



# Business Banking : the changing customer...

## Singing the satisfaction blues

*"Fulfilment of one's wishes, expectations or needs; or the pleasure derived from it"- Oxford Dictionary*

As customer satisfaction becomes increasingly disconnected from customer engagement and buying behaviour, and no longer delivers actionable predictive power, what measures do banks need when devising strategy?

Despite plummeting satisfaction levels reported by businesses and its lack of predictive value, many of Australia's businesses banks continue to take their satisfaction ratings "to the stage" when creating marketing and advertising strategies.

But what does this mean? And does it influence measures such as market share, share of customer wallet and cross sell performance— well no, not entirely.

Satisfaction is, a decreasingly important component of a much larger set of predictive metrics including such drivers as mind share, empathy and loyalty.

Individual Sentiment Scores by Enterprise Segment – January 2011 10 (low) to 100 (high)					
Segment	Empathy	Satisfaction	Loyalty	Advocacy	TOTAL
Micro Business	10.8	15.0	12.3	10.7	12.2
SME	16.1	34.0	17.7	10.5	19.6
Mid Corporate	77.3	89.1	55.6	49.0	67.8
TOTAL	34.4	46.2	28.4	23.1	33.0

## Empathy in its entirety

*"The ability to understand and share the feelings of another"- Oxford Dictionary*

The Global Financial Crisis saw access to credit severely restricted, especially to the Micro and SME business segments and enterprises in these segments are now reporting very low levels of empathy being experienced from their primary banking provider.

Anecdotally, respondents to East and Partners' Advocacy Monitor (TAM), formerly know as the Business Banking Sentiment Index (BBSI), report incidences of routinely scheduled meetings with their RMs turning into surprise credit review sessions with "the credit guys" with only passing reference being made to any long-term relationship values from their bank(s).

## Lacking loyalty

*"The quality of being loyal; giving or showing firm and constant support or allegiance to a person or institution"- Oxford Dictionary*

The flow though from this lack of empathy being experienced in the customer-bank relationship in the smaller end of town has been a heavy negative impact on customer loyalty. Micro's and SME's are now reporting the lowest levels of loyalty towards their primary business banks since records began.

The question now therefore is—what can Australia's banks do to repair this broken set of customer sentiments or is the damage irreparable?

## Advocacy Advocate

*"Public support for or recommendation of a particular cause or policy"- Oxford Dictionary.*

East & Partners has now significantly enhanced its previous BBSI program with the addition of five more sets of metrics around predicting business customer behaviour with their banks, focussed on customer advocacy.

Advocacy has become a more valuable "outcome predictor" of likely customer engagement with their banks, based on underlying drivers of advocacy in customer-bank empathy, bank loyalty

experiences, contact frequency, proactiveness of bank engagement, mind share and advertising recognition. Yet actual levels of advocacy are extremely modest...

Just how, therefore, do we now engage and leverage these drivers of advocacy to enhance the customer experience and their preparedness to advocate? East welcomes debate on this question, in our view central to bank prosperity and a healthy customer relationship as we leave the GFC behind...

Number of Times Bank or Relationship Manager Advocated in Past Two Months, by Enterprise Segment Average Score	
Segment	Jan 2011
Micro Business	0.34
SME	0.49
Mid Corporate	0.69
TOTAL	0.51