

# Today's Banks Face New And Complex Marketing Challenges

## Empty Lobbies

When was the last time you visited a bank lobby? It has been a long while for most of us and this has serious implications for today's banking industry. Banks must redefine, redevelop and reach out to the public as never before. In part, this is due to enhanced competition stemming from the 1999 Gramm-Leach-Bliley Act that removed the regulatory barriers between the banking, insurance and brokerage industries. Think, too, of the numerous micro banks that have sprung up offering discounted services to a new generation of consumers accustomed to the conveniences of banking online, telebanking and ATM's.



**With A Vision**  
Mary Phillips

In a competitive business climate, banks must learn how to differentiate themselves from the competition and enhance efforts to grow assets. Consumers still select their bank on the basis of confidence and convenience. And for banks, investing in the delivery of quality service and a quality communications campaign about the services is no longer critical. It is survival. Such a campaign would include: advertising, market research data, marketing, public and media relations, crisis communications and reputation management. When developing a communications strategy:

### Do:

1. Assess the bank's particular strengths. Capitalize on these items.
2. Be a leader in the community — but assess the results.
3. Study market trends and stay ahead of the curve. There have been discussions in Washington about sanction-

ing American companies that bank off-shore to avoid paying United States taxes — a possible market niche to explore.

4. Cross-market services within the bank.

5. Develop a crisis communications plan as part of a coordinated communications campaign. It should include the bank president and a media trained spokesperson. Do not assume that there will be time to develop one after a specific or industry-wide crisis has arrived. The venerable health care industry, especially nursing homes and hospitals, has painfully learned this lesson and the once staid accounting field is in the midst of a significant credibility crisis.

### Do not:

1. Trivialize the significance of the service you offer. It takes a long time to recover from a bad advertising campaign and the image promoted in the community.
2. Do not forget the importance of trust in banking. What message is being broadcast by an ad that has a banker rushing to make a deposit and speeding by a little old lady in distress?

## The Scylla and Charibdes: Depersonalization and Deregulation:

Trend studies indicate that banking has become increasingly depersonalized with customers preferring the convenience and anonymity of dot-com banking. The costs of acquiring and maintaining such technology are staggering. This is of grave concern, especially for smaller community banks. Despite their unpopularity, banks will continue to seek non-interest revenue to recover these costs as well as offset diminishing interest revenue.

Deregulation has transformed the financial service sector into a fiercely competitive marketplace forcing interest rates, and thus the net interest margin, down. Sound like an arena for Wal-Mart? Correct — it too is entering the financial services fray. With this heightened competition comes pressure to accept riskier loans. The consequence of that decision is evidenced by the number of failing banks, problem banks and the growing number of loan losses and non-current loans, primarily at larger banks.

## Setting Yourself Apart

Setting yourself apart in a depersonalized and competitive industry requires a communications strategy that includes a response to these issues. Banks must seek appropriate and innovative ways to attract customers and communicate the strengths of their services to an audience already inundated with information. Much like a political campaign, banks are finding it necessary to step in front of the spotlight and raise the traditional curtain of conservatism, discretion and privacy.

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