

## WOMBATS AND BANKING

by [Steve Brown](#)

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Preparing to write this edition on WOM, the only thing that kept popping into the head was a wombat. We cannot tell you why or what that means, but if you happen to bump into a shrink at a party be sure to let us know if they have any insight. While we find wombats to be interesting, we are not here to talk about that, but rather are going to focus instead on Word Of Mouth marketing (aka WOM).

WOM marketing basically boils down to a current customer telling another person something good about your bank who ideally becomes yet another customer. McKinsey research indicates WOM drives leads for 67% of industries, while Bain & company finds strong advocacy is one of the best predictors of top line growth. Other studies find WOM is twice as important as all other sources, when someone is trying to figure out where to bank and what products/services to use.

To truly understand how powerful WOM can be, it is important to know that the average person will mention brand names 92x per week in their normal conversations. Of those, food, entertainment, sports, beverages, shopping and retail are talked about roughly 50% of the time. The question for bankers is how to enter this elite group?

To do that, it is critical to know where and how these conversations are occurring. A full 76% of them happen face-to-face, 17% are on the phone, 10% are online (broken down into 3% email, 2% text messaging and 1% blogs).

The good news for all is that people listen to their mother and when they don't have anything nice to say they don't say anything at all. What we mean by that is that studies find people will say something positive about a company 6x for every 1x they will say anything negative. Don't take that as an open door to provide poor customer service, but rather as insight. These findings probably indicate that people generally like to help others, so when discussion on a topic ensues, they will think of companies and brands that they can pass along to help.

Pointing to further power of the mouth, studies find 75% of people find advice and opinions of others to be "credible" or "highly credible" and nearly half of those say they are "highly likely" to pass on the information they have received to others. Bankers that can figure out how to get customers to talk about them will likely get favorable results from that, as well as an extra boost as those people tell even more people.

For banks in particular, research finds 18% of people out there are seeking information on financial products to a "great extent," so the demand exists to hear good things about your bank. The biggest problem for bankers is that each person belongs to a complex set of interconnected social networks or groupings, so finding a way in can be difficult. Consider that one person looking for a new bank might ask a neighbor, while another might email business associates; yet still another might hit the internet and search around the blog-o-sphere for rankings. You never know where people will plug in, which is a key reason large banks market through multiple channels and constantly tinker with them to find out what works best.

To get started with WOM marketing, community bankers can provide information to their customers via email and ask them to forward it to a friend if they think it would help that friend. Studies show

people who have had a good experience will tell an average of 6 people and 59% of these same happy campers will forward the information you provide along to colleagues, peers, family or friends if they think it will help that person or business.

People inherently want to help others which is why WOM marketing is so powerful. Maybe it's time to buy a pet WOMbat for the branch as a friendly reminder.

# BANK NEWS

## **Panel Findings**

As reported yesterday, a Congressional Oversight Panel urged regulators to take action to address the state of CRE bank lending. More than \$1.4T is coming due & almost half of these properties have values below their loan amount. Since many of you asked, the report can be found at:  
<http://cop.senate.gov/reports/library/report-021110-cop.cfm>

## **GA Lending**

Banks in GA may now surpass current loan limits for borrowers that are current on payments. Previously, lending to a single borrower relationship secured by collateral was capped at 25% of total capital and 15% for unsecured.

## **Dr. Doom**

Nouriel Roubini, the economist who called the US economic crisis correctly, is predicting GDP will be strong through the 1st half of this year, but then drop when the stimulus ends. He projects a slow, anemic, U-shaped recovery; weak labor markets; higher public sector borrowing; high excess capacity and low capital expenditure.

## **Security**

Twitter has an extensive list of passwords banned from its site that are considered too obvious. Check the list <http://www.techcrunch.com/wp-content/uploads/2009/12/Twitter-banned-passwords.txt>, you may need to change your bank account passwords to something trickier than "whatever."

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