

Customer Managed Relationship vs. Customer Relationship Management with Consumer Relevancy – Case Study: BankPost

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Abstract

Consumer Relevancy is a revolutionary approach that goes beyond “getting close to the customer” and “creating customer value”. A company that practices Consumer Relevancy understands that its commercial offerings must reflect fundamental human values such as trust, respect, honesty, dignity and fairness and not simply focus on the products and services themselves. With Consumer Relevancy, the relationship between businesses and customers effectively becomes customer managed.

Consumer Relevancy is a response to a shift in the meaning of the five attributes of commerce: price, product, service, access and experience. Although these attributes remained the same over time, their meaning has been radically transformed in the view of the customers: 1) they do not want the lowest price, but consistent prices; 2) they do not want the best product, but consistently good products; 3) they do not want “value-added” services if the basic services are not offered first; 4) they value how they reach the business location more than its geographic position; 5) they want respect, to be treated as human beings and to be offered unique products and services.

The interaction between the consumer and the business, in this case BankPost, operates at one of three potential levels: accept, prefer and seek. There is also a negative level, the “consumer underworld”, a level of distrust and lack of credibility at which no company wishes to operate. In adopting Consumer Relevancy, BankPost must find solutions for reaching the third level for each of the five attributes.

What is Consumer Relevancy

Consumer Relevancy is a revolutionary approach applied to the relationship between businesses and their customers. It goes beyond “getting close to the customer” and “creating customer value”, to forging a chain of human-to-human interactions based on fundamental human values such as trust, respect, honesty, dignity and fairness. A company that practices Consumer Relevancy understands that its commercial offerings must reflect these values and not simply focus on the products and services themselves.

Consumer Relevancy also puts an end to an almost universal myth of excellence: attempting to be great at all aspects of commerce. The “trying to be the best at everything” approach no longer works because in doing so, most companies end up excelling at very little. Here is where Consumer Relevancy comes into play, with its own approach: formulating a business strategy for domination on one element of the business transaction, for differentiation on another and for meeting the competitive market on the remaining elements.

With Consumer Relevancy, the relationship between businesses and customers effectively becomes customer managed.

The Five Attributes of Commerce and Consumer Relevancy

Consumer Relevancy is a response to a shift in the meaning of the five attributes of commerce: price, product, service, access and experience. Although these attributes remained the same over time, their meaning has been radically transformed in the view of the customers:

1. Price. Businesses brag about low prices while the customers prefer to pay the correct price, a price that is consistent and doesn't appear to have been artificially increased or decreased at the expense of other things they want to buy;

2. Product. It was assumed that customers would want “the best” or, at the very least, something approximating the highest quality, but this is not the case. While a few customers (especially Internet shoppers) would buy only the best product they can find, the vast majority of customers think that consistently good products is more desirable than a single best offering.

3. Service. There are companies trying to offer “value-added” services in some areas, while failing to provide even basic services in other areas. All attempts to offer enhanced services to customers are futile if the company is incapable to provide primary services in the first place;

4. Access. Nowadays, customers place more value on the way they reach the location (both physically and psychologically) than on the location’s geographic position. They do not wish to be forced on predefined and mandatory traffic layouts when trying to reach the desired location.

5. Experience. What customers really want are respect, to be treated as human beings and to be offered unique products and services.

The customers deliver a clear message: “If you give me what I need (honesty, respect and trust), I will give you what you need from me”. The interaction between the consumer and the business operates at one of three potential levels: **accept, prefer and seek**. There is also a negative level, the “consumer underworld”, a level of distrust and lack of credibility at which no company wishes to operate.

How does a company consolidate the relation with its customers? First, a new way of thinking is required, one that allows for differentiation while not doing everything at the highest level, thus the new concept of Consumer Relevancy. Understanding consumer relevancy begins with the interaction between customer behavior, business strategy and the resulting relation at each of the three levels.

Table 1. Relation levels – Consumer Relevancy

Level	Access	Experience	Price	Product	Service
III Consumer seeks the company (Dominate)	Give me a solution ; help me out in a bind	Establish intimacy with me by doing something no one else can	Be my agent ; let me trust you to make my purchases	Inspire me with an assortment of great products I didn’t know about	Customize the product or service to fit my needs
II Consumer prefers the company (Differentiate)	Make the interaction convenient for me	Care about my needs and me	Be fair and consistent in your pricing. I’m not necessarily after the lowest price	Be dependable in your selection and in-stock position, so I can rely on you when I’m in a bind	Educate me when I encounter a product or a solution I don’t understand
I Consumer accepts the company (Operate at par)	Make it easy for me to find what I need, get in and out in a hurry	Respect me, treat me like a human being	Keep the prices honest ; don’t jack them up or offer big savings when there are none	Be credible in your product and service offerings	Accommodate me; bend over backwards sometimes to show me you care
Consumer Underworld	Block my way, hassle me, keep me waiting, make it hard for me to get in and out	Dehumanize me; disrespect me; ignore my needs	Be inconsistent, unclear or misleading in your pricing	Offer me poor quality merchandise and services that I can’t use	Give me an experience I’d just as soon forget; give me a reason to tell my friends and relatives to stay away

Source: Crawford, Fred & Mathews Ryan – CapGemini Ernst & Young Special Edition, “The Myth of Excellence: Why Great Companies Never Try to Be the Best at Everything”, Crown Business, New York, 2001, p. 27

At the first level, the customers can say “*I accept you. I trust you so that I would buy your products and services and come back*”. A minimum level of acceptance is required in the minds of the customers before they consider the company an option they can do without. At this level, the relations are transactional: the customer wants something, the vendor has an acceptable

offer and the exchange of goods for money is made. The customers may never come back and the vendor is not interested in this aspect.

At the second level, the customer says *“I prefer your products and services, and all things being equal, I will probably buy from you”*. At this level, the customers prefer a product or brand over another. This happens when the vendor eases the access to facilities, products or services, shows the customer respect at a personal level, provides quality and trustworthy products and is willing to instruct the customer on the usage of the products sold. To reach this level, the company must find ways to differentiate itself from the main competitors.

At the third level, customers tell the vendor *“I have so much trust in you that I will seek you in all my options and I will also give you the authority to realize what I want”*. This is the ideal declaration, that shows that customers not only prefer a company over another, but also that they will seek that organization to fulfill their needs.

Only at this level, the company has the opportunity to build a relation with its customers that conforms to their lifestyle. The companies that reach the third level capture the customers’ imagination so much that they do not even think about making another choice any longer.

Consumer Relevancy at BankPost

BankPost strives to know its clients very well, and to correct its weaknesses in the face of competition, by implementing specialized CRM programs. Even so, there are errors in understanding the customer needs and dissatisfactions. Adopting Consumer Relevancy by the bank requires trying to find solutions for reaching the third level for each of the five attributes.

1. Applying the conceptual model on the Price attribute

Here, price means the level of interests, fees and commissions, both declared and hidden, employed by the bank.

In our opinion, the bank is now at the **first level**, providing correct, competitive prices that customers are willing to accept. It cannot reach the **second level** because in order to be at this level, the bank must also provide constant prices, which are currently impossible in Romania’s financial and banking system.

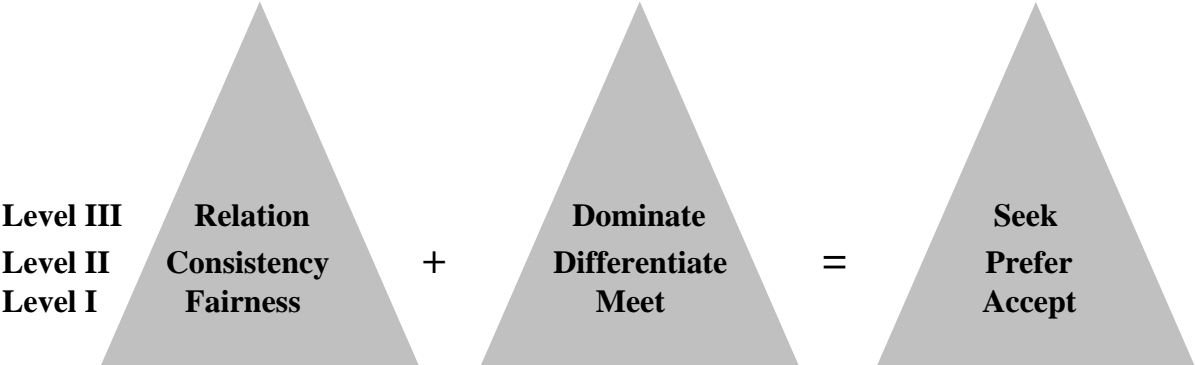


Figure 1. Applying the conceptual model on the Price attribute

To reach the **third level**, the bank must strive to provide constant and correct prices, but also to build a long term trust based relation with the customers. This can only be achieved through price transparency, all commissions and fees being communicated beforehand. In this situation, customers’ trust in the company is so significant that they are tempted to say *“I trust you to anticipate my needs and offer me exactly what I want”*. If the bank would be perceived as a

standard for low prices, customers will seek it even if other banks offer lower prices. The customers' minds embrace the idea that the bank is the only one that provides the correct price that they are willing to pay and any price lower than this standard indicates that something is wrong.

2. Applying the conceptual model on the Service attribute

In this case, even if, in our opinion, the bank is close to the second level, it is still not there yet. At the **first level**, customers must feel respected and fairly treated by the company's employees that must take seriously their discomfort and discontent. In order to excel at accommodating the customer, the bank must emphasize the staff education and training in sales techniques. One solution would be to let go the underperforming staff at satisfying and enthusing the customer and employing young personnel that can be trained and educated in the spirit of this new philosophy.

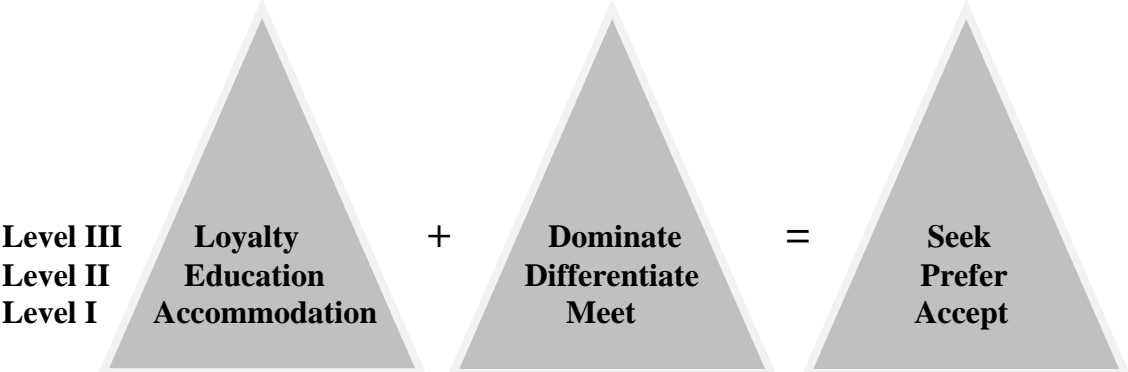


Figure 2. Applying the conceptual model on the Service attribute

At the **second level**, the level at which we positioned the bank, customers want education: they want to be informed on the products and services being sold. The bank has qualified personnel, continuously improved through periodic training.

To reach the **third level**, the bank must build the loyalty of each customer on a certain product or service. If this effort is successful, the customer can say *“If you continue to treat me as a unique person, with unique needs and desires, I will continue to seek you out as my choice for the products and services that I want”*. But what does this loyalty means? It means offering the product according to the customer's wishes, which is possible for now for strategic customers only, where efforts are being made not to sell products, but solutions.

3. Applying the conceptual model on the Access attribute

Concerning the Access attribute, in our opinion, the bank is not even at the first level yet. With only 273 units and a small number of ATMs, it is often confronted with customer dissatisfaction. To reach the **second level**, it is recommended to increase the number of units and especially ATMs. Compared to other banks, BankPost also hasn't started to create small units in districts or in areas with high traffic (supermarkets, industrial zones etc.).

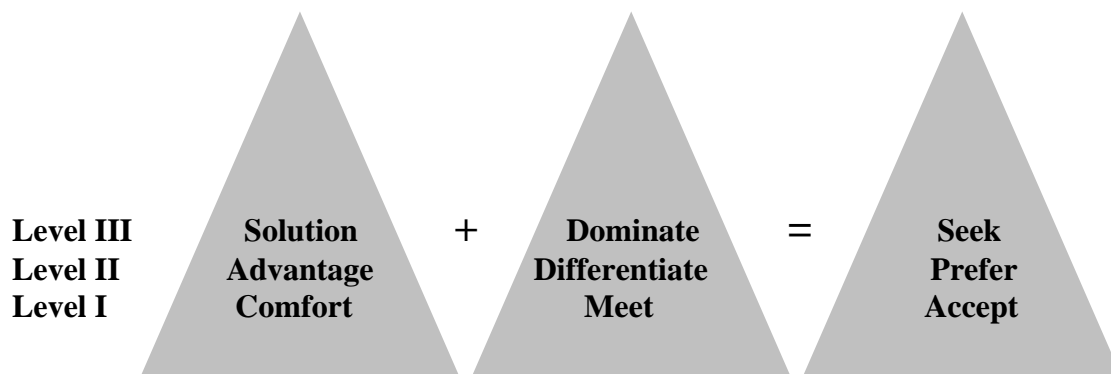


Figure 3. Applying the conceptual model on the Access attribute

If the bank wants to be competitive on access, it should emphasize 4 key elements: tidiness, price transparency, convenient hours and organization and placement. Another factor equally important is the organization's ability to provide "something" that customers want unexpectedly and very quickly, to surprise the customer with new services that enthuse him/her.

a. Tidiness. When speaking of tidiness, customers concentrate first on physical layout. The bank must offer various directions to the product or service the customers seek.

b. Price transparency. The customers want all fees and commissions to be included in the offer. They want them written in big letters on the price list, and not hidden away in some other document, or worse, not mentioned anywhere. Also, the bank must inform the customer on all the potential risks and constraints associated with the product or service they buy. For example, reimbursing credits ahead of schedule entails a commission that is not known until the respective service is required.

c. Convenient hours. It is very important that the bank operates within time intervals convenient for their target customers.

d. Organization and placement. The bank must do all it can so that its customers find exactly what they are looking for, from the first visit.

4. Applying the conceptual model on the Product attribute

The bank is undoubtedly at the **first level** here, offering products that fulfill a minimal level of expectations and utility (credits for financing needs, deposits for saving needs etc.).

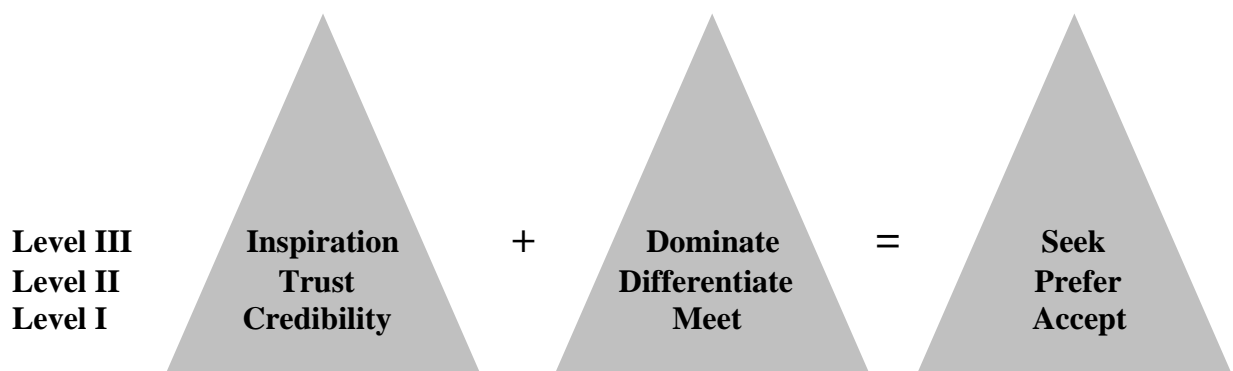


Figure 4. Applying the conceptual model on the Product attribute

It is quite difficult for the bank to reach the **third level** on the product attribute. The products sold by companies placed at the third level are unique, out of the ordinary or difficult to find and acquire, and adapted perfectly to the customer's needs – products that determine the client to aspire to a superior lifestyle. The only product that places the bank on this level is the American Express credit card, a very expensive product targeting only select customers.

5. Applying the conceptual model on the Experience attribute

Analyzing the attitude of the bank's personnel, it is obvious that it doesn't even reach the first level, in which the customers wish only to be treated as human beings, for the same reasons presented in the case of the service attribute.

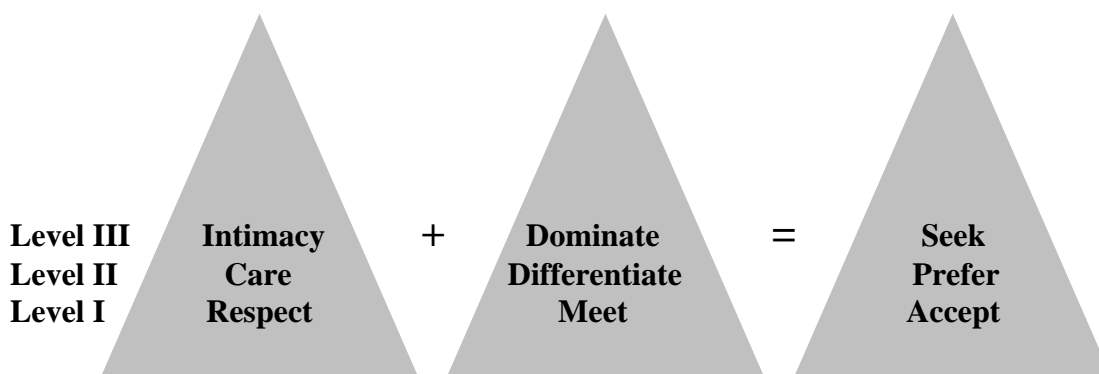


Figure 5. Applying the conceptual model on the Experience attribute

There is a long road ahead before reaching the **second level**. The bank cannot take care of the customer's needs because its products are very rigid. The only solution is to identify and launch flexible products, in accordance with the needs of customers, so that they do not feel they are being treated unfairly through periodic price fluctuations. Any proof of caring must be sincere, or the customers will not believe it.

The **third level** is reached only in the case of "special customers". Here the client feels a very close bond with the organization, a long term relation based on intimacy and trust. To reach this level, the bank must change the personnel's attitude towards the customers. They must find in the bank's operator or credit officer a friend, willing to listen and ready to offer them one of the best solutions for its financial difficulties.

The experience attribute is a difficult one to master. It may be the firm's policy to respect, care for and form a trust based relation with the customers, but to determine the personnel that directly interacts with them to act on this policy is very difficult to achieve.

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