

Audrey Cannata:

There's a tremendous amount of confusion between customer service and customer experience. And when you're thinking about customer experience, that's proactive.

James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to episode 209 of the Banking on Digital Growth podcast. Today's episode is part of the Behind the Cover series, where today we are going to be taking you behind the cover of Never Lose a Customer Again written by Joey Coleman. Now Joey joined me for a conversation going all the way back to episode 168. And joining me for today's conversation is Audrey Cannata, operations lead here at the Digital Growth Institute, who will provide some perspective around what she is seeing through the training, coaching and research we are doing here at the Digital Growth Institute. Welcome to the show, Audrey. It is so good to go behind the cover with you again today.

Audrey Cannata:

Thank you, James Robert. Excited to have our second episode of this series.

James Robert Lay:

Before we get into talking Never Lose a Customer, what is going well for you right now? What's good? Personal or professional, it's your pick.

Audrey Cannata:

Well, it's the summertime, so of course I have a lot of fun vacations and events planned. So really looking forward to that extra time with my family and friends.

James Robert Lay:

Speaking of vacation, I've got the week of 4th of July blocked off. And I was like, "I don't want to do anything. I don't want to go anywhere." But then kind of last minute found a little farmhouse on Airbnb out in the hill country and we had some gift cards. So I was like, "You know what, we're going to go hang out with some chickens and goats. See what happens with the kids."

Audrey Cannata:

There you go. Take some good pictures.

James Robert Lay:

Put them to work out there, too.

Audrey Cannata:

Absolutely. It'll be a vacation they don't forget.

James Robert Lay:

But I'll tell you what. Speaking about Never Lose a Customer, I'm so impressed with the responsiveness of the host of this little farmhouse. And what they've done is they've taken about, I don't know, maybe they had 20 acres or so, 30 acres, and they've put these little houses out there. And so they're creating this little experience, but she's been so helpful, she's been so friendly and it really plays nicely into this whole Never Lose a Customer conversation that we're talking about today, which is where I want to dig

into the subtitle of the book here, which is "Turn Any Sale into Lifelong Loyalty in 100 Days". I'm curious. What is it about those first 100 days that is so important?

Audrey Cannata:

I think during that first 100 days, your customer is going to experience a lot of different emotions. So you may have gotten the sale, but they're still going to have that potential buyer's remorse. They may have some confusion. They may have some questions that they need to be answered. They may not be 100% confident in their decision, and I think it's really important that we remain by their side and kind of hold their hand through that process when they first join and don't make them feel like, "Okay, well, I've made the sale. Now I've been forgotten about."

James Robert Lay:

That's a fantastic point and really diving deeper into the emotional states of mind or the emotional states of being because finances, money is a highly emotionally charged subject. But when we think about financial services, we think about banking. Those that are in leadership positions aren't necessarily thinking with their right brain. They tend to be more left brain analytical driven leaders. And that creates a lot of gaps, literally, within the mind. And with that in mind, how might banks, credit unions, fintechs be losing customers in the first 100 days because of this emotional gap?

Audrey Cannata:

Well, I think when you're looking at banking specifically, you can relate it to healthcare. It is not something that people really enjoy partaking in. It's not something that people are typically excited about. So taking that into consideration, you have to really go above and beyond and find these other ways, these other touchpoints, to connect with them at that emotional level, to get that confidence built with them because they're not excited to walk in your branch and make a transaction. So what can you do to create this positive experience, make them walk away feeling good about this relationship when, ordinarily, they're not going to be that excited about it.

James Robert Lay:

I like how you've leaned into this word a couple of times, confidence. It's one of the very powerful emotional states. "I've done something. I feel confident about it. I feel good about it." Because the antithesis of that is maybe conflict. If I don't feel confident, I might feel conflicted. I might feel doubting that, well, maybe this wasn't the best decision for me.

James Robert Lay:

And as you mentioned before, people are going to go through a range of emotions. Clarity is another one. The antithesis of clarity is confusion. And I think there might be some confusion here when it comes to, we'll call this experience, just the overall experience of a financial brand, a bank, a credit union, a fintech, of where growth opportunities are, where might they be? Because there are really only two different ways a financial brand can grow. They can grow through either, a, acquisition or they can grow, b, through retention. Where are you seeing most organizations spend their time and why?

Audrey Cannata:

So most businesses are structured around customer acquisition and not the customer experience and not retention. So many dollars, so much effort is put into acquiring, but not retaining. And I love how Joey Coleman, in the book, he really likens this to dating. You think about you're trying to get someone to go out with you. You're working really hard. You're chasing them. You finally get them to say yes, they show up on the date and there's somebody else there. There's a different experience than what they

expected. So there's that little bit of let down. Well, wait a minute, you worked so hard to get me here. Well, now what?

James Robert Lay:

Yes. And I like that analogy as well because it is. Particularly within financial services, to acquire a new account, it takes time, it takes energy, it takes attention. And a lot of times, to acquire a new account, depending upon if we're talking retail or commercial on retail, it could be \$300 to maybe \$500 to acquire a new account. Commercial can be sometimes 5, 10, upwards of \$15,000 to acquire that account. But then what happens then?

James Robert Lay:

Then it's, "Okay, well, we've got this new account." That is where we're seeing a tremendous amount of opportunity because of blind spots in what happens next over those first 100 days. And so knowing what you know, through our digital secret shopping studies and also through some of the insights that Joey shares in the book, do you think financial brands are even aware that they might be losing customers in the first 100 days? Are they even aware of the blind spots that are costing them big time to the tune of millions and millions and millions of dollars in loans and deposits? Blind spots that they can't even see.

Audrey Cannata:

I don't think so. Joey did some research and he shared it in the book. And actually it was great because he leads his book off with a great bank example. He says that, in his research, 32% of new account holders are going to leave within the first year of opening their accounts. And of that 32%, half of them are going to leave in the first 100 days. And going back to your \$300 per account on new customer acquisition, that is a hard pill to swallow in terms of lost money or wasted money. When looking at the digital secret shopping studies that we've conducted, people will tell us it is a hassle to open a new account. They don't want to do it, yet we're still seeing people leaving their financial brands left and right.

James Robert Lay:

And it's interesting. You talk about the friction and the frustration. Once again, feelings and emotions right there. Opening an account is a hassle, but opening an account is only half the battle. I was texting the other day with Cassie LeBlanc. And we were going back and forth sharing a couple of thoughts. And one of the things that she noted a big pain point was just because you opened the account doesn't mean that the battle has been won. Then you have to move deposits over, but not just deposits. Then you also have to move over all of the reoccurring billing, the subscriptions, the transaction. I mean, it's a whole thing.

Audrey Cannata:

And it's why nobody wants to do it.

James Robert Lay:

Right. And then, I love chapter two in the book because Joey says, "If a dentist can do it, why can't you??" And this is so relevant to financial services because a couple of years ago, Viacom did a study that, particularly around the millennial market, they said that millennials would rather go to the dentist than to have to deal with their financial brand. It's pretty powerful stuff right there.

Audrey Cannata:

That is a very, very powerful statement.

James Robert Lay:

And so if they would rather go to the dentist than to deal with their financial brand, there's a tremendous amount of opportunity. And you've seen some of this, particularly within one competitive analysis that we did that provided clarity into how much handholding is needed within the first 100 days of opening up a new financial relationship. What did you find in this study that we conducted and what surprised you here?

Audrey Cannata:

This is one of my most favorite studies that we've conducted because it was so insightful and it was so interesting to see the responses from people when we conducted this study from this one financial brand during the onboarding process. We looked at the com the communication and the number of communication and the ways they communicated over the first 60 days. And in that 60 day period, on average, users were receiving between 15 to 30 emails in their inbox.

Audrey Cannata:

And what's even more interesting is, of the group that we studied, 80% of those users did not feel like that was overcommunication. So 30 emails in 60 days, that's an email every other day, and 80% of the users did not feel like it was too much. And of those 80%, 100% of those were between the ages of 25 to 40. So that 25 to 40 age, those who grew up in the technology age, this is not too much for them, which I found very, very shocking.

James Robert Lay:

So that's a very practical perspective for the dear listener is to really think about your own first 100 days and how many communication touchpoints do you have within those first 100 days? Let's get a little bit of comparison here. I know of another organization that, within their onboarding period, there was no communication for the first two weeks. There was two weeks of literally radio silence that makes people wonder. It's like, "Okay, well, what happens next?"

James Robert Lay:

And I think that right there, that what happens next, is so key because there's three questions that you can take within your own financial brand or fintech and ask from the lens from the perspective of the consumer, which are number one, where do you want me to go next? Number two, what do you want me to do when I get there? And then number three, how do you want me to feel along the way? Because coming back to this particular study that you're referencing here, the reason that consumers were not irritated by the amount of communication was because this particular brand was providing a vast amount of clarity. Right?

Audrey Cannata:

Very, very helpful content. In fact, we asked the users, "What is it about the content that you found helpful or let me rephrase that. Why did you not find this communication overbearing or annoying?" And they said, point blank, it was the type of content they were getting. They were telling them about the different features, the different benefits. They were giving them opportunities to earn rewards or refer friends. So it wasn't just unnecessary content or even narcissistic content that we see so often.

James Robert Lay:

And that's so different from the traditional 2, 2, 2 communication path that, historically, has guided financial brand's onboarding within the first 90 days or, in this particular case, 60 days, which was two days, two weeks, and then two months. And when you look at that, comparative to this particular example, that two days, two weeks, two months, yeah, that could probably leave someone feeling a little confused, someone feeling a little bit frustrated. Why? Because of the inherent complexities and cognitive load of money. Now we've conducted probably close to 1500 secret shopping studies at this point.

Audrey Cannata:

Oh, yeah.

James Robert Lay:

And what I can pretty much definitively say, it's the fintechs that do not shy away from overly communicating comparative to the incumbent bank or credit union. And I think because they're looking at the world through a different lens, which was another theme that Joey unpacked in Never Lose a Customer is the difference between customer service and customer experience. Because I see that there's a tremendous amount of confusion with these two perspectives within financial services that is costing banks and credit unions, once again, millions and millions of loans and deposits. What is the difference between customer service versus customer experience?

Audrey Cannata:

I think you're spot on. There's a tremendous amount of confusion between customer service and customer experience. And when you're thinking about customer experience, that's proactive. That is how you are affecting, how are you going about affecting that customer's emotional feelings towards their relationship, towards their experience with you? Whereas customer service, that is a very reactive place to be. That is how you respond to your customers when things are going wrong or they have questions. So it really comes down to, are you being proactive or are you being reactive?

James Robert Lay:

And when you're proactive through the lens of experience, you tend to trend more from crafting experiences, engineering experiences, experiences built around systems and processes that are strategically defined, then they're applied. But I think, really, the secret that we see. The financial brands that have some of the most highly charged, from a positive standpoint, emotional experiences are the financial brands who continuously come back and review and optimize those experiences over time.

James Robert Lay:

And you could look at experience through a couple of different lenses. You can look at, as I wrote about in Banking on Digital Growth, digital experience. And digital experience can be broken up into three subsets. You have the lead experience, you have the customer or the member experience and you have the referral experience. You could also look at this through the lens of how is a digital experience humanized?

James Robert Lay:

So the human experience, but then there's also the EX, or the employee experience, that I think is where a lot of focus is going to be placed over the next three to five years. Because through our research, we're finding that a digital experience is only going to be as good as the human experience of a brand. And the

human experience of a brand is only going to be as good or as positive as the employee experience. And I think that's one of the reasons that the best part of Never Lose a Customer, particularly through the lens of customer experience, lead experience, even referral experience, is Joey unpacks a framework, eight phases of customer experience. And they're all A's. And I like them.

Audrey Cannata:

You do love all your alliteration.

James Robert Lay:

I love alliteration because it just makes it so easy to remember. And those eight phases are assess, admit, affirm, activate, acclimate, accomplish, adopt and advocate. And they really compliment the banker strategy circle that we teach financial brands that aligns marketing, sales and service teams. And we don't have time to dig into all eight of these different phases, but if there's just one that you would like to dig into to highlight for the dear listener, which of these eight phases would that be?

Audrey Cannata:

I think that the biggest phase that financial brands can focus on, or the biggest missed opportunity, is the affirm stage. And Joey Coleman says in the book, and I love this quote, and actually I believe he's quoting somebody else saying this, but it is, "A sale is not complete until the customer receives a result."

Audrey Cannata:

So oftentimes we make this sale, we open that new account and then they're just forgotten about and we're not addressing any doubt and we're not making them feel good. We're not giving them that initial dopamine hit to keep them coming back and to keep them engaged in the relationship. And we're letting them go and not holding their hand.

James Robert Lay:

I will continue to advocate, one of the A's from Joey's model here. I will advocate for coaching to be a part of the overall financial brand experience because it is through coaching you can continuously affirm and reaffirm both an individual's goals for growth, whether that be on the consumer side, personally, on the retail side or professionally, maybe as an entrepreneur or a business owner on the commercial side. You can affirm their goals, the future that they want to create, but then you can also come back and reaffirm the progress that they are making towards said goals. And there's no better way to deepen that relationship than through an ongoing dialogue discussion that happens every 90 days. What's your take on that, Audrey? This idea of coaching being a way to continuously affirm and reaffirm a person's decision that has the potential to last for years, if not decades, if done properly?

Audrey Cannata:

Absolutely. I mean, I think in the financial industry, we talked earlier about acquisition versus retention and this is one of the easiest areas to get that lifelong relationship and have that lifelong customer because there are so many different areas to cross-sell. And I think when you're dealing with finances, because it is such a sticky subject sometimes and it's such a stressful subject for many, that it's really easy to lose that confidence. And it's really easy to become frustrated, and so I think we underestimate how much people do need their hands being held. They need that guide. It's really, really hard to do it on your own.

Audrey Cannata:

And it's that continuous touch point, that every 90 days, that I think is so important because people are going to get off track, they're going to lose sight, they're going to have other things that come up and priorities and they need that person to hold them accountable and push them towards those goals.

James Robert Lay:

Yeah. And I think that idea, and I'm going to poke on this a little bit, but I think what just happened is your subconscious mind just said a word that we are so ingrained to say within this industry when it comes to onboarding. And I was just talking with JJ Sly about this in episode 208. And that word is cross-sell.

Audrey Cannata:

Cross sell.

James Robert Lay:

I don't think we should be cross-selling anymore. I think one of the greatest opportunities is to be cross-helping.

Audrey Cannata:

There you go.

James Robert Lay:

To really look for those opportunities to make those proactive recommendations because it's different. I mean, we talk about this a lot. It's a mantra. Help first, sell second because-

Audrey Cannata:

Absolutely.

James Robert Lay:

...when you are helping, you are guiding. And when you are guiding, you are showing someone beyond the pain of the present moment. And just because, once again, someone opens that account with you does not mean that the journey has come to an end. Their journey. No, their journey is literally just beginning. And they have given you really the privilege to play Gandalf to guide them. Or they've given you the privilege to play Mr. Miyagi or to play Obi-Wan Kenobi and provide that wisdom, to provide that knowledge, to provide that insight.

James Robert Lay:

Most importantly, to provide that clarity, because a lot of times when people are financially struggling, when things are challenging, it can feel dark. And this is the opportunity to be the light, to provide a path, to guide someone forward beyond the darkness to a bigger, better and brighter future.

James Robert Lay:

And I get it. It is easy for financial brands to get trapped in the here and now, to get stuck doing digital. It's like this onboarding piece. It's like, "Oh, we'll come back. We'll revisit it every couple of years." But I'm really encouraging this becomes a top of mind focus because, back to the point that Joey makes in

the book, we spend so much time effort, energy, dollars to acquire new accounts, but then we could, in theory, be losing them as quickly as we're acquiring them, if we're not careful.

James Robert Lay:

And so in the book, he recommends a path forward to ensure that we don't get stuck doing, that we don't get trapped in the cave of complacency, so that we can continuously maximize our future growth potential. What's Joey's recommendation here to continuously reinvest what we're doing to make it even that much better going forward?

Audrey Cannata:

So he recommends investing at least 5% of a project's profit back into experience enhancements, which I understand can sound like a lot, depending on the scale of your product. But you really have to be forward thinking. You really have to think about investing in a future relationship. It is that retention piece that is hard because it's not tangible. There's not going to be a quick return on your investment, but you've really got to see the bigger picture.

James Robert Lay:

Yeah. And what that requires is to play a long game beyond the here and the now. But by making this commitment, it is a fantastic way to differentiate yourself beyond the commoditization that every other financial brand is focused or really positioning around number one. And the argument can be made Google commoditized financial services and we've moved beyond the product economy. Some argue we're in the experience economy. But if we're not careful, experiences, I believe, because of digital and because of the way that financial services are set up, we're buying from the same technology vendors, experiences have the potential to be commoditized as well.

James Robert Lay:

So what does that leave us with? Well, as we move forward, I predict that we're moving into what I'm framing as the expertise economy. And it's when our knowledge, our expertise, when joined and combined with our experience, that is what creates a multiplying effect for us to continue to move forward on our own digital growth journeys with confidence. If there's one thing, Audrey, that you could recommend the dear listener applies to help guide them forward on their own digital growth journey, and there's a lot, there's a lot. This is a thick book. It's easy read though. Right?

Audrey Cannata:

Very, very easy. And I have to say, I really recommend the Audible. Joey Coleman does a fantastic job narrating. So if you are a listener, definitely pick up the Audible.

James Robert Lay:

Yeah. And so to just really distill this down, what would be one recommendation, something small from the book that the dear listener could apply that could help them take their next best step forward to maximize their digital growth potential? Something small, something simple because there's so much practicality packed into this book that there's dozens and dozens and dozens of ideas, but what would that one thing be?

Audrey Cannata:

I think it is that first post-sale interaction. Let them know immediately what to expect. What's going to happen next? What can they expect down the line? And do that right away. Don't let there be any room

for uncertainty or confusion or being forgotten about. And it's very, very simple. It's a simple follow-up email that goes out minutes after or the next day, call and check in on them. Make them feel good immediately after making that sale by multiple touchpoints.

James Robert Lay:

Let's roll that back even further. It's what happens particularly in a digital environment. What do they see when they complete the application? What are those next best steps? What is being communicated? And that's something that you can go and audit and assess yourself right now. Are you providing them with clarity into what happens next?

James Robert Lay:

Go back to those three questions. Where do you want me to go? What do you want me to do when I get there? How do you want me to feel? Are there expectations being set around time? Is there speed being met because speed is the new service. Speed is key when it comes to digital experiences. So these are all very practical things that you can do today. Start today. Go and just do a diagnostic. Do an assessment and see where you're at. And then also maybe even consider benchmarking your experiences against other financial brands. But I would say, even more importantly, against other fintechs, right?

Audrey Cannata:

Absolutely.

James Robert Lay:

This has been a fantastic conversation. Always good to go behind the cover with you, Audrey, to get real practical into the books that you're reading, that we are reading, so that we can continue to transfer our knowledge, our insights, overlay them with what we're seeing within financial services. What's the best way, Audrey, for someone to get in touch with you to continue the conversation that we started here today?

Audrey Cannata:

Please reach out to me on LinkedIn. Audrey Cannata. Say hi, drop me your favorite book recommendation. I love to add things to my list. So, yeah, definitely reach out to me on LinkedIn.

James Robert Lay:

Connect with Audrey, learn from Audrey, grow with Audrey. Audrey, what's the next book that we're going to be discussing here because this is a really fun series that we have going on.

Audrey Cannata:

Okay. The next book... We actually said this on the previous podcast. So we got them switched up. We are doing Tiny Habits, for real this time.

James Robert Lay:

Tiny Habits, which really... I think the insights from this book play so nicely with what we were talking about in this conversation around building coaching into the overall experience of a financial brand. So I'm looking forward to that, Audrey.

Audrey Cannata:

Me too.

James Robert Lay:

Until then, as always, be well, do good, make your bed.