

The Three Stooges: Cross Sell, Brand Loyalty, and Ad Spending

by Robert E. Hall, EnAct Group Executive, Carreker Corporation

“Only 26% of the average bank’s customers expressed any interest in considering that bank for their next financial purchase.

In the past two years overall loyalty to brands have declined by 11%.

Last year ad spending at large banks increased 10.8%”

*American Banker,
August 18 & 22, 2003
citing Forrester Research and
Goldman Sachs*

Robert E. Hall
EnAct Group Executive
Carreker Corporation
rhall@carreker.com



Lightning strikes twice. We found ourselves at one of the large discount electronic retailers—the same place we bought our last television—in need of a new one. “Shopping for a television?” we heard. It was our neighbors Bill and Sally.

“Yes,” I answered. “That lightning last week knocked out the television in our bedroom.”

“Just one?” Bill asked. All four of their televisions had been knocked out; it was the second time for them to be struck in ten years. Bill, a lawyer always ready to ply his negotiation skills, suggested we pool our needs and see if together we could get a ‘five set discount.’

The store had rows of televisions. We had already navigated through flat screen, high definition, custom, SONY, Samsung and a plethora of sizes. We had finally narrowed down our choices, and so had Bill and Sally. Bill approached the nearest salesperson and asked, “If we buy five TV sets, what kind of discount can you come up with?”

Obviously under-empowered, the sales person was caught off guard. “Well... maybe... sometimes they do that ... I’ll have to ask my manager,” he offered as he edged away.

I saw him talking to a guy about two rows away—he same one I had talked with a couple of minutes earlier. I remembered his name tag said ‘store manager’. The salesperson returned after a few moments.

“No, we can’t do anything.”

That’s all. No “I’m sorry we can’t budge on the price, but on delivery and installation I can give you a good deal.” Just one delivery stop for five sets should have been worth something. No manager coming over to say, “I would like to find a way to do business with you.”

Apparently the manager was willing to avoid us and our business in order to avoid a ‘conversation’ about price. Yet he was this close to selling five TVs. We were predisposed to buy—just a little encouragement probably would have done the deal. We had offered what seemed like an opportunity for both sides and been rebuffed. We all left without buying anything.

That company spends millions on advertising and branding to get people like us in their stores. They have managed down costs like a bad cowlick so they can price their goods competitively. So why did the sales manager and salesperson avoid a discussion, a handshake, some sort of nod to close the deal?

All the focus on price, and the ease of comparison pricing on the internet, seem to have convinced salespeople that price is all that matters, even though research and experience say price is most often a disqualifier. Where we buy is often tied to how feel about the buying experience. Has the buying experience ever been worse?

It’s a vicious circle. Receiving nominal relationship value in the buying experience, the customer focuses on price. The salespeople perceive price to be most important, so they forego basic attempts at relationship (“We can’t do anything”). Which turns up the pressure on pricing, which...

What are the odds of a company’s hitting aggressive revenue growth targets, when only 24 percent of its current clients are even interested in considering it for their next purchase? Right up there with getting struck by lightning twice. Wonder what it would take to get marketing and sales to lock arms and live the brand?