

Marketing Minutes

VOLUME 2 ISSUE 7

Branding Is Hot!

By Lillian Kilroy, Managing Director, Marketing, Provident Bank (MD)

No doubt about it. Branding is the hot topic on every marketer's mind — and with good reason. Effective branding is critical to success in a commodity business like banking. So, here is a quick review of "branding fundamentals" ... What is a brand (really)? And how can any bank do branding well?

What Is A Brand (Really)?

Every marketing textbook and management consultant has their own definition of "brand." They range from the academic, "Embodiment of the company's values and a promise of value to be delivered" (*The Conference Board*), to the simple and literal, "Whatever the consumer thinks of when he/she hears your brand name" (*Brand Warfare*).

But all of these definitions equate "brand" with the voice of the company. And most of them point to a blending of tangible values (like products and locations) with intangible values (like quality, service and company culture).

But a true and effective brand goes beyond the company and its products to create a special relationship with the customer.



In the end, the customer always decides how he/she feels about a company. That is why organizations need to develop a clear and distinctive *brand voice*, build honest expectations about what the brand *and* the company stand for, and then consistently deliver on those expectations.

deliver that expectation, and then they developed a clear, distinct voice to tie the company to this value — thereby creating brand value.

Another example is the coffee bean. Starbucks took a product loved by millions and built expectations around what buying a coffee at Starbucks was like (hip, high-quality, expensive). Then they consistently delivered on those expectations in an environment that was more about flavor choices and comfy couches than it was about the product itself.

Starbucks does not want to be all things to *all* coffee drinkers. They understand that not every coffee drinker is in the market for the "Starbucks experience." The company — and the brand — is very clear about who they are and who they seek to serve.

Branding At Banks

So, what can banks do to improve their brands? Branding is more about *expectations* and *execution* than about taglines and logos. Every bank communication should radiate a brand voice that is clear, honest and unique to the organization. But it's the customer experience that really defines the brand.

To Brand Well, Learn By Example

Salt has been around for thousands of years. But which company has really branded this product in the public's eye? Most people say Morton's, because "When it rains, it pours."

Morton's got the branding basics right a long time ago. They identified a customer expectation (lump-free salt), engineered a method to consistently

Branding is not just about communication. A true *brand* is a philosophy that the entire company adopts and lives by every day.

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Customer Cross-Sell Corner: The New Customer Welcome

Cathy Smith, Vice President and Christopher Wachtel, President

You never get a second chance to make a good first impression," quipped American humorist Will Rogers. That is also true on the first targeted communication mailed to new customers.

Backbone of Cross-Sell Strategy

Sure, the customer service representative who opens an account with a first-time client should "explore other needs" at the time of the sale. But all too often, they do not. Therefore, the *Welcome Segment* or *New Customer Segment* is an essential first step in the development of an overall customer cross-sell segmentation strategy.

It is a well-known fact that a customer's experience with their bank is often made or broken in the first few months of their banking relationship. The best time to sell a new customer additional services is during the first six months after the initial account is opened.



Some institutions send a generic "Welcome" with warm greetings and good words about the stability of the bank, and others do not send any message. But the Welcome letter can effectively double as a sales tool.

Mail As Soon As Possible

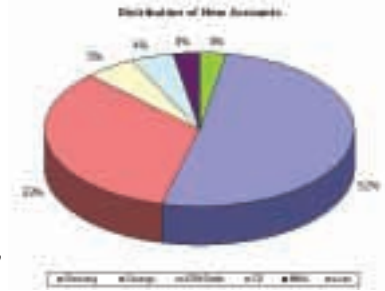
The Welcome letter may be the first correspondence the customer receives from the bank, depending on the length of time it takes to get it to them. If using MCIF data and mailing Standard Rate, it could be anywhere from four to eight weeks from account opening to receipt of the letter. If taking data directly from the main operating system, the time would be substantially less. But the objective should be to get it out as quickly as possible.

Product Offer?

There may be very little information available about this customer except for the single product purchase behavior. So setting up a product offer matrix based on the bank's goals and "next most likely product" could be fairly straightforward.

Even taking the basic step of offering savings products to new checking customers (and vice versa), experience shows a high percentage of checking households will still open a second checking account. And since most new commercial

customers will probably be small businesses, they should be included because there are a number of additional services the owners of these businesses need.



Some institutions set up a set series of Welcome letters, leaving a customer in this segment for four to six months.

Alternatively, other cross-sell programs let the new customer fall out into other segments depending on product purchase behavior, demographic appended data and other criteria.

One Success Story

Earlier this year, BankAtlantic in Ft. Lauderdale, FL, initiated a Customer Cross-sell Program, which included a Welcome Segment. The results for the first four months of customer data have been consistently above average with *account opening response rates ranging from 6.5% to 13.4%*. This yielded revenue averaging \$33,536 and resulting in an *average ROI of 632%*!

The *Welcome Segment* offers are as follows:

Product(s) Opened	Offer
Retail Checking	Totally Free Savings & MMA
Retail Checking & Savings	MMA
Retail Non-Checking	Totally Free Checking
Business Checking	Business Savings & MMA

Neil Murphy, Vice President and Database Marketing Manager, commented, "We kept the offers simple and made it incredibly easy for our customers to respond. The numbers speak for themselves."

New Households Summary December Through March Averages

Average New Customers Mailed	6,822
Average Mail Cost	\$4,548
Average Project Revenue	\$33,536
Average Monthly Net Revenue	\$28,988
Average ROI	632%

"We are totally convinced that the Welcome Segment will remain an integral part of our overall Customer Cross-sell efforts," Murphy added.

Small Business Market: Mail + Call = Success

By Charles E. Gross, Vice President

As our economy continues to recover, many financial institutions have renewed their focus on the small businesses market. And using a repetitive direct mail plan combined with a good calling program is one of the best ways to reach this audience.

Mail, Mail, Mail

Just as TV or newspaper ads are run repetitively, so should a mailing program to this audience. Instead of a “one shot” promotion, the program should have *sequential mailings* go out at least twice, and preferably three times with an interval of 4-6 weeks between mailings.

Each communication should have a “creative connection” to the mailing that preceded it. This is accomplished by using similar graphics and other elements to create a common theme that will build recognition and awareness for services. For the vast majority, it comes down to persistence.

Timing Is Everything!

CEOs are busy people, and they may be reluctant to entertain a sales proposal unless they are motivated enough to consider making a change. At any given time, the local universe of businesses will contain a small group of CEOs who are in the market for financing or who are dissatisfied with their current financial services provider. Getting a calling officer in front of these people will be much easier with regular exposure.

Multiple mailings serve to create an ongoing dialogue with each CEO that will increase the odds of being on the “short list” when the prospect is ready to pursue new financial arrangements.

Follow-Up Phone Calls



Experience shows the key to success for most small business programs is an effective follow-up effort. A good calling program will typically double the response rate of a mailing program. Some branch managers and lending officers will be better at this than others. An outside resource can be engaged to make the calls to each company and book the appointments for officers.

The Power Of Numbers

Rather than mailing out just a handful of letters and calling each company, the more cost-effective method is to mail to a much larger universe and have calling officers “cherry pick” the calling list to attempt to reach as many of the good prospects as possible.

An ongoing mailing and calling program will provide continual exposure to this critical market — and at the same time, provide a steady flow of warm leads for calling officers to approach.

Winter Marketing Tips

By John Scoble, Vice President

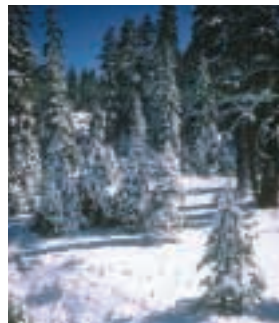
Have you done your Christmas shopping yet? Many banking customers haven't either — and that presents the cornerstone of marketing tips for the upcoming season.

Debit Cards: Institutions can reduce internal expenses and increase fee income by having more customers use a debit card (rather than writing checks) over the holidays. November and December are ideal times to promote both conversion of non-carrying checking customers to this method and to promote usage among those who already have a card.

Equity Line Activation: Another source of holiday buying power will be their existing equity lines of credit. The two best times to promote usage (using the popular letter/check format) are both before the holidays and in January — when they may have overspent and will be receptive to a “debt consolidation” message.

The start of the New Year is also a good time to consider a new equity line solicitation to customers and prospects who

qualify and would benefit from these lines in the future.



Skip-A-Payment: One proven and successful strategy to consider during this time is to offer loan customers an opportunity to “Skip” a monthly payment for a small fee. The program could give the customer the choice of before or after the holidays to take advantage of this benefit.

This program builds goodwill among customers, generates fee income (depending on state regulations), and increases interest income through the loan extensions.

Best Customers: Before or after the holidays is also a perfect time to communicate with the best customer group (defined by profitability). These important clients should be sent a message of thanks and best wishes — and could be offered some special banking promotions as a reward for their business. The winter season provides several opportunities to help customers meet their financial needs and, at the same time, improve a financial institution's bottom line.

The Letter Doctor™



Using a Window Envelope

When using a letter/envelope mailing package (i.e. not a postcard or self-mailer), a basic decision is whether to use a window envelope or to “move up” to a personalized, closed-face outer envelope.

Regardless of the size of the outer envelope, most come in a window version, with clear plastic allowing the name and address to show through from the personalized letter inside. While the window version is fractionally



more expensive, the larger cost difference is the savings of not having two personalized pieces (the letter and the envelope).

The window envelope should therefore be used when trying to reduce the budget. It is usually practical in a retail mailing to existing customers, who should open mail from “their bank”; but is questionable when trying to reach new prospects.

For budget reasons, most bank retail mailings to new prospects have also been using the window version. But if an institution is trying to reach the affluent market or business executives, the investment in a nice, personalized outer envelope can pay dividends.

One mailing test showed the same letter/offer mailed in a closed-face outer envelope (with no “teaser copy” on the outside) lifted response rates over the window version by 20% (i.e. from 1.0% to 1.2%). The true measurement is to then figure the increased revenue from new business to see if the higher envelope quality is cost-justified.

Free Checking: To Gift or Not To Gift?

By Dennis McGann, Vice President

When promoting a Free Checking program, one of the first decisions to make is whether or not to offer a gift. The two key factors are cost and competition.

Sizzle or Steak?

Marketers have the task of acquiring the best customers for the least amount of expense — while attempting to differentiate themselves from the competition. The decision then is whether to sell the Free Checking program based on the merits of the product (the “steak”) or to add in the hype of an attractive gift (the “sizzle”).

If a gift is used, it should have a perceived value to the prospect — even if the mass-buying cost to the marketer is relatively low. The most popular gifts currently being offered with checking



programs range from kitchen utensils (Tupperware®, crock pots, knife sets, etc.) to outdoor items (folding chairs, back packs, carry bags, etc.).

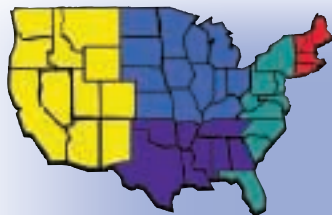


What's the Competition Doing?

A fact of marketing life is to know and react to what the competition is doing in the marketplace. If most other institutions in the area have a free checking program and are offering a gift, it will be difficult to make a sale without doing the same.

Most checking acquisitions have large enough numbers to allow for testing: one cell can be done with a gift and one without. Then the cost-benefit can be analyzed to measure the merits of each approach.

Contact Your Regional Marketing Consultant Today!



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