



Press Release

J.D. Power and Associates Reports: Brand Image Matters Most to Shoppers in Selecting a Retail Bank

Having an Unsatisfactory Service Experience is the Most Common Reason for Avoiding a Bank

WESTLAKE VILLAGE, Calif.: 14 July 2009 — When selecting a retail bank, shoppers place the most importance on the bank's brand image, according to the J.D. Power and Associates 2009 Retail Bank Shopping StudySM released today.

The inaugural study examines the bank shopping and selection process, as well as customer satisfaction with the account initiation and on-boarding processes.

The study finds that 36 percent of a shopper's selection decision is driven by the bank's brand image, while branch proximity (21%) and products and services (14%) also considerably influence which bank shoppers ultimately choose.

"Some crucial aspects of a bank's brand image—such as perceived financial stability and reliability—can be difficult for a bank to improve, which negatively affect the bank's likelihood of being selected," said Michael Beird, director of the banking practice at J.D. Power and Associates. "However, branch employees can positively impact a bank's brand image by providing personal service, communicating proactively and having a customer-driven focus. These three aspects combined account for 15 percent of importance in the shopping process, which is even greater than the importance of bank products and services."

The study finds that nearly one-third of customers who avoid considering a particular bank altogether do so because of a previous poor service experience with that bank. Other commonly cited reasons for avoiding a particular bank include issues with branch proximity/operating hours, as well as poor policies, such as high rates and fees.

"Many customers who shop for a new bank have had prior exposure to a bank's service as non-customers through experiences such as cashing checks or getting product information," said Beird. "As a result, banks can use visits by non-customers as an opportunity to showcase their services and improve consideration when these customers shop for a new bank."

While customers' personal experiences at a bank can have a considerable effect on that bank's position in the shopping process, the service experiences of other customers are also important. Recommendations—both positive and negative—account for 31 percent of importance weight in a bank's brand awareness, while positive recommendations drive 36 percent of a shopper's consideration of a bank.

"Word of mouth recommendations have the power to influence both awareness and the probability that customers will consider a bank in their shopping process," said Beird. "This only underscores the importance of banks providing an exceptional service experience to customers and non-customers alike."

The study also finds that satisfaction with the account initiation process increases considerably when bank employees perform simple actions to improve the service experience when opening a new account—including greeting the customer when entering the branch, keeping wait time to five minutes or less, calling the customer by name and providing the customer with a detailed needs assessment. Among the 19 percent of customers who experienced all these actions, satisfaction scores average 890 on a 1,000-point scale—84 points above the industry average. In addition, the percentage of customers who say they “definitely will” reuse the bank for future products and services increases to 66 percent, compared with an industry average of 47 percent.

“Making customers feel welcome throughout the new-account process and asking focused questions targeted to their specific needs and requirements are relatively easy elements that every banker responsible for new accounts should perform regularly,” Beird said. “The low percentages of customers who report experiencing these behaviors highlight improvement opportunities for all banks.”

The 2009 Retail Bank Shopping Study is based on responses from more than 7,500 consumers who shopped for a new banking account or new primary financial institution during the past 12 months. The study was fielded in February and March 2009, and includes 25 banks: Bank of America; Bank of the West; BBVA Compass; Branch Banking & Trust; Capital One; Chase; Citibank; Citizens Bank; Comerica; Fifth Third; HSBC; Huntington National Bank; KeyBank; M&T Bank; National City; PNC Bank; Regions Bank; Sovereign Bank; SunTrust; TD Bank; U.S. Bank; Union Bank of California; Wachovia; WaMu; and Wells Fargo.

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