

GALLUP®

# A Generational Shift: Tastes and Expectations

## Customer and Employee Engagement

Ed O'Boyle  
Global Practice Leader  
Gallup, Inc.

# Americans' Economic Confidence Is Positive

OVERALL

JANUARY 2017

+5

MILLENNIALS

JANUARY 2017

+11

HOUSEHOLD INCOME  
<\$7,500 per month

JANUARY 2017

+12

# The Job Market Is Active and Strong

NOW IS A GOOD TIME TO FIND A QUALITY JOB

OVERALL

42%

MILLENNIALS

52%

ACTIVELY LOOKING FOR NEW JOB OR WATCHING OPENINGS

OVERALL

51%

MILLENNIALS

60%

# As a Result, Consumer Spending Is Up Over Last Year

## OVERALL

JANUARY 2016

\$81

JANUARY 2017

\$88

## MILLENNIALS

JANUARY 2016

\$81

JANUARY 2017

\$90



# While Spending Is Up, It Is More On Wants Than Needs

| % "SPENDING MORE THAN A YEAR AGO" | MILLENNIALS | ALL OTHERS | GAP |
|-----------------------------------|-------------|------------|-----|
| Healthcare                        | 35          | 47         | -12 |
| Home maintenance                  | 24          | 36         | -12 |
| Cable or satellite                | 26          | 36         | -10 |
| Groceries                         | 52          | 58         | -8  |
| Utilities                         | 37          | 44         | -7  |
| Internet                          | 26          | 23         | +3  |
| Retirement investments            | 21          | 17         | +4  |
| Gasoline or fuel                  | 40          | 35         | +5  |
| Travel                            | 29          | 24         | +5  |
| Clothing                          | 28          | 20         | +8  |
| Consumer electronics              | 27          | 18         | +9  |
| Rent or mortgage                  | 40          | 29         | +11 |
| Leisure activities                | 33          | 22         | +11 |

# Americans Are Less Confident in “Traditional Institutions”

|                              | June 2006<br>% | June 2016<br>% | Difference, 2006 to 2016<br>Pct. Pts. |
|------------------------------|----------------|----------------|---------------------------------------|
| Military                     | 73             | 73             | 0                                     |
| Police                       | 58             | 56             | -2                                    |
| Church or organized religion | 52             | 41             | -11                                   |
| Medical system               | 38             | 39             | +1                                    |
| Presidency                   | 33             | 36             | +3                                    |
| U.S. Supreme Court           | 40             | 36             | -4                                    |
| Public schools               | 37             | 30             | -7                                    |
| <b>Banks</b>                 | <b>49</b>      | <b>27</b>      | <b>-22</b>                            |
| Organized labor              | 24             | 23             | -1                                    |
| Criminal justice system      | 25             | 23             | -2                                    |
| Television news              | 31             | 21             | -10                                   |
| Newspapers                   | 30             | 20             | -10                                   |
| Big business                 | 18             | 18             | 0                                     |
| Congress                     | 19             | 9              | -10                                   |



# Confidence in Banks Is Low, Satisfaction Is Even Lower

8%

of banking customers say they have a great deal of confidence in banks.

6%

of banking customers say they are extremely satisfied with the banking industry overall.

# One-Third of Millennials Are Engaged With Their Primary Bank

U.S. OVERALL

49%

U.S. MILLENNIALS

30%

# Fully Engaged Customers Have More Products With Their Primary Bank

## PRIMARY BANK PRODUCT PENETRATION

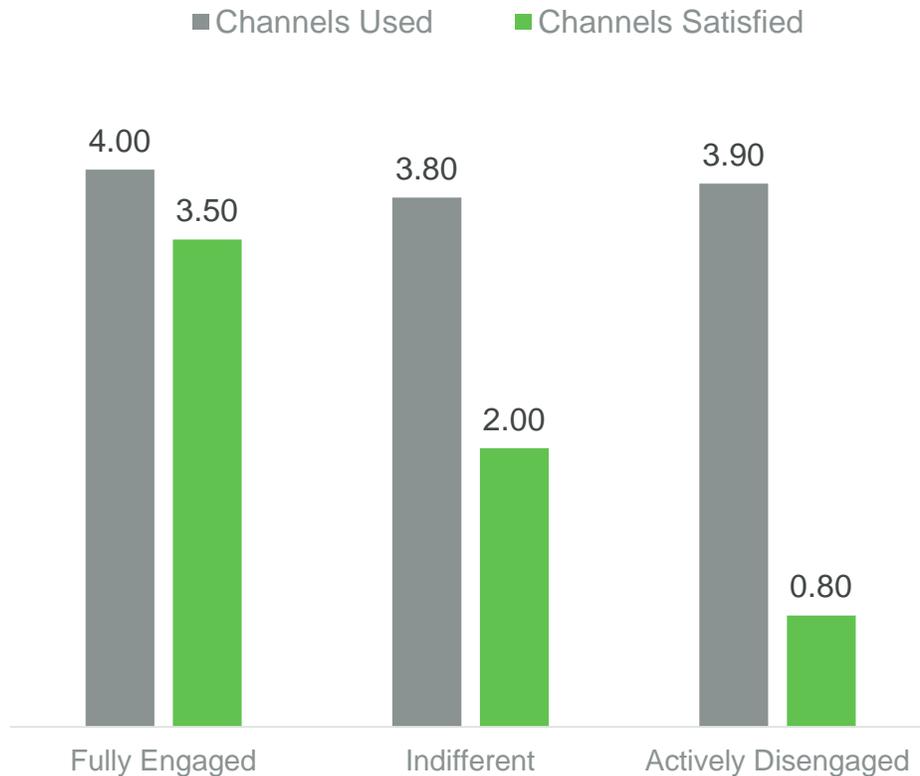
|                     | DEPOSIT<br>checking, savings,<br>money market, CD | USAGE<br>debit card, direct deposit,<br>automatic payments,<br>online bill pay, person-to-<br>person payments,<br>prepaid debit | CREDIT<br>credit card, mortgage,<br>home equity loan or line,<br>student loan, auto loan | OTHER<br>insurance, investments,<br>financial planning<br>and advice | TOTAL       |
|---------------------|---|---|--|--|-------------|
| Fully engaged       | <b>2.02</b>                                       | <b>3.43</b>   | <b>0.87</b>  | <b>0.38</b>  | <b>6.70</b> |
| Indifferent         | 1.90  | 3.27  | 0.75   | 0.21   | 6.13        |
| Actively disengaged | 1.77  | 3.23  | 0.64   | 0.12   | 5.76        |

# While Millennials Use More Channels Than Their Older Counterparts, Their Channel Usage Mirrors the Market

|                                   | 2015 U.S. |             | 2015 Malaysia |             |
|-----------------------------------|-----------|-------------|---------------|-------------|
|                                   | All       | Millennials | All           | Millennials |
| Digital, self-service only        | 14%       | 15%         | 27%           | 29%         |
| Digital                           | 91%       | 94%         | 89%           | 90%         |
| Personal only                     | 4%        | 1%          | 3%            | 2%          |
| Personal                          | 83%       | 81%         | 65%           | 62%         |
| Avg. # channels used per customer | 3.23      | 3.56        | 2.53          | 2.56        |

Source: Gallup Retail Banking Study 2015

# Better — Not More — Channel Experiences Drive Engagement



**88%** Fully engaged customers are extremely satisfied with most of their interactions.

**53%** Indifferent customers are satisfied with half of their interactions.

**21%** Actively disengaged customers are satisfied with few of their interactions.

**All engagement levels use the same number of channels.**

# What U.S. Bank Customers Expect From Banks

## CUSTOMER ENGAGEMENT QUESTIONS

**47%** Always delivers on what they promise

**43%** I feel proud to be a customer

**47%** Perfect company for people like me

## TOP 5 DRIVERS OF CUSTOMER ENGAGEMENT

|   |     |
|---|-----|
| Provides exceptional customer service           | 29% |
| Rewards me for the business I do with them      | 21% |
| Is a strong, stable financial institution       | 14% |
| Communicates with me in a clear, concise manner | 11% |
| Helps me succeed financially                    | 9%  |

# Millennials Want Advice — Banks Should Be Like a “Financial Caretaker”

18-24 years

20x

Takes the lead in helping me get where I want to be

18x

Leads me down a path to my financial goals

18x

Looks out for my financial well-being

25-29 years

21x

Is always on my side

19x

Looks out for my financial well-being

18x

Always communicates with me in a clear and upfront manner

30-39 years

24x

Is always there when I need them

23x

Is always on my side

19x

Always communicates with me in a clear and upfront manner

40+ years

38x

Is always on my side

32x

Looks out for my financial well-being

31x

Is always there when I need them

# Bank Employees Are the “Brand” Challenge

47%

ONLY 47% OF EMPLOYEES  
COULD ACCURATELY  
DESCRIBE THE BRAND.

35%

ONLY 35% OF EMPLOYEES  
WOULD RECOMMEND  
THEIR BANK TO FAMILY  
AND FRIENDS.

34%

ONLY 34% OF EMPLOYEES  
THINK THEIR ORGANIZATION  
ALWAYS DELIVERS ON  
BRAND PROMISE.



# Majority of Employees Are Indifferent About Their Work and Workplace

---

**33%** of U.S. employees are engaged in their job.

---

**21%** of employees strongly agree their performance is managed in a way that motivates them to do outstanding work.

---

**18%** of employees strongly agree that employees who perform better grow faster at their organization.

---

# The Staggering Cost of Active Disengagement

Gallup estimates that actively disengaged employees cost the U.S. **\$483 billion to \$605 billion** each year in lost productivity.

# Faulty Expectations, Feedback and Metrics Demotivate Employees

% EMPLOYEES WHO STRONGLY AGREE

their job description aligns with the work they are asked to do

41%

their manager involves them in setting their goals at work

30%

they can link their goals to their organization's goals

44%



# Performance Remains Stagnant With Infrequent, Ineffective Feedback

20%

strongly agree they have had a conversation with their manager in the last six months about the steps they can take to reach their goals.

2.8x *more likely*  
to be engaged

23%

strongly agree their manager provides meaningful feedback to them.

3.5x *more likely*  
to be engaged

26%

strongly agree the feedback they receive helps them do better work.

2.9x *more likely*  
to be engaged

# Annual Performance Reviews Still Provide Value

Employees who have had a review in the last 12 months are more likely to be engaged than employees who have not.



# Unfair Evaluation Practices Lead to Misplaced Accountability

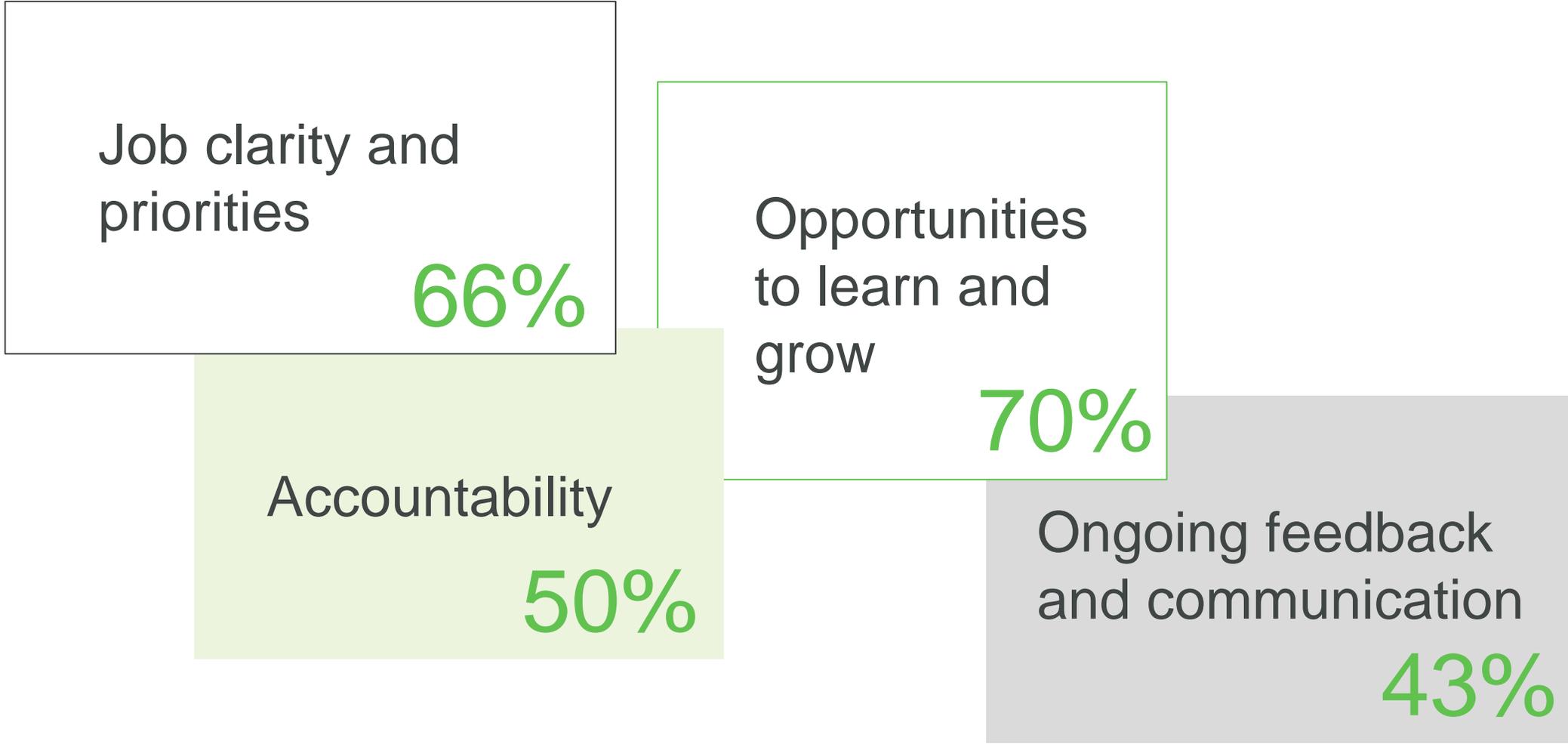
21%

of employees strongly agree they have performance metrics that are within their control.

Those who strongly agree are *twice as likely* as other employees to be engaged.



# Managers Must Focus on Four Areas of Employee Performance



# Three Elements Transform Managers Into Coaches



# Leaders Aren't Creating a Compelling Future

% EMPLOYEES WHO STRONGLY AGREE THE LEADERSHIP OF THEIR ORGANIZATION

has a clear direction for the organization

22%

makes them enthusiastic about the future

15%

communicates effectively with the rest of the organization

13%

# Wrap Up

- economic confidence is up
- consumers are spending more
- trust in institutions is low
- customer engagement is a challenge – especially with millennials
- employees are the key to unlocking the brand
- employee engagement is an opportunity to drive performance