As branch traffic declines, data and personalization will drive cross-sales.

As the popularity of Internet and mobile banking continues to grow, opportunities for in-branch sales conversations are at an all-time low. New cross-selling strategies are needed to help financial institutions replace that one-on-one interaction with customers. Deepening relationships with existing customers is the most efficient way to achieve growth, yet realizing the full potential of cross-selling has been difficult for most financial institutions. Although technology removed the personal contact between banks and their customers, it is also the very thing that can strengthen those relationships once again.

Cross-Selling: The New Priority

In order to stay competitive and continue to grow, financial institutions need to consider a paradigm shift, focusing on cross-selling rather than new customer acquisition as the top priority. Decades of experience and research from Wells Fargo and Forrester Research demonstrate that product acquisition costs for existing customers are one-tenth that of new customers, making cross-selling the most efficient way to grow profits.

Most banks have two of the seven products their customers own, so a great opportunity exists to tap into that potential. Furthermore, one-third of U.S. banking products are sold – not bought – and selling those products to existing customers cuts the cost of sales by 90 percent. And selling to a current customer is faster because there's no need to develop a relationship.

The Power of Good Data

The key to effective cross-selling is making the most use of existing information. Financial institutions already know a lot about their customers: age, marital situation, credit situation, products already in use. Yet most banks
employ untargeted banner ads to reach customers, which yield one-tenth of 1 percent click-through rate. Even with targeted ads, banks achieve low single-digit percent click-through rates, and by their very nature, targeted ads address comparatively smaller audiences.

This approach just isn’t an efficient use of digital real estate. What’s needed is a targeted two-way conversation that uncovers individual customer needs and fashions offers based on those needs in real time. Digitally rendered surveys have historically been used by market researchers to create customer segments, based on interview responses, for subsequent marketing activities. Today, however, financial institutions can use this proven approach not for market research, but for marketing – to interview individual customers, at scale, and render individually tailored offers in real time.

By understanding customer information and using it to create intelligent customer conversations, financial institutions can achieve a three-fold benefit. A conversation enables the bank to use the information it already has to collect even more information about the customer, such as whether they rent or own their home or their retirement savings status. The conversation is more personal and makes the customer feel like the institution knows their situation and understands their needs. With good data and a personal conversation, the institution can offer the right products to the right person at the right time, resulting in a better customer experience and a deeper relationship.

**Follow Up, Measure, Repeat**

To ensure the cross-selling strategy is effective, financial institutions must differentiate between leads and referrals. Most people think of leads as a long list of potential opportunities culled from a database. That is not the case with referrals, which are qualified and based on actual conversations with customers about their interests and needs. Many banks have little to no structure around the way they gather and track referrals. Automating that process adds discipline and efficiency, and it makes the process measurable and accountable.

Even with the most qualified referrals, the process falls apart if the referrals are dumped on an overworked call center staff to process. To ensure timely and proper follow-up of each referral, the marketing and sales departments must work with the call center to determine how many leads and referrals the call center is able to accept and process while still meeting its own operating metrics.

Perhaps the most important – yet the most ignored – part of the process is continual measurement of the sales funnel from impression to sale to ensure that the referrals are generating revenue. Simply counting clicks isn’t enough anymore.

Once again, knowledge is power. Financial institutions should use analytics to understand which customer attributes drive conversions and understand common traits of fruitful customers. A good analytical engine will enable the bank to identify which common customer traits lead to sales. For example, much like Amazon uses past purchases, page visits, wish lists and more to recommend products to customers using collaborative filtering techniques, banks can use demographics attributes, account balances, purchase history and previous interview responses to determine the best audience for a particular product interview using similar analytic techniques.

**Incorporate Automation**

If cross-selling is the new priority, and the personal customer conversation is the best way to cross-sell, the question remains how to recapture that conversation in the digital environment. The answer: automation.

The Web or mobile banking environment is replacing the physical branch as the place where customer connections are made. Yesterday’s cross-sell conversation with a teller can now take place online with a virtual bank representative. With a good analytical engine that can accept and analyze disparate data sources, data can be converted to conversation prompts in an online conversation between the customer and
a virtual advisor. All this data has to be processed, retargeted and continually reshaped into new follow-up interviews across digital banking channels. And it needs to happen in real time.

Micronotes® Cross-Sell for Digital Channels from Fiserv creates a new opportunity to reach customers in a personal, direct, individualized way via today’s most widely used channels. Through intelligent questions tailored to discover individual customer situations and preferences, Micronotes Cross-Sell automatically offers appropriate products and services and quickly qualifies customers for follow-up and retargeting. And by asking the questions during active banking sessions, at logout, and through mobile SMS, the solution boosts the likelihood that customers will interact. Interview responses also drive retargeting through social media and the Web to nurture explicitly stated customer interests.

Micronotes Cross-Sell mimics a conversation with a branch advisor. Based on data about the customer’s interests and situation, the solution offers appropriate products for upsell or cross-sell.

Micronotes Cross-Sell Interview

Example 1

Example 2

Email to Mortgage Specialist
Please call John Smith at 555-545-1212, wants to a purchase a new home.

Micronotes Cross-Sell mimics a conversation with a branch advisor. Based on data about the customer’s interests and situation, the solution offers appropriate products for upsell or cross-sell.
Connecting Through Technology

Although technology has changed the way financial institutions interact with their customers, the basic tenet of good customer service and sales has not changed: The best way to identify what customers want and need is to talk to them. A strong engagement tool gives banks the power to reach customers on a personal level via the channels they use most. By using the myriad sources of customer data they already have and combining it with new data gained in real time via interviews, financial institutions can change the conversation with their customers and deepen those relationships.

About the Author

Devon Kinkead is founder and CEO of Micronotes, the leader in interview marketing for financial services. Fiserv has partnered with Micronotes to provide its clients with Micronotes Cross-Sell, a technology-enabled service leveraging data analytics and interview technology to personalize banking and deepen customer relationships.

Kinkead is a serial technology entrepreneur and holds 16 patents, and he has authored dozens of articles for leading publications. He holds a masters degree from MIT and a bachelor’s degree from Pitzer College.

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For more information about Micronotes Cross-Sell, call 800-872-7882, email getsolutions@fiserv.com or visit www.fiserv.com.

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