



Advancing The Stages Of Customer Acquisition

by [Steve Brown](#)

An advancement in robotics links humans with metal machines and here is how it all works. Humans wear a dorky skull cap that picks up brain signals. The brain signals travel down wires (probably go wireless soon) that connect from the human to the robot. As the human watches what the robot is doing, the brain sends out signals that are generated when the brain notices the robot is making a mistake. Those signals are picked up by the robot and it then changes its action. That is really pretty interesting if you ask us. Bankers could use such technology to move heavy things around (like pallets of money), remotely help customers with financial transactions through on site "robot advisors" and a host of other things probably.

Speaking of engaging with customers, as we have reported earlier, customer engagement and acquisition top the list of goals for 2017 for many bankers. In fact, Forrester reports that almost 67% of financial executives put attaining new clients as the "top strategic objective for their loyalty program". To put their money where their mouth is, more than 50% of bankers say they plan to increase their budget for "customer experience" programs in 2017, according to CSI.

It can cost a lot of money to attract new customers. In fact, a research report by Hubspot found that it costs \$303 to acquire a bank customer through social media. It also found banking was the industry with the 2nd highest cost per customer. Now, social media may not be the primary channel you turn to for customer acquisition. But, as it is the easiest to track, we thought we would give you information to reference when thinking about this.

While we know that it is much easier for community banks to acquire and retain customers than the biggest banks, there is still a "leakage" factor for new customers with all banks. In fact, Catalyst research found that the switching process for banking customers follows six stages, so there are six opportunities for customers to disengage.

The first stage is the most obvious - considering the switch. Stage two is where they put their consideration into action - looking around for a new bank. The third is making the decision to switch. This is where we may think the real impact happens, but don't stop here. Opening a new account is the fourth stage and this is where some may think the story ends. But, keep reading.

Opening after all, does not mean using. Make sure that customers who actually open a new account with your bank use it for as many services as possible. That is stage five. Finally, stage six is when people actually close their old account.

New customers may be hesitant to close their old accounts. So, make sure you continue to assure them of the benefits of your bank and its products, but more importantly, why they are important to you. Make it simple for them to move through the six stages to deepen the relationship. This means easy access to your switch kit and early relationship manager involvement.

As science has taught us, an object that is not in motion takes more energy to get in motion than one already moving. People are no different. So, there must be a good reason for a bank customer to switch. In fact, there are only two real reasons why banking customers switch - their bank location changes or they are dissatisfied with their bank.

Knowing that there are only two real reasons, you can address specific concerns more easily. Ensure your relationship team asks the right questions to understand the details behind the switch. This will help pinpoint the team's communications and reassure the customer through every stage of the switching process.

Customer acquisition is a six stage process, so follow-through at every stage is key. Once a new customer is engaged, it is important not to move on to the next one too quickly. Efforts must be focused on every new customer to complete the stages, or all that work might lead them to change their mind and/or not actively use their new account. Make sure you facilitate product adoption and maintain stellar service for high customer stickiness and subsequent loyalty. That is definitely worth more than \$303.

BANK NEWS

M&A Activity

1) Towne Bank (\$8.0B, VA) will acquire Paragon Commercial Bank (\$1.5B, NC) for about \$323.7mm in stock (100%) or roughly 2.37x tangible book. 2) South State Bank (\$9.0B, SC) will acquire Park Sterling Bank (\$3.3B, NC) for about \$690.8mm in stock (100%) or roughly 2.43x tangible book.

SFR Lending

Census Bureau data finds the number of new homeowners in Q1 was about 132% higher YOY than the number of new renter households. This is the first time that has happened since 2006 and could point to a rising trend in home ownership for younger families.

Contract Workers

Fed research on small businesses finds 42% of employer firms use contract workers.

Targeting Consumers

Cybersecurity company Proofpoint says cyber attackers have shifted from targeting companies to targeting individuals using email and social media.

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