

# Secretive is a good brand attribute for a spy

Are you a spy or a spying organization? If so, this post does not apply to you. You definitely want to keep secrets, and be known for your secrecy.

## **Secretive is *not* a great attribute for non-spy organizations**

However, in general, most businesses should not aim to be known as secretive. And let's be clear, I am not talking about being known as an organization that keeps its customer information private and confidential. That's a good attribute. I am talking about organizations that don't tell you stuff you need to know, like how much things cost or whether pricing has changed. Or what the return/refund policy is. Or who to contact if something is wrong.

## **Changing prices is not something you should be secretive about**

There's a yoga studio I had been going to most of last year. I was taking a noon class (perfect for my schedule) known as "value vinyasa" because it cost \$12 instead of the usual \$20 (perfect for my budget). I missed a couple classes due to vacation, and when I went to check the schedule when I returned, I noticed that the noon class I had been taking is now known as "vinyasa flow." In the pricing section of the studio's website there's no mention of the "value" classes. The studio sends a weekly newsletter and there was no mention of the change. The value classes had been very quietly (secretively) eliminated. Does the studio owner think we won't notice?

There's a hiking group I belong to on Meetup.com. The group had been charging \$2 for each hike as a way to ensure attendance (people tend to show up for something they've paid for), and to cover the costs of running the group. Without any

announcement, the group began charging \$5 per hike. There was a lot of questions and outrage posted by members on the Meetup's discussion boards. There was an answer saying that this hiking group is really a nonprofit that now supports various causes, and that the fees were going to be used to raise money for said causes. That was the end of the discussion, and the discussion boards were disabled. The group leader could have easily sent a note to all the members explaining the price hike and the reason for it, but chose to be secretive and not forthcoming. She also chose to shut down discussion, to tamp down discontent with the sudden, unexplained policy change. This is not a good luck for this group, and I have noticed that where hikes used to get filled up really quickly, there are now several spots open.

**Being secretive, and imposing changes without notification, could backfire.**

If your organization is planning to make a change that will affect your customer's interaction with you, you must make sure to announce it. Being secretive may seem like a good way to avoid customer discontent, but it actually increases it. Being secretive communicates to your customer that you are hiding something, or not being upfront, or just don't care to keep your customer up to date.

In my case, I have stopped going to that yoga studio because I want to pay less than \$20 per class, and because I think the studio is not well run. I usually don't do hikes until the weather is warmer, but I think I will look for other hiking groups that are more upfront about their policies.

Being secretive can cost you customers. Most people value transparency and honesty. If you are being secretive, you are not being transparent or honest. You are hiding something or perhaps you are just being thoughtless in not letting your customers know your policies, costs, etc.

**Here's the bottom line: when you are being secretive, you are not communicating.**

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## **Customer communications in an unstable era**

As we saw yesterday, we are officially in a era of market volatility and our financial institutions are in freefall. I am speaking of course of the 500 point drop the Dow experienced due in no small part to the Lehman Brothers failure and the Bank of America buyout of Merrill Lynch. This has spawned talk of the security of regular deposits at commercial banks and the Fed's ability to actually insure this money. At the same time, oil prices fell below \$100 because investors fear a drop in demand. OK. Are we economically unstable? YES. Are the fundamentals of our economy as strong as John McCain thinks they are? I don't think so.

In this steadily worrisome environment, United Airlines announced that it will raise the price of a second checked bag to \$50, affecting one in seven of their customers. The company continues to claim that the rising price of oil has forced it to continue to squeeze its customers. This comes after United scrapped a plan to provide only cold meals, for purchase, on international flights. Now, I am not a United frequent flyer, or an investor, so I did not receive a communique from the company. The news media reported these changes and all I can say is, I am not inclined to fly United, ever. These fees and changes are being reported but they don't seem to be creating a public relations problem for United. But they should. A

company that continues to increase its fees to its customers is not doing enough to examine if it operates efficiently. On the other hand, Southwest Airlines has seen an opening here and has a very clever commercial that tallies the additional fees other airlines are charging and compares it to its non-additional fee fare. Who do you think wins?

This brings me to banking. As mentioned above, there may be real worries relating to the safety of your deposits. Today, I received a email from ING Direct, the online bank where I have an account, thanking me for my business and continued trust. The email assures me that my deposit is safe and that ING is not engaging in selling off loans etc, like Lehman and Merrill did (that is subtext). In any case, this is smart customer communications. Talk about a problem and show how you are dealing with it. I think it is smarter than what United seems to be doing—talking about a problem that affect the company and NOT assuring customers but rather using them as additional piggy banks. What successful companies know is that customers are the reason they exist. Without customers, there is no business. Alienating customers is never a good policy!

Bottom line: kudos to ING Direct for its direct (albeit somewhat self-serving) communication and thumbs-down to United to continuing to raise the bar on fees to customers, and announcing it via press release.