

QUALITATIVE MARKETING RESEARCH REGARDING THE MULTICHANNEL DISTRIBUTION

CĂTĂLIN NICOLAE BULGĂREA *

ABSTRACT: *Market research can be defined as an “active form through which, by means of different concepts, methods and techniques of scientific investigation, is carried out, systematically, the specification, the measurement, the collection, the analysis and the objective interpretation of marketing information for the management of the economic unit, in order to know better the company’s environment, to identify the opportunities, to evaluate the alternatives of marketing actions and their effects. The qualitative research seeks answers to questions like: “why?” and “how?”, in order to find the root causes of consumers' attitudes, motives, behaviours, preferences and opinions and also the subjective, emotional or unconscious elements behind them.*

KEY WORDS: *market research; qualitative marketing research; in-depth interview; banking products and services; distribution; banking distribution channel; multichannel.*

JEL CLASSIFICATION: *M31.*

1. THE QUALITATIVE MARKETING RESEARCH

Market research can be defined as an “active form through which, by means of different concepts, methods and techniques of scientific investigation, is carried out, systematically, the specification, the measurement, the collection, the analysis and the objective interpretation of marketing information for the management of the economic unit, in order to know better the company’s environment, to identify the opportunities, to evaluate the alternatives of marketing actions and their effects” (Balaure, et al, 2000, p.118).

The qualitative research seeks answers to questions like: “why?” and “how?”, in order to find the root causes of consumers' attitudes, motives, behaviours, preferences and opinions and also the subjective, emotional or unconscious elements behind them (Lefter, 2004, p.36).

* *Ph.D. Student, “Transilvania” University of Brasov, Romania, catalinbulgarea@yahoo.ca*

The qualitative research, also called primary research, is used for the purpose of operating diagnosing and providing the information needed to build a structured questionnaire. Its role is to penetrate inside a process and in a lesser extent to provide definitive conclusions on it. Qualitative research techniques are used mainly to obtain basic information when the problem is unknown and when there is a necessity of identifying the behaviour patterns, the consumers' beliefs, opinions and reactions and to explore their attitudes in order to conceptualize them (Gherman, 2007, p.33).

Taking in consideration the aspects mentioned above, it can be said that marketing research is of great importance for the management of a bank. Without it, managers could not design and implement successfully the marketing strategies for their organization (Forțu, 2011, p.114).

2. CASE STUDY: QUALITATIVE MARKETING RESEARCH – AN IN-DEPTH SEMI-DIRECTIVE INTERVIEW: „The opinions of Braşov's branch managers regarding the multichannel distribution and the customers' behaviour in the acquisition of the specific products and services

The theme of the qualitative research targets to analyze the views of Braşov branch managers on the multichannel distribution and the Braşov's consumer behaviour. We have chosen the in-depth semi-directive interviewing technique from the large variety of qualitative techniques. An in-depth semi-directive interview is based on a guide which contains the subjects to be discussed in the interview. The researcher establishes on the one hand an initial list of topics, of no more than five to six themes and on the other hand, the subjects to be approached for each theme of the guide (Brătucu, et al, 2006, p.49).

The in-depth semi-directive interviews took place in January 2011 and we interviewed eight branch managers from Braşov. These interviews were the start of the qualitative research which aims to analyze the attitudes, opinions and behaviours of Braşov's population regarding the various distribution channels.

2.1. The hypothesis and the main objectives of the qualitative research

The qualitative research starts from the following **hypothesis**:

- Knowing the main features of the profile of Braşov's consumers that purchase banking products and services represents a priority for each branch manager from Braşov.
- Most of banks from Braşov are concerned with analyzing the consumer purchasing behaviour in order to fully meet the need and demands of Braşov's customers.
- In the context of continuing developments of banking products and services and the appearance of distribution channels, a major concern of Braşov's branch managers is to set up and to maintain a beneficial relationship for both the institution and for its customers.
- Braşov's banks are concerned with the identification and analysis of economic effects of financial crisis on multichannel distribution of banking products and services in order to adapt them to the needs and market requirements.

The **objectives** of the qualitative research are:

- Characterization of Braşov’s customers that purchase banking products and services.
- Analysis of purchasing behaviour of Braşov’s consumers.
- Identification of local branch managers’ views on the relationship between the bank and the clients in the context of the continuing diversification of distribution channels.
- Analysis of influences of financial crisis on the multichannel distribution of banking products and services.

2.2. The methodology of qualitative research

In this respect, it was designed a questionnaire for selecting the potential respondents and a list of themes and subthemes of the in-depth semi-directive interview. The selection questionnaire aimed to identify the representative respondents for this research: Brasov branch managers according to a predetermined set of criteria: participation in the last six months in focus groups, the age of the institution in Romania, market share of the bank, the extension of work history in this institution. The next table shows the selected branch managers and the institutions they represent. (No name will be revealed in order to maintain the confidentiality of their personal data).

Table 1. The identification data of the interviewed managers

	Position	Name of institution	2009 Market share	Year of entering the Romanian market
Manager 1	Branch Manager	Millenium Bank	0.6%	2007
Manager 2	Branch Manager	Credit Europe Bank	1.7%	2000
Manager 3	Branch Manager	Volksbank	6.6%	2000
Manager 4	Branch Manager	RBS Bank	2.2%	1995
Manager 5	Branch Manager	BRD	14.1%	1923
Manager 6	Branch Manager	BCR	19.0%	1990
Manager 7	Branch Manager	Banca Românească	2.6%	1993
Manager 8	Branch Manager	Raiffeisen Bank	6.0%	1998

Regarding the interview, this was structured in four themes and each theme in four subthemes.

1. Characterization of Braşov customers who purchase banking products and services:
 - Information sources used by Brasov’s customers in order to purchase banking products and services.
 - Reasons for purchasing the banking products and services.
 - Factors that influence the choice of banking products and services.
 - The socio-demographic features of Braşov’s customers of banking products and services.

2. The Braşov customers' behaviour of purchasing banking products and services:
 - The types of banking products and services purchased by Braşov's customers.
 - The main channels for buying the banking products and services.
 - The attitudes of Braşov's customers towards the new distribution channels of banking products and services.
 - Satisfactions and dissatisfactions of Braşov's customers regarding the distribution channels.
3. The Bank managers' points of view regarding the relationship between the bank and its customers, in the context of continuing diversification of the banking distribution channels:
 - Characterization of the current relationship between the bank and the customer.
 - Multichannel distribution of banking products and services and the process of identification of demands, preferences and satisfactions of Braşov's customers.
 - Potential benefits for customers in multichannel distribution.
 - The impact of current legislative regulation on the relationship between the bank and the customer.
4. Impacts of economic crisis on the practices of multichannel distribution of banking products and services:
 - Factors that limit the multichannel distribution.
 - Specific factors of economic crisis that have an impact on multichannel distribution.
 - The main distribution channels affected by the current financial crisis
 - Opinions on the possible development of multi-channelling distribution over the next five years.

The in-depth semi-directive interviews were taken in the offices of local banks. The answers were firstly recorded and then transcribed in order to interpret them. We have used the qualitative content analysis of the primary qualitative findings.

2.3. The analysis and the interpretation of the results

The findings of in-depth semi-directive interviews were analyzed by two methods:

- *Vertically* through individual approach of each in-depth semi-directive interview and of opinions of each branch manager. We pointed out the attention of these branch managers on the themes and subthemes of the in-depth semi-directive interview.
- *Horizontally* through synthesis of each theme and subtheme.

2.4. The vertical analysis of in-depth semi-directive interviews

The vertical analysis of in-depth semi-directive interviews highlights the Braşov's manager's views on multichannel distribution and on their purchasing behaviour.

The first branch manager (Millenium Bank) pointed out the printed media, outdoor advertising, bank leaflets, bank branches, Internet and television as main sources of information used by Braşov's consumers to purchase the banking products

and services. The reasons for which the Braşov's consumers purchase the banking products and services are: the evolution of society, personal needs, the prestige offered by a certain products (for example, the Gold Card) and the product which is imposed by the employer. Among the factors that influence the choice of banking products and services, the first branch manager mentioned the quality of products and services, the way in which the products are presented, the staff of the bank branch, the ambience inside the bank branch.

The main categories of banking products and services purchased by the Braşov's customers are: loans, saving products, cards and various insurance. The distribution channels are: bank branch, Internet, direct sales agents. The branch manager believes that the Braşov's consumers are open and the use of new distributions channels involves the increase of the level of accessibility of information. The Braşov's consumers appreciate the lower costs and the possibility of saving the time.

Due to the multitude of distribution channels of banking products and services, gaps occur frequently in the process of knowing the users' common needs, preferences and their level of satisfaction, which leads to solutions inadequate to consumer profile. Among the restrictive factors, the general ones that influence the practices of multi-channel distribution of banking products and services we can find also the customers' mistrust. The customers' lack of information makes these channels to be used by the bank, especially for submission of offers and less for purchases, which are also made through bank branches.

According to the data he holds, the manager believes that with the gradual exit from the crisis, banks will tend to diversify continuously their practices of multichannel distribution of banking products and services.

The second manager interviewed (Credit Europe Bank) points out the need for large sums of money, which is the main reason why Braşov consumers buy banking products and services, and then the need of paying the bills, the desire of saving in safe conditions and the need of getting some interest income.

Taking in consideration the structure of bank supply, the manager has shown the main factors influencing the process of choosing the banking products and services, namely: the product characteristics, the adaptation degree of banking products and services to customer needs, the customer confidence in the banking institution, the price of banking products/services and the quality of the relationship of customers with bank employees.

The bank customers are residents of a city where the banking network is well represented and they have an average/higher education; in terms of banking operations, the largest proportion of consumers are passive, preferring the saving products, and less active, taking in consideration the fact that the number of requested credits has been reduced in the past two years. The satisfaction of Braşov consumers regarding the purchasing channels through which they buy banking products and services refers mainly to the high degree of efficiency, to the high level of service quality and also to the significantly minimizing of costs. Instead, the customer dissatisfaction is related to the banking products/services that don't meet their needs, to the large waiting time, to

the instability of electronic settlement platform, to the inability to easily access funds, but also to some unfair contract terms.

According to the interviewed manager, the relationship between the bank and customers tends to be depersonalized, as the institution's intention is to direct the flow of customers to alternative trade channels. The development and the implementation of an alternative channel are the results of some processes of researching the requirements and preferences of customer. The alternative channels are further refined as a result of customer feedback which is obtained both by means of communication, developed in the alternative channels and through the bank network and studies measuring customer satisfaction.

Regarding the potential benefits that the customers can benefit from, in the context of a multichannel distribution of banking products and services, among them can be pointed out the cost savings, the efficiency in initiating and completing bank operations, the easy access to other banking products and services, the higher social status, given by the increasing sophistication level, through accessing the alternative channels.

The most important factors specific to the current economic crisis which affects the practices of multichannel distribution of banking products and services are: the reduction of the budget assigned by banks for alternative channel development, the low level of application and use of banking products and services and the permanent changes of legislation.

According to the manager, in the next five years the bank customers will be more receptive to all the payment arrangements and financial consulting in terms of efficiency, safety, privacy and convenience; the alternative distribution channels will migrate more towards mobile phone integration solutions (electronic wallet), Internet and interactive television; the ATMs will move from the passive role they have today (cash release) to a more active role in order to support the collections, on the one hand and non-cash payments, on the other hand, thus becoming bank counters unaided by bank employees. To ensure the confidentiality, it is possible that in the next future some biometric keys for verifying the applicant identity will be introduced.

The third manager (Volksbank) considers that the main reasons why Braşov consumers buy banking products and services refer to the need of large amounts of money, to the desire of saving in safety conditions and obtaining interest incomes.

The main categories of banking products and services purchased by Braşov consumers are: the savings accounts, the accounts for collecting the allowances, the packages of banking products and services for the employees of the companies that are customers of the bank, the credit and debit cards and the credits.

The bank customers are open to new products and cooperative in order to identify the most appropriate solutions to meet their needs. Their main satisfactions are related to avoiding of going to the bank and to the reduction of the volume of documents that have to be completed in general. Dissatisfactions are generated by the banking products/services that don't meet their needs and also by the instability of electronic platforms. Regarding the means of knowing the Braşov consumers' requirements, preferences and satisfactions, the bank make periodic surveys among the

bank customers, these being based on the customers' feedback received by the bank employees through various means of communication.

According to the manager, the legislation is ambiguous, generating conflicts between banks and their customers, an example being the Ordinance 50/2010, which offers the possibility of different interpretations. If the restrictive factors, the general ones, which influence the practices of the multichannel distribution of banking products and services, are related to the institution's policy, which can encourage or restrict the distribution of a product or a service through a particular channel, the factors specific to the current economic crisis are related to the decreased volume of loans, generated by the low living standards.

The manager thinks that in the next 5 years, the channels specific to the online environment will experience a significant development and to avoid the situation in which the customers have to go to the bank, various collaborative arrangements will be created through intermediaries or by bank officials.

From the point of view of the fourth manager (RBS Bank), the decision of customers to purchase banking products and services is based on the following reasons: the finance of goods of personal necessity, the purchase/construction of a dwelling/house, the collection of salary or other incomes, the necessity of saving (making deposits for the safety of both economies and interest), the having to make payments/receipts and other banking operations and also the need of investing in treasury complex products or in other products specific to monetary/financial market that can represent a real source of profit.

In relation to the most important two categories of products that a bank can offer, there is a series of factors that influence the customers in their process of choosing banking products and services. Thus, in the case of those who make savings or investments, there are some factors that have a special impact: the cost of administering the purchased products and services, the monetary advantage that can be obtained, the accessibility and the quality of providing after-sales services, the transparency of information provided by the bank. In the situation in which customers choose lending products, the most important factors taken in consideration are: the costs of the credit, the amount obtained and the amount to be repaid, the terms of the credit (commissions, insurance, interest), the quality of selling and providing after-sales services, the ease of paying the loan rates, the bank's flexibility regarding the renegotiation of the initial terms and the transparency of information.

The profile of the bank customers, realized by the interviewed manager, pointed out a percent of 5% consisting of students/high school students, a percent of 65% representing employees aged 21-55 years, 40% of these employees having medium education and wages of maximum 2,000 Lei, a percent of 20% indicating the pensioners and a percent of 10% composed of people with incomes that are suitable for specialized investments in complex products.

According to the interviewed manager, the main acquisition channels of banking products and services used by the Braşov consumers are: the bank branch network, the agents specialized in direct selling (employees of the bank or of a broker) and the franchises. He also pointed out that, over the past three years, there was a greater responsiveness of the Braşov consumers to the alternative distribution channels

used by banks. However, the insufficient development of the infrastructure and the poor financial education of consumers make all the banks initiatives of modernizing the distribution channels to be implemented in a relatively slow pace.

The relationship between the bank and its customers is a direct one, meaning that the institution remains the most important factor in driving and responding to the client for any changes made to the original contractual terms and conditions. The bank has the main role, this being responsible for the information provided, whatever the channels were chosen by the customers. The process through which the institution discovers the consumers' requirements, preferences and satisfaction is based on the feedback of Braşov customers received by the bank employees through various means of communication. The manager believes that the banking legislation has a negative impact on the relationship between the bank and its customers, because it allows different interpretations. The frequent changes of the legislation are not in conjunction with the accounting – financial ones, with those regarding the consumer's protection etc. and the uneven application of law, from one bank to another, has led to some suspicions and to the clients in some banks and its practices.

Over the next five years, the development of the modern automated machines is expected to take place, these being capable of distributing banking products and services and to assist consumers in making their desired settlements. It is also expected an increase in the use of electronic platforms for most of the banking operations required by consumer.

The fifth manager (BRD) identified among the main reasons for which the Braşov consumers bought banking products and services the following ones: the need of evolving and the necessity of ensuring a financial comfort for an undetermined period of time. The categories of banking products and services most commonly purchased by the Braşov consumers are the loans, the deposits and savings accounts, the current accounts and the attached services. Among the acquisition channels used by customers the most important are: the Internet, the call centres, the agents who are specialized in direct sales and the bank branches.

From the data he holds, the interviewed manager believes that, in general, Braşov customers are reluctant to new distribution channels for banking products and services (provided through call centres and Internet) because of the excessive mediatization of bank frauds. However, he consider that the relationship between the bank and its customer is an open one, the customers being much better informed and knowing exactly what they have to request to the bank employees.

The main satisfactions of the Braşov consumers regarding the channel through which they purchased banking products and services are related to time savings, to convenience and simplicity. The dissatisfactions arise from the lack of safety in terms of banking operations and the instability of electronic settlement platform. According to the manager, as a result of the new changes in the banking regulations there could be pointed out the following aspects: a slight reluctance of customers to banks, the decreased consumer confidence in purchasing new products and services.

As it concerns the sixth manager (BCR), he indicated that among the factors that influence the consumers' process of choosing banking products and services the

most important are: the price, the quality of banking products and services, the recommendations of friends and the transparency in the bank activity.

The main reasons for which the Braşov consumers buy banking products and services are: the need to finance personal projects/firms, the desire for saving in safety and with returns matching the available funds and also the need for secure transaction and saving time. Most bank customers live in urban area; in the case of loans, the bank's customers are from the category of those aged 30-55 years, and in case of deposits, the bank's customers are people with secondary and higher education, aged between 40 and 75-80 years. They are generally open to new and they are cooperative in the case of sales made through call centres.

The main channels used by the customers for buying banking products and services are: the bank branch network, the call centres, the intermediaries and the agents who are specialized in direct sales. According to the manager, the satisfactions of the Braşov customer regarding the channels through which they buy banking products and services are generally related to the positive attitude of bank employees, to the rapidity with which banking services are offered and to the high level of confidentiality offered by the institution. The dissatisfaction consists in the lack of transparency regarding the costs, and sale of products which are sorted by customer needs.

The respondent thinks that in the next five years there will be dramatic developments in the sales through call centres and Internet banking site and a specialization of banking units will take place, this consisting in providing consultancy and post - sales services to certain categories of customers.

The seventh interviewed manager (Romanian Bank) considered that the most important factors influencing the customers' process of choosing the banking products and services are: the way the offers are presented, the price and the recommendations of colleagues and family. They purchase banking products and services due to the requirement imposed by employers, but also because of the need for large amounts of money, namely the need to make payments/receipts and other banking operations.

The main categories of products and services currently used are the credits, the deposits and savings accounts and the credit and debit cards.

According to the manager, the Braşov customers are generally reluctant to new distribution channels for banking products and services, being satisfied only by the possibility of saving time. The complaints are generally related to the lack of transparency regarding the costs charged by the bank and to the high-tech products and services that require additional knowledge. Sometimes customers don't understand the need for banking regulation, this situation leading to a rejection of innovations in the field of banking products and services. The process discovering the customers' requirements, preferences and satisfactions is based on the customers' feedback received by the bank employees through various means of communication. The main factors specific to the current economic crisis that affect the practices of multichannel distribution of banking products and services are: the dissolution of the institution's sales division in order to reduce the costs, the increase of unemployment rate and therefore, the decrease of purchasing power of the population. The respondent

considers that in the next five years the sales techniques based on the Internet will experience a significant development.

The eighth interviewed manager (Raiffeisen Bank) considered that the financing of personal necessity goods, the need of saving and the need for payments/receipts and other banking operations are the main reasons for which the Braşov consumers purchased banking products and services. He also identified different categories of bank customers, from those who had accounts in order to get the monthly allowances of their children, to various entrepreneurs who aimed advantageous packages of banking products and services. These customers are open to new and they are cooperative in order to identify the most appropriate solutions that can meet their needs.

Regarding the current relationship between the bank and its customers, in the context of using the multichannel distribution of banking products and services, can be observed its trend to sophistication, as a result of the increasing access to information. According to the manager, the main means used by the bank for knowing better the Braşov consumers' requirements, preferences and satisfactions, are: the marketing research, the analysis of using the banking products and services and the customers' feedback received by the institution's employees.

The most affected distribution channels of banking products and services, as a result of the impact of the economic crisis, are: the agents specialized in direct sales and brokers. The manager expects that in the next five years, the channels specific to online environment will experience a significant development.

NOTES: The vertical analysis can be approached in terms of the information quantity provided by bank managers in order to determine the measure in which they have information about the purchasing behaviour of the Braşov's consumers regarding the banking products and services sold through alternative distribution channels. Table 2 points out the share of the managers' interventions specific to each theme in all interventions:

Table 2. The share of the managers' interventions specific to each theme in all interventions

Issues	Share in total interventions (%)
Theme 1: Characterization of Braşov customers who purchase banking products and services	31.65%
Theme 2: The Braşov customers' behavior of purchasing banking products and services	32.21%
Theme 3: The Bank managers' points of view regarding the relationship between the bank and its customers, in the context of continuing diversification of the banking distribution channels	17.37%
Theme 4: Impacts of economic crisis on the practices of multichannel distribution of banking products and services	18.77%
TOTAL INTERVENTIONS	100.00%

Table 2 points out that managers paid more attention to the second theme (32.21%) related to the Braşov customers' behaviour of purchasing banking products and services, followed closely by the first theme (31.65%) related to the characterization of Braşov customers who purchase banking products and services. The third theme, which aimed to highlight the bank managers' points of view regarding the relationship between the bank and its customers, in the context of continuing diversification of the banking distribution channels, has the lowest percentage (17.37%).

2.5. The horizontal analysis of in-depth semi-directive interviews

The horizontal analysis of the interviews made among the Braşov bank managers was realized through synthetic approach of each theme/sub-theme. Taking into account the quantitative determinations of overall scale, the horizontal analysis highlights a number of differences between the bank managers' perceptions regarding different variables that define the behaviour of the Braşov consumers who purchase banking products and services. These differences are also found in the product and distribution policies, which banks use on the local and nationally market. The following figure highlights some features of the managers' interventions regarding the themes and sub-themes discussed in those 8 interviews:

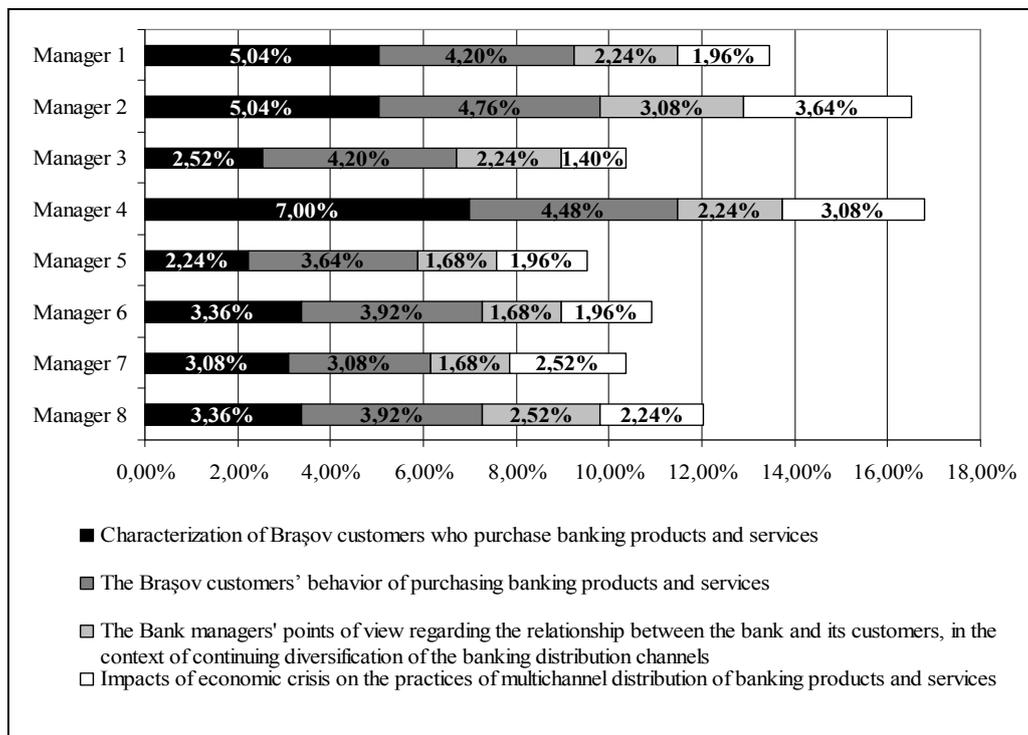


Figure 1. The importance given by the interviewed managers to the themes discussed in the in-depth semi-directive interview

3. CONCLUSIONS

One of the main objectives of the qualitative research is to gain preliminary insight into decision problems and opportunities. On the surface, qualitative research methods incorporate some scientific elements but normally there is a lack of critical elements of true reliability. Qualitative research tends to focus on the collection of detailed amount of primary data from relatively small samples of subjects by asking questions or observing behaviour (Hair, et al, 2002).

This qualitative marketing research was intended to be a source of information on problems faced by banks in the current economic crisis, the Braşov consumers' attitudes and opinions regarding: the various distribution channels of banking products and services.

In the present research a number of disadvantages can be highlighted, such as:

- a relatively small number of interviews, situation due to relatively high costs generated by this method of research;
- the frequent interruptions of the interviews, due to interference of others, in the context in which the discussions were held at the headquarters of the banks in which the managers - respondents operates;
- the unrepresentativity of the results of qualitative research, at the level of the studied population and also the impossibility of extrapolation of the results to all bank managers from Braşov.

The results obtained in this research provided valuable information to the management of banks. It was a reference point in designing the hypotheses and the questionnaire used in the quantitative marketing research, which was realized in September – October 2011. This quantitative research was a descriptive one, aiming the study of the attitudes and opinions of Braşov population regarding the distribution channels of banking products and services.

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