

## THE MYSPACE PHENOMENON

by [Steve Brown](#)

Parents know that while their children won't share the details of how their day went with them, they think nothing of posting it on a Facebook or MySpace page for the world to see. This is not just limited to kids, however, as there are all types of music, sports, business and social networking sites people congregate around as they seek to better identify and define themselves. Put people in a social setting and they will share tons of valuable information. Maybe it's a little narcissistic or just a more idealized world, but the social networking phenomenon is teaching us that people desperately want to share things. While companies like Apple have figured out how to tap deeply into this vein, it doesn't require all that high-tech of a touch. One bank we visited recently devoted a wall to wishing local high school students good luck and congratulations on their graduation. It was part of a promotion focused on parents, friends and relatives invited to deposit funds in a 4 year CD (presumably after college). Parents that opened a CD saw their graduating child's name go onto the wall. This "Good Start" promotion was very popular, as elders boosted deposits, while lingering in the bank eager to talk about relatives they noticed on the wall. For the bank, it picked up new customers, grabbed about \$2mm of lower cost and longer maturity funding and created marketing buzz about town. For commercial customers, this approach can work equally well. Consider a client bank of ours in MI that leverages their Net Worth Journal customer newsletter each quarter to highlight successful customers. Each year, the bank gives a series of trophies and hosts an "All-star Business Lunch" to those small business customers that have demonstrated exceptional growth, gave back to the community, created jobs or acquired market share against a larger national competitor (their David & Goliath award). In this method, the bank has created its own social networking program that raises awareness, provides leadership and delivers new customers. Perhaps more important, the bank creates a way to collect important information about these firms such as contact, financial and product data. This bank took it one more step and allows community citizens to nominate businesses around town through a simple, in branch, half-page application. This has driven businesses to seek out a fan base and provides an excellent reason for the bank to follow-up. The other aspect of social networking this bank realized is that people in groups are highly influenced. Having groups of successful customers tout your new remote capture product or online banking application can spread like wildfire. While a simple idea, these programs are brilliant in their execution and have served to create a valuable identity for the bank. The concept of group marketing can be applied in any number of ways. Since banks have to come up to speed on FAS 159, why not have a user group of other CFOs in the area that face similar questions? As bank marketers, we often outsmart ourselves by trying to come up with highly complex campaigns or by utilizing technology too much. Bringing a group of customers together for any reason has proved its worth for decades. The current popularity of social networking sites has reminded us it may be time to get back to some of the basics of customer acquisition.

### BANK NEWS

#### **M&A**

Real estate investment trust, IStar Financial Inc. will acquire the commercial real estate unit of Fremont General Corp. for \$1.9B.

#### **M&A**

BancTrust Financial Group (FL) will acquire the HC of The Peoples Bank & Trust Company (\$905mm, AL) for about \$153.2mm or roughly 1.9x book.

### **M&A**

Omni National Bank (\$706mm, GA) will buy Wilson State Bank's (\$47.6mm, TX) charter for \$2.3mm. Omni is buying the charter from First Bank who is currently in the process of acquiring Wilson State Bank. First Bank plans to keep the office, assets and liabilities of Wilson Bank.

### **Expanding**

In a clear shift to diversify, China invested \$3B into private equity and leveraged buy out firm Blackstone Group. Blackstone has \$88.4B in assets under management.

### **Mobile Banking**

Bank of Stockton (\$1.9mm, CA) plans to offer all of its customers banking via text messages by this fall. The bank will initially offer only a few features such as account balances and transaction history, with others to be added later.

### **Mobile Banking**

Barclays is now offering online service to web enabled mobile phone users. The Bank connects mobile phone users through a specially designed website, allowing customers to log in and view account balances.

### **Competition**

Comercia Bank (58.4mm, MI) and Atlass Insurance Group (FL) have teamed up to provide Comerica's customers with specialty insurance products. Atlass specializes in insuring luxury items such as yachts and also offers business insurance.

### **Competition**

Wachovia has announced it plans to open 1mm new checking accounts this year, as the bank aggressively expands into CA.

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