

Owning the Customer - the New Paradigm

The role of Customer Satisfaction Surveys

**by Michele Levine, Chief Executive
and Gary C. Morgan, Executive Chairman
Roy Morgan Research**

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Customer Loyalty Forum
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FACT?

“On average, the CEOs of U.S. corporations lose half their customers every five years. This fact shocks most people. It shocks the CEOs themselves, most of whom have little insight into the causes of the customer exodus, let alone the cures...”

Frederick F. Reichheld, Harvard Business Review, March-April, 1997

FICTION?

“By providing our customers with the quality of service they want, we will be able to maintain market share and operate a profitable and efficient organisation.”

Client brief to The Roy Morgan Research Centre

Today we have been asked to talk about Customer Satisfaction Surveys and what can be done to enhance their effectiveness and value. We begin with the premise that the goal of Customer Satisfaction Surveys is to contribute to making the organisation more competitive and more profitable.

We would like to introduce you to the concept of “owning the customer” - and show you how many companies these days are going about identifying their most profitable customers, and winning more of their business.

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AMP Bank takes on the Big Four

report by **Karen Maloy**

The push by funds management and insurance giant AMP Ltd into the banking market is accelerating, with the recruitment of a former Citibank executive to head up its AMP bank.

Mr Stephen Balme will lead AMP's new banking team, which is expected to enter the Big Four established banks - ANZ, CBA, NAB and Westpac. AMP has \$100 billion in assets under management. It offers a retained earnings, and a brand name that enjoys an enviable reputation.

Mr Balme, who will take up his AMP post this month, was the head of marketing for Citibank in Taiwan and has had extensive retail banking experience in Britain, Europe and Asia. He will report to Mr Ray Greenhalgh, AMP's chief general manager of financial services in Australia and New Zealand.

The AMP bank has significant advantages over its rivals. Unlike most new entrants into the retail market, the AMP will be able to attract retail deposits because it carries the central AAA rating.

And as AMP's chief executive, Mr George Trumbull, has previously noted, the AMP bank will enjoy major cost advantages over its banking competitors because it will not be weighed down by the costs of running an extensive branch network.

The AMP is expected to receive its banking licence in the first half of this year. It has not yet submitted its formal application, but has spent several months working closely with the Reserve Bank. On Thursday, the AMP put in place the legal arrangements which transform its corporate structure from a mutual society to the public company structure necessary before its sharemarket listing, expected by June.

The new AMP Ltd is the overall holding company for the AMP's insurance and funds management operations. It will eventually include the AMP bank.

AMP's move to establish its own bank highlights the blurring of traditional distinctions between banks, insurance companies and funds managers. Increasingly, banks are trying to sell funds management products and insurance products through branch outlets, while insurance companies venture into banking.

In addition, other foreign banks are pursuing banking licenses. Overseas Bank AG was awarded a branch licence on Friday.

AMP is expected to focus its banking products on its two million retail customers. It also has a large small-business customer base.

The group already has a presence in the banking arena. In the local market, its cornerstone is PriorityOne, which sells better loans and takes some deposits. Last year, PriorityOne raised \$500 million from the money markets in an innovative mortgage-backed bond issue.

In the UK, the AMP owns the financial services company Virgin Direct, along with Mr Richard Brown.

Last year AMP also dipped its toe into the traditional corporate banking arena with its funds-management arm. AMP Investments, co-underwriting a \$100 million bond issue for the retailer, Woolworths. I

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“AMP Bank takes on the Big Four.”

Financial Review January 3-4, 1998

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The Age January 5, 1998

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Household	50	100
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