

HOW KETCHUP AND DISNEY 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 types of mustard sitting next to 1 main ketchup (Heinz). It has dominated the shelves since its introduction back in 1876 with a 70% market share.

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 perception of an experience is linked to the number of breaks in a particular event. Stopping during an account opening process and checking to make sure everything is meeting their expectations is a popular example of this. Smaller chunks of pleasant experiences are perceived to have greater value than one large segment.

Choice - Provide your customers with choices in product or service delivery, such as being able to create their own account attributes, choose when they want their loan interest rate to reset 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

CFPB Regulation

The CFPB issued a proposed rule that would place debt collectors and consumer reporting agencies under its nonbank supervision program. The proposal would impact about 175 debt collection companies equaling 63% of the market and 30 consumer reporting agencies that account for 94% of the market.

Soaring Value

The Fed Chicago has released a report that shows prices of farmland in the Midwest jumped 22% in 2011, the biggest annual gain in 35Ys (1976).

Lower Amount

In an effort to wind down TARP faster, the Treasury said it would allow participating banks to make smaller repayments of 5% or \$100,000, whichever is greater.

Better

Fed Chair Bernanke said in a speech this week that he sees improved financial performance in community banks, despite a challenging economy. He also indicated, "Community banks make a critical contribution to the prosperity of both their localities and the nation as a whole, which is why we at the Federal Reserve and the other banking agencies are acutely interested in their long-term strength and viability." Before you pop the top on the bottle of bubbly, however, he also indicated that "despite some recent signs of improvement, the recovery has been frustratingly slow, constraining opportunities for profitable lending."

Branch Franchise

The CEO of Charles Schwab says 1,700 applicants have signed up so far, asking to participate in the company's franchising of independent branches. Schwab plans to use the strategy to quickly expand its footprint by delivering more products and services to local investors, while controlling its own corporate costs.

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