

**Title:**

In Financial Services, You Can Smile Harder and Give Away Gifts, but Loyalty is Heartfelt

**Word Count:**

768

**Summary:**

In banking, insurance, and investing, repeat business and loyalty are not the same. True loyalty is heartfelt.

**Keywords:**

financial, investment advisor, loyalty, referrals, business, marketing, money, client, brand management, newsletter

**Article Body:**

In banking and investing and insurance, many thousands of service-minded people enjoy client loyalty. Yet, most labour under a false basic assumption about why clients are loyal to them or their institution, rather than competitors. What really generates loyalty is warmth.

The dominant view of loyalty in financial services equates loyalty with simple continuity of service. "If they keep on dealing with you, that means they're loyal." This makes sense, but it lacks a basic understanding of what motivates people to be loyal.

This view also supposes that people become loyal to whomever best satisfies their service requirements. "If they can read statements that arrive on time, and find good numbers in them, then you just need be nice and keep it up." This makes sense, too. But does loyalty come simply from satisfying requirements and smiling?

By conventional wisdom, good investment performance and reliable admin are not quite enough from investment advisors or financial planners. Indeed, they strive to have impressive diplomas and professional certifications, to dress for success, and to express clever perspectives. This makes sense, too. Yet, most of their clients simply assume the diplomas and certifications. People want something more.

<b>connectedness the edge</b>

The conventional wisdom lacks edge. Here's that edge: connectedness - mutual

connection with the individual or institution. Some have it and don't know how or why. Some credit their office décor, and they might be right. Décor has more draw power in a place with heart, though, where people connect.

True loyalty goes both ways. A customer who feels connected goes right past the competitor's grand opening celebrations to deal with one of their favourite service representatives at their home branch of their bank. The Assistant to the Branch Manager at an investment firm's local office remembers every client and pronounces their names correctly every time. She deals with them as if they're loved, respected family members. They'd never go anywhere else.

Connectedness transcends financial services professionals' polished shoes and marble floors. Connectedness trumps tidy, timely admin, too. Connectedness even out-powers return on investment. In a Gallup Management Journal article, W.J. McEwen and J.H. Fleming write, "Without a strong emotional bond, customer satisfaction is meaningless." (Customer Satisfaction Doesn't Count, GMJ, March 13, 2003) So, if one investment advisor's power suit is less powerful than another's, it probably doesn't matter - if her clients feel connected to her. Connectedness outpowers free gifts, as well.

<b>beyond incentive programs</b>

Somewhere in North America today, a financial institution is giving away a nifty gift as an incentive for a certain market segment to sign up for a new account or service. For example, a bank is giving away iPods to young adults who sign up for a new account targeted at young adults. A credit union is giving first-time mortgage borrowers a three-figure discount on home insurance.

When these incentives become actively competitive, some consumers learn to hold out for better. Gallup: "This might not be profitable. That's because repeated purchase behaviour has been motivated - or bribed - by a company's offers of gifts, discounts, or other purchase rewards. These customers aren't really loyal; they're just customers who haven't left - yet." In such promotions, branch managers are generally rewarded on new sign-ups only. Ever wonder how many of those new accounts remain active and profitable?

Some gauge loyalty by frequency or volume of transactions. If these are valid measures, then the loyalty jackpot must include a good measure of profitability. Wouldn't it be nice if the loyalty grand prize also included mutual liking and trust? If that leads to greater depth-of-relationship or share-of-wallet, then you could make a profit and smile and dispense with trinkets.

<b>let it happen</b>

Enter connectedness. It comes from being real sincerely. It lets clients be real

with you, too. In a financial service relationship, that can be rewarding.

Connectedness is not a common concept in financial services. Yet, connectedness is exactly what people seek in trust-based business relationships. It is a feeling of affinity to likable, trustworthy professionals. Gallup studies link this emotional engagement to lower attrition and higher profits. I see it when investment advisors and credit unions show their true colours in brand-aligned newsletters and client events.

When you like and trust your client, and your client likes and trusts you, then you have a good basis to solve their problems and earn their loyalty. If you continue to solve their problems and maintain mutual liking and trust, then you'll enjoy loyalty that's resilient