

Editorial

Majority of Bank Customers in Germany do Research Online

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It is easy to underrate the importance of the internet in modern retail banking because most sales still take place in a bank branch. While the online channel has grown rapidly over the last few years, it still accounts for only 10.8% of sales – simple products such as short-term deposits or credit cards being the most popular choice. Yet, the internet

has a much bigger role than previously thought. In fact, a new study, produced jointly by GfK, Google and Deutsche Bank Research, finds that online research precedes almost 60% of all new financial purchases by German banking clients.

This study is the first that combines extensive questionnaires from a long-running panel with diligent monitoring of actual internet traffic. Thus it is possible to relate new financial purchases and the motivation behind them (as reported in the questionnaires) to the way

clients do research on the internet (as recorded from their private browsers). Around 5,000 households have volunteered to take part in both surveys. The data is being collected and handled by GfK in an anonymized form; neither Google nor Deutsche Bank have access to personal data.

The study underlines the fundamental role the internet already plays today. A majority of banking clients use it as a source of information, to compare terms and conditions with competitors and to stay abreast of events. Only looking at online sales underrates the internet severely.

The results of this new study are stunning in many ways. Firstly, they allow us to quantify the so-called ROPO effect (research online, purchase offline) which describes clients who research financial information online but purchase banking products by offline means – typically in a branch. According to the data, this ROPO effect applies to 48.6% of sales. Add to this the share of sales that is researched and purchased purely online (10.8%) and online research precedes a total 59.4% of all sales. Thus the internet shapes the decisions of a

majority of clients, of which most end up closing the deal in a bank branch.

Secondly, the study provides deeper insights into the online research process itself. On average, online researchers start 7½ weeks before buying a new financial product. They visit 43 relevant internet sites and run 11 search queries with Google. Yet, these averages mask a great divergence in usage patterns. Users typically devote 1 hour and 11 minutes per quarter to financial research online. But a quarter of them only spend less than five minutes.

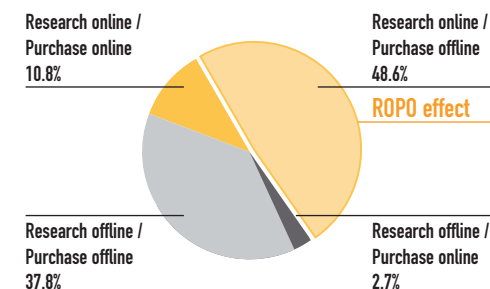
Search engines are the most important independent source of information. More than 36% of German online researchers use Google to run a relevant search query. No other independent source of information has a wider reach. Moreover, using Google indicates a much more intensive research process: Google users visit twice as many domains as other surfers.

Online researchers most often rely on brand names to guide them in finding relevant information: 73.1% of all financial search queries consist solely of brand names (e.g. “Deutsche Bank”). This underlines the strong relation between clients and banks. Generic terms (e.g. “Tagesgeld” for instant access savings) make up only 24.5% of all searches. Online researchers

who actually buy a new product use generic queries or hybrids more frequently, indicating a more explorative approach, but brand names remain in the majority with a share of 60.8%.

Online channel shapes business

Sales of financial products by research and purchase channel



Source: GfK, Google, DB Research, 2010

The internet will gain further importance in the future. Online sales will become easier to handle and more widespread. Moreover, an even larger share of clients will do research online – often fusing online research with offline purchases. Providing clients with top-notch advisory services – online, offline and in combination – will remain a key instrument for banks to attract and retain clients.

The full study is available for download here:
<http://www.dbresearch.de/ropo>