

## **Are You Still Selling Tab?** by Charles B. Wendel

This week, the CNN Business website features an article titled, “He killed some of Coke’s most beloved brands. And he’s do it all over again.” Bankers should reflect on Coke’s initiatives and adapt them to their banks.

The article discusses the moves made by James Quincey, the CEO of Coca-Cola who faced many customer complaints about his decisions. “The complaints follow a striking decision Quincey made last year to slash the company's portfolio of products in half — killing beloved brands like the diet drink Tab, smoothie brand Odwalla and Zico coconut water in the process. Overall, about 200 brands were on the chopping block.”

Why get rid of products that had some fans? They were hurting the bottom line and the brand’s value. “Underperforming brands, like the ones that have been eliminated, take away precious shelf space from more popular products. That means Quincey must calibrate constantly to ensure every product Coke makes — whether newer entrants like Coke Energy or staples such as Coca-Cola Zero Sugar — deserves to be there, and that everyone brings as much value to the brand as possible. Otherwise, Coca-Cola will fall behind its competitors and growth will slow.”

The CEO talks of the “Darwinian struggle for space in the supermarket,” but banks face a similar struggle. Bankers can only understand and sell so many products. They have only so much “shelf space”; product proliferation can confuse both bankers and their customers. And with the advent of digital offerings, bank marketing groups need to be careful not to introduce new offerings without the line’s buy-in (or their customer’s acceptance). The likelihood of more expensive product failures may be greater than ever.

At the same time eliminating products usually faces internal bank and sometimes customer opposition that can take years to overcome. Products have their internal protectors, some of whom view their jobs as attached to the product’s existence.

How do you eliminate the “Tabs” and ensure those products you offer at a minimum satisfy customer needs and ideally differentiate your institution from others?

1. *Look at the performance numbers.* Banks should be able to track product revenues and profitability on a customer segment basis. If not, your CFO should be working on this ASAP. And while some individual products may be “loss leaders,” they must show how they contribute to client and bank profitability. Banks will find an 80/20 rule exists with product performance as well as most everything else.
2. *Review what your top bank and non-bank competitors are offering.* This is not a one-time event but ongoing process of competitive intelligence.
3. *“Exploit” your customers.* By that I mean ensure line staff is engaging with them to uncover merging needs and assess the value of current bank offers.
4. *Conduct yearly product reviews.* Create a short-form template to assess each product, involving profitability, growth trends, and competitive inroads. Include projections that

can be reviewed the following year. Require a product review signoff by the person who owns the specific area, attesting to each product's value both internally and externally. For example, does the bank really need eight deposit products??

5. *Encourage "failure."* Banks need to embrace a culture of experimentation in which they test, launch products, and react to market results, eliminating those that don't make the cut without shooting the product developer.

One comment by the Coke CEO highlights a central challenge that bankers face in pushing for changes in the product set. The article states: "People tend to worry 'about what might go wrong. And they forget about what might go right,' Quincey said. 'One of the things about driving risk-taking and innovation is not to let the fear of what you're going to lose obscure the possibility of what you might gain.'"

Dropping some products and services may release economic and personal capital that can be better focused on more critical areas for bank customers and your bottom line.