



# Applying cultural frames of reference to gain and retain customers

CUSTOMERS FEEL THAT ALL BANKS OFFER THE SAME THING. IN SEARCH OF DIFFERENTIATION, BANKS HAVE FOCUSED ON PROMOTING THE BENEFITS OF THEIR PRODUCTS ABOVE EVERYTHING ELSE. THE RESULTS ARE PUZZLING; BOMBARDED BY INFORMATION, CUSTOMERS FIND IT DIFFICULT TO UNDERSTAND THE BENEFITS OF ONE PRODUCT OVER ANOTHER. EAGER TO PROMOTE THE EXCELLENCE OF THEIR SERVICES, BANKS NO LONGER LISTEN TO CUSTOMERS' NEEDS.

## EMERGING NEEDS

It is problematic to determine 'emerging needs', as people say one thing and do another. Cultural Imprint employs a process that identifies markets' emerging needs. Applied to banks, it helps them to decode the value structure and belief system of customers. Most bankers believe that customers are only receptive to initiatives that underline rational benefits. In fact, customers' decisions are based on emotional frames of reference. This is especially true in a commoditized market. The frame of reference is the entry point, which helps differentiate the benefits of products.

## CULTURE AND FRAMES OF REFERENCE

How do companies gain access to these different frames of reference? The human mind is built like an iceberg. What people say is the tip of the iceberg. We must dig deeper, to understand what drives people to take action. At the very base, we have universal needs (to eat, to breathe, to communicate, etc). Culture represents the intermediate level of the iceberg; like a survival kit, it adapts universal needs and provides individuals with frames of references, which dictate what people do and why.

## FACILITATING COMMUNICATION

Frames of reference are employed to facilitate communication. In British culture, the frame of reference dictates that knowledge has to be understated. People communicate in the following manner: "I don't know much... but I wrote 20 books..." In France, the frame of reference dictates that knowledge must be overstated and, furthermore, to establish credibility, a person must show expertise in unrelated fields. What works in Britain is the direct opposite of what works in France. In Germany, the frame of reference dictates that knowledge must be expressed immediately. The time for relationships comes at the end of the meeting, not at the beginning like in Britain and France.

## CUSTOMERS' PERCEPTIONS OF FINANCE

The many contradictions surrounding customers' relationships with banks are partly explained by their experiences of finance. These experiences are characterized by confusion and insecurity. Banks intimidate people! This is puzzling to the industry, as banks believe customers are confident about finance. Yet, reality demonstrates that even sophisticated clients feel insecure in their dealings with banks. A question that which crops

up regularly in our projects across Europe is: Do customers believe that banks dislike lending money? Curiously, companies who provide 'No questions asked'-loans are taking customers away from banks. Do banks, inadvertently, make it uncomfortable for clients to bor-

row money? The mindset of finance dictates that banks must treat their customers as human beings. Banks look to the retail sector for clues on how to treat customers. Retailers have a reputation for understanding their customers' needs. However, even major retailers are losing touch with customers. The latest retail myth is that customers want 'infinite choice'. Nowadays, when customers visit a supermarket, they may find the latest novel, which they don't want to read; but not their favourite cereal brand. Retailers are losing customers because they fail to address customer's real needs. Retailers, just as banks, must reappraise what customers' value.

### THE CUSTOMER EXPERIENCE

The experience of shopping is different from that of finance. During the shopping experience, the transaction finishes when customers buy the item (shoes, groceries, etc). With finance, it is different. The choice of products (loans, savings, mortgages, pensions, etc) is not the end of the transaction, as customers need reassurance that they have made the right choice. Ongoing contact keeps anxiety at bay and create opportunities for cross selling. Strange as it may seem, finance spells insecurity for employees as well as customers. That is why management needs tools that work



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both with customers and employees. Employee discomfort is hidden behind rules and regulations and a mechanistic contact with customers. In fact, bankers either forget to contact their clients or do it too seldom and in a depersonalised way. Although customers are still reluctant to switch

banks, what ultimately drives them to do so is lack of contact and recognition.

### CAN BANKS CAPTURE THE HEARTS AND MINDS OF CUSTOMERS?

Customers' perceptions of big brands – banks included - have changed. People increasingly resist what they see as the "all present blandness and excessive power" of brands. The big change is that customers no longer consume passively, they want brands to become a form of self-expression. The winners are cult brands that which develop a close relationship with their customers, making them feel part of a community – we call the "little village" relationship. The best of these cult brands - Harley Davidson and Apple - instil a sense of ownership among users that borders on the fanatical. Harley Davidson helps establish an elite community - bikers are never alone, they are always in groups. Likewise, Apples' iPod make owners feel part of a special tribe, dedicated to music.

The challenge banks now face is to develop meaningful relationships with customers; become 'customer centric'. For this to happen, they must gain insight into customers' emerging needs.

This knowledge will help banks to:

- Take an outside-in view: seeing interactions through customers' eyes
- Create meaningful experiences to build an ongoing relationship
- Employ the customers experience to drive communication (Ads, PR, etc)
- Develop an in house team of people to apply this knowledge in all areas of the organization. ■

#### SOME WORDS ABOUT CULTURAL IMPRINT

*Cultural Imprint has developed a process that decodes customers' emerging needs. The process is diagnostic and provides a framework for action, capturing the current state of play in the market and developing tools to create a customer-centric organization.*

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