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GRADUATION PROJECT (MAN 400)

UNDERSTANDING CONSUMER CHOICES FOR A CREDIT CARD USING THE MEANS-END-CHAIN MODEL

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ABSTRACT

There is an increase in the number of credit cards and the number of card providers. Customers are bewildered of the attributes offered and providers are finding it increasingly difficult in designing and promoting their credit cards in the face of the fierce competition.

The purpose of this study was to explore and define customer values that might be useful for credit card providers in Northern Cyprus when designing and adding attributes to their brand of credit cards and when planning marketing campaigns in response to competition within the limitations of this study.

The Turkish Republic of Northern Cyprus (TRNC) is a small island state situated in the Eastern Mediterranean with its 200 000 inhabitants. Despite its small population and limited trade with the outside world increasing number of credit card companies compete with each other for customers.

Gutman's Means-End-Chain (MEC) theory and its Laddering interview technique were used for the purpose of the study. In order to reveal the attributes, consequences and the values obtained from using credit cards twenty-five people residing in Nicosia were interviewed using the laddering interview technique.

In conclusion, the credit-card providers in Nicosia were recommended with various ideas for their product design and marketing efforts within the limits set by this study.

Keywords: Credit cards, TRNC, MEC, Laddering, attribute-consequence-value chain

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To my mother and father…

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SECTION 1

THE BEGINNING

1.1 Introduction

This section introduces the broad problem area, the actual problem statement, the purpose of this study, aims of this study, and contents of the sections of the study report.

1.2 Broad Problem Area

It is observed that there is an intense competition within the credit card industry, which puts financial pressures on the issuing companies to beat off competition. Consequently, more product attributes are designed and added to credit cards. Credit card companies have identified interest rate and annual fee as the two attributes upon which most competition is based (Gibby, Holland, Lee, Lundell, Merill, Robinson (1999). While most companies have tried to compete with these two attributes, many credit card providers are scrambling to make their own products appear more desirable by adding other product attributes such as extended warranty or supplemental insurance programs. However, few credit card providers have stopped to evaluate what consumers value most in their decision to obtain and use a credit card.

It is essential to understand the value the customer places on card enhancements. Value-added attributes to credit cards are costly. It is also imperative to understand the value a customer places on standard credit card attributes such as interest rate, billing cycle, annual fee, and customer services for marketing and promotion considerations.

The main question that one needs to answer is what the customers think about the attributes identified by the credit card providers. Do they really evaluate credit cards with these

attributes or are there other more important benefits for them that the credit card providers have failed to consider? If there is no match between what customers really want and what the providers put on offer then this will be like putting one's bets on the wrong horse and losing out to competition.

This study is intended to be an applied research project as defined by Sekaran (2003) as the research done with the intension of applying the results of the findings to solve specific problems experienced by organisations. The conclusions reached by study may benefit credit card providers in their product design and promotion efforts.

1.3   Problem statement

Mounting amount of credit cards with added enhancements and a tough competition among the providers is a familiar scene in Northern Cyprus in parallel to what's going on elsewhere around the globe. Although a small island economy with a population of 200 000 inhabitants, both the local and international credit card providers are competing fiercely in Northern Cyprus by offering more card enhancements to customers every day.

This study intended to explore the market for credit cards in Northern Cyprus with a view to understand what attributes are favoured most by its citizens and the motives behind their choices when choosing a credit card brand. It is considered that such information when revealed will assist card providers in the design and the marketing of their products.

1.4   Purpose of the study

The purpose of this study was to explore and define customer values that might be useful for credit card providers in Northern Cyprus when designing and adding attributes to their brand of credit cards and when planning marketing campaigns in response to competition within the limitations of this study.

1.5   Aims

- To explore the credit card industry globally and understand consumer responses to credit card enhancements in theory.

- To understand the views on consumer choices of the leading credit card providers in Northern Cyprus.

- To identify and list the most favoured credit card attributes by local citizens in Northern Cyprus with a view to understand the consumer values put on attributes currently on offer in the market.

- To advise credit card providers on what attributes to emphasise in their marketing and product design strategies.

1.6   Contents of the sections of the study report

The remaining sections discussed the literature, the methodology, the findings, and the conclusions revealed in this study. The literature review of the theory used in the study was discussed in Section 2, the credit card industry in the world was given in Section 3, the credit card industry in the Turkish Republic of Northern Cyprus was given in Section 4, the credit card attributes offered to Northern Cyprus consumers was discussed in Section 5, the methodology of the study was discussed in Section 6, the finding were given in Section 7, and the conclusions reached by the study was discussed in Section 8 in detail.

1.7   Conclusion

This section introduced the broad problem area, the actual problem statement, the purpose of study, aims of this study, and contents of the sections of the study report.

SECTION 2

LITERATURE REVIEW

2.1 Introduction

Consumers usually face a broad array of products and services that might satisfy a given need (Kotler, 2003). Product planners need to think about products and services on different levels. Each level, or a product attribute, adds more customer value. Consumers make choices based on their perceptions of the value and satisfaction that various products and services deliver.

This section describes customer value and the Means- End- Chain (MEC) theory and its Laddering Interview technique which is generally used in identifying customer values resulting from the product attributes offered.

2.2 Customer value

According to Kotler (2003) customer value is the difference between the values the customer gains from owning and using a product and the costs of obtaining the product. Customers form expectations about the value of various marketing offers and buy accordingly. These expectations about the value and the attributes of the products offered could be identified by a marketing model called the means-end-chain (MEC).

The MEC model was used for the purpose of this study and the literature review on its theory is given in 2.3 below.

2.3   Means-End Chain Theory

Gutman's means-end theory (Gutman 1982), which discusses the core underlying values that motivate consumers' purchase decisions, is immensely popular in the marketing research community (Peter & Olson 1994), and enjoys an impressive track record in the commercial sector where it is often used to generate message strategy themes for promotional campaigns (Gengler, Mulvey & Oglethorpe 1999).

According to the expectancy value model (Rosenberg 1956) it is assumed that the attitude of an individual towards an object is determined by the individuals' cognitive structure. The MEC concept is partitioning this cognitive structure in three levels, namely attributes, needs, and values (Gutman 1982). With the aid of personal interviews, in particular the laddering technique, data is collected to map these three levels. Content analysis serves as a basis for quantitative evaluation and graphical representation of the results. Marketing and advertising strategies can be made more efficient since MEC gives the marketers the right arguments to give to the consumers (Olson, 1989).

Meanwhile, the primary methodological manifestation of means-end theory in the field of marketing research is laddering, a method by which the core attributes and values that motivate product users are identified through a special form of in-depth, one-on-one interviews that force the respondent up a ladder of abstraction, thereby bridging relatively concrete product meanings at the product attribute level with more abstract meanings at the consequence and personal value levels (Gengler et al. 1999). In support of laddering, Fortini-Campbell (1990) claims that other quantitative or qualitative social scientific research methods – such as focus groups, surveys, and demographic information – often fall short of generating key insights about a product and of identifying a target audience in concise and well-defined terms, since common responses to the question of why a person chooses a particular product do not even begin to describe the deep underlying psychological and emotional reasons that influence people's choices.

The focus of means-end theory is on understanding how consumers think about products and actions. More specifically speaking, the centre of attention is on examining the important meanings that consumers associate with the products they purchase and consume. In means-end theory, it is useful to distinguish among three levels of abstraction, or categories of meaning, that typically are associated with a product (Olson & Reynolds 1983). These categories are: a product's attributes; consequences of the product's consumption; and personal values relevant to the product's consumer. Product attributes are relatively concrete meanings that represent the physical or observable characteristics of a product. Consequences are more abstract meanings that reflect the perceived benefits or costs (for the product's consumer) associated with the product's specific attributes. Finally, personal values are highly abstract meanings that refer to centrally held, enduring beliefs, or end states of existence, that consumers seek to fulfil through their purchase and consumption behaviour (Rokeach 1973). In this sense, values are the end goals the consumer strives for in life (Bagozzi & Dabholkar 1994; Gengler et al. 1999; Pieters, Baumgartner & Allen 1995; Wickert 1940b). Olson (1989) shows the associations between attributes, consequences, and values in the following model.

Figure 2.1

Attributes	Consequences	Values
• Concrete	• Functional	• Instrumental
• Abstract	• Psychological	• Terminal
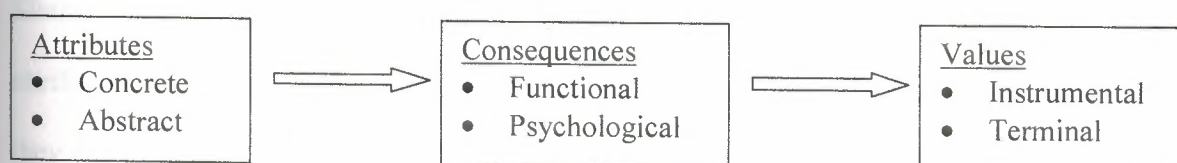
Source: (Olson, 1989)

Taken together, this pattern of associations from attributes to consequences and from consequences to personal values represents a special type of knowledge structure called a means-end chain model (Gutman 1982; Howard 1977; Olson & Reynolds 1983). The means-end chain model provides a convenient and effective way of characterizing the basic pattern of relationships by which the physical features or attributes of products gain personal relevance or meaning for

their consumers. In other words, observable aspects of the world, or attributes, are personally relevant to people because they are, for the latter, a means to gaining some desired consequence. Consequences, in turn, are important because they are a means for people to achieve a desired end state of existence, or personal value (Gengler et al. 1999).

According to Gutman (1982) the MEC model is based on two main assumptions; values are central for consumer's decisions, and consumers reduce the complexity of the environment through grouping it into different categories (Gutman, 1982). This categorization is done according to different stimuli that are linked to desired end-goals (Gutman, 1982). The categorization results in different products being chosen for further consideration and the categorization process will go on until one product remains (Gutman, 1982). The products considered are the evoked set and they have the attributes that are believed to have consequences that lead to desired values. The consequences can be direct, indirect, physiological, psychological or sociological and consumers act in ways to maximize the ones that are positive and minimize the ones that are negative. Consumers learn which attribute that leads to what consequence and the more important value that the consequences result in, the more significant the attribute leading to the consequence is believed to be for the consumer (Gutman, 1982).

Simply put, the rationale underlying the means-end model is that people choose products with attributes, which produce the consequences that they desire and minimize the consequences that they do not desire (Gutman 1982). The desirability or importance of these consequences in turn is determined by the personal values with which people associate them. Gutman (1982), like, Rokeach (1973) suggests that consequences have positive or negative valences, depending on their relationship to people's personal values. Thus, from a means-end perspective, values are the key factors underlying consumers' preferences and choice behaviour (Gengler et al. 1999; Henshel 1971; Homer & Kahle 1988; Rokeach 1973; Rosenberg 1956; Wickert 1940ab).

The value chain can exist in all levels of abstraction and product knowledge. According to Olson (1989), the levels of abstraction are – product categories, product forms, brands and models. All consumers might not have complete MECs, though. Consumers might have different product knowledge at different levels of abstractions. This comes about when consumers are naive with little product experience or when the product is too simple. In this case the consumer might only have one MEC (Olson, 1989).

There are two views of MEC, a motivational view and a cognitive structure view. The motivational view sees MEC as consumer's buying behaviour motives and thereby giving a greater understanding of consumers buying behaviour. According to the cognitive structure, MEC shows how the product related knowledge is stored and organized in the consumer's memory and can thereby be regarded as an excerpt from consumer's cognitive structure (Grunert & Grunert, 1995). Parts or all of the structure must be activated before it can influence the consumer's behaviour (Olson, 1989). Complemented with other theories and assumptions about other inputs from the environment, MEC could be a part of a theory with the aim of explaining and predicting behaviour (Grunert et al, 1995).

According to Gengler et al. (1999), the emphasis of the means-end model is different from those of the more traditional multi-attribute choice models. The traditional multi-attribute approach concentrates on determining if, and to what extent, particular product attributes and benefits are important. The means-end approach, on the contrary, focuses on why and how product attributes are important. The why and how questions are addressed by assessing the sequence of means-end relations that link products' attributes to their consumers' personal values. Grunert et al (1995) suggests that complemented with other theories and assumptions about other inputs from the environment, MEC could be a part of a theory with the aim of explaining and predicting behaviour.

2.4 Laddering

Laddering is an in-depth interview technique that has been developed to uncover the value chains [in accordance] to MEC. This specialized interview technique enables to identify the core attributes [and values] of the consumers. These interviews are conducted to develop insights into what is [important to] consumers and how a product or service can be meaningfully differentiated from [other (Wan]sink 2000). According to Gengler et al. (1999), laddering interviews are similar to the [classic act] of a psychologist interviewing patients on the couch and uncovering insights into their lives that are not apparent even to the latter themselves. The psychologist is trying to get to the root of the patients' problems through questioning. The researcher follows the same way to find the core reasons for the consumer's purchase of a particular product. As Gengler et al. (1999) describe, laddering is like peeling an onion in order to do away with the superficial and get down to what is really important.

The main concept of Laddering is to get the respondent to react and respond to his/her own answer (Reynolds & Gutman, 1988). This is done by asking questions in the form of "Why is that important to you?". The questions are reedited so that the respondent is forced "up the ladder of abstraction", since he/she activates the next level when answering the question (Olson, 1989). This way of asking questions gives knowledge about how the consumers process the product information in a motivational point of view. The interview shows in which way different attributes, consequences and values are linked together when it comes to that specific product and situation. The interviewer tries to make the respondent retrieve only salient choice criteria when reflecting over product attributes, since the salient criteria presumably are more relevant for the purchasing behaviour (Grunert & Grunert, 1995). The interview stops when the respondent no longer is able to answer the questions and then the value level supposedly is reached. By then, the respondent's value chain, from attribute and consequence to value, should be complete and the consumer's underlying motivation revealed.

When the respondent no longer knows the answer to the question, the probing ends. The fact that the respondent cannot answer the questions any more implies that he/she has reached the value level. It might also imply that he/she just do not know or want to answer, perhaps because he/she never have thought about this before and therefore do not have a "ready" answer. Through rephrasing the question or using "negative laddering", which means that the researcher ask the respondent what would be the consequences if the attribute was not yielded, the researcher might get around the problem (Reynolds & Gutman, 1988). This might give rise to strategic processing, though.

The researcher has to find an "entry concept" before he/she is able to start the questioning. This is do trough identifying a salient attribute of the product or brand. The method of triads can be used for this but it can also be done through direct questioning or sorting of products into meaningful piles (Sörensen et al, 1996). The researcher then asks the respondent to tell in which way products differ and are alike. These attributes can be intrinsic, extrinsic and appear in any level of concreteness (Grunert et al, 2001).

2.5   Laddering explained by the Spreading Activation Theory

Spreading activation theory states that when the activation of a cognitive category reaches a certain threshold, that category is activated. The activation can come about through external stimulation, strategic processing or by spreading from another category. This theory can explain the process occurring during Laddering. When asked "why is that" the respondent starts his/her thinking from the category he/she last stopped at when asked a question, and he/she will answer with the category that now gets the highest association with the question and the starting category. The associations between the categories are differently strong and when the associations are not strong enough, the respondent will not be able to answer the questions any longer (Grunert & Grunert, 1995).

2.6   The interview situation

The interviewer should make it clear before the interview starts that there is no right or wrong answers and that the purpose of the interview is to get an understanding of the respondents purchasing decision.   Through telling the respondent that many of the questions might seem obvious and simple due to the questionnaire that the interviewer has to follow, some vulnerability is created on the part of the interviewer.   This might make the respondent more at ease with the situation and able to talk more freely.   It is important that the respondent do not feel threatened and is willing to reflect upon his/her answer.   The interviewer must obtain control over the interview, though.   This can be done by asking questions as directly as possibly, thereby minimizing the response options.   Through the questioning "why is that important to you?" the respondent will get the feeling that the interviewer is genuinely interested in his/her answer and might then be willing to answer more personal questions.   As the respondent feel the interviewer's interest, he /she gets respect for the interviewer and are willing to let the interviewer control the interview (Reynolds & Gutman, 1988).   To understand the respondent, the interviewer must "be" the respondent.   Sensitive areas can give rise to insufficient answers that must be dealt with and this can be easier if the interviewer is able to reason like the respondent.

Another problem is that the issue may become too sensitive.   This sort of blocking can be dealt with through moving the conversation into a third person format, by the interviewer revealing a relevant personal fact about himself, or to make note of the problem area and come back it to later (Reynolds & Gutman, 1988).

The respondent shall believe the interviewer to be interested but a neutral recorder.   The answers must not be perceived to be judged.   The interviewer must have a good knowledge about MEC to know how to identify which part of the answers that he/she shall probe further (Reynolds & Gutman, 1988).

2.7   Analysis of data

Processing and analyzing the responses gathered from laddering interviews involves several distinct steps. The goal of this multi-layered exercise is to produce an accurate depiction of the key concepts connected to the consumer's purchase decision and also of the relationships between associated concepts, thus facilitating inferences and the identification of patterns that might not be evident in the raw data (Gengler, Klenosky, & Mulvey 1995; Gengler et al. 1999). The two main research issues here, according to Reynolds & Gutman (1988), are the construction of hierarchical value maps (HVMs) – or "consumer decision maps," as Reynolds, Westberg, & Olson (1997) put it – to represent all the respondents' ladders in the aggregate, and to determine the dominant perceptual orientations represented in this overall map of aggregate relations. In fact, Reynolds & Gutman assert that such "crossing over" from the qualitative nature of interviews themselves to a quantitative way of dealing with interview data is one of the unique aspects of laddering that sets it apart from competing methodologies.

According to the method suggested by Reynolds & Gutman (1988), the first task is to classify the answers from the laddering interviews according to whether they are attributes, consequences or values. Then the content- analyze is made for all of the elements from all the ladders, in order to develop and define appropriate categories of meaning. In order to do this, the entire set of ladders of all respondents is recorded on a coding form, after which a set of summary codes is developed to reflect everything that was mentioned. Once these codes are finalized, numbers are assigned to each of them. These numbers are then used to score each element in each ladder, thus producing a matrix whose rows represent individual respondents' ladders and whose columns correspond to the sequential elements within each of the ladders. From this "raw" matrix, a more complex "implication" matrix is constructed, which displays the aggregate number of times each element leads to each other element across all ladders. Finally an HVM is gradually built up, by connecting all the chains that are formed as a result of considering the linkages suggested by the implication matrix.

The goal of mapping such hierarchical relations, according to Reynolds & Gutman (1988) is to interconnect all the meaningful chains unearthed by the numerous laddering interviews in a single map that describes all relevant relations and is yet easy to read and interpret. Once an HVM is constructed, one typically considers any pathway from bottom to top as a potential chain representing a perceptual orientation that warrants consideration. After having plotted all relations, it is then desirable to look at all the elements in the map in terms of the numbers of direct and indirect relations they have with other elements, both in terms of other elements leading into them and in terms of their connections to higher-order elements. Also, to more fully understand the strength of individual chains, intra-chain relations can subsequently be summarized and evaluated as well.

2.8   Laddering vs. MEC

According to Grunert & Grunert (1995) there are four criteria that a method shall meet to correctly correspond to MEC. The first criterion is that "the raw data should be a result more of the respondent's cognitive structures and processes than of the researcher's cognitive structures and processes". Laddering, as being an open method, which lets the respondents answer freely, does not violate this criteria (Grunert & Grunert, 1995).

The second criterion is that "the data collection should not involve strategic process not typical of the target situation" (Grunert & Grunert, 1995). By constructing an "authentic" situation for the respondent, strategic processing (problem solving) can be minimized since the respondent can then focus on the cognitive categories that really are activated during the purchasing decision (Bech-Larsen et al, 1996). If the interviewer is interested in a specific situation, this is the situation that the respondent shall have in mind during the interview. When a wider purchasing situation is of interest, the respondent should have different situations in mind (Grunert et al, 1995).

Through explaining the retrieval of cognitive structure by using Spreading Activation Theory, criteria two is met. This might not hold, when the cognitive structures are weak or highly sophisticated because then the respondent might fall back on strategic processing, and new cognitive structures may be constructed. This happens when the respondent does not automatically know which category to retrieve and therefore start to think in a problem-solving way. The risk for strategic processing gets higher if one moves to the abstract level. This points out to the importance of not pushing the respondent up the ladder of abstraction (Grunert & Grunert, 1995). The strategic processing occurring during the interview will probably not be the same in the actual purchasing situation, which means that the predictability of the behaviour will be lower. Strategic processing can be noticed through pauses and unfinished sentences, since it is an active process, and it might be minimized by providing a relaxed interview environment and stopping probing at an adequate level, presumably when the pauses occur (Grunert & Grunert, 1995).

When the structures are too sophisticated, the strong associations may result in many different categories being retrieved. This must be handled in a flexible way by the interviewer, preferably through recording and following up each one of them, allowing so called "forked answers". If this is not done and the interviewer force the respondent to ladder from just one of categories, the respondent might try to get the other categories through to the interviewer by strategic processing later during the interview (Grunert & Grunert, 1995).

Soft Laddering, when the natural speech of the respondent is influenced as little as possible, demand more cognitive processing by the interviewer since he/she yields the ladders from the respondents answers and thereby possibly influencing the result. With Hard Laddering, which forces the respondent to take one ladder at a time, strategic processing by the respondent might occur instead. Soft Laddering is recommended when the cognitive structures are weak or sophisticated and Hard Laddering at average involvement and experience (Grunert & Grunert, 1995).

The third criterion is that "coding should preferable be based on cognitive categories widely shared among consumers, researchers, and users of the researchers results, and not on the researcher's idiosyncratic cognitive categories" (Grunert & Grunert, 1995). A more formalized procedure of coding and/or yielding of data makes it easier to rule out indistinctive interpretations and thereby make Laddering meet this criteria. The interviewer really influences the results during the coding. When grouping the answers it should be done by a general understanding shared by researchers and respondents about which answers that can more or less be said to be the same (Grunert & Grunert, 1995).

There are three major problems when it comes to coding. The first problem is the distinction between attributes, consequences and values. There are sometimes hard to know in which way to interpret the respondent's answers and then the context, which can be given by Soft Laddering, may make it clear (Grunert & Grunert, 1995).

The second problem is that of indexicality, which means that an answer can only be understood related to the respondent's background. Every answer has to be regarded as unique and no generalizing and grouping will be possible if taken seriously. Context makes the problem less severe. Again, Soft Laddering is to prefer (Grunert & Grunert, 1995).

The third problem is to find the level of abstraction, which means that some concepts may be interpreted as an attribute as well as a consequence or a value. This problem can also be solved with more contexts available to the answers and Soft Laddering. Taped interviews can make the whole context available for the researcher when coding (Grunert et al, 1995).

A way to handle coding problem is to use iterative coding. This means that a first coding is made and the consequences of this coding then are analyzed. After that, the coding is reserved. This process goes on until the coding is satisfactory (Grunert & Grunert, 1995).

The fourth criterion is that" the algorithm used for data reduction (aggregation) should be based on theory about cognitive structure and processes". When aggregating the data the researcher either summarize the main results of a study of a groups cognitive structures (the modest view presents an excerpt of the cognitive structure of that group (the ambitious view), depending on the view of MEC and aim of the study. In both cases the procedure should be based on theoretical explanations and not on technical aspects. When summarizing, theory shall explain the main appearance of the structure, and when presenting an excerpt, the choice of data should be based on theory (Grunert & Grunert, 1995). The ambitious view requires homogenous respondents so that their ladder together can show the cognitive structure of the consumer, something that are too complex to be shown in a single ladder. Whether the respondents are homogenous or not can be determined by cluster analysis. Deciding on the view, different operations should be undertaken during constructing the hierarchical value map (HVM) (Grunert & Grunert, 1995). When adopting the ambitious view the assumptions about non-redundancy and the cut-off level must be spelled out, when these assumptions can be relaxed if the modest view is adopted (Grunert & Grunert, 1995). If there is doubt about whether the respondents are homogenous or not the non-redundancy can cause problem, since the respondents structures cannot be assumed be constructed in the same way (Grunert et al, 2001). The non-redundancy assumption should be relaxed, as well as it should be when the modest view is adopted (Grunert et al, 1995).

Aggregation, addition individual ladders to a collective, and condensation, reduction hierarchical value map to only include the most important links, are the two parts of data reduction in a Laddering investigation. During condensation a cut-off level is set and it is decided whether the HVM is to be non-redundant or not. Non-redundant means that direct links is not shown since they are shown indirect through longer chains. It is an economy-of- storage assumption (Grunert & Grunert, 1995). This may result in a few long chains making the indirect chains disappear but this can be handled by the cut-off level (Grunert & Grunert, 1995). The cut-off level brings that the researcher has to compromise between the simplicity of the map and presenting as much information as possibly. There are no statistical or theoretical criteria to guide what cut-off level

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to use, but the concentration index may be helpful to use. This index is the percentage of all links in the implication matrix that are retained at a given cut-off level, divided by the percentage of cells in the implication matrix retained. This is dependent on how extensive the coding of the data was; large amount of categories will lead to a cut-off level where many cells will be excluded (Grunert et al, 1995).

According to a study by Sörensen et al (1996) different levels of experience and involvement seems to affect the results gained during Laddering since they influence the number of ladders obtained. The different levels do not; however, seem to influence the type of ladders. Involvement seems to be the best predictor of the number of ladders. Regression analysis shows a negative correlation between experience and consequence proportion, which indicates that experienced consumers take short cuts to evaluate the attribute throughout the MEC (Sörensen et al, 1996).

2.9   Involvement

The consumer experience high involvement when the product is perceived as important for the self-concept. Involvement is experienced when the MEC activates the personal relevance. The involvement is depending on the self-reference of the end, how important the value is to the consumer, and on how strong the connection is between the product knowledge and the self-knowledge. There are two types of self-relevance; intrinsic self-relevance and situational self-relevance. The first type concern means-end knowledge, which has been acquired through past experience, and the second type is affected by the environment. The physical and social environment activates certain consequences and values that influence the MEC. The situational self-relevance varies over time, which means that the links that it gives only are temporal, and thereby should be avoided during Laddering. In a decision-making situation the affect system as well as the involvement will influence the decision (Peter et al, 1999).

2.10   Conclusion

This section completed a brief literature review on customer value and defined in detail the MEC theory used in the identification of customer value elements gained from product attributes offered to consumers.   Laddering was explained with spreading activation theory and the interview situation was explained for the interviewers.   The MEC and its Laddering Interview techniques were employed for the purpose of this study and their practical application is explained in detail in Section 6.

SECTION 3

CREDIT CARD INDUSTRY IN THE WORLD

3.1   Introduction

This section is the literature review of the credit card industry in the world. The history of the bankcard industry, types of credit cards in the world, members of the credit card system, and the business relationships in the industry are explained below. Benefits of the credit cards for the card holders are explained from the previous studies on credit cards.

3.2   The history of the bankcard industry

Charge cards date back to 1914 when Western Union provided metal cards giving free, deferred payment privileges to preferred customers. These cards came to be called "metal money" (www.cardpay.net, 2004).

In 1974, General Petroleum Corporation issued the first metal money for gasoline and automotive services first to employees and select customers and later to the general public (www.cardpay.net, 2004).

Credit cards grew in popularity until the beginning of World War II when "Regulation W" restricted the use of such cards during the war and temporarily suppressed the growth of this new payment alternative (www.cardpay.net, 2004).

After the Depression and World War II, demands on the budget made the concept of credit more popular- people could buy things with credit cards that they could not afford to buy with cash (www.cardpay.net, 2004)

The credit card in the current terminology came into being in 1950. Frank McNamara, a famous lawyer invites his clients for the dinner and realizes that he did not have enough money to pay the bill. He signs at the back of his personal card. After that night, he establishes Diners Club credit card which people can make their payments with a plastic card and a sign at the back of it. Diners Club credit card became a global credit card in time and expanded its boundaries through Europe (Pano Dergisi,1997)

After the acceptance of the Diners Club credit card and its intense usage, banks in America started functioning in this area. In 1958, bank of America issued "Bank Americard" and American Express Company issued the "American Express". These were the first international credit cards (Yılmaz, 2000).

In today's world credit cards have a widespread usage and the number of the credit cards exceeds one billion in the world. There are many credit card associations functioning in the world. VISA, MASTERCARD, AMEX, JCB, and DINERS CLUB are the associations of which cards are widely used internationally (Yılmaz, 2000)

3.3   Types of cards

The industry divides up cards by the business of the issuer. There are;

- Bank cards (VISA, Master Card, Discover)
- Petroleum Cards (SUN Oil, Exxon, etc.)
- Travel and Entertainment (T&E) cards (America Express, Diners Club, Card Blanche).

Other cards are typically lumped together as "Private Label" cards. (Ziegler, 1999)

Cards are also divided by how they are billed. Thus there are:

- Credit cards (VISA, MC, Discover, most department store cards)
- Charge cards (American Express, AT&T, many petroleum cards)

- Debit cards.

Credit cards invoke a loan of money by the issuer to the cardholder under pre-arranged terms and conditions. Charge cards are simply a payment convenience, and their total balance is due when billed. When a debit card is used, the amount is taken directly from the cardholder's account with the issuer. There are also third party debit cards and affinity cards. Third party debit cards are issued by an organization with which the cardholder has no account relationship. Affinity cards are valid credit cards from their issuer, but carry the logo of a third party, and third party benefits from their use. (Ziegler, 1999)

Credit cards are also divided into domestic and international credit cards according to the area of usage and they are divided into two according to the income level of the cardholders; classic credit cards and gold credit cards. In this classification the main determination is the credit limit of the cardholder and this limit is determined by the issuer according to the income level of the cardholder (Yılmaz, 2000).

Credit cards are named classic, gold, premier, and platinum according to the income level of the cardholder and according to the status of the card holder (K. Ataman, personal communication, October 2004). Classic cards are issued with lower credit limits to the people who have relatively low income levels. Others have higher or sometimes limitless credit opportunity (Yılmaz, 2000). Gold and premier cards are issued to the customers who have high income levels and who have a good status for the bank. K. Ataman (personal communication, October 2004) says that platinum cards are only issued to the most important customers of the banks. Generally, these customers have an important amount of money deposited in their accounts and have strong business relationships with the bank

3.4   Members of the credit card system

Card holder – an individual to whom a credit card is issued. Typically, this individual is also responsible for payment of all charges made to that card. Corporate cards are an exception to this rule (Ziegler, 1999).

Car issuer – an institution that issues credit cards to cardholders. This institution is also responsible for billing the cardholder for charges. Often abbreviated to "Issuer" (Ziegler, 1999).

Card accepter – an individual, organization, or corporation that accept credit cards as payment for merchandise or services. Often abbreviated "Accepter" or "Merchant" (Ziegler, 1999).

Acquirer – an organization that collects (acquires) credit authorization requests from Card Accepters and provides guarantees of payment. Normally this will be by agreement with the Issuer of the card in question (Ziegler, 1999).

Many issuers are also acquirers. Some issuers allow other acquirers to provide authorizations for them, under pre-agreed conditions. Other issuers provide all their own authorizations (Ziegler, 1999).

3.5   The business relationships

Card acceptors generally sign up with a local acquirer for authorization and settlement of all credit cards. This acquirer may or may not be a card issuer, but certainly will not have issued all the cards that the merchant can accept. Acquirers generally are connected to many issuers, and pay transaction charges and discount fees to those issuers for authorizations. Most large banks are issuers and acquirers. Some small banks are only issuers. There are third parties that are only acquirers (Ziegler, 1999).

3.6   Benefits of a credit card for the card holder

There are three main functions of a credit card. These are;

- Payment for the purchase of goods and services.

- Medium for obtaining cash.

- A continuous credit source. (Lindsay, 1994)

There are other attributes, which may encourage an individual to obtain a credit card. A credit card is a sign of prestige for the cardholder. Banks do not issue credit cards to everyone (Yılmaz, 2000).

In a country, which has a developed card system, the cardholder does not have to carry cash with him/her because almost every business accepts credit cards (Yılmaz, 2000). Carrying money in the pocket has an opportunity cost. Because it has interest earned when it is deposited to the bank. The cardholder cannot benefit from this opportunity when he carries his money in pocket and also he has the risk of having that money stolen (Mayer, 1997). But the credit card issuers guarantee the risk of card when it is stolen (Altuğ, 1989).

The cardholder benefits the credit opportunity without paying interest between the dates he makes his spending and pays the balance in the last payment date (Yılmaz, 1997).

Credit cards have an easy usage when it is compared to the alternative payment ways like cheque. The cardholder escapes from the possible problems and restrictions created when cheques are used (Teoman, 1992).

The international credit cards can be used everywhere in the world. At this point, credit cards are more useful than using cash. It saves you from the effort for converting your money to that country's currency (Yılmaz, 2000).

Credit cards offer credit opportunity in cash to the cardholder. If the cardholder is given the right to withdraw cash he can withdraw it from his bank's branch, the acquirer's units, or from the ATMs. The cardholder can also withdraw cash from the businesses, which the bank has an agreement with (Yılmaz, 2000).

Banks make promotions for sustaining customer loyalty and to increase the usage of their cards. Cardholders benefit from these promotions when they have the card of the bank making promotions and make their purchases with this card (Yılmaz, 2000).

Gibby et al. (1999) found that the major attributes that consumers value most include interest rate, fees (annual fees, other), value added benefits such as frequent flier mileage, appearance of card (logo or design), status symbol such as gold card, credit limit, location of the bank, ease of attaining the card, acceptability by vendors and businesses, and customer support /service.

3.7   Conclusion

This section was the literature review of the credit card industry in the world. The history of the bankcard industry, types of credit cards in the world, members of the credit card system, and the business relationships in the industry was explained above. Benefits of the credit cards for the cardholders were explained from the previous studies about the credit cards and the credit card attributes derived from this part of literature will be used in Section 5. The attributes identified are interest rate, fees (annual fees, other), value added benefits such as frequent flier mileage, appearance of card (logo or design), status symbol such as gold card, credit limit, location of the bank, ease of attaining the card, acceptability by vendors and businesses, and customer support /service.

SECTION 4

CREDIT CARD INDUSTRY

IN THE TURKISH REPUBLIC OF NORTHERN CYPRUS

4.1   Introduction

This section consists of the historical background of the credit card industry, types of credit cards issued, and competition in the Turkish Republic of Northern Cyprus (TRNC). This section also includes the credit card attributes, which were obtained from the personal communications with banking experts and through pre-assessment interviews with twenty randomly selected credit card-holder individuals.

4.2   The credit card market in Northern Cyprus

The Turkish Republic of Northern Cyprus (TRNC) is a small island state situated in the Eastern Mediterranean with its 200 000 inhabitants. Despite its small population and limited trade with the outside world increasing number of credit card companies compete with each other for customers.

First credit cards in TRNC were issued by the Kıbrıs Kredi Kartı Şti. at the beginning of the 1990s. It was issuing the credit cards of Pamukbank but these cards were not used widely around the island. There were not enough imprinter machines (machines which use the embossed information on the card to make an impression on a charge slip), and they were only available at hotels (distributed by Vakıfbank). Until the mid-1990s the usage of these credit cards was limited to hotels in the TRNC. It was also possible to use these cards abroad (K. Ataman, personal communication, October 2004).

In the mid-1990s electronic point of sale (POS) machines and automated teller machines (ATMs) were started to be used and other banks started to issue credit cards by that time. These machines were brought by İş Bankası and Vakıflar Bankası to the TRNC and they started to issue credit cards. After POS and ATMs became widely used, Türk Ticaret Bank, Koop Bank, İktisatbank, Türkbank, and Ziraat Bank followed them in issuing credit cards (K. Ataman, personal communication, October 2004).

K. Ataman (personal communication, October 2004) says that until 2002, making purchases in instalments was not an available attribute with credit cards. First, İş Bankası and then İktisatbank, Koop Bank, HSBC, Universal Bank, Garanti Bank, Oyak Bank, Halkbank added this attribute to their credit cards.

4.3   Types of credit cards issued

K. Ataman (personal communication, October 2004) says that in order to understand the competition it is important to know that the credit cards in the TRNC are divided into two types according to their acceptability by the sellers of goods and services;

- International credit cards
- Domestic credit cards

International credit cards have the logo of one of the international credit associations (VISA, MasterCard, etc.) on them and they are accepted by all the POS machines. The cardholder can also use his credit card in every ATM which his bank has an agreement with the other bank which owns that ATM. But domestic credit cards are only accepted by their own POS machines and ATMs (K. Ataman, personal communication, October 2004).

4.4   Competition

K. Ataman (personal communication, October 2004) says that the competition is affected by the political position of the TRNC. Domestic banks cannot issue internationally accepted credit cards because the TRNC is not recognized in the world and therefore they are not given the licence to issue international credit cards owned by the international credit card associations. This affects the acceptability of the credit cards and in turn the preferences of the customers (K. Ataman, personal communication, October 2004).

There are ten banks issuing credit cards in the TRNC and the most widely used credit cards are the cards issued by KOOP Bank, İktisatbank, İşbank, and HSBC. KOOP Bank and İktisatbank issues domestic cards where İşbank and HSBC issues international credit cards (K. Ataman, personal communication, October 2004).

4.5   Attributes evaluated when obtaining and using a credit card

K. Ataman (personal communication, October 21, 2004) feels that the cardholders evaluate the following attributes when deciding which card to use; local acceptability, number of instalments, discounts made to the credit card, limit, sales promotions, queue waiting time when paying the balance, reaching to the balance and other account information, customer services, international acceptability, status symbol of the card, name of the bank, and the interest rate charged.

K. Ataman (personal communication, October 2004) says that the local acceptability of the credit card is important because the cardholders want a credit card, which they can use in any business in the TRNC. Some businesses do not accept all credit cards. The more the businesses accept a credit card the more the possibility that the card holder will obtain and use that card.

K. Ataman (personal communication, October 2004) says that the number of instalments is another important factor for a cardholder when deciding which card to use at the point of purchase. Some businesses make more instalments to some credit cards depending on the

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agreement they made with the issuing banks, and depending on the amount they pay as commission to the bank. The acceptor asks for the credit card, which they pay less commission and this influences the cardholder after a while in a direction to use that bank's credit card. If the cardholder knows that one credit card makes more instalments by some acceptors then he will choose to use that card and this will lead him to use that card in other acceptors too. The more the instalment payment facilities allowed with a credit card the more the people will prefer to own and use that card.

K. Ataman (personal communication, October 2004) says that the amount shopping discounts made to a credit card is important for the cardholders. He says that the cardholders use the credit cards with which they can have more discounts on their purchases.

Credit limit is another important factor for the cardholder when obtaining a credit card says K. Ataman (personal communication, October 2004) customers prefer the credit cards, which offer higher credit limits. He says that if the limit of a credit card is not sufficient then the card holder will not prefer that card and choose another card with higher limits. The reason is that whether the cardholder makes his purchases with instalment payments or not he can only use his card until the value of his purchases reaches to the limit of the card. Although the card holder will pay the amount by instalments his credit limit will be blocked in the amount of his purchases and he will not be able to use that card until he makes some payment to the bank. As a result, the cardholder wants to use a credit card with which s/he can make more purchases without worrying too much about the credit limitations.

K. Ataman (personal communication, October 2004) feels that sales promotions have a great effect on the cardholders' choices when obtaining and using a card. He claims that sale promotions increase the usage of cards. Increasing the number of instalments on religious days, during the New Year celebrations, etc. increases the card's usage. If a card holder knows that a credit card makes more sale promotions compared to others s/he will want to have that card and

use that card in preference to others. Saving credit points is another example of the promotions made that are preferred by customers. Other favourite promotions include the club lounge facilities at airports, less to pay for car insurance and at car parks, etc.

The queue waiting time on the last payment date of the credit card is another important factor for a cardholder according to K. Ataman (personal communication, October 2004). He indicates that if this time is too long, the cardholder will not want to spend his time in the queue and after a while he will give his card back to the bank and obtain another credit card where he will be able to make his payments easier. He says that the cardholders should be provided with a good service that enables them to make their payments fast and easy.

Ataman indicated that convenience in obtaining card account statement and other information was another factor for which cardholders evaluate to obtain and use a credit card. He further indicated that if this information is not conveyed to the cardholder via mail, e-mail, or SMS on time or if it takes to much time to find out on the phone, the cardholder will not choose to use that card.

Ataman says that customer services are important for the customers. He says that the cardholder wants a person in the bank when he needs information about his card or maybe he wants to notify when he loses his credit card. If he cannot find anyone to let know his problem, then he will not prefer to use that card.

K. Ataman (personal communication, October 2004) says that credit cards are divided into two in Cyprus, domestic cards which are accepted only in Cyprus and international cards which are accepted everywhere in the world. He indicates that the international acceptability of a credit card -especially in Cyprus- is an important factor for the cardholders when they are obtaining and using that credit card. He says that a cardholder can use his international card in Cyprus as well as abroad but he cannot use the domestic credit cards abroad. These credit cards are only accepted in POS machines and ATMs of that local bank where the international cards are

accepted by every POS machines. Also these cards are accepted in other bank's ATMs if the issuer of the card has an agreement with them.

K. Ataman (personal communication, October 2004) also divides the credit cards into two; cards which are a status symbol for the cardholder and the cards which do not represent a symbol. He says that especially some cardholders want to show their status and their income level in the society and they obtain a credit card representing their status as well as their wealth. He says that not everyone can obtain gold, premier or a platinum credit card. Gold and premium credit cards are only issued to the individuals who have a higher status in the society and who have higher levels of income. Platinum cards are only issued to the individuals who are very important customers of the bank or who have very important business relationships with that bank. Therefore the cardholders will prefer to use that credit card at the point of purchase to show how they are valued by their bank.

K. Ataman (personal communication, October 2004) says that the name of the bank itself is another factor influencing the cardholders when they are obtaining or using a credit card. Businesses generally accept the credit cards of well-named banks in order to guarantee the value of the purchases will be paid back to them. And this will in turn increase the acceptability of the credit cards of these banks. The cardholders know that the credit card of a good bank will be accepted by more acceptors; therefore, they will own and use that bank's credit card.

K. Ataman (personal communication, October 2004) indicates that another factor influencing the credit card choice of cardholders is the interest rate of the credit card and how this is calculated by a certain bank. Ataman says that this factor is not important for the cardholders who have high income levels because these cardholders pay their balances on the last payment date and have nothing to do with the interest rate. He says that this can be an influencing factor only for the card holders who need to revolve their balances.

4.6   Individual opinions of card holders

This study further collected the individual opinions of twenty randomly selected individuals to collect more information on credit card attributes to be used later during the data collection/laddering interviews. The individuals were asked to reveal which attributes they preferred most when obtaining and using a credit card. The preferred attributes of credit cards identified in their case were the credit limit, international acceptability, number of instalments available per purchase, cash points, sale promotions, local acceptability, interest rates, security policies of the bank for the card, customer services, cash credit, no commission for cash credit, name of the bank issuing the credit card, cash rebates, having an account with the providing bank, appearance of the card.

4.7   Conclusion

This section explained the historical background of the credit card industry, types of credit cards issued, and competition in the TRNC. This section also included the credit card attributes, which were obtained through personal communications with banking experts and the twenty randomly selected individuals. The attributes such identified were used in the laddering interviews carried out and reported in Section 6 (the Findings).

SECTION 5

CREDIT CARD ATTRIBUTES OFFERED TO NORTHERN CYPRUS CONSUMERS

5.1   Introduction

The following is the list of the credit card attributes derived from Section 4 and 5.

5.2   Credit card attributes

The credit card attributes listed in Table 5.1 were derived from the conclusions of the Section 4 and 5. They were identified during the personal interviews with the banking expert K. Ataman (2004), the 20 randomly selected individuals and finally from the literature.

Table 5.1

1.	Interest rate	11.	Customer services
2.	Annual fees	12.	Instalment payments
3.	Cash points and other customer benefits such as "air miles"	13.	Sales promotions
4.	Appearance of the card, logo…	14.	Cash rebates
5.	Status symbol (like gold card)	15.	The name and reputation of the providing bank
6.	Credit limit	16.	Automatic payments
7.	Location of the bank	17.	Ease in paying back
8.	Ease of attaining the card	18.	Security policies of the bank
9.	Wide acceptability by businesses and vendors	19.	Cash credits
10.	International acceptability	20.	Already another account in the same bank

5.3   Conclusion

This section shows the credit card attributes which were derived from the literature. The table above was used for the questionnaire, which was prepared for the laddering interviews explained under Section 6 (the Methodology).

SECTION 6

METHODOLOGY

6.1   Introduction

In this section the methodology of the study is explained. The method section consists of the explanation of the sampling design, and questionnaire design; and it explains how the laddering interviews were conducted and how the data was processed.

6.2   Sampling

Convenience sampling, which is one of the non-probability sampling designs, was used in this study. Convenience sampling involves collecting information from members of the population who are conveniently available to provide this information (Galloway, 1997). In non-probability sampling designs, the elements in the population do not have any probabilities attached to their being chosen as sample subjects. This means that the findings from the study of the sample cannot be confidently generalized to the population (Galloway, 1997).

The reasons for using convenience sampling design for the study (Galloway, 1997):

- Convenience sampling is often used in exploratory studies (for hypothesis generation) and this study is exploratory in nature.
- The purpose of this study is not to generalize the results to the whole population but rather to obtain an idea of the range of responses on ideas that people have about the credit card attributes.

- Convenience sampling is used when sampling frame is not available. The sample frame of credit card holders in Nicosia is not available. (This is an exploratory research and the aim of it is not to derive generalizable results with a larger sample size.)

- The convenience sampling method is often the only feasible one, particularly for students or others with restricted time and resources, and can legitimately be used provided its limitations are clearly understood and stated (Galloway, 1997).

6.3   Questionnaire

Questionnaires were designed according to the laddering interviewing method suggested by Reynolds & Gutman (1988). Questions and the variables selected were prepared depending on the literature, banking expert (K. Ataman, personal communication, October 2004) and a pre-questionnaire was tested on 20 conveniently selected individuals to minimise actions that might have weakened the validity of the study.

6.4   Laddering interviews

Interviews were made based on the questionnaires designed according to the laddering interviewing method suggested by Reynolds & Gutman (1988). Three selected and trained interviewers conducted interviews in Nicosia. The selected interviewers were volunteering students from the various Departments of the Near East University.

A copy of the questionnaire designed and used by this study is exhibited in Appendix A. The Questionnaire was designed such that first, the respondent was asked if he/she was a Cypriot and resided in Nicosia. This was carried out in order to identify 25 Turkish Cypriots working and residing in Nicosia for the purpose of the sample definition. If the answer was yes, he/she was asked if he/she used a credit card or not. If the answer was yes, he/she was asked to tell which credit card he/she uses and why he/she prefers that credit card. While he/she was asked

why he/she preferred his/her credit card he/she was given a list of credit card attributes, which was prepared according to the literature (see Appendix B). When the respondent revealed the attribute he/she preferred, he/she was asked questions in the form of "Why is that important to you?". The questions were re-edited so that the respondent was forced "up the ladder of abstraction". When the respondent had no answer to the question the interview was ended.

6.5   Data processing

Data gathered by the interviews were processed following the guidelines established by Reynolds & Gutman (1988) in their work.

The first step was to develop a set of summary codes reflecting every attribute, consequence, and value mentioned by the respondents. The responses were labelled with their summary codes. Then each code was assigned with a number.

Table 6.1: Content codes

Code	Attributes
1	
2	
	Consequences
3	
4	
	Values
5	
6	

After having summary codes for each of the attributes, consequences, and values and having each of these summary codes numbered, their numbers were used to score each element in each ladder. By doing so a raw matrix was established of which the rows corresponding the number of respondents interviewed, and the number of coulombs corresponding to the number of elements in the longest ladder.

Table 6.2: Raw matrix

Respondent #	Content codes
1	Ladder 1
2	Ladder 2
3	Ladder 3
4	Ladder 4

The "raw" matrix table was used to construct the "implication" matrix table which displays the aggregate number of times each element leads to each other element, both directly and indirectly from all the interviews conducted. According to Reynolds & Gutman (1988), it is useful to examine both types of relations in determining what paths are dominant in an aggregate map of relationships among elements, because, without examining indirect relations, a situation might exist where there are many paths by which two elements may be indirectly connected but where none of the paths are represented enough times to represent a significant connection.

In the implication matrix, the numbers were expressed in fractional form. Direct relationships were expressed on the left of the decimal point and the indirect relationships were expressed on the right of the decimal point.

The implication matrix shows the number of direct and indirect relationships from the codes on the vertical axis to the codes on the horizontal axis (from attributes to consequences to values). The content codes of the attributes and consequences are written on the vertical axis where the content codes of the consequences and the values are written on the horizontal axis.

Table 6.3: Implication matrix

	Content codes of the <u>consequences</u> and <u>values</u>											
Content codes of the <u>attributes</u> and <u>consequences</u>												
	Content codes of the <u>consequences</u> and <u>values</u>											

The implication matrix was used to construct the hierarchical value maps (HVMs). HVMs connects all the chains but with a cut-off level. Reynols& Gutman (1988) suggests a cut-off level of four direct relations for a sample of 50 respondents. A cut-off level of 2 was used for the 25 number of respondents interviewed in this study.

The HMV will show all the direct and indirect relations between the elements above the cut-off level. According to Reynolds & Gutman (1988) the HVM obtained through laddering procedures can serve as a basis for segmenting consumers with respect to their value orientations for a product class or brand; assessing brands or products in a fashion similar to the use of more traditional ratings; evaluating competitive advertising; and developing advertising strategies. Of these, only the first will be demonstrated at this time, because the

others require the collection of additional information regarding respondents views about specific products/brands and advertisements.

In order to see the number of direct and indirect relations of all the elements in the HVM, a summary table will be constructed which shows the relations of the elements leading to an element, and the relations which are leaded from that element.

Table 6.4: Direct and indirect relations for each element

Code	Label	From	To
1			
2			
3			

6.6   Conclusion

In this section, the methodology of the study was explained. The method section explained the sampling design, and questionnaire design; and it explained how the laddering interviews were conducted and how the data was processed in order to reach findings in Section 7.

SECTION 7

FINDINGS

7.1 Introduction

The following are the results of the laddering interviews carried out on different individuals. The results were presented on question-by-question basis and through the use of the raw matrices, implication matrices, the hierarchical value maps (HVM), and the direct and indirect relations in table formats.

7.4 Realization rate

Table 7.1

Number of people approached	**95**
Number of people granted an interview	**65**
Number of respondents disqualified on screening questions	**20**
Number of laddering interviews completed	**45**
Actual number of laddering interviews used	**25**

Three interviewers approached 95 people for the laddering interviews. Out of the 95 individuals approached only 65 granted an interview. Through the screening questions 20 respondents were disqualified for the purposes of this study. The remaining 45 laddering interviews were completed and 25 of them were used for the data processing. The 20 completed interview questionnaires were disregarded due to lack of or unreliable content.

7.3 Credit cards preferred

> **Which credit card you most prefer to use?**

The respondents reported the following in response to the above question:

Table 7.2

Bank	Credit card	Number of respondents preferring to use
İktisat Bankası	Smart	7
Iş Bankası	Maximum	6
HSBC	Advantage	5
KOOP Bankası	Optimum	3
Yapı Kredi	World Card	2
Garanti Bankası	Bonus	2

Out of the 25 respondents 28% said they use the Smart Card of İktisat Bankası; they were followed by 24% represented by the Maximum Card users of the İş Bankası. The 8% represented the Garanti Bankası, the least preferred card within the individuals who joined the interviews. The 72% of the respondents used the major banks listed above as İktisat Bankası, İş Bankası and HSBC.

Major finding:

The major finding is that the majority of the credit card users interviewed used İktisat Bankası, İş Bankası and HSBC.

7.4   Credit card attributes most preferred

> **Which one of the following attributes has made you to prefer this credit card?**

Respondents were given a list of attributes defined for credit cards and asked to choose the one that they most favoured.   Attributes that provided opportunities for paying back in instalments, international acceptability, customer services, cash promotions, higher credit limits, lower interest rates are represented in Table 6.3 below:

Table 7.3

Attributes	Number of respondents favouring most
Instalment payments	13
International acceptability	5
Customer services	3
Promotional cash point	2
Higher credit limits	1
Lower interest rates	1

The majority of respondents (52%) said they favoured credit card attributes that allowed them to pay their purchases in instalments.

Major finding:

Majority of the respondents favoured the credit card attribute that allows them to pay back their purchases in instalments.

7.7   Results of the "laddering" questions

Following the selection of the most favoured attribute, each respondent was asked the question "Why is that important to you?" for the attributes they told and the question was reedited for every answer given in order to reach the value level. When the respondent could no longer answer the question asked, the laddering interview was ended assuming that he/she reached the value level.

When the laddering interviews were completed, the data gathered from the interviews were processed following the guidelines established by Reynolds and Gutman (1988). As the first step, summary codes were developed that reflected every attribute, consequence, and value mentioned by the respondents. Then all the attributes, consequences, and the values in all ladders were categorized and each category was given a content code and each content code received a number.

Table 7.4: Content codes for credit cards

Code	Attributes
1	Instalment payment
2	International acceptability
3	Customer services
4	Promotional cash point
5	Credit limit
6	Interest rate
	Consequences
7	Stretching back payments for longer periods
8	Avoiding financial difficulties

9	Satisfying needs in time
10	Being able to buy what one wants in time
11	Avoiding the need to pay cash for a large sum
12	Sparing cash for other needs
13	More shopping
14	Wide acceptability
15	Shopping abroad
16	Avoiding financial difficulties abroad
17	Saving time
18	Saving money
19	Sparing personal time
	Values
20	Peace of mind
21	Self-fulfilment
22	Quality of life
23	Family

In the second step, the numbers of the content codes were used to score each element in each ladder and all the individual ladders were put together into a table in order to see which numbers the respondents answered to construct the "raw" matrix. In this raw matrix, the rows represent all the individual respondents' ladders and columns corresponding to sequential elements within individual elements. The number of rows corresponds to the number of respondents interviewed, and the number of columns corresponds to the number of elements in the longest ladder.

Table 7.5: Raw matrix of individual respondents' ladders for credit cards

Respondent #	Content Codes					
1.	1	7	8	9	22	
2.	1	7	10	21		
3.	1	7	8	23		
4.	1	11	12	9	22	
5.	2	14	10	20		
6.	1	13	10	21		
7.	3	17	19	20		
8.	1	7	12	9	22	
9.	2	14	16	17	20	
10.	3	17	19	20		
11.	4	13	21			
12.	1	11	8	9	20	
13.	4	13	21			
14.	1	13	21			
15.	2	14	16	15	18	8 23
16.	1	7	10	21		
17.	1	7	12	9	23	
18.	2	14	10	9	22	
19.	1	7	13	21		
20.	5	13	10	21		
21.	3	17	19	20		
22.	2	14	15	18	13	21

23.	6	18	8	20	
24.	1	11	12	9	20
25.	1	13	21		

The third step was to develop "implication" matrices using the "raw" matrix table above. The "implication" matrices were constructed, in order to display the aggregate number of times each element leads to each other element. The aggregate number of connections, both directly and indirectly between the attributes, consequences, and values in all the value chains were displayed in the implication matrix. The left side of the decimal point in the matrix represents the direct relations, and the right side of the decimal point represents the indirect relations. The vertical axis is represented by the content codes of the attributes and consequences, where the horizontal axis is represented by the content codes of the consequences and the values.

Table 7.6: Implication matrix for credit cards

	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
1	7.0	0.3	0.6	0.3	3.0	0.4	3.1							0.2	0.6	0.3	0.2
2		0.1	0.1	0.2			0.1	5.0	0.2	0.2	0.1	0.2		0.2	0.1	0.1	0.1
3											2.1		0.3	0.3			
4							2.0								0.2		
5				0.1			1.0								0.1		
6		0.1										2.0		0.1			
7		2.0	0.3	2.0		2.0	1.0								0.3	0.2	0.2
8			2.0											1.1		0.1	2.0
9														2.0		4.0	1.0
10			1.0											1.0	4.0	0.1	
11		0.1	0.3			2.0								0.2		0.1	
12			4.0											0.1		0.2	0.1
13				2.0										6.0			
14		0.1	0.1	2.0			0.1		0.2	2.0	0.1	0.2		0.2	0.1	0.1	0.1
15		0.1					0.1					2.0			0.1		0.1
16		0.1							1.0		1.0	0.1		0.1			0.1
17													3.0	1.3			
18		2.0					1.0							0.1	0.1		0.1
19														3.0			
	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23

This table shows the number of direct and indirect linkages from the codes on the vertical axis to the codes on the horizontal axis (i.e. from attributes to consequences to values). The vertical axis is made up of the 19 attribute/consequence codes obtained, while the horizontal axis is made up of the 17 consequence/value codes obtained. For instance, attribute 1 (instalment payment) is linked three times directly and once indirectly to consequence 13 (more shopping) and six times indirectly to value 22 (self-fulfilment).

The fourth step was to construct hierarchical value map (HVM) by using the "implication" matrix constructed. The HVM was constructed by connecting all the chains according to the linkages in the "implication" matrices. All chains cannot be presented in the map since it is difficult to interpret all the data. Therefore a cut-off level was set as suggested by Reynolds and Gutman (1988). They suggested a cut-off level of four for 50 respondents, and since the sample size in this study was 25 respondents a cut-off level of two direct relations was used to construct the HVM of credit cards.

Figure 7.1: Hierarchical value map for credit cards

- Peace of mind
- Quality of life
- Family
- Satisfying needs in time
- Sparing personal time
- Avoiding financial difficulties
- Sparing cash for other needs
- Self-fulfilment
- Saving money
- Saving time
- Being able to buy what one wants in time
- Shopping abroad
- Avoiding the need to pay cash for a large sum
- Stretching back payments for longer periods
- Avoiding financial difficulties abroad
- More shopping
- Wide acceptability
- Customer services
- Instalment payment
- Credit limit
- Promotional cash points
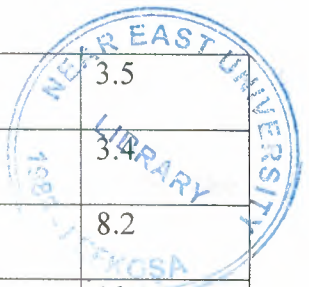- International acceptability
- Interest rate

According to Reynolds and Gutman (1988), one can consider any pathway from bottom to top as a potential chain representing a perceptual orientation meriting consideration. This, however, is not within the purpose of this study and therefore was not carried out.

The table below was constructed using the "implication" matrices to calculate the total number of direct and indirect relations for each element in the HVM. The table shows how many times other elements lead from and to each element, both directly (before the decimal point) and indirectly (after the decimal point).

Table 7.7: Direct and indirect relations for each element

Code	Label	From	To
1	Instalment payments	13.32	-
2	International acceptability	5.17	-
3	Customer services	3.7	-
4	Promotional cash points	3.3	-
5	Credit limit	1.1	-
6	Interest rate	2.2	-
7	Stretching back payments for longer periods	6.10	7.0
8	Avoiding financial difficulties	5.2	4.9
9	Satisfying needs in time	7.0	7.14
10	Being able to buy what one wants in time	6.1	6.6
11	Avoiding the need to pay cash for a large sum	2.7	3.0
12	Sparing cash for other needs	4.4	4.4
13	More shopping	9.0	8.4
16	Avoiding financial difficulties abroad	2.4	2.2
17	Saving time	4.3	4.3

18	Saving money	3.3	3.5
19	Sparing personal time	3.0	3.4
20	Peace of mind	-	8.2
21	Self-fulfilment	-	10.15
22	Quality of life	-	4.12
23	Family	-	3.1

According to the table above, the "instalment payment" is the attribute that has the highest number of relations leading from it, while the "limit" has the lowest number of relations leading from it. "More shopping" is the consequence that has the highest number of relations leading from it, while the "avoiding financial difficulties abroad" has the lowest number of relations leading from it. "Self-fulfilment" is the value that has the highest number of relations leading to it, while "family" has the lowest number of relations leading to it.

Major finding:

The most favoured credit card attribute is the one that allows paying back purchases in instalments. The consequences of this attribute are more shopping, stretching back payments for longer periods, avoiding the need to pay cash for a large sum, being able to buy what one wants in time, sparing cash for other needs, avoiding financial difficulties, and satisfying needs in time. These consequences made respondents reach the values of peace of mind, quality of life, family, and self-fulfilment. Self-fulfilment and peace of mind are the values that were most mentioned by the respondents.

Major finding:

The most favoured attributes, their consequences, and the values reached by the respondents were summarized in the following table.

Table 7.8:

Attributes	Consequences	Values
Instalment payment	Stretching back payments for longer periods	Peace of mind
	More shopping	Quality of life
	Avoiding the need to pay cash for a large sum	Family
	Being able to buy what one wants in time	Self-fulfilment
	Sparing cash for other needs	
	Avoiding financial difficulties	
	Satisfying needs in time	
International acceptability	Wide acceptability	Peace of mind
	Avoiding financial difficulties abroad	Quality of life
	Shopping abroad	Family
	Being able to buy what one wants in time	
	Saving money	
	Avoiding financial difficulties	

	Satisfying needs in time	
Customer services	Saving time Sparing personal time	Peace of mind
Promotional cash points	More shopping Being able to buy what one wants in time	Self-fulfilment
Credit limit	More shopping Being able to buy what one wants in time	Self-fulfilment
Interest rate	Saving money Avoiding financial difficulties Satisfying needs in time	Peace of mind Quality of life Family

7.7 Conclusion

The results of the laddering interviews carried out on different individuals were presented on question-by-question basis and through the use of the raw matrices, implication matrices, the hierarchical value maps (HVM), and the direct and indirect relations in table formats.

SECTION 8

CONCLUSIONS

8.1   Overview of the study

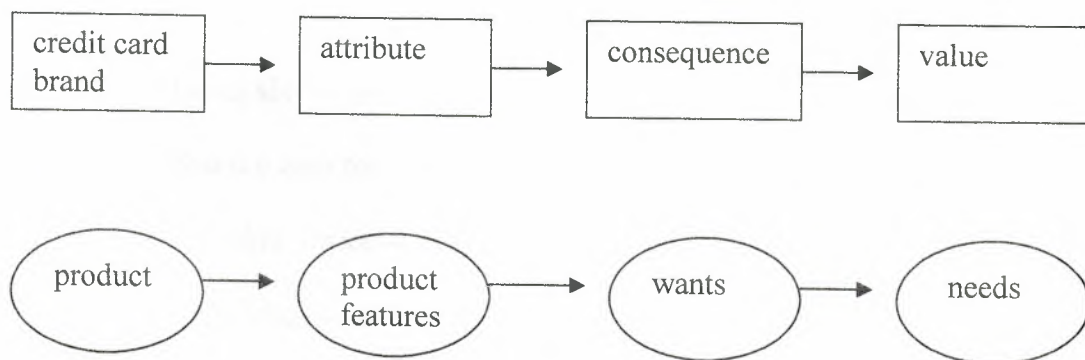The following is the summary of the major findings of this study, which were discussed in Section 7 in detail.

Table 8.1: Major findings

1.	The majority of the credit card users interviewed used İktisat Bankası, İş Bankası and HSBC.
2.	Majority of the respondents favoured the credit card attribute that allows them to pay back their purchases in instalments.
3.	The "instalment payment" is the attribute that has the highest number of relations leading from it, while the "limit" has the lowest number of relations leading from it. "More shopping" is the consequence that has the highest number of relations leading from it and leading to it, while the "avoiding financial difficulties abroad" has the lowest number of relations leading from it and leading to it. "Self-fulfilment" is the value that has the highest number of relations leading to it, while "family" has the lowest number of relations leading to it.
4.	The most favoured credit card attribute is the one that allows paying back purchases in instalments. The consequences of this attribute are more shopping, stretching back payments for longer periods, avoiding the need to pay cash for a large sum, being able to buy what one wants in time, sparing cash for other needs, avoiding financial difficulties,

and satisfying needs in time. These consequences made respondents reach the values of peace of mind, quality of life, family, and self-fulfilment. Self-fulfilment and peace of mind are the values that were most mentioned by the respondents.

This study first asked people of the Credit Card brand of their choice. Second, it asked them what attributes of the credit card they are using were most preferred. These attributes were regarded as the "product features" of their choice of the credit card. Third, they were asked why they preferred that attribute (product feature). The answers were the consequences of the attributes. These consequences can be translated as human wants or the product solutions sought to satisfy inner needs. The "human needs" were labelled as "values" and thus also identified by this study. The following also summarizes and illustrates the main conclusions:

Figure 8.1

```
┌──────────────┐     ┌──────────────┐     ┌──────────────┐     ┌──────────────┐
│ credit card  │ ──▶ │ attribute    │ ──▶ │ consequence  │ ──▶ │ value        │
│ brand        │     │              │     │              │     │              │
└──────────────┘     └──────────────┘     └──────────────┘     └──────────────┘


   ⬭ product ⬭  ──▶  ⬭ product  ⬭  ──▶  ⬭ wants ⬭  ──▶  ⬭ needs ⬭
                       features
```

As illustrated above, customers choose a product for those features that satisfy their wants and needs and marketers develop their products features in order to satisfy those needs. Reynold & Gutman claim that the "crossing over" from the qualitative nature of the interviews to the quantitative way of dealing with the information obtained (developing summary codes, matrices, hierarchical value maps) is one of the unique aspects of laddering and sets it apart

from other qualitative methods. Means-End-Chain and its Laddering technique reveal the basic motivation of customers which influences their choices and it provides the data for firms to segment their customer more precisely and assesses their communication strategies more effectively.

This study attempted to unveil the basic motivational factors of the credit card-holders (as defined for the purposes of the interviews carried out) when obtaining and using a credit card. The following table summarizes the HVM of credit cards. It shows the most sought attributes and their resulting consequences and values of credit cards.

Table 8.2:

Attributes	Consequences	Values
Instalment payments	Stretching back payments for longer periods More shopping Avoiding the need to pay cash for a large sum Being able to buy what one wants in time Sparing cash for other needs Avoiding financial difficulties Satisfying needs in time	Peace of mind Quality of life Family Self-fulfilment
International acceptability	Wide acceptability Avoiding financial difficulties abroad Shopping abroad Being able to buy what one wants in time Saving money Avoiding financial difficulties	Peace of mind Quality of life Family

	Satisfying needs in time	
Customer services	Saving time Sparing personal time	Peace of mind
Promotional cash points	More shopping Being able to buy what one wants in time	Self-fulfilment
Credit limit	More shopping Being able to buy what one wants in time	Self-fulfilment
Interest rate	Saving money Avoiding financial difficulties Satisfying needs in time	Peace of mind Quality of life Family

8.2 Consumer responses to credit card enhancements around the world

The first aim of this study was to understand the consumer responses to credit card enhancements (built in product attributes/benefits around the world). The literature was explored in order to understand the choices of the credit card holders when they are obtaining and using credit cards. It was discovered that credit card holders around the world commonly preferred the following attributes:

Interest rates, fees (annual fees, other), value added benefits such as frequent flier mileage, appearance of card (logo or design), status symbol such as gold card, credit limit, location of the bank, ease of attaining the card, acceptability by vendors and businesses, and customer support /service.

8.3 Views on consumer choices of the leading credit card providers in Northern Cyprus.

The second aim of this study was to understand the views of the leading credit card providers on consumer choices in Northern Cyprus. As it was discussed in Section 4 in detail, banking experts were interviewed personally and it was found that the most favoured cards in Northern Cyprus were local acceptability, number of instalments, discounts made to the credit card, limit, sales promotions, queue waiting time when paying the balance, reaching to the balance and other account information, customer services, international acceptability, status symbol of the card, name of the bank, and the interest rate charged.

8.4 The most favoured credit card attributes by local citizens in Northern Cyprus

According to the laddering interviews conducted with 25 respondents, the most preferred credit card attributes, the resulting consequences and customer values are listed and illustrated in Table 8.2. For the purposes of this study, the respondents in the sample sought the values of self-fulfilment, peace of mind, quality of life, and family in priority order. The main attributes contributing to the satisfaction of customer needs and values were instalment payments, international acceptability, customer services promotional cash point, higher credit limits, lower interest rates in priority order. The most important two attributes are the instalments payments and international acceptability which gives customers the most important values self-fulfilment and peace of mind.

8.5 Attributes to be emphasized in marketing and product design strategies

The most favoured attributes were listed and discussed above and also within the findings of the report. In the light of these findings, the card providers should emphasize on the instalment payments-more shopping-being able to buy what one wants in time-self-fulfilment

value chain when designing credit card products and marketing efforts. They should increase the number of instalment payment opportunities provided by the credit card products, which in turn would enable the credit card holders to make more shopping and buy what they want on time and finally get more self-fulfilment. This value chain could also be used when assessing advertisement efforts. For example, a person having a credit card with which he/she could make more shopping than other people possessing different credit cards could be the main message of adverts. Similarly, the credit card providers should consider the other credit card attributes-consequences-values identified by this study to enhance their product designs and marketing efforts.

8.6   Limitations of the study

The major limitation of this study is that the findings cannot be generalized to the whole credit card users in Nicosia or to anywhere else in the world. A mere 25 respondents were interviewed who were selected using convenience sampling and therefore, not a probability-sampling design. Consequently, the current findings may not be sustained if this study was repeated or if a probability -sampling design was used. However, the aim of the study was not to reach generalised results; rather its aim was to get an idea about why people may choose a credit card since no such study was conducted in Northern Cyprus.

8.7   Recommendations for future study

This study was a pilot study, which aimed to get an idea of the current situation about the basic motivation of credit card holders in obtaining and using a credit card rather then obtaining generalised results for such motives. Reaching scientifically valid results should be the aim of future studies, which should use more scientific sampling designs. This study should be replicated using a sufficiently large, scientifically selected sample of respondents. Thus the collected data would enable the researcher to draw more generalised results for the

credit card holders in Nicosia or wherever a location is selected. It would be meaningful to apply all the techniques suggested by Reynolds & Gutman for the purpose of such a study. Such a research should include a description, a profile of segments to be identified, thus enabling the banks to base their marketing and communication strategies on the right basis when targeting the most appropriate segments for their resources and capabilities. This should finally enable the credit-card providers to evaluate the effectiveness of their credit card products, and current marketing strategies and developing more competitive strategies for the future.

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Appendix A

Anket
Görüşmeci talimatı

Anket sorularını yönelteceğiniz kişiye kendinizi tanıtıp anket konusu hakkında bilgi veriniz. Ankete katılıp katılmayacağını sorunuz. Gerekirse ilişikteki bilgilendirici yazıyı da gösteriniz.

Görüştüğünüz kimse ankete katılmayı reddederse kendisine teşekkür edip görüşmeyi sonlandırınız.

Görüştüğünüz kimse ankete katılmayı kabul ederse kendisine aşağıdaki soruları yöneltiniz. Sorulardan herhangi birinin yanıtı "hayır" olursa görüşmeyi sonlandırınız.

A.   Eleme soruları

1.   KKTC vatandaşı mısınız?   Evet [ ]   Hayır [ ]
2.   Lefkoşa'da mı oturuyorsunuz?   Evet [ ]   Hayır [ ]
3.   Kredi kartı kullanıyor musunuz?   Evet [ ]   Hayır [ ]
4.   Kartın hesabı sizin adınıza mı?   Evet [ ]   Hayır [ ]

B.   Kredi Kartında Tercih Edilen Özellikler

Görüşmeci talimatı

Görüştüğünüz kimseye aşağıdaki soruları yöneltiniz.

| 1. | Hangi kredi kartını kullanıyorsunuz? | |

Görüşmeci talimatı

Aşağıdaki soruyu sorduktan sonra, elinizdeki listeyi katılımcıya gösteriniz ve sahip olduğu kredi kartını tercih etmesindeki en önemli özelliği göstermesini isteyiniz.

| 2. | Hangi özelliğinden dolayı bu kredi kartını diğer kredi kartlarına tercih ediyorsunuz? | |

Bu özellik sizin için neden bu kadar önemli?

...... neden sizin için önemli?

...... neden sizin için önemli?

...... neden sizin için önemli?

Görüşmeci talimatı

Görüşmeye katılan kişinin yanıtları "kişisel değer" e ulaştığında veya katılımcının cevapları sona erdiğinde teşekkür ediniz ve görüşmeyi sonlandırınız.

1

Appendix B

Kullandığınız kredi kartını tercih etmenizdeki en önemli özellik hangisidir?

Kredi Kartı Özellikleri

11.	Faiz oranı	11.	Müşteri hizmetleri
12.	Sabit ücretler	12.	Taksitli alış veriş
13.	Nakit puan, "hava mili" gibi artıların olması	13.	Kampanyalar
14.	Kartın görünüşü, logosu, vsr.	14.	Nakit indirimi
15.	Prestij (altın kartın sağladığı statü gibi)	15.	Bankanının adı itibarı
16.	Kredi tutarı/imkanı .	16.	Otomatik ödeme
17.	Bankanın yeri	17.	Geri ödeme kolaylığı
18.	Kartı elde etmedeki kolaylık	18.	Bankanın güvenlik poitikası
19.	Yerel geçerlilik	19.	Nakit avans
20.	Uluslararası geçerlilik	20.	Aynı bankada zaten başka hesabın oluşu

Diğer