

It's Personal: Drivers of Purchase Intent in Retail Banking



Introduction

As branches continue to evolve from a transactional center to a sales center, it is important to understand what in-branch sales and service behaviors are most effective in terms advancing the sale.

To explore the effectiveness of sales and service behaviors within the branch environment, we conducted research into the efficacy of the branch sales process to identify service and sales attributes that drive purchase intent. Specifically, the objectives of this research were to:

- 1) Define the sales process among different institutions.
- 2) Evaluate the effectiveness of specific sales behaviors.
- 3) Determine what needs analysis questions are most effective, and
- 4) Identify which closing behaviors are most effective in driving purchase intent.

Shoppers were asked a mixture of closed-ended questions to evaluate the presence or frequency of specific behaviors, and open-ended questions to gather the qualitative impressions of these behaviors on the shoppers – in short the how and why behind how the shopper felt. Finally, to provide a basis to evaluate the effectiveness of each sales behavior, shoppers were asked to rate their purchase intent as a result of the visit. This purchase intent rating was then used as a means of indentifying which sales behaviors are more effective in terms of driving purchase intent.

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Positive Impressions

What impresses customers positively as a result of a visit to a branch?

First, shoppers were asked to describe what impressed them positively as a result of the visit to the branch. Excluding the branch atmosphere, the four most common themes contained in these open-ended comments were:

- Attentive to Needs/ Interest in Helping/ Personalized Service,
- Professional/ Courteous/ Not Pushy, Positive Greeting,
- Friendly Employees, and
- Rep. Product Knowledge/ Informative/ Confidence in Rep.

To understand the relative importance of these attributes in driving purchase intent, shoppers were asked to rate their purchase intent, as a result of the presentation, and a comparison was made between shops with positive purchase intent and those with negative purchase intent. Of these attributes, three have positive relationships to purchase intent – they tend to be present with greater frequency in shops with positive purchase intent compared to those with negative purchase intent.

The banker’s product knowledge was present 2.7 times more frequently in shops with positive purchase intent compared to those with negative purchase intent. Similarly, attention to needs and personalized service was present 2.5 times more in shops with positive purchase intent compared to those with negative purchase intent. Finally, shoppers were 2.3 times more likely to cite the friendliness of the bankers in shops with positive purchase intent.

Relative Frequency Positive to Negative Purchase Intent



Needs Analysis

Our research suggests the ROI potential of moving probing beyond basic needs analysis and including a different type of question – one designed to get at client motivations – not just needs.

Effective profiling of customers has long been considered a key component of any sales process. Questioning customers is commonly referred to as needs analysis as many questions revolve around client needs, but how effective are needs questions in the efficacy of a sales presentation? Our research suggests the ROI potential of moving probing beyond basic needs analysis and including a different type of question – one designed to get at client motivations – not just needs.

In order to evaluate the profiling process, shoppers recorded what profiling questions were asked of them as part of the sales presentation.

What are the most frequent probing questions?

The ten most frequently asked profiling questions are:

Profiling Question	Frequency Asked
Service interested in	93%
Other banking relationships	82%
Current banking products	73%
Employment status/situation	68%
Nature of online banking use	68%
Purpose of the account (personal, household, business)	68%
Expectations of a bank / what the customer is looking for in a bank	67%
Nature of online/Internet banking use	65%
Nature of savings accounts held	65%
Nature ATM use	58%

Of these ten most frequently asked profiling questions, nine asked about the customers’ needs or situation.

The remaining question is far more interesting. Two-thirds of the bankers asked about the customers’ expectations of a bank or what are they looking from a bank.

What are the most effective probing questions?

To evaluate the effectiveness of probing questions, we compared the strength of their relationship to purchase intent. The following table contains the ten probing questions with the strongest relationship to purchase intent:

Relative Frequency Asked in Shops with Positive Purchase Intent Compared to Negative

Nature of telephone banking use	8.0
Co-account holders	7.1
What do you like about your bank?	6.2
Average savings balances	3.9
Average checking balance	3.4
What are your expectations from a bank?	3.1
Number of checks written	3.0
What don’t you like about your bank?	2.9
Minimum checking balance	2.8
Past banking products/services	2.7

Digging into this list, four ask about customer needs/situation:

- Nature of telephone banking use
- Co-account holders
- Number of checks written
- Past banking products/services

Three ask about balances:

- Average checking balance
- Average savings balances
- Minimum checking balance

Another three ask an importance or motivation question:

- What do you like about your bank?
- What don't you like about your bank?
- What are your expectations from a bank?

While only one importance/motivation question is in the top 10 in terms of frequency asked, three of these questions are in the top 10 in terms of their relationship to purchase intent.

We call these importance/motivation questions “high-gain” questions. High-gain questions are questions designed to uncover the clients’ motivations – what drives them? What do they want from a bank?

High-Gain Questions

What do you like about your bank?

What are your expectations of a bank?

What don't you like about your bank?

“What do you like about your bank?” – was present a whopping 6.2 times more frequently in shops with positive purchase intent relative to negative purchase intent.

“What are your expectations of a bank?” – was asked 3.1 times more in shops with positive purchase intent.

“What don't you like about your bank?” – was asked 2.8 times more in shops with positive purchase intent.

These questions and others like them are extremely powerful questions, in effect asking the customer to tell the banker what they want in a banking relationship, providing a road map for the sales presentation.

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Asking prospective customers high-gain questions to identify their motivations and building a sales presentation around customer motivations will yield a greater ROI in terms of driving purchase intent.

Sales & Closing Behaviors

Directing our attention to closing behaviors, for closing behaviors to be effective, the banker must first demonstrate competence and sincere concern for the customer’s best interests and needs. Closing behaviors without this predicate can be very dangerous to the sale.

What are the most common closing behaviors?

In our observational research key closing and presentation behaviors were observed in approximately two-thirds of the sales presentations.

Express interest in business or make feel valued as a customer	70%
Ask for the business or some commitment to action	70%
Discuss products in terms of benefits designed to meet needs	68%
Make comment expressing value of banking with the bank	63%

Asking for the business and making the shopper feel valued as a customer were the most common, followed closely by discussing products in terms of benefits designed to meet needs, and finally by expressing the value of banking with the bank.

Which behaviors are most effective?

To answer which of these four behaviors are most effective, let’s look at their relationship to the mystery shoppers’ purchase intent as a result of the sales presentation.

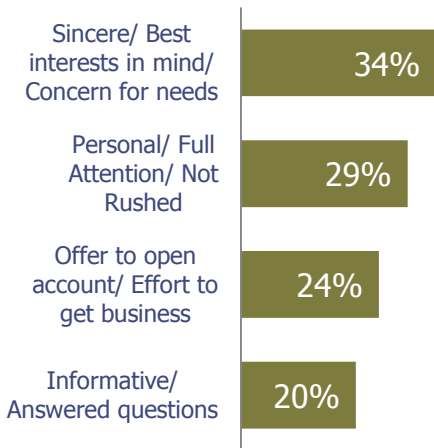
Relative Frequency Positive to Negative Purchase Intent



What drives feeling valued as a customer?

Of these four behaviors, expressing interest or making the customer feel valued as a customer has the strongest relationship to purchase intent. This behavior was present 3.6 times more frequently in shops with positive purchase intent relative to those with negative purchase intent.

Comments Grouped by Theme:



Now, let’s take a look at the most significant behavior. What drives feeling valued as a customer? What caused shoppers to feel valued? To gain insight into this, Kinēsis asked shoppers an open-ended question regarding how the banker expressed interest in their business. An analysis of the responses to this question is instructive.

When these responses are grouped by theme they generally group into four themes to the left.

Looking at these comments with respect to whether or not the shopper reported positive purchase intent, two of these themes have a positive relationship to purchase intent: personal attention (45% for positive purchase intent compared to 0% for negative) and concern for needs (43% in shops with positive purchase intent compared to 11% for shops with negative purchase intent).

Comments with POSITIVE relationship to purchase intent.

How expressed interest or made feel valued as customer...	Positive Purchase Intent	Negative Purchase Intent
Personal/ Full attention/ Not rushed	45%	0%
Sincere/ Best interests in mind/ Concern for needs	43%	11%

The other two behaviors have a negative relationship to purchase intent. One of these is both significant and instructive.

Comments with NEGATIVE relationship to purchase intent.

How expressed interest or made feel valued as customer...	Positive Purchase Intent	Negative Purchase Intent
Offer to open account/ Effort to get business	6%	61%
Informative/ Answered questions	17%	50%

An effort to ask for the business without appearing to have the customer’s best interests in mind or giving the customer personal attention will not drive purchase intent.

A more overt effort to get the business, including opening the account, was present ten times more often in shops with negative purchase intent (61%) compared to positive purchase intent (6%). An effort to ask for the business without appearing to have the customer’s best interests in mind or giving the customer personal attention will not drive purchase intent. While asking for the business is an important part of any professional sales presentation, when doing so, the ground needs to be prepared by making

the customer feel you have their best interests in mind. Otherwise, the banker can seriously undermine the presentation.

As branches continue to evolve from a transactional role to a sales center, it is important not to divorce service from sales. Good sales is good service. The sales behaviors with the strongest relationship to purchase intent are those which are very personal: personal attention, endeavoring to uncover the customer's motivation, and making them feel valued. Bringing us full circle, the most effective way to make customers feel valued and interested is to provide them your full attention and sincerely demonstrate concern for the customer's needs and best interests.

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