

## An EMI Industry Intelligence Report



## Reinventing Loyalty by Rewarding the Banking Relationship.

In November 2008, to better understand customer loyalty to banks as well as the drivers of credit card purchasing, EMI conducted a nationwide blind survey of 600 consumers who maintain an active banking relationship with at least one financial institution and who have at least one credit card. The results revealed some interesting challenges and important opportunities facing financial services.



# Reinventing Loyalty.

## The Challenge

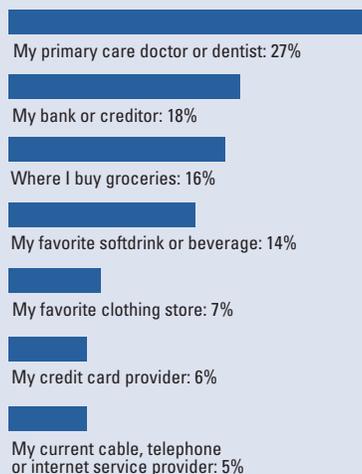
- Consumer are not particularly loyal to their bank or credit union
- Consumers are as likely to stay with their bank out of apathy as they are out of satisfaction
- Consumers look for and actively choose credit cards from institutions other than their primary banks

## The Opportunity

- By ensuring their current loyalty program rewards all aspects of the customer lifecycle, banks can become more competitive, garner greater brand loyalty, and retain more profitable customer relationships

## Loyalty to Brand or Company

**Fig. 1:** Our study showed that consumer loyalty does not translate into greater revenue or even greater product acquisition for the bank.



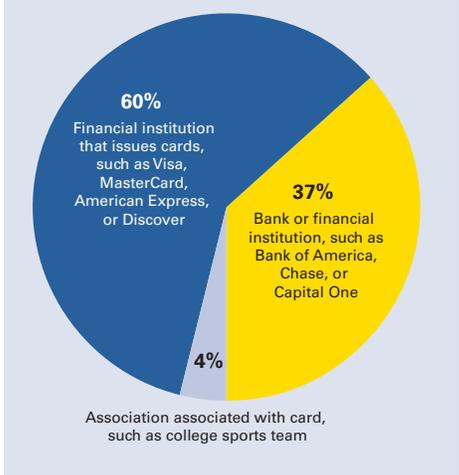
## A bank is a bank is a bank.

Our study revealed that banks and credit unions have a long way to go towards building consumer loyalty, especially in today's economic climate. Even among self-professed brand shoppers, banks only garnered the same level of brand loyalty as supermarkets and soft drinks, with credit cards faring even worse (Fig. 1). And when it comes to choosing a credit card, more consumers choose the card network than the bank that issues the card (Fig. 2).

The lack of brand power in the financial industry can be attributed to the fact that many consumers believe most banks are undifferentiated, and they choose their bank more often because it is convenient than for any other reason. And when it comes to long-term relationships, more than half of consumers stay with their bank for one of two primary reasons — because they see no reason to switch and because it is too much of a hassle to switch. Only 16% actually stay because the financial products and incentives are better (Fig. 3).

## Picking a Credit Card: Who did respondents choose?

**Fig. 2:** Our study showed that consumer loyalty does not translate into greater revenue or even greater product acquisition for the bank.



## Why consumers choose to stay with their primary bank

**Fig. 3:** Because consumers ultimately stay with their banks out of apathy and inertia and not because of the benefits of their banking relationship, they are prime targets for other financial institutions.





## Intro head

For 20 years, EMI has been working with Fortune 500 companies and industry leaders to drive results. Our focus is not on spending advertising dollars. Our focus is on creating strategic marketing programs that deliver more — from brand power to sales and retention.

Our analytic programs, combined with our industry expertise, can help your company achieve greater growth and increased customer loyalty.

**To learn about what EMI can do for your company, contact Macy Jones at 617-224-1101 or email [mjones@emiboston.com](mailto:mjones@emiboston.com).**

## The tailored offer is the winning offer.

To compete in the credit card arena, banks need to create stronger, more rewarding relationships with their customers — literally. Banks can begin by building on the convenience platform and offering more streamlined products, more online account management tools and greater security. But they also need to be able to give the consumers what they want: greater cashback incentives and better, more tangible rewards. When it comes to banking relationships, today's consumers don't want to spend more to get more; they just want more.

And as consumers become more price and program conscious, it's going to take more than just rewards to bring them in and to keep them banking with your institution. The trend in financial services is to leverage cross-bank products and intelligence to be able to offer consumers what matters most to them — real savings and better, more tailored product offers. Financial institutions that make use of analytics and customer purchasing behavior can deliver more targeted offers, and further differentiate themselves from all the other banks out there.

***And that's why leading banks have turned to EMI.***



## EMI Strategic Marketing

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