

Mind Games

Does mind share simply equate to market share?

You would think it perfectly reasonable to assume that, in the context of business banking, a business customer thinks of their bank first. However, East & Partners' research continues to demonstrate that this is not necessarily the case, with some banks clearly needing to improve their performance when it comes to capturing their customers' mind share.

The exhibit included below shows the market share versus mind share for six of Australia's biggest Institutional Transaction Bankers. On the one hand, Bank D is punching well above its weight, with many more customers nominating it as top of mind than is implied by the bank's market share. On the other hand, the majority of Bank B's customers have a roving eye and are thinking of other banks first in terms of transaction banking.

However, apart from bruising or enhancing the bank's ego, does the dichotomy that exists between market share and mind share matter in terms of the bottom line? The short answer is yes. Apart from customer satisfaction, mind share (or lack of it), is a key predictor of actual and intended customer churn. If a bank slips off a business customer's radar, East's research shows that the customer is more open to the advances of a competitive bank and therefore prone to move their business elsewhere.

Affecting mind share

So what triggers a customer to recall a particular bank first? The obvious method is straightforward advertising. However, while banks are determined to be different by climbing every mountain in terms of advertising, other channels also significantly contribute to a business customer's mind share.

East's research shows that proactive pitching can often result in a business customer recalling the bank that has made the competitive approach. Actively and frequently relationship managing existing clients is a key determinant of mind share, but banks need not stop there – contacting prospective clients can also pay dividends. Business customers sometimes bemoan the fact that they only see a Relationship Manager (RM) once their line of credit is up for renewal. At this point, a plethora of banks come knocking at the door like long lost friends. Tales of 'busy times' and 'been meaning to call you' are woven into renewal discussions. And yet, an RM simply keeping in regular contact with a business customer is highly likely to result in a rise in their bank's mind share.

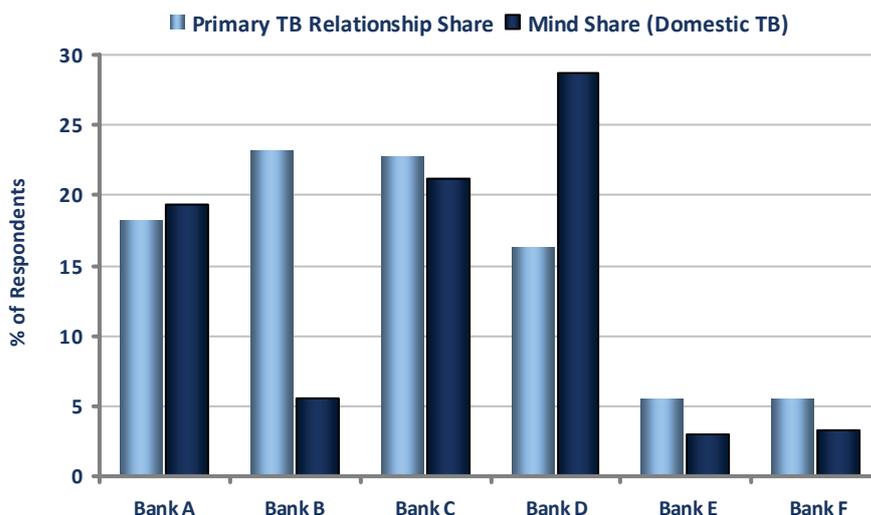
The Product Specialist (PS) can also assist with improving their respective bank's mind share. While there is a fine balance between contacting a customer regularly and pestering them, the PS can further demonstrate a bank's expertise in a particular product. Such an interaction, if managed correctly, can further enhance first name recall.

Finally, an important component in triggering mind share is the distribution of thought leadership, or a publication that demonstrates a bank's expertise while proving to be an interesting read for the business customer. Thought leadership is particularly relevant at the moment, given the current backdrop of economic uncertainty and as businesses grapple with their future direction. A publication that pulls together the views and opinions of a business customer's peer group does wonders for the perception of the publishing bank. A compelling and regular piece of thought leadership also attracts media attention providing the bank with a free channel to widely distribute its name in a positive fashion. In

Australia, a number of banks produce thought leadership that clearly results in improved first name recall amongst business customers.

So while we might naturally assume that a business customer will think of their bank first, there are clearly a number of measures that can help a rival bank to capture the customer's attention. The provider that is top of mind will usually be contacted first and will have the first dabs on winning the customer's business. In other words, the provider that plays the mind game right will often walk away with the prize.

Mind Share & Market Share in Transaction Banking – Institutional Market



Source: East & Partners, Institutional Transaction Banking Markets Analysis Report, May 2009