Financial Service Firms Win on Satisfaction, Lose on Brand Affinity

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Ipsos study reveals that while customers are satisfied, they sense little affinity or differentiation amongst brands

Financial services organizations the world over are continuing to receive high satisfaction scores from their customers, but at the same time, they are having continued difficulty creating differentiation and building affinity with their customer base.
These findings are based on new data from Ipsos Loyaltyâ€™s global loyalty norms database.

â€œBrand differentiation and affinity are two emotionally based ingredients vital to building customer loyalty, but somehow, financial service providers are failing to connect with customers on these success factors,â€• says Ray Kong, Senior Vice President with Ipsos Loyalty in Toronto.

â€œWhile our research indicates that customers are satisfied with the level of service they receive, they experience very little personal connection to their financial service brand."

First fielded in 2005, the Ipsos global loyalty norms database measures and tracks customer ratings of banking, insurance and credit card companies on a number of key performance measures critical to customer loyalty.

Specifically, the database measures such qualities a organizational and name familiarity, popularity, relevance, brand differentiation, operational satisfaction, quality, trust and brand affinity.

Around the world, in each of the three years for which data is available (2005, 2007 and 2009), banks have received their lowest customer scores for brand differentiation and brand affinity (top 3 box 21%, 28%, 34% for differentiation and 20%, 24%, 33% for affinity), while continuing to receive the highest scores for operational satisfaction (49%, 52%, 56%).

â€œOn the surface, this may be seen by some as good enough as customer attrition rates remain low,â€• adds Kong. â€œHowe it does leave open the question of whether low customer attrition is a function of high barriers to exit, rather than a strong attitudinal loyalty to an organization.â€•

Trends across both the industry and broader society are having an impact on consumer behaviors and actions. Greater pre-retirement financial asset consolidation is occurring.

Technology is making more self service options available. The Internet is empowering individuals to distance themselves from the corporations that serve them. And the speed and reach of social networks means the influence of advocates or critics is wide and fast.

With all this at hand, can financial institutions afford to continue merely satisfying customers and hold on to them by using high barriers to exit?

â€œThis presents a very serious threat to many financial service firms,â€• concludes Kong. â€œIn the wake of the global financi crisis, in which many financial services brands have suffered, low differentiation and affinity may leave financial services organizations vulnerable to new offers and/or entrants who are able to establish a more emotionally based loyalty or compete on price.â€•

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