

Web Shopping for Branch Sales

The web shopping experience is now a key influencer of branch sales. A channel-coordinated strategy will be needed to nurture sales momentum.

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Banks are facing a critical balancing act in retail sales, with shopping activity shifting heavily online even as purchase activity remains centered in the branch. Among customers who have recently opened checking accounts, our research shows that 61% prefer web shopping — yet 68% still go to the branch to complete transactions.

This split is having more impact than what many retail bankers currently realize. Most customers who go to the branch to purchase banking products and services have done some online research before ever entering a lobby. Yet executives still have a strong tendency to measure the web sales contribution strictly by the relatively small proportion of account originations that are actually completed online.

At many banks, the perception of muted returns is preventing a more aggressive emphasis on web mar-

keting and sales. Viewed narrowly, many proposed online projects seem not to meet hurdle rates of return, yet they are actually accretive for the overall bank, considering sales that are completed in other channels. Often there is good reason to expand current online initiatives as well as take on additional opportunities.

Meanwhile online teams often have a narrow incentive to maximize sales transactions that can be completed digitally, even at the expense of potentially more productive handoffs to the branch and the contact center. This silo orientation manifests itself in website presentations that tightly steer customers into online fulfillment rather than allowing them to connect with their channel of choice.

Such imbalances must be quickly addressed if banks are to successfully navigate the transition to a multi-channel marketplace. The online

team cannot be left in isolation with a maintenance budget. A coordinated effort will be needed to adapt to consumers' changing shopping behaviors.

CASTING THE NET

A key question is how to gain visibility online. In our experience, most bank shoppers use search engines (e.g., Google) when they start searching online for a new provider and/or additional products. As these shoppers refine their search phrases and begin to consider specific web pages they would like to read, the bank needs to be visible on the first page of search results to have a chance at marketing itself.

There are two types of links displayed on a typical search results page: "organic" results that the search engine algorithms deem the most relevant to the search phrase or keyword(s); and "paid" results that generate advertising revenues as

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users click on them. Most consumers (roughly 80%) only click on organic search results, usually selecting from among the top five organic listings.

To consistently rank high in organic search results, the bank must come up to speed on search engine optimization (SEO). This entails arranging the content so that: 1) the website has greater relevance to keywords commonly used in local customer searches; and 2) the site is hospitable to the indexing activity of search engines. To further stimulate its own site traffic, the bank also needs an ongoing program to expand inbound links with external websites.

Our competitive reviews repeatedly show a weak representation of local banks in search engine responses. Banks need to develop a thorough understanding of customer online research behaviors and then respond with regionally-tailored SEO programs that will help them to win market by market.

An alternative to SEO is search engine marketing (SEM), which focuses on the priority placement of web links in exchange for an advertising fee. Google, for example, displays paid links based on the keywords used. Advertisers “bid” on placement within the paid links presented in search results. SEM tactics also extend to online directories, forums and blog reviews.

Consumers also look to third party sites and social networking for context and referrals. Banks can seek to influence third party communities with direct outreach programs. And they can consider how to engage bloggers and other online commentators, follow-

ing the lead of retailers and businesses involved in consumer packaged goods. Banks also can apply traditional public relations tactics in the online world.

MAKING THE SALE

The initial reward for investing in online visibility is higher traffic, with more consumers attracted to the bank’s website to shop. But there are critical factors to be managed in the journey from an initial customer inquiry to a completed transaction, including ease of use for shoppers; product design, presentation and information disclosure; and processes for online fulfillment or handoff to a live representative.

Once online shoppers arrive at the bank’s website, their primary objective is to find answers to their specific questions, and most website visitors will not work very hard to dig out information. This is why utility and functionality trump high-concept designs. Our consumer research shows a high correlation between the quality of the online experience and purchase likelihood.

Similarly, complex product offers originally designed to be sold through branch sales staff can be difficult for shoppers to digest online; simplicity generally works much better. “Like Free” products, with assured low cost and/or a clear path to avoiding fees, have clear appeal for consumer segments and can be effectively marketed in the digital realm. These simple accounts are useful in piquing initial interest and paving the way for an eventual larger conversation. Even if the bank does not see a future in “Free” products,

close approximations are important in getting the consumer’s attention.

Once a shopper is engaged, the best strategy is to provide plenty of channel options for fulfillment. These include providing branch and ATM location finders; connections with the contact center; and online answers to product-related questions along with access to live help. It is essential that the bank has a multi-channel strategy for shoppers who are ready to buy.

Onboarding and cross-sell also require special attention for online customers. Particularly upon account opening in the branch, the bank has a valuable opportunity to learn more about online-acquired customers and meet their larger needs.

As web-informed shoppers turn to the branch and the contact center to complete transactions, branch sales staff and contact center representatives need to be prepared. This includes staying abreast of the bank’s online presentation (what products the website currently leads with and which qualities are emphasized) and understanding the opportunities to convert simple product inquiries into deeper customer relationships.

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