

TEST RESULTS FROM A BANK BRANCH DIGITAL COMMUNICATIONS NETWORK

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The importance of the customer experience at a bank has been established. This is leading many institutions to evaluate methods to enhance the bank branch environment. Of significance are digital communication networks (“DCN”). Yet such networks can be expensive to deploy and maintain. Therefore, prior to making such an investment, the benefits should be evaluated.

In this Working Paper PRI tested and analyzed the impact on consumer attitudes and behavior resulting from exposure to a DCN. The objective is to provide detailed analytics relating to consumer response to a DCN delivered message stimulus. This was accomplished by gauging impact and awareness, benchmarking the customer bank branch experience, measuring the influence on branch productivity, and track changes in select product/service revenue/transactional activity.

The underlying research is the most detailed ever conducted to measure the consumer response to a digital communication network. The test lasted 90 days and involved ten bank branches; 5 Test, 5 Control. It included two separate waves of exit interviews involving 750 individuals. 38 Digital cameras were installed in the branches, and recorded 17,000 hours of video analyzing the behavior of 85,000 customers. In addition, the test bank provided an extensive amount of primary data.

The significant contributions of this project include the following:

1. Establishes a model for measuring the tangible and intangible attributes of a bank DCN.
2. Methods are advanced to quantify these benefits.
3. In this research, PRI has applied these methods at a test Bank.
4. It was determined that the returns from a DCN investment are substantial.

In summary, the major findings by PRI are presented as follows:

A. DCN Impact and Awareness

Found that the DCN was effective in stimulating consumer message awareness.

B. Customer Bank Experience

Customer satisfaction increased as a result of the DCN. This supports the conclusion that the DCN had a positive affect on the customer experience. Wait-time perceptions, customer satisfaction, customer loyalty, likelihood of recommending the Bank, and the level of service compared with expectation were all positively impacted.

C. Branch Productivity

Branch productivity was positively impacted. The presence of a DCN can increase branch transaction processing, resulting in reducing branch labor costs.

D. Product/Service Awareness and Revenue/Transactional Activity

The following are findings based upon DCN delivered messages:

1. A positive impact on product/service awareness.
2. For 7 of 8 promoted products/services, purchase/usage intent was influenced.
3. For 4 of 8 promoted products/services, customer behavior was impacted.
4. The impact on customer behavior relating to transactional activities was greater than on product/service purchases.
5. When incorporated into an integrated marketing campaign, new customer product/service sales increased by more than current customer account activity.
6. In the majority of cases, the Test branches outperformed the Control branches in revenue generation of non-promoted products.

Copies of this Working Paper can be purchased from the Platt Retail Institute. The Working Paper is 70 pages, contains 67 charts and sells for U.S. \$1,000.