

Small banks should leverage leaders' industry knowledge for marketing

BY TARA MILLIGAN

Bank customers in Memphis have had to make some choices over the last couple of years. If they were customers of National Bank of Commerce or Union Planters, they had to decide whether they wanted to become customers of SunTrust and Regions, after those banks bought the two largest Memphis-based banks.

Those acquisitions created an opportunity for smaller, hometown banks to grow their market share, and there has been some evidence of shifting allegiances by bank customers.

Memphis Business Journal talked to marketing consultant and Blue Moon, Inc., president Linda K. Bourassa about ways smaller banks are growing and marketing themselves in this environment.

MBJ: Why is today's banking environment perceived as an opportunity for smaller banks to increase market share?

Bourassa: Mergers and acquisitions by mega banks, create a fertile ground for small banks to move in and aggressively try to increase their market share. Bank customers generally know what type of banking they prefer. If they were already doing business with a small bank, there was most likely a good reason why they chose a small bank in the first place. When larger banks acquire these small banks, the acquired customers may see this as a very real negative. If they preferred the personal service of a small bank, then it's only natural that they would be ripe for the picking by yet another small bank.

Bankers see this opportunity and therefore the rush to acquire these customers for their own new or existing small bank. I mention "new" because we've seen a large number of such new banks spring up over the last few years. I sometimes think of these new banks as the farm team for the big league banks. The new banks start small, build a respectable customer base, and then some wait to be acquired or "called up" to the majors.

MBJ: What are some of the more unique ways that these banks are marketing their services?

Bourassa: I would not say that I've seen any really unique efforts, but when you have a new bank start up, often the board members are key to marketing the bank — drawing in deposits/customers through

their sphere of influence. Some of the newer banks have grown significantly by focusing on their brand/identity, which is so important regardless of the product or service being offered.

Then, there's always the "guerilla marketing" (using targeted tactics that are innovative, but low cost) for those banks with modest budgets who gain visibility in the community through work with civic and non-profit organizations. This visibility is important, whether through paid advertising or through strategic public relations — it remains true that "awareness precedes market share."

MBJ: How can these smaller banks stand apart from one another in their marketing?

Bourassa: Most often on the marketing side it simply comes down to branding. Once there is a clear understanding of "this is who we are," then that identity needs to be consistently visible in all efforts of the bank — large and small. We see some banks going with unusual names to stand out from the crowd. This may not be a bad idea when so many bank names seem to use some combination of the words: Trust, First and South. It can be confusing sometimes, and having been in bank marketing for a number of years (I'm the former vice president of Advertising for Union Planters, which is now Regions), I would stress the importance of a good, memorable name.

MBJ: What's the most effective marketing tool/strategy out there that banks are under-utilizing?

Bourassa: I am surprised that small banks are not more pro-active on the public relations front. The small bank may not have much of an advertising budget, but there are ways to get visibility without throwing money at it.

Leverage key executives' knowledge of the banking industry with "letters to the editor" or guest articles on timely banking topics. Digital cameras are now in a very reasonable price range, so it is a modest investment to keep one on hand at all times for documenting events/sponsorships for submission to various area papers. Speaking opportunities are often available at the usual civic meetings. These same civic and charitable groups are often looking



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for executives for their membership roster and/or boards. Be consistent. Be visible.

MBJ: What kind of marketing advantages do smaller banks have over large banks?

Bourassa: As with most choices in life, there are pluses and minuses. Small banks may not have sufficient marketing funds to do a lot of the high profile projects of the more established banks, but they can still take advantage of low cost opportunities.

I think Americans cheer for the little guy, so there may some predisposition in favor of the smaller/newer bank entity. The president of the small bank is usually more involved in the marketing decisions and typically much easier to access when a marketing opportunity arises. They can move more quickly and use marketing strategies that might not be practical for a larger bank. Another possible advantage is that teamwork can flourish in small/start-up banks or businesses because everyone is wearing many hats, and success becomes such a shared vision.

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