



## Holding on to Customers in a Financial Maelstrom

*Mark Hollyoake of Springboard CS, draws on the research, experience and methodology of CxP to make the case for an enlightened approach to customer experience management even when all eyes are on funding and liquidity.*

At the beginning of 2008, the main business drivers would have been: interest rates, customer service, and is my money safe. Now 18 months later, it's all about availability of funds, security of deposits, and way down the priority list, customer service. But to disregard the customer is a big mistake.

The customer is fundamental to the future prosperity of building societies and at this moment in time he or she is difficult to pin down. That is because some customers are spreading their savings to mitigate risk and fall within the Government's £30,000 underwriting agreement. And there is more!

The pursuit of funding has seen some great saving deals often sweetened with introductory rates. These offers often feature through the internet channel and pose the problem for the societies of how to deal with the Internet opportunists.

And then there's the 'end of the good times' moving from low fixed rate onto the new rate structure. Once they get over the trauma, they often start hunting around for the least pain-full option. And of course there are the 'lucky few' coming to the end of a loan or mortgage

The challenge facing directors is simple: How do we reduce the outflow and increase the inflow of customers and so secure and grow the business? How do we hold onto them beyond the current product offering?

Once the storm passes, these same customers will start to reappraise the financial landscape. It is essential that focus is placed into retaining them or those funds could be moving off to pastures new.

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A couple of questions!

1. Why did the new customers come to us in the first place?
2. Why are current customers sticking with us?

One way of doing this is to proactively manage the expectations that a society creates and then delivers. When interest rates and product offerings are broadly the same, building societies can differentiate themselves through creating a better customer experience.

So what is the customer looking for? In today's uncertain economy, they often want reassurance: a trusted financial service provider, a safe place for their money, good rates, fair treatment and reliable information. A customer-experience that meets this need will win out not just now but on into the future. But how is it created?

Creating effective customer experience strategies requires insight into what attracted them in the first place and why they are staying. In each instance a deciding factor will be the experience these customers receive at the various 'touch points' in their engagement and how it measures up to their expectations and context.

So it is important for an organisation to:

- Develop a factual understanding of what the most profitable customers expect and the value they represent.
- Clearly identify the 'touch-points' which make bonding, impact and value enhancing experiences across the customer journey.
- Ensure that 'customer experience leaders' communicate to staff what is expected of them.
- Back this up with a reward and motivation programme that is aligned with this objective and supports the delivery of your customer experience.

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CxP is a customer experience management solution that helps organisations to map out its current customer experience and then brings together the emotional and rational / scientific into an effective strategy for transforming it into something extra ordinary.

Our experience in the building society sector suggests that three key factors are crucial to the long term retention of both new and long standing customers: building trust, acting with integrity and clear and honest communication. If you can score highly against all three factors you can attain "bonded" status.

The aim is to build sufficient trust for them to feel safe in giving you more of their savings and leaving it with you for longer.

They will be comparing the experiences they receive from you with those being offered by other providers.

New customers are looking for a safe haven until the storm passes, to be treated fairly for a loan or mortgage, or take advantage of special deals. For existing customers it's about hoping you will continue to deliver for them as you always have done.

In each instance a key differentiator will be the experience they receive based on their expectations and context. They will be happy if the expectations are clear and the experience lives up to them, and if the services provided meet the special needs of in a time of change and uncertainty.

At the end of 2007, we published our report *Mutual Appreciation: Who Stands out in the Building Society Crowd*, which concluded that the sector was providing consumers with an indifferent customer experience and failing to make more of mutual values to differentiate their offer in the marketplace.

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Since then we have seen a number of organisations leverage their 'mutual' values; John Lewis Partnership, the Co-operative Bank, and of course Nationwide Building Society with its 'Proud to be Different' campaign. At the heart of their success is a focus on customer experience. And that is what the building society sector needs to do now; therein lay a way through the financial maelstrom to a prosperous future.

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