

## Chapter 13

# Exploring Elderly Customer– Employee Rapport in Services: Managerial and Social Implications

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### **ABSTRACT**

*The increasing share of older people in the population has influenced the economic and social life and services sectors. Banking services are integrated into almost all of the daily transactions and inevitable for older consumers. This study aims to examine the special needs and expectations of older customers in retail banking. A survey was conducted on frontline salespeople in branches. The findings have shown that older consumers expect special attention from their customer relationship managers. The relationship managers have positive attitudes toward older consumers and high customer-employee rapport levels. Attitude and rapport constructs are positively and significantly correlated. In addition, relationship managers were divided into three clusters depending on their rapport levels and perceived branch visit reasons. This chapter has provided current empirical findings, insights, and managerial recommendations about customer-employee relationships in the older consumers and services contexts.*

### **INTRODUCTION**

The developments in the health sector and increased global wealth have led to increased life expectancy in many societies (Sahin et al., 2012). Due to the recent improvements in health, nutrition, and income levels, population aging has become an important topic in public policy, business management, and social sciences (Nunan & Domenico, 2019; Moschis et al., 2020). Although there is not a specific agreement in the literature about the definition of the elderly, adults aged over 65 are considered as old where gerontologists and public administrators accept the border age as 60 and 65 years, respectively (Jayanti, 2010; Kim & Jang, 2019). The USA Office of Financial Protection for Older Americans defines older consumers as seniors aged 62 or older.

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The proportion of older people in the global population is increasing. The share of the population aged 65 and above was 4.9% in 1960, 5.8% in 1980, 6.8% in 2000, and 9.1% in 2019 (Worldbank, 2020). These parameters point out the rising trend in the last six decades, and this increasing trend is expected to continue. The number of people aged 60 years or older in the world is expected to triple and reach 3.1 billion by 2100 (UN, 2017). Monaco, Japan, and Germany are ranked as the leading countries with the highest share of the older population (TUIK, 2020). The proportion of the elderly aged 65 or above is expected to reach 24% by 2040 and 40% by 2060 (Hwang & Lee, 2019). For Europe, the population aged 60 years or older is expected to reach 35% in 2050 and remain at that level until 2100 (UN, 2017). The number of people that are 65 years old or older in Turkey has increased by 21.9% in the previous five years and exceeded 7.5 million, making the country 66<sup>th</sup> among 167 countries in terms of aged population (TUIK, 2020). Similar to the globe, the share of the older people in the Turkish population is expected to increase and reach 10.2% in 2023, 12.9% in 2030, and 22.6% in 2060 (TUIK, 2020).

This demographic shift has influenced economic and social life, consumer markets, business management, and marketing (Swida et al., 2018). The increasing number of older people influences services in social, economic, and cultural aspects (Sahin et al., 2012). Besides, the rising proportion of older adults has increased the share of the aged population in retail spending and economic power (Meneely et al., 2009). Age also has a substantial impact on consumer behavior (Meneely et al., 2009). Because of these reasons, older consumers constitute a special market segment that needs particular attention (Swida et al., 2018). In particular, services have gained more importance in the aging consumer domain since many service sectors still function with substantial human interaction and numerous frontline employees.

Banking is integrated into almost all of the daily monetary transactions and inevitable for the majority of individuals. Retail banking is among the substantial services that aged consumers need to take frequently. Many elderly customers often visit branches for their financial needs and transactions since they trust the frontline service personnel but do not trust the internet or mobile banking. Most old consumers prefer to visit branches instead of using self-service banking channels since they want to get personal service (Rose & Fogarty, 2006). Besides, most of the older consumers find self-service banking interfaces complex. Therefore, the frontline staff in branches interact with older customers frequently. Understanding the needs and particular expectations of older consumers in service settings is essential for effective marketing management.

The older customer segment is noteworthy since they may have some limitations in terms of physical capabilities and face difficulties in adopting self-service banking technologies relative to young adults (Rose & Fogarty, 2006; Pechmann et al., 2011; Swida et al., 2018). Regardless of their income or behavioral segment, older customers expect special service in kindness, personal assistance, and interaction. In general, they frequently interact with the frontline service staff in the retail banking sector. While older customers can constitute a different segment, their needs and expectations vary depending on their total assets under management, personal characteristics, and financial needs.

Bank employee-customer relationships are often long-term and need to depend on mutual commitment and trust (Morgan & Hunt, 1994). Personal relationships are critical to service firms as customer-employee rapport is fundamental in banking services that require repeated interactions with the same service staff (Gremler & Gwinner, 2000). Compared to service encounters that consist of interactions with a different service employee each time, banking services are given to customers by specific customer relationship managers. Customer relationship managers deal with mainly all of the financial needs of their customers. So, rapport has a significant role in customer-employee relationships in financial

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