



IT'S ALL ABOUT LOVE NOT MONEY...

New research shows that trust in a brand is the main motivator for consumers and business managers when choosing business partners. But curiously, financial services companies don't apply this logic to promoting their own products, says Simon Rowland

We may think that bosses put the bottom line before everything else when choosing suppliers or business partners. But nothing could be further from the truth. A new survey reveals that UK business leaders actually value trust and relationships so highly that they're prepared to pay a premium in order to get what they want.

However, it's not all good news. The results also highlight that financial services organisations need to re-evaluate their approach to doing business in this sector. When it comes to brand management and the benefits it can bring, many financial companies are still in the dark and are missing out on potentially huge opportunities.

This may be a bitter pill to swallow, especially for a business sector that is built as much around trust and relationships – the qualities held in such high esteem by the survey sample – as it is around products. To add insult to injury, the brands ranked most highly against these criteria were Nokia, Hewlett Packard and Xerox,

businesses that are more product and experience-oriented and where the human touch can be marginalised.

But it's not all bad news either. As well as criticism, there is also a chance for redemption in the form of a greater understanding of the client. The survey provides a fascinating insight into the process of selecting business partners – mindset, outside influences and attitudes. It reveals a clear path that firms must follow to attract and retain more clients and increase market share.

The survey

Commissioned by leading independent brand consultancy, UffindellWest, the study's aim was to understand how UK business leaders perceive and interact with companies. As well as asking which companies were perceived as trustworthy, the study set a series of questions relating to attitudes towards selecting

the right partner for their business needs. What brands did they trust? What were their feelings towards existing suppliers? How did they select new business partners? And what role did they believe marketing and advertising played in influencing their opinions?

Examining the views of 500 businesspeople with responsibility for the selection of financial services, office support, professional services, telephony or travel suppliers, the study was conducted as an online questionnaire and polled the views of a wide-ranging sample in terms of age, gender and seniority, from chairmen and CEOs right through to junior managers and administrators.

The results

It might be expected that one of the biggest findings of the survey would be that businesses are focused purely on costs and that a good deal is only a good deal if it saves them money. Nothing could be further from the truth.

Only the youngest and least experienced managers, those who are still trying to establish or make a name for themselves within the company, were focused on cost savings above all else. A staggering 83% believed that cost was unimportant when compared with quality and consistency. To them the important consideration was the strength of the product and an ongoing relationship with suppliers built on trust.

In relation to evaluating existing business partners, 72.5% of those surveyed said the most important factor was positive past experiences, while 70% claimed to judge suppliers on their relationship with that company's representatives - in other words, all of the elements that make up a perfect brand experience.

Who is your customer?

The key to any business relationship is understanding your customer. And while trust and quality were high on the agenda for the majority of the sample, there were also clear differences in attitude and approach based on age, position and gender. The survey identified six customer types, each with their own personality traits and motivation when it came to the decision making process.

'Insecure Quality Seekers' are most likely to be younger men, employed within technology. As the name suggests, they want to put quality first but due to their inexperience and the pressures of their job, admit to finding it hard to research potential suppliers and make the right decision.

'Money, Money, Money' customers are focused almost exclusively on finding the cheapest price. Predominantly women working in operations, they view company money as their own and as a result are the least likely to worry about trust, especially if the product or service is at the right price.

The younger managers that make up the 'Doing Business' segment also treat company money like their

own, and though focused on saving money, would not risk a drop in quality in order to cut costs. Proactive with an appetite for making deals, they base their decisions on past experiences with suppliers and on recommendations.

The senior managers and executives making up the 'Old School Business' category also value colleagues' opinions and look for partners who can offer a range of products and services. Their experience means that they regard quality and the personal touch as more desirable than cost savings.

Many of these characteristics are shared by the 'Trust In Quality' segment. Generally younger women in operations and most likely to value a supplier with a

The relationship with the company was deemed as important as the relationship with the products the company offered.

contemporary outlook, they too select a company based on quality, and factor the opinions of friends and colleagues into the decision-making process.

The older respondents in finance and administration roles that represent the 'Trust in Savings' contingent are focused on saving money, even the smallest amounts, for their company. They achieve this through building loyalty with existing suppliers and view strong relationships with business partners as crucial.

The answer

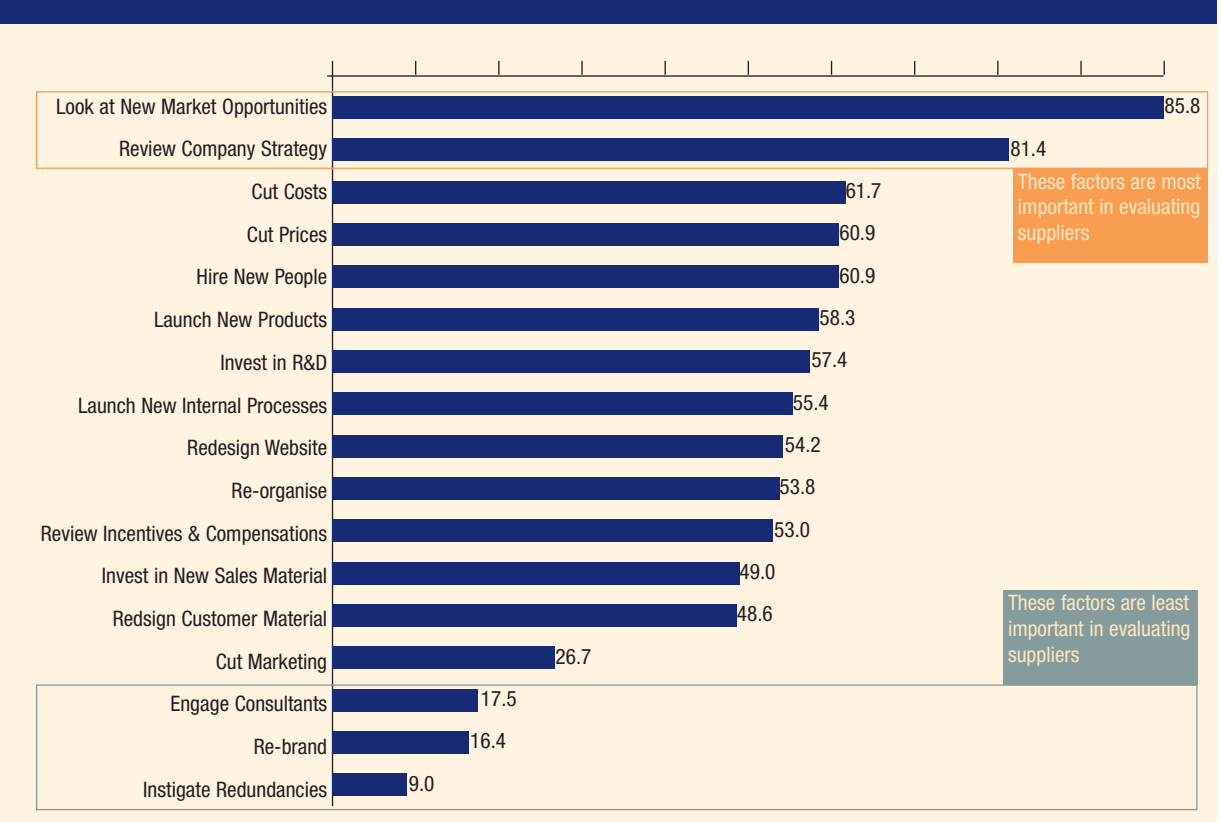
The survey provides a fascinating insight for marketers trying to develop a successful B2B strategy. The old adage is true - people really do buy people. In each of the sections of the study, the relationship with the company was deemed as important as the relationship with the products the company offered. All of which proves that just like consumers, businesses actually respond to and interact with brands on an emotional 'human' level.

Logically it follows that companies that rely on trust and relationships in order to build their own businesses should have performed much better in the survey and be held in much higher esteem by their customers. So why did financial services firms, where trust is an essential pre-requisite, fare so badly? Do these results mean that businesses in these sectors need to rethink their approach?

Room for improvement

Though building relationships is central to financial services institutions, all too often those connections are found to be too weak. Frequently, companies don't realise this until it's too late and the client is looking

This challenge is reinforced when respondents choose what they would do to improve business



elsewhere. What is clear from the survey is that companies in the B2B sector want long-term business relationships, and when a new challenge arises, they will turn to existing suppliers for a solution before looking elsewhere.

When they do begin searching for new suppliers, no amount of advertising or aggressive pricing will win them back once the bond is broken.

Financial services firms need to be patient and remember that it costs four times as much to attract a new customer as it does to retain an existing client. So, rather than trying to sell as many products or solutions as possible to a client in the shortest space of time, they need to wait until the product in question is actually a viable solution to a customer's needs – and spot the opportunity.

When they do begin searching for new suppliers, no amount of advertising or aggressive pricing will win them back once the bond is broken. When asked what factors most influenced their decision when

evaluating a new supplier, less than 32% claimed that they would be swayed by loyalty schemes or competitive pricing. Newspaper recommendations and advertising were by far the least popular responses polling 16.8% and 15.9% respectively. However, when asked if a recommendation from someone in their peer group would affect their decision, 61.1% of the sample agreed.

To capitalise on these findings, all companies have to do is rise to the challenge of developing a more engaging brand experience and building emotional rapport to support ongoing investment in products and services.

For financial services organizations in particular, this means giving the perception of their own company a health check. It's no good projecting an image of leading products backed by trust and relationships if your personnel can't deliver on these promises when they win new clients. As the survey shows, if you can get it right and put forward an engaging proposition, this is what clients respond to best and actively seek out.

A complete shock

That might be easier said than done. It may have been a pleasant surprise to discover that financial institutions are indeed closely related to consumers.

But what came as a huge shock was the fact that generally, businesses don't appear to understand what a brand is - or the benefits a carefully managed brand can bring. This is despite the fact that they were naturally drawn to businesses with strong brands when seeking out suppliers.

When asked what features of their own company best influenced the perceptions of others, the 'way their company engages' and 'the personal touch' were the top responses with 55% and 45% respectively. Brand languished near the bottom of the scale, picked by only 11% of the sample.

But the fact is that all three responses are elements of the same thing - brand management. The way a company interacts is part of its brand, its reputation is its brand and its people are its brand.

"The paradox of ranking the more emotional attributes of branding like customer experience as of higher importance than the brand itself reveals a fundamental misunderstanding of the very nature of branding," said UffindellWest Managing Director Erika Uffindell, commenting on the findings. "It seems that businesses fail to recognise the influence of the emotional connection brands have with their customers in building trust and reputation,"

This misapprehension continued when the business leaders were asked to name the activities that would most improve their company's performance. Given the importance of the brand experience in their own dealings with suppliers, logic dictates that the most popular decision would be to build their brand in order to capitalise on market share and seize new opportunities.

However, when polled, identifying new market opportunities and a re-examination of company strategy

The most crucial elements to a successful business partnership were always relationship, experience and trust, while competitive pricing or promotional activities came bottom.

were the top responses. Engaging consultants (17.5%) and re-branding (16.4%) were only beaten into last place by the instigation of redundancies which totalled only 9% of responses.

In order to perform in the financial services sector, brand, and brand experience, cannot be underestimated. Throughout the survey, the most crucial elements to a successful business partnership were always relationship, experience and trust, while competitive pricing or promotional activities came bottom.

As Erika Uffindell explains: "We have always proclaimed that trust is a brand issue and brand experience is as important as brand identity. Many business leaders still possess a limited perception of branding, seeing the brand as cosmetic and overlooking its wider potential. The brand experience influences buying decisions in ways not immediately associated with 'the brand'." □

Simon Rowland is Head of Research and Strategy at UffindellWest.

Why Trust and Reputation matter - The DNA of a brand

■ = % of respondents applicable to each category for a particular brand

