

# Lean-Budget Marketing

By Vanessa Mambrino, March 2011

*Hemmed in by spending constraints, marketers need to aggressively prune expenses that do not align with strategic priorities – and maintain those that do.*

The recession may have ended and bank earnings have started to recover, but financial institutions, like their customers, continue to keep a close eye on spending—and marketers are being asked to do more with less money.

In this new environment, the bank marketer needs to work harder to make up income lost due to regulation or low loan demand, to better differentiate the bank, to deliver value to customers in new ways and to regain the trust of a wary populace. This atmosphere, while presenting challenges, is also full of opportunities for marketers to innovate and to do things better, faster and more efficiently—ultimately driving more revenues to the bank and improving its bottom line. The bank marketer is therefore more important than ever.

So, practically speaking, how does one take advantage of these opportunities with fewer full-time employees and fewer dollars at one's disposal?

## Start with a blank slate

"The first thing you should do is throw everything out," says Eric Lucero, vice president and director of marketing for the Marketing Solutions Group at Umpqua Bank, Roseburg, Ore. (assets: \$9.3 billion). "This helps to get rid of 'sacred cows,'" items that are in the budget simply because they have *always* been in the budget. For example, Umpqua no longer purchases ads in the Yellow Pages. With more and more customers moving to Web-based searches to find a bank (or anything else, for that matter), the money previously spent on the Yellow Pages can now best be used to help customers find Umpqua online.

Umpqua makes good use of paid search advertising instead. This is both more relevant to its customers and more efficient for the bank. Umpqua can be much more specific with regards to where it advertises online versus in print. This helps to ensure that ads are seen by those most likely to find its value proposition appealing, thereby increasing customer response rates.

In addition, the bank stopped printing its annual report three years ago, based on careful consideration of what its shareholders really needed—an easy way to access financial information, not a glossy report. With a few exceptions, all information regarding the company's year-end financials and status is provided electronically.

The delivery of information via online channels is helping Umpqua to improve service and be more responsive to its customers and shareholders—and to be more efficient with its marketing dollars.

Marketers at institutions of all sizes should look at what is most important to their bank's target audiences and work to identify the most effective and efficient manner in which to provide this information. These little changes can add up fast, creating space in the budget for other items.

Those other items should be only those things that most closely align with the bank's strategic priorities. The same basic principles that govern the decision to scrap a particular budget item should guide decisions about what to keep: Is this item necessary to build/maintain brand awareness? To generate revenue and/or meet other strategic goals? To meet key customer and/or shareholder needs?

Carefully aligning spending initiatives and investments with the bank's overall strategic goals is an important consideration at all times, but becomes especially important when budgets are tight. This alignment can help bank marketers to maintain investments that will contribute to strategic growth in the long term despite high upfront cost—positioning their institutions for success during the eventual recovery.

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## Use analytics to prioritize investments

At Astoria Financial Savings and Loan Association (assets: \$22.2 billion), New Hyde Park, N.Y., Brian Edwards, senior vice president and director of marketing, works to ensure that everything his department does either strengthens the thrift's brand or generates revenue (or both). To determine just what will generate the most revenue among a myriad of options, Astoria—like many institutions—looks to customer analytics.

Edwards recommends using basic, straightforward metrics, beginning by developing a better understanding of what drives core customer retention and profitability. For example, in 2005, the thrift encountered increasing competition for its key products: residential mortgages and checking accounts. Astoria used its existing customer data to identify the customers that it least wanted to lose and put in place several initiatives—improved service delivery, and more frequent and more targeted

communications—designed specifically to keep those customers. These cross-business-line efforts helped to increase retention among the targeted group of tenured customers, improve retention and satisfaction among new customers with similar

## Three Easy, Simple, Low-Cost Marketing Ideas

In today's era of limited bank marketing budgets, community banks need a supply of inexpensive, effective and easy-to-implement ideas designed to optimize the impact of marketing investments.

ABA Bank Marketing magazine asked Tom Hershberger, president of Cross Financial Group, Lincoln, Neb., to summarize a couple of the latest high-impact penny-pinching strategies. The company is a consulting firm that works with financial institutions throughout the country. His three picks:

### Sticky Note Messaging

When you are promoting a new product, special interest rate offer, or unique marketing message, use a simple interactive tool that has multiple applications: Preprint a promotion message on pads of sticky notes and encourage your staff to apply them to hard-copy communications with customers.



An example of a post-it message pasted on all regular mail communications used by Security First Bank (assets: \$700 million), Lincoln, Neb.

### Food Drive

Environmentally friendly shopping bags are becoming more common every day. Why not take advantage of the trend to position your bank as a strong supporter of the community. Create a food drive campaign that begins with a reusable cloth shopping bag from your bank. Give them to people willing to fill it with nonperishable food goods and bring the contents to your bank to support a community food drive. Create merchant displays announcing the food drive that can be placed at local stores that do business with your bank.



First Bank of Berne, Berne, Ind., gave away promotional blue bags with the bank's logo on the side as part of a community food drive.

The merchant displays will encourage people to visit the bank to receive their food drive shopping bag. You can then create a donated food display in your bank lobby to draw attention to the program.

### Bank Newsletter Articles

If you produce a regular newsletter to share with your customers, you have probably struggled with deadlines and trying to make sure you have good articles for the newsletter. How about expanding the content of your newsletter to include a local business highlight?

Ask a local business that is also a bank customer to provide you with an information-filled article about how their business helps people. Examples: Have a local nursery write an article about the best time to plant trees and shrubs. Have a local automotive service business provide helpful tips to winterize a car.

The articles should focus on education, but could also be accompanied by a discount or special offer coupon from that merchant. The article and special offer could then be utilized for a printed newsletter and also electronic posting on your website.

—Tom Hershberger can be reached at [tom@crossfinancial.com](mailto:tom@crossfinancial.com).

attributes, and increase the bank's return on its marketing spending.

Even before the recession hit, analytics—especially customer analytics—helped to identify where to devote marketing dollars, particularly at larger institutions. These analytics do not, however, have to take the form of advanced statistical models and algorithms, and therefore this method of developing and prioritizing spending initiatives should be explored by institutions of all sizes.

In her former role as chief marketing officer at Associated

Bank N.A. (assets: \$22.5 billion), Green Bay, Wisc., Nancy Maas used a straightforward analysis of branch-level market potential (primarily based on external data) to determine how to distribute marketing dollars across the branch network. Maas (who is now an independent consultant) looked not only at the potential of each branch, but also the competitor environment to gauge opportunities to gain share in her markets. Branches that either represented good growth potential, a chance to gain share from weakened or distracted competitors, or both, were targeted to receive the greatest share of marketing spend and the most attractive

## *Begin by developing a better understanding of what drives core customer retention and profitability*

offers. To ensure success, Maas then also visited many of the high potential branches. This helped identify other necessary investments in physical appearance, staffing, and training, which were then coordinated with the head of retail banking.

Analysis of internal data must also be placed within an appropriate external context. Umpqua, which has a footprint that stretches across four states with very different rates of macroeconomic recovery, supplements its customer analytics with a simple picture of the local economy. To meet the bank's strategic goal of business loan growth in all markets, the marketing department first identified prospects by looking for businesses that were most like its current group of best business customers. Umpqua then varied its advertisements and offers to these businesses by market, stressing SBA loans (or other federal programs) in recovering markets and standard commercial loans in markets that have recovered (or nearly done so).

These one-off analyses must be also accompanied by a set of regular analytics designed to monitor the bank's current position. Maintaining ongoing research on the bank's key customers, key market (or markets), key competitors, brand awareness, customer perception, etc., can help bank marketers to spot new high priority items and opportunities as they develop.

### **Be prepared to defend every decision**

All of the types of analytics discussed above serve two purposes: They help bank marketing directors determine where they would like to spend their dollars, and they also help to justify that expenditure to CFOs, CEOs, and/or the board of directors. The ability to point to a downward dip in, say, prospective customers' likelihood to consider your institution relative to the previous year (or even previous quarter), can provide greater justification for initiatives to improve awareness than simply saying that you "need to invest" in the brand.

Each spending initiative or proposed investment should come complete with a well-documented business case that summarizes the analysis used to develop it, demonstrates how it ties back to the bank's overall strategic priorities or goals, and puts a stake in the ground in terms of projected return on investment. Tracking the performance of spending initiatives against original goals can also be helpful as it allows you to easily demonstrate when something worked—and hopefully get the funds necessary for either a continuation of that project or similar projects as a result.

In addition, bank marketers should take care to communicate as well and as carefully with senior management as they do with customers. All three of the marketers interviewed for this article recommended proactively seeking out senior management to provide them with insights and updates on the bank's key marketing initiatives. "Try to

schedule a one-hour monthly update," recommends Nancy Maas, "and use that time to talk about what is going on behind the scenes." In Maas' experience, senior management enjoys learning more about the "inner workings" of the marketing process. When the c-suite understands the process, these individuals are more likely to support investments in improved capabilities or strategic investments that may take some time to realize results. Brian Edwards also recommends that marketing directors "communicate often and proactively" with all individuals with whom they work, both those to whom they report directly and the frontline staff. Whether something has turned out as expected or not, being the first to communicate these results—and to provide insight as to why a particular initiative worked or didn't work—can help to build credibility.

### **Make better use of existing employees**

Of course, oftentimes the difficulty is not thinking up initiatives to grow the bottom line or analyses that would help to make your marketing more targeted, but finding the time in which to perform these tasks.

This has become a key consideration at Umpqua Bank, an institution that in the past year has taken over, with FDIC assistance, three financially troubled financial institutions and expanded its commercial and wealth management lines of business.

The Umpqua marketing group has not undergone similar levels of growth in full-time employees during this time. To address the new marketing needs of a growing institution, this department has instead changed its staffing model. Employees are now expected to act more as project managers and to outsource day-to-day work efforts to third-party partners (vendors and so forth) wherever possible.

Banks who do not plan on adding full-time marketing employees over the next year (and, let's face it, 99 percent of institutions probably fall into this category) should consider how they can make changes to their own staffing model and expectations to get the most out of existing employees. This may mean looking for ways, as Umpqua did, to best leverage the third-party partners that they already have, as Umpqua did. Get the vendors themselves to help you understand how you can get the most out of their products and leverage experience that they may have from other industries.

It may also mean fully leveraging or developing the capabilities of your own full-time employees. Conduct a performance review—not to determine whether or not to eliminate staff, but to figure out if you have the right people in the right jobs. Figure out where staff can improve and push them to do so. Ask them to invest their time in the same way that the bank is trying to invest its advertising and other dollars—in the manner that most closely aligns with strategic priorities. "I tell everyone that works with me the same thing," says Brian Edwards. "Tell me how you are adding value.... When you get people to think that way, it sharpens their focus and truly energizes the right people."

## A Penny-Pincher Marketer Offers a Few Tips

In these days of tight budgets, Angela Truluck, marketing officer at First National Bank of Steeleville (assets: \$200 million), in rural Steeleville, Ill, tries to save a dollar whenever she can.

"I'm always trying to do more with less," says Truluck, who is sole marketing person for the bank, which has a main office and two branches.

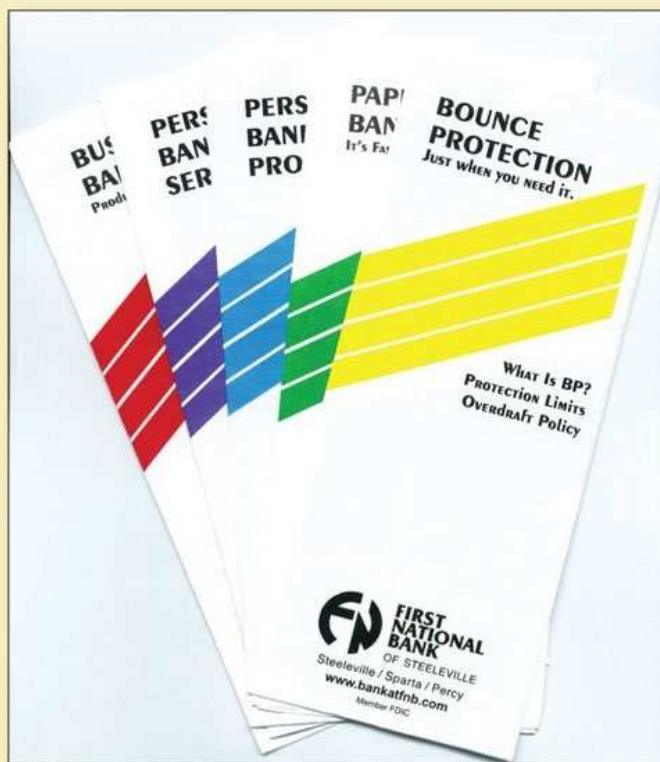
One of her favorite budget-pinching approaches is to do most of the graphic design work herself. When she was first hired four years ago, she convinced the bank to purchase the hardware and software necessary to design layouts as well as print on demand.

Although she had no formal training in graphic design, she taught herself how to use the software by reading manuals and watching an instructional DVD. She concedes that she probably works slower than a professional designer, but she is able to get the work done—and it satisfies about 95 percent of the bank's graphic-design needs. "The only time I send something out is if I have a project that needs to be printed in the thousands upfront," she says. If she only requires 50 copies at once, she will design and print the project herself.

Most of the bank's marketing centers around two major tasks: generating brochures and producing print ads, mostly for the local newspaper. She estimates that by doing the brochure design work herself she saves hundreds of dollars on each project. She also designs the ads that the bank inserts on websites.

Another trick, she says, is to always ask vendors to bid on a project, even if you are satisfied with the current vendor and have used this vendor repetitively. Over the years, the bank had used the same vendor to produce an annual promotional giveaway. "It takes time to change vendors, so sometimes it's easier just to reorder," she explains. Recently, however, she put the item out to

bid. She ended up with the same vendor, but his price "was so much lower than before."



An example of a simple brochure project that Angela Truluck, marketing officer at First National Bank of Steeleville (assets: \$200 million), Steeleville, Ill, designs herself in order to save money.

### Looking ahead

In many parts of the United States, local economies are beginning to recover. But we are not out of the woods yet, and economic experiences will likely continue to vary across different regions. What is certain is that a leaner, meaner bank marketing department will be a necessity. Leveraging online communications, improving analytical capabilities, engaging in more proactive analyses of results and communication with senior management, better leveraging of outside partners, and investments in people to deepen marketing and project management skills are just some of the many activities that bank marketers should engage in regardless of budget status. When we reach the other side of this slow economic recovery, the banks that will end up being the most successful are the ones that recognize the strategic value of marketing—and work to increase the impact that this department has.

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