

A SIMPLE WAY TO COMPETE MORE EFFECTIVELY

by [Steve Brown](#)

To keep you in tune with the competition related to small business customers, we did a little snooping on the Wells Fargo website under the "Small Business" tab. It had an immediate pitch focused on signing up for online banking and bill pay to help the small business owner (SBO) more easily manage accounts. The focus was on making things easier for the SBO and helping streamline both the business and personal aspects of their life. We then clicked on "Learn More" and were pitched again, but at a slightly deeper level. There were a few more bullet points of information, but everything was still held to a half page to make it easy to read. Our take on the pitch was that it was decent content that was interesting to an SBO. We then looked at the web site again from a holistic viewpoint. It is designed around four tabs at the top that appear to be the first move to separate potential customers into slightly more refined buckets based on area of interest. These tabs were titled: Personal, Small Business, Commercial and About Us. We found it funny that even Wells Fargo had an "About Us" tab, since it would be hard to find someone who didn't know who they were. The fact that they have one shows it remains important - even for banks that already have strong market recognition. As we moved into the Small Business area once again, we found ourselves staring at further sorting options. Here, we were presented with sections labeled Products & Services, Online Solutions and Resources. Some products were called out by title to draw you in and some included a brief pitch telling you in plain language why you wanted to click further to enroll or sign up. Under the Online Solutions tab, products were featured by their brand names, followed by a pitch. Here, Wells pushed Business Online Banking (with free account access to manage cash, view transactions, transfer funds and more); Business Bill Pay (pay business and personal bills online) and Direct Pay (to make next day payments to employees and vendors). Attracting small business owners to online features is one way Wells is reducing its cost of product delivery and simultaneously locking down customers for a longer duration. A study by Fiserv found customers that use online banking, bill pay, use automatic deductions and send electronic checks reduces customer turnover by up to 95%. Wells is clearly focused on capturing the customer with easy to use solutions for simple (but very sticky) products and services. Going further, we also found the design of the site seemed to feed right into the findings of other surveys that show people prefer to use the internet and online banking (instead of coming into a branch or talking to a person) for access to account information (by a nearly 5x1 ratio) and conducting simple transactions (by about a 2x1 ratio). These were both heavy areas of emphasis on the site and provide a real life example for community bankers to take note of or perhaps even emulate. We also reviewed the Business Insight Resource Center. It was rich with content that runs the gamut from finance, to setting strategy, dealing with operations, getting expert help and other areas of SBO interest. Some resources in the library had scrolling ads touting things such as protecting your business data, preparing for a business disaster and setting yourself up for success in 2013 (all topical given recent news). Further and in line with surveys that show people prefer to receive customized data, the content area offered an option for SBOs to fill in the number of years they had been in business and challenges they were facing (financials, cash flow, taxes and accounting, financing, strategic planning or customer service). Wells probably used this information to refine customer sorting even more to determine how best to approach a specific potential customer with a customized product pitch driven by a need. Our suggestion is to periodically check out a

couple of large bank websites to see what they are doing to attract small business owners and compare it to your own. It will help you stay in tune with offerings and see what new research they might be leveraging to attract SBOs. As our brief review found, there is no doubt that Wells has great content for SBOs and is actively trying to capture them as customers.

BANK NEWS

Housing Market

There are roughly 70mm homes in the U.S. and 50mm have a mortgage on them (average of \$200k). That puts the overall housing market at about \$10T. The amount of equity homeowners had in 2Q climbed by \$406B to \$7.3T, the highest level since 2007.

HELOC Usage

According to the Commerce Department, the single biggest use of home equity loans is to pay for home renovations and repairs at 54%.

Home Interest

A survey by TD Bank finds 64% of women home buyers believe homeownership is essential in defining the American Dream vs. only 52% of men. Meanwhile, 66% of women renters said they intended to own a home in the future vs. only 57% of men.

Small Biz

An online survey by eHealthInsurance.com finds 78% of small business owners are not familiar with health insurance exchanges and 67% either aren't sure or think incorrectly they must provide health insurance to employees in 2014 or face government fines.

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