

Baseline Customer Loyalty Survey

CONTRIBUTING VALUE
TO THE BOTTOM LINE

SCANTRON®

Scantron's baseline customer loyalty survey creates an overview of how a financial institution is perceived by its customers. The overview is the starting point to determine what needs to be fixed and opportunities for growth.

Traditionally, satisfaction surveys measure how happy customers are with banking, with a focus on convenience and staff interaction. Although satisfaction is important to customer service, it does not capture the complete picture of the customer relationship. Thus, Scantron's baseline survey establishes a Customer Loyalty Index, which may be tracked over time to measure progress.

Ultimately, management of the financial institution needs to understand the factors that enhance its ability to retain customers, to grow the number of account relationships and to gain a larger share of wallet for each product type. In addition to transactional satisfaction, product satisfaction, perceived value and measures of empathy need to be incorporated in any survey that measures the strength of the relationship with customers.

The psychological concept of 'cognitive dissonance' explains why many customers provide 'good' ratings but are not really loyal. A customer does not like to admit to settling for a less than 'good' banking relationship.

Measures of customer relationships need to help management achieve these important responsibilities:

- Monitor customer loyalty to the institution
- Identify needs for specific service or product enhancements
- Compare performance across departments or branches
- Identify areas of improvement which will increase customer loyalty
- Reducing problems which are expensive to fix



THE SCANTRON LOYALTY INDEX

Successful baseline surveys will alert management to changes that reduce account turnover, increase cross-selling success rates, identify 'best practices' branches to emulate and benchmark customer satisfaction for future trends analysis. Consequently, Return on Assets will improve due to the reduction in the share of marketing expenses devoted to replacing lost accounts and to higher average balances per account.

Customers who have a weak tie to a financial institution are less likely to notice product promotions from their institutions and thus a larger share of marketing budgets is spent on unreceptive audiences.

Strong customer relationships contribute to the bottom line in several ways. These account holders do more business with the financial institution, are more likely to recommend the financial institution to others and maintain higher average balances. Scantron estimates that for every one percent improvement in customer retention, \$25,000 per year per 10,000 accounts is added to earnings.

Marketing success requires understanding and frequently monitoring the product and service attributes which increase loyalty and share of wallet. Scantron's baseline customer survey identifies areas with potential problems or competitive weaknesses. Scantron recommends following up on the baseline survey with specific surveys to track performance and product enhancements.

Show customers you care by incorporating Scantron's baseline survey into your institution's branding strategy. This will increase scores by tracking loyalty over time, as explained in Scantron's Customer Loyalty Index report.

ACTION STEPS

1. Implement the Customer Loyalty Survey
2. Select sample and draw data
3. Receive results and recommendations
4. Determine if these or other areas require additional research
 - Branch performance
 - Remote services access
 - Checking products enhancement
 - Savings products enhancement
 - Loan services enhancements
 - Image and awareness
5. Repeat the Customer Loyalty Survey to track success.



SURVEY SYSTEM ELEMENTS

- Customer Loyalty Index and Peer Performance Review
- Customer Loyalty Survey Questionnaire
- Item Bank: a comprehensive list of questions that may be incorporated into a variety of surveys
- Preexisting, modifiable survey questionnaires in the following areas:
 - Checking Account Survey
 - Deposit/Investment Survey
 - Lending Solutions Survey
 - Awareness and Image Survey
- Technical support in these and other areas:
 - Sampling
 - Peer Comparisons
 - Appended Data



For more information, visit us at www.scantron.com or contact your Scantron representative at 1-800-722-6876 or email info@scantron.com.

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