

The Power of Promotion

by [Steve Brown](#)

Over the past few weeks, we have received in the mail no less than half a dozen calendars, umpteen personalized pads of paper, stacks of address labels, a razor and enough coupons to help fuel a sizeable campfire. Most of the paraphernalia has made its way to the recycling bin, but the purging process got us thinking about the importance of targeted marketing and creating a campaign that generates the results you want.

One thing many banks want today is to increase their mobile banking adoption rates and with good reason. Mobile products and services save money and make customers stickier. Mobile also opens up a new, largely untapped area for potential revenue generation. Statistics from the Fed show that nearly 28% of mobile phone users reported having used mobile banking in the past 12 months vs. 21% in 2011. When you look at smartphone users, mobile banking use is substantially higher at 48% vs. 42% in 2011. As smartphones continue to proliferate, so too should customer demand for mobile banking.

To that end, a handful of banks have launched campaigns this year to encourage more customers to enroll in mobile banking. Wells Fargo's "Done" campaign, for example, plays up the idea that a customer's banking can be done in a jiffy - on a mobile phone, online and on the go. Earlier this year, Capital One began a marketing push to promote its mobile banking app, positioning it as a way customers can quickly and easily manage their money while they go about their everyday activities.

There's something to be said for the idea of flaunting what you've got. Customers aren't mind readers and unless you promote yourself, they may not even be aware of your offerings. In many cases, banks tend to espouse an if-you-build-it-they-will-come mentality, but when it comes to mobile banking, that way of thinking doesn't necessarily win customers. Indeed, a recent Fiserv study found financial institutions that actively marketed mobile banking experienced an average adoption rate that is 2X as high as financial institutions taking a hands-off approach. This means community banks will likely have to work even harder to get the word out, because many smaller banks are still behind the curve when it comes to mobile banking.

To be sure, for banks that have a well-developed mobile banking strategy, there's likely some business to be gained just by doing nothing - simply because the technology is cool and many people want to use it. This isn't a good business practice, however. Retailers understand this and banks must start thinking more along these lines. There's no reason not to think big. Who knows what mobile banking adoption rates could look like when you factor in the power of advertising? Who knows what the revenue impact could be for being proactive vs. reactive?

We already have a good idea what's stopping more customers from signing on to mobile banking. Results of the Fed study pinpoint two main reasons. The first relates to customer concerns about the security of the technology. The second is the perception that mobile banking doesn't offer any tangible benefits compared with existing banking and payment methods.

As we all know, perceptions can be changed through effective advertising. While sending out gobs of recyclable material isn't necessarily the answer, a sound, targeted campaign could be.

BANK NEWS

Closures (22 YTD)

Regulators closed First National Bank (\$3.1B, TX) and sold it to PlainsCapital Bank (\$6.8B, TX). PlainsCapital gets 51 branches, all deposits, agreed to purchase about 87% of assets and entered into a purchase and assumption agreement on about 58% of assets. Regulators also closed The Community's Bank (\$26mm, CT) and could not find a buyer so will pay out the insured deposits.

Officially Out

Former Treasury Secretary Larry Summers has withdrawn his name from consideration as Fed Chairman due to controversy over his potential nomination.

Investigation

The Chicago Tribune reports NY state's banking regulator has subpoenaed PricewaterhouseCoopers (PwC) and Promontory Financial Group (Promontory) related to consulting engagements done for banks. The probe focuses on consultant independence and follows a recent \$10mm settlement in NY by Deloitte's financial advisory unit, who also agreed to a 1Y ban from doing any work for banks regulated by the state.

Technology

McKinsey research finds 60% of US households have smartphones and 30% have tablets (up from 3% in 2010). Meanwhile, Deloitte predicts about 50% of people in the US will have tablets by the end of 2013.

Social

McKinsey research finds 39% of companies surveyed now use social media as their primary digital tool to reach customers (expected to rise to 47% in the next 4Ys).

Negative Recovery (fix)

We were a little sleepy when we wrote this story on Friday, so here is the rest of it - Research by Customers That Stick finds 92% of people say they would go back to a company after a negative experience if they received an apology or correction from a supervisor or head office (63%), were offered a discount (52%) or were offered proof of enhanced customer service (49%). This is important to know, as the same research finds 46% who got help were pleased by it and 22% posted a positive comment about the company.

Branches

Research finds customer branch traffic has declined about 40% over the past 5Ys.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.