

SALES TACTIC - POLARIZE YOUR CUSTOMERS

by [Steve Brown](#)

If you don't play golf because you think it is boring, you should really go see it live - because watching golf live is painfully boring. As a spectator sport, we say it ranks up there with watching accounting. Matters are made worse because of the silence before any play. We have seen surgical procedures performed where the doctors and nurses are talking, clanging and not worried about breathing. However, in golf, spectators must think either golf is more difficult than surgery or more is at stake. It seems for some reason the act of driving and putting must be performed in absolute silence.

We bring this up because the University of Michigan conducted a study regarding golf and consumer behavior. Now, we are sure you are thinking that the graduate students that conducted the research are probably still high-fiving each other for pulling a fast one on their professor, but we assure you this study is legit and has interesting implications for bank deposit marketing.

In this study, an artificial putting green was installed in a golf store and shoppers were offered a chance to putt into a hole approximately 3ft. away. When golfers sank a putt, they overestimated their golfing ability and more often than naught, bought costly balls marketed and designed for a pro. These "high-spin" golf balls carried wider margins and, in reality, offered little or no benefit to the average golfer (since most never hit their shots well enough to take advantage of the higher spin characteristic). Ironically, golfers that missed the offered putt underestimated their ability and were more likely to purchase additional equipment.

Objectively, asking shoppers to sink 1 short putt is really not a referendum of the shopper's golf ability. However, the activity of putting was used to "frame" or define the type of person that the shopper was, in order to help them make a purchase decision. In short, the outcome of a single putt helped polarize the shopper into one category or another and provided a focal point for the sales staff to discuss and sell around. No matter what the outcome of the putt, sales increased as a result of the strategy.

Several banks take advantage of this polarization technique when they ask, "What type of investor are you?" From that answer, either through the sales process or in marketing materials, the bank helps group respondents by type of risk into "Aggressive," "Moderate," "Stable Performer," or "Liquidity Focused." When the respondent categorizes themselves, the bank can now have a basis for suggesting solutions - such as indexed CDs for the Aggressive types or money market accounts for the Liquidity Focused group. Other banks have used similar questions, surveys or assessments, in order to recommend the best checking account or set of bundled products.

While there are many variations on this theme, this polarization sales tactic is effective in helping bank customers better understand themselves and in leading them to an efficient purchase decision. In our own limited testing, we have seen this technique not only result in more sales, but also faster ones - which is an additional benefit not tested by the study.

If you don't already do so, try working in a sales tactic where customers are forced to categorize themselves and then conclusions can be drawn in order to drive more sales. Try testing this technique

to see if you can't sink more of your sales putts. If you can, it will be way more exciting than watching golf.

BANK NEWS

Fannie 2Q

The Company reported a \$1.2B loss, not including the \$1.9B dividend paid to the Treasury. Loans 90 days or more past due dropped from 5.47% in the 1Q and 3.94% a year prior to 4.99%.

Loan Guarantees

Congress passed a bill authorizing \$20B for guaranteeing multifamily loans under the FHA for the remainder of the fiscal year.

Small Biz

The Senate will reportedly pick back up work on the \$30B Small Business Lending Bill as the first item of business upon returning from the Aug recess, according to congressional insiders.

CU Closed (13 YTD)

The NCUA liquidated Kappa Alpha Psi Federal CU (\$780mm, TX). 22% of KAP's loan portfolio was delinquent at 1Q end.

GDP Projections

Economists indicate the economy's natural growth rate, driven by population growth and technological improvements, is 2.5% too 3.0% per year, so anything below that level increases unemployment.

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