

NEW TRENDS OF MULTI-DIALOGUE COMMUNICATION IN BANKS

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Banks' direct models for communication with their customers have in recent times become a common feature of their marketing activities in the banking product market and influence competitive pressures for innovative elements in banks' activities. Competition for market share in this case requires an ongoing search for new and more effective instruments of marketing communication.

Direct forms of communication, by means of which banks address clients, are now gaining the upper hand. One of the most promising instruments has been the direct expression of consumers concerning their preferences, the means of communication and negotiation with banking entities, the distribution channels preferred by them, etc. Market research as one of the means of communication has, as a rule, been aimed at ascertaining consumer reactions to specific marketing initiatives by banks. The essence of such activities has undoubtedly been the current needs of banks in seeking effective ways of creating and providing products and services in the banking market. In this case investigators researching the market were not sure whether those initiatives that were important for the bank were of equal importance also for the customer. Nevertheless, the answers and reactions of customers could and can be different, depending on the urgency of the issues with which the market research addressed them.

Therefore, currently such targeting market research is becoming a quite inflexible way of gaining the necessary updated information on consumers and their preferences. The organisation of permanent market research is becoming a very expensive affair and, more importantly, of little use, since in the marketing communication of banks it is important to capture information from consumers at the time, when it is current also for the bank client, and not simply at a time convenient for the bank. Nowadays, the customer gives preference to direct forms of dealing and communication with a bank. Market research thus cannot be considered as full-value communication, rather simply as a one-way information flow.

The situation in the field of the financial markets has changed markedly in our period of modern communication technologies. New forms of banking, such as direct banking or on-line banking have in recent years increased competitive pressure and so as not to lose the dynamics of this sector they influenced the development of innovative concepts, such as mobile and TV-banking. Likewise, patterns of consumer behaviour

have also changed significantly. Already even in Slovakia it is no longer common to encounter the type of customer who humbly comes up to the window asking for advice. The consumer of financial products and services today, especially in advanced countries, has a very good knowledge of modern information technology, is well acquainted with banking activities and their services, is aware of their interests, is attracted by competition and, on the basis of this, is able to make comparisons and differentiate the products and services of financial institutions. It is precisely these customers who comprise the new, critical type of consumer, who precisely observes the business activities of the different banks and at the same time perceives well the changes in the services and products of various financial institutions.

The battle for customers is therefore tougher than before. Greater market saturation always leads to a sharpening of competition. Essentially, one bank's gaining new customers becomes possible only through another bank's losing customers. Therefore, the rule applies that the introduction of correct measures brings about strong customer relations and at the same time a gain in new customers.

Thus, a component of the marketing measures, which have been a reaction to the facts described above, became simple structural changes in branches and special services deployed with customer-oriented concepts, new sales channels (telephone, Internet, etc.). Banks' customer relations in this way changed, starting to satisfy more the individual needs of customers and at the same time to support the long-term competitiveness of the bank's products and services.

Developments down this path led to the idea of connecting sales channels and marketing activities in a certain spectrum so that it would be possible to provide customers with advice and at the same time attentive service. This decision has been very effective especially in the recent period of customers' needs becoming updated, where customers now turn to banks with an expan-



ded array of requirements. Thus, in advanced countries banks' marketing programmes now include call centres, which customers can call for advice or a service. The arrangement of independent call centres has in the course of this development with a corresponding communication strategy been very successful, raising the competitiveness of bank products and services. According to research by the Meta Group corporation, 33% of German banks have gone down this route. With the aid of call centres providers of financial services cannot only improve their service, but, resultantly, have the possibility to flexibly regulate their "opening hours", because nowadays many customers want to arrange their banking business conveniently and in due advance.

It is precisely such simple, standard financial advice, transfers, term deposits, deliveries (instructions) of securities that can be professionally and successfully dealt with by call centres. Call centres have a unique advantage for a real "multi-dialogue mix" and for many banks their introduction is certainly a step in the right direction; getting closer to the customer - though this being only the first step.

Tools for direct communication with the customer

Innovative call centres have the possibility to continue in another important step: on the basis of integrating corresponding instruments at workplaces, a call centre could additionally take over a range of other necessary functions. For example, customers who prefer to do their banking by phone could thus by means of this preferred sales channel speak with agents and take advantage of corresponding free capacities. This is especially advantageous for negotiations with active customers in the form of gross-selling and up-selling initiatives.

A call centre with expanded external functions is, among others, an important instrument for customer care. Catching early on the current requirements and preferences of customers and meeting their needs means creating a competitive edge, enabling to flexibly react to customer requirements. Who addresses their customers personally and professionally, competently guides and offers individual solutions will similarly correspond to the ambitions primarily of critical and well-informed customers and at the same time profit among providers of banking services by means of the quality of advice. Through introducing an expanded range of functions call centres are developing from a one-dimensionally arranged channel towards a full sales and marketing channel. The functional expansion of the call centre is making it an effective mass-media resource.

Nevertheless, for different variants of direct banking it is not possible to ignore the danger that automated

sales arrangements can lead to a loss of direct contacts with customers and to the complete anonymity of transactions. The key to success lies in precise knowledge about customers; therefore individual sales channels should be coordinated. In the majority of cases, businesses have a surplus of information on consumers, however, due to their existing established rules, is dispersed. This information should be objectively processed and utilised to facilitate individual communication with customers. Only educated and experienced customer management can handle these tasks. Marketing in this sense should be individual to the customer.

Central management of contact data

Banks offering their customers various sales channels, such as branches, call centres and the Internet must perceive all this as a part of a quite clear sales policy. Real multi-dialogue banking would be possible at first only as a certain internet environment able of multi-dialogue. Therefore, integration of new distribution channels looks from the technical aspect like a structural challenge for a decentralised system of branches. Advisory capacities from the branches are transferred to call centres, and in many cases also to the Internet and along with preceding structures create a multiple instrument, incorporating contacts and data on transactions from various distribution channels into a central marketing database.

A call centre with an existing IT structure does not have direct access to current data on customers. At the same time, call centres – agents with traditional, inflexible IT structure – concentrate always on information from individual contact databases. Despite this, this system also has its defects. For example, if enough current information on customers is not available from all the contact channels, then an overall clear view of the customer is lacking and marketing decision-making loses its updated quality.

Individual campaigns and relationship management systems

From the strategic perspective, the solution to this problem may be achieved only with the help of decision-making in the centre on the basis of the Multi-Dialog banking system. In this case the objective should be: to generate information on customers by means of the contact-histories of all distribution channels in a bank's central database. Only in this way will it in the future be possible to fully exploit the potential of Multi-Dialog-Banking. Individual – targeted and consumer-oriented dealings with a customer could in this case function in the future, only where a multiple inspect of information



on customers from all the distribution channels is to serve as a basis for all marketing decision-making and marketing activities. In such a case we can speak of the end of a period of mass, untargeted marketing activities, and the beginning of a period of individualised marketing promotion and an overall trend of banks individualising their marketing activities.

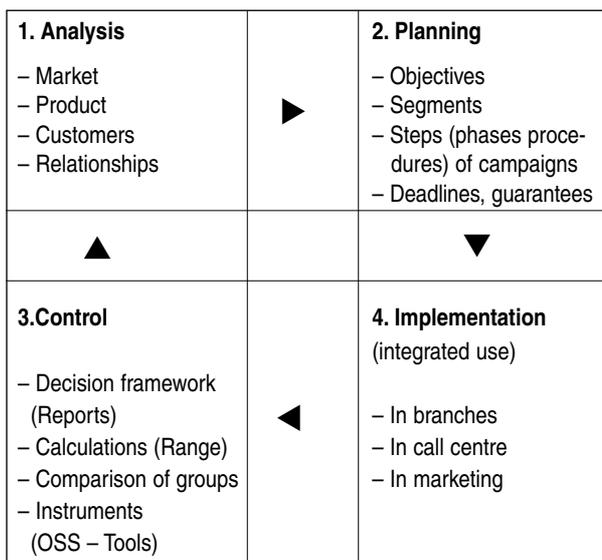
Accurate knowledge on individual customers, their relationships, values and preferences are becoming the basis for recognising future development and the creation of corresponding applicable marketing measures. In the current practice of banks' marketing, in particular in advanced countries, quite effective methods and instruments have been created, by means of which it is possible to deal with the process of individualising marketing activities. These methods and instruments are included under the term Customer Relationship Management System (CRMS). Today this system is in the state of developing individual promotional campaigns and other individual marketing activities on the basis of consolidated contact data. The leading country in this field is mainly the USA, representing the primary innovative role in the development of information technology. In several banks an active CRMS system is a reality, fully enabling the utilisation of the potential of individual relationships and individual knowledge of consumers. The Internet – the connection to a specific bank, continues to be not very constant and is not the same for all customers. In this system, each client, or to be more precise, each micro-segmented group of clients receives for its individual needs made-to-measure websites with a full collection of updated information.

Clients who for example on their last visit to the bank's website sought information from the central representative, subsequently receive a specific offer now on the home page. In this case priority is often being given to the telephone, which is used not only for arranging banking matters, but also for effecting individual campaigns. An outsource call-centre agent telephones clients, drawing their attention to current offers in the capacity of the central representative and other similar activities, advising clients to take advantage of them.

Dealings in distribution components

This example fully explains the notion of poorly-designed, out-moded, inward-looking websites and fragmented databases of banks' data on contacts with clients. These not only distort the view of clients in all contacts, but, besides this, also reflect the status quo and do not take account of contact histories. The regular monitoring and analysis of the life cycle is a targeted ancillary means for creating successful communication campaigns and the development of marketing activities.

Diagram: Chain of database dealings with customers



At the beginning of vocational education the well-known free Dispo-Konto is only one of many examples showing how to successfully unfold campaigns for the various life stages of clients' bank services.

Existing systems, likewise, do not offer possibilities for professional procedures and clients' interests. Contact with the client, as a rule, begins not with the first transaction, but mostly through an initial interview – in person in the branch, by telephone via the call centre or by means of the Internet. For those clients attractive for the bank targeted individual communication campaigns can now be developed.

An appropriately oriented pricing model is therefore not only a suitable and desirable tool of creating relationships with clients, but also increases the success and prospects of communication campaigns for modern, well-informed clients. It is this route that has proven successful for Swiss banks in recent years. They offer simple, less advice-intensive banking solutions via the telephone or Internet and at the same time at a significantly lower cost than would be the case of personal meetings in an active branch. This fact leads also to a reduction of costs in branches, where their responsibilities focus only on know-how-intensive advisory services.

Therefore, providers of financial services nowadays are forced to choose one single correct direction of marketing communication with a client. This as a first step can mean establishing a call centre and adding other services from the various sales channels to it. In this way the bank brings its services closer to its clients. Over the medium- to long-term perspective, this leads in a multi-dialogue banking world to a new Internet architecture, which by means of CRM and marketing databases makes possible the full exploitation of all new sales channels potential.