

# STRATEGIC MARKETING

novel ideas for generating new business

## THE MARKETING MIX

### Branding.



Last month, we began a look at branding, and so we are keeping that theme going here. In this edition of PR Bytes, we have two examples of PR that weren't really thought through for readers of *Strategic Marketing*. Here we look at an article on branding written by Joseph Gelman. It gives some very good and clear insights, making it a worthwhile article to read. Apart from the Fog Index (see Editor's Notes), Joseph has written with SM readers in mind, and so tells his story with some useful branding insights, earning a gentle mention. So well done Joseph.

#### LESSONS LEARNED FROM THE RESURGING BANK BRANCH NETWORK

By Joseph Gelman

In 2000, when Internet channels burst onto the European commercial banking scene, it was assumed that the number of bank offices would need to be reduced, since the new customer channels would be most in demand and would optimise operating costs. At the same time, mergers of large entities (such as of The Royal Bank of Scotland

Group and Natwest) provided consolidation opportunities for the sector to seize.

Those assumptions, however, haven't been proven correct – the bank office does not seem to have lost its importance. Market studies, on factors that small and medium-sized customers take into account when selecting a commercial bank, show that location is still at the top of the list. Added to this, recent examples of the placement of financial instruments through the retail network (such as the Royal Bank of Scotland's 3.5 billion GBP issue of preference shares to finance part of the acquisition of ABN Amro), indicate the strength of the bank office as a sales instrument. What's more, a means of interacting with the customer is especially important when liquidity is required.

The bank office's resurgence as an important customer 'touch point' poses a series of challenges and opportunities for the financial services sector.

A brand transmits its values and positioning to customers via a number of different touch points, usually grouped into pre-sales, sales and after-sales. Financial institutions have traditionally focused their brand-building efforts on pre-sales 'touch points', which are easily developed using such marketing tools as advertising, direct marketing and sponsorships.

However, when the bank office has a higher profile, it is necessary to think about developing the brand within it. This is no small feat given the diversity of 'touch points' available to the customer in the office.

Against this backdrop, the brand strategy geared to pre-sales 'touch points' needs to be aligned with those at the point of sale and after-sale stages, which are vital for gaining customer loyalty. For example, the key messages

and values transmitted through advertising, direct marketing, and sponsorships, must be consistent with the physical appearance of the offices, employee profile, products offered, point of sale materials, and the tone and style used when dealing with customers - not to mention the processes that impact the customer experience – to build the brand as a whole.

One way to tap into the perceptions of customers, and potential customers of the different 'touch points' is through a brand audit. This process involves understanding consumers' perceptions of the financial institution's brand at various 'touch points', determining which have the greatest impact, and using those insights to guide improvements in brand positioning and messaging that can be turned into business results. This exercise can substantially improve brand perceptions and guide the better cross-selling of products by financial institutions.

This is what the investment portfolio management firm, T. Rowe Price, found with its brand audit. The exercise showed that customers wanted more productive interactions where their representatives would be trained to provide information on the state of the financial markets, and how they should respond, rather than being geared toward the product of the day.

Such findings led T. Rowe Price to launch an internal training program on how to better deliver against the brand promise, under which branch staff were trained to be more consultative versus transaction-focused. It also reviewed the indices by which employees and customers were measured at the 'touch points'. One customer metric, for example, weighed Customer Lifetime Value, through which the firm tracked customers that generated most income in both the short and long term.

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As customers come back through the branch office (NatWest's, "Another Way" campaign has revolved around this issue. The recent launch of mobile branches has just added more emphasis to this customer-centric positioning), banks must capitalise on this situation to transmit their essence coherently at all the points of interaction, thus establishing close relationships that can allow them to stand apart in the fight for liquidity.

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marketing, and innovation to drive profitable growth. He can be reached at [jgelman@prophet.com](mailto:jgelman@prophet.com).

## Editor's Note:

1. Some great lessons reinforced in the article:

i. Check what your customers really want from the brand you are so lovingly developing.

ii. As a result of that, train your staff with relevant skills and knowledge. Then . . .

iii. Change your internal measuring criteria to check that staff are achieving those desired outcomes.

iv. Be clear on the shadow market – the lifetime value of your clients – it makes sense when you are thinking through your ongoing marketing and customer care strategies. When you know how much a customer is really worth, it can be a big surprise!