

Advocacy the way forward?

(21 February 2011 – Australia) Banking research house East & Partners has added significant new core content to its long running Business Banking Sentiment Index (BBSI) program, now known as The Advocacy Monitor (TAM), as the traditional driver of customer satisfaction can no longer be relied upon as the key predictor of business banking performance measures such as market share, wallet share and cross sell performance independently.

Businesses are now reporting less intention to move from their business bank, due to credit access and perceived lack of choice, and more intention to purchase new product, despite satisfaction scores with their banks falling to new lows. This has created a new paradox not seen before in Australia's business banking market.

Advocacy has become a more valuable measure of likely customer engagement and relationship strength with their banks, especially in combination with other existing East measures of customer-bank empathy, bank loyalty experiences, contact frequency, proactiveness of bank engagement, mind share and advertising recognition.

Paul Dowling, East & Partners' principal analyst, says that "We have seen much stronger correlation develop post GFC between the sentiment measures East has traditionally tracked as a way of predicting buying intentions and customer advocacy amongst business customers."

"This enhanced research response is about more closely monitoring the lead effects that customer sentiments toward their banks have in driving advocacy and thence to customer engagement and buying. These drivers intuitively connect much more strongly with what we're seeing in real world customer behaviour than whether those customers are 'satisfied' or not."

The first release of the firm's enhanced Advocacy Monitor shows that the number of times a bank or relationship manager was actually advocated in the past two months was, on average only 0.34 times by micro businesses. Businesses in the mid-corporate segment by contrast reported advocating their bank or RM on average more than double that of the micro segment.

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About East & Partners' Business Banking Advocacy Monitor

The East & Partners' Business Banking Advocacy Monitor is a bi-monthly Index of business customer advocacy and sentiment towards banks, based on interviews conducted Australia-wide with a structured sample of +/- 775 companies turning over A\$1 to 100 million per annum, some 4,800 direct interviews with business banking customers annually. The Index provides a monitor of several key drivers of customer engagement behaviour with their banks including advocacy, detraction, empathy, satisfaction, loyalty and mind share.

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Table 1
Average Advocacy Score by Bank
 10 (would not recommend) to 100 (would recommend)

Bank	Jan 11 (N: 790)
ANZ	14.8
BOQ	56.5
BWA	24.0
CBA	11.0
CITI	15.0
HSBC	45.1
NAB	36.0
SGB	36.6
SUN	17.0
WBC	14.1
OTHER	18.2
TOTAL	23.1

Table 2
Number of Times Bank or Relationship Manager Advocated in Past Two Months, by State
 Average Score

State	Jan 11 (N: 790)
NSW	0.39
VIC	0.48
QLD	0.91
OTHER	0.50
TOTAL	0.51

Table 3
Most Important Driver Encouraging Advocating Primary Bank – January 2011
 % of Respondents

Product	Total (N: 790)
Product features and performance	8.5
Service level experienced	20.4
Closeness of your relationship manager	6.5
Pricing	15.1
Responsiveness of the bank	12.9
Your bank being proactive on issues	9.2
Availability and ease of accessing credit	24.4
Other	0.8
TOTAL	100.0

Note: Micro Business = \$1-5m, SME = \$5-20m, Mid-Corporate = \$20-100m turnover enterprises

Source: East & Partners "The Advocacy Monitor" – January 2011