

CUSTOMER ACQUISITION MARKETING

by [Steve Brown](#)

Faced with missing its goals again for the 6th straight month back in 2005, the Army National Guard finally said "enough." While many corporate managers would rationalize the decline by saying the market was different than originally forecast, instead of throwing up their hands, the Guard got tough. They doubled their advertising budget and reallocated a larger portion to the Internet. The Guard came up with giveaways that included podcasts and iTunes downloads for people that clicked through a Web recruitment pitch. That tactic alone pulled in 200k views, of which, 9k contacted a recruiter. More event marketing was done at NASCAR races, rodeos and other regional events. Another successful campaign came in the form of 300k pizza boxes that were given to local pizza shops for free. These boxes came complete with action color graphics and the tag line "You paid for your pizza, now how about your tuition?" Finally, a referral program was put in place offering \$1,000 to existing personnel for each newcomer that enlisted and an additional \$1,000 if the recruit finished basic training. After 9 months of this new effort (as of May), recruitment was up almost 50% and the Guard remains on track with recruiting goals. Now, even the most hardened banker will have to admit that capturing customers for banks is a whole lot easier than recruiting for the Guard. Perhaps bankers worried about loan or deposit growth, should ask what they are doing to make a difference. Some of the Guard's same tactics, from upping referral bonuses to increasing spending on product print marketing, can be applied to banking. For that matter, it is surprising the number of independent banks that ignore the Internet altogether. The Web can be a great tool to grab a potential customer at a point where they are researching a loan or cash management product. Given heavy competition, banks need to get creative. The pizza box is one idea that can be successful for banks. Travel clubs are also working well at a number of institutions. One client bank, in particular, uses a trip to NY as a very successful customer acquisition and retention tool. By taking 40 local business leaders on VIP tours of the Federal Reserve, stock exchange and other financial sites (that most small business clients would not be able to see themselves), this bank helps differentiate itself. The trips have become so popular, there is now a waiting list for the next 2 trips (spanning 4 years). Marketing for new customers does not have to be overly complicated, but it does need to be planned and executed. If your bank has the proper products and services in place, with the right infrastructure and cultural attitude, then it is only a matter of having the right marketing plan to achieve desired results. The Guard succeeded because it didn't give up and it made the commitment to try a variety of new strategies until it found one that worked. Banks that are looking to acquire new customers may want to leverage ideas not only within banking, but throughout the outside world.

CREDIT SHOCKS

You probably know how your balance sheet performs in case of an interest rate shock, but what about a credit shock? Will single family offset some of your construction exposure in an economic downturn? Will credit concentration eat away at capital and earnings if the industry reverts back to its 20Y average? Do you have your reserves set at the right level? To see how your loan portfolio performs under stress, contact us to receive information regarding our Credit Stress Analyzer ("CSA").

BANK NEWS

Acquisition

KeyPoint Credit Union (\$692mm, CA) will acquire West One credit union (\$ 74.8mm,CA) for undisclosed terms.

Charter Acquisition

BancorpSouth (\$11.8B, MS) is acquiring the charter of First Kensington Bank (\$339mm, FL) in an effort to expand into the FL market. Terms of the transaction were not disclosed, however, analysts speculate that the price for FL bank charter is around \$1mm, based on similar deals this year.

Merger Rumors

Banco Bilbao Vizcaya Argentaria, Spain's 2nd largest bank, is reportedly considering a deal to acquire Texas Regional Bancshares (\$6.6B, TX).

Inflation

Atlanta Fed President Jack Guynn (voter) said in a speech that inflation has risen to a high point and is now "unacceptable." Guynn suggests the Fed remains open to policy setting as the outlook dictates.

SOX Impact

A new study finds CFO resignations accounted for 32% of all turnovers in companies last year, while promotions from CFO to CEO fell to 19% (from 30% in 2004). One major reason cited was the need for companies to better control financial structure and risk.

Rebuilding

HUD approved \$4.6B in funds for a rebuilding plan in LA for homes destroyed or damaged by last year's hurricanes. Under the state plan, each qualifying underinsured borrower who will repair or rebuild a home in the state will be given \$150k.

Bank Confidence

Nearly 49% of Americans say that they are confident in the banking industry. This places banks 4th, behind military, police and organized religion.

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