

## HOW KETCHUP AND DISNEYLAND CAN HELP YOUR BANK

by [Steve Brown](#)

Behold ketchup - Some call it the perfect food. While it is not the most nutritious or filling, food scientists and market researchers (led by Henry Heinz), developed a food that registers high satisfaction in each of the 5 key receptors on the tongue - sweet, salt, sour, bitter and umami. Ketchup, with its tomato, vinegar, salt and maple is "sensor perfect" by design. Almost equally important, Heinz took that perfectly balanced formula, came up with innovative process to insure consistency from batch to batch and added quality marketing ("57 Varieties," the bottle, the slow pour attribute, etc.). Go to the store and you will find 17 kids of mustards alongside one ketchup (Heinz) that dominates the shelves with a 70% market share (a place that it has held since its introduction in 1876).

In similar fashion, behavioral scientists have charted the customer experience at businesses and have determined that there are certain things people find more important than others. By distilling these factors down to their essence, banks can bolster satisfaction ratings. We present the top 5:

Get it out of the way - Figure out the most unpleasant part of the customer experience and place it right at the forefront of the experience. Whether it is learning about fees or filling out a loan application, freeing customers from the bad experiences early, allows them to focus on the positive aspects of service.

Manage "Reflection Time" - Customer's perception of an experience is linked to the number of breaks in a particular event. Smaller chunks of pleasant experiences are perceived to have greater value than one large segment.

Choice - Provide your customers with choices in the product or service delivery, such as being able to create their own account attributes, choose when they want interest expense debited, or how to receive communication. The lesson here is to create choices for your customer during the business process.

Consistency - People find comfort in regular, repetitive experiences. These consistent experiences can vary from quick phone call response times, to warm cookies in the branch, or a weekly update on the state of the economy. While new experiences are always more exciting, it is the repetitive rituals the score the highest in satisfaction.

Save your best for last - The single largest factor in a quality impression is the ending experience. The final customer interaction is what resides in the memory. Set your experience up so that you deliver a positive surprise at the end (e.g. a cost savings, a thank you gift or praise) and satisfaction will soar.

Can all this help your bank? Consider one business person, Walt Disney, which studied the Heinz experience and decided to put it into practice. Through quantitative study and market research, Disneyland was designed to incorporate each of the 5 principles above. This is one reason why, despite having to wait 60 minutes in line (getting the bad part out of the way), most Disney rides are all under 3 minutes (segmented experience). In addition, the park is amazingly consistent in its

experience delivery, multiple rides/attractions deliver choice and the best part comes at the end - either with the finishing of the ride or with positive reinforcement by staff. On almost every study of satisfaction, Disneyland not only ranks the highest out of amusement parks, but usually out ranks all other vacation experiences when compared head to head.

Like the 5 perfect combinations of tastes in ketchup, these 5 principles of customer service can alter your customer's perceptions permanently. Take the time to view the business from your customer's eyes, apply the principles and watch your satisfaction ratings soar.

# BANK NEWS

## **Taxing Banks**

As part of the new budget, the White House proposed increasing the DIF reserve ratio target over 1.50% (up from the current 1.15% to 1.50% range) and included a provision that would impose a 15bp tax on the largest banks.

## **Community Bank Program**

The White House will unveil details of their Small Business Lending Fund which will provide community banks (assets under \$10B) capital in exchange for greater small business lending.

## **Lending Standards**

The 4Q FRB Senior Loan Officer Opinion Survey finds banks stopped tightening standards on most loan types. Banks also reported loan demand from both businesses and households weakened further. Finally, banks expected significant additional deterioration in the quality of CRE loans, prime residential mortgages and revolving home equity lines of credit this year (with the quality of other types of loans expected to improve slightly).

## **Directors**

The Fed launched a slick new website designed to help train and provide resources for bank directors to better understand their role in managing safety and soundness. It is a must read site at [www.BankDirectorsDesktop.org](http://www.BankDirectorsDesktop.org)

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