

# Customer Loyalty in Financial Services - UK - April 2011

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## What is this report about?

The financial crisis has seen many firms shifting their focus. In the boom years, there was an emphasis on customer acquisition, often using aggressive pricing in order to bring in new business. The crisis, though, prompted firms to look again at their tactics. An uncertain economic environment means that low-risk business is particularly valuable, and one way of managing risk is to concentrate on selling to existing customers: when a firm has a long-standing relationship with a customer, it is much easier to assess their ability to make loan repayments, or the likelihood that they will claim on an insurance policy.

## What have we found out?

- When consumers were asked which kind of firm best rewards loyal customers, supermarkets were way ahead. Of the ten types of firm that Mintel asked about, financial services filled the three bottom places.
- Across industries, the link between consumers' loyalty and their perceptions of how well rewarded they are for that loyalty is tenuous. Mintel's brand research shows, for example, that although people feel that supermarkets are good at rewarding loyal customers, that loyalty is not reciprocated - very few people remain faithful to one brand.
- Most loyalty-based marketing in the financial services industry revolves around rewarding people for taking out additional products, but consumers themselves have a very different view of loyalty. They overwhelmingly see how long you have been with a company as the best measure of loyalty, not how many products you hold with the firm.
- On one measure, people appear to show real loyalty to their main bank. Most have maintained the relationship for more than a decade. However, this statistic needs to be viewed in conjunction with the level of cross sales, which are far less impressive, especially among better-off customers.
- Long-standing customers are particularly cynical. People who have been with their main bank for more than a decade are the least likely to believe that financial services firms offer better deals to their loyal customers.
- On the whole, people don't think that the financial services firms with whom they deal show any loyalty to them. In return, few say that they feel any loyalty to these firms.

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