

## Advantage Banks – Riding the Mobile and GPS Waves

**Knowledge@Wharton:** Some cross-pollination is happening. What are the most cutting edge things being done with data today -- the kind of data that mobile banking and other financial services companies might accumulate?

**Eric Bradlow:** We held a conference here at Wharton, the Wharton Customer Analytics Initiative, it was the year of mobile, as it turns out. We brought in researchers from all over the world to talk about what they're doing in the mobile space. I think mobile couponing -- in other words, GPS-based technology -- is going to revolutionize the way that targeting is done. This is something that everyone thought, but no one had proved. Does the distance you are from the store when you actually get a coupon matter? And you'd say, "Of course it does." Well, of course it does once you observe the data and you show that that's actually what happens.

There's a tremendous opportunity in the mobile space to use GPS and tracking technology to monetize people's location data. And think about the following -- what people buy is definitely informative about what they're going to do -- who they are -- very informative. But what about what they are? As I always joke with people -- I'm a different person depending on whether I'm standing out in front of Macy's or I'm standing out in front of my local bar with my family about to go in for dinner. That context-dependent ability to send people coupons, price discounts, messages, depend on which Eric Bradlow it happens to be at the time, I think is a very powerful device.

**Steven Lewis:** That raises a really interesting opportunity for banks as opposed to a lot of other merchants or retailers. Because the retailers see everything that the customer does with them, but the bank, through the credit card, through the transaction history, sees everything that the customer does with everybody. They get to see every side of Eric, rather than just Eric at the bar or Eric in front of a store.

The real opportunity for the banks is to develop a much more comprehensive profile of who their customers are and what they're doing, how that behavior may be changing. And if you can then cross-pollinate that with the information they're giving you about changes in their lifestyle, it gives you a much better opportunity to provide them with a much more tailored set of products and services. And you can do that for the broad retail base. You don't necessarily need to have lots of bodies focusing on the high-end wealth space. If you use the data and the analytics more effectively, then even the mass market retail proposition can be much more tailored.

**Bradlow:** Steven brought up an excellent point there, which is -- I've always described the financial services industry, in some sense, as hand-to-hand combat. How do I differentiate myself? Well, I'd give you more contact and love than my competitor does. Well, the challenge is that's not very efficient. So, I completely agree with you that the mass market opportunity is now there once you have data. Because we all know there are customers where ... well, you have to spend more time on this customer than their economic [future value] portends. The minute you have data, then all of a sudden the cost of servicing customers goes way down. Now there's an opportunity to broaden your customer base, still deliver them tailored value, but that's called in a technology-driven way. So, I think that's an excellent point you raise and I think that can fundamentally change the banking industry -- I agree.