



## But Wait, There's More

by [Steve Brown](#)

Ron Popeil has often been the brunt of ridicule for his overly enthusiastic infomercials promoting his unusual line of consumer products such as the Pocket Fisherman, the Veg-O-Matic; and the Beef Jerky Machine. Popeil had a knack for convincing people to buy whatever he had to sell, and then to convince them to come back and buy again. Regarded as one of the great direct marketing geniuses of the modern age, Popeil is probably best known for his signature phrase, "But wait, there's more!" With Popeil, there was always more to come.

The exploits of Ron Popeil come to mind as we consider how well community banks perform when it comes to selling additional products to customers. The answer is: not very well when compared to big banks. That's odd, because customers are much more engaged with community banks than with big banks.

Two surveys by Gallup provide a snapshot of the situation. One survey from last year found that large bank customers have an average of 71% of all of their financial products with their primary bank. That total drops to 66% for regional banks and to 65% for community banks. The decline is even more severe when examining credit products. Large banks get 53% of the credit products of their customers, while regional and community banks get 32% each. That's a lot of mortgages, loans and credit cards that community banks are ceding to big banks.

One might imagine that one reason big bank customers buy other products from those large institutions is because customers are so thoroughly engaged. In fact, the opposite is true. In a Gallup poll, only 17% of big bank customers said they were fully engaged with their bank. That's less than 50% of the rate for community banks, where 37% of customers said they were fully engaged. As Gallup pointed out in its survey, engaged customers represent an excellent opportunity for organic growth. These engaged customers tend to be loyal and recommend the bank to family and friends. They should be the front line in the effort to grow revenue by selling more products.

But wait, there's more. Another Gallup poll found that small banks rated much better than large or regional banks on a range of questions, including "Is always on my side," "always communicates in a clear and up-front manner," and "is a bank you will use for the rest of your life." Community banks even won on the point "is always willing to meet my credit and lending needs."

So how do big banks win out when selling additional products? The answer, according to Gallup, has a lot to do with internal training. Big bank personnel are schooled in how to have a sales conversation with customers. They often try to get customers to think about the big picture and their financial future, rather than just focusing on immediate needs.

Community banks can do more than simply improve the sales ability of front-line personnel. Make sure that financial products are competitive in terms of price and quality with what can be found elsewhere. Train your teams constantly, measure results and of course - be sure not to structure things the way Wells Fargo did because that can obviously bring trouble.

Judging by the Gallup poll results, community bank customers are prime candidates for you to increase revenues and boost the bottom line. What these customers need, perhaps, is a little Popeilish push to understand what makes your bank so great for them and how you can deliver services they need.

# BANK NEWS

## **M&A Activity**

1) UMB Bank (\$19.7B, MO) will acquire 40,000 health savings accounts with \$76mm in deposits from The Bancorp Bank (\$4.4B, DE) for an undisclosed sum.

## **Economic Projection**

FedEx projects GDP will be 1.6% this year and 2.3% next year.

## **No Retirement**

The Financial Times reports about 40mm working age householders or about 45% of the total have no retirement savings at all.

## **CEO Age**

A survey by Bank Director finds the median age of CEOs in the industry is 58Ys old.

## **Wealth Management**

This industry is expected to grow to \$100T by 2020, but it is also one that is undergoing significant change. Customers are moving of higher cost funds so profits are being squeezed, regulatory and other costs have risen sharply, investors are moving to passively invested mutual funds and online robo-advisor growth is exploding as people seek more direct control over their wealth.

## **Most Frequent**

Research by RR Donnelley on M&A transactions finds those most frequently part of the due diligence process are: internal due diligence teams (88%), legal advisors (80%), senior management (76%), third party due diligence firm (70%) and strategic consultants (70%).

## **Customer Communication**

Research by Segmint and Harris Poll find 52% of consumers say they are interested in seeing highly personalized messages from their bank.

## **Seeking Help**

A survey by JPMorgan Asset Management finds 75% of people believe they should save 10% of their pretax salary for retirement, but 76% say they are not doing so. Of note, some 96% of people said they wanted their employer to auto enroll them into a 401(k) savings program.

## **Loan Demand**

A survey of bank executives by Promontory finds 62% of respondents expect loan demand to grow in 2017.

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