

THE BLUE BOX EXPERIENCE

by [Steve Brown](#)

Recently one of our daughters was given a Tiffany & Co. sterling silver necklace as a gift. The necklace retails for \$100 and comes with engraving. When we went to go have it inscribed at the local store, we were ushered upstairs, behind a red velvet rope into a well appointed room. There, a Tiffany representative introduced themselves; discussed the finer points of the necklace and proceeded to ask about how the pendent was to be engraved. After painstakingly verifying the engraving, the representative then proceeded to take 3 pictures from different directions. You would have thought we were dropping off the Hope Diamond with this kind of treatment.

We are all about profitability, so by our estimation, Tiffany & Co. easily lost \$200 in time and resources in this transaction. On the way home, however, we realized that our profitability calculation was horribly wrong. Our little girl could not stop talking about the jewelry, the service and the experience. By a single 45 minute visit, Tiffany was able to convey both brand and value to a 12 year old. Do you think she is going to go anywhere else the next time she has influence over a jewelry decision? We pity her future boyfriends.

If your bank says that "service" is your differentiating factor, what are you doing to ensure that this service is maintained? Do you have a velvet rope or require a minimum of 6 weeks (and often times 8 weeks) of training for new hires? Do you require certification in different areas of the bank before employees can talk with customers? Do you require that all employees take written tests each year so all are clear on what constitutes "superior service" within your organization? Tiffany does. An employee that has to take a 2 hour class on ribbon tying so that the gift box lays flat at presentment clearly gets the picture about how important the details are.

At the management level, do you spend 6% of your revenues on advertising to maintain your brand in addition to any product advertisement? Does your bank's advertising promote a certain "lifestyle" that carries its own connotations like luxury or financial acumen? Does the CEO worry about the quality of paper your brochures are printed on? Does your staff call customers within 2 days of a transaction to thank them for their business and to follow-up on any outstanding items? Do you send hand signed letters informing customers of changes in the product or opportunities they may want to take advantage of? Does senior management ensure that a complete lineup of products in terms of price are available so all customers have a "lifestyle" choice and can be moved up as their disposable income grows? Tiffany does.

Whether it is a \$15 pack of playing cards or the \$2.2mm triple strand of South Sea pearls, Tiffany hopes to find a reason to impart its brand on a variety of customers in hopes a series of small purchases will lead to lifelong loyalty. If the CEO is worried about the details, Tiffany has found that employees start to look after the little things that make up the experience. Advertising further supports the image.

Tiffany adherence to brand is legendary and is the reason their trademarks and brand alone were independently valued recently at over \$4B. It is the reason why the chain enjoys consistent double digit growth and some of the highest margins in the industry. What they don't talk about is price. There are no sales, no negotiations and no "specials."

If you are worried about reduced net interest margins, ask yourself - are you doing enough to build the bank's brand? Are you inviting discussion on price or are you catering to service? Is training all that it should be? Are you doing enough to look after the details? If not, consider what a Tiffany EVP said in an interview for this article - "Our products are flawless so our customers forget about them. Our experience is extraordinary so our customers remember."

BANK NEWS

Resilient Consumer

A survey finds nearly 50% of consumers say their finances have gotten worse in the last year.

Avoiding ID Theft

Here are 10 tips to protect your identity while shopping online this holiday season: (1) Check accounts daily for unauthorized activity; (2) Only do business with companies you know and trust; (3) Beware of fake "look-alike" sites; (4) Read a company's privacy policy before revealing financial info; (5) Only provide personal info on a secure Web site; (6) Don't respond to emails asking you to "confirm" recent transactions; (7) Maintain a paper trail; (8) Don't share passwords, SSNs, DOBs, or mother's maiden name in an email; (9) Use up-to-date security software; and (10) use a separate email account and/or credit card for online shopping.

Pension Growth

A new study finds the world's 300 largest pension funds controlled \$10.4T in assets as of the end of 2006, a 12% increase over the prior year and nearly double the level of 5Ys ago. Aging baby boomers, along with ongoing corporate and government support were cited as primary drivers for the growth.

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