

A SIMPLE PROMOTION

by [Steve Brown](#)

We had to go out and buy our 4th shredder the other day. This has become a continual dance between our ordering department (that wants the cheapest shredder known to man) and Rick in loans (that believes you should be able to put small file cabinets into the slot). Our point here is not to whine about overseas quality control, or the person that looks for documents with large paper clips to shred, only that for many businesses and households, shredding is a problem. This being the case, it is no wonder banks have experienced success with shredding promotions in April (A spring cleaning theme, if you will). Year-end, tax time and the desire to clean up can bring local households and business to the bank branch. Banks can hire a high-volume, mobile shredding truck, set up some tables outside and allow clients and prospective customers to stop by. Serve some snacks, throw in a couple off giveaways, allow the community to drop off documents that can be turned into confetti before their eyes and you have a veritable shredding party. Of the 20 or so banks we know that do this, the reported turn out is a minimum of 130 people with some banks reporting up to 2,000+. Reportedly, more than 40% are non-customers. Shredding parties serve as a good introduction to your institution, create name recognition and increase goodwill. They average cost for such promotions is less than \$3k and the new business customer conversion rate is reportedly about 7%. This works out to a direct acquisition cost of an impressive \$85 per client. If you are going to pull off this event, here are some tips: 1) Stay on message. For the event, you should have a single message that you drive home in all press, marketing materials and at the event. Trust, security, financial expertise or customer service are all excellent messages to impart on the community. Pick one and build around it for the greatest impact. 2) Partner with someone. Choose local gov't, law enforcement, a newspaper / TV station, or an accounting firm. Each group adds to the buzz, increases traffic and/or reduces cost. 3) Tie it in with identity theft prevention. Handing out a brochure, holding a seminar at the event or including ID theft information with your press release, helps garner more topical awareness. 4) Invite the media. One great way to gain added coverage and create "legs" for the message is to invite the press. Many are likely to conduct a follow-up story. 5) Cross-sell. What good is an event if it does not sell product? Once you have all this goodwill, it is an excellent time to ask for the sale. Create a product bundle around the theme, such as a debit/credit card with their picture, checking account, online banking, free ID protection and ID theft assistance will work wonders. 6) Invite them back. Provide a reason for participants to come back to the branch. Coupons for other products or services, free access to a smaller shredder in the branch or an invitation to a future promotion are all ways to keep building future customers. While there are many promotions out there, this one remains unique and has been well tested. If you are looking for a spring event, consider putting this one on the calendar.

M&A

The HC of Superior Bank (\$1.8B, AL) will acquire the HC of People's Community Bank of the West Coast (\$323mm, FL) for \$77.1mm, or about 2.69x book.

BANK NEWS

M&A

Citigroup will acquire the mortgage division of Dutch bank ABN Amro Holding for an undisclosed amount. ABN indicated it had sold the group because it had no direct contact with clients, since originations were conducted through third-party brokers.

M&A

Barclays Bank plc will acquire the subprime wholesale mortgage business from Regions Financial for \$225mm.

Very Low

FDIC data for the 3Q finds bank deposits (as a percentage of household assets) have fallen to their lowest level in 74Y. Meanwhile, the nation's 10 largest banks now hold nearly 40% of all domestic deposits.

Foreclosures

A report from RealtyTrac finds just under 110k properties entered some state of foreclosure in December, the 5th straight month above 100k and a 35% increase from the prior year. The top 3 states in order were CO, NV and GA.

Change Ahead

Citigroup executives are reportedly toying with an idea to re-brand the company. Changes would include using the shorter name "Citi" and modifying the logo to drop the red umbrella. Each operating business would in turn use a different color arc for a distinct look.

Card Billing

In response to competitive pressure, JP Morgan said it is dropping its practice of "double cycle" credit card billing which is the process of charging interest on the sum of the current as well as existing balances. Going forward, they will just charge interest on balances more than 30-days aged.

Branching East

Wells Fargo has gone and opened a new commercial banking office in Baltimore, MD as part of its plans to expand into the East Coast.

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