244	.807	.696	1.437
	Emotional risk	-.058	.038	-.107	-1.533	.126	.551	1.813

The adjusted r^2 for the model is relatively modest at 0.200, which means that approximately 20% of the variability in functional value may be attributed to the various perceived sacrifices of distribution channels. The regression analysis also requires that multicollinearity is observed. The VIF values for emotional risk and service failure costs are above 1.5 which is relatively higher than the other independent variables. Multicollinarity remains within the acceptable bounds for the analysis as shown in the table 8.3 above with VIF factors for the explanatory variables above 1 but below 2, the factors are not considered sufficiently severe and within the acceptable range.

This regression analyses shows that in terms of sacrifices, two sacrifices significantly influence functional value. The two types of sacrifices are service failure cost (standardised β -0.217, t statistic -3.218, p=.001) and price cost (standardised β -0.306, t statistic -5.747, p=.000). The results indicate that price cost has a higher negative influence on functional value compared to service failure cost on functional value perceptions.

Therefore, the following hypotheses are accepted;

H9: Price of services will be negatively associated with assessments of functional value.

H12: Service failure cost will be negatively associated with assessments of functional value

The following hypotheses are not supported by the results of the regression analysis and not accepted;

H10: Physical cost will be negatively associated with assessments of functional value

H14: Transaction risk will be negatively associated with assessments of functional value

8.2.4. Regression Analysis Results Of The Influence Of Benefits On Emotional Value (Overall Data)

The third regression analysis was conducted with the aim of testing the influence of the computed scores of benefits as independent factors and computed score of emotional value as the dependent factor. The results of the regression analysis are shown in the table 8.4 below:

Table 8.4: Regression analysis results of Benefits (Independent) and Emotional Value (Dependent) (Overall data)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.120	.253		4.426	.000		
	Interaction environment benefit	**.373**	**.074**	**.347**	**5.065**	**.000**	**.509**	**1.965**
	Convenience Support benefit	**.196**	**.062**	**.196**	**3.162**	**.002**	**.623**	**1.605**
	Information benefit	.056	.048	.067	1.171	.242	.732	1.366
	Assurance benefit	-.024	.059	-.025	-.402	.688	.623	1.604
	Control benefit	.008	.050	.010	.162	.871	.666	1.502
	Accessibility benefit	**.086**	**.035**	**.125**	**2.433**	**.016**	**.898**	**1.114**

The F statistic for the overall model is 21.078 with a significance of 0.00. This indicates that the independent variables which are the computed scores of various benefits provide a relatively modest but significant explanatory power in relation to the dependent variable which is computed scores of emotional value. The adjusted r^2 for the model is 0.287 which means that approximately 28% of the variability in emotional value may be attributed to the various perceived benefits of distribution channels. In terms of multicollinearity, the VIF of the computed score of interaction environment benefit is relatively higher in comparison to computed scores of other benefits. Overall, the VIF is within the acceptable bounds for the analysis as shown

in the table 8.4 above. The VIF values are above 1, and below 2 for all benefits. The values are within the acceptable range.

The benefits that are related to emotional value are interaction environment benefit (standardised β 0.347, t statistic= 5.065, p= .000), convenience support (standardised β 0.196, t statistic = 3.1625, p =.002); and accessibility benefit (standardised β 0.125, t statistic =2.433, p=.016). The highest influence on emotional value is interaction environment benefit. Although not hypothesised, convenience support benefit and information benefit possess some degree of influence on emotional value perceptions. In contrast with the extant literature, the perceived benefit of control does not have a statistically significant influence on emotional value. Based on these results, the following hypotheses are accepted.

H8: The perceived benefit of the interaction environment will be positively associated with assessments of emotional value.

The following hypothesis is not accepted.

H4: The perceived benefit of control will be positively associated with assessments of emotional value

8.2.5. Regression Analysis Results Of The Influence Of Sacrifices On Emotional Value (Overall Data)

A regression analyses was conducted in order to examine the influence of the independent variables, computed scores of sacrifices and dependent variable, computed scores of emotional value. Table 8.5 below provides the results of the analysis. The F statistic for the model as shown in table 8.5 above is 9.068 with a significance of 0.000. The results indicate that the different sacrifices have a significant influence on emotional value. The adjusted r^2 for the model is 0.119 which is relatively low meaning that approximately 11% of the variability in emotional value may be attributed to the various perceived sacrifices of distribution channels.

Table 8.5: Regression Results of Sacrifices (Independent) and Emotional value (Dependent) (Overall Data)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.552	.196		23.253	.000		
	Service failure cost	-.006	.050	-.008	-.109	.913	.586	1.708
	Physical cost	-.047	.045	-.061	-1.051	.294	.875	1.143
	Price cost	**-.261**	**.043**	**-.338**	**-6.036**	**.000**	**.940**	**1.063**
	Transaction risk	.010	.045	.014	.212	.832	.696	1.437
	Emotional risk	-.040	.043	-.067	-.916	.360	.551	1.813

Multicollinearity values are within the acceptable bounds for the analysis as shown in the table above with VIF for the explanatory variables above 1 but below 2. However, the only sacrifice that has a significant influence on emotional value is price cost (standardised β -0.338, t statistic -6.3036, p=000). The results of the above regression model means that the following hypotheses are rejected as no statistically significant influence of the various types of cost and risks are found to influence emotional value.

H11: Physical cost will be negatively associated with assessments of emotional value

H13: Service failure cost will be negatively associated with assessments of emotional value

H15: Transaction risk will be negatively associated with assessments of emotional value.

H16: Emotional risk will be negatively associated with assessments of emotional value.

8.2.6. Summary of Regression Results on Overall Value, Functional and Emotional Value (Overall Data)

The regression analyses employed for overall value emphasises the existence of different types of value perceptions in distribution channels. The results of the regression analyses support the contention that both functional and emotional value perceptions exist in distribution channels. Subsequently, the influence of various types of benefits and sacrifice on the respective functional and emotional value perceptions was examined. Table 8.6 provides a list of the hypotheses examining the

relationship between the computed scores of benefits and sacrifices to computed scores of functional value and emotional value perceptions which are accepted and those which are not supported or rejected.

Table 8.6: List of Accepted and Rejected Hypotheses (Overall Data)

FUNCTIONAL VALUE	*Accept (√)*	*Reject (X)*
H1: The perceived benefit of convenience support will be positively associated with assessments of functional value.	√	
H2: The perceived benefit of assurance will be positively associated with assessments of functional value.	√	
H3: The perceived benefit of control will be positively associated with assessments of functional value.	√	
H5: The perceived benefit of accessibility will be positively associated with assessments of functional value.		X
H6: The perceived benefit of information will be positively associated with assessments of functional value.		X
H7: The perceived benefit of the interaction environment will be positively associated with assessments of functional value.	√	
H9: Price of services will be negatively associated with assessments of functional value.	√	
H10: Physical cost will be negatively associated with assessments of functional value.		X
H12: Service failure cost will be negatively associated with assessments of functional value.	√	
H14: Transaction risk will be negatively associated with assessments of functional value.		X
EMOTIONAL VALUE		
H4: The perceived benefit of control will be positively associated with assessments of emotional value.		X
H8: The perceived benefit of the interaction environment will be positively associated with assessments of emotional value.	√	
H11: Physical cost will be negatively associated with assessments of emotional value.		X
H13: Service failure cost will be negatively associated with assessments of emotional value.		X
H15: Transaction risk will be negatively associated with assessments of emotional value.		X
H16: Emotional risk will be negatively associated with assessments of emotional value.		X

From the results of the analyses shown in the above sections, the influence of the computed scores of benefits and costs on the computed score of functional value is more straightforward compared to the effects of the same on the computed score of emotional value. As hypothesised, most perceived benefits except for information benefit and accessibility benefit have an influence on functional value perceptions.

The computed scores of accessibility benefit, convenience support benefit, and interaction environment benefit respectively has a degree of influence on emotional value perceptions. The results suggest the importance of considering the above benefits on emotional value perceptions in distribution channel value.

In terms of sacrifices, the findings revealed by the various regression analyses are relatively less insightful. Sacrifices such as the computed scores of price cost and service failure cost respectively are shown to have a statistically significant degree of influence over the computed score of functional value perceptions. Physical cost does not appear significant although respondents of the exploratory study found it as a noteworthy cost. On the other hand, the results suggest that price cost has a negative influence on emotional value perceptions. The influence of price cost on emotional value has not been elaborated upon in the extant literature. These findings will be further discussed in the next chapter.

8.3. Regression Analysis Results Of The Influence Of Benefits And Sacrifices On Functional And Emotional Value By Channel

The following section elaborates upon the findings of the regression analyses employed in order to provide a more in-depth understanding into the different types of value perceived across channels. The section is divided according to the channels examined. The section begins with an examination of the influence of functional and emotional value of each channel respectively on overall value perceptions of each channel. The subsequent sections then extend the investigation to gauge the influence of the different types of benefits and sacrifices leading to the different types of value perceptions and in each scenario where relevant.

8.3.1. ATM/CDM/Cheque Deposit Machine Channel

The following sections provide the analyses related to the ATM/CDM/Cheque Deposit Machine channel, offered as an option for Scenario 1. The total respondents selecting the channel are 50 respondents. The first analysis examines the influence of

functional and emotional value on overall value perceptions. Subsequently, the influence of relative benefits and the influence of relative sacrifices are assessed on functional value. The final section presents the analyses related to the same benefits and sacrifices on emotional value perceptions. The section ends with a summary of the findings related to the ATM/CDM/Cheque Deposit Machine channel.

8.3.1.1. Influence Of Functional And Emotional Value On Overall Value

The first analysis for the ATM/CDM/cheque deposit channel intends to examine the relative influence of the computed scores of functional and emotional value respectively on overall value perception. The F statistic for the model is 16.517 with a significance level of .000. The r^2 for the model is 0.388. The VIF value for the model is relatively high for both functional and emotional value on overall value. However, the VIF value is within acceptable bounds below 2.

Table 8.7: Regression Analysis Results Of Functional And Emotional Value (Independent) And Overall Value For The ATM/CDM/Cheque Deposit Channel

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.398	.631		.631	.531		
	Functional value	**.597**	**.182**	**.474**	**3.274**	**.002**	.596	1.679
	Emotional value	.321	.205	.227	1.565	.124	.596	1.679

In terms of overall value, the results of the regression analysis as shown in table 8.7 above demonstrates the significance of functional value (standardised β 0.474, t=-3.274, p=0.002) in driving overall value perceptions for ATM/CDM/Cheque deposit channels. Emotional value is not statistically significant for this channel. The results are relatively in line with the findings of the exploratory study as most respondents use the channel only when requiring cash or depositing cash.

8.3.1.2. Influence of Benefits On Functional Value (ATM)

The table 8.8 below shows the results of the regression analysis for the computed scores of benefits perceived as independent variables and computed score of functional value as a dependent variable.

Table 8.8: Regression analysis results of Benefits (independent) and Functional value (dependent) ATM

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.842	.562		1.499	.141		
	Interaction environment benefit	.091	.177	.081	.511	.612	.465	2.151
	Convenience support benefit	.198	.217	.166	.910	.368	.351	2.848
	Information benefit	-.090	.123	-.110	-.737	.465	.522	1.915
	Assurance benefit	**.656**	**.187**	**.612**	**3.502**	**.001**	.384	2.606
	Control benefit	-.037	.132	-.040	-.282	.779	.579	1.726
	Accessibility benefit	-.064	.107	-.083	-.600	.552	.609	1.643

The F statistic for the overall model is 7.036 with a significance of 0.000. This indicates that benefits have a statistically significant explanatory power for functional value of the ATM/CDM/Cheque deposit channel. The adjusted r^2 for the model is 0.425. The VIF remains within acceptable bounds with values below 3. The only benefit which is shown to have an influence on functional value for the channel is the computed score of assurance benefit (standardised β 0.612, t = 3.502, p=.001). The results show that the functional value of ATM/CDM/Cheque deposit channel is derived from perceived assurance benefit.

8.3.1.3. Influence Of Sacrifices On Functional Value Perceptions (ATM)

The next stage of analysis employs regression analysis with the computed scores of perceived sacrifices (cost and risks) as independent variables and the computed scores of functional value as dependent variable. The results are shown in the table 8.9 below. The F statistic is 2.825 with a significance of 0.027. The r^2 for the model is 0.157, which is relatively small. The VIF remains within acceptable bounds with values below 2 except for emotional risk perceptions which is marginally above 2.

The results show that the only statistically significant perceived sacrifice impacting functional value for the ATM/CDM/Cheque deposit channel negatively is the computed score of price cost (standardised β beta -0.506, t=-3.718, p=0.001). The results show that the other costs and risks do not affect functional value.

Table 8.9: Regression analysis results of Sacrifices (independent) and Functional value (dependent) ATM

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.953	.599		8.271	.000		
	Service failure cost	-.088	.141	-.101	-.627	.534	.658	1.519
	Physical cost	-.035	.154	-.036	-.228	.821	.696	1.437
	Price cost	**-.476**	**.128**	**-.506**	**-3.718**	**.001**	.930	1.076
	Transaction risk	-.046	.136	-.058	-.339	.736	.578	1.729
	Emotional risk	.122	.117	.196	1.045	.302	.489	2.045

8.3.1.4. Influence Of Benefits On Emotional Value (ATM)

The third regression analysis of for the ATM/CDM/Cheque deposit channel examines the influence of benefits on emotional value perceptions. The table 8.10 below shows the results of the regression analysis for the computed scores of benefits perceived as independent variables and computed score of emotional value as a dependent variable. The F statistic for the model is 11.807 with a significance level of .000. The r^2 for the model is .570. The VIF values are within acceptable bounds with values below 3.

Table 8.10: Regression Analysis Results Of Benefits (Independent) And Emotional Value (Dependent) ATM

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.452	.432		1.046	.302		
	Interaction environment benefit	**.504**	**.136**	**.509**	**3.700**	**.001**	.465	2.151
	Convenience support benefit	**.630**	**.167**	**.596**	**3.771**	**.000**	.351	2.848
	Information benefit	**-.278**	**.094**	**-.382**	**-2.949**	**.005**	.522	1.915
	Assurance benefit	.014	.144	.015	.098	.922	.384	2.606
	Control benefit	.152	.101	.185	1.499	.141	.579	1.726
	Accessibility benefit	**-.225**	**.083**	**-.327**	**-2.725**	**.009**	.609	1.643

The results displayed in table 8.10 above, reveal that the computed scores of convenience support benefit (standardised β 0.596, t=3.771, p=.000), interaction environment benefit (standardised β 0.509,t=3.700, p=.001), information benefit (standardised β -0.382, t=-2.949, p=.005) , and accessibility benefit (standardised β -327,t=-2.725, p=.009) respectively are found to have a statistically significant influence upon emotional value . Thus, it may be concluded that the aforementioned benefits significantly influence emotional value.

However, both information benefit and accessibility benefit have a negative influence upon emotional value perceptions for ATM channel. The finding suggests that some benefits may negatively impact upon on value perceptions. The findings will be discussed in the next chapter.

8.3.1.5. Influence Of Sacrifice On Emotional Value (ATM)

For the ATM/CDM/cheque deposit channel, the final regression analyses is employed to enable a closer examination of the role of various computed scores of sacrifices on the computed scores of emotional value. The F-statistic for the model is 3.796 with a significance level of 0.006. The r^2 for the model is .222. The sacrifice which has a statistically significant negative influence is the computed score of price cost (standardised β -0.561, t=-4292, sig=.000). The results shown in Table 8.11 suggest the price cost negatively influences emotional value.

Table 8.11: Regression Analysis Results Of Sacrifices (Independent) And Emotional Value (Dependent) ATM

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.760	.512		9.304	.000		
	Service failure cost	.002	.120	.003	.019	.985	.658	1.519
	Physical cost	-.100	.131	-.115	-.764	.449	.696	1.437
	Price cost	**-.469**	**.109**	**-.561**	**-4.292**	**.000**	**.930**	**1.076**
	Transaction risk	-.101	.116	-.144	-.867	.391	.578	1.729
	Emotional risk	.176	.100	.317	1.760	.085	.489	2.045

8.3.1.6. Summary Of Findings ATM/CDM/Cheque Deposit Channel

For ATM/CDM/Cheque deposit channels, the results presented above from the various regression analyses may be summarised as follows. First, functional value is seen to drive overall value perceptions. The analysis reveals that assurance benefit have a statistically significant influence on functional value. In terms of the role of sacrifices, the sacrifice which has an impact on functional value is price cost. The main benefits that have a statistically significant influence are interaction environment benefit, convenience support benefit and information benefit as well as accessibility benefit on emotional value. However, information benefit and accessibility benefit influence emotional value negatively. The negative influence of perceived benefits on value has not been examined in the literature and requires further examination. The findings will be further discussed in the proceeding chapter.

8.3.2. Internet Channel

The following sections provide the analyses related to the internet channel. The channel was offered as an option for both Scenario 1 (N=51) and 2 (N=50). Therefore, the total respondents selecting the channel are 101 respondents. The first analysis examines the influence of functional and emotional value on overall value perceptions. The analysis is then repeated for the different scenarios to assess the influence of the scenarios on the functional and emotional value perceptions. For all the other analyses carried out for the internet channel as explained below regression analysis will be employed to assess differences if any for the respective scenarios. Subsequently, the influence of the benefits followed by the influence of the sacrifices is assessed on functional value perceptions while the final section presents the analyses related to the same benefits and sacrifices on emotional value perceptions. The section ends with a summary of the findings related to the internet channel.

8.3.2.1. Influence Of Functional And Emotional Value On Overall Value (Internet)

The first analysis for the internet channel intends to examine the relative influence of the computed scores of functional and emotional value on overall value perceptions. Regression analysis is employed with the computed scores of the functional value and emotional value respectively as the independent variables while overall value is the dependent variable. The F statistic for the model is 76.022 with a significance level of .000. The adjusted r^2 is 0.600. The VIF values of 1.7 as shown in table 8.12 below are below 2 and within acceptable bounds.

Table 8.12: Regression Analysis Results Of Functional And Emotional Value (Independent) And Overall Value Internet

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.223	.343		-.651	.517		
	Functional value	**.648**	**.104**	**.518**	**6.251**	**.000**	**.583**	**1.715**
	Emotional value	**.408**	**.100**	**.338**	**4.080**	**.000**	**.583**	**1.715**

In terms of overall value, the results of the regression analysis as shown in table 8.12 above demonstrates the significance of both functional value (standardised β 0.518, t=-6.251, p=0.000) and emotional value (standardised β 0.338, t=-4.080, p=0.000) respectively in driving overall value perceptions for internet channels. Functional value has greater influence on overall value perceptions compared to emotional value as shown by the higher standardised beta value.

The internet channel is offered for both scenarios, the other channel is the in-branch channel option. Therefore, it may be advantageous to examine the potential differences if any, of the influence of the respective functional and emotional value perceptions on overall value for the distinctive scenarios. The table 8.13 below shows the results of the regression analysis with the computed scores of functional value and emotional value respectively as the independent variables and overall value as the dependent variable for Scenario 1 and Scenario 2.

Table 8.13: Regression Analysis Results Of The Influence Of Functional And Emotional Value (Independent) On Overall Value (Dependent) Internet By Scenario.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	SCENARIO 1							
1	(Constant)	.381	.705		.540	.592		
	Functional value	**.521**	**.189**	**.364**	**2.756**	**.008**	**.735**	**1.361**
	Emotional value	**.401**	**.147**	**.360**	**2.727**	**.009**	**.735**	**1.361**
	SCENARIO 2							
1	(Constant)	-.385	.399		-.965	.340		
	Functional value	**.646**	**.142**	**.534**	**4.566**	**.000**	**.452**	**2.215**
	Emotional value	**.442**	**.143**	**.362**	**3.092**	**.003**	**.452**	**2.215**

The F statistic for the regression analysis of Scenario 1 is 15.492 with a significance level of .000. The adjusted r^2 is 0.372 means that approximately 37% of the variability in overall value may be attributed to the functional and emotional value perceived in the internet channels of Scenario 1. For Scenario 1, the VIF values of 1.3 as shown in table 8.13 are below 2 and within acceptable bounds.

While for Scenario 2, the F statistic is 56.835 with a significance level of .000. The adjusted r^2 is 0.691, which means that approximately 69% of the variability in overall value is explained by perceived functional and emotional value of the internet channel offered in Scenario 2. The VIF values of 2.1 as shown in table 8.13 are below 3 and within acceptable bounds.

For Scenario 1, both functional value (standardised β 0.364, t=2.756, p=.008) and emotional value (standardised β 0.360, t=2.727, p=.009) equally influence overall value. While for Scenario 2, functional value (standardised β 0.534, t=4.566, p=.000) has a stronger influence on overall value than emotional value (standardised β 0.362, t=3.092, p=.003).

The different activities in Scenario 1 and Scenario 2 demonstrates varied magnitudes of the different types of value for the same channel although functional value drives overall value perceptions for the internet channel. For Scenario 1, functional value and emotional value are equally influential while for Scenario 2, functional value

demonstrates greater influence on overall value. The findings will be discussed in the next chapter.

8.3.2.2. The Influence of Benefits on Functional Value (Internet)

The subsequent analysis examines the influence of benefits on functional value for the internet channel. The computed scores of benefits are independent variables and the computed score of functional value is the dependent variable. The table 8.14 below shows the results of the regression analysis for

Table 8.14: Regression Analysis Results Of Benefits (Independent) And Functional Value (Dependent) Internet Channel

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.578	.370		1.562	.122		
	Interaction environment benefit	**.324**	**.086**	**.339**	**3.750**	**.000**	**.589**	**1.697**
	Convenience support benefit	**.197**	**.071**	**.231**	**2.757**	**.007**	**.686**	**1.459**
	Information benefit	.064	.055	.091	1.178	.242	.806	1.241
	Assurance benefit	**.196**	**.080**	**.207**	**2.437**	**.017**	**.667**	**1.498**
	Control benefit	.140	.080	.156	1.756	.082	.613	1.630
	Accessibility benefit	-.052	.047	-.082	-1.119	.266	.900	1.111

The F statistic for the overall model is 18.981 with a significance of 0.000. This indicates that the benefits have a statistically significant explanatory power with regards to functional value for the internet channel. The adjusted r^2 for the model is 0.519 which means approximately 51% of variability in functional value is influenced by the benefits. The VIF remains within acceptable bounds with values below 2. The regression results show that various benefits influence functional value for the internet channel. The statistically significant benefits influencing functional value are the computed scores of interaction environment benefit (standardised β 0.339, t = 3.750, p=.000), convenience support benefit (standardised β 0.231, t=2.757,p=.007), and assurance benefit (standardised β .207, t=2.437,p=0.17) respectively.

The subsequent regression analyses reveals differences in the two different scenarios using the computed scores of benefits as the independent variables and the computed scores of functional value as the dependent variables. Table 8.15 below summarises the regression analyses results for the respective scenarios.

Table 8.15: Regression Analysis Results Of Benefits (Independent) And Functional Value (Dependent) Internet Channel By Scenarios

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
1	(Constant)	1.489	.694		2.145	.038		
	Interaction environment benefit	.172	.176	.176	.977	.334	.499	2.004
	Convenience Support benefit	.086	.109	.115	.786	.436	.750	1.332
	Information benefit	.068	.062	.155	1.095	.280	.807	1.239
	Assurance benefit	.094	.130	.103	.724	.473	.795	1.258
	Control benefit	.239	.134	.281	1.778	.083	.648	1.544
	Accessibility benefit	-.003	.061	-.007	-.047	.962	.794	1.259
SCENARIO 2								
1	(Constant)	.297	.517		.573	.569		
	Interaction environment benefit	**.378**	**.113**	**.383**	**3.351**	**.002**	.595	1.681
	Convenience Support benefit	**.351**	**.103**	**.384**	**3.418**	**.001**	.617	1.620
	Information benefit	-.035	.125	-.033	-.280	.781	.554	1.806
	Assurance benefit	**.293**	**.116**	**.269**	**2.531**	**.015**	.690	1.449
	Control benefit	.072	.107	.079	.666	.509	.557	1.794
	Accessibility benefit	-.105	.075	-.133	-1.408	.166	.872	1.146

The F statistic for the regression analysis of Scenario 1 is 3.120 with a significance level of .013. The adjusted r^2 is 0.206 means that approximately 20% of the variability in functional value may be attributed to the benefits of the internet channel of Scenario 1. For Scenario 1, the VIF values of as shown in table 8.15 are below 3 and within acceptable bounds.

While for Scenario 2, the F statistic is 14.103 with a significance level of .000. The adjusted r^2 is 0.611, which means that approximately 61% of the variability of functional value is explained by benefits of the internet channel offered in Scenario

2. The VIF values of as shown in table 8.45 below are below 2 and within acceptable bounds.

For Scenario 1, however the benefits are not statistically significant which is not surprising considering the low influence of the perceived benefits on functional value. While for Scenario 2, interaction environment benefit (standardised β 0.383, t=3.351, p=.002), convenience support benefit (standardised β 0.384, t=3.418, p=.001) and assurance benefit (standardised β beta 0.269, t=2.531, p=.015) are statistically significant influences on functional value.

The results suggest that the perceived benefits driving functional value for the internet channel originates from the perceived benefits of the interaction environment, convenience support benefit and assurance benefit of Scenario 2. The findings will be discussed later in the next chapter.

8.3.2.3. Influence Of Sacrifices On Functional Value (Internet)

In order to gain insight into the role of sacrifices on functional value within the internet channel, regression analysis is employed. The regression results are shown in Table 8.16 below with the computed scores of sacrifices as the independent variables and the computed score of functional value as the dependent variable.

Table 8.16: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Functional Value (Dependent) Internet Channel

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5.082	.217		23.385	.000		
	Service failure cost	-.035	.077	-.062	-.457	.649	.383	2.611
	Physical cost	-.071	.071	-.108	-1.009	.315	.606	1.650
	Price cost	**-.219**	**.056**	**-.338**	**-3.909**	**.000**	**.935**	**1.069**
	Transaction risk	.050	.060	.092	.841	.403	.585	1.709
	Emotional risk	**-.179**	**.071**	**-.349**	**-2.531**	**.013**	**.367**	**2.723**

The F statistic for the model is 9.595 with a significance level of 0.000. The r^2 for the model is 0.301, which means approximately 30% of the sacrifices account for functional value perceptions. In terms of multicollinearity, the VIF values are within acceptable bounds with a value of 3. The following sacrifices, emotional risk (standardised β -0.349, t= -2.531, p=.013) and to a lesser degree price cost (standardised β -.338, t=-3.909, p= .000) impact upon functional value of the internet channel. In line with the extant literature, the results show that the internet channel is perceived as having emotional risk perceptions. However, it is negatively associated with functional value and not emotional value as expected.

Using the same independent and dependent variables, regression analyses are conducted on the distinctive scenarios to ascertain the influence of the scenarios. Table 8.17 summarises the results of the regression analyses conducted on the respective scenarios.

Table 8.17: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Functional Value (Dependent) Internet By Scenario

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
1	(Constant)	4.945	.219		22.583	.000		
	Service failure cost	-.098	.077	-.208	-1.270	.211	.608	1.645
	Physical cost	-.069	.067	-.155	-1.027	.310	.721	1.387
	Price cost	-.068	.065	-.138	-1.052	.298	.953	1.050
	Transaction risk	-.002	.062	-.006	-.034	.973	.545	1.834
	Emotional risk	-.121	.080	-.276	-1.516	.137	.494	2.026
SCENARIO 2								
1	(Constant)	5.194	.482		10.770	.000		
	Service failure cost	.100	.142	.144	.703	.485	.317	3.154
	Physical cost	-.108	.141	-.121	-.769	.446	.533	1.876
	Price cost	**-.381**	**.090**	**-.502**	**-4.235**	**.000**	**.941**	**1.062**
	Transaction risk	.181	.110	.221	1.653	.105	.739	1.353
	Emotional risk	**-.323**	**.125**	**-.479**	**-2.584**	**.013**	**.385**	**2.599**

The F statistic for the regression analysis of Scenario 1 is 3.413 with a significance level of .011. The adjusted r^2 is 0.198 means that approximately 20% of the variability in functional value may be influenced by perceived sacrifices of the internet channel of Scenario 1. For Scenario 1, the VIF values of as shown in table 8.17 are below 3 and within acceptable bounds.

While for Scenario 2, the F statistic is 6.142 with a significance level of .000. The adjusted r^2 is 0.340, which means that approximately 34% of the variability of functional value is explained by perceived benefits of the internet channel offered in Scenario 2. The VIF values of as shown in table 8.17 are below 4 and within acceptable bounds.

For Scenario 1, the perceived sacrifices are not statistically significant which is not surprising considering the low influence of the perceived sacrifices on functional value for the model. While for Scenario 2, price cost (standardised β -0.502, t=-4.235, p=.000) and emotional risk (standardised β -.479, t=-2.584, p=.013) are statistically significant negative influences on functional value.

The results suggest that for Scenario 1, perceived sacrifices are not a statistically significant influence on functional value. Perceived price cost and emotional risk negatively influences functional value in Scenario 2. The findings will be discussed later in the next chapter.

8.3.2.4. Influence of Benefits on Emotional Value (Internet)

The table 8.18 below shows the results of the regression analysis for the benefits perceived as independent variables and emotional value as a dependent variable in the internet channel. The F statistic for the model is 14.655 with a significance level of .000. The r^2 for the model is .450. The VIF values are within acceptable bounds with values below 3 and not considered critical.

The following benefits interaction environment benefit (standardised β 0.446, t=4.619, p=.000), and convenience support benefit (standardised β 0.221, t=2.472, p=.015), are found to have a statistically significant influence upon emotional value. Control benefit (standardised β .187, t=-1.975, p=.051) is marginally influential with a p value marginally above 0.05. Thus, it may be concluded that the aforementioned benefits significantly influence emotional value, while control benefit is marginally significant.

Table 8.18: Regression Analysis Results Of The Influence Of Benefits (Independent) On Emotional Value (Dependent) Internet Channel.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.748	.410		1.822	.072		
	Interaction environment benefit	**.443**	**.096**	**.446**	**4.619**	**.000**	**.589**	**1.697**
	Convenience support benefit	**.196**	**.079**	**.221**	**2.472**	**.015**	**.686**	**1.459**
	Information benefit	.065	.061	.089	1.077	.284	.806	1.241
	Assurance benefit	-.092	.089	-.094	-1.033	.304	.667	1.498
	Control benefit	**.175**	**.089**	**.187**	**1.975**	**.051**	**.613**	**1.630**
	Accessibility benefit	-.017	.052	-.025	-.325	.746	.900	1.111

The above regression model is repeated for the respective scenarios in order to ascertain the influence of benefits on emotional value in the respective scenarios. The results are summarised in the table 8.19 below.

Table 8.19: Regression Analysis Results Of The Influence Of Benefits (Independent) On Emotional Value (Dependent) Internet By Scenario

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
1	(Constant)	.786	.921		.853	.398		
	Interaction environment benefit	.342	.234	.271	1.460	.152	.499	2.004
	Convenience support benefit	.147	.145	.154	1.013	.317	.750	1.332
	Information benefit	.069	.082	.123	.844	.403	.807	1.239
	Assurance benefit	-.011	.173	-.009	-.063	.950	.795	1.258
	Control benefit	.167	.179	.153	.938	.354	.648	1.544
	Accessibility benefit	.025	.081	.046	.309	.758	.794	1.259
SCENARIO 2								
1	(Constant)	.510	.433		1.178	.245		
	Interaction environment benefit	**.625**	**.094**	**.640**	**6.620**	**.000**	**.595**	**1.681**
	Convenience Support benefit	**.322**	**.086**	**.355**	**3.739**	**.001**	**.617**	**1.620**
	Information benefit	**-.210**	**.104**	**-.202**	**-2.011**	**.051**	**.554**	**1.806**
	Assurance benefit	-.019	.097	-.017	-.192	.849	.690	1.449
	Control benefit	**.203**	**.090**	**.226**	**2.262**	**.029**	**.557**	**1.794**
	Accessibility benefit	-.054	.062	-.069	-.859	.395	.872	1.146

The F statistic for the regression analysis of Scenario 1 is 2.494 with a significance level of .037. The adjusted r^2 is 0.155 means that approximately 15% of the variability in emotional value may be attributed to the perceived benefits of the

internet channel of Scenario 1. For Scenario 1, the VIF values of as shown in table 8.19 are below 3 and within acceptable bounds.

While for Scenario 2, the F statistic is 22.616 with a significance level of .000. The adjusted r^2 is 0.722, which means that approximately 72% of the variability of emotional value is explained by perceived benefits of the internet channel offered in Scenario 2. The VIF values of as shown in table 8.19 below are below 2 and within acceptable bounds.

For Scenario 1, the perceived benefits are not statistically significant. While for Scenario 2, interaction environment benefit (standardised β 0.640, t=6.620, p=.000), convenience support benefit (standardised β 0.355, t=3.739, p=.001), and control benefit (standardised β 0.226 , t=2.262, p=.029) are statistically significant influences on emotional value. Information benefit is marginally significant in the model (standardised β -0.202, t=-2.011, p=.051). However, its influence is negative.

The results suggest that the perceived benefits driving emotional value for the internet channel originates from the perceived benefit of the interaction environment, convenience support benefit, control benefit and information benefit for Scenario 2. The findings will be discussed later in the next chapter.

8.3.2.5. Influence of Sacrifices on Emotional Value (Internet)

In order to examine the influence of sacrifices on emotional value perceptions, a regression analysis was employed with sacrifices as independent variables and emotional value as the dependent variable. The F-statistic for the model is 3.988 with a significance level of 0.003. The adjusted r2 for the model is .130. The VIF values are within acceptable bounds. Price cost (standardised β -0.360, t=-3.736, sig=.000) is shown to be statistically significant in terms of negative influence on emotional value for the internet channel. The results are shown in the table 8.20.

Table 8.20: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Emotional Value (Dependent) Internet

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	4.592	.252		18.241	.000		
	Service failure cost	-.043	.089	-.073	-.482	.631	.383	2.611
	Physical cost	.025	.082	.037	.310	.757	.606	1.650
	Price cost	**-.242**	**.065**	**-.360**	**-3.736**	**.000**	.935	1.069
	Transaction risk	-.067	.069	-.118	-.966	.336	.585	1.709
	Emotional risk	-.015	.082	-.028	-.180	.858	.367	2.723

The same regression analyses is employed with the same independent variables and dependent variable to examine the distinctive scenarios. The results are shown in table 8.21.

Table 8.21: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Emotional Value (Dependent) Internet By Scenario

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
	(Constant)	4.561	.312		14.633	.000		
	Service failure cost	-.011	.110	-.018	-.101	.920	.608	1.645
	Physical cost	-.116	.096	-.202	-1.214	.231	.721	1.387
	Price cost	-.128	.092	-.200	-1.382	.174	.953	1.050
	Transaction risk	-.073	.088	-.160	-.833	.409	.545	1.834
	Emotional risk	.011	.114	.020	.098	.922	.494	2.026
SCENARIO 2								
	(Constant)	4.727	.478		9.891	.000		
	Service failure cost	-.092	.141	-.134	-.654	.516	.317	3.154
	Physical cost	.260	.140	.293	1.861	.069	.533	1.876
	Price cost	**-.365**	**.089**	**-.485**	**-4.087**	**.000**	**.941**	**1.062**
	Transaction risk	-.019	.109	-.024	-.177	.860	.739	1.353
	Emotional risk	-.179	.124	-.268	-1.442	.156	.385	2.599

The F statistic for the regression analysis of Scenario 1 is 1.180 with a significance level of .334. The adjusted r^2 is 0.018. The F statistic and non-significance means perceived sacrifices does not significantly influence internet channel of Scenario 1.

For Scenario 2, the F statistic is 6.087 with a significance level of .000. The adjusted r^2 is 0.337 means that approximately 33% of the variability of emotional value is explained by sacrifices of the internet channel. The VIF values of as shown in table 8.21 are below 4 and within acceptable bounds. For Scenario 2, price cost (standardised β -0.485, t=-4.087, p=.000) is a statistically significant negative

influence on emotional value. The results suggest that for Scenario 1, perceived sacrifices are not a statistically significant influence on functional value. However, price cost is a negative influence for the internet channel in Scenario 2. The findings will be discussed later in the next chapter.

8.3.2.6. Summary of Findings Internet Channel

For the internet channel, the results presented above from the various regression analyses may be summarised as follows. First, functional value and emotional value to a lesser degree significantly influences overall value perceptions. The same regression analyses for Scenario 1 and Scenario 2 respectively, provide support for both types of value in value perceptions. Functional value and emotional value are equal in their influence on overall value for Scenario 1. For Scenario 2, functional value has a larger magnitude compared to emotional value.

The findings suggest that only interaction environment benefit, convenience support benefit and assurance benefit have a statistically significant influence on functional value. For Scenario 1, control benefit is marginally significant. For Scenario 2, interaction environment benefit, convenience support benefit and assurance benefit are significant influences upon functional value. The main sacrifices which influence functional value are emotional risk and price cost. In terms of emotional value, interaction environment benefit, convenience support benefit and control benefit have a statistically significant influence. In Scenario 1, the benefits are not significant influences on emotional value. For Scenario 2, interaction environment benefit, convenience support benefit , information benefit and control benefit significantly influence emotional value. The findings suggest that various benefits may impact upon both functional and emotional value simultaneously. In terms of sacrifices, both price cost and emotional risk are significant influences on functional value, while price is the only sacrifice influencing emotional value. Price cost and emotional risk are the sacrifices that are significant influences on functional value in Scenario 2. Price influences emotional value negatively in Scenario 2. The findings will be further discussed in the next chapter.

8.3.3. In-Branch Channel

This section provides the analyses related to the in-branch channel. The channel was offered as an option for both Scenario 1 (N=51) and 2 (N=49). Therefore, the total respondents selecting the channel are 100 respondents. The first analysis examines the influence of functional and emotional value on overall value perceptions. Subsequently regression analysis will be employed to assess differences if any, for the respective scenarios. The influence of the benefits followed by the influence of the sacrifices is assessed on functional value perceptions in the following section. The final section presents the analyses related to the same benefits and sacrifices on emotional value perceptions. The section ends with a summary of the findings related to the channel.

8.3.3.1. Influence Of Functional And Emotional Value On Overall Value (In-Branch)

The first analysis for the in-branch channel examines the relative influence of functional and emotional value on overall value perceptions. The analysis is carried out using the computed scores of functional and emotional values as independent variables respectively and overall value as the dependent variable. The F statistic for the model is 40.690 with a significance level of .000. The adjusted r^2 is 0.445. The VIF remains acceptable with values below 2.

In terms of overall value, the results of the regression analysis as shown in table 8.22 demonstrates the significance of both functional value (standardised β 0.288, t=-3.486, p=0.001) and emotional value (standardised β 0.502, t=-6.082, p=0.000) in driving overall value perceptions for in-branch. The results show that, emotional value has greater influence on overall value perceptions compared to functional value for the in-branch channel.

Table 8.22 : Regression Analysis Results Of Functional And Emotional Value (Independent) And Overall Value In-Branch Channel

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	.368	.434		.849	.398		
	Functional value	**.386**	**.111**	**.288**	**3.486**	**.001**	**.823**	**1.215**
	Emotional value	**.576**	**.095**	**.502**	**6.082**	**.000**	**.823**	**1.215**

The subsequent analysis is conducted to ascertain differences if any in the influence of functional and emotional value respectively on overall value in the different scenarios using regression analyses. The table 8.23 below provides the results of the analysis

Table 8.23: Regression Analysis Results Of The Influence Of Functional and Emotional Value (Independent) On Overall Value (Dependent) In-branch by Scenario

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	SCENARIO 1							
	(Constant)	1.001	.773		1.295	.201		
	Functional value	.093	.197	.055	.470	.640	.827	1.209
	Emotional value	**.770**	**.138**	**.652**	**5.581**	**.000**	**.827**	**1.209**
	SCENARIO 2							
	(Constant)	.547	.505		1.085	.284		
	Functional value	.462	.140	.400	3.302	.002	.770	1.300
	Emotional value	.416	.124	.406	3.349	.002	.770	1.300

The F statistic for the regression analysis of Scenario 1 is 20.289 with a significance level of .000. The adjusted r^2 is 0.436 means that approximately 43% of the variability in overall value may be attributed to the functional and emotional value perceived in the internet channels of Scenario 1. For Scenario 1, the VIF values of 1.2 as shown in table 8.23 are below 2 and within acceptable bounds.

While for Scenario 2, the F statistic is 21.276 with a significance level of .000. The adjusted r^2 is 0.458, which means that approximately 45% of the variability in overall value is explained by perceived functional and emotional value of the internet

channel offered in Scenario 2. The VIF values of 1.3 as shown in table 8.23 are below 2 and within acceptable bounds.

For Scenario 1, functional value is not statistically significant with a value of p=.640 while emotional value (standardised β 0.652, t=5.581, p=.000) influences overall value. For Scenario 2, both functional value (standardised β 0.400, t=3.302, p=.002) and emotional value (standardised β 0.406, t=3.092, p=.003) has equal influence over overall value.

The transactions offered in Scenario 1 and Scenario 2, reveal differing magnitudes of the different types of value for the same channel. For Scenario 1, emotional value solely influences overall value while for Scenario 2, both functional value and emotional value are equally influential. The findings will be explained in the next chapter. Importantly, the analysis reveals a greater influence of emotional value on overall value for the in-branch channel.

8.3.3.2. Influence of Benefits on Functional Value (In-branch)

The following regression analyses was employed in order to determine the perceived benefits that lead to functional value for the in-branch channel.

Table 8.24: Regression Analysis Results Of Benefits (Independent) And Functional Value In-branch

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	1.716	.376		4.557	.000		
	Interaction environment benefit	**.375**	**.128**	**.387**	**2.926**	**.004**	.371	2.693
	Convenience Support benefit	.156	.099	.176	1.571	.120	.514	1.944
	Information benefit	.054	.102	.060	.526	.600	.493	2.029
	Assurance benefit	.027	.101	.032	.264	.793	.452	2.212
	Control benefit	.038	.083	.050	.458	.648	.550	1.817
	Accessibility benefit	-.078	.051	-.131	-1.518	.132	.873	1.145

The table 8.24 above shows the regression analysis results for the computed scores of perceived benefits as independent variables and computed scores of functional value as dependent variable for the in-branch channel.

The F statistic for the overall model is 10.177 with a significance of 0.000. This indicates that the benefits have a statistically significant explanatory power with regards to functional value for the internet channel.

The adjusted r^2 for the model is 0.357. The VIF remains within acceptable bounds with values below 3. The regression analysis results show that only interaction environment benefit (standardised β 0.387, t=2.926, p=0.004) has statistically significant impact on functional value for the in-branch channel. This analysis suggests that perceived functional value is derived from the interaction environment benefit solely.

The subsequent analysis reviews the influence of benefits on functional value for the in-branch channel by scenario. Table 8.25 below shows the results of the regression analysis employed.

The F statistic for the regression analysis of Scenario 1 is 3.501 with a significance level of .006. The adjusted r^2 is 0.231 means that approximately 23% of the variability in functional value may be attributed to the perceived benefits of the in-branch channel in Scenario 1. For Scenario 1, the VIF values of as shown in table 8.25 are below 3 and within acceptable bounds.

While for Scenario 2, the F statistic is 6.732 with a significance level of .000. The adjusted r^2 is 0.417, which means that approximately 41% of the variability of functional value is explained by perceived benefits of the internet channel offered in Scenario 2. The VIF values of as shown in table 8.25 are below 2 and within acceptable bounds.

Table 8.25: Regression Analysis results of Benefits (independent) and Functional value In-branch channel by Scenario

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
	(Constant)	2.534	.585		4.333	.000		
	Interaction environment benefit	.125	.152	.147	.820	.417	.476	2.100
	Convenience Support benefit	-.067	.124	-.093	-.535	.595	.504	1.983
	Information benefit	**.245**	**.127**	**.325**	**1.934**	**.060**	**.546**	**1.831**
	Assurance benefit	.054	.130	.067	.414	.681	.586	1.707
	Control benefit	.110	.120	.177	.917	.364	.412	2.427
	Accessibility benefit	-.101	.068	-.208	-1.483	.145	.778	1.285
SCENARIO 2								
	(Constant)	1.222	.482		2.537	.015		
	Interaction environment benefit	**.602**	**.222**	**.571**	**2.711**	**.010**	**.274**	**3.656**
	Convenience Support benefit	**.445**	**.153**	**.472**	**2.906**	**.006**	**.461**	**2.171**
	Information benefit	-.111	.173	-.120	-.640	.526	.344	2.906
	Assurance benefit	-.173	.186	-.202	-.933	.356	.259	3.868
	Control benefit	-.008	.111	-.010	-.074	.941	.731	1.368
	Accessibility benefit	-.055	.107	-.067	-.513	.611	.705	1.418

For Scenario 1, the perceived benefits are not statistically significant which is relatively not surprising considering the low influence of the perceived benefits on functional value except for information benefit (standardised β 0.325, t=1.934, p=.060) which is marginally significant. While for Scenario 2, interaction environment benefit (standardised β 0.571, t=2.711, p=.010) convenience support benefit (standardised β 0.472, t=2.906, p=.006), are statistically significant influences on functional value.

The results suggest that the perceived benefits driving functional value for the in-branch channel originates from the interaction environment. However, different benefits influence functional value perceptions in the respective scenarios . The findings will be discussed later in the next chapter.

8.3.3.3. Influence of Sacrifice on Functional Value (In-branch)

In terms of sacrifices, the branch was perceived as having a relatively high extent of physical and other types of costs in the exploratory study. Thus, the first regression

analysis employed here provides the computed scores of various sacrifices as independent variables and computed scores of the functional value as the dependent variable.

For the branch, the regression analysis results are shown in table 8.26 below. The F statistic for the model is 7.726 with a significance level of .000. The r^2 for the model is 0.254. The VIF remains within acceptable bounds with values below 2.

Table 8.26: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Functional Value (Dependent) In-Branch Channel

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.044	.488		8.292	.000		
	Service failure cost	**-.166**	**.081**	**-.223**	**-2.041**	**.044**	.630	1.588
	Physical cost	**.244**	**.091**	**.256**	**2.670**	**.009**	.820	1.220
	Price cost	-.097	.065	-.141	-1.486	.141	.842	1.188
	Transaction risk	-.072	.073	-.104	-.992	.324	.687	1.455
	Emotional risk	-.055	.058	-.098	-.961	.339	.731	1.368

The main sacrifice impacting upon functional value of the in-branch channel is service failure cost (standardised β -0.223, t=-2.041, p=.044 and physical cost (standardised β 0 .256, t=2.670, sig=.009). Interestingly, physical cost is found to have a positive influence on functional value. The results will be further discussed in the next chapter. The subsequent analysis examines the influence of sacrifices on functional value according to the scenarios. The table 8.27 below provides the results of the analyses for Scenario 1 and Scenario 2.

Table 8.27: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Functional Value (Dependent) In-Branch Channel By Scenario.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
1	(Constant)	3.792	.620		6.117	.000		
	Service failure cost	-.155	.101	-.214	-1.537	.131	.788	1.270
	Physical cost	**.202**	**.118**	**.237**	**1.721**	**.092**	**.800**	**1.250**
	Price cost	.113	.074	.200	1.534	.132	.899	1.113
	Transaction risk	.022	.079	.040	.283	.778	.749	1.335
	Emotional risk	**-.163**	**.066**	**-.349**	**-2.470**	**.017**	**.763**	**1.310**

SCENARIO 2								
1	(Constant)	5.783	.721		8.018	.000		
	Service failure cost	-.225	.166	-.221	-1.353	.183	.494	2.026
	Physical cost	.166	.134	.164	1.240	.222	.753	1.328
	Price cost	**-.442**	**.098**	**-.595**	**-4.528**	**.000**	**.766**	**1.305**
	Transaction risk	**-.358**	**.130**	**-.361**	**-2.742**	**.009**	**.764**	**1.310**
	Emotional risk	.128	.098	.211	1.313	.196	.511	1.957

The F statistic for the regression analysis of Scenario 1 is 4.130 with a significance level of .004. The adjusted r^2 is 0.238 means that approximately 23% of the variability in functional value may be influenced by perceived sacrifices of the in-branch channel of Scenario 1. For Scenario 1, the VIF values of as shown in table 8.27 are below 1 and acceptable.

While for Scenario 2, the F statistic is 6.540 with a significance level of .000. The adjusted r^2 is 0.366 which means that approximately 36% of the variability of functional value is explained by perceived benefits of the in-branch channel offered in Scenario 2. The VIF values of as shown in table 8.27 are below 3 and acceptable.

For Scenario 1, emotional risk (standardised β -0.349, t=-2.470, p=.017) is the only statistically significant perceived sacrifice. Physical cost (standardised β 0.237, t=1.721, p=.092) is a marginally significant positive influence on functional value for the in-branch channel of Scenario 1. For Scenario 2, price cost (standardised β -0.595, t=-4.528, p=.000) and transaction risk (standardised β -0.361, t=-2.742, p=.009) are statistically significant negative influences on functional value.

The results suggest that for the in-branch channel, differing perceived sacrifices influence functional value of Scenario 1 and Scenario 2 respectively. These sacrifices in the individual scenarios are not statistically significant in the overall regression of the same. The results show instead that service failure is a negative influence on functional value perceptions. Physical cost has a positive impact on functional value, which is not expected. The findings will be discussed later in the next chapter.

8.3.3.4. Influence of Benefits on Emotional Value (In-Branch)

The table 8.28 below shows the results of the regression analysis for the computed scores of benefits perceived as independent variables and computed scores of emotional value as a dependent variable. The F statistic for the model is 6.811 a significance level of .000. The r^2 for the model is .260. The VIF remains within acceptable bounds with values below 3.

Table 8.28: Regression Analysis Results Of The Influence Of Benefits (Independent) On Emotional Value (Dependent) In-Branch

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.018	.472		2.156	.034		
	Interaction environment benefit	.293	.161	.259	1.823	.071	.371	2.693
	Convenience Support benefit	.055	.125	.053	.443	.659	.514	1.944
	Information benefit	**.293**	**.128**	**.281**	**2.284**	**.025**	**.493**	**2.029**
	Assurance benefit	.029	.126	.030	.230	.818	.452	2.212
	Control benefit	-.102	.104	-.114	-.977	.331	.550	1.817
	Accessibility benefit	**.162**	**.064**	**.233**	**2.520**	**.013**	**.873**	**1.145**

For the in-branch channel, the computed scores of information benefit (standardised β 0.281, t=2.284, sig=.025) and accessibility benefit (standardised β 0.233, t=2.520, sig=.013) respectively are statistically significant in influencing emotional value perceptions. The findings concur with the exploratory findings to a certain extent. In the exploratory study, the in-branch channel was found to be relatively high on information benefit. Most respondents felt that the branch was the best avenue to clarify information or make enquiries compared to other channels. Accessibility benefit was revealed to positively influence emotional value. Interaction environment benefit may be considered a marginally significant (standardised β 0.259, t=1.823 sig=.071) positive influence on emotional value.

The subsequent analysis examines the influence of the benefits on emotional value for each scenario. The table 8.29 below shows the results of the regression analyses of the scenarios using benefits as the independent variable and emotional value as the dependent variable for the respective analysis.

Table 8.29: Regression Analyses Results Of The Influence Of Benefits (Independent) On Emotional Value (Dependent) In-Branch Channel By Scenario

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
1	(Constant)	1.638	.914		1.793	.080		
	Interaction environment benefit	.281	.238	.233	1.182	.244	.476	2.100
	Convenience Support benefit	.076	.194	.074	.389	.699	.504	1.983
	Information benefit	.242	.198	.225	1.225	.227	.546	1.831
	Assurance benefit	-.130	.204	-.113	-.639	.526	.586	1.707
	Control benefit	-.031	.188	-.034	-.163	.871	.412	2.427
	Accessibility benefit	.142	.107	.205	1.331	.190	.778	1.285
SCENARIO 2								
1	(Constant)	.813	.556		1.462	.151		
	Interaction environment benefit	.209	.256	.176	.817	.419	.274	3.656
	Convenience Support benefit	.021	.177	.020	.119	.906	.461	2.171
	Information benefit	.294	.200	.284	1.473	.148	.344	2.906
	Assurance benefit	.176	.214	.182	.820	.417	.259	3.868
	Control benefit	-.102	.128	-.105	-.797	.430	.731	1.368
	Accessibility benefit	.183	.124	.198	1.475	.148	.705	1.418

The F statistic for the regression analysis of Scenario 1 is 1.707 is not statistically significant at p=.142. The adjusted r^2 is 0.078. This means that perceived benefits do not statistically influence emotional value in Scenario 1.

For Scenario 2, the F statistic is 6.075 with a significance level of .000. The adjusted r^2 is 0.388 which means that approximately 38% of the variability of emotional value is explained by perceived benefits of the in-branch channel. The VIF values are below 4 and within acceptable bounds. However, none of the perceived benefits are statistically significant in influencing emotional value for either scenario. The findings will be discussed later in the next chapter.

8.3.3.5. Influence of Sacrifice on Emotional Value (In-branch)

The subsequent regression analysis is conducted to examine the role of sacrifices in influencing emotional value perceptions. The F-statistic for the model is 2.669 with a significance level of 0.027. The table 8.30 below provides the results of the analyses.

Table 8.30: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Emotional Value (Dependent) In-Branch Channel

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.521	.634		7.134	.000		
	Service failure cost	.061	.106	.070	.573	.568	.630	1.588
	Physical cost	-.076	.119	-.068	-.642	.522	.820	1.220
	Price cost	**-.177**	**.085**	**-.221**	**-2.098**	**.039**	.842	1.188
	Transaction risk	.073	.094	.090	.773	.442	.687	1.455
	Emotional risk	**-.204**	**.075**	**-.307**	**-2.718**	**.008**	.731	1.368

The adjusted r2 for the model is .078. The VIF remains within acceptable bounds with values below 2. In terms of sacrifices, computed scores of price cost (standardised β -0.221, t=-2.098.736, sig=.039) and computed scores emotional risk respectively (standardised β -0.307, t=-2.718, sig=.008) are statistically significant in terms of negative influence on the computed score of emotional value for the in-branch channel.

Further regression analyses are employed to examine the effect of the scenario on the influence of sacrifices on emotional value. The table 8.31 below shows the results of the analyses. The F statistic 1.849 for the regression analysis of Scenario 1 is not statistically significant at p=.122. The adjusted r^2 is 0.078. This means that perceived benefits do not statistically influence emotional value in Scenario 1.

Table 8.31: Regression Analyses Results Of The Influence Of Sacrifices (Independent) On Emotional Value (Dependent) In-Branch Channel By Scenario

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
SCENARIO 1								
1	(Constant)	4.576	.973		4.703	.000		
	Service failure cost	.080	.158	.077	.504	.617	.788	1.270
	Physical cost	-.108	.185	-.089	-.585	.561	.800	1.250
	Price cost	-.096	.116	-.119	-.829	.412	.899	1.113
	Transaction risk	.109	.123	.139	.885	.381	.749	1.335
	Emotional risk	**-.296**	**.103**	**-.445**	**-2.866**	**.006**	**.763**	**1.310**
SCENARIO 2								
1	(Constant)	5.183	.998		5.194	.000		
	Service failure cost	-.081	.230	-.071	-.352	.727	.494	2.026
	Physical cost	-.089	.185	-.078	-.481	.633	.753	1.328
	Price cost	**-.319**	**.135**	**-.381**	**-2.365**	**.023**	**.766**	**1.305**
	Transaction risk	-.013	.180	-.012	-.073	.942	.764	1.310
	Emotional risk	-.037	.135	-.054	-.271	.788	.511	1.957

While for Scenario 2, the F statistic is 1.436 with a significance level of p=.231. The adjusted r^2 is 0.043. This means that independent variables (perceived sacrifices) do not influence the dependent variable (emotional value).

8.3.3.6. Summary of Findings In-branch Channel

For the in-branch channel, the results presented above from the various regression analyses may be summarised as follows. First, emotional value is a greater driver of overall value perceptions compared to functional value. A comparison of the scenarios suggest that for Scenario 1, emotional value solely influences overall value, while for Scenario 2, both functional value and emotional value are equally influential.

In terms of functional value perceptions, the findings suggest that only interaction environment benefit has a statistically significant influence. In Scenario 1, information benefit is a marginally significant influence on functional value. In Scenario 2, interaction environment, and convenience support are significant influences on functional value. In terms of the role of sacrifices, both physical cost and service failure cost significantly influence functional value for the same channel. Physical cost has a positive influence on functional value of the branch. This finding is in contrast with the extant literature of the influence of sacrifices upon value. In terms of the two scenarios', emotional risk is a statistically significant negative influence on functional value. However, physical cost is marginally significant and positively influences the in-branch channel of Scenario 1. While for Scenario 2, price cost and transaction risk are statistically significant negative influences on functional value. The scenarios' thus demonstrate different sacrifices which influence functional value.

In terms of emotional value, the main benefits that have a statistically significant influence are information benefit, and accessibility benefit in the overall emotional value perceived. The perceived benefits are not statistically significant for either scenario which is a surprising outcome considering the higher magnitude of emotional value on overall value perceptions for the in-branch channel. It is likely

that other benefits are perceived not captured in this study. The regression model for the influence of sacrifices on emotional value for both Scenario 1 and 2 respectively is not statistically significant with low F statistic. The findings will be further discussed in the subsequent chapter.

8.3.4. Phone Banking

Phone banking is a very commonly utilised channel in the Malaysian context for various complaints as well as enquiries with regards to banking transactions. The total number of respondents for phone banking is 49 and restricted to Scenario 2 only as it was not offered as an option for Scenario 1.

8.3.4.1. Influence Of Functional And Emotional Value On Overall Value (Phone Channel)

The first analyses for the phone banking channel examines the relative influence of the computed scores of functional and emotional value respectively as independent variables on overall value perceptions as the dependent variable. The F statistic for the model is 29.640 with a significance level of .000. The adjusted r^2 is 0.544.

Table 8.32: Regression Analysis Results Of The Influence Of Functional And Emotional Value (Independent) On Overall Value (Dependent) Phone Banking

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.956	.666		-1.434	.158		
	Functional value	**.810**	**.212**	**.442**	**3.821**	**.000**	**.708**	**1.412**
	Emotional value	**.462**	**.130**	**.413**	**3.562**	**.001**	**.708**	**1.412**

The table 8.32 shows the results of the analysis. In terms of overall value, the results demonstrate the significance of both functional value (standardised β 0.442, t=-3.821, p=0.000) and emotional value (standardised β 0.413, t=3.562, p=0.001) in driving overall value perceptions for the phone banking channel. Functional value has a marginally greater influence on overall value compared to emotional value for the phone banking channel.

8.3.4.2. Influence of Benefits on Functional Value (Phone banking)

The second regression analysis is employed to examine the relevance of the different perceived benefits for functional value in phone banking. The table 8.33 below provides the results of the analyses.

Table 8.33: Regression Analysis Results Of The Influence Of Benefits (Independent) On Functional Value (Dependent) Phone Banking

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.572	.481		3.265	.002	.431	2.323
	Interaction environment benefit	.114	.163	.132	.699	.488	.487	2.055
	Convenience support benefit	**.272**	**.141**	**.342**	**1.929**	**.060**	**.657**	**1.521**
	Information benefit	.046	.088	.079	.520	.606	.651	1.535
	Assurance benefit	-.041	.094	-.067	-.437	.665	.764	1.308
	Control benefit	.103	.066	.220	1.553	.128	.589	1.696
	Accessibility benefit	.058	.099	.095	.591	.558	.431	2.323

The F statistic for the overall model is 3.898 with a significance of 0.003. This indicates that the computed scores of benefits have statistically significant explanatory power towards the computed score of functional value for phone banking. The adjusted r^2 for the model is 0.357. The VIF remains within acceptable bounds with values below 3. Convenience support benefit (standardised β 0.342, t=1.929,p=.060) is shown to be the only marginally significant influence on functional value.

8.3.4.3. Influence of Sacrifices on Functional Value (Phone banking)

The results of the regression analyses to examine the impact of sacrifices on functional value is not statistically significant as shown in table 8.34 (F statistic 1.693, p=1.57). Hence, the result suggests that sacrifices do not influence functional value in this channel.

Table 8.34: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Functional Value (Dependent) Phone Banking

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.089	.338		12.090	.000		
	Service failure cost	-.058	.096	-.144	-.601	.551	.339	2.949
	Physical cost	.063	.083	.117	.767	.448	.840	1.191
	Price cost	-.153	.091	-.272	-1.684	.099	.745	1.343
	Transaction risk	.011	.074	.024	.151	.880	.750	1.334
	Emotional risk	-.049	.078	-.133	-.624	.536	.431	2.323

8.3.4.4. Influence of Benefits on Emotional Value (Phone banking)

The regression analysis to examine the influence of benefits upon emotional value is significant with F value of 2.411 and p value of 0.043. The adjusted r^2 for the model is 0.150 which means approximately 15% of the variability in emotional value is attributed to the various benefits. However, the individual benefits are not significant as shown by the table 8.35 below.

Table 8.35: Regression Analysis Results Of The Influence Of Benefits (Independent) On Emotional Value (Dependent) Phone Banking

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.383	.846		1.635	.110	.431	2.323
	Interaction environment benefit	.269	.287	.190	.938	.353	.487	2.055
	Convenience Support benefit	.129	.248	.099	.521	.605	.657	1.521
	Information benefit	.118	.155	.126	.765	.449	.651	1.535
	Assurance benefit	-.211	.165	-.211	-1.280	.208	.764	1.308
	Control benefit	.133	.117	.174	1.144	.259	.589	1.696
	Accessibility benefit	.198	.173	.198	1.142	.260	.431	2.323

8.3.4.5. Influence of Sacrifices on Emotional Value (Phone banking)

The regression analysis employed with computed scores of sacrifices as independent variables and computed score of emotional value, as dependent variable is statistically significant. The F-statistic for the model is 3.204 with a significance level of 0.015. The adjusted r2 for the model is .187. In terms of sacrifices, price cost (standardised β-.471, t=-3.119, sig=.003) is statistically significant as a negative influence on emotional value. Results are shown in table 8.36 below.

Table 8.36: Regression Analysis Results Of The Influence Of Sacrifices (Independent) On Emotional Value (Dependent) Phone Banking

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.784	.516		9.276	.000		
	Service failure cost	-.109	.146	-.167	-.748	.459	.339	2.949
	Physical cost	-.033	.126	-.037	-.263	.794	.840	1.191
	Price cost	**-.432**	**.139**	**-.471**	**-3.119**	**.003**	.745	1.343
	Transaction risk	.020	.112	.026	.174	.863	.750	1.334
	Emotional risk	.131	.119	.218	1.099	.278	.431	2.323

8.3.4.6. Summary Of Findings Phone Channel

The results presented above from the various regression analyses may be summarised as follows. For the phone banking channel, emotional value and functional value are almost similar in explanatory power in terms of overall value perceptions. The findings suggest that only convenience support benefit is marginally statistically significant in influencing functional value perceptions. Sacrifices are not significant in terms of influencing functional value. Benefits have some influence on emotional value, although the analysis does not demonstrate that individual benefits are significantly associated with emotional value. In terms of emotional value, the main sacrifice that has a statistically significant influence is price cost. The results suggest that other perceived benefits may influence both functional and emotional value in the phone banking channel. The findings will be further discussed in the subsequent chapter.

8.4. Benefits and Sacrifice Comparisons (ANOVA Results)

The following sections in this chapter present the results of the Analysis of Variance test (ANOVA) conducted in order to test the differences between channels for the computed scores of various benefits and sacrifice perceptions for hypothesis 17 to 27. These hypotheses posit various benefits or sacrifices to be different for different channels based on the extant literature. For the following tests, the means of the computed scores of the respective benefit or sacrifice measure is compared. The results of the channel differences in Scenario 1 and the results of the channel

differences examined in Scenario 2 are presented below. This is followed by a closer examination of the differences in perceived benefits and sacrifices according to channels in planned comparisons using post hoc Scheffe's tests.

8.4.1. Findings of ANOVA of Perceived Benefits and Sacrifices of Channels in Scenario 1 and Scenario 2

The first section presents the results of the benefits and sacrifice differences according to channels examined in the respective scenarios. The table 8.37 below provides the results of the Analysis of Variance test (ANOVA) to compare the means of the benefits and sacrifices perceived by channel for Scenario 1. The channel options presented for Scenario 1 are ATM/CDM/Cheque deposit machine; internet banking and in-branch channel.

The table 8.37 shows that the perceived benefit means are significantly different ($p < 0.05$) for all benefits in Scenario 1. Similarly, all perceived sacrifice means are significantly different including transaction risk which is marginally significant ($F=2.975$, $df=2$, $p=0.54$), except for price cost ($F=1.696$, $df =2$,$p=0.187$).

Table 8.37: Results Of Anova Of Perceived Benefits And Sacrifice Scenario 1

		Sum of Squares	df	Mean Square	F	Sig
Interaction environment benefit	Between Groups	10.232	2	5.116	13.502	**.000**
	Within Groups	56.077	148	.379		
	Total	66.309	150			
Convenience Support benefit	Between Groups	5.361	2	2.680	5.751	**.004**
	Within Groups	68.977	148	.466		
	Total	74.338	150			
Information benefit	Between Groups	12.805	2	6.402	7.725	**.001**
	Within Groups	122.660	148	.829		
	Total	135.465	150			
Assurance benefit	Between Groups	6.586	2	3.293	7.856	**.001**
	Within Groups	62.038	148	.419		
	Total	68.624	150			
Control benefit	Between Groups	6.424	2	3.212	5.360	**.006**
	Within Groups	88.685	148	.599		
	Total	95.108	150			
Accessibility benefit	Between Groups	42.556	2	21.278	18.811	**.000**
	Within Groups	167.408	148	1.131		
	Total	209.963	150			
Service failure cost	Between Groups	23.376	2	11.688	15.316	**.000**
	Within Groups	112.943	148	.763		
	Total	136.319	150			

Physical cost	Between Groups	55.441	2	27.720	40.713	**.000**
	Within Groups	100.769	148	.681		
	Total	156.209	150			
Price cost	Between Groups	2.765	2	1.383	1.696	.187
	Within Groups	120.675	148	.815		
	Total	123.440	150			
Transaction risk	Between Groups	7.019	2	3.510	2.975	**.054**
	Within Groups	174.615	148	1.180		
	Total	181.634	150			
Emotional risk	Between Groups	16.133	2	8.066	6.007	**.003**
	Within Groups	198.735	148	1.343		
	Total	214.868	150			

The table 8.38 above provides the results of the ANOVA to compare the means for the different benefits and sacrifices by channel for Scenario 2. The channel options provided for Scenario 2 are Internet banking, in-branch channel and phone banking. In table 8.38 benefits and sacrifices in bold are significantly different for the channels ($p<0.05$). For Scenario 2, the following means for the respective computed scores of benefits are not significantly different between channels information benefit ($F=0.970$, df =2, $p=0.382$) assurance benefit ($F=1.412$, df =2, $p=0.187$); and accessibility benefits($F=1.696$, df =2 , $p=0.363$).

Table 8.38: Results Of ANOVA Of Perceived Benefits And Sacrifices Scenario 2

		Sum of Squares	df	Mean Square	F	Sig
Interaction environment benefit	Between Groups	2.296	2	1.148	2.966	**.055**
	Within Groups	56.514	146	.387		
	Total	58.810	148			
Convenience support benefit	Between Groups	3.654	2	1.827	3.948	**.021**
	Within Groups	67.564	146	.463		
	Total	71.218	148			
Information benefit	Between Groups	.986	2	.493	.970	.382
	Within Groups	74.264	146	.509		
	Total	75.250	148			
Assurance benefit	Between Groups	1.426	2	.713	1.412	.247
	Within Groups	73.759	146	.505		
	Total	75.186	148			
Control benefit	Between Groups	6.141	2	3.070	4.525	**.012**
	Within Groups	99.075	146	.679		
	Total	105.216	148			
Accessibility benefit	Between Groups	1.330	2	.665	1.021	.363
	Within Groups	95.131	146	.652		
	Total	96.461	148			
Service failure cost	Between Groups	8.296	2	4.148	4.758	**.010**
	Within Groups	127.281	146	.872		
	Total	135.577	148			

Physical cost	Between Groups	6.417	2	3.209	5.727	**.004**
	Within Groups	81.801	146	.560		
	Total	88.218	148			
Price cost	Between Groups	1.482	2	.741	.987	.375
	Within Groups	109.545	146	.750		
	Total	111.027	148			
Transaction risk	Between Groups	2.678	2	1.339	1.935	.148
	Within Groups	101.052	146	.692		
	Total	103.730	148			
Emotional risk	Between Groups	1.989	2	.995	.814	.445
	Within Groups	178.434	146	1.222		
	Total	180.423	148			

The computed scores of convenience support benefit (F=3.948, df =2 ,p=0.021) , and control benefit (F=4.525,df=2, p=.012) means respectively, are different between channels, while interaction environment benefit is marginally significant (F=2.966,df=2, p=.055). Equally, for Scenario 2, mean differences between channels exist for the computed scores of service failure cost (F=4.748, df=2, p=0.010) and physical cost (F=5.727, df= 2, p=0.004) respectively. However, other sacrifice means are not different namely price cost, transaction risk and emotional risk.

In order to examine which benefits or sacrifices differ based on the results of the ANOVA test, the Scheffe multiple comparisons is conducted for each benefit and sacrifice perceived which is shown to have significant differences in means according to channel. Subsequently , post hoc Scheffe' tests are employed to provide further insight into the differences between channels by comparing the actual means of the various perceived benefits and sacrifices. The results of each test will be explained in the subsequent paragraphs to test the respective hypothesis.

8.4.2. Comparison Of Perceived Benefit Of Convenience Support

Hypothesis 17 intends to compare perceived **convenience support benefit** in the various distribution channels.

H17: The perceived benefit of convenience support is greater for internet banking, compared to other channels

The results of the ANOVA as shown in Table 8.37 reveal that there are significant differences between the perceived benefit of convenience support for the channel options of Scenario 1.

Table 8.39: Scheffe Multiple Comparisons Results Scenario 1 And Scenario 2

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SCENARIO 1							
Convenience Support benefit	ATM/ CDM/ Cheque deposit machine	INTERNET BANKING	-.23333	.13654	.236	-.5710	.1043
		In-branch	.22745	.13587	.250	-.1085	.5634
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	.23333	.13654	.236	-.1043	.5710
		In-branch	**.46078***	**.13587**	**.004**	.1248	.7967
	In-branch	ATM/ CDM/ Cheque deposit machine	-.22745	.13587	.250	-.5634	.1085
		INTERNET BANKING	-.46078*	.13587	.004	-.7967	-.1248
SCENARIO 2							
Convenience Support benefit	INTERNET BANKING	In-branch	.16006	.13608	.502	-.1765	.4966
		Phone banking	-.22429	.13608	.260	-.5608	.1122
	In-branch	INTERNET BANKING	-.16006	.13608	.502	-.4966	.1765
		Phone banking	**-.38435***	**.13744**	**.022**	-.7242	-.0445
	Phone banking	INTERNET BANKING	.22429	.13608	.260	-.1122	.5608
		In-branch	.38435*	.13744	.022	.0445	.7242

Similarly, the results of the Anova reveal that there are significant differences for perceived convenience support benefit for the channel options of Scenario 2 as shown in table 8.38. The Scheffe multiple comparisons table 8.39 is shown below. The multiple comparisons table 8.39 above , shows that for Scenario 1, convenience support benefit is different for internet banking channel (p=0.004) compared to in-branch channel . For Scenario 2, the in-branch channel is different from phone banking channel (p=0.002) for the same benefit. In order to further analyse the differences, the Scheffe post hoc test reveals that the means of convenience support benefit is higher for the internet channel (4.17) compared to in-branch interactions (3.71) and ATM/CDM/or cheque deposit channels (3.93) for Scenario 1. However, for Scenario 2, the phone banking channel (3.96) provides higher convenience support benefit compared to internet banking (3.75) and in-branch channel (3.59). The results of the Scheffe post hoc tests are shown in table 8.40 below:

Table 8.40: Results Of The Scheffe Post Hoc Test

Scenario 1	N	Subset for Alpha		Scenario 2	N	Subset for Alpha	
		1	2			1	2
In-branch	51	**3.71**		**In-branch**	49	**3.59**	
ATM/CDM/Cheque deposit	50	3.93	3.93	Internet banking	51	3.75	3.75
Internet	50		**4.17**	**Phone banking**	49		**3.96**
Sig		0.251	.233			.505	.263

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329; Scenario 2: Uses Harmonic Mean Sample Size = 49.649)

The results show that for Scenario 1, the hypothesis is supported as the internet banking channel provides the most perceived benefit of convenience support compared to the ATM/CDM/Cheque deposit channel and in-branch banking. However, for Scenario 2, the hypothesis is not supported as phone banking has the highest mean compared to in-branch and internet banking channels. Therefore, there is only partial support for Hypothesis 17.

8.4.3. Comparison of Perceived Benefit of Assurance

Hypotheses 18 intends to compare the perceived benefit of assurance in the various distribution channels.

H18: The perceived benefit of assurance are greater for in-branch interactions compared to other channels

As shown by table 8.37 the results of the ANOVA reveal that there are significant differences between the means of the perceived benefit of assurance between channels for Scenario 1 (0.001). However, there is no significant difference between the means of the perceived benefit of assurance for the channel options of Scenario 2 (p=0.247). The Scheffe multiple comparisons results for the channels of Scenario 1 as shown in Table 8.41 prove that perceived assurance benefits are different for the ATM/CDM/cheque deposit channel in comparison to both the internet (p=.003) and in-branch channel (p=.004) for Scenario 1. However, for Scenario 2 there are no significant differences.

Table 8.41: Scheffe Multiple Comparison Results (Assurance Benefit) (Scenario 1)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Assurance benefit	ATM/ CDM/ Cheque deposit machine	INTERNET BANKING	-.45333*	.12949	.003	-.7735	-.1331
		In-branch	-.43373*	.12885	.004	-.7523	-.1151
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	.45333*	.12949	.003	.1331	.7735
		In-branch	.01961	.12885	.988	-.2990	.3382
	In-branch	ATM/ CDM/ Cheque deposit machine	.43373*	.12885	.004	.1151	.7523
		INTERNET BANKING	-.01961	.12885	.988	-.3382	.2990

In order to gain further insight, the Scheffe post hoc test reveals that for Scenario 1, the means for assurance benefit is greater for internet banking (4.33) compared to in-branch interactions (4.31) while the ATM/CDM/ cheque deposit channel has the least perceived benefit of assurance (3.88). The results reveal that internet banking provides more assurance benefit in comparison to other channels. For Scenario 2, there is no difference between perceptions of assurance benefit between channels. Therefore, there is no support from the results of the Anova and Scheffe post hoc test for hypotheses 18.

Table 8.42: Post Hoc Scheffe Test Results (Assurance Benefit)

Scenario 1	**N**	**Subset for Alpha**	
		1	2
ATM/CDM/Cheque deposit	50	**3.88**	
In-branch	51		4.314
Internet banking	50		**4.333**
Sig		1.000	**.990**

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329)

8.4.4. Comparison Of Perceived Benefit Of Control

Hypothesis 19 intends to compare the perceived benefits of control for the different channel options.

H19: The perceived benefit of control are greater in the internet channel, compared to other channels

The results of the ANOVA as shown in Table 8.37 , indicate that for Scenario 1 there is a difference between the perceived benefit of control across channel options (p=0.006). Equally for Scenario 2, the ANOVA as shown in Table 8.38 indicates that there is a difference in the perceived benefit of control across channel options (p=0.012).

The multiple comparisons results indicate that differences exist between internet banking channel and ATM/CDM/Cheque deposit machine channel (p=0.006). While for Scenario 2, the multiple comparison results indicates that mean differences exist between phone banking and internet banking channels (p=0.018). The multiple comparisons table 8.43 for both Scenario 1 and Scenario 2 is shown below. In order to examine the mean differences between channels, Scheffe post hoc tests were conducted. The table 8.44 below shows the results of the Scheffe post hoc test;

Table 8.43: Scheffe Multiple Comparisons Results For Control Benefit (Scenario 1 And Scenario 2)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Scenario 1							
Control benefit	**ATM/ CDM/ Cheque deposit machine**	**INTERNET BANKING**	**-.50667***	**.15482**	**.006**	-.8895	-.1238
		In-branch	-.24026	.15406	.299	-.6212	.1407
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	.50667*	.15482	.006	.1238	.8895
		In-branch	.26641	.15406	.228	-.1145	.6473
	In-branch	ATM/ CDM/ Cheque deposit machine	.24026	.15406	.299	-.1407	.6212
		INTERNET BANKING	-.26641	.15406	.228	-.6473	.1145
Scenario 2							
Control benefit	INTERNET BANKING	In-branch	.36321	.16479	.092	-.0443	.7707
		Phone banking	.47206*	.16479	.018	.0645	.8796
	In-branch	INTERNET BANKING	-.36321	.16479	.092	-.7707	.0443
		Phone banking	.10884	.16643	.808	-.3027	.5204
	Phone banking	**INTERNET BANKING**	**-.47206***	**.16479**	**.018**	**-.8796**	**-.0645**
		In-branch	-.10884	.16643	.808	-.5204	.3027

For Scenario 1, the hypothesis is supported as internet banking (4.25) is shown to have the highest mean for perceived benefit of control compared to in-branch banking (3.99) and ATM/CDM/Cheque deposit channel (3.75). For Scenario 2, the hypothesis is equally supported as internet banking (3.93) is shown to have the highest mean of perceived benefit of control compared to in-branch banking (3.57)

and phone banking channel (3.46). ATM/CDM/ cheque deposit machines has the least mean of perceived benefit of control

Table 8.44: Post Hoc Scheffe Test Results For Scenario 1 And 2 (Control Benefit)

Scenario 1	N	Subset for Alpha		Scenario 2	N	Subset for Alpha	
		1	2			1	2
ATM/CDM/Cheque deposit	50	**3.75**		Phone Banking	49	**3.46**	
In-branch	51	3.99	3.99	In-branch	51	3.57	3.57
Internet banking	50		**4.25**	Internet banking	49		**3.93**
Sig		.301	**.229**	Sig		.293	

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329; Scenario 2: Uses Harmonic Mean Sample Size = 49.649)

For Scenario 2, the phone banking channel shows the least mean for perceived benefit of control. Therefore, Hypothesis 19 is supported by the results of the analyses shown above and accepted.

8.4.5. Comparison of Perceived Benefit Of Accessibility

Hypothesis 20 compares the perceived benefit of accessibility for the different channel options.

H20: The perceived benefit of accessibility is greater for the internet channel, compared to other channels.

The results of the Anova demonstrate that the perceived benefit of accessibility is different for the channel options of Scenario 1 (p= 0.000) as shown in Table 8.37. However, for Scenario 2 the result of the Anova does not show any significant differences in the perceived benefit of accessibilty for the channel options as shown in table 8.38 (p=0.363). The multiple comparison results for Scenario 1 shows that there are significant mean differences for the perceived benefit of accessibility between the ATM/CDM/Cheque deposit machine channel and the in-branch banking channel (p=0.000), as well as the internet banking and in-branch banking channel (p= 0.000). The multiple comparisons for the perceived benefit of accessibility are shown in table 8.45 below.

Table 8.45: Scheffe Multiple Comparisons Results for Accessibility Benefit (Scenario 1)

Dependent Variable	*(I) a1:(Method commonly use for the banking activity)*	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Accessibility benefit	ATM/ CDM/ Cheque deposit machine	INTERNET BANKING	-.04000	.21271	.982	-.5660	.4860
		In-branch	1.10196*	.21166	.000	.5786	1.6253
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	.04000	.21271	.982	-.4860	.5660
		In-branch	1.14196*	.21166	.000	.6186	1.6653
	In-branch	ATM/ CDM/ Cheque deposit machine	-1.10196*	.21166	**.000**	-1.6253	-.5786
		INTERNET BANKING	-1.14196*	.21166	**.000**	-1.6653	-.6186

The results of the post hoc Scheffe test as shown in table 8.46 indicates that the difference in means is attributed to the internet channel with the highest mean (3.573) while the lowest mean is for the in-branch interaction (2.431). This indicates that for Scenario 1, internet banking provides the greatest perceived benefit of accessibility compared to the other channel options. This finding supports the hypothesis 20. However, no difference in the mean values of the perceived benefit of accessibility is evident from the results of the Anova for the channel options of Scenario 2. Therefore hypothesis 20 is only partially supported by the findings.

Table 8.46: Post Hoc Scheffe Test Results For Scenario 1 (Accessibility Benefit)

Scenario 1	N	Subset for Alpha	
		1	2
In-branch	50	2.431	
ATM/CDM/Cheque deposit machine	51		3.533
Internet banking	50		3.573
Sig		1.00.	.982

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329)

8.4.6 Comparison Of Perceived Benefit Of The Interaction Environment

Hypothesis 21 intends to compare the perceived benefit of the interaction environment for the channel options.

H21: The perceived benefit of the interaction environment is greater in-branch, compared to other channels

The results of the ANOVA show that the perceived benefit of the interaction environment is different for the channel options for Scenario 1 (p=0.000) as shown in table 8.37. For Scenario 2, the results of the ANOVA show that there is a marginally significant difference in the perceived benefit of the interaction environment for the channel options presented (p=0.055), as shown in the table 8.38. The multiple comparison results for Scenario 1 shows that there are significant mean differences for the perceived benefit of interaction environment between the ATM/CDM/Cheque deposit machine channel and the internet banking channel (p=0.000) as well as significant differences in the means of the in- branch banking channel and ATM/CDM/Cheque deposit channel (p= 0.001). For Scenario 2 on the other hand, there is only marginally significant difference in means between the in-branch and phone banking channel (p=0.055). Results are shown in Table 8.47.

Table 8.47: Scheffe Multiple Comparisons Results For Scenario 1 And Scenario 2 (Interaction Environment Benefit)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SCENARIO 1							
Interaction environment benefit	**ATM/ CDM/ Cheque deposit machine**	**INTERNET BANKING**	**-.61714***	**.12311**	**.000**	-.9216	-.3127
		In-branch	**-.45361***	**.12250**	**.001**	-.7565	-.1507
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	.61714*	.12311	.000	.3127	.9216
		In-branch	.16353	.12250	.412	-.1394	.4665
	In-branch	ATM/ CDM/ Cheque deposit machine	.45361*	.12250	.001	.1507	.7565
		INTERNET BANKING	-.16353	.12250	.412	-.4665	.1394
Scenario 2							
Interaction environment benefits	INTERNET BANKING	In-branch	.15606	.12446	.457	-.1517	.4639
		Phone banking	-.15006	.12446	.485	-.4579	.1577
	In-branch	INTERNET BANKING	-.15606	.12446	.457	-.4639	.1517
		Phone banking	-.30612	.12569	**.055**	-.6170	.0047
	Phone banking	INTERNET BANKING	.15006	.12446	.485	-.1577	.4579
		In-branch	**.30612**	**.12569**	**.055**	**-.0047**	**.6170**

The post hoc Scheffe test is conducted in order to gain further insight into the difference of the perceived benefit of the interaction environment between channel options for Scenario 1 and Scenario 2. The results of the Scheffe test are shown in table 8.48 below:

Table 8.48: Post Hoc Scheffe Test Results For Scenario 1 (Interaction Environment Benefit)

Scenario 1	N	Subset for Alpha	
		1	2
ATM/CDM/Cheque deposit machine	50	3.580	
In-branch	51		4.034
Internet banking	50		4.197
Sig		1.00.	.414

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329)

The results of the Scheffe test for Scenario 2 does not show any significant differences between the means of the channels hence is not reported here. The results of the Scheffe test indicate that for Scenario 1, the internet banking channel (4.197) provides the highest perceived benefit of the interaction environment. While, the ATM/CDM/cheque deposit channel (3.580) provides the lowest perceived benefit of the interaction environment. For the transaction stated in Scenario 1, the respondents deem the interaction environment of the internet as providing a higher level of benefit. Therefore based on the results, Hypothesis 21 is rejected.

The results above are consistent with the findings of the exploratory study where respondents revealed that the physical branch environment were at certain times crowded or in some cases due to technical system breakdowns, suffered from long queues and long waiting times. The results provide support for higher interaction environment benefit for the internet channel.

8.4.7. Comparison Of Perceived Benefit Of Information

Hypothesis H22 intends to compare the perceived benefit of information for the channel options.

H22: The perceived benefit of information is greater for in-branch interactions, compared to other channels

The results of the ANOVA show that for Scenario 1, there are significant differences (p=0.001) for the perceived benefit of information between the means of the channel options as presented in table 8.37. For Scenario 2, the results of the ANOVA indicate that there are no significant difference of means for the channel options as shown in

table 8.38 (p=0.382). The multiple comparison results for the channels show that the ATM/CDM/Cheque deposit channel significantly differ from the in-branch channel (p=0.001) for Scenario 1.

Table 8.49: Scheffe Multiple Comparisons Results For Scenario 1 And Scenario 2 (Information Benefit)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SCENARIO 1							
Information benefits	ATM/ CDM/ Cheque deposit machine	INTERNET BANKING	-.32500	.18208	.207	-.7752	.1252
		In-branch	-.71108*	.18118	.001	-1.1591	-.2631
	INTERNET BANKING	3/ CDM/ Cheque deposit machine	.32500	.18208	.207	-.1252	.7752
		In-branch	-.38608	.18118	.107	-.8341	.0619
	In-branch	**ATM/ CDM/ Cheque deposit machine**	**.71108***	**.18118**	**.001**	**.2631**	**1.1591**
		INTERNET BANKING	**.38608**	**.18118**	**.107**	**-.0619**	**.8341**

The Scheffe Multiple Comparison test shows significant differences between the in-branch channel and the ATM/CDM/Cheque deposit channel and the internet banking channel as shown in table 8.49. In order to further examine the differences for the channel options of Scenario 1, a post hoc Scheffe test is conducted. The results are shown in the table 8.50 below.

Table 8.50: Post Hoc Scheffe Test Results For Scenario 1 (Information Benefit)

Scenario 1	**N**	**Subset for Alpha**	
		1	2
ATM/CDM/Cheque deposit machine	50	**3.235**	
Internet banking	50	3.56	3.56
In-branch	51		**3.946**
Sig		.205	**.108**

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329)

For Scenario 1, the perceived benefits of information is the greatest for the in-branch channel as the mean value is the highest (3.946). The ATM/CDM/Cheque deposit channel provides the least perceived benefit of information (3.235) as the mean value is the lowest. Therefore, the results provide evidence that the perceived benefit of information is highest for the branch channel. For Scenario 1, hypothesis 22 is

accepted but for Scenario 2 the hypothesis is not supported. Therefore, there is only partial support for hypothesis 22.

The results explained above are consistent with the findings of the exploratory study; in-branch interactions are still fundamental during the stages of information search and information clarification.

8.4.8. Comparison Of Perceived Price Cost

Hypothesis H23 intends to compare price (cost) perceptions of the distribution channels. The price cost perception is the only monetary cost involved in the assessment of benefits and sacrifices of the distribution channels.

H23: Price perception is greater for the internet channel, compared to other channels

The results of the ANOVA for Scenario 1 and the results of the ANOVA for Scenario 2 as shown in table 8. 37 and table8.38 respectively indicates that there is no difference in the perception of price for the different channel options in the respective scenarios. Therefore, hypothesis 23 is not supported. Table 8.51 below provides the Scheffe Multiple comparisons for Scenario 1 and Scenario 2.

Table 8.51: Scheffe Multiple Comparisons Results For Scenario 1 And Scenario 2 (Perceived Price)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SCENARIO 1							
Price	ATM/ CDM/ Cheque deposit machine	INTERNET BANKING	.12000	.18060	.802	-.3266	.5666
		In-branch	-.20686	.17971	.517	-.6512	.2375
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	-.12000	.18060	.802	-.5666	.3266
		In-branch	-.32686	.17971	.195	-.7712	.1175
	In-branch	ATM/ CDM/ Cheque deposit machine	.20686	.17971	.517	-.2375	.6512
		INTERNET BANKING	.32686	.17971	.195	-.1175	.7712
SCENARIO 2							
Price	INTERNET BANKING	In-branch	-.19808	.17328	.522	-.6266	.2304
		Phone banking	.02641	.17328	.988	-.4021	.4549
	In-branch	INTERNET BANKING	.19808	.17328	.522	-.2304	.6266
		Phone banking	.22449	.17500	.441	-.2083	.6573
	Phone banking	INTERNET BANKING	-.02641	.17328	.988	-.4549	.4021
		In-branch	-.22449	.17500	.441	-.6573	.2083

8.4.9. Perceived Physical Cost

Hypothesis H24 intends to compare the physical cost perceptions of the distribution channels, which include both physical and cognitive effort.

H24: Physical cost perception is greater for in-branch interactions, compared to other channels

The results of the ANOVA as shown in table 8.37 indicate that mean differences exist for physical cost between the distribution channel options of Scenario 1 (p=0.000). For Scenario 2, the results of the ANOVA as shown in table 8.38 indicates a difference in the means of physical cost perception of the channel options (p=0.004). Multiple comparisons results indicate which channels differ in terms of the cost. The table 8.52 below shows the results of the multiple comparisons for Scenario 1 and Scenario 2. The results show that significant differences exist between the ATM/CDM/Cheque deposit channel, and the in-branch channel (p=0.000) as well as between the ATM/CDM/Cheque deposit channel and the internet channel (p=0.000) in terms of physical cost. On the other hand for Scenario 2, there are significant mean differences between the internet banking channel and the in- branch channel (p=.004).

Table 8.52: Scheffe Multiple Comparisons Results For Scenario 1 And Scenario 2 (Physical Cost)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SCENARIO 1							
Physical cost	**ATM/ CDM/ Cheque deposit machine**	**INTERNET BANKING**	**.81000***	**.16503**	**.000**	.4019	1.2181
		In-branch	**-.67010***	**.16422**	**.000**	-1.0762	-.2640
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	-.81000*	.16503	.000	-1.2181	-.4019
		In-branch	-1.48010*	.16422	.000	-1.8862	-1.0740
	In-branch	ATM/ CDM/ Cheque deposit machine	.67010*	.16422	.000	.2640	1.0762
		INTERNET BANKING	1.48010*	.16422	.000	1.0740	1.8862
Scenario 2							
Physical cost	INTERNET BANKING	In-branch	-.50200*	.14973	.004	-.8723	-.1317
		Phone banking	-.18567	.14973	.465	-.5560	.1846
	In-branch	**INTERNET BANKING**	**.50200***	**.14973**	**.004**	**.1317**	**.8723**
		Phone banking	.31633	.15122	.116	-.0577	.6903
	Phone banking	INTERNET BANKING	.18567	.14973	.465	-.1846	.5560
		In-branch	-.31633	.15122	.116	-.6903	.0577

A post hoc Scheffe test was conducted to gain further insight to compare the actual means of the channels. The results of the test are shown in the table 8.53 below:

Table 8.53: Post Hoc Scheffe Test Results For Scenario 1 And Scenario 2 (Physical Cost)

Scenario 1	**N**	**Subset for Alpha**			**Scenario 2**	**N**	**Subset for Alpha**	
		1	2	3			1	2
Internet banking	50	**2.515**			Internet Banking	49	**3.0490**	
ATM/CDM/Cheque deposit machine	50		3.325		Phone Banking	51	3.235	3.235
In-branch	51			**3.995**	In-branch	49		**3.551**
Sig		1.000	**1.000**	**1.000**	Sig		.468	.113

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329; Scenario 2: Uses Harmonic Mean Sample Size = 49.649))

The post hoc Scheffe test, indicates significant differences between the means of the channel options for Scenario 1. In-branch is perceived as having the highest physical cost (3.995) while the internet banking channel has the lowest physical cost perception (2.515). The mean values additionally provide proof that ATM/CDM/Cheque deposit channel has a lower mean compared to both internet banking and in-branch channel. The results of the Scheffe test here is the only one that shows a distinct difference in perception of physical cost between 3 channel options. Similarly, for the channel options of Scenario 2, in-branch interactions are perceived as having the highest physical cost while internet banking channel has the lowest physical cost perception for the same transaction. The results of the Scheffe test provide evidence of the cost involved both cognitive and physical in patronizing the branch for any transaction. Therefore, the hypothesis H23 is strongly supported by the findings and accepted. The results are consistent with the findings of the exploratory study as many respondents perceived a high level of effort involved when in-branch interactions are required. Similarly, internet banking users are equally driven to the internet channel by the lack of physical effort involved when dealing with transactions over the internet and the convenience it offers.

8.4.10. Comparison Of Perceived Service Failure Cost

Hypothesis H25 intends to examine service failure cost perceptions which involve both personnel related and technical problems with the banking channel.

H25: Service failure cost perception is greater for in-branch interaction, compared to other channels.

The results of the ANOVA as presented in table 8.37 for Scenario 1 indicate that mean differences exist between the channel options (p=0.000). While for Scenario 2, the results of the ANOVA presented in Table 8.38 indicate that similar differences exist for the channel options (p=0.010). Multiple comparisons are further employed to examine which distribution channel exhibit differences in perceived service failure cost. The results show that significant differences exist between ATM/CDM/Cheque deposit channel , internet banking (p=0.000) and in-branch channel (p=0.000) of Scenario 1. For Scenario 2, differences exist between the means of phone banking and in-branch channel (p=0.010). The results of the multiple comparisons are shown in table 8.54 below.

Table 8.54: Scheffe Multiple Comparisons Results For Scenario 1 And Scenario 2 (Service Failure Cost)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SCENARIO 1							
Service failure cost	ATM/ CDM/ Cheque deposit machine	INTERNET BANKING	.89500*	.17471	**.000**	.4630	1.3270
		In-branch	.76245*	.17386	**.000**	.3326	1.1923
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	-.89500*	.17471	**.000**	-1.3270	-.4630
		In-branch	-.13255	.17386	.748	-.5624	.2973
	In-branch	ATM/ CDM/ Cheque deposit machine	-.76245*	.17386	**.000**	-1.1923	-.3326
		INTERNET BANKING	.13255	.17386	.748	-.2973	.5624
SCENARIO 2							
Service failure cost	INTERNET BANKING	In-branch	-.27581	.18678	.339	-.7377	.1861
		Phone banking	.30582	.18678	.265	-.1561	.7677
	In-branch	INTERNET BANKING	.27581	.18678	.339	-.1861	.7377
		Phone banking	.58163*	.18864	**.010**	.1151	1.0481
	Phone banking	INTERNET BANKING	-.30582	.18678	.265	-.7677	.1561
		In-branch	-.58163*	.18864	.010	-1.0481	-.1151

In order to further examine the mean differences, a post hoc Scheffe test is conducted. The results of the test are shown in table 8.55 below. The Scheffe test

results reveal that for Scenario 1, ATM/CDM/Cheque deposit machines are perceived as having the highest service failure cost as it is has the highest mean value (2.89).

Table 8.55: Post Hoc Scheffe Test Results For Scenario 1 And Scenario 2 (Service Failure Cost)

Scenario 1	**N**	Subset for Alpha		**Scenario 2**	**N**	**Subset for Alpha**	
		1	2			1	2
Internet banking	50	**1.99**		**Phone Banking**	49	**2.577**	
In-branch	50	2.122	2.122	Internet Banking	51	2.882	2.882
ATM/CDM/Cheque deposit machine	51		**2.89**	**In-branch**	49		**3.158**
Sig		.749	1.000	Sig		.267	.341

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329; Scenario 2: Uses Harmonic Mean Sample Size = 49.649)

The results of Scenario 1 do not support hypothesis 24. This is consistent with the findings of the exploratory study as ATM breakdowns during peak times is common due to the high volume of use at these times. Internet banking in contrast has the lowest service failure cost (1.99). For Scenario 2, the Scheffe test results supports the hypothesis 24 as in-branch banking is perceived as having the highest service failure cost(3.158) while phone banking (2.577) has the lowest service failure cost. The results are consistent with the findings of the exploratory study as personnel related issues such as lack of knowledge and discourteous personnel deter in-branch interactions encouraging the greater use of self service and arm's length channels including phone banking. Therefore, hypothesis 25 is only partially supported.

8.4.11. Comparison Of Transaction Risk

The following hypothesis intends to examine the perceived transaction risk involved across the banking channels. Transaction risk involves any risk to do with the transaction itself such as privacy and security issues as well as the risk of non-completion of transactions.

H26: Transaction risk perception is greater in the internet channel, compared to other channels.

The results of the ANOVA for Scenario 1 and Scenario 2 shown in Table 8.37 and Table 8.38 respectively show that for both scenarios there are no differences of

means between the channel options provided. For Scenario 1, all three channels; internet banking, ATM/CDM/cheque deposit and in-branch banking only show a marginally significant difference in the perceived transaction risk (p=0.54) while for Scenario 2, phone banking, in-branch and internet channel options do not differ in transaction risk perceptions (p=0.148). To further investigate the marginally significant differences in Scenario 1, the multiple comparison indicate a marginally significant difference between the in-branch channel and the ATM/CDM/Cheque deposit channel (p=.059). The Scheffe's test does not indicate a significant difference in the mean values of the channels. Therefore, H26 is not supported by the results. The results will be further discussed in the next chapters.

8.4.12. Comparison of Perceived Emotional Risk

The hypothesis H27 intends to examine the perceived emotional risk in the various distribution channel options, the construct captures both feelings of discomfort and anxiousness with the channel selected.

H27: Emotional risk perception is greater in the internet channel, compared to other channels

For Scenario 1, the results of the ANOVA presented in Table 8.37 show that there is a difference between channels in the perception of emotional risk (p=.003). For Scenario 2, no means difference between channels is evident as shown in Table 8.38. In order to gain further insight into the mean differences, Scheffe multiple comparisons is employed shown in table 8.56 below:

Table 8.56: Scheffe Multiple Comparison For Scenario 1 (Emotional Risk)

Dependent Variable	(I) a1:(Method commonly use for the banking activity)	(J) a1:(Method commonly use for the banking activity)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
SCENARIO 1							
Emotional risk	ATM/ CDM/ Cheque deposit machine	INTERNET BANKING	.77000*	.23176	**.005**	.1969	1.3431
		In-branch	.18804	.23062	.718	-.3822	.7583
	INTERNET BANKING	ATM/ CDM/ Cheque deposit machine	-.77000*	.23176	**.005**	-1.3431	-.1969
		In-branch	-.58196*	.23062	**.044**	-1.1522	-.0117
	In-branch	ATM/ CDM/ Cheque deposit machine	-.18804	.23062	.718	-.7583	.3822
		INTERNET BANKING	.58196*	.23062	.044	.0117	1.1522

The multiple comparison results show that there are significant differences between the means of ATM/ CDM/ Cheque deposit machine and internet banking (p=0.005) ; and between the internet banking channel and in-branch banking channel (p=0.044). A post hoc Scheffe test is conducted to reveal the mean differences. The results of the test are shown in the table 8.57 below:

Table 8.57: Post Hoc Scheffe Test Results For Scenario 1 (Emotional Risk)

Scenario 1	**N**	Subset for Alpha	
		1	2
Internet banking	50	**1.820**	
In-branch	51	2.122	2.4020
ATM/CDM/Cheque deposit machine	50		**2.5900**
Sig		1.00	.719

(Scenario 1: Uses Harmonic Mean Sample Size = 50.329)

The results of the Post hoc Scheffe test in table 8.57 show that that the internet channel has the lowest perception of emotional risk. In contrast, the ATM/CDM/Cheque deposit machine has the highest perceived emotional risk. The hypothesis is thus rejected. The results will be discussed in the next chapters.

8.4.13. Summary Of ANOVA And Post Hoc Tests

In order to compare benefits and sacrifice perceptions of the channel options , ANOVA tests was employed followed by the Scheffe post hoc tests including multiple comparisons. The results are shown in the above paragraphs. The results pertaining to the specific hypotheses are shown in Table 8.58 below. The following paragraphs serve to summarise the results related to the hypotheses examined.

Overall, the planned comparisons for Scenario 1 revealed greater insights into the specific benefits and sacrifice differences perceived in the channel options, compared to the channel options presented in Scenario 2. There were few statistically significant differences between the means of the perceived benefits and means of the perceived sacrifices respectively in the channel options presented for Scenario 2.

Table 8.58: List of Accepted, Partially Supported and Rejected Hypotheses

Hypotheses:	Accepted (√)	Partially supported	Rejected (X)
H17: The perceived benefit of convenience support is greater for internet banking, compared to other channels		√	
H18: The perceived benefit of assurance is greater for in-branch interactions, compared to other channels			X
H19: The perceived benefit of control is greater in the internet channel, compared to other channels	√		
H20: The perceived benefit of accessibility is greater for the internet channel, compared to other channels		√	
H21: The perceived benefit of the interaction environment is greater in-branch, compared to other channels			X
H22: The perceived benefit of information is greater for in-branch interaction, compared to other channels		√	
H23: Price perception is greater for the internet channel, compared to other channels			X
H24: Physical cost perception is greater for in-branch interactions, compared to other channels	√		
H25: Service failure cost perception is greater for in-branch interaction, compared to other channels.		√	
H26: Transaction risk perception is greater in the internet channel, compared to other channels.			X
H27: Emotional risk perception is greater in the internet channel, compared to other channels			X

For the perceived benefit of convenience support, the internet banking channel was perceived as having greater convenience support for transferring of monies as presented in Scenario 1. However, for enquiries with bank balances as presented in Scenario 2, the phone banking channel yielded greater convenience support benefits. The finding is in line with the norms of channel use for the purpose of enquiries in this context. For the perceived benefit of assurance, the results of the ANOVA and Post hoc Scheffe tests revealed that in contrast with the exploratory study, in-branch channel was not perceived as providing greater assurance. In contrast, the results for Scenario 1, suggest that the internet banking channel provides a greater level of perceived benefit of assurance compared to other channels. However, for Scenario 2, the channel options do not suggest any differences in the perceived benefit of assurance. For the perceived benefit of control, the results of the ANOVA reveal that for both scenarios mean differences exist between the channels. The post hoc Scheffe tests further reveal that the perceived benefit of control is highest for the internet

channel for both scenarios. The results suggest that in general greater perceived benefit of control is evident for the internet channel regardless of the transaction.

In terms of the perceived benefit of accessibility, the results of the ANOVA show that mean differences exist for channel options for Scenario 1 but no mean differences are indicated for the channel options of Scenario 2. The subsequent post hoc Scheffe tests show that the internet channel is perceived as having the highest accessibility benefit compared to other channels. The results allow only partial support of the hypothesis due to the absence of the same results for Scenario 2.

The ANOVA and post hoc Scheffe tests with regards to the perceived interaction environment benefit fail to suggest the greater relevance of the in-branch channel for both Scenario 1 and Scenario 2. In contrast, greater benefits of the interaction environment are perceived in the internet channel for Scenario 1. On the other hand, in terms of information benefit the ANOVA and post hoc Scheffe test reveal that the in-branch channel is superior in comparison to the ATM/CDM/Cheque deposit and Internet banking channels for Scenario 1.

In terms of perceived sacrifices, the results of the ANOVA indicated no significant differences between channels for both Scenario 1 and Scenario 2 for perceived price cost. However, the ANOVA and post hoc Scheffe test revealed that physical cost perceptions were higher for the in-branch channel for both Scenarios. The ANOVA and post hoc Scheffe tests revealed that the ATM/CDM/Cheque deposit channel was higher than other channels for service failure cost perceptions. For Scenario 2, the in-branch channel was perceived as having higher service failure cost perceptions.

The ANOVA tests for transaction risk showed only marginally significant differences in the mean values between the channel options for Scenario 1. However, no differences of mean were indicated for the channel options for Scenario 2. This may suggest that transaction risk perceptions for all the channels are similar implying that transactions are effectively carried out in all channels. In terms of emotional risk perceptions mean differences exist between the channel options for Scenario 1. The ANOVA test did not detect any statistically significant differences

between the means of the channel options of Scenario 2. The subsequent post hoc Scheffe tests revealed that greater emotional risk perceptions exist for the ATM/CDM/Cheque deposit channel compared to the internet banking and in-branch channel for Scenario 1. The internet banking channel has the lowest emotional risk. The results suggest that the internet banking channel provides many of the benefits examined and lesser extent of sacrifice perceived

8.5. Conclusion

The results presented in the chapter reveal interesting insights of customer value perceived overall and in various channels. Both functional value and to a lesser extent emotional value is revealed in the overall customer value perceived. The findings reveal different magnitudes of functional and emotional value in each channel. The ATM/CDM/Cash deposit machine expectedly reveals only perceived functional value. In all other channels, both functional value and emotional value are revealed with marginally greater functional value perceived. One of the noteworthy findings is that emotional value is greater than functional value perceived in the in-branch channels. Benefits such as convenience support benefit, assurance benefit, control benefit and interaction environment benefit are associated with functional value while interaction environment benefit, convenience support benefit and assurance benefit are associated with emotional value. Sacrifices such as price cost and service failure cost are associated with functional value while price cost is the only sacrifice associated with emotional value. Key benefits and sacrifices are revealed to associate with both functional and emotional value in each channel. A comparison of the scenarios reveal some differences for the internet and in-branch channels, which suggests that transactions influence the associations. Overall, the benefits and sacrifices are significant in Scenario 2 compared to Scenario 1. A comparison of the channels for various benefit and sacrifices highlight that the internet channel is providing superior benefits in comparison with the in-branch channel for the transactions provided. The results will be discussed in detail in the following chapter.

Chapter 9: Discussion

9.1. Introduction

This chapter presents a detailed discussion based on the results of the quantitative analysis in the preceding two chapters. Chapter 7 and Chapter 8 present the detailed analysis of the data that have been gathered employing the survey methodology. Chapter 7 presents the results of the univariate and bivariate analysis. Chapter 8 presents the results of regression analyses and ANOVA tests for the various hypotheses that underpin the research objectives of the study. This chapter is organised as follows, the first part of the discussion will provide a background to the study and explain the sample characteristics. This will be followed by a discussion of the influence of selected demographic characteristics on the results presented in Chapter 7. The following section will present a detailed discussion of the findings presented in Chapter 8 based on the hypotheses tested. The final section will offer a summary of the key points arising from the discussion and the managerial implications based on the discussion presented.

9.2. Overview of the Study

This study examines how distribution channels of financial services enable the co-creation of customer value. Customer value has been highlighted as a key to competitive advantage (Woodruff, 1997; Berthon and John, 2006). However, as core services are fast imitated by competitors, elements of the service which are not core or augment the service offering are considered new avenues for enabling customer value (Easingwood and Storey, 1996; Devlin and Ennew, 1997; Devlin, 1998). Financial services are distributed through a multi-channel approach where a service is delivered through two or more channels (Sousa and Voss, 2006), hence interactions between customer and provider within distribution channels may be

considered less imitable sources of value for the customer apart from core services provided by the firm (Ballantyne and Varey, 2006). An exploratory study carried out in relation to this research undertaking found that customers perceive different types of benefits and sacrifices in the interactions within financial services distribution channels. The exploratory study also suggests that different channels provide different types and levels of customer value. Hence, the main objectives of the study are:

- To determine the types of value co-created through interactions in various distribution channels of financial services
- To determine to what degree the types of value co-created vary according to the distribution channel used

The research effort was based on the conceptual model drawn from the exploratory study of the benefits , and sacrifices perceived by customers in distribution channels of financial services, the unidimensional view of customer value specifically the Means-End model (Zeithaml, 1988) and the multidimensional nature of customer value (Sheth, Newman et al., 1991; Sweeney and Soutar, 2001). The conceptual model synthesises the two perspectives to enable an investigation into the types of value co-created in distribution channels based on the benefits and sacrifices perceived by customers. Key benefits and sacrifices perceived by customers are drawn from the extant literature on distribution channels of financial services as presented in Chapter 3 and the exploratory study presented in Chapter 4. The research hypotheses are presented in detail in Chapter 5 and 6. This chapter will address the findings and the hypotheses in order to meet the objectives of the study. The first set of hypotheses examines the influence of the different benefits and sacrifices on functional value and emotional value respectively. The second set of hypotheses examines the different extent of benefit and sacrifices perceived across the different channels examined.

The data for the study was collected using a quantitative survey. Two sets of questionnaires with a distinctive scenario in each set was distributed to respondents

to ensure a wider coverage of channels in examining perceived channel benefits, sacrifices and customer value. Scenario 1 and 2 as shown below;

- Scenario 1: *You have to deposit RM1500 into another person's account in the same bank as your savings/current account in Malaysia*

This scenario depicts a common transactional banking activity . The channel options provided for this scenario were ATM/CDM/cheque deposit machine, internet banking, and in-branch banking

- Scenario 2: *You notice you have less money than you expected in your savings/current account balance for the month and you want to know why and how this has happened*

The scenario depicted is very common for monitoring of accounts and allows the use of more than one channel by customers. The channel options provided for this scenario were internet banking, in-branch banking and phone banking

The sample for the study consisted of 300 respondents. In terms of ethnicity, age and gender characteristics, the sample was able to achieve a satisfactory representation in terms of the urban population of Malaysia. The sample's banking characteristics showed that most of the respondents reported to have an average length of involvement for at least 3-5 years with the banking institution for their main savings/deposits account. The average duration provides a reasonable length of time for respondents to utilise more than one channel for their financial transactions and a reasonable degree of familiarity with the various channel options.

Univariate analysis and bivariate analysis was used to examine the range of results, and examine the influence of gender, age and ethnicity on overall results. Regression analyses were employed to test the hypotheses to achieve the objectives of the research effort. ANOVA (Analysis of Variance) was used to compare specific benefits and sacrifices in the channels, . All analyses were conducted on computed scores of the measures and factors from the exploratory factor analysis.

9.3. Discussion of Univariate and Bivariate Analysis

An overview of the mean values from the univariate analysis, suggest that both functional and emotional value are perceived in distribution channels of financial services. The mean results of benefits and sacrifices show that customers in distribution channels of financial services perceive benefits such as convenience support benefit, assurance benefit, control benefit, accessibility benefit, information benefit, and interaction environment benefit. Sacrifices such as price cost, service failure cost, physical cost, transaction risk and emotional risk are also evident in distribution channel use. Although sacrifices are a salient element of customer value assessments (Zeithaml, 1988), the perceptions of sacrifice show relatively low mean values. This suggests that customers do not perceive the sacrifices strongly, although a degree of sacrifice is involved in using the distribution channels. This may be explained by the overall efforts of the financial services providers to reduce customer sacrifice perceptions by simplifying processes to avail certain services, reducing the time taken to complete transactions and offering various self service channels for customers to avail the same services. Differences in benefit and sacrifice perceptions of the various channels examined in this study are further explained in the proceeding section.

An examination of the specific demographic influences upon benefits, sacrifices and customer value was also undertaken. In terms of genders, all benefits and sacrifices were perceived similarly except for convenience support benefit. Male customers perceived convenience support benefit to a greater degree compared to female customers across all channels. In this study, the convenience support benefit combines convenience with support. This difference may arise because of either higher convenience or support elements. The results support other studies that have found gender to influence differences in attitudes, service assessments and behavioural intentions (Sharma, Ivy et al., 2012). The results here may be attributed to various reasons. A plausible explanation may be that male users are more involved in financial services transactions in the Malaysian context. Hence, these benefits are

perceived more highly by male respondents in comparison to female respondents. Nevertheless, there were no gender differences for functional and emotional value perceptions of the distribution channels.

In the Malaysian context, ethnic differences are often an important element of customer perception studies. Different ethnicities may perceive benefits, sacrifices and value types differently. In this study, the results showed that only service failure cost and physical cost perceptions differed amongst the main ethnic groups. The Chinese ethnic group perceived a marginally higher service failure cost and physical cost compared to the Indian ethnic group. Although the two sacrifices were higher for the Chinese ethnic group, all other benefits perceived including the perceived functional and emotional value were similar across ethnicities. Hence, the findings of this study suggest that ethnicity did not influence the overall perceptions of functional value, emotional value and overall customer value. The findings support other studies which equally find the lack of association between customer value perceptions and ethnicity or national cultures (Blocker, 2011). Ethnic differences in perceptions of sacrifices may warrant a more detailed examination in future studies of customer value perceptions.

Demographic influences were additionally examined in terms of the influence of age upon perceptions of benefits, sacrifices, functional and emotional value. In this regard, this study found that there was a difference of perceived assurance benefit, perceived accessibility benefit as well as perceived emotional risk between age groups. Younger channel users perceived lower assurance benefit compared to the older age groups. The results suggest that aged customers are more assured or are confident than younger customers in terms of the successful completion of their transaction. The evidently lower perceived assurance benefit suggest that in terms of channel use the younger users are relatively more skeptical or cynical which is supported by the literature on young customer characteristics (Lantieri and Chiagouris, 2009). This lack of assurance in channels may stem from the lack of

trust towards the institution or the channel itself (Koenig-Lewis, Palmer et al., 2010). However, the older age groups experienced lower perceived accessibility in terms of the channels compared to the younger groups. This suggests that older aged customers were finding it relatively difficult to access the distribution channels in comparison to younger customers. This may be due to difficulties with mobility of the older aged groups or technological difficulties, as more self service channels are offered by the financial services industry to customers. Therefore, the results imply a greater consideration for the enhancement of accessibility benefits to older customer group. The younger age group however perceived a higher level of emotional risk compared to the older age group. The results suggest that the younger age groups may feel a greater extent of risks in terms of discomfort and anxiety in relation to the use of the channels. The literature points to assurance or confidence as inversely related to perception of risks, so it is likely that younger age groups may perceive a higher level of emotional risk due to the low levels of assurance benefit (Grabner-Kräuter and Kaluscha, 2003; Zhao, Koenig-Lewis et al., 2010). Overall, whilst some differences are revealed in the study in terms of the benefits and risk perceptions, functional value, emotional value and overall customer value are not affected by age differences. The influence of age on benefit and sacrifice perceptions may be a result of other factors associated with age such as experience, life experiences , values and behaviours (Jackson, Stoel et al., 2011; Moschis and Ong, 2011) which may warrant a more detailed study not within the scope of the current study.

9.4. Discussion of Hypotheses

The following section begins with a discussion of the different types of value co-created in distribution channels. The different benefits and sacrifices associated with the different value in channels are provided to augment the examination of overall customer value. This is followed by a closer examination of the type of value in each channel. Subsequently, the first subsection will discuss the findings from the first set of hypotheses, which examines the influence of various benefits and sacrifices on

functional and emotional value respectively. The second subsection will present a discussion of the second set of hypotheses which compares the differences in benefits and sacrifices across channels.

9.4.1. Functional Value and Emotional Value and Overall Customer Value

In the context of financial services , Roig, Garcia et al. (2006) find that functional value , emotional value and social value perceptions are found in the interactions within the in-branch banking channel. Other studies have demonstrated communication, temporal and spatial value dimensions in financial services such as bill payment services (Heinonen, 2004; Heinonen and Strandvik, 2005; Heinonen, 2006). Similarly Kleijnen, de Ruyter et al. (2007) corroborates that utilitarian value exists in the use of the mobile channel for brokerage services. Prior studies associate distribution channels with primarily utilitarian customer value creation more than other types of customer value. The results of this study confirms that customers perceive both functional value and emotional value across the distribution channels and supports the extant literature that customer value is multidimensional (Sheth, Newman et al., 1991; Sweeney and Soutar, 2001; Sanchez-Fernandez and Iniesta-Bonillo, 2007; Sanchez-Fernandez, Iniesta-Bonillo et al., 2009).

It is expected that functional value would be greater than emotional value in influencing overall value perception in distribution channels. For instance , Roig, Garcia et al. (2006) and Noble, Griffith et al. (2005) focused on utilitarian value for mobile brokerage and internet channel in retail respectively. Functional or utilitarian value is associated to performance and outcomes of a product or service (Sheth, Newman et al., 1991; Sweeney and Soutar, 2001; Sanchez-Fernandez, Iniesta-Bonillo et al., 2009) and distribution channels are primarily related to the accurate and appropriate level of resolution of customer transactions , enquiries or complaints. On the other hand, emotional value is associated with feelings and affective states arising from the use experience (Sheth, Newman et al., 1991; Sweeney and Soutar, 2001; Roig, Garcia et al., 2006). The results of this study demonstrate that customers

perceive both functional and emotional value to a similar degree in the different distribution channels. The results extend the understanding of customer value co-creation in distribution channels supporting the view that both functional value and emotional value are important elements of customer value perceptions in distribution channels.

In following from the view that benefit and sacrifice assessments lead to value perceptions, convenience support benefit, assurance benefit, interaction environment benefit and control benefit are found to be positively associated with functional value perceptions. Accessibility benefit is however a marginally significant influence on functional value. Overall, the benefits that are positively associated with functional value corroborate with the findings of the exploratory study and prior literature with regards to perceived time convenience and control benefits (Kleijnen, de Ruyter et al., 2007). On the other hand, specific sacrifices which negatively influence functional value are price cost and service failure cost. The banking transactions posed in the distinctive scenarios do not entail any direct fees for the use of the channel. Users may be taking a more holistic view of fees and charges of the channels offered beyond the transaction. For example, charges are levied if account statements beyond a recent three month period are needed to verify account transactions, or additional charges are incurred due errors or problems in the channels or transactions. Service failure cost was found to be a salient cost and normally related to breakdowns and non-completion of transactions along with poor personnel knowledge and behavior in-branch. The exploratory study as explained in Chapter 4 emphasises the salience of reducing service failure cost involved in the use of distribution channels to increase the functional value perceived.

Interaction environment benefit, convenience support benefit, and accessibility benefit is positively associated with emotional value. The specific sacrifice which is negatively associated with emotional value is price cost. The association of both interaction environment benefit and convenience support benefit on emotional value similar to functional value demonstrates its relevance for influencing both types of value simultaneously. The positive association of accessibility benefit with

emotional value is relatively novel. While the extant literature confirms emotional value in various contexts, the specific benefits and sacrifices that are associated with emotional value is relatively context related. Sweeney and Soutar (2001) define emotional value as arising from positive feelings generated from the product or service purchased, while in the banking context Roig, Garcia et al. (2006) related emotional value with positive feelings arising from the personnel, establishment and services contracted. Hence in this context, accessibility benefit related to ease of access and timing of access is found to be positively related to emotional value.

9.4.1.1. ATM/CDM/Cheque Deposit Channel

For the ATM/CDM/Cheque deposit channel, functional value was a significant influence on overall value. In contrast, emotional value was not a significant influence on overall value. This means that users perceived functional value when using the ATM/CDM/Cheque deposit machines. The results support the notion that the use of the ATM/CDM/Cheque deposit channel tends to be more utilitarian in nature and for the completion of tasks such as withdrawing monies, depositing monies or transferring monies from one account to another. For this channel, the findings revealed that assurance benefit was the only benefit positively associated with functional value while price cost was negatively associated with functional value. However, interaction environment benefit, and convenience support benefit were positively associated with emotional value. The study also revealed that information benefit and accessibility benefit were negatively associated with emotional value. These findings will be further discussed in the next section. Only price cost was negatively associated with emotional value for the ATM/CDM/Cheque deposit channel.

9.4.1.2. Internet Channel

For the internet channel, both functional value and emotional value had an influence on overall value. Functional value had a greater influence compared to emotional

value perceptions on overall value. Interaction environment benefit, convenience support benefit and assurance benefit are positively associated with functional value while sacrifices such as price cost and emotional risk are revealed as detracting from functional value of the internet channel. Benefits such as interaction environment benefit, convenience support benefit and control benefit are equally found to be positively associated with emotional value of the internet channel. The only sacrifice negatively associated with emotional value is price cost.

An examination of the influence of functional and emotional value on overall value in the individual scenarios was conducted to examine if there were any differences. The results indicated that for Scenario 1, the influence of functional and emotional value was almost equal. Functional value had a greater influence on overall value compared to emotional value for Scenario 2. This means that for enquiries regarding account balances in Scenario 2, the internet was perceived as providing a greater degree of functional value in terms of overall value perceptions. The perception of greater functional value for the internet channel in Scenario 2 may be attributed to the importance of checking balances of the account in comparison to the transaction in Scenario 1. The internet channel is able to provide a statement of inflows and outflows of monies in the customer's account, whenever it is needed. Thus in terms of performance, the internet channel has enabled functional value more than emotional value in the transaction stated in Scenario 2. The results demonstrate that both types of value are inherent in the use of the internet channel and that the value differs according to the transactions specified in the scenarios.

For Scenario 1, none of the benefits are significantly associated with functional value. In contrast, Scenario 2, the interaction environment benefit, convenience support benefit and assurance benefit are associated with functional value. The individual sacrifices are not significant influences on functional value of Scenario 1, while price cost and emotional risk are significant influences on functional value for Scenario 2.

In Scenario 1, none of the benefits are positively associated with emotional value. However, interaction environment benefit, convenience support benefit, information

benefit and control benefit are significant influences on Scenario 2. Information benefit has a negative influence on emotional value. The greater influence of the various benefits on emotional value for the internet channel suggests that the transaction posed in Scenario 2 entails more significant benefits than the transaction posed in Scenario 1 for the respondents. Sacrifices are not a significant influence on emotional value for Scenario 1, however for Scenario 2, price cost and marginally physical cost are significant influences. The results explained above for the scenarios suggest that the association of benefits and sacrifices to the different value types is transaction dependent. This finding although not hypothesised implies the consideration of the transaction in distribution channel design and features for customer value perceptions.

9.4.1.3. In-branch channel

The results of the study provide interesting insights for the in-branch channel. The results show that emotional value was found to be more influential for overall value of the in-branch channel compared to functional value. Functional value was found to be statistically nonsignificant for Scenario 1. Both functional value and emotional value was equally influential on overall value perceptions for the transaction in Scenario 2. Hence, the specific transactions in the scenarios have an effect on functional and emotional value perceived. The overall result means that in-branch interactions enable a greater magnitude of co-creation of emotional value than functional value in contrast with the other channels examined here. The magnitude of emotional value perceived in this channel compared to functional value supports the role of the branch as a source of emotional value in overall customer perceptions. The finding corroborates with Roig, Garcia et al. (2006) which finds emotional value in the branch context. The only benefit positively associated with functional value is interaction environment benefit, while service failure cost is significant negative influence on functional value. The finding that service failure cost negatively influences functional value is not surprising considering various personnel knowledge and behavior problems in the interactions within the branch gleaned from

the exploratory study. The result here shows that physical cost positively influences functional value. This result is very surprising and requires a finer understanding of how sacrifices such as cost are perceived and assessed in terms of overall value. Information benefit and accessibility benefit are revealed as significant benefits for emotional value, while interaction environment benefit is a marginally significant influence on emotional value. The sacrifices which are negatively associated with emotional value are price cost and emotional risk.

Further examination by scenario shows that none of the benefits are statistically significant in terms of functional value the in-branch channel for Scenario 1, except for the marginally significant information benefit. On the other hand, both interaction environment benefit and convenience support benefit are positively associated with functional value for Scenario 2. Emotional risk is a negative influence on functional value for Scenario 1, but price cost and transaction risk are salient costs for functional value in Scenario 2. However, none of the benefits are revealed as significant associations with emotional value in either scenario. The lack of association between benefits and emotional value in the distinctive scenarios, imply that other benefits may be perceived but not captured in the current study. The finding may require more examination in terms of emotional value in overall customer value perceived for the in-branch channel. The association between sacrifices and emotional value was not significant in any of the scenarios presented.

9.4.1.4. Phone Banking Channel

For the phone banking channel, the results reveal an equal influence of both functional value and emotional value on overall value perceptions. The phone banking channel allows the customer to gain information or an immediate response to an enquiry with a personnel of the financial service provider. Therefore, the phone banking channel allows completion of a transaction and allows for a certain degree of interpersonal interaction. The phone banking channel also allows the customers to avail the service at any time as the service is available for 24 hours , 7 days a week. Most services are provided by the telephone channel, with additional security and

privacy measures, therefore, it is expected that the phone banking channel will provide some degree of emotional value and functional value in the overall value perceptions. However, the number of respondents for examining the phone banking channel is relatively low, hence convenience support benefit is marginally associated with functional value. The regression analysis of the influence of sacrifice on functional value was not significant. The influence of benefits on emotional value was similarly not significant. The influence of sacrifice on emotional value was significant and price cost was negatively associated with emotional value.

The following section will provide discussion related to the hypotheses in terms of the influence of the specific benefits and sacrifices on functional value and emotional value.

9.5. Perceived Benefits and Sacrifices in Functional and Emotional Value

The following section will present the discussion of hypotheses related to perceived benefits followed by the hypotheses related to perceived sacrifices. The hypotheses will be discussed in turn in the sections below.

9.5.1. Relationship of Convenience Support Benefit on Functional and Emotional Value

In this study, convenience support benefit is positively associated with functional value corroborating with the extant literature on the role of convenience support and its association with functional value in the use of channels (Kleijnen, de Ruyter et al., 2007). The result also supports the extant literature on the importance of convenience support in functional value (Sweeney and Soutar, 2001; Smith and Colgate, 2007) and in terms of overall banking value (Roig, Garcia et al., 2006).

The convenience support benefit in this study combines the benefits of convenience and support. Distribution channels provide access to products and services in a convenient manner to customers (Ennew and Waite, 2013) . Additionally,

distribution channels of financial services provide support for the customers in terms of carrying out their transactions and fulfilling their requirements. Personnel as well as processes or tools to assist or guide customers in carrying out their transactions are support elements.

Convenience is an important element of customer value perceptions (Heinonen, 2004; Kleijnen, de Ruyter et al., 2007; Farquhar and Rowley, 2009) and found to be associated with the adoption of the internet channel in most studies based on TAM (Davis, 1989) and IDT by Rogers (1995) in terms of ease of use and relative advantage respectively. Support on the other hand is not directly discernible in the extant literature of customer value as an important element. However, it may be inferred that any efforts to facilitate or expedite the achievement of customer objectives are support elements. These elements contribute to customer value perceptions as proposed by Sánchez-Fernández and Iniesta-Bonillo (2009) and Smith and Colgate (2007) in relation to functional value.

The results of this study also suggest that the benefit of convenience support is perceived more strongly in relation to the enquiry on account balances in Scenario 2. One of the probable reasons for the stronger association in Scenario 2 is that the channels offered in the scenario offer customers seeking clarification on their bank balances greater time and effort savings.

Although not hypothesised, the results of this study show that the perceived benefit of convenience support is simultaneously associated with emotional value. The extant literature does not provide support for the association of convenience support with emotional value. Furthermore, the association of convenience support benefit and emotional value is more evident in the technologically based channels which suggest that the ease of completing transactions and support related to the channels influence emotional value and functional value simultaneously.

In customer value studies, the association of the same benefits on different types of customer value is novel. It suggests that benefits and sacrifices may be related to

different types of customer value. This association may be further considered for future research.

9.5.2. Relationship of Assurance Benefit on Functional and Emotional Value

The results of this study support the association of assurance benefit with functional value, corroborating with the extant literature that assurance is an element of customer value (Ruiz, Gremler et al., 2008). Prior literature of customer value includes assurance as a dimension of service quality (Parasuraman, Zeithaml et al., 1988) which leads to customer value (Zeithaml, 1988). Specifically in banking service quality, Bahia and Nantel (2000) offer effectiveness and assurance as dimensions of service quality assessments.

The results of the study also demonstrate that the benefit of assurance was associated with functional value for the ATM/CDM/Cheque deposit channel and the internet banking channel. The result suggests that customers perceive that these channels are relatively efficient and effective in completing the transactions required. This results also imply that despite the risks, difficulties or feelings of anxiety associated with the use of self service channels as shown in the extant literature , users perceive a degree of assurance benefit (Meuter, Ostrom et al., 2000; Meuter, Ostrom et al., 2003; Cunningham, Gerlach et al., 2005). The association of assurance benefit with functional value in the other channels offered is notably absent. However, this does not imply that the channels do not provide assurance benefit, the results may be due to familiarity with the in-branch channel and phone banking channel.

Further investigation also highlighted that assurance benefit is not associated with emotional value. Hence, this study confirms that assurance benefits are more important in terms of performance and associated with functional value.

9.5.3. Relationship of Control Benefit On Functional And Emotional Value

In this study, the hypothesised relationship between control and functional value is supported by the results corroborating with the extant literature on the role of customer control on customer value (Berthon and John, 2006; Heinonen, 2007) and functional value specifically (Smith and Colgate, 2007). Control benefit is inherent in the use of self service and technological channels in particular because customers are able to conduct transactions anytime and anywhere while a degree of monitoring benefit is enabled for the specific transaction (Sigala, 2006; Kleijnen, de Ruyter et al., 2007; Collier and Sherrell, 2010). Three self service or technological channels are offered in this study, which are the ATM/CDM/Cheque deposit channel, the internet channel and the phone banking channel.

In contrast, the results of this study do not provide support for the association of control benefit to emotional value. The findings are in contrast with the extant literature which suggests that increased levels of perceived control is related to increase in positive emotions such as pleasure (Ward and Barnes, 2001) and a decrease in negative emotions such as discomfort and disorientation (Dion, 2004). Hence, the perceived benefit of control was expected to be related to positive value perceptions arising from positive emotions and affect.

However, further investigation by channel demonstrated the association of control benefit with functional value and emotional value for the internet channel. The association does not appear significant in any other channel. Hence, it provides some support of the influence of control on both types of value.

9.5.4. Relationship of Accessibility Benefit on Functional and Emotional Value

The hypothesised relationship between the perceived benefit of accessibility and functional value was not supported by the results of this study. The perceived benefit of accessibility implies that the channel is easily accessed enabling the user to complete transaction whenever and wherever needed. The literature demonstrates customer value arising from access to service features in e-commerce websites,

however its association with functional value specifically is not definitive (Chen and Dubinsky, 2003). In contrast, the results of this study show that the perceived benefit of accessibility is positively associated with emotional value perceptions. The results of this study suggest that whilst the perceived benefit of accessibility is an element of customer value, its association is with perceived emotional value instead of functional value in distribution channels.

Although not hypothesised, customers perceive the benefit of accessibility as positively associated with emotional value perceptions when using the in-branch channel. In the Malaysian context, the large number of branches and typically in office or shopping locations, allows customers to avail a variety of services in-branch relatively easily. According to Roig, Garcia et al. (2006) customers perceive emotional value in banking services and support offered in-branch, based on the features of the service possessed and personnel interaction. Therefore, this study advances the understanding of emotional value by associating accessibility benefit with perceived emotional value of the in-branch channel.

The accessibility benefit was a negative influence on emotional value perceptions for the ATM/CDM/Cheque deposit channel. The negative relationship was not expected. and suggests that while accessibility is a perceived benefit, it may be that it detracts from emotional value perceptions. While the extant literature does not provide any support for such a finding, the exploratory study reveals that customers may perceive the wide availability of ATM/CDM/Cheque deposit machines as detrimental to the ability to prevent unplanned spending, personal safety and security. In this context, muggings occur at locations of ATM/CDM/Cheque deposit machines. Therefore, it is important to balance accessibility benefit with other concerns of users in terms of distribution channel decisions.

9.5.5. Relationship of Information Benefit on Functional and Emotional Value

The relationship between the benefit of information with functional value was not supported in this study. Thus, this means that customers do not perceive the

information that they receive through the distribution channels as contributing to the perceived functional value. The finding contradicts to some degree prior studies that demonstrate the importance of information as an element of overall customer value assessments (Heinonen and Strandvik, 2005). The lack of association found in this study may be attributed to the different channels offered in the study. Whilst some channels are more information rich compared to other channels, the type of transactions offered in the scenarios were purposefully simple to enable better examination of the use of various channels. In turn, the simplicity of the scenarios may have limited the need for extraneous information, which does not relate to the transaction.

In terms of channels, further examination demonstrates that information benefit has a significant association with emotional value for the in-branch channel only. The relevance of the in-branch channel in terms of information has been demonstrated in the exploratory study. Customers preferred the in-branch channel for enquiry related matters as it allowed direct response and immediate clarification. However, information benefit is expected to be related to functional value. The association of information benefit with emotional value is not expected and in contrast to the extant literature. Smith and Colgate (2007) propose that information may offer functional value while Sanchez, Callarisa et al. (2006) stress the role of information in functional value through personnel knowledge.

Information benefit negatively influenced emotional value in the ATM/CDM/cheque deposit channel. The result suggests that information detracts from emotional value in the ATM/CDM/cheque deposit channel. The association found specifically related to an enquiry on the account balances as offered implies that extraneous information provided during this transaction may further detract from perceived emotional value. The consideration of communication value as a constituent of overall value has been put forth by Heinonen and Strandvik (2005) . The authors' posit that that high information content relevance adds value, whereas low content relevance decreases value. In line with the importance of content of communication, the above finding suggests that the information benefit perceived in the channel has to be relevant to

the transaction for it to add to value perceptions. Therefore, further studies may be required to examine the interaction between specific types of information and channel in the overall formation of functional or emotional value perceptions. The results also imply that further consideration must be given to management decisions regarding the type of information delivered in the channels in the context of specific transactions.

9.5.6. Relationship of Interaction Environment Benefit on Functional and Emotional Value

The results of this study confirm that the benefit of the interaction environment positively influences functional value and emotional value respectively. The interaction environment in this study includes both the physical and virtual interaction environments. The positive influence of the interaction environment on perceived functional value corroborates with the extant literature because the layout, facility, and tools provided in the environment enable customers to complete their transactions or other requirements (Sanchez, Callarisa et al., 2006) .

The interaction environment is an important element of bank service quality assessment (Karatepe, Yavas et al., 2005) and retail internet quality assessment (EtailQ) (Wolfinbarger and Gilly, 2003). The unidimensional perspective of customer value typically posits service quality as an element of the benefits that lead to customer value (Zeithaml, 1988).

The importance of the interaction environment on emotional value has been less dominant in studies of financial services although Roig, Garcia et al. (2006) provides support for emotional value within the context of the in-branch environment. However, in other contexts such as the retail context, the interaction environment has been found to influence both hedonic and utilitarian value (Babin and Attaway, 2000). In this study, the benefit of the interaction environment has demonstrated a positive influence on emotional value. The results add to the importance of the interaction environment for both functional and emotional value perceptions.

For the ATM/CDM/Cheque deposit channel, interaction environment benefit was associated with emotional value. For the internet channel, the association between interaction environment benefit, with functional value and emotional value respectively was equally supported. For the in-branch channel, the association between the interaction environment benefit and functional value was supported overall and in Scenario 2. However, the association between the interaction environment benefit and emotional value was marginally significant for the in-branch channel. This suggests that the environment in the in-branch channel is relatively purposeful and goal driven. The finding corroborates with the literature in terms of the importance of the congruency of the environment with the overall business mission (Allard, Babin et al., 2009). The finding also supports Roig, Garcia et al. (2006) that the installations of the establishment are dimensions of functional value. The results suggest that transaction based design features, may be more important than affect based elements in the design of financial service distribution channels. This is not the case for the ATM/CDM/Cheque deposit channels. The interaction environment is found to positively associated with emotional value. In this case, it may be rationalised that based on safety and security concerns revealed in the exploratory study, the environment of the location (place) of the ATM/CDM/Cheque deposit facility may influence emotional value.

The result here supports the findings of the exploratory study and contributes to the literature in two ways. First, the influence of the interaction environment on functional and emotional value extends previous studies on customer value in financial services (Roig, Garcia et al., 2006; Kleijnen, de Ruyter et al., 2007). Second, the result confirms that the interaction environment is a key benefit that drives emotional value perceptions compared to other benefits of the distribution channel. This result is in line with previous studies that associate the environment of the service or product with positive emotions (Bellizzi and Hite, 1992; Bitner, 1992; Donovan, Rossiter et al., 1994; Greenland and McGoldrick, 2005). The positive influence of the interaction environment on emotional value increases support for the consideration of the interaction environment to enhance emotional value specifically, and overall customer value.

9.5.7. Relationship of Price on Functional and Emotional Value

The result of this study shows that the hypothesised relationship between price cost and functional value was supported. Pricing of the distribution channels include the fees associated with the use of channels as well as fees related to the specific service on the channel, rather than the fees of availing the product. For instance, an internet banking transaction involving a bill payment might incur a marginal fee borne by the customer and directly debited from the deposit account concerned. In the exploratory study, the issue of fees did not seem to be significant concern for the customers. The ignorance towards fees charged or incurred may be because the fees are marginal and based on the transaction rather than the amount. Alternatively, some fees are charged as a once off fee when a service is activated hence fees are not incurred for every transaction thereafter. In terms of perceived functional value, the results show that price cost was found to be a significant negative influence. It is important to note that direct fees are not charged in the transactions presented in the respective scenarios. Customers may be considering price from a holistic perspective taking into account various other charges that may be involved in the use of the channels.

The finding corroborates with the extant literature that posit monetary costs as one of the elements of sacrifice in value perceptions (Zeithaml, 1988). Price or monetary cost has also been found to influence customer value perceptions of merchandise (Baker, Parasuraman et al., 2002). Similarly,Sweeney and Soutar (2001) and Smith and Colgate (2007) posit that price is associated with functional value perceptions where price is considered in terms of how it provides utility to reduce short and long term costs. However, other frameworks of customer value do not explicitly include the consideration of sacrifice such as monetary cost. For example, Sheth, Newman et al. (1991) posit five types of customer value but does not include price in the consideration . Similarly, Holbrook (1994) does not include price considerations in his Typology of Customer Value. In this study, the negative influence of price upon functional value supports the literature.

Although not hypothesised, price was also a significant negative influence on emotional value. However, the association of price with emotional value in particular

has not been explored in the extant literature. Therefore, the result adds to literature in terms of the consideration price as an influence on emotional value as well as functional value.

In terms of channels, the perceived price negatively influences functional and emotional value in the ATM/CDM/Cheque deposit channel, and the internet channel overall and specifically in Scenario 2. Price cost is a significant negative influence on perceived emotional value for the in-branch channel in Scenario 2. The influence of price on emotional value in the channels adds support to the consideration of price on emotional value in customer value of distribution channels.

9.5.8. Relationship of Physical Cost on Functional and Emotional Value

The hypothesised relationship between physical cost and functional value H10, was not supported in this study. Physical costs in this study are cognitive effort, waiting times and physical effort that is involved in the use of the distribution channels. The exploratory study highlighted that in-branch interactions were particularly high in physical costs such as waiting time and physical effort due to queues, parking efforts and the overall time required for using the in-branch channel.

Prior studies have emphasised learning and effort costs in terms of ease of use and perceived complexity, in the adoption or non-adoption of channels using frameworks such as the IDT by Rogers (1995) , and TAM (Davis, 1989) respectively. Cognitive cost such as learning efforts involved to utilise a certain technology has also been demonstrated as a key element of sacrifice in customer value assessments of the mobile channel (Kleijnen, de Ruyter et al., 2007). However, in this study physical cost was not associated with functional value which means that users do not perceive cognitive effort, physical costs and waiting times to affect functional value of distribution channels. The results may be because of the familiarity or length of experience in terms of channel usage working in favour of reducing cognitive costs perceived especially in the case of the use of technological channels. In other contexts, customer complaint intentions were moderated by

experience with the service provider (Velázquez, Blasco et al., 2010), hence it is possible that physical cost perceptions are similarly moderated when assessing functional value. Similarly, technological channels may reduce perceived waiting cost and other physical costs, as they are easy to use and enable quick completion of transactions.

In this study, the association between physical cost and functional value is positive for the in-branch channel. This means that the physical cost incurred by customers evidently increases perceptions of the accuracy and completion of the transactions in-branch. The findings do not corroborate with the exploratory study in the consideration of physical costs involved in in-branch interactions. Moreover, as will be discussed in a later section, physical cost of the in-branch channel is higher than other channels. It is possible that the benefits of in-branch interactions overshadow physical cost perceptions. The finding requires managers to consider how it may reduce non-monetary costs in all channels to promote use rather than direct customers to low cost (*from the managerial perspective)* channels.

The association of physical cost with emotional value was similarly not supported by the result of this study. However, it was found to be a marginally significant negative influence on emotional value for the internet channel in Scenario 2. The existence of physical cost in particular cognitive cost involved in technological channels such as the internet and mobile channels has been demonstrated in studies of adoption as well as studies of customer value as highlighted above (Rogers, 1995; Kleijnen, de Ruyter et al., 2007).

9.5.9. Relationship of Service Failure with Functional and Emotional Value

The hypothesised relationship between service failure cost and functional value was supported in this study. In customer value studies, service failure cost is less studied compared to other sacrifices such as cognitive cost (Kleijnen, de Ruyter et al., 2007), or price (Zeithaml, 1988; Gallarza and Gil Saura, 2006; Lee, Yoon et al., 2007). The service failure cost examined here consists of two crucial service failure

considerations. First, the breakdowns of equipment such as ATM/CDM/cheque deposit machines or internet downtimes, which prevent customers from initiating or completing their transaction requirements. Second, service failure costs encompass poor personnel knowledge and poor personnel behaviour, which was highlighted in the exploratory study as a significant sacrifice in in-branch interactions. Poor personnel knowledge and poor personnel behaviour can impede and cause frustration or anxiety in required transaction process. The current study demonstrates that sacrifice perceptions of service failures have a negative impact on functional value. Service failures are associated with reduced customer loyalty, poor customer satisfaction and poor service quality assessments, customer exit behaviour ,and a negative affective impact (Keaveney, 1995; Smith, Bolton et al., 1999; McCollough, Berry et al., 2000; Buttle and Burton, 2002; Singhal, Krishna et al., 2013). Therefore, this study adds to the consideration of service failures in customer value assessments as a non-monetary cost, which detracts from customer value.

In terms of channels, service failure cost was a significant negative influence on functional value for the in-branch channel only. The result of this study suggests that poor personnel knowledge and behavior as well as breakdowns involving machinery (tools) during in-branch interactions are significant negative influences on functional value perception. The same association is not evident in any other channel. This may be because in self service technology use such as in the internet channel, a greater level of co-creation is inherent and consequently some extent of attribution of the failure may be directed towards the one's self (Van Raaij and Pruyn, 1998) . Customers may perceive that technology breakdowns and reduction in functional value may be related to their shortcomings with the technology.

The association between service failures and emotional value as hypothesised was not supported in this study. Various emotions result from negative consumption experiences which lead to specific outcomes and behaviours (Wetzer, Zeelenberg et al., 2007). Therefore, service failure was expected to impact upon emotional value. The lack of association between service failure and emotional value may imply that the negative effect of service failure on functional value is more important in the

distribution channels compared to emotional value. In terms of channels studied, similarly there was no association between service failure and emotional value.

9.5.10. Relationship Of Transaction Risk On Functional And Emotional Value

The hypothesised relationship between transaction risk and functional value was not supported in this study. Transaction risk in this study involves perceptions of risks that are related to the accurate completion of the transaction. Transaction risk include privacy risk, security risk and performance risk that are involved in the use of the distribution channels. Performance risk has been found to negatively affect customer value (Agarwal and Teas, 2001) while both privacy and security risks are cited as salient risks that impede the use of the internet channel particularly in financial services (Cunningham, Gerlach et al., 2005; Zhao, Hanmer-Lloyd et al., 2008; Kesharwani and Tripathy, 2012). In view of the saliency of the risks on channel adoption, it is expected that it would negatively affect functional value assessments. However, this study was unable to demonstrate the influence of transaction risk on functional value. Similarly, transaction risk was not shown to have any influence on functional value of the individual channel perceptions except the in-branch channel for Scenario 2. The results may be due to the low risk perceptions as shown by the means of the sample data.

Similarly the association between transaction risk and emotional value was not supported by the results of the study. The association between transaction risk and emotional value has not been investigated in the extant literature. However, the exploratory study suggested that risks such as privacy and security risks of technological and remote channels give rise to negative emotions during and after transactions. For instance, customer revealed fear and anxiety during use of internet channels because they were unsure of how the technology works in terms of their accounts and transactions. The effect of privacy and security risks are also well known in the adoption of technology literature as explained above. In this study, the effect of risks on emotional value is not supported which means transaction risk sacrifices do not negate emotional value perceptions which do not corroborate with

the exploratory study. In light of the overall low sacrifice and risk means in the sample data, the association may require more investigation in future studies.

9.5.11. Relationship of Emotional Risk on Functional and Emotional Value

The result of this study does not support the association of emotional risk on emotional value. Emotional risk involves the risk of anxiety or discomfort arising from the use of the channels. The exploratory study and prior literature shows that consumers may feel some anxiety or discomfort when using the technologically based or remote channels such as the internet or mobile channel, this in turn constitutes a sacrifice (Zhao, Hanmer-Lloyd et al., 2008; Luo, Li et al., 2010). The results do not support the hypothesis probably due to the familiarity and frequent use of the channels. The results may differ if the channels examined were comparatively new or innovative in the marketplace similar to findings of trust in online banking (Dimitriadis and Kyrezis, 2008).

In terms of channel, emotional risk is found to negatively influence functional value in-branch for Scenario 1 and in the internet channel for Scenario 2. In the exploratory study poor branch environments, poor personnel and other customers in-branch may cause a degree of emotional risk detracting from overall customer value perceptions. For the internet channel in Scenario 2, emotional risk has a significant negative association with perceived functional value. The result similarly suggests that emotional risk may negatively affect the value related to the performance or outcome of the internet channel. The association of emotional risk with functional value instead of emotional value may require further examination in future studies.

9.6. Channel Comparison of Benefits and Sacrifices

This section discusses the hypotheses related to comparisons various benefits and sacrifices elements in the channels. The hypotheses are discussed in the paragraphs below.

9.6.1. Convenience Support Benefit

The result of the analysis in the previous chapter demonstrates that there is partial support for hypothesis H17. The hypothesis proposed that convenience support benefit is greater for the internet channel compared to other channels. For Scenario 1, the convenience support benefit is greater for internet banking compared to other channels. The finding is not surprising as internet banking has been touted as an alternative distribution channel due to the greater extent of convenience offered to customers (Ennew and Waite, 2013). It allows customers to conduct transactions , monitor account activity and account balances as well as a host of other transactions whenever required and at any location as long as the customer has access to the appropriate computing interface providing both time and effort savings (Seiders, Voss et al., 2007). For the transaction depicted in Scenario 2, the phone banking channel was perceived as providing the highest convenience support benefit. In this context, the exploratory study highlighted that internet banking is the preferred distribution channel for customers who are comfortable with the technology. The finding is corroborated by the extant literature that suggests that customers who are comfortable with technology will adopt technology more easily than others (Meuter, Ostrom et al., 2000; Meuter, Ostrom et al., 2003). This coupled with the incentives provided in the Malaysian context for higher use of internet banking has prompted many customers to adopt the internet channel for most transactions. Alternatively, as highlighted in the exploratory study, the phone banking channel is utilised when face to face interaction is not possible. Moreover, users are encouraged to utilise the phone banking channel as a strategy to reduce patronage to the physical branch. Hence, it may be considered a proxy for face to face interaction. In this context therefore, the interaction with a personnel although via a remote channel may be seen to provide more convenience support benefit than the internet channel.

9.6.2. Assurance Benefit

The result of the analysis in the previous chapter demonstrates that the hypothesis H18 is not supported. The hypothesis proposed that assurance benefit is greater for

the in-branch channel compared to other channels. In-branch interactions were highlighted as providing the high degree of assurance benefit in the exploratory study. The in-branch interactions were perceived to provide immediate response to questions and queries while addressing other customer concerns. In this study, the results demonstrate that in-branch interactions did not provide the highest benefit of assurance in both the scenarios offered. The results instead demonstrate that for Scenario 1, the internet banking channel provides the most assurance benefits while for Scenario 2 all the channels were perceived to provide the same level of assurance benefits. Although, the hypothesis was not supported, the results imply that internet banking in Malaysia is seen as a distribution channel that provides a high degree of assurance in terms of completing transactions accurately and being responsive to customer needs. The higher assurance benefit perceived in the internet channel may be attributed to various managerial actions to reduce privacy and security risks as well as to enhance the operational efficiency of the internet channel.

9.6.3. Control Benefit

The perceived benefit of control was found to be greater for the internet channel compared to other channels for both scenarios hence supporting hypothesis H19. The results support the extant literature, which highlights the importance of control in encouraging the use of self service technologies including the internet (Black, Lockett et al., 2001; Devlin and Yeung, 2003; Collier and Sherrell, 2010). Equally, users of internet banking in the exploratory study have highlighted control benefit which allows the ability to conduct, and monitor transactions whenever it was required suited to the individuals' time and location choices. Therefore, the result of this study provide evidence that control is highest for the internet channel in the context of financial services in Malaysia. For the transaction in Scenario 1, the ATM/CDM/Cheque deposit channel had the lowest benefit of control. For Scenario 2, the phone banking channel had the lowest perceived benefit of control. However, the results also show that there is some degree of perceived benefit of control in the in-branch channel for both scenarios. This means that the in-branch channel provides

users with a measure of control over their transaction or requirements. In the exploratory study, it was highlighted that users may utilise the in-branch channel to follow through certain procedures and see for themselves the transactions being effectuated. Hence it may be construed that this feature of the in-branch experience is perceived as the benefit of control.

9.6.4. Accessibility Benefit

The hypothesis H20, proposing a higher accessibility for the internet channel compared to other channels is partially supported based on the results of this study. However, the hypothesis is only supported for the transaction offered in Scenario 1. In the transaction offered in Scenario 1, accessibility benefit was found to be highest for the internet channel compared to other channels. In contrast, the in-branch channel had the lowest perceived benefit of accessibility. This finding corroborates with the literature as technological based distribution channels are offered to increase access to financial services (Farquhar and Meidan, 2010; Ennew and Waite, 2013). In the Malaysian context, the in-branch channel is relatively accessible due to the numerous branches in various locations. Nevertheless, typically the in-branch channel requires customers to endure some level of physical effort and waiting times in terms of availing the services. Therefore, the results are expected. For Scenario 2, there was no difference in the perceived benefit of accessibility for the channels offered. This means that all channels are perceived as being equal in terms of accessibility benefit. The result may be due to the telephone and internet channel offered as channel options in Scenario 2. This coupled with the high population of branches for this transaction suggest that none of the channels are considered superior in terms of the accessibility benefit.

9.6.5. Interaction Environment Benefit

The result of this study did not support H21, which proposes higher interaction environment benefit for the in-branch channel. In this study, the results show that

the perceived benefit of the interaction environment was higher for the internet channel compared to the ATM/CDM/Cheque deposit channel, and in-branch channel for Scenario 1. For Scenario 2, there were no significant differences in the perceived benefit of the interaction environment across channels. The findings suggest that the environment of the physical branch does not provide any significant benefits above the technological and remote channels for Scenario 1, while the lack of significant differences in the same benefit for Scenario 2, implies that customers perceive the interaction environment benefits to be similar across channels for Scenario 2. Specifically, the results of this study suggest that the interaction environment benefit of the internet channel is relatively high in the Malaysian context. This finding may be attributed to the high consideration for website design, both in terms of aesthetics and functionality with frequent updates on privacy and security measures amongst others in the internet channel in this context. The role of the interaction environment benefits may be further validated by the relatively high internet banking use in this context and its influence on both functional and emotional value perceptions as explained earlier.

9.6.6. Information Benefit

The results of this study show that the hypothesis H22 is only partially supported. The perceived benefit of information is greater for in-branch interactions compared to other channels for the transaction offered in Scenario 1.For Scenario 2 there were no significant differences in the perceived benefits of information across all channels.

The results show some degree of corroboration with the extant literature which highlights the in-branch channel as a richer platform for information exchanges and development customer relationships (Beckett, 2004; Ennew and Waite, 2013; Onay and Ozsoz, 2013). Hence, for Scenario 1, the results of the study are in line with the existing literature as well as the exploratory study that suggests in-branch interactions were beneficial for more in depth information. The benefit of information in this study is not evident for the channels in Scenario 2. This may be

attributed to the phone banking channel provided as an option for Scenario 2. Typically, the phone banking channel is utilised for enquiries or complaints . If the matter is resolved using this channel then further channel options are not considered. Therefore, in this study the information benefit perceived may be attributed to the different channel options provided in the respective scenarios.

9.6.7. Price Cost

Hypothesis H23 compares price perceptions of the distribution channels proposing that the price perception is higher for the internet channel compared to other channels. The price perception is the only monetary cost involved in the assessment of sacrifices of the distribution channels. In various studies of customer value, the sacrifice element is presented as monetary cost. Zeithaml's (1988) study posits perceived monetary price as one of the elements of sacrifice. In this study, monetary cost is the price paid for the use of the distribution channels. The result of this study suggests that price perception is not greater for the internet channel compared to other channels in Scenario 1 and Scenario 2. In fact, the results of the study indicate that there is no difference in price perception between any of the channels. Overall, this result indicates that prices are not perceived in terms of channel but from a holistic perspective of charges levied on the general use of all channels.

9.6.8. Physical Cost

In the exploratory study, respondents highlighted that in-branch interactions involved various physical costs. The physical costs examined here include waiting time, physical effort and cognitive effort. Overall, the results of this study showed that for both Scenario 1 and Scenario 2, the physical cost is greater for in-branch interactions, supporting hypothesis H24. The results corroborate with the literature as additional distribution channels such as mobile and internet channels have been developed in order to afford better time and effort savings for customers (Ennew and Waite, 2013). The exploratory study provides equal support for the high physical

costs perceived by customers when required to patronise the branch for transactions or enquiries. In the Malaysian context, most branches are located in high traffic locations such as business and commercial districts, which require customers to take more time to park their cars. The branch also has limited opening hours from between 9.30 till 4.30pm Monday to Friday, hence at most times the branch is relatively crowded.

9.6.9. Service Failure Cost

The hypothesis H25 examines proposes service failure cost is highest in the in-branch channel. The results of this study show that hypothesis H25 is partially supported. Service failure cost perception is significantly different for the ATM/CDM/Cheque deposit, internet channel and in-branch channel in Scenario 1. However, the ATM/CDM/Cheque deposit channel is perceived to have the highest service failure cost while the internet channel has the lowest perceived service failure cost in Scenario 1. For Scenario 2, the in-branch channel has the highest service failure cost perceptions while the phone banking channel has the lowest service failure cost perceptions. The results suggest that service failures related to the ATM/CDM/Cheque deposit channel is highest in the context of Scenario 1. The ATM/CDM/Cheque deposit channel is the most common method used in this context for depositing monies for various purposes. For example, payment of rents, payments of car loans and mortgage payments as well payment of bills. In most cases, users directly deposit cash for such payments. Cheque deposits are charged a fee, while direct cash deposits are free. The particular channel is also relatively high in service failures in terms of malfunctions and shutdowns in this context during weekends, the beginning or final days of the month and during bank holidays. Hence, the results corroborate with the exploratory study. The internet channel in comparison is perceived as having the lowest service failure cost which demonstrates the accuracy and efficacy of the channel in this context for depositing monies into another person's account. The in-branch channel has the highest service failure rate in terms of the transaction offered in Scenario 2. The findings of the exploratory

study show that personnel related service failures such as discourteous behaviour and lack of knowledge is common in in-branch interactions. The current finding demonstrates that service failures related to in-branch technical failures and personnel behaviour or knowledge is a significant issue in in-branch interactions and raises the importance of improving in-branch service provision via improvements in technology or personnel training to enhance the customer in-branch experience.

9.6.10. Transaction Risk

The hypothesis H26 which proposes the highest magnitude of transaction risk in the internet channel was not supported by the result of this study. Transaction risk involve risks that are directly related to the transactions such as privacy risk and security risks as well as risks of non-completion of the transaction which may occur when there is a breakdown the institution's processes or technological systems. Any self service channel particularly the internet channel is perceived to have high privacy and security risk (Devlin and Yeung, 2003; Gerrard, Cunningham et al., 2006; Wai-Ching, 2008; Kesharwani and Tripathy, 2012), therefore it is expected that the highest transaction risk perceptions will be found for the internet channel. The present study does not support this contention. The results show that for Scenario 1 and Scenario 2, there are no differences in the perceived transaction risk across channels. This implies that the internet channel in Malaysia is perceived as having the same level of transaction risk as the other channels including the in-branch and phone banking channel in this study. The results may be attributed to the higher privacy and security measures that are implemented in the internet banking channel as required by the Central Bank of Malaysia and in tandem with best practice security and privacy measures for the channel. For example, all internet banking users are required to have an individualised password, and additional validation via an individualised and transaction specific code sent to an authorised mobile phone number of the account holder. It may also be possible that the channel options do not differ in terms of transaction risk due to the rising familiarity with technology based channels and its maturity in the context. Therefore, this result

marks an important departure from existing literature on risk perception for the internet channel channel as managerial actions in mitigating various risks, and its growing adoption has led to lower perceptions of transaction risk.

9.6.11. Emotional Risk

Emotional risk is the risk of discomfort or negative emotions such as anxiety when using the distribution channels. The exploratory study highlighted that the use of the internet channel was limited because such feelings exists. Hence in-branch interactions were more favoured. Furthermore, technological anxiety and discomfort is related to the use of self service technology (Meuter, Ostrom et al., 2003). In contrast , the current study has found that internet channel has the lowest emotional risk perception of while the ATM/CDM/Cheque deposit machine has the highest perceived emotional risk for the transaction offered in Scenario 1. The hypothesis proposing the highest emotional risk in the internet channel is thus rejected. The findings are consistent with the findings of the exploratory study as the frequent breakdowns of ATM machines render it somewhat unreliable at peak times. Nevertheless, the overall emotional risk perceptions across all channels are relatively low in this study.

9.7. Summary of Discussion

The discussion presented above compares the results of this study in terms of the existing literature as well as the findings of the exploratory study. The first part of the chapter provides an explanation and discusses the findings of the univariate and bivariate analyses. Key demographic characteristics relevant to the Malaysian context such gender, age and ethnicity differences were examined in light of the results of the previous chapter. Key differences in sacrifice perceptions in terms of age, and ethnicity were discussed while in terms of benefits, only convenience

support revealed a significant difference between genders. These differences did not affect functional and emotional value respectively.

The second part of the discussion focused on the magnitude of functional and emotional value upon overall value perceived. The findings reveal that both functional and emotional value are significant types of value perceived in all the channels except for the ATM/CDM/Cheque deposit channel. Further details were provided by a discussion the different types of value and its magnitude in each channel. For the in-branch and internet channel, the magnitude of functional and emotional value was further delineated by an examination of the channel in each scenario.

The following section presented the discussion related to the benefit and sacrifices and its relationship with functional and emotional value respectively. The last section presented the discussion relates to the hypotheses that comparing the respective benefit and sacrifice in each channel.

The discussion highlights that functional value and emotional value are evident value types in the use of the distribution channels of financial services. Whilst all channels are perceived to enable the co-creation of functional value and emotional value, the in-branch channel allows the co-creation of a higher degree of emotional value than functional value. Perceived emotional value has been shown by the study as a possible reason for the continued importance of the in-branch interaction for financial services. Furthermore, the study also finds that the internet channel enable to co-creation of emotional value and functional value which delineates the value perceived from technology based channels previously thought as purely giving rise to functional value perceptions. However, the ATM/CDM/Cheque deposit channel logically enabled only the co-creation of functional value as users utilised the channel to deposit cash/cheques or withdraw cash.

Benefits such as convenience support benefit, assurance benefit, control benefit have been found to be associated with functional value. Interaction environment benefits on the other hand are associated with functional value and emotional value

perceptions respectively which demonstrate the importance of the environment in customer value. Control benefit has been shown not to be associated with emotional value. Surprisingly, information benefit was not associated with functional value perceived. The discussion highlights that some benefits and sacrifices are associated to functional and emotional value perceptions. Furthermore, there were differences in the associations between the perceived benefits and sacrifices respectively with functional and emotional value for the same channel in each scenario. This implies that the context specificity of benefits and sacrifices in association with functional value and emotional value is at a transaction level rather than product level. In some instances, the benefits perceived had a negative influence over the functional or emotional value perceived which is contradictory to the theory.

In comparing various benefits and sacrifices across channels, it is evident that the transactions offered in the scenarios affect the benefits and sacrifices perceived in the channel. The next section will focus on the key managerial implications arising from the above discussion.

9.8. Managerial Implications

The value types, benefits and sacrifice associations as well as comparisons of the various benefits and sacrifices in this study are important to managers for the development of appropriate strategies and tactics to enhance distribution channel value. This study finds that distribution channels enable the co-creation of customer value perceptions. Customer value of core products and customer value of distribution channels have to be considered in tandem for the overall competitive advantage of the institution in the marketplace. Most studies highlight the role of the core product or core service for customer value and consequently competitive advantage, however, channels are less imitable sources of customer value compared to the products offered in services. The study has been able to demonstrate that both functional value and emotional value are co-created in distribution channels and the magnitude of the different types of value co-created has been determined.

Distribution channel interactions are acknowledged as used for outcome driven goals hence expectedly enabling the co-creation of functional value. The results of this study show that managers are encouraged to expand their focus of transactional efficiency for functional value enhancements to benefits and sacrifices to enhance emotional value perceived in the channel interactions.

In terms of channel, the study shows that the ATM/CDM/Cheque deposit channel does not enable the co-creation of emotional value, while the phone banking, in-branch and internet channel enable the co-creation of both emotional value and functional value respectively. It is recognised that not all channels should enable all types of customer value, hence managerial efforts should be directed to efforts related to the type of customer value evident or lacking in the channels. For example, enhancement of emotional value may not be relevant for the internet or ATM/CDM/Cheque deposit channel.

Managerial actions to improve upon benefits and reduce sacrifice perceptions are integral to the co-creation of value. For the co-creation of functional value, managers have to ensure that the benefits associated with functional value such as convenience support benefit, assurance benefit, control benefit and interaction environment benefit are maintained, and enhanced through various initiatives. These initiatives might include, services that offer higher convenience and support such as chat lines on internet banking sites, better trained personnel on both the phone banking and in-branch channel as well as better guarantees and structural assurances to ensure that facilities and tools are always in working order.

In terms of emotional value, accessibility benefit, convenience support benefit and interaction environment benefit were significant influences. Accessibility benefit relates to the availability of channels to provide greater access to financial services. Therefore, managers should note that the accessibility to financial services may be improved through ensuring the availability of various channel options. The introduction of other channels such as Facebook or social media channels should be introduced in this context as the use of social media for financial services is relatively nascent. These channels have been offered in other countries to better

engage with existing customers and maximize the use of social media to attract younger financial services customers and providing the opportunity for the co-creation of emotional value. The perceived benefit of the interaction environment is found to be associated with both functional value and emotional value. Hence, managerial attention should be focused on the correct facilities and people, aesthetics, design and layout features of both physical and virtual interaction environments to enhance both functional and emotional value co-creation. Similarly, frequent upgrading of security and privacy measures by the major service providers are noteworthy actions for enhanced interaction environment benefit.

In terms of sacrifices, the results of this study are relatively less conclusive. Key sacrifices such as price cost are negatively associated with functional and emotional value. While the exploratory study demonstrates low levels of knowledge related to fees, overall fees have to be accurately communicated to customers to ensure accurate understanding of charges and fees of using the distribution channels for specific transactions and customer requirements. The other sacrifice, which has been found to be negatively associated with functional value, is service failure cost. Service failure cost involves facilities, tools and personnel based failures. Hence, these costs have to be removed or reduced through better upgrading of technology, maintenance and personnel training initiatives.

One of the key results of the study is that the branch channel co-creates a higher degree of emotional value compared to functional value which confirms empirically the type of value perceived in the channel. The finding may be the probable reason for its continued popularity and existence. For managers, the in-branch experience has to be maintained for users. People who utilise the in-branch channel for their transactions or for enquiries perceive interaction environment benefit, accessibility benefit and a certain degree of information benefit in the in-branch channel which leads to emotional value perceptions. While on the other hand, interaction environment benefit , and a certain degree of information benefit are associated with functional value of the in-branch channel. In terms of managerial implications, the associations of these benefits with the perceived functional and emotional value

respectively in the in-branch channel provides some useful guidelines for decisions regarding the maintenance or removal of various services. Services, facilities or tools that enhance the benefits or provide the opportunity to offer these benefits have to be provided to the customer. However, sacrifices such as service failure cost and physical costs are equally evident in the in-branch channels. A certain degree of physical cost is expected, as customers need to be physically present at the branch location during office hours. Service failure costs in-branch suggests that personnel related or technology related service failures hinder the service process and outcomes. In the exploratory study, problems with personnel in-branch, in terms of poor behavior and poor knowledge levels have been highlighted to negate from customer value perceived. Managers have to review the issues that are causing these sacrifice perceptions through better upgrading and maintenance of the technical elements while developing and nurturing better personnel knowledge and behaviour through internal marketing and human resource initiatives. Monitoring customer complaints and tracking service satisfaction post transactions may be some steps that help pinpoint service failure issues and support their resolution. The major banks in Malaysia in terms of market share, have initiated dedicated customer service personnel at the physical branch to direct customers to the correct persons or direct customers to the facilities to assist in terms of use. This may alleviate personnel or facility related issues.

The ATM/CDM/Cheque deposit channel enabled the co-creation of functional value which is not surprising as the channel is used for depositing monies or cheques and withdrawal of monies specifically more than other transactions such as bill payment. The ATM/CDM/Cheque deposit channel is used for a short duration, hence only functional value is co-created in this channel. The benefits that are related to functional value for the ATM/CDM/Cheque deposit channel is assurance benefit. Therefore, managers have to ensure that the efficiency, effectiveness and accuracy of the channel are continuously upgraded. Similar to other channels, the perceived benefit of assurance may arise from perceptions of the channel coupled with the perception of the overall institution. Hence, managers have to be cognizant of the channels' operational efficiency as well as the institution or brand reputation. In

terms of strategy, measures to reduce risk perceptions and increase trust perceptions through guarantees or fair resolution of complaints of channel interactions are equally valuable steps for brand building efforts by managers to improve assurance benefit in all channels. The strengthening of assurance benefit will be a major barrier against competitor actions and customer exit.

The study shows that the high level of accessibility and information conveyed in this channel are detracting from value perceptions which mean that the channel may not be the best or appropriate channel for some types of information and there are some concerns of the negative impact of the benefit of accessibility. However, efforts to reduce accessibility may also be detrimental to customer value perceptions. These concerns related to accessibility may be related to safety and security due to type of locations where ATM/CDM/Cheque deposit machines are placed which has been highlighted in the exploratory study. Hence, managers should pay attention to safety and security as well as location environment decisions for the safety and security of the user and the monies rather than considering a reduction of the number of locations or number of ATM/CDM/Cheque deposit machines. In terms of sacrifices, the ATM/CDM/Cheque deposit channel has a relatively high degree of service failure costs compared to other channels. The common phenomenon in the use of the channel in Malaysia is a high level of breakdowns and malfunctions are expected during peak times. Therefore, an appropriate level of scheduled maintenance activities and upgrading efforts are required for the machines in all locations.

The internet banking channel is gaining popularity and there is a high number of subscribers in Malaysia. The channel co-creates both functional and emotional value which demonstrates its relevance for users and demonstrates its viability as an alternative channel to in-branch interactions. Overall, the key benefits associated with both functional value and emotional value, are interaction environment benefit, and convenience support benefit. Convenience benefit is an important feature of the internet channel and a strategic imperative for expanding the number of technological and remote channels. Support factors such as adequate or superior facilities, tools and personnel that can support customer requirements and

transactions are important for the co-creation of value in the internet channel. The internet channel has been found to offer many different benefits to its users.

In terms of sacrifices, transaction risk related to privacy and security elements found to be key impediments in prior studies are not evident in this context. This implies that management attention to enhanced privacy and security measures for the internet channel has been fruitful in reducing the transaction risk perceptions. Key improvements include the improvement of design of website interfaces to enhance ease of use and ease of access to key features. In some countries, internet channels are providing real time instant messaging or 'chat' lines for customers to access support for their queries immediately. This channel may be introduced in the Malaysian context. The features of the internet channel may be replicated via other technology interfaces with extended services, for instance via services on Facebook.

Managers should also consider internet based services provided in-branch to enable immediate support for customers in their internet based transactions. This will enable more customers to migrate to the internet channel for various transactions. Although, the current number of registered internet banking users in the country is high, the frequency of transactions or nature of use of the channel has not been examined widely. In recent times, the banks in Malaysia have initiated banking kiosks, which have minimal personnel support, to assist customers in their banking transactions. Whilst users independently complete some transactions, kiosks have some personnel to assist customers to initiate and complete transactions. Overall, the degree of dependence on personnel for financial services assistance is relatively high in the Malaysian context.

In the phone banking channel, both functional and emotional value was evident. The benefit of convenience support was marginally associated with functional value. However, price cost was found to detract from emotional value. As expected, the phone banking channel was perceived as providing a high degree of convenience support benefit. In comparing the benefits and sacrifices across channels, it is relatively insightful that the phone banking channel is seen as a good substitute for in-branch interactions and internet banking interactions. In other countries, phone

banking has been improved with simplified access to personnel and increased personalisation of services. Outsourcing of the phone banking channel has also been limited to enhance the customer experience.

9.9. Conclusion

This chapter presents the discussion addressing the overall objectives of the research effort and managerial implications. The study has provided insight into the type of value co-created in distribution channels. Both functional value and emotional value are co-created in the interactions within the channels. The study has also shown the magnitude of the different types of value in each channel examined. Furthermore, the study has yielded specific results that demonstrate the different types of benefits and sacrifices that are associated with functional and emotional value respectively. Overall, managerial attention towards increasing the benefits and reducing sacrifice perceptions in each channel or overall are the basis for key managerial recommendations. The next chapter will provide the conclusion, limitations and recommendations for future studies.

Chapter 10: Conclusion and Limitations

This chapter presents the conclusion based on the research effort and findings presented in the prior chapters. This chapter begins with a conclusion of the study demonstrating how the research findings have met the objectives of the study. Subsequently, the chapter will present the limitations of the study, followed by suggestions for future research.

Customer value is widely acknowledged in the literature as a route to competitive advantage, superior to service quality (Zeithaml, 1988; Bolton and Drew, 1991; Woodruff, 1997). The Service Dominant Logic further demonstrates the importance of customer value in use as the basis of customers' evaluations of products or service offerings (Vargo & Lusch, 2004a). Based on the principle that customer value leads to superior competitive advantage in the marketplace, this research effort aimed to investigate the co-creation of customer value in interactions between customers and financial services organisations with a particular focus on the role of distribution channels in the co-creation of value, as perceived by consumers. The specific distribution channels examined were the ATM/CDM/Cheque deposit machines, internet banking, in-branch channel and phone banking channel, which were cited as the most used channels in the Malaysian context. In financial services, the study of customer value of distribution channels in a multichannel context has been relatively scant.

In the pursuit of customer value and competitive advantage, the ease of replicating services means service competitive advantages from innovative core services are rarely sustainable in the long run. Therefore, other sources of customer value and competitive advantage have to be examined. In light of this, interactions between customer and provider in distribution channels are sources of value for the customer apart from core services provided by the firm (Ballantyne and Varey, 2006).

The study of customer value has resulted in various frameworks and it has yet to be conceptualised definitively in the extant literature (Payne and Holt, 2001; Woodall, 2003; Khalifa, 2004; Sanchez-Fernandez and Iniesta-Bonillo, 2007; Gallarza, Gil-Saura et al., 2011). A comprehensive literature of customer value in the extant literature by Sanchez-Fernandez and Iniesta-Bonillo (2007) distinguishes the conceptualisation of customer value as unidimensional and multidimensional perspectives. The first perspective posits that various antecedents such as service quality and monetary price leads to customer value of a product or service (Zeithaml, 1988). The multidimensional perspective posits that customer value is multidimensional and consists of various types of value such as functional value, social value , emotional value , hedonic value or self-esteem value as espoused by many studies (Sheth, Newman et al., 1991; Babin, Darden et al., 1994; Holbrook, 1994).

Based on a synthesis of the unidimensional and multidimensional perspectives of customer value, the conceptual model of the study proposed the association of benefits and sacrifices with the co-creation of functional or emotional value. The specific aims of the research were;

- To determine the types of value co-created through interactions in various distribution channels of financial services
- To determine to what degree the types of value co-created vary according to the distribution channel used

The study reveals that value is perceived in distribution channels of financial services. This thus extends the body of knowledge in customer value theory to consider other elements of the service offering specifically distribution channels in the co-creation of value. Theoretically, the extant literature has relatively focused on core product as a unit of analysis for customer value (Sweeney and Soutar, 2001; Sigala, 2006; Lee, Yoon et al., 2007).

In prior studies of distribution channels of financial service, a study of mobile brokerage focused on utilitarian values (Kleijnen, de Ruyter et al., 2007) while a

study of the in-branch channel included core products in its evaluation of customer value (Roig, Garcia et al., 2006). This study proves that distribution channels enable the co-creation of both functional and emotional value and further compares different channels in a multichannel context previously examined in the case of internet retail in comparison to catalogues only in terms of utilitarian value (Noble, Griffith et al., 2005). Therefore, an examination of the various distribution channels in the multichannel context of financial services is novel.

The ATM/CDM/Cheque deposit channel enables the co-creation of only functional value. The internet banking channel enables to co-creation of functional and emotional value as does the phone banking channel. The in-branch channel was determined as providing both functional and emotional value. In terms of magnitude, the internet banking co-creates functional value more than emotional value. The phone banking channel enabled the co-creation of a similar degree of both functional and emotional value. However, the in-branch channel was revealed as providing a higher degree of the co-creation of emotional value than functional value. Thus, this study has achieved its objectives providing insights into the type of value co-created and the degree to which the types of value co-created vary in distribution channels of financial services. The study provided more insights by reviewing the relationships of each benefit and sacrifice on each type of value.

The hypothesised relationships between benefits and sacrifices for each of the types of value revealed that convenience support benefit, interaction environment benefit, control benefit and assurance benefit were associated with the co-creation of functional value. The perceived benefits of interaction environment and convenience support were simultaneously associated with the co-creation of emotional value. The perceived benefit of accessibility was further revealed associated with emotional value.

The findings show that the hypothesised associations between sacrifices and functional or emotional value were less conclusive. In terms of sacrifices, price cost was found to be negatively associated with functional and emotional value respectively. The association of price cost with functional value has been supported

by the literature. However, the association of price cost with emotional value has not been examined in prior research and warrants further research. Service failure highlighted as a noteworthy sacrifice in the exploratory study, was found to be have a negative association with functional value.

The examination of each channel revealed distinctive benefits and sacrifices according to channel. The distinctive benefits and sacrifices revealed provide managers with a guide to channel decisions. Given the key findings, the previous chapter outlines some managerial implications.

Overall, the study demonstrates the co-creation of functional value and emotional value in distribution channel interactions. The study extends an understanding of types of value co-created in distribution channels. Furthermore, a comparison of the different types of value in the individual channels augments the understanding of value of each channel. The co-creation of these value types in turn are associated with certain key benefits and key sacrifices perceived by users of the channels.

10.1. Limitations

The research effort and its findings presented in the previous chapters have achieved its main objectives, contributing to theory and providing pertinent managerial implications. However, there are a number of limitations of this study, which may form the basis for further research conceptualisation and methodological decisions.

One of the most significant limitations of the study is its focus on one financial service, which is retail banking and in one product category namely the savings or main deposit account of the respondent. Product categories and product type is likely to influence customer value perceptions as it has been found to influence distribution channel choice (Black, Lockett et al., 2002). The findings are thus relatively limited in terms of its generalisation to distribution channels of other product categories or product types within the financial service context. An additional methodological shortcoming was that the number of respondents for the phone banking and

ATM/CDM/Cheque deposit channels was a minimum number necessary required for regression analyses. The small number of respondents for these two channels may additionally affect the conclusiveness of the findings overall or related to the aforementioned specific channels.

The study of the customer value of distribution channels may yield insights that are more interesting if compared to other multichannel contexts such as travel or tourism and retail sector. However, the nature of financial services has various other implications in terms of the role and services provided by the distribution channels as well as the nature of the core services, which are high in credence qualities. Hence, the opportunity for a similar effort may be more effective in financial services in other countries. Furthermore, multichanneling in other financial services such as insurance or wealth management within Malaysia is at a nascent stage and reliant on agents and sales personnel. Additionally, country contexts and governance mechanisms may influence the nature of channels available to users in financial services. For instance, Malaysia has many physical branches and ATM/CDM/Cheque deposit machines in-branch and in other locations such as petrol kiosks and shopping areas. Therefore, the use of the physical branch and the perceived benefits and sacrifices in Malaysia may differ from another country where the channels are less in numerous or accessibility is more restricted. In general, diverse governing structures or demographic characteristics of the country may affect the nature of the channel and services offered which may further limit the findings of this study to the current context and country only. Furthermore, the study does not take into account the customer value of distribution channels in a rural context. This further limits the generalisability of the study.

Another limitation in terms of the methodology was the factor structure that emerged from the exploratory factor analysis and subsequently used in the analysis. One of the key issues was that convenience value and support value factors merged as one factor. In the context of financial services, it is intuitively appealing to consider support value and convenience value as the same because of the nature of financial

services channels, which offers support to customers. Hence, it is likely that convenience benefit would not be perceived, if support benefit were not included or vice versa. In other contexts, the nature of support may differ hence the factor structure arising from data collection efforts may not be similar to this study. Similarly, the factor structure for the sacrifices specifically non-cost elements and risk were problematic. The multiple reiteration required for the exploratory factor analysis may be attributed to the low means and the low number or single question for each type of cost element and risk. Hence, the sacrifices posed in the study may require further examination.

From the perspective of theory, the research effort examines the co-creation of functional and emotional value in the distribution channels. Many frameworks of customer value offer different types of customer value such as functional value, emotional value, social value , conditional value (Sheth, Newman et al., 1991) or others such as efficiency , excellence , status, esteem , play , aesthetics , ethics and spirituality values (Holbrook, 1994). The studies of customer value in other contexts demonstrate that various types of customer value may be co-created. In this study, both functional value and emotional value were selected as key value types based on dominance of these value types in prior research and as suggested by the findings of the exploratory study. Therefore, the study does not include an examination of other types of customer value that may be co-created. For instance, social value or conditional value has been found in the internet use context (Bourdeau, Chebat et al., 2002), efficiency value in the context of restaurants (Sanchez-Fernandez, Iniesta-Bonillo et al., 2009) or conditional value in the mobile location based services (Sigala, 2006).

The conceptual model presented also offers a novel conceptualisation based on the synthesis of the unidimensional and multidimensional approaches to customer value studies as specific benefits and sacrifices of distribution channels are hypothesised to associate with functional or emotional value. Many existing studies focus on one

type of value or do not include an assessment of benefits and sacrifices in the associations.

A larger scale exploratory study utilising specific user segments or clusters will provide more insight into the specific benefits and sacrifices of different channels, and its association with functional or emotional value. In line with this, one of the findings of the study demonstrates the association of the same benefit with both functional and emotional value. This finding warrants further investigation beyond the scope of this study.

In most studies of customer value, the influence of sacrifices such as costs and risks on customer value perceived is relatively less evident. The influence of monetary outlay or price (Sweeney and Soutar, 2001; Gallarza and Gil Saura, 2006; Roig, Garcia et al., 2006) has been included more frequently in studies of customer value while relatively few studies have considered risks (Gallarza and Gil Saura, 2006; Kleijnen, de Ruyter et al., 2007). In this study, sacrifices were hypothesised to detract or negate customer value perceptions. Based on extant literature and the exploratory study, sacrifices such as costs included price and other non-monetary costs and risks perceived in distribution channels were examined in relation to customer value in this study. One of the key issues with the data was the low mean values for all sacrifices. To this end, some element of familiarity or experience may have reduced the extent of sacrifices perceived. In service quality studies similarly, the measurement of expectations and performances post experience was criticised as it may have been influenced by familiarity (Yuksel and Yuksel, 2001). Therefore, the hypothesised associations of sacrifices and functional or emotional value may have been influenced by the overall low perceived sacrifices. Benefits such as information benefit and accessibility benefit detracted from emotional value in the ATM/CDM/Cheque deposit channel. Physical cost on the other hand was found to positively influence functional value of in-branch interactions. These negative associations are noteworthy findings, as prior literature does not address the issue of negative associations between benefits and customer value or positive associations

between sacrifices and customer value. These associations may be due to the small number of respondents in each scenario for any one channel. Whilst these associations may be context specific, the nature of the association between benefits, sacrifices and value assessments requires further examination that may be subject for future research.

Lastly, one of the limitations of the study is the method of analysis used which was the regression method. The method was deemed more suitable in light of the number of respondents and the large number of independent variables. However, structural equation modelling (SEM) is a more common method of analysis in contemporary marketing literature (Babin, Hair et al., 2008) and considered a superior method for ascertaining theoretical relationships (Hair, Black et al., 2010). Therefore, further studies may be conducted on larger samples using SEM to provide more sound theoretical relationships between the constructs presented in this study. In structural equation modelling , constructs should be modelled as formative constructs rather than reflective constructs as in the trade off between benefit and sacrifice of the unidimensional perspective (Jarvis, Mackenzie et al., 2003; Lin, Sher et al., 2005). In this study, the constructs are measured as latent reflective measures.

10.2. Suggestions for Future Research

As shown by this study, customer value perceptions are very sensitive to contexts, and different transactions influence the type of value perceived and the distinctive benefits and sacrifices. The first avenue of research based on the limitation of the current study is an examination of the applicability of the scale across other types of financial services products and transactions. The investigation might yield more insights into the type of benefits and sacrifices perceived in the channels offered, the different types of value and the magnitudes of value that would provide more information on the maximisation of channel utility in terms of the co-creation of value. The study may also be extended to distribution channels of other types of services for instance travel and retail. In this case, a comparison of channel customer

value within one industry or a comparison across industry may yield some insights, which may be utilised for the formulation of strategies in similar or other contexts.

The sample of the study was from urban localities, hence the findings in terms of the customer value, benefits and sacrifices of the internet or phone banking channel may be reflective of the urban sample. A study of customer value from the perspective of the non-urban or rural customer is beneficial from the point of view of rural delivery of financial services. In current times, rural access to financial services is growing in importance especially in developing nations. Nevertheless, the coverage of distribution channel of financial services in Malaysia is comparatively higher than other countries. Different samples may provide an augmented understanding of the customer value in distribution channels. The current study which is cross sectional in nature suggests the influence of age and ethnicity on benefits and sacrifices perceived , however functional and emotional value , or overall customer value were not affected. The study could be extended to consider other customer characteristics that may influence benefit or sacrifice, and value perceptions such as education or occupation. From the exploratory study, financially knowledgeable respondents perceived fewer benefits from agents or personal sales advisors of more complex financial services, compared to other respondents who were less financially knowledgeable. This may suggest that the customer value perceived may differ when respondents are more financially knowledgeable.

The current study is also limited to one country hence a further extension of the study in a cross-cultural context to compare the benefits, sacrifices, functional and emotional value of the distribution channels may demonstrate the influence of customer culture on customer value. The globalisation of financial services in particular may benefit from a cross-country study of distribution channel study to understand customer value drivers and formulate their marketing strategies to realise superior customer value and competitive advantages on a global or country-by-country basis.

From a theoretical perspective, studies should consider other types of co-created value in financial services for instance social and conditional value. The type of co-created value in distribution channels of financial services may be dominantly functional and emotional value however, other types of value may exist which warrants further investigations. Furthermore, the study of benefits and sacrifices presented here is based on a relatively limited exploratory phase. For future studies, more in depth qualitative studies to accurately glean benefits and sacrifices from multiple segments should be incorporated. Specific segments of customers may provide a more nuanced understanding of the benefits and sacrifices of channels and the influence of different benefits and sacrifices on the co-creation of functional and emotional value may require more investigation.

As shown by this study, some benefits negatively influenced functional value or emotional value, while certain sacrifices may positively influence some types of customer value. These findings necessitate a finer examination of the association between benefits and sacrifices respectively and the different types of customer value. Whilst contextual issues may influence these associations, the findings require further investigations in terms of its replication for other product types within the financial services sector or other industries with similar multichannel distribution structures. The lack of any benefits associated with emotional value perceived for the in-branch channel also calls for a more in depth examination of emotional value and the specific benefits and sacrifices that are associated with emotional value. Future research to examine the associations should also consider the use of a more sophisticated method of analysis to provide a better understanding of the associations mentioned. Furthermore, examination of the different types of customer value such as social value and conditional value should also be included in future research. Nevertheless, this study has achieved its objectives, providing empirical evidence that co-created functional and emotional value are perceived in distribution channels of financial services and vary according to the distribution channel used.

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Appendices

Appendix 1

Definitions of Variables

Construct	Construct Definition	No.of Items	Sources
BENEFITS			
Convenience	Time and effort cost savings associated with the use of the channel. It includes ease of use of the channel, ease of access to the channel, and ease of conducting transactions on the channel.	5	➢ Exploratory study ➢ Kleijnen, de Ruyter et al. (2007) ➢ Seiders, Voss et al. (2007)
Support	The tools and personnel that facilitate the completion of the task or meet user requirements.	3	➢ Exploratory study Parasuraman et al (1988)
Assurance	Knowledge and belief that the task will be performed accurately, appropriately and immediately depending on the customer requirements.	3	➢ Exploratory study Ruiz, Gremler et al. (2008) ➢ Flanagan, Johnston, and Talbot (2005)
Control	The ability to decide over the type of tasks to be carried out as well as the freedom to conduct tasks at any time and any place.	3	➢ Exploratory study Kleijnen de Ruyter et al (2007) ➢ Sigala (2006)
Accessibility	The characteristic that allows reach and use of the channel whenever needed	3	➢ Exploratory study Roig, Garcia et al. (2006) ➢ Roig, Garcia et al.(2006) Sanchez-Fernandez et al.(2009)
Information	The various attributes of the information received from channels as perceived by customers	4	➢ Exploratory study Montoya-Weiss, Voss et al. (2003)
Interaction environment	The aesthetics, functionality and layout of the interaction environment including the physical, technological interfaces and the virtual environments that assist customers in achieving their goals. This includes the facilities and tools available in the environment	7	➢ Exploratory study Harris and Goode (2010)
SACRIFICE (COSTS AND RISKS)			
Monetary Costs	Perception of the price of using the channel (direct cost) based on affordability and fairness of charges for the transaction	2	➢ Zeithmal (1988)
Non Monetary Costs - ***Waiting costs*** - ***Physical***	Perception of the non-monetary costs involving waiting costs, physical costs and cognitive costs when using the channels. - *Waiting costs are the non monetary costs involved when waiting for transactions to be*	3	➢ Zeithmal (1988)

costs - ***Cognitive costs***	*completed or queries to be responded to within a queue system.* - *Physical costs involve the physical effort involved when using the distribution channels – this includes parking or taking a number or signing documents.* - *Cognitive cost involve the cost of being mentally alert, and thought processes required when using the channels.*		
Personnel Cost	The costs of poor personnel knowledge and poor behaviour.	2	➢ Exploratory study ➢ Roig, Garcia et al.(2006)
Service Failure cost	The cost of service failure, incomplete transactions and non-performing facilities of channels, delay of the completion of transaction over channel used.	3	➢ Exploratory study ➢ Singhal and Krishna et al, (2013)
RISKS			
Privacy risk	Customer concerns about the disclosure of their personal information and account details to any third party without their knowledge.	2	➢ Exploratory study ➢ Kesharwani and Tripathy (2012)
Security risk	Threat of unauthorised **access** to information and account	2	➢ Exploratory study ➢ Kleijnen et al , (2007)
Performance risks	The uncertainty associated with whether the channel will perform its intended function	1	➢ Exploratory study ➢ Ho and Ng (1994)
Financial Risk	Risk of loss of monies during transaction attributed to the customer error or faulty channel.	1	➢ Exploratory study ➢ Ho and Ng (1994)
Psychological risk	Frustration , discomfort and or anxiety arising from the use of the channel	2	➢ Exploratory study ➢ ➢ Zhao, Hanmer-Lloyd et al. (2008)
Functional value	Perceived utility acquired from the channel associated with performance based evaluations in terms of the outcomes.	4	➢ Sheth, Newman et al. (1991) ➢ Sweeney and Soutar (2001)
Emotional value	Perceived utility acquired from the channels' capacity to arouse feelings or affective states"	4	➢ Sheth, Newman et al. (1991)

Appendix 2:
Questionnaire-Scenario 1

Dear Participant,

This survey is for a study to understand your perceptions of the methods you use for your banking activities. The questions are about perceptions of your experience of the methods you have used for your banking activities. We would like you to respond to **all questions** in this survey. There is no right or wrong answer and this will take just a few minutes of your time.
In answering, select the number that best describes your response by circling using a bold outline as shown:

1 2 **3** 4 5

All the information provided is **strictly confidential** and for research purposes only.

- Part A is regarding your perceptions of the methods you use for your banking activities.
- Part B is regarding your banking activities.
- Part C is regarding demographic information.

Thanking you for your cooperation.

Anita Chakrabarty. Assistant Professor Of Marketing , NUBS Malaysia Campus
Anita.Chakrabarty@nottingham.edu.my

A Please respond to all the questions below based on the banking activity shown below

BANKING ACTIVITY:

You have to deposit RM1500 into another person's account in the same bank as your savings/ current account in Malaysia.

1. Which method would you **commonly use** for the activity above? **SELECT ONE METHOD ONLY**

1 ATM/ CDM/ Cheque deposit machine

2 INTERNET BANKING (via internet)

3 In branch (face to face, over the counter)

4 MOBILE BANKING (using sms banking or bank apps)

2. All the following statements below relate to the method you have selected for Q1. Your response can range from 1 - strongly disagree to 5 - strongly agree. Please circle the number that most strongly reflects your opinion of the statements.

	(1) Strongly Disagree	(2) Disagree	(3) Neutral	(4) Agree	(5) Strongly Agree	
BENEFITS PERCEIVED						
Convenience benefits						
(1) I receive all important information and clarification using this method	1	2	3	4	5	1
(2) It is easy for me to (access) reach this method	1	2	3	4	5	2
(3) It takes a shorter time to complete my transaction using this method	1	2	3	4	5	3
(4) It is easy for me to use this method	1	2	3	4	5	4
(5) My problems are resolved quickly using this method	1	2	3	4	5	5
Support benefits						
(6) I can rely on the personnel/ tools of this method to complete this transaction correctly	1	2	3	4	5	6
(7) The personnel/ tools in this method will help me quickly complete this transaction	1	2	3	4	5	7
(8) The personnel/ tools will help do everything required for this transaction	1	2	3	4	5	8

[A]

2. All the following statements below relate to the method you have selected for Q1. Your response can range from 1 - strongly disagree to 5 - strongly agree. Please circle the number that most strongly reflects your opinion of the statements.

	(1) Strongly Disagree	(2) Disagree	(3) Neutral	(4) Agree	(5) Strongly Agree	
BENEFITS PERCEIVED						
Assurance benefits						
(9) I believe this method will complete my required transaction	1	2	3	4	5	9
(10) I am assured that this method will complete my transaction accurately	1	2	3	4	5	10
(11) I have complete trust that this method will respond to my needs	1	2	3	4	5	11
Control benefits						
(12) This method allows me to monitor the progress of this transaction	1	2	3	4	5	12
(13) This method puts me in control of the transaction	1	2	3	4	5	13
(14) This method allows me to carry out this transaction on my own	1	2	3	4	5	14
Accessibility benefits						
(15) This method allows me to complete this transaction whenever I want	1	2	3	4	5	15
(16) This method is available to me all the time	1	2	3	4	5	16
(17) This method is easily available to me	1	2	3	4	5	17
Information benefits						
(18) This method provides me the most up to date information	1	2	3	4	5	18
(19) This method provides me with the most accurate information	1	2	3	4	5	19
(20) This method provides me the information I need	1	2	3	4	5	20
(21) This method provides me with valuable information	1	2	3	4	5	21
Interaction environment benefits						
(22) The environment of this method is very pleasing to me	1	2	3	4	5	22
(23) The environment of this method provides privacy for the transaction	1	2	3	4	5	23
(24) This method has the correct facilities or people to help me complete this transaction accurately	1	2	3	4	5	24
(25) This method has the correct facilities or people to help me complete this transaction fast	1	2	3	4	5	25
(26) This method makes me feel comfortable	1	2	3	4	5	26
(27) This method is suitable for this transaction	1	2	3	4	5	27
(28) This method is very user friendly	1	2	3	4	5	28

[A]

3. All the following statements below relate to the method you have selected for Q1. Your response can range from 1 - strongly disagree to 5 - strongly agree. Please circle the number that most strongly reflects your opinion of the statements.

	(1) Strongly Disagree	(2) Disagree	(3) Neutral	(4) Agree	(5) Strongly Agree	
Costs perceived						
(1) This method is affordable	1	2	3	4	5	1
(2) The charges of this method are fair	1	2	3	4	5	2
(3) This method requires me to wait	1	2	3	4	5	3
(4) It is physically tiring to use this method	1	2	3	4	5	4
(5) This method requires me to be very mentally alert (attentive)	1	2	3	4	5	5
(6) The personnel in this method do not have sufficient knowledge for this transaction	1	2	3	4	5	6
(7) The personnel in this method are not friendly (impolite/ not courteous) for this transaction	1	2	3	4	5	7
(8) This method does not complete this transaction	1	2	3	4	5	8
(9) This method breaks down/ is unavailable often	1	2	3	4	5	9
(10) This method takes a long time to complete this transaction	1	2	3	4	5	10
Risks perceived						
(11) I am concerned that this method allows others to gain my personal information	1	2	3	4	5	11
(12) I am concerned that this method allows others to gain access to my accounts/ products without my knowledge	1	2	3	4	5	12
(13) I am concerned that this method allows others to control my transactions/ products without my knowledge	1	2	3	4	5	13
(14) I am concerned that this method is insecure and anything can happen	1	2	3	4	5	14
(15) I am concerned that this method does not complete my transactions/ requirements	1	2	3	4	5	15
(16) I am concerned that this method will not complete my transactions/ requirements in time	1	2	3	4	5	16
(17) I am concerned that I will suffer financial losses when I use this method	1	2	3	4	5	17
(18) Using this method makes me feel uncomfortable	1	2	3	4	5	18
(19) Using this method makes me feel anxious/ worry	1	2	3	4	5	19
Overall assessments						
(20) This method allows this transaction to be completed accurately	1	2	3	4	5	20
(21) This method completes this transaction effectively	1	2	3	4	5	21
(22) This method performs as expected for this transaction	1	2	3	4	5	22
(23) This method is reliable for this transaction	1	2	3	4	5	23
(24) I enjoy using this method	1	2	3	4	5	24
(25) I feel comfortable using this method	1	2	3	4	5	25
(26) I feel relaxed using this method	1	2	3	4	5	26
(27) Using this method gives me positive feelings	1	2	3	4	5	27
(28) **Overall, I feel this method offers me the best value**	1	2	3	4	5	28

B Please respond to the questions below on your banking activities.

1. At which bank do you maintain your main or most used savings/ current account (includes Islamic banking subsidiary)? **SELECT ONLY ONE**

1 Maybank	6 Public bank	11 United Overseas Bank	16 Al-Rajhi Bank
2 CIMB	7 HSBC	12 Bank Simpanan Nasional	17 Hong Leong Bank
3 AmBANK	8 Standard Chartered	13 Bank Muamalat Malaysia Bhd	18 Citibank
4 Alliance bank	9 RHB Bank	14 Kuwait Finance House	19 None of the above
5 Affin bank	10 OCBC	15 Bank Islam Malaysia Berhad	_____ please state the name of bank

2. How long have you been a customer of this BANK? **SELECT ONLY ONE**

1 Less than 1 year	3 3-5 years	5 11-15 years	7 21-25 years
2 1-2 years	4 6-10 years	6 16-20 years	8 Over 25 years

3. The table below is a list of banking activities and methods that may be used for them. **In the past one year, what are the activities you have carried out and the method you have used?**
Please circle the number to select method used for the banking activity. You may circle more than one response. (leave blank if not applicable)

Activity/ Main method used	(1) ATM/ CDM (or cheque deposit	(2) Internet banking	(3) In branch (face to face/ over the counter)	(4) Telephone (phone banking/ customer service line)	(5) Mobile banking (using sms banking/ bank apps)	
(1) To check my account balance	1	2	3	4	5	1
(2) To deposit money into my own savings or current account	1	2	3	4	5	2
(3) To transfer monies between my own accounts in the same or different banks	1	2	3	4	5	3
(4) To pay for my credit cards/ loans/ insurance/ bills	1	2	3	4	5	4
(5) To take out monies for general use	1	2	3	4	5	5
(6) To transfer monies to others accounts in the same or different banks	1	2	3	4	5	6
(7) To send monies abroad for personal or business needs	1	2	3	4	5	7
(8) To change service details, interest rates, and charges	1	2	3	4	5	8
(9) To update account/ personal information	1	2	3	4	5	9
(10) To clarify information from other sources	1	2	3	4	5	10
(11) To complain about errors, problems and mistakes	1	2	3	4	5	11
(12) To apply for new cheque book	1	2	3	4	5	12
(13) To apply for new/ replacement ATM card	1	2	3	4	5	13
(14) To apply for new or replacement credit card	1	2	3	4	5	14
(15) To report theft/ loss of cheque book, credit card, ATM card or passbook	1	2	3	4	5	15
(16) To complete loan agreements	1	2	3	4	5	16
(17) To buy shares	1	2	3	4	5	17
(18) To top up monies/ deposits in investment based or personal accounts	1	2	3	4	5	18
(19) To apply for new savings or current accounts	1	2	3	4	5	19
(20) To apply for home loans or car loans	1	2	3	4	5	20
(21) To apply for unit trust or investment based products	1	2	3	4	5	21
(22) To apply for fixed deposit accounts	1	2	3	4	5	22

C Demographic information

1. Gender :
   - 1 Male
   - 2 Female

2. Please state your year of birth :

1	0	1	2	3	4	5	6	7	8	9
9	0	1	2	3	4	5	6	7	8	9
	0	1	2	3	4	5	6	7	8	9
	0	1	2	3	4	5	6	7	8	9

Years

3. Ethnic group :
   - 1 Malay
   - 2 Chinese
   - 3 Indian
   - 4 Others : _____ please specify

4. Education Level :
   - 0 No formal education
   - 1 Below SPM
   - 2 SPM/ MCE
   - 3 STPM/ HSC
   - 4 Certificate/ Diploma
   - 5 Degree/ Professional Qualifications
   - 6 Postgraduate
   - 7 Others : _____ please specify

5. Which of the following best describes your current position? :
   - 1 Self Employed
   - 2 Professional
   - 3 Senior Management
   - 4 Middle Management
   - 5 Administrative/ Non-managerial
   - 6 Retired
   - 7 Student
   - 8 Unemployed

6. Which best describes the industry you are in? :
   - 1 Manufacturing Industry
   - 2 Construction Industry
   - 3 Services Industry
   - 4 Telecommunications Industry
   - 5 Banking/ Finance or Insurance Industry
   - 6 Tourism and Hospitality industry
   - 7 Retail and Distribution services industry
   - 8 Others : _____ please specify

7. Estimated **individual** income level per month :
   - 1 Below RM 1,500
   - 2 RM 1,501 - RM 3,000
   - 3 RM 3,001 - 4,500
   - 4 RM 4,501 - 6,000
   - 9 RM 6,001 - 7,500
   - 10 RM 7,501 - RM 9,000
   - 11 RM 9,001 - RM 10,500
   - 12 RM 10,501 - RM 12,000
   - 9 RM 12,001 - 13,500
   - 10 RM 13,501 - 15,000
   - 11 RM 15,001 and above

Thank you for your time and effort.

Questionnaire Survey - Scenario 2

Dear Participant,

This survey is for a study to understand your perceptions of the methods you use for your banking activities. The questions are about perceptions of your experience of the methods you have used for your banking activities. We would like you to respond to **all questions** in this survey. There is no right or wrong answer and this will take just a few minutes of your time.
In answering, select the number that best describes your response by circling using a bold outline as shown:

1 2 **3** 4 5

All the information provided is **strictly confidential** and for research purposes only.

- Part A is regarding your perceptions of the methods you use for your banking activities.
- Part B is regarding your banking activities.
- Part C is regarding demographic information.

Thanking you for your cooperation.

Anita Chakrabarty. Assistant Professor Of Marketing , NUBS Malaysia Campus
Anita.Chakrabarty@nottingham.edu.my

A Please respond to all the questions below based on the banking activity shown below

BANKING ACTIVITY:

You notice you have less money than you expected in your savings/ current account balance for the month and you want to know why and how this has happened.

1. Which method would you **commonly use** for the activity above? **SELECT ONE METHOD ONLY**

1 Telephone (phone banking/ customer service line)

2 INTERNET BANKING (via internet)

3 In branch (face to face, over the counter)

4 MOBILE BANKING (using sms banking or bank apps)

2. All the following statements below relate to the method you have selected for Q1. Your response can range from 1 - strongly disagree to 5 - strongly agree. Please circle the number that most strongly reflects your opinion of the statements.

BENEFITS PERCEIVED

	(1) Strongly Disagree	(2) Disagree	(3) Neutral	(4) Agree	(5) Strongly Agree	
Convenience benefits						
(1) I receive all important information and clarification using this method	1	2	3	4	5	1
(2) It is easy for me to (access) reach this method	1	2	3	4	5	2
(3) It takes a shorter time to complete my transaction using this method	1	2	3	4	5	3
(4) It is easy for me to use this method	1	2	3	4	5	4
(5) My problems are resolved quickly using this method	1	2	3	4	5	5
Support benefits						
(6) I can rely on the personnel/ tools of this method to complete this transaction correctly	1	2	3	4	5	6
(7) The personnel/ tools in this method will help me quickly complete this transaction	1	2	3	4	5	7
(8) The personnel/ tools will help do everything required for this transaction	1	2	3	4	5	8

[A]

2. All the following statements below relate to the method you have selected for Q1. Your response can range from 1 - strongly disagree to 5 - strongly agree. Please circle the number that most strongly reflects your opinion of the statements.

	(1) Strongly Disagree	(2) Disagree	(3) Neutral	(4) Agree	(5) Strongly Agree	
BENEFITS PERCEIVED						
Assurance benefits						
(9) I believe this method will complete my required transaction	1	2	3	4	5	9
(10) I am assured that this method will complete my transaction accurately	1	2	3	4	5	10
(11) I have complete trust that this method will respond to my needs	1	2	3	4	5	11
Control benefits						
(12) This method allows me to monitor the progress of this transaction	1	2	3	4	5	12
(13) This method puts me in control of the transaction	1	2	3	4	5	13
(14) This method allows me to carry out this transaction on my own	1	2	3	4	5	14
Accessibility benefits						
(15) This method allows me to complete this transaction whenever I want	1	2	3	4	5	15
(16) This method is available to me all the time	1	2	3	4	5	16
(17) This method is easily available to me	1	2	3	4	5	17
Information benefits						
(18) This method provides me the most up to date information	1	2	3	4	5	18
(19) This method provides me with the most accurate information	1	2	3	4	5	19
(20) This method provides me the information I need	1	2	3	4	5	20
(21) This method provides me with valuable information	1	2	3	4	5	21
Interaction environment benefits						
(22) The environment of this method is very pleasing to me	1	2	3	4	5	22
(23) The environment of this method provides privacy for the transaction	1	2	3	4	5	23
(24) This method has the correct facilities or people to help me complete this transaction accurately	1	2	3	4	5	24
(25) This method has the correct facilities or people to help me complete this transaction fast	1	2	3	4	5	25
(26) This method makes me feel comfortable	1	2	3	4	5	26
(27) This method is suitable for this transaction	1	2	3	4	5	27
(28) This method is very user friendly	1	2	3	4	5	28

[A]

3. All the following statements below relate to the method you have selected for Q1. Your response can range from 1 - strongly disagree to 5 - strongly agree. Please circle the number that most strongly reflects your opinion of the statements.

	(1) Strongly Disagree	(2) Disagree	(3) Neutral	(4) Agree	(5) Strongly Agree	
Costs perceived						
(1) This method is affordable	1	2	3	4	5	1
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(4) It is physically tiring to use this method	1	2	3	4	5	4
(5) This method requires me to be very mentally alert (attentive)	1	2	3	4	5	5
(6) The personnel in this method do not have sufficient knowledge for this transaction	1	2	3	4	5	6
(7) The personnel in this method are not friendly (impolite/ not courteous) for this transaction	1	2	3	4	5	7
(8) This method does not complete this transaction	1	2	3	4	5	8
(9) This method breaks down/ is unavailable often	1	2	3	4	5	9
(10) This method takes a long time to complete this transaction	1	2	3	4	5	10
Risks perceived						
(11) I am concerned that this method allows others to gain my personal information	1	2	3	4	5	11
(12) I am concerned that this method allows others to gain access to my accounts/ products without my knowledge	1	2	3	4	5	12
(13) I am concerned that this method allows others to control my transactions/ products without my knowledge	1	2	3	4	5	13
(14) I am concerned that this method is insecure and anything can happen	1	2	3	4	5	14
(15) I am concerned that this method does not complete my transactions/ requirements	1	2	3	4	5	15
(16) I am concerned that this method will not complete my transactions/ requirements in time	1	2	3	4	5	16
(17) I am concerned that I will suffer financial losses when I use this method	1	2	3	4	5	17
(18) Using this method makes me feel uncomfortable	1	2	3	4	5	18
(19) Using this method makes me feel anxious/ worry	1	2	3	4	5	19
Overall assessments						
(20) This method allows this transaction to be completed accurately	1	2	3	4	5	20
(21) This method completes this transaction effectively	1	2	3	4	5	21
(22) This method performs as expected for this transaction	1	2	3	4	5	22
(23) This method is reliable for this transaction	1	2	3	4	5	23
(24) I enjoy using this method	1	2	3	4	5	24
(25) I feel comfortable using this method	1	2	3	4	5	25
(26) I feel relaxed using this method	1	2	3	4	5	26
(27) Using this method gives me positive feelings	1	2	3	4	5	27
(28) **Overall, I feel this method offers me the best value**	1	2	3	4	5	28

B Please respond to the questions below on your banking activities.

1. At which bank do you maintain your main or most used savings/ current account (includes Islamic banking subsidiary)? **SELECT ONLY ONE**

1 Maybank	6 Public bank	11 United Overseas Bank	16 Al-Rajhi Bank
2 CIMB	7 HSBC	12 Bank Simpanan Nasional	17 Hong Leong Bank
3 AmBANK	8 Standard Chartered	13 Bank Muamalat Malaysia Bhd	18 Citibank
4 Alliance bank	9 RHB Bank	14 Kuwait Finance House	19 None of the above
5 Affin bank	10 OCBC	15 Bank Islam Malaysia Berhad	_____ please state the name of bank

2. How long have you been a customer of this BANK? **SELECT ONLY ONE**

1 Less than 1 year	3 3-5 years	5 11-15 years	7 21-25 years
2 1-2 years	4 6-10 years	6 16-20 years	8 Over 25 years

3. The table below is a list of banking activities and methods that may be used for them. **In the past one year, what are the activities you have carried out and the method you have used**?
Please circle the number to select method used for the banking activity. You may circle more than one response. (leave blank if not applicable)

Activity/ Main method used	(1) ATM/ CDM (or cheque deposit	(2) Internet banking	(3) In branch (face to face/ over the counter)	(4) Telephone (phone banking/ customer service line)	(5) Mobile banking (using sms banking/ bank apps)	
(1) To check my account balance	1	2	3	4	5	1
(2) To deposit money into my own savings or current account	1	2	3	4	5	2
(3) To transfer monies between my own accounts in the same or different banks	1	2	3	4	5	3
(4) To pay for my credit cards/ loans/ insurance/ bills	1	2	3	4	5	4
(5) To take out monies for general use	1	2	3	4	5	5
(6) To transfer monies to others accounts in the same or different banks	1	2	3	4	5	6
(7) To send monies abroad for personal or business needs	1	2	3	4	5	7
(8) To change service details, interest rates, and charges	1	2	3	4	5	8
(9) To update account/ personal information	1	2	3	4	5	9
(10) To clarify information from other sources	1	2	3	4	5	10
(11) To complain about errors, problems and mistakes	1	2	3	4	5	11
(12) To apply for new cheque book	1	2	3	4	5	12
(13) To apply for new/ replacement ATM card	1	2	3	4	5	13
(14) To apply for new or replacement credit card	1	2	3	4	5	14
(15) To report theft/ loss of cheque book, credit card, ATM card or passbook	1	2	3	4	5	15
(16) To complete loan agreements	1	2	3	4	5	16
(17) To buy shares	1	2	3	4	5	17
(18) To top up monies/ deposits in investment based or personal accounts	1	2	3	4	5	18
(19) To apply for new savings or current accounts	1	2	3	4	5	19
(20) To apply for home loans or car loans	1	2	3	4	5	20
(21) To apply for unit trust or investment based products	1	2	3	4	5	21
(22) To apply for fixed deposit accounts	1	2	3	4	5	22

C Demographic information

1. Gender :
   - 1 Male
   - 2 Female

2. Please state your year of birth :

1	0	1	2	3	4	5	6	7	8	9
9	0	1	2	3	4	5	6	7	8	9
	0	1	2	3	4	5	6	7	8	9
	0	1	2	3	4	5	6	7	8	9

Years

3. Ethnic group :
   - 1 Malay
   - 2 Chinese
   - 3 Indian
   - 4 Others : _____ please specify

4. Education Level :
   - 0 No formal education
   - 1 Below SPM
   - 2 SPM/ MCE
   - 3 STPM/ HSC
   - 4 Certificate/ Diploma
   - 5 Degree/ Professional Qualifications
   - 6 Postgraduate
   - 7 Others : _____ please specify

5. Which of the following best describes your current position? :
   - 1 Self Employed
   - 2 Professional
   - 3 Senior Management
   - 4 Middle Management
   - 5 Administrative/ Non-managerial
   - 6 Retired
   - 7 Student
   - 8 Unemployed

6. Which best describes the industry you are in? :
   - 1 Manufacturing Industry
   - 2 Construction Industry
   - 3 Services Industry
   - 4 Telecommunications Industry
   - 5 Banking/ Finance or Insurance Industry
   - 6 Tourism and Hospitality industry
   - 7 Retail and Distribution services industry
   - 8 Others : _____ please specify

7. Estimated **individual** income level per month :
   - 1 Below RM 1,500
   - 2 RM 1,501 - RM 3,000
   - 3 RM 3,001 - 4,500
   - 4 RM 4,501 - 6,000
   - 9 RM 6,001 - 7,500
   - 10 RM 7,501 - RM 9,000
   - 11 RM 9,001 - RM 10,500
   - 12 RM 10,501 - RM 12,000
   - 9 RM 12,001 - 13,500
   - 10 RM 13,501 - 15,000
   - 11 RM 15,001 and above

Thank you for your time and effort.

Appendix 3: Tables from Pilot study Chapter 6

1) Table 1: Reliabilities Of All Measures:

Benefits	Cronbach's α
Convenience measures (5 measures)	0.776
Support measures (3 measures)	0.802
Assurance measures (3 measures)	0.916
Control measures (3 measures)	0.882
Accessibility measures (3 measures)	0.870
Information benefits measures (4 measures)	0.924
Interaction environment benefits measures (7 measures)	0.916
Sacrifice (costs and risk measures)	Cronbach's α
Cost measures (10 items)	0.860
Risk measures (9 items)	0.955
Value types	Cronbach's α
Functional value	0.913
Emotional value	0.907

2) Table 2: Summary of exploratory analysis on Measures Convenience to Assurance Benefits perceived (N=41)

BENEFITS	**Rotated factor loadings Communalities**			
	F1	F2	F3	***Communalities***
Convenience (1) I receive all important information and clarification using this method/way				***.319***
Convenience (2) It is easy for me to (access) reach this method			.795	*.783*
Convenience (3) It takes a shorter time to complete my transaction using this method			.657	*.671*
Convenience (4) It is easy for me to use this method.			.927	*.902*
Support (1) My problems are resolved quickly using this method		.788		*.843*
Support (2) I can rely on the personnel /tools of this method to complete this transaction correctly				***.491***
Support (3) The personnel/tools in this method will help me quickly complete this transaction		.906		*.906*
Support (4) The personnel/tools will help do everything required for this transaction		.879		*.824*
Assurance (1) I believe this method will complete my required transaction	.804			*.820*
Assurance (2) I am assured that this method will complete my transaction accurately.	.863			*.845*
Assurance (3) I have complete trust that this method will respond to my needs.	.888			*.835*
Eigenvalue	5.53	1.40	1.3	
% of variance explained	50.3	12.8	11.8	
Cronbach's α	0.92	0.92	0.80	

3) Table 3: Summary of exploratory analysis on Measures Control to Interaction Environment of benefits perceived (N=41)

Measures	**Rotated factor loadings**			***Communalities***
	F1	F2	F3	
Control (1) **This method allows me to monitor the progress of this transaction**	**0.612**	**0.647**		***.798***
Control (2) This method puts me in control of the transaction		0.656		*.722*
Control (3) This method allows me to carry out this transaction on my own.	0.652			*.603*
Access (1) This method allows me to complete this transaction whenever I want	0.857			*.829*
Access (2) This method is available to me all the time	0.719			*.581*
Access (3) This method is easily available to me	0.787			*.759*
Information (1) This method provides me the most up to date information		0.813		*.811*
Information (2) This method provides me with the most accurate information		0.864		*.892*
Information (3) This method provides me the information I need		0.746		*.761*
Information (4) This method provides me with valuable information		0.875		*.796*
Environment (1) The environment of this method is very pleasing to me	0.617			*.629*
Environment (2) The environment of this method provides privacy for the transaction			0.734	*.786*
Environment (3) This method has the correct facilities or people to help me complete this transaction accurately			0.802	*.849*
Environment (4) This method has the correct facilities or people to help me complete this transaction fast			0.670	*.761*
Environment (5) This method makes me feel comfortable.			0.869	*.832*
Environment (6) **This method is suitable for this transaction**				***.667***
Environment (7) This method is very user friendly.	0.714			*.697*
Eigenvalue	9.89	1.67	1.22	
% of variance explained	58.2	9.81	7.16	
Cronbach's α	0.91	0.93	0.91	

4) Table 4: Summary Of Exploratory Analysis On Measures Of Costs Of Sacrifice Perceived (N=41)

Measures	**Rotated factor loadings**			***Communalities***
	F1	F2	F3	
This method requires me to wait		0.941		.901
It is physically tiring to use this method		0.734		.847
This method requires me to be very mentally alert (attentive).				**.402**
The personnel in this method (handling/supporting) do not have sufficient knowledge for this transaction	0.905			.844
The personnel in this method are not friendly (impolite/not courteous) for this transaction	0.624			.531
This method does not complete the this transaction	0.875			.789
This method breaks down /is unavailable very often	0.839			.773
This method takes a long time to complete this transaction	**0.683**	**0.600**		.872
This method is affordable (reverse coded)			0.909	.836
The charges of this method are fair (reverse coded)			0.921	.869
Eigenvalue	4.93	1.73	1.00	
% of variance explained	49.33	17.29	10.0	
Cronbach's α	0.905	0.884	0.821	

5) Table 5: Summary Of Exploratory Analysis On Measures Of Risks Of Sacrifice Perceived (N=41)

Measures	**Rotated Factor loadings**		***Communalities***
	F1	F2	
I am concerned that this method allows others to gain my personal information		0.919	*.936*
I am concerned that this method allows others to gain access to my accounts/products without my knowledge		0.926	*.959*
I am concerned that this method allows others to control my transactions/products without my knowledge		0.939	*.970*
I am concerned that this method is insecure and anything can happen		0.771	*.857*
I am concerned that this method does not complete my transactions/requirements	0.853		*.885*
I am concerned that this method will not complete my transactions/requirements in time	0.851		*.894*
I am concerned that I will suffer financial losses when I use this this method	0.846		*.829*
Using this method makes me feel uncomfortable	0.905		*.842*
Using this method makes me feel anxious/worry	0.761		*.789*
Eigenvalue	6.69	1.27	
% of variance explained	74.3	14.1	
Cronbach's α	0.951	0.971	

6) Table 6: Summary Of Exploratory Analysis On Measures Of Functional And Emotional Value (N=41)

Measures	**Factor loadings**	***Communalities***
	F1	
This method allows this transaction to be completed accurately	0.789	*.622*
This method completes this transaction effectively	0.864	*.747*
This method performs as expected for this transaction	0.875	*.765*
This method is reliable for this transaction	0.889	*.790*
I enjoy using this method	0.880	*.774*
I feel comfortable using this method	0726	*.527*
I am relaxed using this method	0830	*.689*
This method gives me positive feelings	0.862	*.742*
Eigenvalue	5.66	
% of variance	70.7%	
Cronbach's α	0.937	

Appendix 4: INTERVIEW TOPIC GUIDE

WORKING TITLE:

VALUE CO-CREATED IN DISTRIBUTION CHANNELS OF FINANCIAL SERVICES (FS).

Introduction:

Thank you for agreeing to be interviewed. Today we are going to have a conversation on what methods you use to gain information and use the financial services you have. All information that you provide will be used for research purposes only and your identity will be replaced by numbers . I would like to begin with a brief view of how you view yourself in terms of financial services (FS)

SECTION A: FINANCIAL SERVICE PERCEPTION OF SELF AND CONSUMPTION OF FS

1. Are you interested in FS's in general?
2. Do you search for or actively find out about FS in general?
3. Would you consider yourself knowledgeable about FS?
4. How much would you know about FS? What FS would you be more interested in?
5. Currently what financial services do you use or have?
6. In general, how many types of each FS do you have?
7. In light of the FS you mentioned – What methods do you use for information or advice did you seek on the service prior to purchase?

For the second part of the interview, I would like to have a conversation about the methods you use to monitor and use your FS.

SECTION B: CO CREATION OF VALUE THROUGH DISTRIBUTION CHANNELS

(i) Physical Branch (Any Type Of Service)

1. Do you go to the branch of your bank/insurance or wealth advisor?
2. For what types of service specifically would you visit the branch?
3. How often would you go to the branch?
4. What do you feel are the benefits or advantages of going to the branch?

5. Please elaborate on your experience/s at the branch? [Prompts – environment, other customers, employees –attitude,behaviour, expertise, service quality- reliability, responsiveness, outcome quality)
6. What did you have to do at the branch? Or what did the branch personnel ask you to do or provide in terms of information, at the branch?
7. Did you enjoy or mind providing this (input)?
8. How did providing the information/documentation help in the quality of information/advice or service you received?
9. What else did you have to do or provide to get information or advice at the branch?
10. Did you enjoy or like to do that? Why or why not?
11. What do you feel is the disadvantage of going to the branch?
12. Did you incur any monetary cost when using the branch?
13. Do you feel any risks involved in going to the branch? What are they?
14. In your view, how can the branch experience be improved for you?
15. On a scale of 1-10 (10 being a perfect scale) how would you rank the branch in giving you information, or service or advice?
16. What other methods do you use for the services you mentioned? (Prompts for e.g. to open a current account , the person went to the bank, can be opened online)
17. Why didn't you use the other methods?

(ii) Call Centre – Telephone Based In Bound Or Outbound Distribution

1. Do you use call centres?
2. For what type of service specifically, do you call up the call centre?
3. How many times do you normally call up the call centre (in a month/year) for information/services or advice?
4. How do you feel about calling up the call centres?
5. Please elaborate on your experience of calling up the call centres employees –(attitude,behaviour, expertise, service quality- reliability, responsiveness, outcome quality)
6. What do you feel are the benefits of calling up the call centre for services?
7. What do you have to do when you call the call centre?
8. How did providing this (information, effort,) help in the quality of the information, service or advice you received?
9. Do you like giving them the information over the phone? Why or why not?
10. Did you incur any monetary cost when calling up the call centre?
11. What do you feel are the disadvantages of calling up the call centre?
12. What do you feel are the risks involved in calling the call centre?

13. In your opinion how can the call centre experience be improved for you? (personnel, waiting time, call time period, services provided, efficiency, results?)
14. Have you received calls from the call centres on services?
15. Do you like receiving calls from the call centres on services? If yes why if no why not
16. Have you purchased any service following these calls?
17. Do you feel the calls are beneficial to you?
18. Please elaborate on your experience when the staff called you?
19. What do you feel are the disadvantages of such calls?
20. What do you have to do when they call you for services or information?
21. Do you enjoy providing them with such information/documents (later) etc)
22. On a scale of 1-10 (10 being a perfect scale) how would you rank the call centre in giving you the information/service or advice you need when you called them /when they called you?

(iii) Face To Face Distribution - Speaking to an agent or sales personnel at the branch or office (personal contact point)

1. Do you meet with the sales agents or insurance/wealth mgt agents/others?
2. For what type of service specifically, do you speak/meet the agent or sales personnel?
3. How many times would you normally call up/meet the agent or sales personnel (in a month/year) for information, service or advice?
4. Please elaborate on your experience of using agents/sales personnel - [Prompts -attitude,behaviour, expertise, service quality- reliability, responsiveness, outcome quality)
5. What do you feel are the benefits of calling/meeting the agent or sales personnel?
6. What do you have to do to get information, service or advice from the agent or sales personnel?
7. How did providing this (information, effort, documents,) help in the quality of the information/service or advice you received ?
8. What do you feel are the disadvantages of using an agent or sales personnel?
9. Do you have face any problems with the agent? How were these problems resolved?
10. If so, how might your experience with the agents be improved?

11. What do you feel are the risks involved in using the agent or sales personnel?
12. On a scale of 1-10 (10 being a perfect scale) how would you rank the agent or sales personnel you called in giving you the information or advice you need?

(iv) Direct Mail Based Distribution

1. For what type of services specifically, do you receive letters ?
2. How many times would you normally receive letters from the organisation (in a month/year) for information, new service or advice related to current serfvice?
3. Please elaborate on the relevance and quality of the content of the mail.
4. Do you like receiving these letters? Why or why not?
5. What do you feel are the benefits of these letters?
6. What do you have to do to respond to these letter if your interested in a service or offer?
7. How did providing this (information,effort, documents,) help in the quality of the information/service or advice you received ?
8. What do you feel are the disadvantages of using this method?
9. What do you feel are the risks involved in using this method?
10. How might these letters be improved in providing you the service you require?
11. On a scale of 1-10 (10 being a perfect scale) how would you the letters you have received in terms of relevance.

(v) Atm/Cdm/Cash Deposit Machine Channel Based Distribution

1. Do you use ATM/CDM/CASH DEPOSIT MACHINE's?
2. For what type of service specifically, do you go to the ATM/CDM/CASH DEPOSIT MACHINE's?
3. How often would that be for each type of service?
4. Why do you use the ATM/CDM/CASH DEPOSIT MACHINE for these services?
5. What do you like about using the ATM/CDM/CASH DEPOSIT MACHINE for these services?
6. What do you dislike about using the ATM/CDM/CASH DEPOSIT MACHINE for the services?

7. What do you have to do to avail services from the ATM/CDM/CASH DEPOSIT MACHINE?
8. How did providing this (information, effort,) help in the quality of the service you wanted?
9. Do you like giving information (pin number,personal details) etc at the ATM/CDM/CASH DEPOSIT MACHINE?
10. Why or why not?
11. What do you feel are the disadvantages of using the ATM/CDM/CASH DEPOSIT MACHINE for such services?
12. Have you had any problems in using the ATM/CDM/CASH DEPOSIT MACHINE?
13. How were these problems resolved?
14. How might ATM/CDM/CASH DEPOSIT MACHINE services be improved?
15. Do you have to pay for using the ATM/CDM/CASH DEPOSIT MACHINE? – (you might have to pay a service charge for the ATM/CDM/CASH DEPOSIT MACHINE card the first time you open the account or when you lose it)
16. Do you use any other methods for the services you mentioned? IF yes, which method is preferred and why?
17. What do you feel are the risks involved in using the ATM/CDM/CASH DEPOSIT MACHINE's for such services?
18. On a scale of 1-10 (10 being a perfect scale) how would you rank the ATM/CDM/CASH DEPOSIT MACHINE in providing the information/or services you require
19. Do you use other methods for the same services? What methods and why?

(vi) Internet /Corporate Website Based Distribution

1. For what type of service specifically, did you use the internet or websites?
2. How often would you use it (in a month or a year)?
3. Do you like using the internet /website for such services? Why or why not
4. Did the websites help you?
5. Why or why not?
6. What do you have to do or provide to get information from the websites? (prompt - is there a pin number, do you have to register, log in etc)
7. How did providing this (information, effort,) help in the quality of information/service or advice you received from the website?
8. Do you like giving information at the website?
9. Why or why not?

10. What do you feel are the disadvantages of using the website for information, advice, services ?
11. Have you experienced any problems using the internet? If so what and how was it resolved?
12. How do you think the internet /website can be improved?
13. What do you feel are the risks involved in using the website for information, advice, services?
14. On a scale of 1-10 (10 being a perfect scale) how would you rank the website in giving you the information, service or advice you needed?

(vii) Mobile Telephone: Sms's/Apps Based Distribution

1. What services do you receive from the provider by sms?
2. How often do you use the sms to avail services offered?
3. Did you enjoy using the sms for the services ? If yes , why? If no , why
4. What do you dislike about using sms for such services?
5. What do you have to do to get information/services/advice through sms's?
6. Do you enjoy doing that? Why or why not
7. What do you feel are the advantages of using the sms service?
8. What do you feel are the disadvantages of using sms's?
9. Do you feel that there are risks involved in using sms?
10. Have you had any problems with the sms service?
11. If so what? And how was it resolved?
12. In your opinion , how could sms services be improved for the services you require?
13. For the same service , would you use any other method ? Which would you prefer and why?
14. On a scale from 1-10 (10 being perfect scale)- How would you rank the services that you receive from the sms?

(viii) Non Financial Services Retailers

1. What types of services do you have from non financial organisations ? Do you have a Jusco/Aeon credit card? Loans from Toyota finance (as examples)
2. Do you like using these services? Why or Why not?
3. What do you feel are the benefits or advantages of these providers?
4. Please elaborate on your experiences while using their services? [Prompts – environment, other customers, employees –attitude, behaviour, expertise, service quality- reliability, responsiveness, outcome quality)

5. What did you have to do to use these services? Or what did they ask you to do or to provide these services?
6. Did you enjoy or mind providing this (input)?
7. How did providing this help in the quality of information/advice or service you received?
8. What else did you have to do or provide to get information or advice information/ advice/service you received?
9. Did you enjoy or like to do that? Why or why not?
10. What do you feel is the disadvantage of these services?
11. Did you incur any monetary cost for using these services?
12. Do you feel there are any risks involved in these services? What are they?
13. On a scale of 1-10 (10 being a perfect scale) how would you rank the provider of this service ?

PERSONAL INFORMATION SHEET

DATE of INTERVIEW:

INTERVIEW START TIME:	END TIME

RESPONDENT NUMBER:

AGE:

HIGHEST EDUCATION LEVEL:

CURRENT OCCUPATION:

PERSONAL INCOME LEVEL MONTHLY (RM):

3000-5000	☐	21000- 30000	☐
5000-10000	☐	31000-40000	☐
11000 -15000	☐	41000-50000	☐
16000-20000	☐	51000 ABOVE	☐

ETHNICITY: Malay ☐

Chinese ☐

Indian ☐

Others ☐

MARRIED: ☐

SINGLE ☐

NO.OF CHILDREN: ☐