

5 STEPS FOR IMPROVING THE CUSTOMER EXPERIENCE

Consistent execution of several key tactics is critical to implementing the transition to an improved customer experience.



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Based on the insights captured in our recent Ideal Banking and Small Business Banking studies, there is still a significant room for improvement in crucial customer experience categories. Many organizations continue to focus their efforts more on products and less on customer relationships as a way to recoup lost fees from recent regulatory reform. While adding new products or increasing rates or fees for existing products may seem like an instant solution to increase profitability, these initiatives do not help improve customer loyalty and can often have a negative impact on customer retention.

Furthermore, the longer an organization waits to move from the traditional product-driven approach to a more customer-centric and service-driven culture, the more difficult it will be for it to catch up to competitors who have already revamped their strategies for 2011. Here are five steps that we believe will help your institution successfully make that transition:

Understanding your customers' changing needs is the first step to improving customer experience at your institution. Quite simply, if you do not know or understand what your customers want and need, how are you going to provide them with appropriate banking products and services and, more importantly to them, the correct guidance and advice?

So what can your institution do to make sure this step is addressed? First, ensure that your frontline staff is asking questions. In our recent small business banking study, we found that bankers would be more successful in expanding their small business client base if they consistently took the time to learn about a potential client's business dynamics before recommending products, since asking questions about the client's business is a significant driver of customer acquisition.

As simple as that sounds, many banks simply don't ask important questions about the prospect's business. Whether that customer fits into the small business or retail category, it is of the utmost significance for your frontline staff to assess their banking needs.



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Additionally, you should train, track and coach frontline staff on the client needs-assessment process to ensure that a practical and meaningful dialogue is occurring and that it is aligned with the organization's culture and protocols.

And keep in mind that customer needs are constantly changing. We have evolved from a branch-centric model for meeting all financial needs to one based on convenience, where individuals and businesses want to conduct their banking at an ATM, online or through a mobile device. If your institution is not providing enough of these alternate channels for banking, then it does not understand the changing needs of the financial services customer.

Don't focus on selling products; focus on selling exceptional customer experiences. This step is extremely important in improving the customer experience, but it may involve a change in sales culture. We have already mentioned how many banks have shied away from pumping product to becoming more service-driven. Why have they made this transition? Because they now understand that this is the key to long-term success.

When consumers were asked in our most recent studies what they sought most in a banking relationship, half of all respondents mentioned customer service, personal relationships and trusted advice, while less than one in five mentioned products and services. By selling an exceptional customer experience, you are creating a deeper relationship with the customer.

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No one likes being “sold to,” so rather than pitching a customer every product under the sun to make quick revenues, get to know those customers. Learn about their needs and financial goals, make them comfortable, and make their contact with your institution a memorable one. This step contributes to immediate customer satisfaction as well as long-term customer loyalty.

Make your customers feel safe. Become your customers’ go-to expert on products and services. Let them know about bank industry changes (such as Reg E, Dodd-Frank Act, etc.) and how those changes may affect them. If your customers feel that you are looking out for their best interests, and if they feel nurtured and cared for, they will, in essence, feel safe.

This goes beyond the friendliness factor. While a friendly teller can make a customer feel happy, a demonstration of competence makes them feel confident that they chose the right bank. Thirty-seven percent of consumers cite “Trust in the bank and the employees who work there” as a factor in making a banking relationship ideal, while 50% list it as a “must have.” And in a time of financial crisis when consumer markets still remain skeptical and untrusting of banks, this step can make a world of difference.

Keep up with the times. The expansion of communication channels is changing how we interact with customers and those providers that do not keep up with the times will most likely not survive. Customers are seeking convenience with Web services that remember their names and even recommend products based on their past purchases (think Amazon and Zappos) and they now rely heavily on their interactive mobile devices and social media to find product information or seek customer support. If your institution is not taking advantage of these channels, it is already falling behind in improving the customer experience.

Some banks have created mobile banking apps that allow you to check balances, request insurance quotes and even perform remote deposit capture. And it has already been determined that the customers with a mobile banking application attrite significantly less than customers without such a service. Those banks that stay ahead of the game in providing customer-centric Website technology for online banking, better customer support via social media and the convenient features of mobile applications will surely see happier customers.

Reward the relationship. Today, most people are involved in some type of rewards program whether it involves a grocery store where they can earn coupons to save money on food, or an airline where they can earn miles towards free flights. The fact is that people like be rewarded for their loyalty to a store or brand.

Rewarding customer relationships at financial institutions can take different forms. For instance, customers of Citizens Financial Group can earn points for gift cards, merchandise and travel just for simple things such as paying their bills online or maintaining multiple banking products. Capital One Financial Corp. rewards its checking account customers in the form of “miles” and an Anniversary Bonus, where an account holder will receive 1,000 miles on his or her first rewards membership anniversary with the bank. These miles can be redeemed for cash, travel or merchandise. By creating a reward structure at your institution, you will be well on your way to building that loyalty.

Our research shows that service-driven institutions that truly focus on customer needs consistently receive the highest ratings. We believe these institutions will be the victors post-crisis, and in many years to come.

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