
MONKS ON MARKETING

by [Steve Brown](#)

While bankers often strive to gather the most customers, some may want to take a lesson from an order of beer making Trappist Monks from the Abbey of Saint Sixtus of Westvleteren. "Trappist Westvleteren 12" as the beer is known, is a renowned Belgian beer with a rich taste and a frothy head. It is one of the only beers to score a perfect 100 on notable taste tests and has now become the most sought after beer in the world.

One aspect of the beer's cult following is the commodity-like nature of the brew. Over the years, multiple breweries have approached the monks to purchase the production rights for the 170 year old beer, but the monks have refused to sell. The monks sometimes dispose of more beer than they make because it does not live up to their exceedingly high quality standards.

In a world where every business is trying to make life easier for their clients, the monks take the opposite approach. To obtain a case, you have to call and make a reservation by calling the "Beer Phone" (that is what they call it) and getting an appointment to call back at an appointed time (after waiting 20+ minutes). The monks, who otherwise have taken a vow of silence, are allowed to speak only on this special phone. Once you call back at your appointed time, you must agree not to resell the beer and give the license plate number of the car that will be picking up the order. The beer is unlabeled and sold only once a month, with a two-case limit per customer. Production is capped at 60,000 cases per year.

Just as the Wii was a holiday favorite because of its short supply, the monks have embraced scarcity as a necessary component of quality and have thereby ensured its future value. Community banking is ripe for this kind of positioning, as we constantly play up service and access to management; both limited resources. Because of this business model, it makes sense for community banks to use a scarcity position tactic in order to generate higher value. A CA bank did this with its advertising campaign as it focused on high-net worth business people around San Francisco. Soon, wealthy individuals were moving their accounts to the bank in hopes of becoming part of the campaign. A Texas bank created a lunch time speaker series for their VIP business customers that was invitation only. After 3Ys, it became the place to be seen on the 1st Friday of every month and new business accounts doubled in hopes of getting an invitation. Similarly, a NJ bank found success by offer only 1,000 Platinum Business Accounts that came with a series of products (requiring a \$25k minimum deposit) and services including a special credit card that acted like a letter of credit. The American Express-style card had a contact that could be reached 24/7 that suppliers, landlords and customers could get an instant bank guarantee. Because the bank offered a limited number of these accounts and combined it with an sophisticated marketing campaign that had Swiss-private banker over tones, the bank created so much demand, that the accounts sold out in less than 60 days.

The next time you are thinking about rolling out a new product or service, consider the marketing acumen of the monks. Depending on the scope of your product or service, restricted availability might actually improve both your image and your bottom line.

BANK NEWS

M&A

Hampton Roads Bankshares (\$476mm, VA) will acquire Shore Financial Corporation (\$269mm, VA) for about \$89.3mm, or roughly 3.2x book.

M&A

The insurance subsidiary of BancorpSouth Bank (\$13.1B, MS) will acquire regional P&C insurance agency Arthur J. Gallagher for an undisclosed sum.

Recession Here or Imminent

Merrill Lynch is the first major bank to declare that a recession in the US economy is now underway, according to comments made by the bank's chief economists Tuesday. Meanwhile, Goldman Sachs said the U.S. will slip into recession this year, forcing the FOMC to cut the Fed Funds rate to 3.00% by June and 2.5% (not a typo) by the 3Q. Finally, PIMCO also sees the FRB cutting rates to 3% by mid-year according to its latest report.

Bond Insurance Risk

MBIA, the world's largest bond insurer, slashed its dividend by 38% and said it would raise \$1B by selling notes and shore up capital. The company had over \$2B in mark-to-market losses on CDOs it insured.

Branch Sales

As part of an ongoing effort to redeploy capital to its anchor markets, Centru Financial Corp (\$1.3B, IL) announced it will sell 4 of its IL branches for an undisclosed amount to Apple River State Bank (\$194mm, IL) and Peoples National Bank (\$193mm, IL).

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