

## Loyalty in Financial Services - UK - April 2014

Report Price: £2195.00 | \$3554.69 | €2788.33

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Financial services firms cannot expect their clients to exhibit loyalty when they feel that new customers are the ones getting the best deals. Indeed, most of the “loyalty” in the financial services market is due to customer inertia. Going forward, firms need to look at how they can reward long-standing customer relationships in order not to alienate the core of their customer base.”  
– Stevan Obradovic, Financial Services Analyst

### This report looks at the following areas:

- Which financial services firms have the most scope for improvement?
- Is loyalty a two-way street?
- Do customers want tangible benefits for being loyal?

In terms of customer perceptions, financial services firms are rated among the worst performing when it comes to rewarding loyal clients. The concept of loyalty in some financial markets, such as car insurance, is almost non-existent, with the majority of clients checking offers from rival providers each year in order to get a better deal. Today’s increasingly savvy consumers have access to myriad tools to help them track down the best deals, and as a result switching behaviour even in other financial markets is heavily driven by price considerations – with only current accounts bucking this trend.

These market trends are partly self-inflicted, however. Heavy discounting on products for new customers and bonus/introductory rates mean that consumers have been pushed towards looking at new providers because they see little reward in showing loyalty to firms. There are suggestions that this is changing as some firms are scrapping such offers in order to not alienate their current customer base. Going forward there is scope to try and build loyalty in the financial services arena, although this will have to be an industry-wide effort as currently the majority of consumers just do not think it is worth being loyal to finance firms.

This report examines the way consumers rate financial services firms in comparison to other industries when it comes to rewarding loyal customers. In addition, there is analysis on switching behaviour in financial services markets with an in-depth overview of what drives switching in the current account, insurance, mortgage, credit card and savings sectors. The concluding sections of this report look at consumers’ attitudes towards loyalty in financial services.

BUY THIS  
REPORT NOW

VISIT:  
[store.mintel.com](http://store.mintel.com)

CALL:  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

APAC  
+61 (0) 2 8284 8100

EMAIL:  
[oxygen@mintel.com](mailto:oxygen@mintel.com)

### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Loyalty in Financial Services - UK - April 2014

Report Price: £2195.00 | \$3554.69 | €2788.33

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Introduction

Abbreviations

### Executive Summary

Financial services in context

Financial services among the worst rated when it comes to rewarding loyalty

Figure 1: Consumer perceptions of how well different firms reward loyalty, January 2014

Efforts to reward loyalty have yet to change consumer perceptions

Figure 2: Consumer perceptions of how well finance firms reward their loyal customers, May 2012 and January 2014

Supermarkets lead the way when it comes to loyalty scheme membership

Figure 3: Loyalty scheme membership, January 2014

Financial account switching

Car and home insurance are the two most widely switched products...

Figure 4: Switching of financial services products, January 2014

...and they are also the most frequently switched as well

Figure 5: Financial account switching, January 2014

Inertia in the current account market means that switching is relatively low

Reasons for switching accounts

Cost and pricing drives switching behaviour, except in the current account market

Figure 6: Reasons for moving financial services products, January 2014

Attitudes towards loyalty in financial services

Damning verdict on financial services firms

Figure 7: Attitudes towards the approach of financial services firms to loyalty, January 2014

Loyalty is seen as secondary to higher rates and better deals

Figure 8: Attitudes towards the importance of loyalty to customers, January 2014

Consumers feel that loyalty should be rewarded

Figure 9: Attitudes towards consumer willingness to look for better deals, January 2014

What we think

### Issues and Insights

Insurers have the most scope for improvement

The facts

The implications

Loyalty is a two-way street

The facts

The implications

Most people want tangible benefits for being loyal

The facts

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Loyalty in Financial Services - UK - April 2014

Report Price: £2195.00 | \$3554.69 | €2788.33

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

The implications

## Trend Application

Pick 'n' mix rewards

Show me the loyalty

Mintel futures: Generation Next

## Loyalty Across Different Industries

Key points

Supermarkets come out on top

Figure 10: Consumer perceptions of how well different firms reward loyalty, January 2014

"Visual" and tailored discounts lead to positive perceptions

Banks come out on top for financial services firms, but that does not mean much

Utilities firms perform the worst, closely followed by insurers

Younger clients much more likely to rate banks favourably

Older clients have a higher appreciation of locality

Almost two years on and not much has changed in terms of customer perceptions

Figure 11: Consumer perceptions of how well finance firms reward their loyal customers, May 2012 and January 2014

## Loyalty Scheme Membership

Key points

Clubcard and Nectar card schemes have helped to push supermarkets into an unassailable lead

Figure 12: Loyalty scheme membership, January 2014

Entry of Tesco Bank into the current account market has potential to disrupt

Credit cards offer scope for improvement

Insurers struggling to promote loyalty

Reward scheme participants have much more positive opinions about firms

Figure 13: Consumer perceptions of how well different firms reward loyalty, by credit card and bank loyalty scheme membership, January 2014

## Switching of Financial Products

Key points

Car and home insurance are the most widely switched products

Figure 14: Switching of financial services products, January 2014

Older and affluent consumers more likely to have switched providers

Figure 15: Number of financial services products switched, by age and gross annual household income, January 2014

Credit card loyalty scheme members much more likely to have switched providers

Figure 16: Switching of credit card providers, by credit card loyalty/reward scheme membership, January 2014

## Length of Time since Last Provider Switch – By Financial Product

Key points

Insurance products again top the list

Figure 17: Financial account switching, January 2014

Cash ISA and saving account switching is also relatively frequent

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Loyalty in Financial Services - UK - April 2014

Report Price: £2195.00 | \$3554.69 | €2788.33

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Current accounts are extremely 'sticky'

Figure 18: Switching of current accounts, January 2014

Mortgage provider switching is relatively infrequent

## Reasons for Switching Financial Products

Key points

Current accounts

Customer service slightly more likely to drive switching behaviour

Figure 19: Reasons for moving current account providers, January 2014

Current account switching service and new entrants to the market

Branch closures are not a big driver for switching activity

Savings account/cash ISA

Introductory and bonus rates are helping to drive switching

Figure 20: Reasons for moving savings account/cash ISA providers, January 2014

Older and more affluent customers keeping an eye on rates

Car and home insurance

Price, price and price

Figure 21: Reasons for moving car or home insurance providers, January 2014

Customer service and the quality of product

Mortgages

A better deal can lead to long-term savings in the mortgage market

Figure 22: Reasons for moving mortgage providers, January 2014

Credit cards

Switching is heavily driven by new and better deals

Figure 23: Reasons for moving credit card providers, January 2014

## Attitudes Towards Loyalty in Financial Services

Key points

A damning verdict on financial services firms

Figure 24: Attitudes towards the approach of financial services firms to loyalty, January 2014

Find the right balance between rewarding loyalty and attracting new custom

Figure 25: Switching of financial services products, by agreement with the statements 'Financial services firms tend to offer better deals to their new customers' and 'Financial services firms take their customers for granted', January 2014

Building societies continue to stand out from banks

## Importance of Loyalty to Consumers

Key points

More people want better rates than loyalty schemes

Figure 26: Attitudes towards the importance of loyalty to customers, January 2014

Very few see the point in showing loyalty to financial services firms

## Consumer Willingness to Look for Better Deals

Key points

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)  
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100  
EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

# Loyalty in Financial Services - UK - April 2014

Report Price: £2195.00 | \$3554.69 | €2788.33

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Clients believe that firms can put more effort into rewarding loyal customers...

Figure 27: Attitudes towards consumer willingness to look for better deals, January 2014

...but many also believe that it is important to do your own research

Perceived hassle of research and switching leads to customer inertia

## Target Groups – Consumer Attitudes Towards Loyalty

Key points

Apathetic consumers present the biggest target group

Figure 28: Target groups, January 2014

Apathetic – 33% of the sample

Forgiving – 20% of the sample

Fed-up – 22% of the sample

Engaged – 25% of the sample

Switching behaviour is higher among fed-up and engaged consumers

Figure 29: Switching of financial services products, by target groups, January 2014

Forgiving customers more likely to move because of service

“Buying” loyalty

Figure 30: Reasons for moving savings accounts and/or cash ISAs, by target groups, January 2014

## Appendix – Loyalty Across Different Industries

Figure 31: Consumer perceptions of how well supermarkets reward their customers, by demographics, January 2014

Figure 32: Consumer perceptions of how well local shops reward their customers, by demographics, January 2014

Figure 33: Consumer perceptions of how well coffee shops/restaurants reward their customers, by demographics, January 2014

Figure 34: Consumer perceptions of how well pubs reward their customers, by demographics, January 2014

Figure 35: Consumer perceptions of how well airlines reward their customers, by demographics, January 2014

Figure 36: Consumer perceptions of how well mobile phone companies reward their customers, by demographics, January 2014

Figure 37: Consumer perceptions of how well banks reward their customers, by demographics, January 2014

Figure 38: Consumer perceptions of how well credit card companies reward their customers, by demographics, January 2014

Figure 39: Consumer perceptions of how well insurers reward their customers, by demographics, January 2014

Figure 40: Consumer perceptions of how well travel firms reward their customers, by demographics, January 2014

Figure 41: Consumer perceptions of how well utilities firms reward their customers, by demographics, January 2014

## Appendix – Loyalty Scheme Membership

Figure 42: Most popular loyalty scheme membership, by demographics, January 2014

Figure 43: Next most popular loyalty scheme membership, by demographics, January 2014

Figure 44: Other loyalty scheme membership, by demographics, January 2014

## Appendix – Switching of Financial Products

Figure 45: Most switched financial services products, by demographics, January 2014

Figure 46: Less switched financial services products, by demographics, January 2014

Figure 47: Number of financial services products switched, by demographics, January 2014

## Appendix – Length of Time since Last Provider Switch – By Financial Product

BUY THIS  
REPORT NOW

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)

## Loyalty in Financial Services - UK - April 2014

Report Price: £2195.00 | \$3554.69 | €2788.33

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 48: Financial account switching – Current account, January 2014

Figure 49: Financial account switching – Savings account, January 2014

Figure 50: Financial account switching – Cash ISA, January 2014

Figure 51: Financial account switching – Car insurance, January 2014

Figure 52: Financial account switching – Home insurance, January 2014

Figure 53: Financial account switching – Credit card, January 2014

Figure 54: Financial account switching – Mortgage, January 2014

### Appendix – Reasons for Switching Financial Products

Figure 55: Reasons for switching current accounts, January 2014

Figure 56: Reasons for switching current accounts, January 2014 (continued)

Figure 57: Reasons for switching savings account/cash ISA, January 2014

Figure 58: Reasons for switching savings accounts/cash ISA, January 2014 (continued)

Figure 59: Reasons for switching car or home insurance, January 2014

Figure 60: Reasons for switching car or home insurance, January 2014 (continued)

Figure 61: Reasons for switching credit cards, January 2014

Figure 62: Reasons for switching credit cards, January 2014 (continued)

### Appendix – Attitudes Towards Loyalty in Financial Services

Figure 63: Agreement with the statement 'Financial services firms take their customers for granted', by demographics, January 2014

Figure 64: Agreement with the statement 'Financial services firms tend to offer better deals to their new customers', by demographics, January 2014

Figure 65: Agreement with the statement 'Financial services firms are more interested in rewarding loyalty from wealthier customers', by demographics, January 2014

Figure 66: Agreement with the statement 'Financial services firms are all the same when it comes to rewarding customer loyalty', by demographics, January 2014

Figure 67: Agreement with the statement 'Building societies are better at rewarding loyalty than banks', by demographics, January 2014

### Appendix – Importance of Loyalty to Consumers

Figure 68: Agreement with the statement 'Better rates or cheaper products are more important to me than a loyalty scheme', by demographics, January 2014

Figure 69: Agreement with the statement 'A loyalty scheme wouldn't stop me from looking around for a better deal/product', by demographics, January 2014

Figure 70: Agreement with the statement 'It's worthwhile to stay loyal to a financial services firm', by demographics, January 2014

Figure 71: Agreement with the statement 'It is difficult for financial services firms to reward loyal customers', by demographics, January 2014

### Appendix – Consumer Willingness to Look for Better Deals

Figure 72: Agreement with the statement 'It is important to personally research for the best deals, rather than to rely on firms to offer you the best products/rates', by demographics, January 2014

Figure 73: Agreement with the statement 'Financial services firms should make more effort to reward long-standing customers', by demographics, January 2014

Figure 74: Agreement with the statement 'It is too much hassle to constantly look for better deals and change providers', by demographics, January 2014

### Appendix – Target Groups

Figure 75: Target groups, by demographics, January 2014

Figure 76: Attitudes towards loyalty in financial services, by target groups, January 2014

**BUY THIS  
REPORT NOW**

VISIT: [store.mintel.com](http://store.mintel.com)

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | APAC +61 (0) 2 8284 8100

EMAIL: [oxygen@mintel.com](mailto:oxygen@mintel.com)