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## CATCHING MORE CUSTOMERS

by [Steve Brown](#)

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Independent banks are always interested in catching new customers. Like patient fishermen, independent bankers stand in the financial river, repeatedly casting the line and recasting. Sometimes customers are biting so fast, they can even be caught barehanded. Sometimes, however, the little devils are harder to catch and it takes nets, traps and fancy lures. To help independent banks capture new customers, we have provided a few methods worthy of trying. To begin, banks should be capturing and updating their email records on an ongoing basis. To augment the existing database, banks can purchase email addresses for targeted customers for about 20 cents per record. Since the average hit rate for bank email is about 1 in 20; that basically amounts to new business at a cost of only \$4. Once purchased, the list can also be used to enhance any snail mail lists the bank may have. Next, banks may also want to consider incorporating a monthly drawing for a prize of perceived value of \$100 to \$200. Like iPods given away by Wells Fargo a few years ago, this gets customers to provide information the bank might otherwise not be able to easily collect, such as personal information. Tellers can even have pre-addressed response cards at the counter and ask patrons if they would like to receive periodic updates and special offers from the bank by email. By completing an "opt-in" card, the customer is automatically entered to win the prize and the bank avoids messy state laws about customer information. Third, banks should review current marketing materials and make sure electronic messages contain links that also pull potential customers back to the bank's web site. Another effective method to capture new customers is to tailor campaigns to segmented customer groups. For instance, studies show 91% of women will share a positive experience of a business or product, while men are less likely to do so. Studies also find women generally prefer verbal communications, while men generally prefer to be contacted by email. Banks that don't have a good email database of customers risk losing marketing effectiveness. Next, banks should review where marketing dollars are being spent. Spending on internet advertisements is growing faster than any other sector and is expected to reach \$29B in the next 4Y. That doesn't mean banks should abandon physical mailing methods, however. Instead, banks should focus resources on postcards. Believe it or not, the Postal Service indicates postcards are more than 6 times more likely to be read than direct mail letters. In addition, postcards don't have to be opened and slick colors and graphics help build the bank's brand, while attracting customer attention. Finally, banks can de-emphasize the value of "home grown" surveys. Research indicates that people simply cannot tell us what they think, or why they do certain things, or even where their last loan was originated. They have pushed this information deep into their subconscious level and as a result, they often respond to surveys by answering how they think the bank wants to hear. Finally, studies show customers expect to be "touched" by their primary bank 12 to 18 times per year. Every line a bank casts into the river, in the form of a piece of communication, creates an impression. The problem is, many put the wrong bait on their hooks or don't cast consistently (i.e. messages need to be repeated over a number of months to be successful). Finally, marketing messages are only meaningful if they deliver value to the client. Now that you know a few more tricks, grab your tackle box and head down to your favorite spot in the river.

## BANK NEWS

### Competition

Reflecting aggressive efforts to expand small business lending and following the launch of many new programs designed to attract such customers; 3Q data shows all but 1 of the largest 25 banks reported an increase in such business compared to last year. Perhaps more concerning to independent banks, 60% of these national banks reported double digit increases.

### **M&A**

The insurance subsidiary of Northeast Bank (\$567mm, ME) will acquire regional insurance company Palmer Insurance Agency for an undisclosed sum. Palmer provides life, disability and accident insurance and generated \$4mm in gross premiums over the past year.

### **Some Pressure**

As of the end of October, the FRB's preferred inflation measure (PCE) was sitting at 2.4% year to date, about 20% higher than the 2% "upper limit" preferred by the FOMC.

### **Sly Like A Fox**

For those wondering why Bank of America is offering 30 free online equity trades per month to customers that leave \$25k on deposit, consider the following: 50% of the bank's customers pay bills online; BofA has only 1mm brokerage customers; the bank's research found 54% of online traders make less than 5 trades per year and 97% make between 6 and 24 trades per year.

### **Employees**

A new survey by the Ethics Resource Center finds 52% of employees at companies have observed at least one type of misconduct in their workplace in the past year.

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