

Insights for financial services executives on consumer online behavior

By Mike Bailey

Limited visibility into online bankers' shopping behaviors is costing banks hundreds of millions of dollars in cross-selling opportunities.

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Compete tracks and analyzes consumers' pre-purchase consideration of banking and lending products from intent through evaluation through post-sale satisfaction. Financial services companies use insights from Compete about consumers' online evaluation of products and services to enhance marketing plans, hone product packaging and increase penetration into target customer segments

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YOUR CLOSEST CUSTOMERS MAY BE LOOKING ELSEWHERE

Too often, banks do not give the necessary attention to their closest customers – their **online bankers**. Compete has found that in the absence of this attention, bankers can't count on online customers to think of them first – and sometimes at all - when they enter the market for a new account or loan. Online customers search for the best product wherever it may come from – and their incumbent providers are often not even considered.

In a recent study, Compete found that more than 75% of online bankers at a leading national bank didn't give the bank consideration when they went in-market for an auto loan. For online bankers looking for a new home equity line, the number was approximately 50%. The financial implication of this totals in the hundreds of millions of dollars of lost sales opportunities.

The lesson here – and the **great opportunity** – is that bankers must proactively identify cross shopping behavior while online customers are still in-market and keep them informed of new products and promotions. These customers should be given due credit for their relationship in the form of pre-filled applications, preferred rates and quick turnaround. Marketers can not count on loyalty to win more business from their customers when there is an abundance of choice in the marketplace and product information is easy to come by. If you're not investing in relationships your closest customers, you will miss sales opportunities and may be left only with the expense of their free bill pay.

WHEN IT COMES TO ONLINE TOOLS, LESS MAY BE MORE

Compete assessed the influence of online tools and calculators on consumer credit purchase decisions and found that consumers using tools are **2-3 times more likely to apply** than those who don't. Only a few tools are vital to a consumer's decision making process, however, so banks must carefully prioritize tool and calculator development.

Tools that had the most usage from applicants, and were most effective at **driving application submissions**, were the simpler ones (such as loan payment calculators, home equity calculators and basic rate calculators). More complex tools, such as debt consolidation calculators, had far less use.

Tools and calculators can drive applications, but sites with the highest tool usage are not necessarily the ones where online shoppers submit applications. Consumers tend to do their research on sites with the best tools and then

apply at the sites with the best rates. Bank marketers may have inadvertently added to this trend by depending on FinanCenter and other similar partners for their online tools. When multiple companies offer the same "loan payment calculator", there is very little difference from one site to the next.

Which Tools Drive Applications?

