

Chapter 5 Findings

5.1 Stage One Findings

The purpose of stage one is to unearth customer insights that may shed some light on customer attitudes toward personalization in general and current personalization practices in the financial industry. In particular, the following topics are covered:

1. How much do customers know about personalization?
2. What are customers' attitudes toward personalization? Namely, do they like companies to be able to deliver the right products/services at the right time and right place?
3. How well do customers think the financial industry in general is performing on personalization?
4. Among the three sectors, banking, investment, and insurance, in the B2C financial industry, which one is performing the best in personalization?
5. What personalization practices are considered good by customers?
6. What personalization practices are considered bad by customers?
7. What are customers' attitudes toward possible privacy intrusion arising from personalization implementation?
8. What values do customers expect from tailored financial products and the tailoring process?
9. Do the current transaction services need to be more personalized?

The responses to the above questions are lists below. The number of respondents agreeing with each issue is disclosed in the form of “(x/10)”, where “10” is the total number of panelists and “x” is the number of panelists agreeing with that particular issue.

1. Panelists had various perceptions about what personalization is. The three types of responses were:
 - 1.1 It is about tailoring web content (5/10)
 - 1.2 It is a total corporate commitment on tailoring customer service (4/10)
 - 1.3 Not sure. I can only take its literary meaning as serving different customers in different ways (1/10)

2. Panelists generally liked the *idea* of personalization. On a scale of ‘1’ (don’t like it) to ‘5’ (like it), three panelists chose ‘5’, five panelists chose ‘4’, and two panelists chose ‘3’. For these two respondents, the rationale behind their choice was the doubt about what state personalization could achieve and possible side-affects. For the other eight panelists who chose ‘4’ or ‘5’, their focus was the benefits a well-executed personalization initiative could bring.

3. Existing performance of personalization on a mass scale is unsatisfactory. On a scale of ‘1’ (poor) to ‘5’ (good), six panelists chose ‘3’, among them, 3 panelists said the fact that they rarely encountered or felt personalized services could be because they were not considered the “big clients” by the financial companies. Three panelists chose ‘2’, and one panelist chose ‘1’. Particularly, the panelist who chose ‘1’ said that he/she felt the current personalization is merely a jingle to attract customers but it really does not do what it promises. He/she felt that

current personalization practices are only coarse customer segmentations. Consequently, he/she receives so-called personalized recommendations or offers that are remotely relevant to his/her needs.

4. Investment firms (e.g. brokerage) were identified as the sector that outperforms the banking and insurance sectors. Three panelists identified ‘insurance’ as the financial sector that is implementing personalization the best, among them, two had no experience dealing directly with investment firms but had heard stories from their acquaintance. Seven panelists chose investment firms. None chose the banking sector.
5. When asked to recall from their experience some good personalization practices, panelists identified investment information on the Internet (3/10), investment consultants who are knowledgeable about the investment markets and the customers (2/10), insurance products tailored to individual customer’s situation (2/10), and knowledgeable staff who can quickly resolve customer’s problems (3/10). For this question, some panelists had overlapping opinions and some recalled no experience that they considered particularly good.
6. When asked to recall from their experience some bad personalization practices, panelists identified (1) poor recommendations that do not fit customers’ needs, including web content and *allegedly* personalized promotions, (2) neglect of customer requests (3) service representative who do not understand customers or cannot communicate to customers in easy-to-understand language. This occurs when customers inquire about a new financial product that is still unfamiliar to the customer. Service representatives may sometimes lack the patience or ability

to explain the new product in non-jargon and detailed manner. Note that the second and third items are rather the *lack* of personalization and are service related problems. Yet, for some customers, they have direct impact on how customers perceive a company's personalization effort. To quote one panelist, "if they (companies) can't even do the basics right, how am I going to believe they will do the tougher personalization right." On the other hand, the first item – poor recommendations that do not fit customers' needs, *is* personalization, though poorly done. Companies sometimes claim they are offering personalization but only manage to disappoint customers when the supposedly personalized items fall short of customer expectation. A worst scenario occurs when companies are merely using personalization as an excuse to collect more personal data for promotional purposes. All customers receive are more promotions, which are not suited to their needs, and not personalized services or information.

7. When panelists were asked whether privacy is important to them when using personalized services, all panelists said yes. In fact, there was a consensus that privacy is always important for any kind of services, simply because it is the financial industry. However, when panelists were asked whether they were concerned about possible privacy intrusion arising from personalization, the responses were bipolar: either yes or no. For the three people who answered no, two of them work in the financial related fields, one has a keen interest in finance, and all three are of IT background. For the other seven people who said yes, three have an IT background, one has a finance background, the rest four people have neither IT nor finance background. For the "no" group, they basically have confidence in their financial companies. They believe that there exist basic policy and rules that will ensure their privacy. For the "yes" group, they have doubts

about the measures companies take to protect their privacy. They were aware of the misuses of personal information and/or technologies that can intrude one's privacy without a trace. It is interesting to note that all respondents also mentioned the importance of security alongside privacy. Some even mistook security issues for privacy issues before the author explained their differences. After the explanation, all respondents still thought both privacy and security are important.

8. Panelists had trouble distinguishing tailored financial products and the tailoring process. For them, the main benefits of a tailored financial product are unquestionably its suitability with their financial needs, such as cash requirement, risk attitude, expected return, or preferred investment term. However, the suitability is determined in the tailoring process. One panelist found the distinction of product and process counter-intuitive. According to him/her, financial products' value stem from the tailoring process, which, in financial industry, is all about information. It is reasonable since, as quoted earlier, banking is not about money; it is about information. Same rationale holds true for other sectors of the financial industry due to their information-intensive nature. As can be observed from other panelists' responses so far, everything they talked about was about information. It is then the authors' view that information should be the core in personalization, particularly for the financial industry. *It is through personalized information that personalized product features can be achieved.*
9. Transaction services are not receiving much personalization attention, nor do they need to at this stage. Only one panelist thought transaction personalization should precede information personalization. The other panelists did not feel a strong

need to significantly improve the current transaction services; rather, it is the information area that is desperate for improvement in personalization. Further, when asked what would influence satisfaction of transaction services, the typical answers were convenience, speed, and attitude of personnel. Though good personalization can indirectly improve these factors, convenience, speed and attitude of personnel are more of general business considerations that require more than just personalization. Panelists seemed to care little whether transactions are personalized, they just want to get things done quickly and easily.

In addition to the above pre-designed topics, more related issues were raised from the interviews. As these suggestions were made by some, not all, panelists, stage two will present the suggestions to all ten panelists to see whether they agree with the suggestions.

1. The original model outlines financial consultation and financial content delivery as the two components in information personalization. In addition to financial information/advice, advertisements or promotions were suggested as another area that should received more attention for personalization. This would include advertisements sent through any channels such as web, mail, and on the Internet..
2. Several indications show that customers want *control*. They want control on privacy. For example, companies must obtain consent from customers before sharing customer data. Also, customers want to know exactly how companies are collecting their data and what companies are doing with their personal information. It was also observed that customers become frustrated when they feel powerless in changing the current situation. This may occur when they

cannot do a thing about the poorly done, or the lack of, personalization. Consequently, the easiest thing customers can do is to switch to another provider when the time is right. Therefore, it would interest to see if customers would love to have the control/power to change what they are receiving.

3. Say what you do and do what you say. Trust seems to play an important role in privacy and security issues. It was suggested that company trustworthiness of the organization is important.

5.2 Stage Two Findings

With in-depth interviews, there are some issues at which panelists already reached a consensus in stage one. However, from stage one, there are newly raised issues or existing issues that should be explored further. The responses from stage one gave a more complete picture on the issues pertaining to personalization. Stage two focused on these issues and was designed in a more structured fashion, greatly reducing the number of open-ended questions and exploring in much more details. Stage two also has a more forward-looking orientation. It contains a section of corrective suggestion that might make existing personalization practices better. This step is important because suggestions made by panelist A may be important to panelists B and C as well, but such suggestions did not occur to panelists B and C during the first stage. By collecting everyone's inputs and feed it back to the panelists, every panelist had the opportunity to see what other people think and then find a consensus as to what criteria are the most important.

1. Personalized advertisement or promotions: The average rating for how well are advertisements being personalized is 2.4. Panelists all had the experience of unwanted solicitation, and they would all appreciate more personalized promotions that suit their needs instead of pure junk. However, such need is not strong (average rating 3.3) because customers always have the option of ignoring the promotions or ads. However, all panelists agreed that if the company uses “better services” or personalization as an excuse to ask for more personal information and yet achieve nothing but dumping more non-personalized promotions on the customers, it would greatly damage customers’ impression on how personalization is being done. Customers particularly dislike telephone calls that come at the wrong time and place, plus the telephone marketer does not know when to stop pushing. This point clearly distinguishes the corporate and customer mindset. From the company’s point of view, personalization is to help the company earn more of a customer’s wallet share. Consequently, cross-sell become a major appeal of personalization to the corporate mindset. Companies want to know more about a customer so his/her potential needs could be identified and be the targets of cross-sell. *This mindset leads to the dire practices of skipping the essential careful analysis of customer needs and jumping directly to the cross-sell stage.* The results are unwelcome promotions that only manage to annoy customers.

2. Customers want control:

- 2.1 Control on privacy: In the second stage, panelists were asked to rate the importance of privacy on a 1~5 scale, instead of a simple yes or no in stage one. All panelists agree that control over one’s own privacy is important (average rating 4.7). Panelists felt it is important to obtain customers’

consent before sharing or using customers' data in ways that customers are not yet aware of (average rating 5). As to data collection, in essence, they do not mind if their personal information is collected on a need-to-know basis. Nonetheless, note that the need-to-know standard is set by the individual customers, not what companies consider as need-to-know. Of course, companies could intrude customers' privacy without them knowing, but that would seriously damage the company's reputation and trustworthiness. And, there is a general consensus among panelists that financial consumers are more sensitive to the trustworthiness of financial companies, as to be shown later.

- 2.2 Control over information received: Panelists liked to have control over what information they receive (average rating 4.3), including web content, mails, and promotion calls and materials. In particular, when information from the company is starting to cause inconvenience, they want a means to stop such correspondence. Sometimes it does not mean they want to end the relationship with the company, they simply want to stop a certain type of communication and elect another type. In other words, they want to tell the company what they do and do not like. However, there is one condition: such control must be easy to achieve. In other words, customers do not want to spend three hours to change what direct mails he/she will receive in the future. Unfortunately, an exemplary case is hard to find in Taiwan, few companies give enough control to customers, provide an easy enough feedback channel, *and* react fast enough to customer feedback.

3. In general, panelists thought trustworthiness of financial companies is important (average rating 4.6). However, by reading between the lines, the author found that everyone had a different requirement as to what constitute trustworthiness. For some, the apparently large operation is enough. Another person might have more stringent requirement such as a long and clean history, and he/she is willing to take the time to research the company. Also, it was interesting to see that one panelist rated '3' on the importance of company's trustworthiness. According to that panelist, he/she basically had doubts in any company's claims, no matter big or small. But perhaps more importantly, the panelist said that he/she was neither rich nor famous, so there is not much harm anyone could do by intruding his/her privacy.

From stage one and two, there are several observable consensuses:

1. Customers would love a well-executed personalization. A well-executed personalization is living up to the promise of personalization, i.e. delivering the right product at the right time and right place. However, we also recognize that this is still more of a dream than reality at the moment. In this case, companies should live up to what they promise. Do not raise customers' expectations and then burst their bubbles.
2. Existing personalization practices in Taiwan's financial industry is unsatisfactory.
3. As the existing personalization results are prone to errors, customers want control over the information they receive. In particular, when the information from personalization provider is not suitable, they would appreciate a feedback channel

that is convenient, easy to use, and will ensure that feedback is not ignored. This will not only reduce some customer anguish but also gives the company a way to learn from customers.

4. The value of personalization in the financial industry mainly stems from personalized information.
5. Privacy issues are important. To respect customer's privacy when carrying out personalization, companies are expected to give customers the control. Since everyone's definition of what is private to them is different, it is best to be transparent about how the company is collecting and using customer data, and then customer consent.
6. Trustworthiness is important for the financial industry. This is true with or without personalization.
7. The existing transaction services do not require as much personalization improvements as the information area.
8. Customers do not like companies that use personalization as a mere excuse to deliver more unwanted promotions, particularly annoying telephone calls.

From the above eight points, we extract four points that could serve as important suggestions for personalization practices in the financial industry:

1. Give customers the *right* personalization
2. Provide a convenient and easy-to-use feedback channel
3. Do not intrude customers' privacy
4. Do not use personalization as an excuse to annoy customers.

5.3 Stage Three Findings

Stage three involved an e-mail survey based on the above four suggestions. Panelists were asked to rank the four suggestions according to their relative importance. The most important suggestion receives a '4' and the least one receives a '1'. The results are:

Suggestion	Points
Do not intrude customers' privacy	31
Give customers the <i>right</i> personalization	22
Provide a convenient and easy-to-use feedback channel	21
Do not use personalization as an excuse to annoy customers.	17

Note that all four suggestions were considered important by all panelists. The purpose of this ranking is to force the panelists to rank among what they already consider important. This ranking could serve as a reference for companies or future researches, but not as an absolute indicator. This is because of the small panel size of ten people.