

Marketing intelligence for retail banking executives

INTERNET EMERGES AS PREFERRED RESEARCH AND ACCOUNT MANAGEMENT CHANNEL

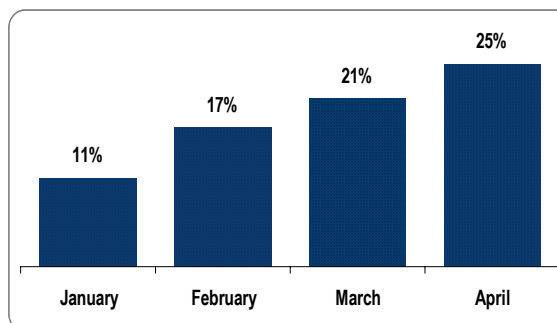
Consumers have a wide range of channel choices when it comes to researching financial products and managing their accounts, which presents a marketing challenge for banks. Indeed, many banks struggle with how to allocate resources and provide consistent information across the call center, branch and online channels. Compete documented financial consumers' preferences in a recent survey with the goal of helping banking executives **prioritize investments** across channels.

Compete found that more than **50% of consumers plan to use the Internet more often** to research financial products in the future. At the same time, consumers plan to use the **branch and telephone channels significantly less often**, 21% and 25% respectively, for future research.

In addition, when it comes to ongoing account management activities, the Internet remains the channel of choice for consumers. On average, survey respondents used the **online channel 5.2 times per month** compared to **3.4 for an ATM, 2.5 for a branch teller and 1.4 for telephone banking**.

Most banks have made substantial investments developing online account management capabilities but are still struggling to transition to an effective online sales and marketing platform. Even banks that do not view the Internet as a significant origination channel, however, need to monitor their sites' effectiveness versus key competitors and the market overall.

REALESTATE.COM CONSUMERS EVALUATING LENDINGTREE (Percent of consumers, 2004)



Retail banking consumers plan to use the online channel for product research at expense of branch and telephone; LendingTree attempts to grow purchase volume with real estate listings.

Stephen Franco, formerly of U.S. Bancorp Piper Jaffray, is Managing Director of Compete's Retail Banking Practice.

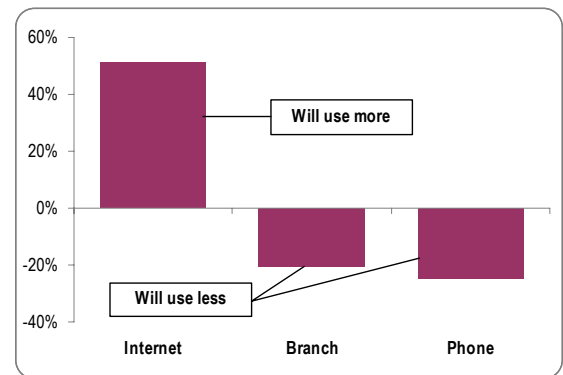
Compete tracks and analyzes consumers' pre-purchase consideration of retail banking products from intent through evaluation through post-sale satisfaction. Banks use insights from Compete about consumers' online evaluation of retail banking products to enhance marketing plans, hone product packaging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

Stephen can be reached at sfranco@compete.com

To subscribe to Retail Banking Advisor go to www.compete.com/retailbanking.

To unsubscribe e-mail retailbanking@compete.com.

CONSUMER CHANNEL PREFERENCE FOR RESEARCHING NEXT FINANCIAL PRODUCT (Percent of survey respondents, May 2004)



LENDINGTREE'S REALESTATE.COM INTEGRATION SHOWS MIXED RESULTS

To evaluate the impact of LendingTree's December purchase of Realestate.com, Compete assessed LendingTree's purchase mortgage interest and applications stemming from Realestate.com with an eye toward measuring its impact on purchase loan requests. So far, the integration results are mixed with both positive and negative findings.

On the plus side, 25% of consumers that used Realestate.com in April also evaluated LendingTree, up from just 11% in January. Furthermore, **more than 40% of LendingTree's Find an Agent application volume originates from Realestate.com**. While prospect volume has increased, however, Realestate.com has been of little value to LendingTree as a source of mortgage applicants — only 3% of April's purchase mortgage applicants viewed a listing at Realestate.com. In all, LendingTree's results have been mixed.

Despite LendingTree's results to date, demand for an integrated listings-lending exchange exists. Lenders seeking to increase purchase mortgage volume through new strategies need to monitor the impact of competitive approaches on the market.