An integrated taxonomy of consumers of financial services: the role of perceived risk, effort and involvement

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Abstract: The intense competitive pressure that financial service providers are facing in today’s global market, requires careful planning and execution of marketing strategies. A classification scheme of consumers of financial services could provide marketing scholars and managers with useful insights in better understanding these consumers. This study attempts to investigate possible factors that may explain consumer behaviour in financial services. The proposed taxonomy integrates previous products typologies and classifies consumers of financial services based on the products they buy and their perceptions of risk, effort and involvement with the financial products. This classification scheme provides theoretical and managerial implications to financial services providers by identifying the most appropriate marketing strategies to increase the consumer retention and company profitability.

Keywords: financial services; taxonomy; perceived risk; involvement; effort; consumers’ classification.


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1 Introduction

One of the most successful and powerful businesses in the world is financial services. Financial services operate in a global and highly competitive market facing intense pressure mainly due to deregulation, entrance of new players, changes in the consumer
needs and the emergence of new forms of technology. In response to these competitive changes, financial service providers are trying to control costs, provide quality and efficient services and embrace new technologies.

A 2002 Eurobarometer report on Europeans and financial services revealed that 30% of the Europeans have never had a current bank account, 60% have never had an account current or savings with any other financial institution, 60% do not trust insurance providers and 50% find consumer credit is more dangerous than useful. Furthermore, cash remains the preferred means of payment (47%) due to convenience while 80% of the Europeans have no experience with distance payments (telephone and internet) and 50% refuse to make payments electronically. The main conclusion of this paper is that consumers continue to feel powerless in relation to financial service providers due to mainly lack of sufficient and quality information and the risk involved in financial products (Eurobarometer 56, 2002).

The buying process for financial services is complicated by the nature (intangible, contemporaneous production and consumption and long product lives), the variety and the complexity of their products. Financial products are characterised by vulnerability, risk and interdependence making consumers very sceptical and uncertain about their performance. Owing to the unique nature of financial product and services, marketers are striving to retain existing consumers and remain profitable. Marketers of financial services need to gain a better understanding of their consumers not only to anticipate demand, but also to influence their purchase behaviour.

Accordingly, this paper proposes a classification scheme to gain a better understanding of consumers of financial services. In particular, the current study has three major objectives. Firstly, it attempts to identify possible factors that explain the consumer behaviour in financial services. On the basis of a thorough review of literature, it is proposed that perceived risk, effort and involvement are associated with financial consumers’ behaviour. Secondly, the objective is to integrate existing product typologies and classify consumers based on the products they purchase and the effort, risk and involvement dimensions of financial products. Using Murphy and Enis’s (1986) product typology and Normann and Haikola’s (1986) classification of financial services, consumers of financial products are classified according to their perceptions of risk, effort and involvement associated with the type of product being purchased. Finally, both the objectives provide theoretical and managerial implications for selecting and employing the most appropriate marketing strategies in financial services.

Research concerning the effects of perceived risk, effort and involvement in consumer behaviour in financial services is important for two reasons. Firstly, both marketers and policy makers in these services develop strategies and objectives that pertain to consumers with varying levels of involvement, effort and perceived risk. Insights as to how involvement, effort and perceived risk affect the specific purchase behaviour are needed to determine what types of information and strategies are needed. Secondly, the effects of involvement, effort and perceived risk on purchase behaviour are important for theory development in explaining behaviour in financial services.

This paper is organised as follows. In Section 2, a review of literature on effort, perceived risk and involvement is presented along with the different product classifications developed in marketing. In Section 3, a taxonomy that classifies the consumers of financial services is proposed and explained. Finally, in Sections 4 and 5, managerial implications and the conclusions with future research recommendations are presented.
2 Conceptual framework

2.1 Effort

Murphy and Enis (1986) have defined effort as the objective amount of money and time it takes to purchase a product. They have a quantified effort to measure it in terms of dollars and units of time. The amount of money is the monetary aspect of effort whereas time is the non-monetary aspect. Effort may be to drive a several hundred miles to buy a product that is not necessary expensive or to acquire information for a product before buying it.

2.1.1 Amount of money

The literature suggests that the cost (amount of money) of a product is used by consumers as a cue for perceived quality and value, particularly in services due to their intangible characteristics (Murphy and Enis, 1986; Shapiro, 1970). Another mechanism that consumers use is reference pricing. Consumers have in memory some price level that they use as point of reference to evaluate a product. Shapiro (1970) has argued, “worth the money is itself a function of price attitude and perceived quality. As originally conceived the ‘worth the money’ variable is the ration of the ‘plus’ of the product divided by the ‘minus’. The ‘plus’ is what you get, the ‘minus’ is what you pay for it” (p.43).

2.1.2 Amount of time

Time is recognised as one of the price consumers must pay to obtain a product or service. There are different types of time: travel, shopping, waiting, performance, searching time and monitoring time. Travel time refers to the tradeoffs consumers make between location of marketers and cost savings. Shopping time pertains to the research and evaluation of alternatives taking place in the decision-making process (Murphy and Enis, 1986). Waiting time refers to the time from which the consumer is ready to receive the service until the service commences. There is pre-process, in-process and post-process waiting time that refers to waiting before, during and after a transaction. Recent studies have shown that waiting time is inversely related to punctuality and perceived service quality and positively related to uncertainty and anger (Taylor, 1994). Searching time refers to the time consumers spend in acquiring information about other products similar to the one they want to buy before they make a purchase decision.

Performance time refers to the time it takes to consume a product and monitoring refers to the way consumers have to monitor their time, so that they do not miss a service they need (Murphy and Enis, 1986). Berry (1979) has argued that a reason the services sector has grown rapidly in the last few decades is that services allow consumers to purchase time. He pointed out that money and time are the two expenditures required for consumption and he distinguishes time as discretionary and non-discretionary. Non-discretionary time is the time individuals are obligated to spend (on work, food, sleep and family). It is believed that consumers have more control over discretionary than non-discretionary time. Berry recognised that today’s consumers feel that they do not have enough time and this influence their behaviour. Thus, because of time scarcity, time may play a crucial role in guiding consumer behaviour.
2.2 Perceived risk

Risk has been the topic of concern and investigation of many marketing researchers and managers. Risk has been conceptualised as the likelihood of negative consequences (danger and loss) and refers to consumer’s uncertainty about the loss or gain in a particular transaction. Perceived risk refers to the prepurchase uncertainty consumers’ experience regarding the type and degree of expected loss resulting from the purchase and use of a product (Murray and Schlacter, 1990). According to Murray and Schlacter (1990), risk has six components: financial, performance, social, psychological, safety and time/convenience loss. These risk dimensions vary according to the purchase situation and product attributes.

Murphy and Enis (1986) have defined risk as the feeling, a consumer has known about the monetary and non-monetary price of a product. Risk is the buyer’s subjective assessment of the consequences of making a purchasing mistake; it is not based on objective criteria but rather what the consumer feels or perceives. Owing to its subjective nature, risk should taken into consideration in market and product development and when new products are launched (Mitchell and Boustani, 1993).

Risk has been also classified as inherent and handled (Bettman, 1973). Inherent risk refers to the risk perceived by the consumer involved in a product class when there is limited information. Handled risk refers to the amount of conflict the product class involves when the consumer chooses a brand from a product class and the effects of particular brand information.

The service literature suggests that there is a difference in risk perceptions between services and goods, with services being riskier (Davis et al., 1979). Services involve higher risk and product variability perceptions than goods. Moreover, they are more related to perceived financial performance, social and psychological risks (Murray and Schlacter, 1990). Perceived risk is an important component of consumers’ perceptions of sacrifice in obtaining a service, whereas psychosocial and performance risk are more important in services than financial risk (Zeithaml, 1981).

A considerable number of studies have examined the relationship between product involvement and consumer risk perception because these motivational constructs are related (directly and/or indirectly) to consumer behaviour. Product involvement and perceived risk determine the complexity and extensiveness of cognitive elaborations and behavioural processes in a purchase decision (Celsi and Olson, 1988; Laurent and Kapferer, 1985). However, it is not clear if the risk precedes involvement or vice versa. Some marketing scholars have considered risk as a predictor of product involvement (Bloch and Richins, 1983; Laurent and Kapferer, 1985) whereas some others have proposed that involvement is an antecedent of perceived risk (Folkes, 1988). However, both the risk and involvement influence propensity to information search prior to purchase (Dholakia, 2001).

2.3 Involvement

Involvement in the marketing literature has been basically studied in attitude, persuasion and advertising research (Celsi and Olson, 1988; Petty et al., 1983; Tsiotsou, 2004). Mano and Oliver (1993) defined involvement as the inherent need fulfillment, value expression or interest the consumer has in a product. Involvement is a function of individual characteristics (e.g. needs, values and goals), situational factors (e.g. purchase
occasion or perceived risk associated with a purchase decision) and characteristics of the
product or stimulus (e.g. type of the media and variations within a product class)
(Zaichkowsky, 1985). The consequences of involvement are higher motivation,
heightened arousal and increases in cognitive elaborations (Mano and Oliver, 1993).

Product involvement has also been defined as the amount of interest or attention a
consumer directs toward a product and can be categorised as enduring and situational.

“Enduring involvement (EI) represents ongoing baseline level of concern with
the product independent of situational influences. Situational involvement (SI)
is the temporary elevation in a concern for the product due to transient
circumstances, such as purchase” (Richins and Bloch, 1991, p.146).

and “increases when consumer perceives risk in a specific purchase situation” (Laurent
and Kapferer, 1985).

Zaichkowsky (1985) distinguished involvement into two categories: product
involvement and brand-decision involvement. Product involvement refers to the interest
consumer finds in a product class. Brand-decision involvement is the interest taken in
making the brand selection. Involvement is defined as “a person’s perceived relevance of
the object based on inherent needs, values, and interests” (p. 342).

More effort should be expected as involvement level increases and brand attitudes are
more favourable and accessible than attitudes formed in low involvement conditions
(Kardes, 1988). Involvement influences product evaluations and sources of brand
information (Warrington and Shim, 2000) while it is related to product attributes
knowledge (Park and Moon, 2003).

2.4 Product classifications

Product classifications have been developed by marketing scholars to improve marketing
strategies and practices, to better understand consumers’ needs and behaviours and to
guide future research. Products have been categorised in the marketing literature as:
consumer goods, industrial goods and services (Bateson, 1979; Zeithaml, 1981); as
convenience, shopping and specialty goods (Bucklin, 1963; Copeland, 1923); as tangible
products, services, ideas and issues or causes (Fine, 1981).

Lovelock (1983) uses the term ‘offerings’ to refer to products and divides them into
three major categories: physical goods, services and social behaviours. In 1983,
Lovelock argued for a focus on specific categories for services and proposed five
schemes for classifying services in an effort to guide and facilitate marketing actions.
Services were classified according to:

1. the nature of the service act (tangibles vs. intangibles actions)
2. to who or what is the direct recipient of the service (people vs. things)
3. the nature of the service delivery (continuous vs. discrete transactions) and
4. the type of relationship between the service organisation and its customers
   (membership vs. no formal relationship).

However, this classification scheme does not give a complete picture of how the above
four-way classification scheme can work as a whole.

Holbrook and Howard (1977) expanded the traditional classification of goods based
on product characteristics (magnitude of purchase and clarity of characteristics),
consumer characteristics (ego involvement and specific self-confidence) and consumer
responses into four categories: convenience, preference, shopping and specialty goods. They proposed that the two dimensions related to the cost consumers have to ‘pay’ for buying a good: the physical shopping effort the consumer needs to exert and the timing of mental effort necessary to make a brand choice.

Adopting the four-product category classification from Holbrook and Howard (1977), Enis and Roering (1980) proposed a product taxonomy from the marketer’s and the buyer’s perspective. Kelley et al. (1990) have proposed another product classification scheme. This scheme is based on the nature of the service act and the degree of customisation in the service delivery.

One of the most widely accepted classification of products is proposed by Murphy and Enis (1986). They proposed four-product categories: convenience, preference, shopping and specialty goods. Their classification scheme is based on the amount of risk and effort a consumer is willing to make in acquiring a product. Convenience products are low in risk and effort, preference products are slightly higher on the effort dimension and much higher on risk, shopping products are high in effort and medium on risk and specialty products are high in both, effort and risk. Murphy and Enis’s classification has several advantages over the other proposed schemes:

1. It pertains to all types of products (physical goods, services and ideas)
2. It focuses on the buyer
3. It combines the actions of both parties (buyer behaviour/marketer’s objectives and strategies)
4. It indicates the appropriate marketing mix in each product category (product, price, place and promotion)
5. It pertains products offered by both, profit and non-profit organisations and
6. It considers the buyer involvement level.

Owing to the above advantages, this classification scheme is used in the present study with a few modifications.

Product classifications have been also introduced in the financial services literature to gain a better understanding of the industry and improve marketing effectiveness. Financial products have been classified accordingly to consumer intangible (loans and savings products), physical (mortgage and insurance) and body and mind assets (financial advice and insurance products). Moreover, they have been categorised as revolving and those having a finite lifespan or as commodities (credit cards and savings) and ‘high-value, high-risk’ products (Boyes and Stone, 2003). Normann and Haikola (1986) classified financial services based on consumer’s needs such as transaction, insurance and investment services. Finally, Avlonitis et al. (2001) have developed a typology of innovative financial services consisting of six types of products: new-to-the-market, new-to-the-company, new delivery processes, service modifications, service line extensions and service repositioning.

3 A taxonomy of consumers of financial services

The use of taxonomies in marketing is an essential ‘tool’ for marketing scholars and managers because it enables them to have a broad view for explaining situations, understanding common trends and differences and selecting the most effective marketing
strategies. Taxonomies are recommended because they isolate groups of consumers with homogeneous profiles. Marketing researchers in the service literature have introduced such taxonomies in an effort to explain, understand and predict service marketing variables and contexts. Moreover, taxonomies offer strategic guidelines to marketers and researchers because they relate products to monetary and non-monetary prices paid by the consumers. Because consumers vary on their perceptions, intraproduct typologies have been recommended to isolate the groups of consumers with homogenous profiles (Laurent and Kapferer, 1985).

A study conducted by Beckett et al. (2000) has classified consumers of financial services into four groups based on their product involvement, confidence and delivery channels. The four segments were named: repeat-passive, rational-active, no purchase and relational-dependent. However, this classification scheme did not take into consideration consumer risk perceptions, a construct that plays a central role in the financial services.

In this study, consumers are classified according to their involvement, effort and perceptions of risk when purchasing a financial product or service. On the basis of Murphy and Enis’s (1986) classification scheme where products are categorised as convenience, preference, shopping and specialty, consumers are classified according to the products they purchase. However, the proposed taxonomy of consumers uses only the preference, shopping and specialty product categories to classify consumers. It does not include the convenience product category because it is not considered relevant to financial products and services. Furthermore, the taxonomy integrates Normann and Haikola’s (1986) classification of financial services (transaction, insurance and investment products) to better explain the consumer needs and behaviour. Another uniqueness of the present taxonomy is that it emphasises more the role of involvement than the original product classification proposed by Murphy and Enis (1986). Each product category in the taxonomy pertains to different degrees of consumer effort, perceived risk and involvement. Thus, according to the effort, involvement and risk, consumers are willing to take to purchase a financial product are taxonomised.

Consumers of financial products/services are classified into three categories based on their needs and the products purchased: the traditionalists, those buying mainly transaction products (e.g. current or savings account and credit card holders), the conformists, those buying insurance products (e.g. car and home insurance) and the ‘gamblers’ those purchasing investment products (e.g. stocks and pensions). These three segments of consumers differ in their effort, perceived risk and involvement with financial products (Table 1).

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<thead>
<tr>
<th>Table 1</th>
<th>Classification of consumers of financial services</th>
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<tr>
<td><strong>Traditionals</strong></td>
<td><strong>Conformists</strong></td>
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<tr>
<td>Preference products</td>
<td>Shopping products</td>
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<tr>
<td>Transaction products (e.g. savings accounts credit cards)</td>
<td>Insurance products (e.g. car insurance and home insurance)</td>
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<tr>
<td>Low effort</td>
<td>Medium-high effort</td>
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<td>Medium risk</td>
<td>Medium risk</td>
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<tr>
<td>Low involvement</td>
<td>Medium involvement</td>
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3.1 Traditionals

Traditionals are those consumers adhering to established practices or accepted standards. Traditionals buy the most common and simple financial products (transaction products), usually being previously bought by their family members or friends. Traditionals exert some effort to buy transaction products (e.g., go to the bank or to the nearest ATM) while they perceive that these products involve medium risk. Moreover, traditionals are not very much involved in transaction products and for this reason they seek speed and convenience. Because risk is medium and transaction products display little differentiation between financial providers, consumers do not exhibit extensive information search and remain behaviourally loyal to them. To minimize information search, consumers buy financial products of known brands. Moreover, the delivery channels (e.g., face-to-face or electronic communications) available for transaction products such as standing orders and direct debits facilitate consumers in keeping their involvement level low.

To further keep their risk and involvement low, traditionals often do not fully exploit transaction products or avoid using new delivery channels especially when new technologies are introduced. For example, consumers often prefer to deposit a large amount of money in a savings account rather investing this money in stocks though they could have larger returns. Similarly, often traditionals avoid new forms of transactions even if they have to make more effort (standing in line in a bank instead of using an ATM to deposit or withdraw money). For example, when credit cards and Electronic Fund Transfer Systems (EFTS) were introduced, consumers refused to use them for a long time because either they perceived high risk or because they were not familiar with the new technology. Kwok (1993) reported that 85% of retail purchases were paid by cash and only 10% by credit cards in 1993. Ho and Ng (1994) compared traditional forms of payment and electronic systems in terms of consumer’s perceived risk in Hong Kong. They reported that in cash payments physical and financial risk and time were perceived as higher when the transaction amount is larger whereas in credit card payments, performance risk was perceived higher for small purchases. Moreover, they found that in EFTS payments, consumers considered performance risk in small purchases to be higher and psychological risk in small purchases to be lower. They concluded that the amount of purchase has a more significant effect on the perceived risk of cash payment than other payment methods.

It has been found that convenience considerations such as location, friends and family recommendations and image/reputation of the financial service providers are the main reasons when consumers choose to buy transaction products from a financial service provider (Beckett et al., 2000). Because their low product involvement and risk aversion, traditionals will not be early adopters of innovative products. Traditionals will be the last segment to adapt new products and distribution channels in transaction services probably after their friends and family have recommended them.

3.2 Conformists

Conformists are the consumers who buy financial products (e.g., car insurance) to conform to rules (e.g., state regulations) and/or social standards. Because these products are often imposed, conformists are willing to spend a significant amount of time (high effort – extensive information search) to buy these products in the best possible
price. Conformists use price as the most important criterion for selecting a financial provider followed by brand and reputation. Risk perceptions of conformists are higher for insurance products whereas their involvement is medium.

Conformists switch more often insurance providers than traditionals usually because of increased premiums, excesses charged or no claim discounts (Beckett et al., 2000). Conformists perceive a car insurance as a shopping good due to higher risk involved in these products and to higher effort they have to exert to find the best offer that satisfy their needs. They search for information to buy a new insurance product or they search for better price offers when it is time to renew their insurance. Thus, if prices of insurance products remain stable, conformists will not have to search for other options, keep their involvement low and remain loyal to the financial service provider. The conformists’ involvement is situational due to the nature of insurance products and is limited to the time a purchase decision needs to be made. Moreover, the delivery channels most often used for insurance products are direct through phone, internet or payment orders and are characterised by minimum communication between the provider and the consumer. The impersonal delivery channels and limited communication might also explain frequent switching behaviour among conformists.

3.3 The ‘Gamblers’

The ‘Gamblers’ are those consumers who are willing to buy financial products of high risk and uncertainty such as investment products. They are the risk takers in the financial service market. Investment products are considered here specialty products because they are high in all dimensions: risk, effort and involvement. According to Murphy and Enis’s (1986) classification, the major difference between shopping and specialty products is on the effort dimension and not on risk perceptions. However, in financial products both dimensions are very high because investment products are the most complex and consumers have limited knowledge about them.

Beckett et al. (2000) studied consumers of financial services and reported that consumers lack confidence in investment products because they are intangible, risky, complicated and most importantly their outcomes are not immediate. The ‘Gamblers’ engage in extensive problems solving (comparing brands, use multiple choice criteria and spend time) before buying investment products and spend considerable time to search for information from alternative sources. Often they spend additional money (e.g. ask the advice of an investor consultant) or are influenced by reference groups before buying the stocks or pensions.

Investment products are high involvement products leading to more time and effort spent in search-related activities (Bloch et al., 1986), more extensive decision-making process and more brand-based consumer choices (Zaichkowsky, 1985). The ‘Gamblers’ are highly involved consumers and acquire more personal communication channels to gather information on the complexity (advantages vs. disadvantages) of different investment products and build trustworthy relationship with the financial service providers or the financial adviser. Because risk is also high in investment products, ‘Gamblers’ do not search for alternatives but accept one brand after they have made a purchase. Moreover, as investment products are high-priced products and involve high risk, the expectations of obtaining a better price and reducing the probability of a mispurchase justifies the time spent in information search (effort).
As ‘Gamblers’ are the risk takers, they are expected to be the early adopters of innovative financial products and distribution channels.

4 Managerial implications

One of the purposes of consumer classifications is to identify homogeneous groups of consumers, target the most profitable segments and satisfy their needs by employing the most relevant marketing strategies. The consumer classification scheme proposed in this paper provides managerial guidance in decision making and marketing strategy development (Table 2).

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<th>Table 2</th>
<th>Managerial implications for each consumer segment</th>
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<td>Traditionals</td>
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<tr>
<td>Marketing goals</td>
<td>Retain consumer brand loyalty</td>
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<td>Product strategy</td>
<td>Strong branding differentiation</td>
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<td>Place strategy</td>
<td>Intensive distribution</td>
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<td>Price strategy</td>
<td>Market</td>
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<td>Promotion strategy</td>
<td>• Mass advertising</td>
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<td></td>
<td>• Personal selling</td>
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<td></td>
<td>• Sales promotions</td>
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The marketing goal for traditional consumers is to keep them loyal to the financial products they buy. Because traditionals engage in a routine behaviour and convenience is important to them, strong branding strategies along with intense distribution should be the key elements of a marketing strategy. Brand loyalty has been reported to be the most favoured risk reliever for consumers (Mitchell and Boustani, 1993). Moreover, brands and brand loyalty offer competitive advantage through differentiation and create barriers to new entrants (Goodwin and Gremler, 1996). To achieve brand loyalty to transaction products where prices are usually determined by the market, marketers’ promotional strategy should focus on mass advertising and sales promotions followed by some personal selling. Mass advertising messages should emphasise the time saving and convenience aspects of the products especially if new distribution channels are introduced (e.g. e-banking and telephone banking). Personal selling of transaction products is most often used in credit cards through telemarketing or other personal communications than in current or saving accounts because the former are considered riskier. Furthermore, telemarketing is not only a differentiation tool in financial products, but also an important factor that leads to high performance outcomes of innovative financial products (Avlonitis and Papastathopoulou, 2000). Thus, personal selling might be more appropriate for reaching traditionals especially when innovative products are introduced.
As mentioned before, price is the most important criterion for the conformists, the consumers of insurance products. Thus, marketers need to retain conformists loyal to the financial service providers because switching behaviour is more common in this consumer segment. To achieve this goal, they need to develop a relationship marketing approach through improved service and more personal communication. Relationship marketing will encourage higher levels of consumer satisfaction and improve consumer retention. Moreover, conformists can be kept loyal by convincing them that they receive a product of superior value for its cost and offer them benefits such as better service, reduced price for long-term contracts and easy payment methods. Because conformists exert much effort and situational involvement when buying insurance products, direct selling and informative advertising are the main promotional tools that should be used.

The ‘Gamblers’ engage in extensive problem-solving because of their limited knowledge about investment products that are high in effort, risk and involvement. Marketers need to keep gamblers loyal not only to the brand, but also to the financial service provider. To accomplish this objective, target marketing through careful segmentation, ‘Niche’ product strategy and a more customisation approach should be used. Prices should be negotiated with the ‘Gamblers’ on an individual base and customised information, where optimal self-relevance information is provided for, should be used to reduce perceptions of risk and uncertainty. Because investment products are intangible, riskier and their outcome is not immediate, ‘Gamblers’ need to be reassured about their investment decisions through past performance reports of these products and brand image. Personal selling, publicity and mass advertising that will reinforce consumers’ choice and reduce perceptions of risk are the most appropriate marketing communication strategies to employ for this segment. Finally, ‘Gamblers’ are the most appropriate segment for launching new financial products or distribution channels (e.g. internet banking and mobile banking) because they are risk takers and probably the early adopters of innovations.

5 Conclusion/future research recommendations

The increased competitive pressure facing today’s financial services due to deregulation, globalisation and technological changes makes necessary a better understanding of their consumers needs and behaviour. This paper classifies consumers of financial services to gain a better insight of their behaviour and propose the most appropriate marketing strategies for increasing market share and producing profitable outcomes. What distinguishes the taxonomy developed in this study from its predecessors is the integration of a general product typology with a financial service typology to develop a categorisation of consumers of financial services. Moreover, the proposed classification scheme includes effort and involvement in addition to risk as criteria for explaining consumer behaviour in financial services. These three variables have not been used before all together in previous classifications of consumers in financial services. Finally, the present taxonomy provides straightforward implications for managers with regard to product, price, place and promotional strategies appropriate for each consumer segment.

Future research should try to empirically test the proposed taxonomy and verify the role of the constructs included. Moreover, attempts should be made to include in the present taxonomy and other variables such as trust, delivery channels and loyalty that might better distinguish the three segments of this study and explain their behaviour.
References


An integrated taxonomy of consumers of financial services


