Td canada trust essay sample

Business, Customers

After the completion of a mega-merger, TD Canada Trust seeks to reposition the brand in order to retain customers and realize steady revenue growth. To examine the investment return of the new brand campaign “ comfortable banking”, Executive VP Armstrong led his team developed a “ linkage analysis” system and proposed a new branch incentive plan. This essay aims to evaluate the “ linkage analysis” model and its effectiveness, also to comment on the incentive plan based on results of “ linkage analysis”. The Merger between the Green and the Red

In 1999, an $8 billion mega-merger between TD Bank and Canada Trust lifted the former fifth-largest commercial bank to its third largest place. The former sales-oriented bank, combined with customer experience-focused brand it acquired realized significant profit growth of 37% in the following months. In addition, TD Canada Trust’s customer base keeps expanding. Early signs indicate that the merger deal has been a success. An effort to link “ Comfortable Banking” Positioning with Measurable Performance Result The TD Canada Trust management team is highly concerned with the bank’s ability to retain customers in the long run, for only a consistent and ever-growing customer base is the key revenue driver, making the merger worthwhile for the investment. To minimize customer attrition rate and build up a strong brand, the company had launched a lavish advertising campaign immediately after the merger, called “ banking can be this comfortable”.

To achieve the new branding goal, the bank’s integration and marketing teams developed the customer satisfaction index (CSI) system, aiming to measure brand experience effectively and accurately. However, the CSI system alone couldn’t clearly prove the merits of the “ comfortable banking” brand positioning. To solve this problem, Chris Armstrong initiated the " linkage analysis" study to determine which key service behaviors were linked to customer satisfaction and superior financial performance, therefore demonstrating the actual benefits that " comfortable banking" brings along. The immediate purpose that Armstrong has set for the linkage analysis is to measure the impact that specific enhancements for reductions of key-customer satisfaction drivers would have on branches' financial performance. From a technical point of view, the regression model is well developed with the data provided. Each factor's weighed impact to the final gross contribution is indicated in the results. Interpretation of the " linkage analysis" results

While the process of model development may seem compelling, major flaws exists in the " linkage analysis", diminishing its credibility. Armstrong's team used branch-level data from the CSI system as the primary source of research. As a result the concept of " comfortable banking" is directly translated into customers satisfaction during their interaction with tellers in the bank, since almost every criteria in the CSI is measuring representative service behaviors. One thing that the team failed to see is that " comfortable banking" could include a much wider scope of services that customers value therefore consider important to their experience: the products itself and services provided outside the bank for instance. According to Armstrong, " comfortable banking" positioning stands for the branding of the overall experience TD Canada Trust delivers to its clients. The financial products, as the core business of any banks throughout the world, should be counted as part of the service, too.

Unfortunately, the survey of CSI doesn't ask for client's opinion toward product fit, quality and fare at all. Not only that, the easy access of ATM service was once the key of success for Canada Trust, yet convenience of service outside the banks is also not reflected in the CSI questions. In sum, Armstrong left out some vital factors that drive customer satisfaction and contribute to " comfortable banking", making the measurement of its benefits less accurate. Another potential problem of the analysis is using branch profitability as the only indicator of " comfortable banking" branding return. TD Bank has run as a sales-oriented financial provider for decades, repositioning as a premium service deliverer could take years before reasonable investment result can be seem. The change of brand image among majority customers should be an important benchmark to be closely followed, since a friendly bank is what Canada Trust's customer need that keeps them in the accounts after all.

Armstrong needs to collect data reflecting client's attitudes toward TD brand in order to prove the merits of " comfortable banking" effectively. A Reasonable Branch Incentive Plan Based on Linkage Analysis Given the research data reflected by the linkage analysis regression, the Branch Incentive Plan can be improved by adjusting incentive weight of employees on different positions. Firstly, CSI scores generated by tellers in the bank can explain only 19% of the branch profitability; the growth/ profitability incentive weight given to customer service related positions therefore shouldn't exceed 19% by far. Take customer representatives for example, since they probably has most influence power toward customer satisfaction scores and less toward branch sales, the CSI results should weight more by

10% and branch profitability/growth together should weight no more than 20%. By the same token, brand CSI weight of sales related positions shouldn't be higher than 20%, while other criteria directly tied to sales should be given more weight.