Marketing Isn't "One Size Fits All"

small business marketing business customers

Summary: Every CFI wants to attract new customers, and many have a marketing plan in place to help them accomplish this. The only problem is that CFIs don't need just one marketing plan. They need multiple marketing plans to help them attract the different demographics within their customer bases. We explain how to develop customer segments and market to each one.

What's in most of your favorite candy bars, has a comic series of the same name, and can be found at nearly every concession stand? Peanuts. Today is National Peanut Day. But despite their widespread use in everything from trail mixes to a creamy, nutty spread, not everyone is a fan of this salty snack.

It's for this reason that if you use a single marketing approach to attract new customers to your community financial institution (CFI), you're losing out on a lot of potential accounts. You're also likely in the dark about the reasons that clients would choose your financial institution over the competition.

A segmentation analysis of your customers and prospects can help you understand what matters most to each customer persona. Based on this data, you can build a unique combination of products, services, and marketing strategies that play to each group. This will help you get the right message to the right people without wires getting crossed, so you won't be advertising 401(k) accounts to teens. A targeted marketing approach can help attract more potential customers, ensure that a greater proportion of those are a good fit for your CFI, and help you develop stickier relationships with your clients.

How to segment your customers

On a basic level, a CFI can segment clients and potential clients into just two groups: retail and business. However, this generic approach would try to attract Gen Zers and Baby Boomers with the same marketing, despite those groups having very different needs and expectations of their CFI. You could end up missing the mark for both generations.

A more effective strategy is to target specific subgroups, dividing customers by demographics, geography, affinity for technology, product use, needs, or economic value to the CFI. For example, if your CFI is in an area that's experiencing a variety of housing developments, a major customer group of your CFI could be consumers who are looking for mortgages. Two subgroups could be young consumers who are buying townhomes and older consumers, who are moving into a developing retirement community. Both subgroups are looking for the same product, but will have different needs for that product. The younger consumers may want to apply online and get advice through chat or email; the older group might call first and then set up an appointment to come in and discuss mortgage programs available for seniors.

Taking these crucial differences in consumer subgroups into account, choose the groups that are appropriate to your business. Even if many groups are represented in your community, there will be some that stand out as larger than the others or with more potential for opening accounts. Once you discover those groups, market to them about your value proposition, using the features that your data shows that specific group will care about most. A second analysis can tell you how you're doing and help you fine tune your approach.

In the case that your CFI's community's needs aren't so obvious, a 2019 survey by Deloitte can provide a more general view of what customers are looking for. They asked nearly 16K financial institution customers to rank the most important factors in finding a new financial institution.

Here are the **top four factors customers value** in their CFI:

1. **Simplicity.** This was cited as a top value by 36% of financial customers. Consumers want to bank without hassles, especially in regard to opening new accounts and managing existing accounts. For your CFI, this can mean offering expansive digital services, so customers can manage their accounts and funds 24/7.

It also means seamless interaction between all customer accounts, and enough product offerings to eliminate the need for multiple financial institutions to interact and transfer funds. For some, simplicity even incorporates ease of contacting customer service and product experts.

Either way, customers who have don't have to jump through hoops will know you understand them and value their business, and will stay as happy customers.

2. **Product and service variety.** Most CFIs will offer the same standard set of products. Consumers count on this. In fact, it was the second-most cited reason for choosing a CFI, at 17%. That's why it's most important to advertise the services and products that are unique to your CFI. People like to see offerings that they hadn't known existed, but can imagine themselves using, even if they don't need them just yet.

For businesses, the ability to customize products can be the most influential. If you can find out what local customers need most from a CFI and develop offers and products that address those needs, consumers will see that you're taking notice of the community and will trust you to continue to do so.

3. **Costs.** Tied at 17% with product and service variety, costs are another factor to take note of. High fees and transaction costs are a major reason that customers look for new banking relationships. Free checking and savings accounts are pretty standard, but not all institutions offer these incentives.

Some institutions have high fees for using other banks' ATMs or for transferring funds between institutions — those are costs customers look for when they're considering opening accounts. Depending on your target markets, some fees may not be important to most of your customer base. It's important to do research to gauge what those are, based on what fees are typical of your current customers and how those customers compare to your new potential customers.

If you're not able to lower these fees to a competitive level or eliminate them entirely, the next best step is to make them transparent and easy to understand, so customers will value your honesty.

4. **Personal relationships.** Ranked as valuable by 10% of customers, this factor rounds out the top four. Whether in person or on the phone, positive interactions with a CFI employee enhance confidence and brand loyalty. This is where CFIs truly shine over larger institutions, as CFIs tend to have deeper community roots. When it comes to customer service, being able to talk to someone in their community or region brings a sense of comfort to consumers that they are talking to someone just like them rather than a tired call center representative reading off scripted answers. Besides, these personal interactions can lead to more sales and stickier customer accounts. As for business customers, assigning a relationship manager can solidify loyalty and instill the comfort that their business' financial needs are in good hands.

Because every community is different, it's important for a CFI to have multiple marketing plans that speak to their community's individual needs, while also keeping in mind the four factors most valuable to customers:

simplicity, variety, costs, and relationships. The more you learn about what your customers need and value, the more you're able to meet those needs. Despite the hard work that goes into segmenting and executing multiple marketing strategies, the reward of an influx of new relationships far outweighs the cost.

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ECONOMY & RATES

Rates As Of: 09/13/2022 05:54AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	3.17	0.21	3.11
6M	3.56	0.24	3.37
1Y	3.83	0.33	3.45
2Y	3.69	0.20	2.95
5Y	3.55	0.20	2.29
10Y	3.42	0.23	1.91
30Y	3.54	0.25	1.64

FF Market	FF Disc	IORB
2.33	2.50	2.40
SOFR	**Prime**	**OBFR**
2.28	5.50	2.32