**Stakeholder preference and stated vs. derived importance satisfaction research**

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**Abstract**

This paper presents a case study that reveals how stakeholders in the research process, by recommending specific data collection and analytical techniques, exert significant 'hidden' influence on the decisions made on the basis of market research findings. While disagreements amongst stakeholders regarding research design are likely, the possibility that strategies adopted by companies are dependent upon stakeholder research preferences has not been adequately addressed in the literature.

Two widely used quantitative customer satisfaction evaluation approaches, involving stated and derived importance, are compared within a real life market research setting at an international bank. The comparative analysis informs an ongoing debate surrounding the applicability of explicit and implicit importance measures and demonstrates how recommendations are dependent upon the methodological and analytical techniques selected. The findings, therefore, have significant implications for importance based satisfaction market research planning and highlight the need to consider the impact of stakeholder preferences on research outcomes.

## Introduction

This paper reports a real life case study involving a substantial customer satisfaction research initiative undertaken by an international bank and an international market research agency. The research makes two key contributions. Firstly, it addresses a significant knowledge gap concerning stakeholder methodological preferences and their potential impact upon market research outcomes. Secondly, it informs the on-going debate regarding the use of stated versus derived importance measures in satisfaction evaluation. To date, there is only limited research comparing the outcomes of stated and derived importance, and that available provides somewhat contradictory evidence. Using the single case study method (Yin 2004) important implications for planning satisfaction research, as well as managing complex and sometimes conflicting stakeholder relationships, are revealed.

The case study is used to explore the impact of stakeholder research preferences by comparing the results generated in the application of two different, but widely used techniques to the same emerging market survey data set. The analysis was conducted by a team of marketing academics at the request of industry practitioners to help resolve an internal discussion about the applicability of explicit and implicit importance measures. The paper therefore presents an interesting nexus of academic and practitioner market research interests; the relevance of which has been duly noted in the literature (Mouncey 2009; Roberts & Adams 2010). The context of the research is also relevant given the opportunities and challenges provided by emerging markets **(**Greenland & Kwansah-Aidoo 2012**).**

## Stakeholders and market research

The role of stakeholders in shaping business decisions has received significant attention from a management perspective (Agle et al. 2008; Benn and Bolton 2011). However, stakeholder influence on strategic marketing decision making is frequently overlooked (Deshpande & Zaltman 1982; Moorman *et al.* 1992; Mitchell 1994; Bettis-Outland 1999) and little, if any, of the literature considers the topic in terms of market research. This is highly pertinent since preferences for particular research methods can inadvertently influence research outcomes and the business areas selected for prioritisation. The impact of stakeholder preferences in a market research context is therefore a significant avenue for investigation.

Market research is guided by multiple stakeholders, internal and external to the organisation (Driessen & Hillebrand 2013). The potential for conflict between stakeholders is considerable (Driessen *et al*. 2013: Lee 2013) and in relation to market research, managerial differences of opinion are commonplace (Levy 2012). Stakeholder methodological preferences are driven by personal research knowledge and practical experience. Maklan and Klauss (2011 p.771) also indicate that "institutional factors and the time it takes for new practises to diffuse" determine the research approaches selected. Since different stakeholders may embrace different methods to solve the same research questions, the probability of conflict increases the wider the range of alternatives available. One area of contention concerns satisfaction research, and both supporters and detractors can be found for a variety of established approaches and applications.

**Satisfaction research and importance**

Numerous research approaches seek to improve market performance by identifying drivers of customer patronage and loyalty. For example, recently Klaus and Maklan (2013) recommended investigating the quality of customer experience in terms of the value derived

as being particularly effective in this regard. However, they also point out that this represents a shift in current practice and that most firms still rely on more traditional customer satisfaction measures. Chrzan and Kemery (2012) confirm customer satisfaction evaluation is the most common way of identifying how to improve products and services. The underpinning logic of this approach is that repeat purchase and cross-sell opportunities are dependent on customer satisfaction with the company offering (Lewis 1994).

A key consideration for firms seeking to improve customer satisfaction is the identification of dimensions that are most important to customers and the extent to which these might be improved. Two distinct approaches for determining importance are most commonly used (Pokryshevskaya & Antipov 2014): Importance-Performance Analysis (IPA), also known as quadrant analysis or gap analysis (Bacon 2003), uses explicit or stated-importance. In the questionnaire respondents rate the importance of dimensions, as well as performance. The alternative implicit approach relies on performance only measures and uses an overall satisfaction score to derive importance, most frequently through regression analysis.

Importance based satisfaction research is so embedded in current measurement approaches that diffusion of more innovative approaches, such as that proposed by Klauss and Maklan (2013), will take some time. As illustration, importance measures are used extensively to understand and enhance an array of marketing elements including products (Back 2012); image and brand (O'Leary & Deegan 2005); promotion and media (Pinkleton & Austin 2002; Mikulić *et al.* 2012); channel performance (Greenland 1991); employee satisfaction (Matzler *et al.* 2004; Dalal *et al.* 2012); CSR activities (Kim *et al.* 2015); consumer motivation (Chang *et al.* 2006); training and education (O'Neill & Palmer 2004; Greenland 2005). Additionally, studies have even used importance measures to evaluate the full marketing mix (Chen & Ann

2014). Importance based satisfaction research is, however, most widely used in service quality improvement.

***Importance in service evaluation***

Given the volume of service quality evaluation research (Bogomolova 2011), it is hardly surprising that there is healthy on-going debate about how best to measure service quality, as well as its relationship with other important constructs such as customer satisfaction (see for example Nilsson *et al.* 2001; Brady *et al.* 2002; Bacon 2003; Morrison Coulthard 2004; Zeithaml & Parasuraman 2004; Ladhari 2008; Pokryshevskaya & Antipov 2014). In this regard the service literature provides considerable discussion about stated versus derived importance. The main criticisms of each approach are presented in Table 1.

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Empirical research into the implications for adopting one or the other analytical technique is limited and somewhat conflicting. Chu (2002) found that both explicit and implicit techniques identified the same attributes as the most important drivers of customer satisfaction in the hotel industry. However, Chu (2002) only examined importance per se and did not utilise gap analysis, which involves investigating the difference between expectations and perception and is a widespread indicator used in practice.

Mukherjee and Nath (2005) found consistency in the rankings obtained by the different methods. However, other researchers comparing different approaches to service quality measurement found that different techniques and analytical approaches for establishing

importance can result in different outcomes (Bacon 2003; Tontini & Silveira 2007; Pokryshevskaya & Antipov 2014; Tontini *et al*. 2014).

**The case study**

The original research brief came from an international bank and its objectives were to benchmark and then track service quality and customer satisfaction across ten countries making up the bank's Africa network. Research outcomes included providing management with targets and priorities for improvement and then monitoring performance along those dimensions. Output measures were required that facilitated a range of analyses – primarily at country and competitor levels, but also locally down to a branch level.

The market research agency performing the research was led by its Research Director. With a strong background in multinational financial services research, extensive developed and emerging market experience, as well as a two year relationship with the bank established over several projects, the agency won the competitive pitch against two other international rival agencies. While numerous regional decision makers from the bank were present at the pitch presentation, the key driver in the research design was the bank's regional Marketing Director, in overall charge of research across Africa and other global regions.

The Marketing Director had a strong preference for using a stated importance approach. The rationale for this was the same as has been reported widely in the literature (e.g. Tontini & Silveira 2007). Stated importance was preferred because of its simplicity and ease of application, as well as its effectiveness in facilitating the required output measures, which included prioritising service mix improvement at both regional and local levels, as well as monitoring performance on a country by country, competitor and branch-by-branch basis.

Compared to the alternative, it was also considered to be more readily appreciated by local managers who needed to implement the recommended service mix improvements and understand the subsequent tracking performance measures. In addition, a successful pilot project using gap analysis had already been completed by the agency in one country and had provided highly actionable results. While the option of using derived importance was discussed, the implicit approach was dismissed by the Marketing Director given the criticisms that have been levelled at derived importance (refer to Table 1) and due to his past experience. Even though the implicit analysis was not requested the research agency included an overall measure of satisfaction to facilitate any regression type analysis should it be required.

***A dichotomy of opinion***

A year after successful project completion a new regional Marketing Director was appointed by the bank and he invited the research agency to give a presentation of the research findings. At this meeting the new Marketing Director expressed the opposite view to his predecessor regarding the 'best' service quality market research practices. He was highly critical of the stated importance approach and cited the shortcomings reported in the literature (see Table 1). The new Marketing Director asserted a strong preference for derived importance and questioned the validity of the findings from the original study. The main outcome of the meeting was to spark interest in whether derived measures of importance would have resulted in different or similar research outcomes. While a comparative analysis was possible, given the inclusion of an overall satisfaction rating score in the original questionnaire, no additional funds were available for further analysis of a data set collected more than a year ago. However, a former staff member of the market research agency had recently taken up a position at a London university and was part of an academic team that offered to run further

analysis in return for being able to publish anonymised findings. The bank and agency agreed to this, anticipating that a comparative analysis would inform their service quality research perspectives.

The comparison involved re-running the analysis along the lines of the stated importance approach adopted in the original project, as well as additional analysis using regression to derive importance. For this purpose data from one of the larger African markets were used.

## Method

### *Qualitative research*

In the original study, in order to tailor the questionnaire to the specific market context, it was considered important to initially establish the dimensions of service important to local bank customers. Like many emerging countries the African markets have well-established bank branch networks and the sector comprises a mix of local as well as international banks. As in Europe and the United States, there is a strong emphasis on retailing and the use of technology and the sector faces many of the network management and distribution challenges experienced by more 'developed' regions. However, security and economic stability are generally worse in Africa and accordingly branch security measures are more evident.

Adapting the research instrument to the local context reduced the possibility of applying prescribed standardised service quality evaluation instruments, such as SERVQUAL, developed in the West and with the potential for being culturally dependent (Imrie *et al*. 2002). A qualitative phase, comprising four focus group discussions was therefore conducted with customers of the major banks. All participants had visited their regular branch at least once in the previous month and held both savings and current accounts. Groups comprised

eight participants and were divided into younger and older customers, with an even gender split. Audio recordings of the discussions were transcribed and analysed using content analysis (Malhotra & Birks 2003). From the group discussions 55 service dimensions were identified as being important to customers.

***Quantitative research***

An interviewer administered questionnaire was developed from the qualitative phase. Along with demographics and banking behaviour indicators, this captured importance and performance ratings (scored out of out of ten) for the 55 service variables, as well as an overall measure of satisfaction ('to what extent are you a satisfied customer of your regular branch?').

The 55 variables were divided into seven broad service areas and the starting point rotated between interviews in an effort to minimise the impact of respondent fatigue or question order. A team of experienced market research interviewers collected the data. To ensure accurate and reliable data, interviewers were closely monitored via accompanied interviews to ensure that interviewers were completing questionnaires correctly, as well as random spot checks in the field and telephone call backs to ensure interviews were genuine.

A total of 2,766 interviews were completed. Approximately 100 customer interviews were collected in each of the bank's 20 branches. 600 door to door and shopping mall intercept interviews were also conducted with customers of the main competitors. To ensure the accurate manual data entry, data were processed using a double entry procedure, whereby data for each and every questionnaire was entered twice. For the purpose of the comparative analysis only responses from the 2158 bank customers are considered.

## Results

### *Stated importance*

In line with the original research brief the analysis and presentation of stated importance is structured according to the seven broad service themes used in the questionnaire. While factor analysis could have been applied to confirm, or otherwise the a-priori service dimensions this was not done since the approach needed to be duplicated across branch networks in other countries and the data reduction output of one market would not necessarily be reproduced in another. Mean importance and performance ratings were calculated for the seven a-priori service dimensions overall, as well as the individual service attributes under each dimension. Plotting the mean ratings facilitates identifying strengths and weaknesses in the service mix. It also assists strategy formation by revealing the service dimensions most important to customers and examining the differences between importance and performance scores reveals the gaps in service delivery (Ford *et al.* 1999). There are numerous different ways of presenting IPA data in charts plotting importance versus performance in order to prioritise the areas for improvement (Bacon 2003). However, we do not enter this particular debate since the main purpose of this paper is to report the approach used in the original market research project, and to compare the research outcomes from using stated versus derived importance measures.

Figure 1 presents the mean importance and performance scores for the 7 broad service dimensions. 'Tellers and Basic Bank Transactions', 'Communication', 'ATM Cards and Transactions', 'General Service Provision', and 'Branch Characteristics' emerge as the most important service dimensions, all with scores of over 9 out of 10 (10 = extremely important). Investing resources in areas considered most important to customers is one potential strategy

for improving consumer satisfaction. However, as found in other studies (McAlexander *et al*. 1994), respondents frequently rate most dimensions as being highly important and actual difference between the scores is marginal. Recommendations were therefore made to the bank based on the service delivery gaps – analysing the difference between the service performance and importance scores. According to the data set 'Rates, Terms and Specific Services' 'ATM Cards and Transactions', 'Tellers and Basic Bank Transactions' and 'Communication' had the largest gaps between importance and performance, with gaps being greater than two points in each case on a rating scale of 0-10. See Figure 1.

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While only the top-level analyses are presented here, the bank also received additional detailed evaluation of the performance and importance scores for the individual attributes making up each of the seven broad service themes, as well as comparisons against competitor performance scores. Many of the changes implemented for the prioritised service dimensions ran concurrently, but there was clearly an objective to address the highest priority areas first. Interestingly the highest priority area in terms of gap size 'Rates, Terms and Specific Services' (interest rates), is largely controlled by government and the Central Bank, so the bank was unable to make significant changes to this aspect.

***Derived importance***

Regression analysis was used to derive importance by exploring the relationship between the performance scores and the overall satisfaction score. The regression equation was estimated with customer satisfaction as the dependent variable and the seven service dimension scores as independent variables. There are numerous different ways to implicitly derive importance (e.g. Pokryshevskaya & Antipov 2014). In this instance, ordinary least squares (OLS)

regression was chosen, because it allows for more direct comparison with the results of the gap analysis conducted as part of the original brief. The results of the regression analysis are presented in Table 2. The seven service dimensions explained 23.9% of the variation in customer satisfaction, and the ANOVA associated with the regression analysis was significant ($F = 107.629$, $p < .001$). Residuals for the regression equation had a standard deviation of 1.693. Tolerance values for the independent variables were all greater than 0.3, and the variance inflation factor for each independent variable was less than 3.0. Finally, a scatterplot relating predicted values in the regression equation to residuals in the regression equation demonstrated no discernible pattern. Taken together, these results indicate that the regression equation performed well (Cohen *et al.* 2003).

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The standardised Beta figures from the regression analysis reveal that the statistically significant components driving customer satisfaction are, in order of importance, 'Tellers and Basic Branch Transactions', 'Rates, Terms and Specific Services', 'Accessibility and Ease of Obtaining Services' and 'General Service Provision'. By improving the service offering in these areas the model predicts that the bank should enhance customer satisfaction.

***Comparison of the results***

Table 3 presents a comparison of the outcomes from the different stated and derived importance analyses. The findings provide evidence that strategies for improving service quality and customer satisfaction are dependent on the approach used to determine importance.

In Chu's (2002) study, the stated and derived techniques identified the same single service dimension as being most important to customers. This study replicates this finding when the stated importance ratings are examined against the regression findings. However, Chu (2002) did not compare the gap analysis (based on the difference between the stated importance and performance measures) with the regression analysis. When gap size, rather than the actual explicit importance rating, is compared with regression, different dimensions are identified for prioritisation. Furthermore, the comparison of both analytical techniques summarised in Table 3, presents a more complex and detailed overview of the subtle differences that emerge - revealing the potential impact of using the different methods on strategies for improving customer satisfaction.

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Stated importance measures highlighted tangible aspects of service, such as 'Tellers and Basic Branch Transactions' (including queue management), 'Communication' (with staff and written communication) and 'ATM Cards and Transactions' as being critical for customers. When considering gap size to inform strategies for improvement, the recommendation was to improve (in gap size rank order): 'Rates, Terms and Specific Services' 'ATM Cards and Transactions', 'Tellers and Basic Bank Transactions' and 'Communication'. In contrast the regression analysis reveals that 'ATM Cards and Transactions' and 'Communication', as well as 'Branch Characteristics', are not statistically significant drivers of satisfaction. Additionally, 'Accessibility and Ease of Obtaining Services' moves from a rank of sixth most important when using explicit stated importance measures and gap analysis to a rank of third when using implicit regression analysis. Overall, with each type of analysis, one of the top four service dimensions highlighted as requiring increased resources would obtain no resources at all when an alternative form of analysis is applied.

***Differences between the findings***

The comparative analysis shows that subsequent service mix strategies could vary markedly depending on which evaluation technique is used. However, since the nature and goals of the stated and derived importance approaches are distinctly different, a lack of congruence between the results should be anticipated. Stated importance measures identify components that are considered important by the customers' discriminatory processes. In contrast regression explains consumer satisfaction in terms of performance scores and is focused on predictive relationships. In this regard it is clear that stakeholder research preferences and decisions to use either stated or derived importance in satisfaction evaluation can exert a significant impact on business direction.

One explanation for the different results relates to the tangibility of some service dimensions. 'ATM Cards and Transactions', and 'Tellers and Basic Branch Transactions' for example, are some of the more tangible indicators of branch efficiency and are dimensions that are easily assessed on each branch visit. As has been observed in other studies, tangibility of the service element has a positive impact on its perceived importance (Santos 2002). In other words, tangible indicators of service are rated as most important because they put less cognitive 'load' on customers' discriminatory faculties. This may help to explain why tangible variables are more prominent when using gap analysis and the stated importance measures. 'Accessibility and Ease of Obtaining Services' is more important when applying regression analysis. This is a less tangible variable and therefore a less obvious attribute within the overall service offering, which may explain its lower explicit importance ranking (sixth) but higher implicit ranking (third). This observation has been alluded to in other studies that have found that sometimes consumers are actually unaware how particular dimensions affect them;

the subliminal impact of certain elements of the service delivery environment is a good example of this (e.g. see Greenland 1994).

Some of the differences in the findings might also be attributed to the research context and the cultural norms expected in developing nations. For example, the service dimension 'ATM Cards and Transactions', which has the third highest stated importance rating and the second largest gap with performance, has a strong technology theme. Sureshchandar *et al.* (2003) researching service perception in the Asian banking sector (India) and also identified technology as a dimension particularly pertinent to developing countries. In emerging markets technology is often regarded as an important step in social and economic progression. Therefore, ATMs, in addition to being a key tangible aspect, may also hold some socially or politically correct theme. Adherence to social norms may have resulted in exaggerated or inflated stated importance for an attribute that does not actually have a major impact upon customer satisfaction. However, technology may still be significant for attracting new customers. This tangible variable is something that potential customers can easily evaluate by appraising the number and appearance of ATMs, as well as advertising messages relating to automation.

**Conclusions and recommendations**

The case study clearly illustrates how stakeholder preferences for particular methods can inadvertently affect research outcomes and recommendations. The comparative analysis reveals that the international bank would have implemented different strategies for improvement depending on whether stated or derived importance measures were used.

The case narrative highlights the complexity of stakeholder relationships and the potential for tensions and conflict in relation to methodological preferences. The comparative analysis presented came about because a new Marketing Director in charge of evaluating service quality and improving customer satisfaction had completely different views on the 'best' market research practices to use, compared to his predecessor. The original company stakeholder was firmly in favour of the gap analysis approach and did not consider using regression, even though the data facilitated this option. Similarly the new Marketing Director played up criticism of gap analysis, ignoring its benefits, and was an ardent supporter of derived importance, while ignoring its shortcomings.

In substantial strategy related projects, closer interactive relationships develop between companies and their external consultants (Schein 1988). However, when stakeholders change the relationship building process must begin again, which may not be easy particularly when differences of opinions about the validity of research approaches are involved. The possible motive of a new stakeholder taking an opposite stance in order to stamp their own authority on their new role by ignoring, or discrediting the preferences of predecessors, should also not be overlooked. Interestingly the stakeholder changes also prompted the involvement of an academic team to help objectively compare the application of the stated and derived importance approaches. The case therefore provides an example of research responding to industry needs, which transcends the academic-practitioner divide and overcomes the reported disconnect between the two communities (Roberts & Adams 2010).

The study also confirms that practitioners are mirroring a debate that is ongoing in the academic literature regarding the use of importance measures in satisfaction research. While stated and derived importance approaches have their supporters and detractors, both are

relevant and can provide valuable insights to help firms improve their offerings and customer satisfaction. When used together the two techniques complement one another by highlighting both less tangible and more tangible dimensions to be addressed.

Future importance based satisfaction research should try to incorporate both stated and derived measures, so that decision making benefits from the strengths of each. A reliance on only one approach may result in some of the complexity being overlooked and thereby ignored in subsequent improvement strategies. This viewpoint concurs with Mukherjee and Nath (2005) who also conclude that using only one technique is over-simplistic. However, practitioner research design is invariably driven by budget and time restrictions. Nevertheless, a more expansive analysis may still represent a cost effective solution given the increased level of risk reduction achieved in running both approaches. In situations where only one approach is used it is important for stakeholders to have open dialogue regarding the inherent limitations of the method selected and to be fully aware of exactly what the approach is and is not measuring.

In conclusion this study confirms that internal stakeholder preferences determine the research design and analytical technique used, as well as the subsequent decisions implemented on the basis of findings. This suggests that research decision makers need to be more wary and critical of the data collection methods and analyses undertaken. In particular, directors of research need to reflect that their current knowledge and experiences are likely to drive their personal preference for a particular technique, which may in turn influence the marketing strategies adopted. In this regard market research agencies who are working with clients more in the capacity of partners or consultants may be in the best position to raise awareness of the potential influence of stakeholder preferences and discuss with the client ways of

incorporating different approaches in order to generate more rounded and informed research outcomes.

The complexity surrounding stakeholder preferences and their influence on research decisions and outcomes has received little attention in the literature. While this paper has shed some light on the subject, further investigation is needed. Importance evaluation is used extensively to help improve a wide range of marketing applications and not just service quality. The limited number of studies comparing the results of stated versus derived importance techniques have mainly been with respect to consumer service quality. Valuable future research might therefore consider this topic in relation to other marketing dimensions, as well as in business to business contexts.

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## Table 1 – Problems associated with stated and derived measures of importance when evaluating service quality and consumer satisfaction

| |
|---|
| **Problems with stated importance** |
| ▪ Presumes that service quality can be measured by comparing perceived actual performance against the level of performance that customers consider appropriate (Ueltschy *et al.* 2008; Narteh & Kuada 2014). However, this may not always be the case and expectations may also be implicit with consumers unaware of how an individual attribute influences their behaviour and attitudes. They may not therefore be able to accurately indicate its importance (Verlegh *et al.* 2002; Erasmus & Grabowski 2013). |
| ▪ In terms of establishing the importance of service dimensions the differentiation between the expected service level and perceived importance is somewhat blurred. Oh & Parks (1998) acknowledge the confusion between the terms, with some researchers using them interchangeably, or indeed using an importance scale to generate the 'expected' quality of attribute value (e.g. Ennew *et al*. 1993). Other researchers embrace this issue by measuring both importance and expectation, in addition to performance, (e.g. Kivela *et al.*, 1999). |
| ▪ Some expectancy-disconfirmation instruments such as the popular SERVQUAL prescribe attributes that are considered to be applicable to a wide variety of service contexts (Parasuraman *et al.* 1988). However, many others indicate that the number and attributes of service quality vary depending on the context and culture involved (e.g. Angur *et al.* 1999; Grönroos *et al.* 2000; Harrison-Walker, 2000; Cui *et al.* 2003; Sureshchandar *et al.* 2003; Wang *et al.* 2003; Imrie, 2005; Ladhari, 2008; Karatepe, 2011). |
| ▪ There is a tendency for respondents to allocate uniformly high ratings across all attributes (McAlexander, *et al*. 1994). |
| ▪ Assumes customers will rate attributes core to the service as being most important. However, customers may interpret importance as meaning desirable. For example, attributes with some socially or politically correct theme may be given exaggerated importance weights; such attributes might be rated highly but not actually have a significant impact on the respondent's behaviour (Oliver, 1997). |
| ▪ Correlation between performance and importance (Tontini & Silveira 2007). In other words a change in performance can cause a change in importance and vice versa (Matzler & Sauerwein 2002). |
| ▪ Tangibility of the service element appears to have a positive impact on the perceived importance of the dimension (Santos 2002). |
| ▪ Classifying attributes using the importance-performance grid is somewhat arbitrary since it depends on the number and relative importance of attributes measured. If a greater number of insignificant factors are included, then the mean importance is much lower (Matzler & Sauerwein 2002). |
| ▪ Having to rate each service dimension along both performance and importance can result in respondent fatigue and unreliable ratings (O'Neill & Palmer 2004). |
| **Problems with derived importance** |
| ▪ There appears to be considerable confusion over which analytical technique is the more appropriate (Greenland *et al*. 2006; Pokryshevskaya & Antipov 2014). For example, variables being measured in different ways could require logistic, ordinary least squares, or other types of regression. Consequently, a wide variety of regression methods have been used to implicitly derive the importance of the various service dimensions. For example, Desarbo *et al.* (1994) conduct conjoint analysis, Andaleeb (1998) uses multiple regression analysis, Kivela *et al.* (1999) use logistic regression, Lassar *et al.* (2000) report ordinary least squares regression, and Caruana *et al.* (2000) adopt moderated regression. Different regression approaches may give different, or inappropriate outcomes and so a service mix strategy could vary depending on the analysis used. |
| ▪ The level of explanation of the regression equation may be low (Chu, 2002; Matzler & Sauerwein 2002; Mittal & Gera 2012). In such situations managers should not risk basing their service mix on these findings. |
| ▪ Multicollinearity may mean attributes are highly correlated with one another (Matzler & Sauerwein 2002; Greenland 2005). This could make it difficult to isolate the influence of individual service dimensions. |
| ▪ Statistical complexity of the technique used may be off-putting for practitioners (Ennew *et al*. 1993; Greenland, 2005) |
| ▪ From an operational point of view, useful information may be lost when performance only measures are taken and importance/expectation measures omitted (Parasuraman *et al*. 1994; O'Neill & Palmer 2004). |

**Figure 1: Mean importance and performance scores for the 7 main service dimensions**

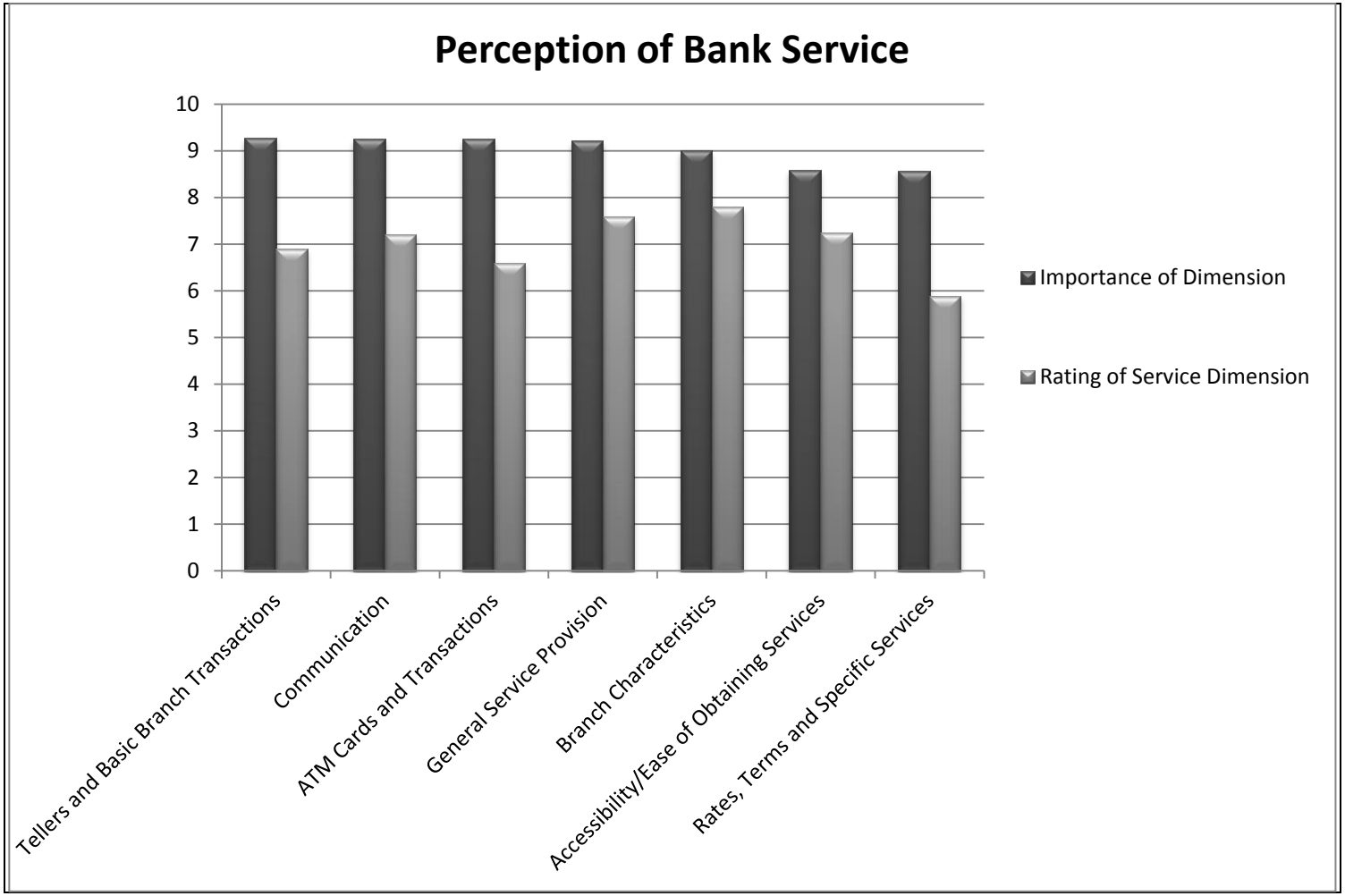

**Table 2 Results of regression analysis**

| Factor | Unstandardised Beta | Standardised Beta | t-value | p | Tolerance | Variance Inflation Factor |
|---|---|---|---|---|---|---|
| **Accessibility and Ease of Obtaining Services** | **.237** | **.129** | **5.628** | **.000** | **.676** | **1.479** |
| **Rates, Terms and Specific Services** | **.326** | **.196** | **7.895** | **.000** | **.577** | **1.732** |
| Communication | .032 | .029 | 1.220 | .223 | .640 | 1.563 |
| Branch Characteristics | -.032 | -.023 | -.906 | .365 | .555 | 1.802 |
| **Tellers and Basic Branch Transactions** | **.260** | **.199** | **7.520** | **.000** | **.505** | **1.980** |
| **General Service Provision** | **.144** | **.100** | **3.532** | **.000** | **.438** | **2.285** |
| ATM Cards and Transactions | -.058 | -.032 | -1.517 | .130 | .793 | 1.261 |

R-square = 0.239; Adjusted R-square = 0.236

**Table 3 Comparison of rankings based on importance, gap analysis and regression** (Presented in order of declining importance/significance)

| **Explicit importance** ranking | **Explicit gap size ranking** (N.B. improvement strategies were implemented in the case study firm based on this analysis) | **Statistically significant drivers of satisfaction based on regression analysis** (N.B. standardised Beta used) |
|---|---|---|
| 1. Tellers and Basic Branch Transactions | 1. Rates, Terms and Specific Services | 1. Tellers and Basic Branch Transactions |
| 2. Communication | 2. ATM Cards and Transactions | 2. Rates, Terms and Specific Services |
| 3. ATM Cards and Transactions | 3. Tellers and Basic Branch Transactions | 3. Accessibility and Ease of Obtaining Services |
| 4. General Service Provision | 4. Communication | 4. General Service Provision |
| 5. Branch Characteristics | 5. General Service Provision | |
| 6. Accessibility and Ease of Obtaining Services | 6. Accessibility and Ease of Obtaining Services | |
| 7. Rates, Terms and Specific Services | 7. Branch Characteristics | |