

Understanding Customer Relationships

How important is the personal touch?

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Contents

Executive summary	5
Introduction	9
What's in a relationship?	11
What ties us together?	15
Changing customer bonds	17
What's in it for me?	23
Help me live a better life	24
Good experiences	27
Public services, private benefits?	28
The dynamics of customer relationships	31
When things go wrong	32
Blazing rows or sufferers in silence?	33
Can we still be friends?	34
The difference an employee can make	36
The influence of others	39
Talking to customers	40
Final thoughts	43
References	45

Executive summary

Relationship marketing is a useful concept for understanding customers, but this paper looks at customer relationships from a different – and more holistic – perspective. It examines the extent to which the metaphor of personal relationships can be applied to interactions between individuals and companies, focusing on the customer relationship from the viewpoint of the customer rather than the supplier.

What's in a relationship?

Relationships are not the same; customers want and expect different things from their relationships with different organisations, just as they have different needs and expectations from their varying personal relationships. In interpersonal relationship theory, relationships have been categorised by (i) the types of bond that join parties together (what ties us together?) and (ii) the nature of the benefits they offer each party (what's in it for me?).

What ties us together?

If we consider customer relationships through the lens of personal relationships, we can think of relationships in terms of levels of emotional attachment and choice. For example, a customer's relationship with their favourite brand of perfume (high emotional attachment and high choice) could be considered a “committed partnership”, whilst their relationship with a council service or utility provider (low emotional attachment and low choice) may be more like a “marriage of convenience”.

Bonds between customers and suppliers are changing. The balance of power has shifted towards customers, as new technology has redressed the imbalance in the flow of information between customers and suppliers. Customers now not only have more information and a greater choice but are also able to voice their dissatisfaction more loudly.

The shift in the balance of power has contributed to a change in customers' expectations. Companies are now expected to pay more attention to caring for customers, and customers put greater emphasis on honesty and integrity, demanding more transparency from suppliers. Further, we've witnessed a growth in interest in environmental and social responsibility, with businesses now increasingly recognising that they are part of a community and a wider world.

What's in it for me?

Organisations need to consider relational benefits from the customer perspective, as this will help them understand how to strengthen the customer relationship and achieve desired loyalty outcomes. One study identified three categories of relational benefit: confidence benefits, social benefits and special treatment benefits.

But there are additional relational benefits from the customer perspective. Relationships can be considered to be purposive; a shared commitment to helping the environment is one way in which customers and suppliers can provide meaning to their relationship. Customers are also increasingly expecting relationships to offer experiential benefits. As products and services have become commoditised, companies like Starbucks have built a business around offering experiences where they engage customers and connect with them in a personal and memorable way.

Most people believe that the public sector should treat its users as customers. However, public services need to do more than just understand people's needs – they also need to understand the nature of the relationship between user and provider, and appreciate the relational benefits which will deliver the best outcomes for both.

The dynamics of customer relationships

The dynamics of customer relationships are such that they take place across many touchpoints, and change and evolve over time, whether in response to the supplier's or the customer's actions, the customer's circumstances changing, or competitor activity.

As with personal relationships, when problems occur in interactions between suppliers and customers, the mindsets of the individuals, the strength of the relationship before the "disagreement" and how the situation is subsequently managed strongly influence the outcome. A complaint is a crucial "moment of truth" in the customer relationship; if the company gets it right there is potential to actually improve customer loyalty. The human touch is critical in this; customers want to feel that they are valued.

Employees play a crucial role in the customer relationship. Whilst links between employee attitude, customer satisfaction and the bottom line have not been consistently proven, employees clearly matter, with poor morale not only damaging operations but also impacting the customer experience. Employees do more than deliver customer service – they personalise the relationship between customer and supplier. Employees need to be empowered and enabled to play their part in building and maintaining strong relationships.

Relationships exist within the context of other relationships, and what people in our lives say and do in relation to a particular supplier can affect our relationship with them. Some individuals are more influential than others, such as "New Influencers" who reward or punish good or bad corporate behaviour – passing the message on to others and leading by example. Organisations need to recognise who may be influencing their customers, and how this can impact on their relationships.

As with personal relationships, effective communication is key to successful customer relationships. Communication is most successful when the interaction is "Adult-to-Adult" (i.e. involving a rational and fair exchange of information) but will generally succeed as long as interactions are "complementary". Communication tends to break down when customers and suppliers have different expectations of an interaction.

Final thoughts

There are clearly limits to how far we can apply the metaphor of personal relationships to customer relationships – the relationships we have with organisations have different meanings from our relationships with family and friends, and do not determine our happiness, and even our health.

Despite these differences, personal relationship theory provides some useful frameworks for thinking through customer relationships, and there are some fundamentals which link both – the importance of honesty, being treated as a human being and keeping promises. Further, good personal and customer relationships require understanding and effort from both parties.

Ultimately, businesses need to consider how the types of bonds they have with their customers and the nature of the benefits they provide help drive their desired business outcomes.

“Brands are part of our social existence. Relationships with brands are obviously not the same as relationships with people but the metaphor is useful. The brands we use reinforce our self-image and how others see us... We are social beings and brands are part of that”

Tim Ambler, London Business School,
Inaugural Brands Lecture, 2000

Introduction

At its simplest, a relationship is a series of repeated exchanges between two parties known to each other.¹ Since the 1980s, marketing theory and practice has shifted its emphasis from individual transactions to the wider customer relationship.² Technological advances in database applications and software in the 1990s gave an additional impetus to this change in focus, with Customer Relationship Management (CRM) being touted as the panacea for a whole host of marketing dilemmas. Disappointment inevitably followed; for instance it was claimed in 2000 that “industry studies show that 60% of CRM software installations fail.”³

Expectations have been tempered, organisations have learnt from bitter experience and in recent years CRM practice has become more sophisticated with companies such as Tesco leading the field. And relationship marketing is increasingly framed in terms of dialogue with customers, rather than talking at them.⁴

Although relationship marketing is an extremely useful concept, we want to look at customer relationships from a different – and more holistic – perspective. In particular, we want to examine the extent to which we can apply the metaphor of personal relationships to interactions between organisations and customers. How do our expectations differ? What makes for a good relationship in each instance? We also want to look at the customer relationship from the perspective of the customer rather than the supplier.

We cannot pretend to offer a definitive view in this paper. Some academic research has been done looking at B2B relationships (which are not the focus of this paper) through the lens of personal relationships.⁵ However, for consumers this is an area little touched upon in academic literature. We found it difficult to navigate the vast field of interpersonal relationship research; as has been pointed out, the differences between various relationship types are so profound that specialists have emerged dedicated to specific relationship classes.⁶ Nevertheless, we have discovered some useful frameworks which can also be used to think about customer relationships. We found Susan Fournier’s paper, “Consumers and Their Brands: Developing Relationship Theory in Consumer Research”, particularly helpful.

In this paper we offer some observations on the extent to which customer relationships can be seen through the lens of personal relationships. We draw upon Ipsos MORI’s rich body of research among both customers and employees in the private and public sectors, as well as our wider reading on the subject. In doing so, we look at an issue of key importance to all organisations – customer expectations and behaviour, and how these are changing.

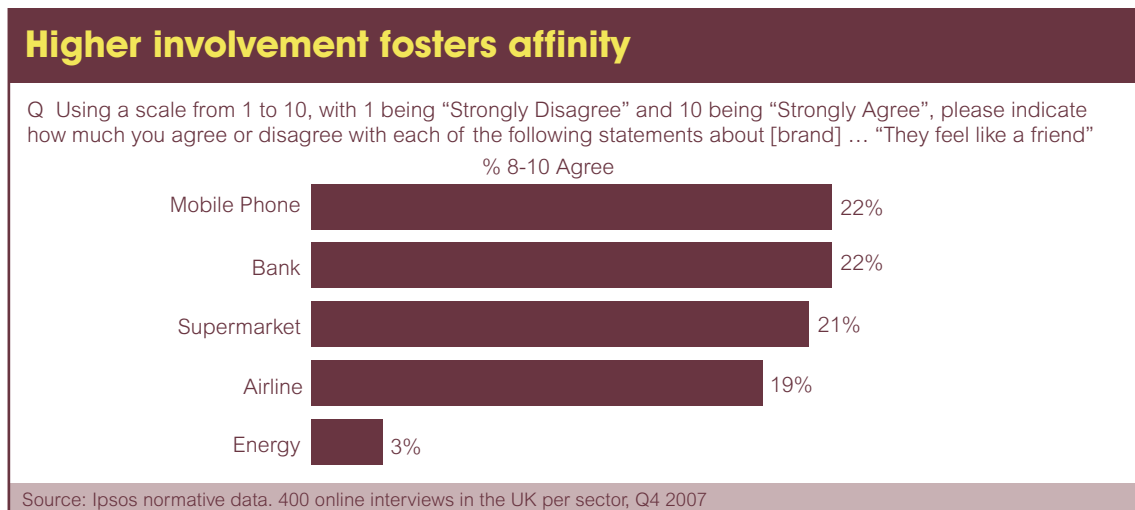
What's in a relationship?

Our personal relationships are not the same; we have different needs and expectations from our relationships with different people. In interpersonal relationship theory⁷, relationships have been categorised across two dimensions:

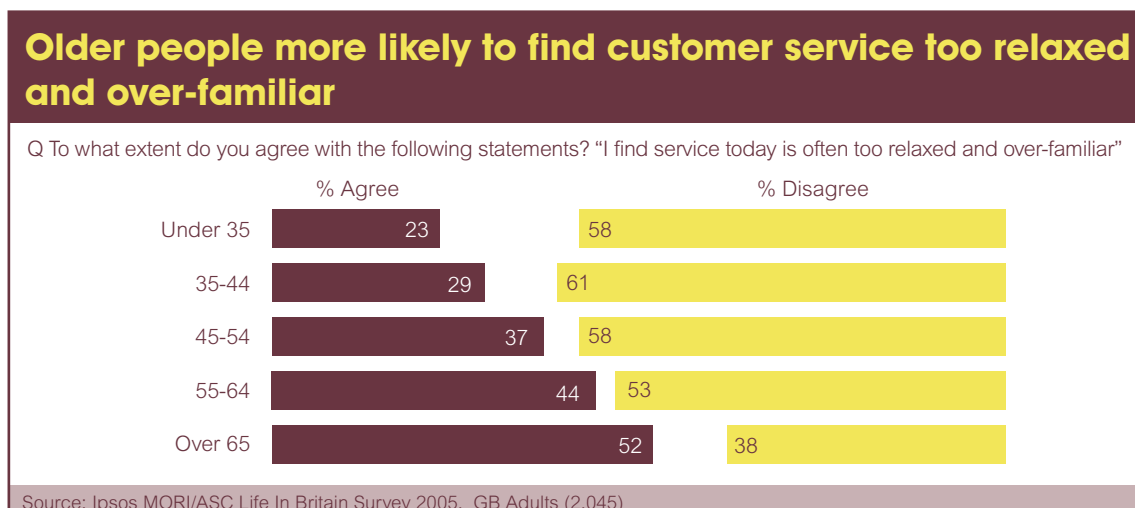
- The types of bonds that join parties together (e.g. voluntary vs involuntary, substantive vs emotional, equal vs unequal, formal vs informal)
- The nature of the benefits they furnish to their participants. Broadly speaking, these can be broken down into emotional and functional benefits

To take but one example, the nurturing relationship between parent and child is clearly very different to the collaborative relationship between colleagues working on a project together.

We also see great diversity in our relationships with companies; customers want and expect different things from their relationships with different organisations. Our research shows that customer relationships tend to be “closer” in categories that foster higher levels of involvement (i.e. it is something the customer cares about). Very few customers say that their energy company “feels like a friend”, for example. Having said that, there is scope for greater “bonding” in almost any relationship; Virgin, for example, has injected “personality” into lower involvement categories including transport and financial services.



A customer’s individual circumstances (their general outlook, their lifestage and so on) also influence the nature of the relationship. For instance, older customers are more likely to find customer service over-familiar, as the chart below illustrates.



There are also structural influences on the customer relationship such as the frequency of interaction (so your supermarket is like the close friend you see every week) and the nature of the bond (does remaining with a supplier require an active opt-in or passive opt-out commitment?).

Given the enormous variety possible in the nature of customer relationships, we think it is useful to borrow from interpersonal relationship theory the categorisation into:

- i) types of bonds (i.e. what ties us together?), and
- ii) nature of relational benefits (i.e. what's in it for me?)

We consider each of these in turn.

What ties us together?

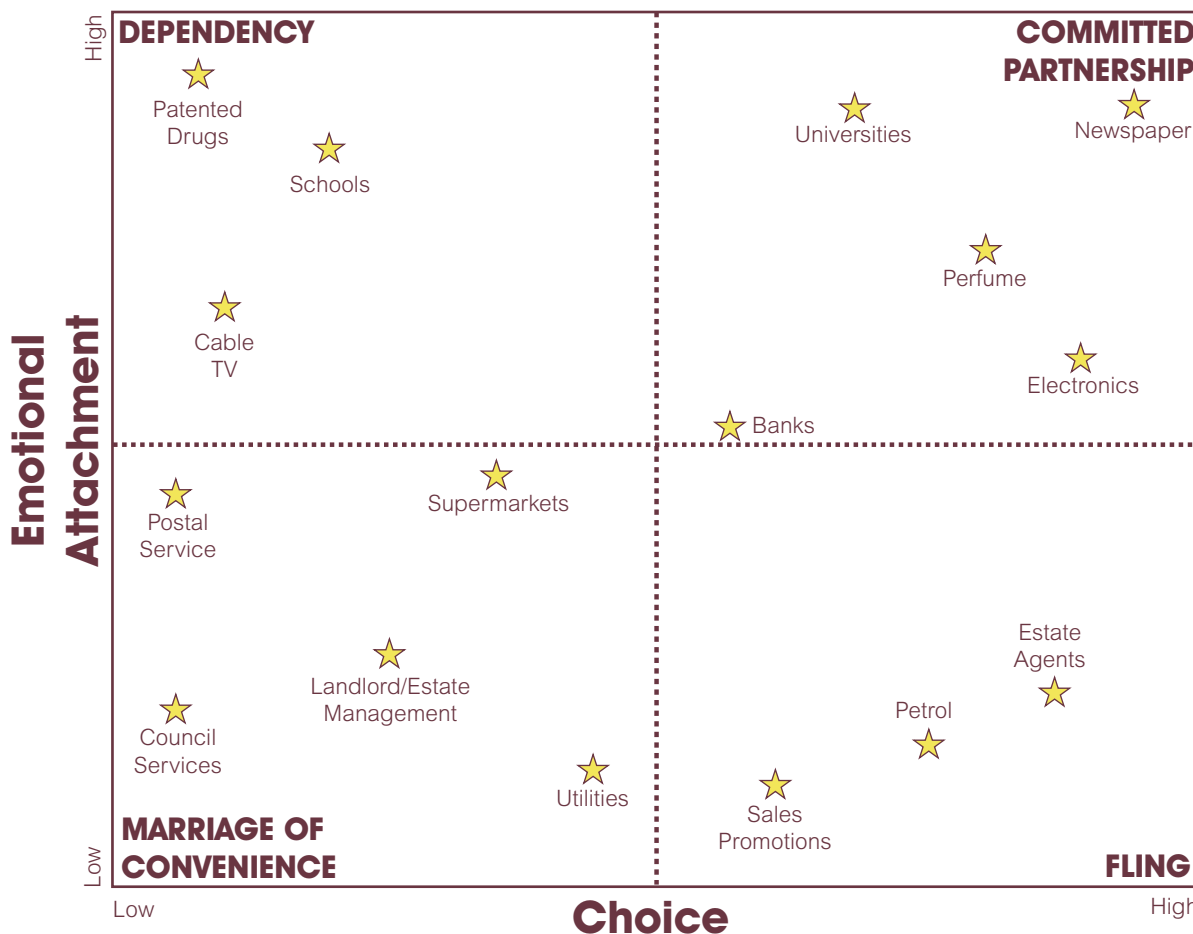
As we have seen, the relationship bonds that link customers and suppliers can be shaped by factors such as the category (e.g. how important it is to the customer, how easy it is to change supplier) and the customer itself.

The table below shows a typology of personal relationships that is a useful starting point for thinking about customer relationships. Clearly some of the relationship forms (e.g. kinship) are less relevant than others (e.g. marriage of convenience).

Relationship form	Definition
Forced marriage	Non-voluntary union imposed by preferences of third party. Intended for long-term, exclusive commitment, although at low levels of affective attachment
Casual friend/buddy	Friendship low in affection and intimacy, characterised by infrequent or sporadic engagement, and few expectations for reciprocity or reward
Marriage of convenience	Long-term, committed relationship precipitated by environmental influence versus deliberate choice, and governed by "satisficing" rules (i.e. aiming for adequacy rather than optimisation)
Committed partnership	Long-term, voluntarily imposed, socially supported union high in love, intimacy, trust, and a commitment to stay together despite adverse circumstances. Adherence to exclusivity rules expected
Best friendship	Voluntary union based on reciprocity principle, the endurance of which is ensured through continued provision of positive rewards. Characterised by revelation of true self, honesty and intimacy. Congruity in partner images and personal interests common
Kinship	Non-voluntary union with lineage ties
Rebound/avoidance-driven relationship	Union precipitated by desire to move away from prior or available partner, as opposed to attraction to chosen partner per se
Childhood friendship	Infrequently engaged, affectionate relationship reminiscent of earlier times. Yields comfort and security of past self
Courtship	Interim relationship state on the road to committed partnership contract
Dependency	Obsessive, highly emotional, selfish attractions cemented by feeling that the other is irreplaceable. Separation from the other yields anxiety. High tolerance of other's transgressions results
Fling	Short-term, time-bounded engagement of high emotional reward, but devoid of commitment and reciprocity demands
Enmity	Intensely involving relationship characterised by negative feelings and desire to avoid or inflict pain on the other
Secret affair	Highly emotive, privately held relationship considered risky if exposed to others
Enslavement	Non-voluntary union governed entirely by desires of the relationship partner. Involves negative feelings but persists because of circumstances

A Typology of Consumer-Brand Relationships (adapted from Fournier, 1998)

If we view customer relationships through the lens of personal relationships, we can borrow some of the themes set out above. Below we plot specific customer/supplier relationships by i) levels of customer choice (x-axis) and ii) emotional attachment (y-axis); different customer relationship typologies emerge.



This analysis is purely hypothetical, but we hope that it provides a useful illustration of how using the metaphor of personal relationships can enrich our understanding of customer relationships.

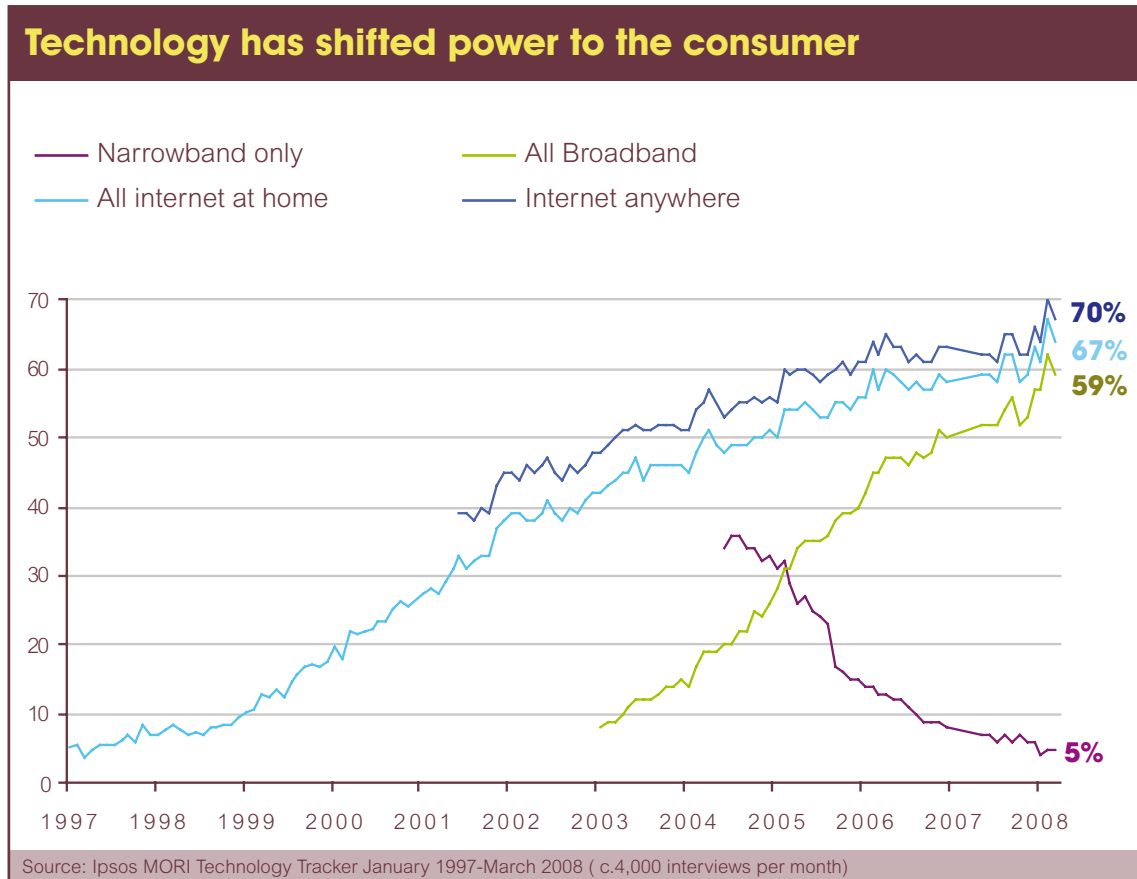
As well as classifying customer relationships in terms of the type of bond, clearly we also need to think about its quality. How strong is the bond? Is it going to last? How resistant is it to competitor offers? How likely is it to withstand problems in the relationship? These issues are the meat and drink of our customer research. For instance, our Loyalty Index, combining behavioural and attitudinal measures, is a powerful measure both of relationship strength and durability.

Changing customer bonds

Any discussion of the types of bonds which join customers and suppliers together needs to consider how the balance of power between the two parties has changed – and will continue to change. In the past, customer relationships have been not so much a committed partnership but more a “marriage of convenience”, with a limited number of powerful suppliers controlling the flow of information and a narrow supply of goods or services.

However, technology has transformed the balance of power in the customer-supplier relationship. Traditionally, companies have been in a position of strength because they have controlled the information flow, just as a parent controls and limits a toddler by only offering him a limited choice. The internet has shifted power to customers by redressing the imbalance of information between them and suppliers. In 1997, just 7% of people used the internet at home and 15% owned a mobile

phone; ten years on and almost ten times as many people have home internet access (67%) and mobile phone usage has increased to 89%.⁸ This has been accompanied by a gradual revolution in the way we communicate, with social networking via technology becoming one of the foremost changes in society – at least among some groups.



Not only do today's online shoppers have almost unlimited choice compared to high street shoppers of yesterday, but they also have access to a wealth of information to help them make the right choices, as well as the means to voice their dissatisfaction loudly when they receive poor quality goods or services.

“Openness and transparency are now possible on a scale of which past ages could barely dream. We are flooded with information.”

Onora O'Neill, (2002 Reith Lecture on Trust and Information)

An illustration of this is when Dell was forced to recall 4.1 million laptop batteries after a customer posted a video on his blog which showed one of its computers bursting into flames. More than a third of those with access to the internet in Great Britain say that they have chosen not to purchase a product as a result of comments on the web from customers or other private individuals (36%).⁹

You can't be in my gang...

In all the hype about new technologies, it can be easy to forget that many consumers do not have access to certain communication channels at all. Internet and mobile phone usage is much lower among older people and lower social classes. In fact, only 42% of DEs use the internet at home or work (falling to just 10% of DEs aged over 65) and almost two fifths (38%) of those aged over 65 do not use a mobile phone.¹⁰ Text messaging, which is increasingly being used by companies to communicate with customers, is not used by a significant proportion of customers – again particularly those who are older.

In addition, there remain certain interactions for which some customers will never consider using the internet, despite having the capability to do so. For example, a quarter of those who have access to the internet say that they would never consider using it for arranging financial products (26%)¹¹ and typically only around one in ten people choose to contact their local council online.

The ever-increasing power of technology is increasing the gap between technology haves and have-nots. With computing power predicted to continue to double approximately every 18 months for the foreseeable future, those who can't keep up with the latest technology will become increasingly disadvantaged.

Unless companies think carefully about their relationships with customers who are not online, there is a danger that these customers will feel like they are on the edge of a social circle, like an ostracised friend or one who has simply been forgotten about.

The widespread use of websites such as MoneySupermarket.com and uSwitch.com has made it easier for customers to compare companies and switch suppliers, meaning that now, much more than in the pre-internet era, poor service means poor business. The internet has transformed the way customers interact with companies. Online companies like Amazon and eBay have changed the supplier-buyer dynamic by allowing customers to post feedback on both the product and the service provided. A recent trend sees increasing customer involvement in key business issues. Public forums such as Dell's IdeaStorm.com and MyStarbuckIdea.com, where customers submit their ideas and fellow customers vote on them, are changing the way companies do business. In the public sector, Ipsos MORI's Social Research Institute is increasingly being commissioned to conduct deliberative forums where citizens are given the opportunity to debate policy issues. This "co-creation" of products, services and even legislation is further evidence of a more equal balance of power in the relationship.

As part of this trend, many companies are taking advantage of social media by using self-help websites, customer blogs and third party forums¹² to facilitate user experience feedback and dialogue with and between customers. This can, however, backfire as in the case of the "Wal-marting across America" blog, which chronicled a couple's journey across the US while stopping at various Wal-mart car parks. It emerged that the journey was indirectly funded by Wal-mart and appeared to be part of a PR campaign.

“If you ignore the blogosphere, you won’t know what people are saying about you. You can’t learn from them and they won’t come to see you as a sincere human who cares about your business.”

Robert Scoble/Shel Israel, Naked Conversations, (2006)

As well as transferring power to the consumer in informational terms, the internet has also opened up access; compare bank branch opening times to 24/7 online banking. Customers want what they want and know when they want it.

This shift in the balance of power has contributed to a change in customers’ expectations. Customers expect more, and generally get more from their relationships with suppliers. The “service with a smile” and consistency of delivery of McDonalds in the 1980s, the no-quibble returns guarantees of Argos in the 1990s, and the well trained, knowledgeable customer service staff of John Lewis in the 2000s have raised the bar in terms of expected customer service standards. In the internet age, Amazon and Dell have led the way in giving global companies a personal touch through customised marketing.

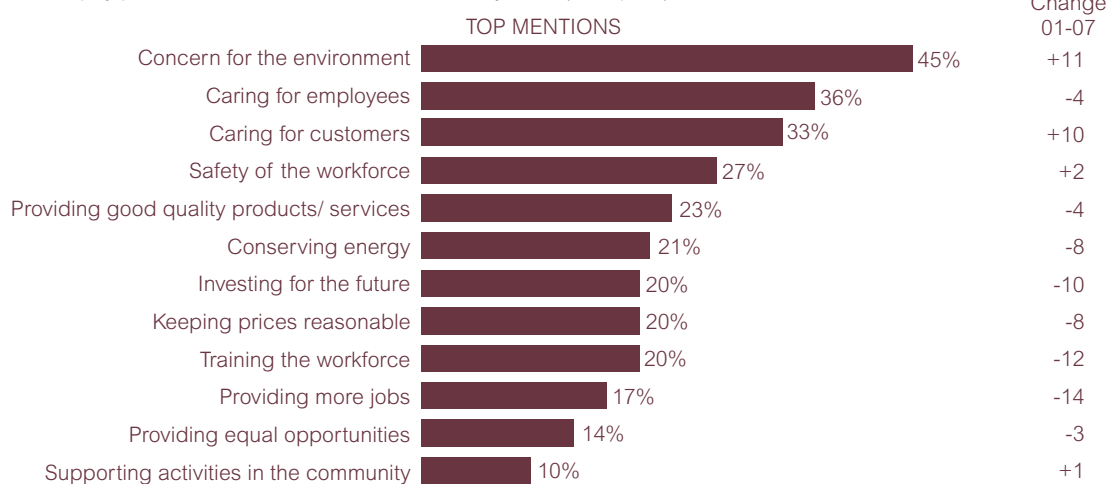
Many companies now talk about putting the customer at the heart of their business and our research indicates that suppliers will be increasingly expected to pay attention to caring for customers (as well as the environment) over the next few years.

“Years from now, when people look back at Amazon, I want them to say that we uplifted customer-centricity across the entire business world. If we can do that, it will be cool.”

Jeff Bezos, CEO, Amazon, (Harvard Business Review Oct 2007)

Top priorities for companies

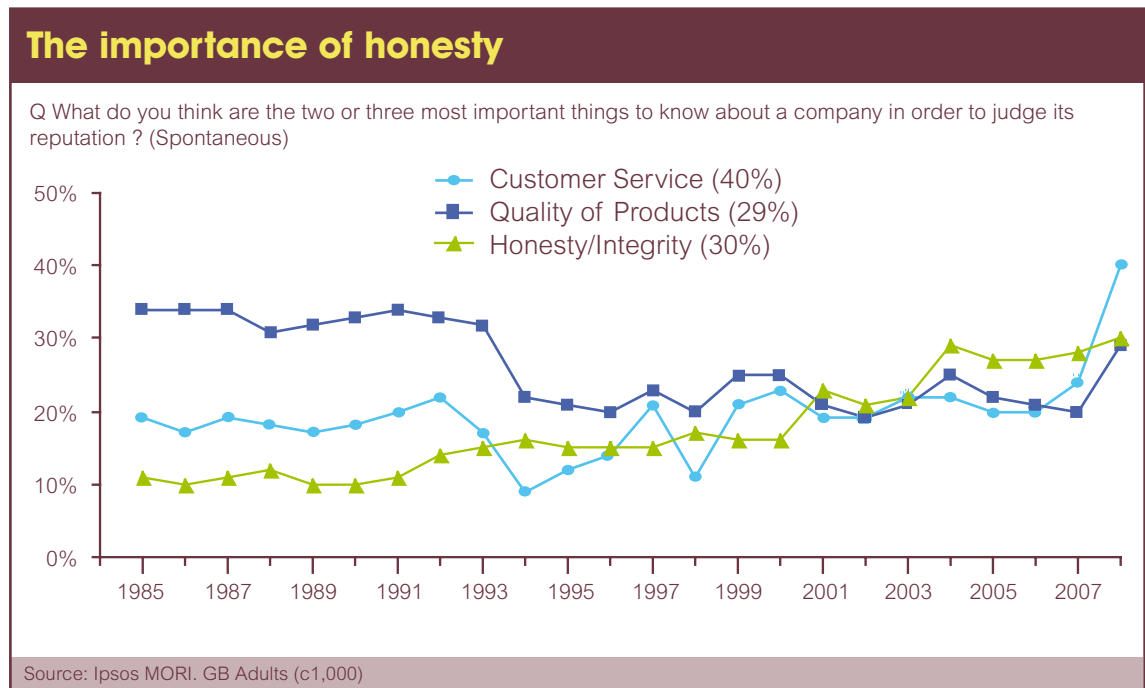
Q Here is a list of areas of concern to business and industry in general. Which three or four do you think companies should pay particular attention to over the next few years? (Prompted)



Source: Ipsos MORI, GB Adults (933), August 2007

Changing expectations are underpinned by one of the key consumer trends over the past 20 years – a growing emphasis on honesty and transparency. As the following chart illustrates, honesty/integrity has now overtaken quality of products as one of the most important factors used to judge a company’s reputation. As product quality has become a given, consumers have come to demand more transparency from companies.

Many writers and academics have argued that trust is central to customer relationships. Clearly honesty and transparency are a key element of this – much as we would expect from our personal relationships.



What's in it for me?

Having considered the type of bonds between customers and suppliers, we will now look at the nature of the benefits they confer. As customer researchers, we tend to look at relational benefits from the supplier perspective. In other words, how do customers deliver value? Is this through repeat purchasing, increasing their spend, buying other products and services from the company or recommending the company to friends and family? These are the loyalty outcomes we build our research around.

But what about relational benefits from the customer perspective? At the most basic level, there is the service being delivered. However, there is more to the relationship than this: “just as there are added benefits for organisations engaging in long-term relationships, so too there are benefits to customers beyond core service benefits.”¹³

In a qualitative and quantitative study among customers with strong relationships in services industries, Gwinner, Gremler and Bitner found three categories of relational benefits¹⁴:

- **Confidence benefits:** sense of reduced anxiety, faith in the trustworthiness of the provider, reduced perceptions of anxiety and risk, knowing what to expect
- **Social benefits:** personal recognition by employees, customer familiarity with employees and the development of friendship
- **Special treatment benefits:** price breaks, faster service or special additional services

These relational benefits were correlated with important behavioural outcomes such as loyalty, positive word of mouth, intention to continue in the relationship and satisfaction with the service received.¹⁵

The three categories of relational benefits developed in this study are extremely useful. However, if we look at interpersonal relationship theory, other categories of benefits come to mind. It has been argued that interpersonal relationships are purposive – in other words, they involve at their core the provision of meanings to the people who engage in them. These meanings can be simply functional and utilitarian or more psychosocial and emotional.¹⁶

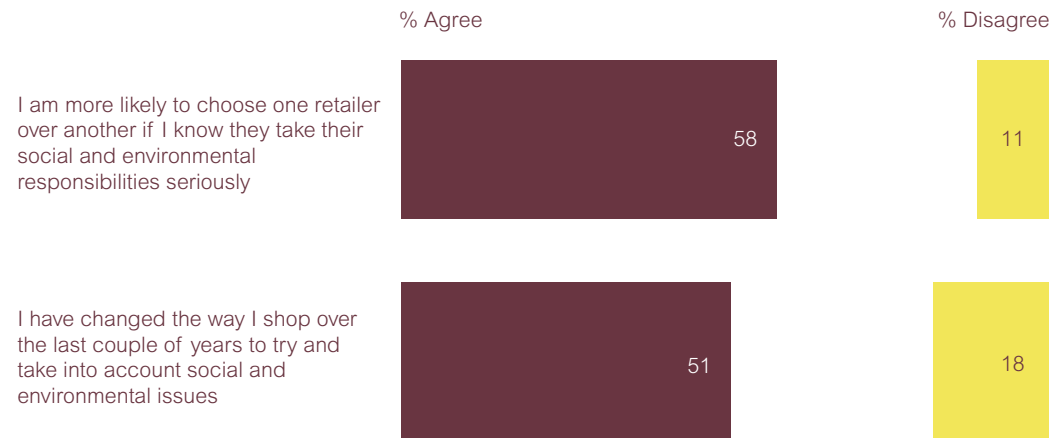
This is a useful starting point for thinking through other categories of relationship benefits. One example of such a purposive benefit is how our relationships with companies can help shape or reinforce our identity – both our self-identity (how we see ourselves) and our social identity (how we feel others see us). This has particular relevance for aspirational, premium or trendy products and services but may extend to our relationship with a particular newspaper or even soft drink. Another example, which we go on to examine in the next section, is how companies can help their customers live more environmentally friendly lives.

Help me live a better life

Concerns about the environment and social responsibility are growing among consumers and, for some customers at least, this is part of the customer relationship worth considering. Well over half of us say we would choose a more environmentally or socially responsible retailer over one that does not take its responsibilities as seriously (58%) and slightly fewer say that we have actually changed the way we shop to try to take into account these social and environmental responsibilities (51%).

Expectations of social and environmental responsibility

Q How strongly do you agree or disagree that...?

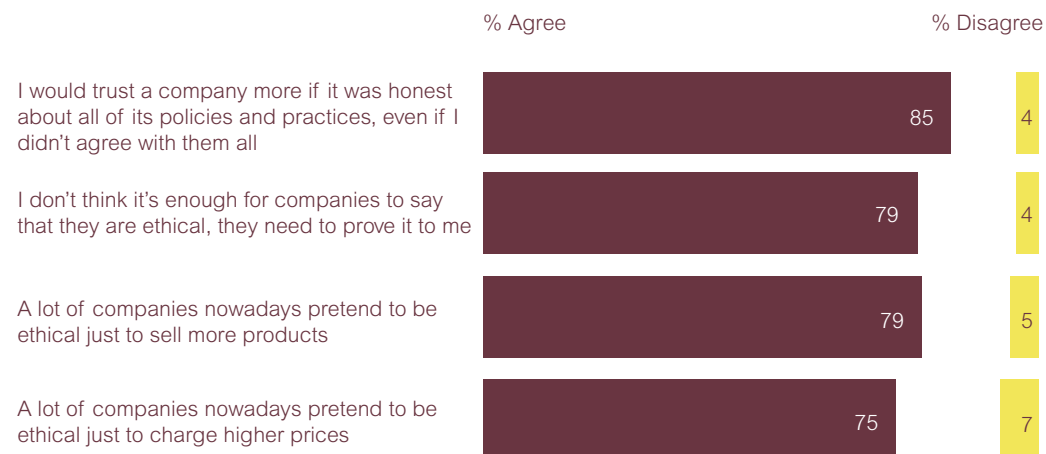


Source: Ipsos MORI. GB Adults (1,131), April 2007

Consumers have picked up on the fact that retailers are competing on environmental performance and healthy products, as well as price.¹⁷ But consumers are cynical about the motives of companies. Our research shows that four in five Britons believe many firms pretend to be ethical just to sell more products. Furthermore, almost 80% want to see companies back up ethical claims with proof. Organisations which are seen as guilty of “greenwashing” (i.e. their green marketing exceeds their green actions) could lose both trust and loyalty among their customers.

Consumers are cynical about companies

Q How strongly do you agree or disagree that...?



Source: Ipsos MORI. GB Adults (969), 31 Aug – 06 Sep 2007

Our research into sustainability shows that there is a clear sense among retailers that consumers expect them to help them make more sustainable purchases. This is an extremely complex area, and the right choices are not always obvious. One retailer we spoke to suggested that customers want retailers to actually make sustainable choices for them, provided the retailer is a brand they can trust. In this analysis, the retailer could be seen to be taking on the role of a trusted and expert guide.

“Consumers don’t really know what to do...what they want is for somebody to do it for them – they want to buy from a brand that they believe they can trust to have done the right things.”

Retailer, Ipsos MORI Report into Sustainability Issues in the Retail Sector (2007)

This is backed up by our research among the general public which indicates that consumers expect support and encouragement from suppliers: 78% believe that companies need to make it easy for people to buy ethically or they won’t do it.¹⁸

Our wider work on climate change shows that, beyond recycling, the public struggles to translate concerns about the environment into concrete action. Companies which can overcome consumer cynicism have the opportunity to help their customers make environmentally friendly choices. A shared commitment to helping the environment (e.g. by the supply/choice of sustainable products) is one way in which customers and suppliers can provide meaning in their relationship. As (some) consumers strive to live more sustainable lives, companies that facilitate this process will provide important relational benefits – helping their customers feel good about themselves.

“In the information society, brands are coming to be seen as guardians, not only of market share, but of the essential humanity of the goods, services and companies that they represent. This is a crucial expansion of the brand’s role, and one with which a few leaders are just beginning to come to grips.”

Kevin Drawbaugh, Brands in the Balance (2001)

However, there is some opposition to companies compelling consumers to accept sustainable choices. In recent research into retailers charging for plastic bags, although the majority of people (57%) think it is right for them to charge for plastic bags, many resent this being forced on them by retailers or the Government (particularly those who are less affluent).¹⁹ This could be seen as a “forced marriage” – a non-voluntary union imposed by the preferences of a third party. Higher levels of emotional attachment could be achieved between customer and retailer if the retailers give customers choice, and are facilitators rather than authoritarian parents.

In our personal lives, it has been argued that we learn most effectively from role models, as well as by counter-example, e.g. distancing ourselves from the behaviour of people who we do not wish to emulate or by observing negative consequences of behaviour.²⁰ We think that we can apply a similar analysis to our relationships with companies. We are less likely to want to be seen to associate with companies who are seen as environmentally unfriendly or socially irresponsible. Just as you would not like a friend to behave badly as it would reflect badly on you by association, people do not want companies they have relationships with to behave irresponsibly.

Helping customers live more environmentally-friendly lives is just one example of the purposive meanings customer relationships can supply. We believe this is a rich area of enquiry for customer researchers. Our research shows that many consumers say they would be happier if they could spend more time with their families and friends.²¹ Linked to this, two thirds of us (65%) wish our lives were simpler, and a similar proportion (61%) feel we probably work harder than we really should.²² If companies wish to build long-term profitable relationships with their customers, they need to understand what relational benefits they can provide to help customers live the sorts of lives they want to lead.

Good experiences

Relational benefits should also be considered from a more day-to-day perspective. It has been argued that following the shift from products to services²³, companies now need to think about offering experiences.

However, due to technological advances and the increasing expectations of consumers, many services have now themselves become “commoditised”. As Don Peppers has put it “No matter how great their product or service is today, tomorrow it will still be just another commodity, and tomorrow will come faster than it used to.”²⁴

Business thinkers Pine and Gilmore have argued that we are now functioning in an “Experience Economy”, where successful companies engage customers and connect with them in a personal and memorable way.²⁵ Over the years, coffee, for example, has been transformed from a substitutable commodity (a coffee bean), to a tangible product (a cup of coffee), to an intangible service (a cup of coffee served in a café) to a memorable experience - where brands like Starbucks ensure that the ordering, creation and consumption of the coffee embodies a heightened ambience.



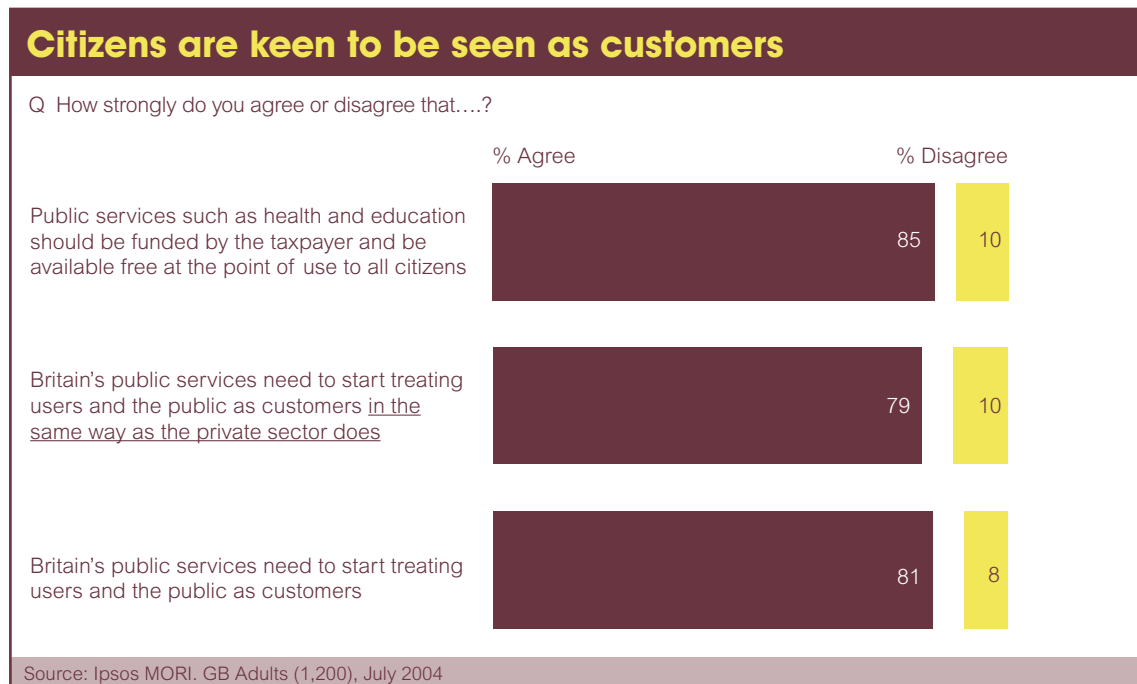
Another good example is the music industry. As Robert Sandall has pointed out, in the 1980s a concert seat cost about the same as buying a CD. Recorded music has moved from being a high-margin, “high-end” product to a low-margin, low-prestige commodity, with some bands allowing fans to download their albums for free or a nominal price. At the same time, people pay much larger sums (up to £350 in the case of the Rolling Stones in 2006) to see their favourite rock bands play live and, despite the expense, attendances at these live events are growing.²⁶

For companies which offer – or strive to offer – their customers experiences rather than services, we need to think about the experiential benefits the relationship gives the customers. In the case of Starbucks, for instance, is the experience about a peaceful place to read, or an appealing place to do some work, or somewhere to catch up with friends? If we think about relational benefits simply in terms of confidence, social and special treatment, we may miss some important benefits from the customer’s perspective.²⁷

Public services, private benefits?

We have so far considered relational benefits in the context of the private sector, but what about the public sector? Over and above the service delivered, what benefits do users receive from the relationship?

In one sense, why should the customer relationship be any different in the public sector? After all, most of the public agrees that public sector organisations should treat their users as customers.



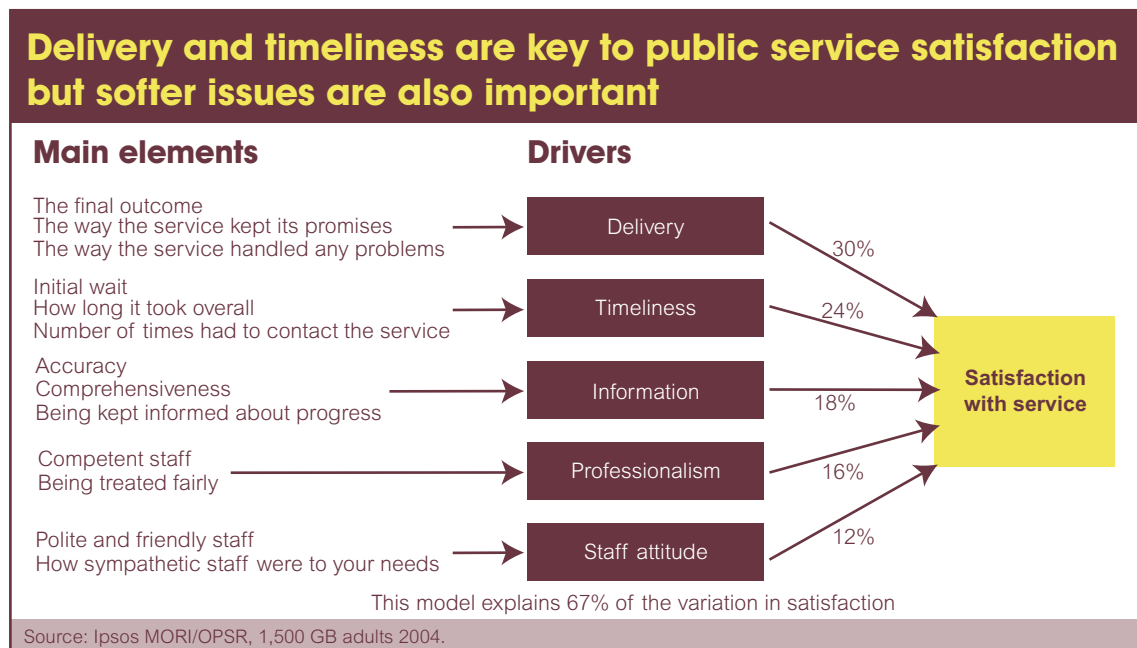
There is also a growing drive for public services to become more customer-focused within government:

“We must be relentlessly customer-focused. Many people want a single point of contact for a range of services. The public are not interested in whether their needs are met by Department X or Agency Y, they just want a good, joined-up service where X and Y talk to each other and share the information the public have provided. We should strive to meet this demand and to empower citizens so that they understand the choices that are available and how to provide constructive feedback.”

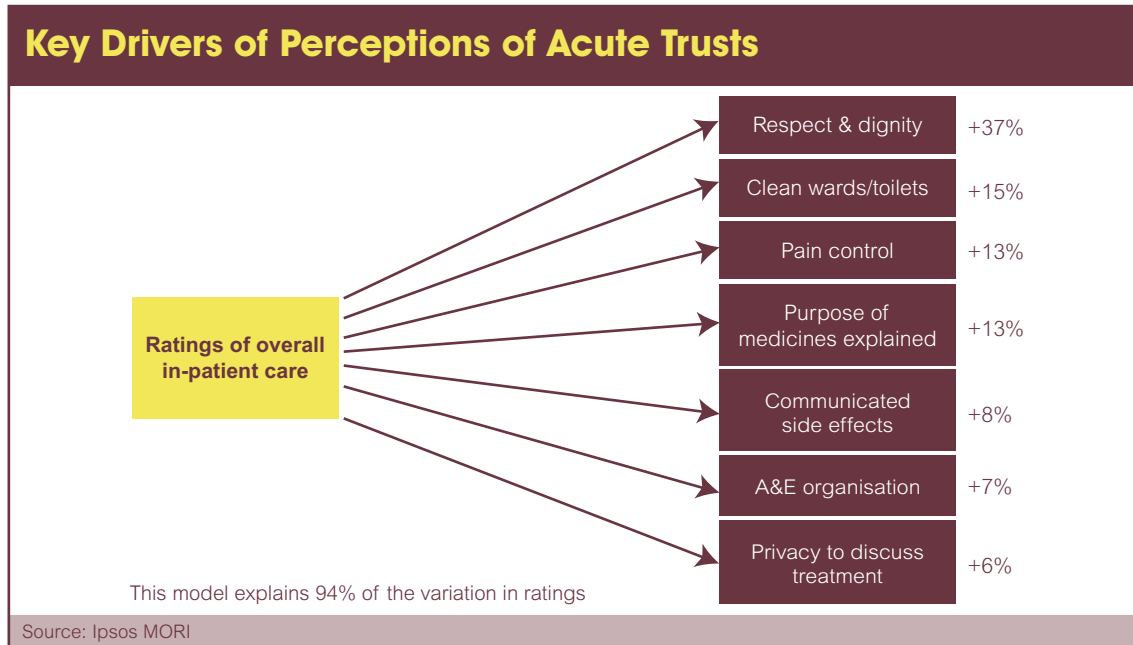
Sir Gus O'Donnell, Cabinet Secretary (21st Century Public Services - Putting People First Conference, 6 June 2006)

However, as the 2006 Varney Report on service transformation highlighted, there is still a way to go before public service delivery can really be considered customer-focused.²⁸ Sir David Varney observes that both local and central government deliver services on a departmental, transactional basis with little or no sharing of intelligence or data, particularly with regard to identity, often requiring a citizen to provide the same information to several government departments. The report highlights one case where an individual had to contact government 44 times following a bereavement. But much is being done to improve this, for instance the Minister for Transformational Government, Tom Watson, recently launched the new Customer Service Excellence (CSE) standard, a practical tool to support and drive public services that are more responsive to people's needs.

But what do people want from their relationships in the public sector? Our analysis of satisfaction with public services shows that the key drivers of satisfaction are, unsurprisingly, around delivery and timeliness. However, softer elements, such as treatment by employees, are also important.



So far, so good. However, our work suggests that public services can offer other relational benefits. For example, in our analysis of the drivers of ratings of in-patient care for hospital trusts, the most important of these was “being treated with respect and dignity”. This is a greater driver than functional elements such as clean wards and clinical elements such as pain control. Being treated with respect and dignity is a socio-emotional benefit which is not adequately covered by Gwinner, Gremler and Bitner’s classification of benefits into confidence, social and special treatment.



We would therefore argue that public services should do more than just meet people’s needs – they should also understand the nature of the relationship between user and provider, and appreciate the relational benefits which will deliver the best outcomes for both.²⁹

For both public and private sector organisations, there are enormous advantages to thinking through relational benefits from the customer’s perspective. Done properly, this should help organisations understand how to strengthen the customer relationship and achieve the outcomes they desire.

The dynamics of customer relationships

As well as helping us explore the type of bonds and nature of benefits relationships offer us, interpersonal relationship theory also provides a useful framework for thinking through the dynamics of customer relationships.

Hinde³⁰ argues that four core conditions qualify relationships in the interpersonal domain:

1. Relationships involve reciprocal exchange between active and interdependent relationship partners (**reciprocity**)
2. Relationships are purposive, involving at their core the provision of meanings to the persons who engage them (**meaning provision**)
3. Relationships are multiplex phenomena: they range across several dimensions and take many forms, providing a range of possible benefits for their participants (**multiplicity**)
4. Relationships are process phenomena: they evolve and change over a series of interactions and in response to fluctuations in the contextual environment (**temporality**)

Clearly, reciprocity is at the heart of customer relationships. The exchange of value between suppliers and customers in the private sector is most typically payment in return for services rendered. However, it can also involve the exchange of information. From the customer, data about their lives and preferences; from the supplier, information about the service, offers, or related subjects of potential interest to the customer. The principle of reciprocity has to underpin requests for customer data – most people (82%) are unhappy about giving out their personal details unless it is clear why a company needs them.³¹

Turning to the second of Hinde's conditions, we have discussed meaning provision in the previous section of this paper. As we have argued, we believe this is a useful metaphor for considering customer relationships.

The third and fourth conditions are also helpful in thinking about customer relationships. Customer relationships take place across many touchpoints, and evolve over time – whether in response to the supplier's or the customer's actions, the customer's circumstances changing, or competitor activity. Multiplicity can lead to stronger bonds being created if brands can offer benefits across service experiences, and through multi-channel and brand extensions, something many companies are aiming for. Temporality highlights that competitor actions, customer actions and changes in circumstance can impact relationships quickly, particularly in an era where consumers are less likely to be loyal in their commitment to suppliers.

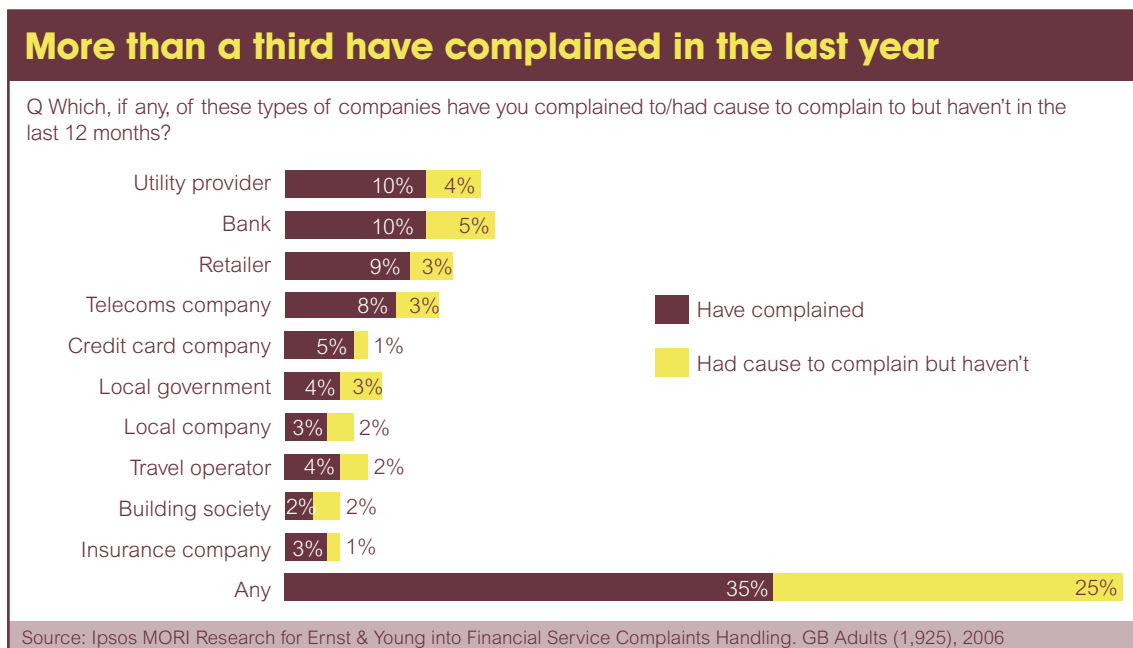
We are going to consider three key areas which can influence the customer relationship: when things go wrong, the role of employees and the influence of others. Finally, we end this section by applying transactional analysis theory to customer communications.

When things go wrong...

Even the strongest personal relationships experience rough patches and things can go wrong. When problems happen, the strength of the relationship before the disagreement and how the situation is subsequently managed strongly influence whether or not the relationship can survive, and in some cases, perhaps even strengthen and flourish. As we outline below, the same applies to customer relationships.

Blazing rows or sufferers in silence?

Bad customer experiences are commonplace; almost a quarter of the British public (23%) report experiencing one or a few minor problems with a company in the past fortnight. One in six (16%) have had a major complaint or problem not dealt with to their satisfaction. But British customers will often stand up for themselves: just over a third say they have made a complaint in the last year (35%), whilst a further quarter say they felt they had cause to complain but did not (25%). There are clear differences by industry, with utility providers and banks attracting the largest number of complaints.



In a study we conducted on behalf of Ernst & Young among recent complainers, we identified three broad types of “complainer”. At the more reserved and shy end of the spectrum, there are the “Reluctant Complainers”. These consumers do not enjoy complaining and instead prefer to resolve the issue in a low-key, polite manner. If the issue can be resolved there and then – such as cold food being replaced or an exchange or refund being given in a shop – then they are unlikely to take it any further. Embarrassment comes into play for these consumers, either when they themselves have to complain or when people they are with make a complaint. In essence, these consumers are keen to avoid confrontation wherever possible.

At the other extreme, there are the “Regular Complainers” who do not appear to need much encouragement when it comes to making a complaint. In fact, they appear to positively enjoy complaining and boast about their achievements. They are savvy consumers who claim to “know their rights” and the “tricks of the trade” to achieve their preferred outcome. These are quite often the consumers who will ask for managerial attention immediately and will raise their voices if necessary, often believing that shouting is the most productive route to take. These regular complainers tend to be middle-aged and likely to read broadsheets.

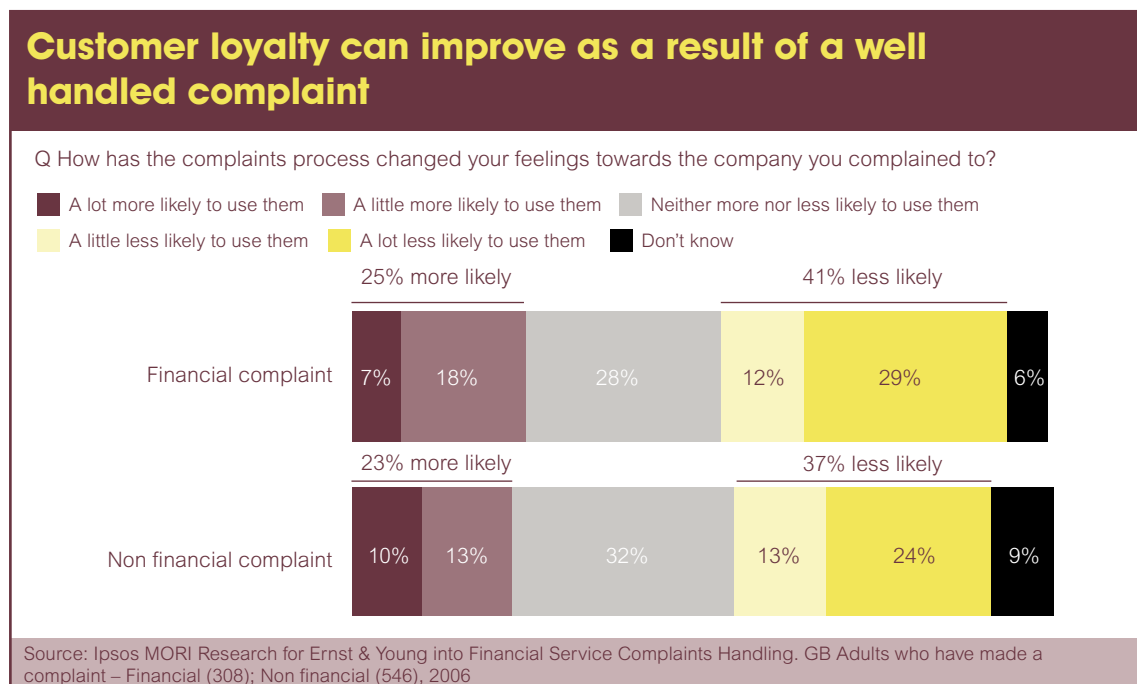
Most consumers fall somewhere in the middle of these two extremes. “Rational Complainers” do not consider themselves unreasonable or demanding, yet they do know when they have been wronged and will generally do something about it. Their starting point is that individuals and organisations need to be given the opportunity to rectify a situation, yet if they don't then there is cause for complaint. Consequently, these consumers tend to be polite and low-key in the first instance and will only become more assertive – and perhaps angry – when necessary.

Can we still be friends?

Unsurprisingly, when customers experience problems with a company it impacts on the customer relationship in most cases. In other research, we found that this is more marked where the problem was major (90% of customers experiencing what they define as a “major problem not dealt with or resolved to their satisfaction” feel less goodwill towards the company, compared with just 59% of those experiencing “one or a few minor things the company did not get right”). But the sort of relationship and experiences the consumer had before influences how they feel when a problem arises. If their experiences before were mostly good, this helps to mediate the problem: only 65% say they feel less goodwill, compared to 82% of those who had mostly bad experiences.³⁴

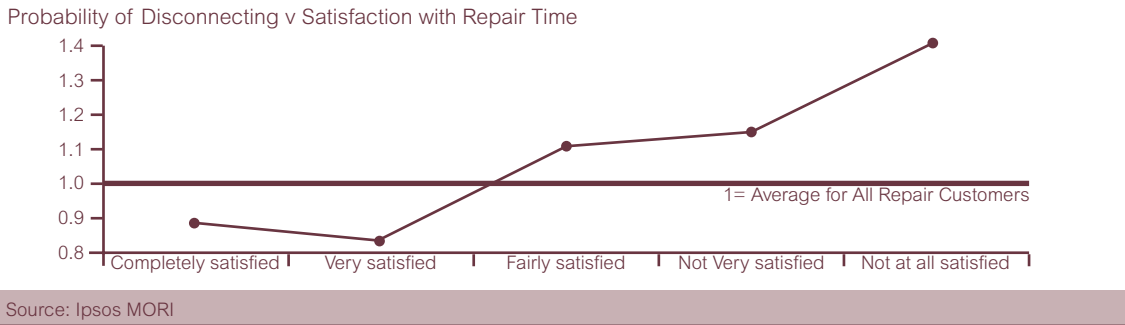
The previous relationship also impacts what customers say they are likely to do as a result of the problems they have encountered. Among all customers experiencing problems in the past fortnight, seven in ten (72%) say they would leave right away, leave at some point in the future or use the company less as a result. Among those who had had mainly good experiences before the problem, 60% would leave or use the company less. However, among those who have had mainly bad experiences, this figure rises to 90%.³⁵ So, as in our personal relationships, the way we have been treated before shapes how we react to problems.

A complaint is a crucial “moment of truth” in the customer relationship. If the company gets it right, there is the potential not only to prevent customers from leaving, but often to actually improve customer loyalty. Just as an argument with a friend might actually clear the air, the steps taken to resolve the conflict might pave the way to a better friendship. As the chart below shows, the most likely outcome of a complaint is for the customer to be less likely to use the company, but around a quarter state they are in fact more likely to use the company as a result of the complaints process. Many companies are realising the benefits of actively encouraging engagement and dialogue even if it means assisting the process of complaining.



Resolving the problem as quickly as possible is key to a successful outcome. Our work across a range of sectors shows that the longer it takes to solve a problem, the more likely it is that a customer will leave. The following chart shows how the probability of customers disconnecting from their utility supplier increases as their satisfaction with repair time falls.

Longer it takes to solve problem, more likely the customer will leave



Additionally, qualitative research we have conducted for Ofgem shows that even if the problem cannot be dealt with immediately, customers can still be kept happy by being assured that the complaint is in hand, for example through acknowledgement that their complaint is being dealt with, and being kept up to date on progress.³⁶ A lack of visibility of the process or being kept in the dark is frustrating for customers, leaving them feeling powerless and ignored. It is clear that in order to achieve this, employees need to be not only adequately trained and knowledgeable in their area of work, but also empowered to make decisions.

“[When staff are empowered] it’s more personal. It feels as though in some ways it’s their own little business.”

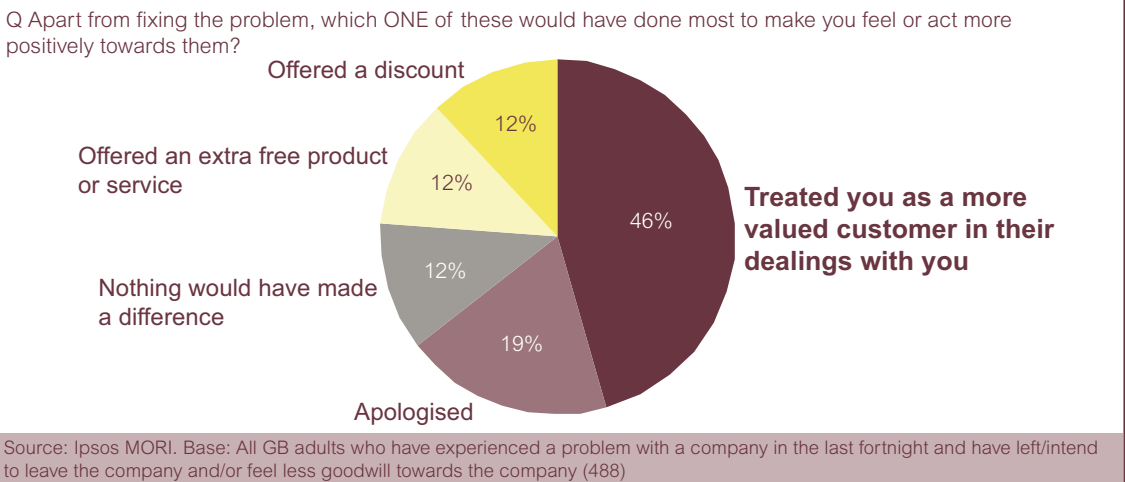
Consumer in Glasgow, Research on Consumers’ Views on Complaints Handling, Ipsos MORI/Ofgem (2007)

“If you’ve got someone who’s helpful that is lovely, but if they don’t have the power to help you then that is not good enough.”

Consumer in Exeter, Research on Consumers’ Views on Complaints Handling, Ipsos MORI/Ofgem (2007)

As this illustrates, the human touch can make a real difference. Another good example of this is what would make a difference to customers who are feeling or acting more negatively towards a company as a result of the problem they have experienced. We asked these customers what one thing, other than fixing the problem, would have made them feel or act more positively. As the chart below illustrates, the most popular answer is being “treated as a more valued customer”, with monetary forms of compensation coming some way behind. This is the case whether the problem was major or minor.

Customers want to feel valued



The importance of the human touch is a recurring theme in our research. Our research shows that companies have got some way to go in how they deal with their customers, with 71% of consumers agreeing that “companies are lacking the human touch when it comes to dealing with their customers”.³⁷

Customers get very frustrated when suppliers treat their issues mechanically, going through the process of resolving the complaint but not showing any empathy for the customer and their distress or annoyance. Customers want to be treated as human beings, for companies to take their problems seriously and to apologise when things go wrong. However, an apology needs to be sincere otherwise it will damage the organisation’s credibility and sense of authenticity.

The difference an employee can make

As the last section illustrates, employees play a crucial role in customer relationships; they are after all the “human face” of an organisation and in many cases provide the main contact a customer has with a supplier. Business leaders tend to talk up their human capital – “people are our greatest asset” has become a management cliché. However, the contribution that they make to improving customer loyalty and business performance is hard to define and even more complicated to measure.

The theory is simple: happy employees help create happy, loyal, customers, which ultimately benefits company profits. However, despite many studies into these relationships no clear conclusions can be drawn: positive correlations, negative correlations and, in some situations, no correlations at all were found. Further, where there are positive correlations, the direction of causality is often unknown – for example, it is not uncommon for customer loyalty and a strong brand to drive positive employee attitude, not vice versa. It can therefore be concluded that employee satisfaction does not universally nor unambiguously create customer loyalty, and whilst employee mood and business performance do often go hand-in-hand, the link is neither straightforward nor universal.³⁸

But employees clearly matter. Although there may not be a direct relationship between employee engagement and customer loyalty, persistent low employee morale will hurt operations in a multitude of ways: low productivity, absenteeism, supporting strikes, filing complaints, poor cooperation, resistance to change etc. Moreover, it is certainly tougher – though not impossible – to maintain a loyal customer base without motivated and committed employees. Our research shows that consumers instinctively believe there is a link, with 77% agreeing that “I am more likely to believe a company offers a good quality product or service if its employees seem happy”.³⁹

We also know that how customers are treated by employees is a key issue when it comes to considering repurchasing or recommending the company to others. Employees are not simply required to communicate corporate values and to provide a friendly face for customers. In many cases, the employees with whom customers interact are highly skilled, carrying out critical transactions on behalf of their employers. The performance of these employees will then be pivotal in ensuring a good overall customer experience. As more and more straightforward customer transactions are automated or moved online, employees spend more time on complex transactions requiring judgment and discretion.

“There has to be a person in there somewhere. At some point, human judgment will always have to be accommodated in your customer-facing processes....generally the most important decisions are the ones that require the most judgment”

Don Peppers and Martha Rogers, Rules to Break and Laws to Follow (2008)

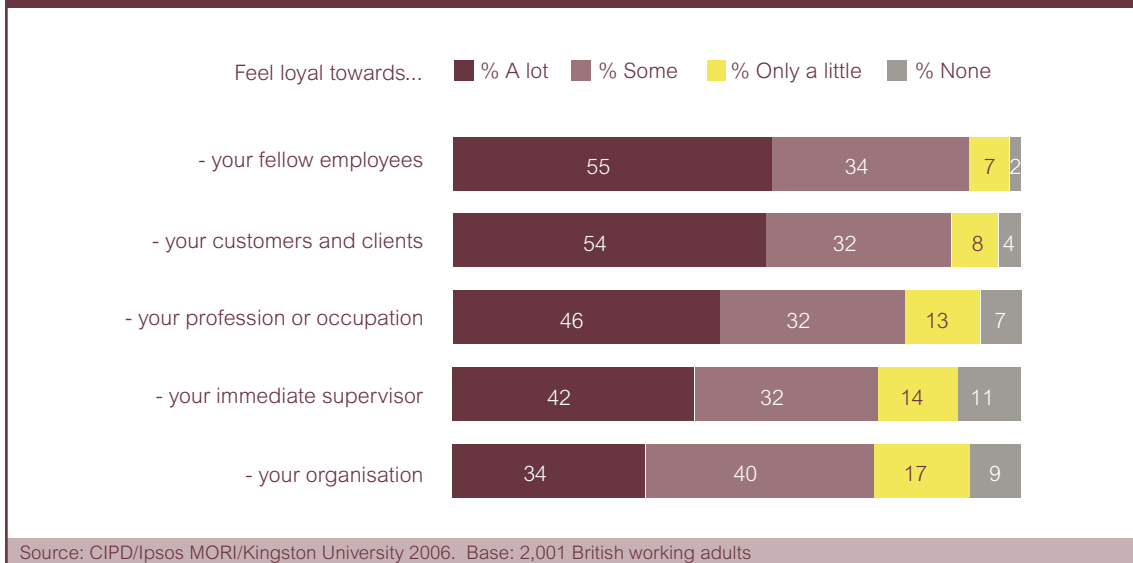


So how do customers want to be treated? A larger proportion of us believe friendly service is more important than professional service (53% compared with 38%) and two thirds believe service is becoming too automated and impersonal (67%).⁴⁰

A further issue is that friendly service needs to feel genuine. Mandating “service with a smile” customer-friendly behaviour is not the same thing as instilling customer friendliness in employees.⁴¹ If you take away the discretion of customer-facing employees to decide how they interact with customers, this is not only likely to reduce employee morale but is likely to be seen as phoney in the eyes of the customer. And different modes of interaction are appropriate for different employees. As we have seen, older consumers are more likely to feel that customer service is over-familiar nowadays.

Our research suggests that most employees do genuinely want to help customers and actually feel considerably more loyal to their companies’ customers or clients than to the company itself. The majority (78%) also feel that providing a good service to external customers is the most important aspect of their job. Even in the public sector, research we have carried out suggests that feeling that you work for a customer-focused organisation is one of the strongest drivers of how you feel about your job. After all, most people do want to feel that they can make a difference to others in their work.

Employees feel more loyal towards their customers than the organisation



However, there appears to be a disconnection in terms of the service offering. Whilst employees feel loyal towards customers, they do not always believe that this is being translated into good customer service. According to Ipsos MORI's employee research normative database,⁴² only two-fifths of employees feel that their organisation provides an extremely good or very good service to customers.

Employees lack confidence in the service offered to customers



Employees do more than deliver customer service – they personify the relationship between customer and supplier. As we have seen, social benefits (personal recognition by employees, customer familiarity with employees and the development of friendship) can play a key role in developing strong customer relationships. Employees can help deliver a range of other relational benefits to customers, and, as we have seen, help to save the customer relationship when things go wrong. Employees need to be empowered and enabled to play their part in building and maintaining strong relationships.

The influence of others

Relationships exist within the context of other relationships. What the people in our (virtual or real) lives say and do in relation to a particular supplier can influence our own relationship with them.

We have already discussed the way in which the internet has transformed the balance of power between companies and customers. It has enabled consumers to collaborate in new ways, thus allowing the upset of a few to become the revolt of the many. A very good example of this is the campaign to end bank charges for overdrafts. Forums, mailing lists and blogs devoted to bank charges have all sprung up in response. Some have set up websites explaining how to draft claims and, if need be, take banks to court; others have collated the outcomes of thousands of claims. Banks have been forced to pay out millions as a result.

“I can’t think of another concerted consumer campaign on the scale of this one.”

Cavendish Elithorn, OFT (The Economist, 2nd August 2007)

In our research we have identified a group of engaged consumer activists around the world who appear to lead the wider population to reward or punish good or bad corporate behaviour. These “New Influencers” define and shape the environment in which companies operate, by providing a window into the likely attitudes and behaviours of consumers in the future. They have wider social networks than regular consumers and routinely take part in conversations with friends and colleagues about news/current affairs, public services, products and corporate behaviour.

New Influencers do not merely talk, they are consumer activists who lead by example to encourage others to reward or punish good and bad corporate behaviour. These people adjust their purchasing according to the ethical, social and environmental reputation of companies. Furthermore, New Influencers use their wide social networks to broadcast their views and to urge consumers to complain and boycott the products or services of companies which have failed to meet acceptable standards of behaviour. Critically, the wider consumer audience actively seeks out the views of these New Influencers and is willing to be led by them.



This rise in the importance of peer-to-peer communications is coupled with a lack of trust in more formal communication from companies such as statements from CEOs (just 18% of people say they trust CEOs of large companies to tell the truth⁴³). This underlines the importance of credible, impartial advice from informal social networks. It is also driving companies to utilise more informal communication channels – relinquishing some control over the message in order to enhance the credibility of the communication – and to use more informal and personal language.

There are many different ways in which customers can be influenced. To understand customer relationships properly, organisations need to recognise who may be influencing their customers, and how this can impact the relationship.

Talking to customers

The final area we will touch upon is communications between customers and suppliers. Eric Berne's theory of "Transactional Analysis"⁴⁴ can be used as a framework for analysing customer communications. Berne suggests that we all have a number of ego states (Parent, Adult and Child) that we use when we communicate with others.

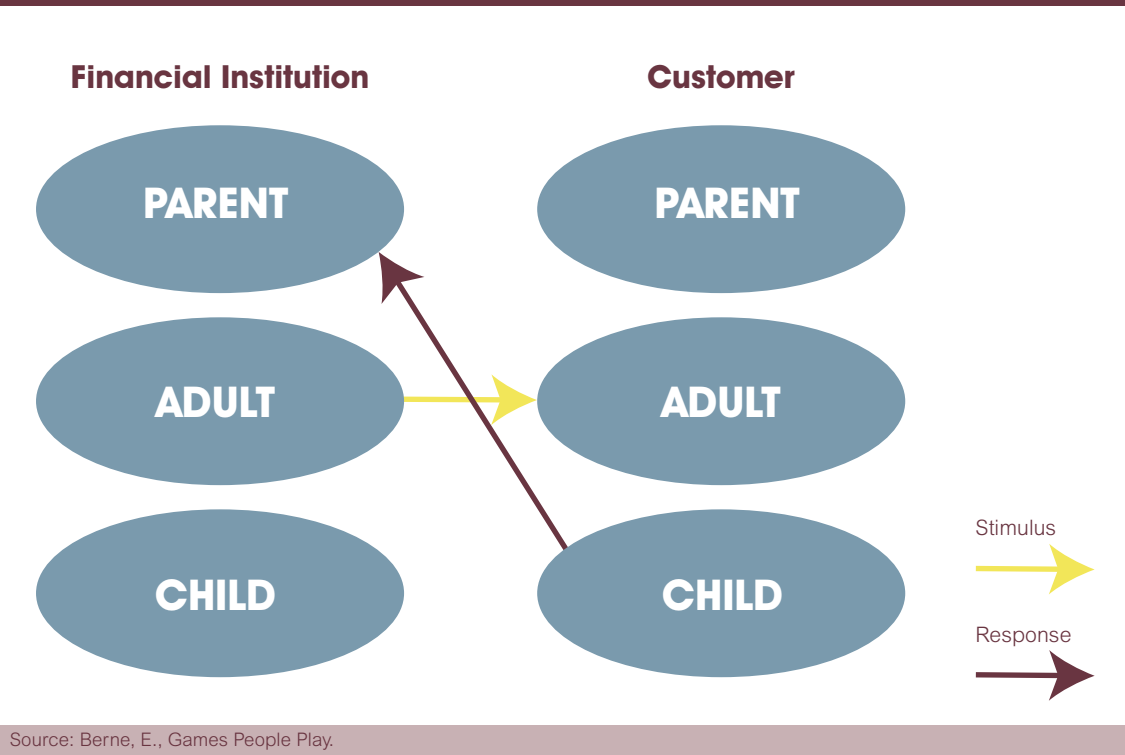
- Parent: a state which resembles those of parental figures. It can be nurturing (permission-giving, security-giving: "there, there, try again, it's ok") or criticising/controlling ("should, ought, must, never")
- Adult: a state in which people behave, feel, and think in response to what is going on in the "here-and-now", using all of their resources as an adult human being to guide them. While a person is in the Adult ego state, they are directed towards an objective appraisal of reality: organised, logical, problem solving ("how, why, where, who, what")
- Child: a state in which people revert to behaving, feeling and thinking similarly to how they did in childhood. It may be natural and spontaneous ("wow, look at me") or adapted ("if you say so").

Communication or "transactions" may be complementary or crossed. Complementary transactions occur when a message gets the expected response from the other person. Communication proceeds smoothly as long as transactions are complementary. Adult-to-Adult transactions are the most effective: each side exchanges information about their needs and arrives at an arrangement which suits them both.

An example might be a customer talking to a financial institution about their needs, the financial institution responding by supplying them with information on relevant products, the consumer analysing this information and the two parties continuing to share information until a decision is made. However, communication can be successful in Parent-to-Child, Parent-to-Parent, or in Child-to-Child complementary transactions. An example of a successful customer Parent (company)-to-Child (customer) transaction is a customer approaching a financial institution for guidance (as a child would take a problem to its parent) (C-P), the financial institution providing advice on a product (effectively making the customer's decision) (P-C), and the customer gratefully accepting the recommendation (C-P).

Things go wrong when transactions are no longer complementary but become crossed. In crossed transactions, a message sent or behaviour exhibited by one party's ego state is reacted to by an incompatible, unexpected ego state by the other party. Communication is likely to break down unless one or both individuals change ego state and can cause damage to a relationship. An example of a crossed transaction is when a financial institution, expecting Adult-to-Adult communication, initiates a "conversation" by providing detailed information to a customer, but the customer reacts in a recalcitrant and childlike way "what do I need all of this information for? You can't expect me to understand all of this, it's not fair".

A Crossed Transaction



In this situation, the only way for the interaction to continue is for one party to change ego state. For example, the financial institution could shift to a nurturing parent mode and respond by offering the childlike customer support and guidance, thus creating a complementary transaction. In the public sector, we are perhaps more familiar with people complaining about being treated as a “child” by government (“Nanny State” etc) when they would rather be in an Adult-to-Adult relationship.⁴⁵

With customer relationships, the onus will be on the company to either change ego state or educate the customer of the benefits of Adult-to-Adult communications.

Final thoughts

There are clearly limits to how far we can apply the metaphor of personal relationships to customer relationships.⁴⁶ While some brands inspire passionate devotion in some of their customers, ultimately most companies and organisations are there to help facilitate the things in life which are important to customers. The relationships we have with organisations have very different meanings to our relationships with our family and closest friends. The quality of our personal relationships determines our happiness, and even our health.⁴⁷

Despite these fundamental differences, personal relationship theory provides some useful frameworks for thinking through customer relationships. We have looked at the different types of bonds which link customers to organisations – and how technology has made it less likely that these will be unequal. The typology of personal relationships we have discussed provides a rich frame of reference for thinking about customer relationships. This can be particularly fruitful for a qualitative examination of the customer relationship – do your customers see you as a partner, a casual friend or a short-term fling?

We have also considered the nature of the benefits customers receive from their relationships with organisations. As with our personal relationships, relational benefits can be emotional as well as functional. These benefits need to be understood from the customer's perspective, rather than through the lens of an organisation's brand values (which are the emotional dimensions usually measured in customer research).

By understanding the relational benefits customers receive, organisations can better understand how they can achieve the relationship outcomes they want from their different customer groups.

Organisations will want to understand, for example, whether:

- customers are likely to stay with the organisation;
- the relational benefits a company offers are a point of differentiation against their competitors;
- the company's internal processes work for or against delivering these benefits.

At the most basic level, good personal and customer relationships require understanding and effort from both parties. There are some fundamentals which link both – the importance of honesty, being treated as a human being and keeping promises. Ultimately, however, customer relationships need to be considered from a business perspective. Organisations must be very clear about the benefits they and their different customer groups receive from the relationship – and how this helps them meet their business objectives.

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³Crosby, L.A. & Johnson, S.L. (2000) "What to do before going 1-to-1", Marketing Management, Vol. 9, Issue 4, 15-21

⁴For instance: "It's not about pushing out messages any more. You have to initiate interesting conversations and build meaningful relationships with consumers." Keith Parry, Nokia quoted in McKinsey Quarterly May 2007

⁵See for instance Sweeney, J.C. & Webb, D.A., 2007, How Functional, Psychological, and Social Relationship Benefits Influence Individual and Firm Commitment to the Relationship, Journal of Business & Industrial Marketing 22/7, 474-488

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⁷Ibid

⁸Ipsos MORI Technology Tracker, (c.1,000 interviews per month with GB Adults)

⁹Ipsos MORI, The Business Impact of Blogs, (526 interviews with GB Adults who access the internet at home or work, September 2006)

¹⁰Ipsos MORI Technology Tracker, December 2006 (c.1,000 interviews with GB Adults)

¹¹Ipsos MORI Financial Services Omnibus – research conducted by Ipsos MORI, July-December 2006

¹²Tim O'Reilly, quoted in Rules to Break and Laws to Follow (Don Peppers and Martha Rogers, 2008), calls this the "architecture of participation"

¹³Relational Benefits in Services Industries: The Customer's Perspective: K. Gwinner, D. Gremler and M. Bitner Journal of the Academy of Marketing Science 1998 101-114

¹⁴Ibid

¹⁵Although we would argue that service satisfaction is not an outcome as such

¹⁶Fournier, S., 1998, Consumers and Their Brands: Developing Relationship Theory in Consumer Research, Journal of Consumer Research, Vol. 24, March

¹⁷44% of people feel that concern for the environment should be a priority for companies over the next few years. 29% mention conserving energy and 25% keeping prices reasonable. 975 GB Adults, June 2006. For further details see Ipsos MORI "Tipping Point or Turning Point" report into Social Marketing and Climate Change (2007)

¹⁸Ipsos MORI research: 1,057 interviews with GB Adults, Aug-Sep 2006. See Ipsos MORI "Tipping Point or Turning Point" report into Social Marketing and Climate Change for further details

¹⁹Ipsos MORI research: 986 interviews with GB Adults, March 2008

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²³This is evidenced by more and more services replacing goods in the list or "shopping basket" of most commonly purchased consumer items used to calculate the country's inflation rate. For more information see: CPI and RPI: the 2007 basket of goods and services, Damon Wingfield, Office for National Statistics, Economic & Labour Market Review, Vol 1, No 4, April 2007

²⁴Speaking at SOCAP in Europe conference, 4 October 2007

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²⁶Prospect, August 2007

²⁷For some people, the experience economy, and the ways in which companies seek to engage with customers goes too far. Naomi Klein writes in *No Logo* (2001): "Branding has taken a fairly straightforward relationship between buyer and seller and – through the quest to turn brands into media providers, arts providers, town squares and social philosophers – transformed it into something much more invasive and profound. For the past decade, multinationals like Nike, Microsoft and Starbucks have sought to become the chief communicators of all that is good and cherished in our culture: art, sports, community, connection, equality. But the more successful the project is, the more vulnerable these companies become: if brands are indeed intimately entangled with our culture and our identities, when they go wrong, their crimes are not dismissed as merely the misdemeanours of another corporation trying to make a buck. Instead, many of the people who inhabit their branded worlds feel complicit in their wrongs, both guilty and connected."

²⁸Service transformation: A better service for citizens and businesses, a better deal for the taxpayer, Sir David Varney, December 2006, http://www.hm-treasury.gov.uk/media/4/F/pbr06_varney_review.pdf (Accessed 30 April 2008)

²⁹These are themes which our colleagues in Ipsos MORI's Social Research Institute will be looking at in more detail later in 2008

³⁰Quoted in Fournier, S., 1998, Consumers and Their Brands: Developing Relationship Theory in Consumer Research, *Journal of Consumer Research*, Vol. 24, March, 343-373

³¹ASC "Life in Britain" research conducted by Ipsos MORI for Bob Tyrell: 2,045 interviews with British Adults, March – April 2005

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³³Ipsos MORI research for Ernst & Young into Financial Service Complaints Handling, 2006

³⁴Ipsos MORI research: 1,000 online interviews with GB adults (who have experienced any recent incidents/problems in the last 2 weeks), April 2007

³⁵Ibid

³⁶Research on Consumers' Views on Complaints Handling, Ipsos MORI/Ofgem (2007)

³⁷Ipsos MORI research: 2,054 interviews with GB Adults, April 2008

³⁸For further information on this please see: T. Keiningham, T. Vavra, L. Aksoy and H. Wallard, *Loyalty Myths* (2005)

³⁹Ipsos MORI research: 2,054 interviews with GB Adults, April 2008

⁴⁰ASC "Life in Britain" research conducted by Ipsos MORI for Bob Tyrell: 2,045 interviews with British Adults, March – April 2005

⁴¹In fact, for one retailer mandating service with a smile resulted in some customers mistakenly interpreting the displayed friendliness as flirting! Employees began filing grievances with their union and filing charges of discrimination with the Equal Employment Opportunities Commission (EEOC). For further information on this please see: T. Keiningham, T. Vavra, L. Aksoy and H. Wallard, *Loyalty Myths* (2005)

⁴²The Ipsos MORI employee norms database contains recent survey results from over 1 million employees, derived from organisations we have worked with

⁴³Ipsos MORI "New Influencers" Research c.1,000 online interviews with GB Adults, October 2007

⁴⁴Berne, E. *Games People Play: The Psychology of Human Relationships*

⁴⁵This was a clear finding in our work into the relationship between government and the governed, for the DCA and Prime Minister's Strategy Unit in 2004

⁴⁶The converse would also seem to apply. One study found that people who see their relationships with spouses in terms of exchange tend to have less satisfying marriages (B. Murstein, M. Cerreto and M. MacDonald "A Theory and Investigation of the Effect of Exchange-Orientation on Marriage and Friendship" *Journal of Marriage and the Family* 39 (1977): 543-48)

⁴⁷See pages 178-179 of D. Coleman's *Emotional Intelligence* (2005) for a summary of some of the research conducted into the medical benefits of relationships

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