

Class Activity

Attached below is a newspaper article from a local newspaper *Montclair News*. Go through the news report and analyze what went wrong for the local bank. Explain your reasoning.

Headline: Montclair Community Bank’s Customer Service Strategy - Surveys and Reviews Reflect High Satisfaction, but Business Growth Falls Short

By Staff Reporter - August 17, 2023

Montclair Community Bank — or MCB, for those in the know, is well-known in the local community, earning a reputation as a reliable and customer-focused institution. The local bank had been in business for almost five years. They decided it was time to enhance their customer service game, believing it would be the key to open a second branch office in upper Montclair.

Over the course of six months, the bank conducted an extensive survey campaign, gathering a significant volume of customer feedback. They established an online hotline where customers could anonymously share their opinions on the bank’s services. Similarly, anyone who contacted the bank by phone was encouraged to complete a quick 30-second survey rating the service. As the customers walked out, there had a survey device asking “On a scale from 1 to 5, how much did we enrich your day?” which recorded the responses.

Furthermore, the bank’s management hired two additional employees whose primary role was to meticulously review all online comments across various service platforms, such as their website, Google Reviews, their dedicated hotline number, customer responses on the survey device, and the post-call surveys they received. The bank aimed to become the leading financial institution in the area by excelling in customer service, anticipating that high ratings and positive reviews would attract a significant increase in clientele.

MCB quickly achieved impressive customer satisfaction ratings, with an average score of 4.8 out of 5. The bank even issued a press release highlighting their exceptional performance. However, despite the high ratings and positive feedback, the bank’s revenue increased by only \$50,000 over the same six-month period from the previous year—a modest 10% growth. This increase fell short of the financial goals necessary to open a second branch, casting doubt on their ambitious expansion plans.

Disclaimer: *This news report is entirely fictional and intended for educational and illustrative purposes. It does not reflect actual events or business practices. Always critically evaluate sources and claims in real-world scenarios.*

Class Activity

- What sampling biases may have caused MCB to overestimate its position within the banking market?
- How did these biases distort their perception and contribute to financial misjudgments?
- What should MCB have done better to avoid the biased sampling methods?