



303.871.9700
www.thinkaor.com

The Top 4 Marketing Trends for the Financial Industry in 2008

1 The trend toward financial conglomeration is gaining even more speed; 2008 promises to bring more consolidation leading to fewer, much larger institutions that can take advantage of economies of scale and offer a huge variety of products and services. However, that brings both good news and bad. The small-town financial institution has more competition from much bigger entities with far deeper pockets. They can outspend the little guy 10 to 1. On the flip-side though, mergers creating super-mega banks and gigantic credit unions leave room for smaller well-run banks and CUs to offer highly localized personal service. There is definitely opportunity for those smaller institutions that do well at touting their “home-town-ness.”

2 Technology has been a force in financial marketing for decades now, but in 2008, it will become miniature and personal—in the form of the cell phone as a primary banking device. The phenomenal growth of cell phone usage in the past decade has surprised even the experts. By the end of 2006, vendors had shipped 1.019 billion units worldwide, according to The IDC Worldwide Quarterly Mobile Phone Tracker. That equates to 32 new cell phones being added to global wireless networks each second.

But it is not simply the remarkable spread of mobile phones that should make banks and credit unions sit up and take notice. There were more than four times as many mobile phones sold in 2006 as personal computers, according to IDC. Increasingly—and especially for the younger market segment—cell phones can do most if not all of the things their computers can do. Today’s phones, PDAs and “handheld devices” are powerful, sophisticated, connected tools. Nearly all phones sold today can send and receive text-based messaging, 88% are Web-enabled and many offer GPS navigation. By 2010, IDC’s Internet Commerce Market Model Study says, more than 1 billion people worldwide will use a mobile device to access the Internet at least once a month.

What about sending a well-timed text message (Happy Birthday, take 1% off a car loan) to help you establish relationships, open a new account, or direct a customer to the nearest ATM or branch office? Mobile banking can make all of these things happen.

So online banking is now on-phone banking, or simply “mobile banking.” People aren’t doing their banking at home in front of the PC in their pajamas, as we used to promote online banking in the early days. They’re at the grocery store, standing in line at the post office, on vacation, or at work. How can you take advantage of this? What about sending a well-timed text message (Happy Birthday, take 1% off a car loan) to help you establish relationships, open a new account, or direct a customer to the nearest ATM or branch office? Mobile banking can make all of these things happen.

Bank of America, CitiBank and Wachovia offer mobile banking already. This convenience is sure to appeal to the younger target markets who can text message faster than they can talk.

3 Financial marketers will be focusing more and more effort on small businesses and minority businesses. There is tremendous opportunity here as previously unbanked or under-banked populations get the attention they deserve and start waking up to the realm of services available to them. Related to Trend Number One, this trend runs in favor of the smaller financial institution who can convincingly lay claim to being in touch with local community businesses and their owners. If you don’t have bankers attending the

local SBA meetings, chambers (note the plural; there are many out there) of commerce and small business networking events...what are you waiting for?

4 Customer retention is more important than ever. There are only 3 ways to grow your institution: 1) acquire or be acquired by another bank or CU; 2) lure a brand-new prospect to walk into your branch; or 3) convince an established customer to buy an additional product.

Marketing is responsible for getting 2) and 3) to happen. Of course, neither one will happen without work and investment on your part. But it's a whole lot easier to get an existing customer (they already love you, right?) to open an additional account than it is to bring in a totally new person. Marketing to your own customer base is always smart marketing; you have the advantage of building on an existing foundation of trust. It can also be highly cost-effective, since you can target specific products and services that your customer is very likely to buy based on customer data you already have. If you haven't been doing data mining and segmenting your customer list, it's time to start. One solution is a simple ongoing matrix mail program. It benefits you three ways: it allows you to keep your marketing efforts going year-round without much effort once you've set it up, it reduces your cost of acquisition, and it insures you talk to your members or customers on a regular basis.

A Matrix Mail program benefits you 3 ways: It allows you to keep your marketing efforts going year-round without much effort once you've set it up, it reduces your cost of acquisition, and it insures you talk to your members or customers on a regular basis.

When it comes to your existing customers, don't get too comfortable! Remember: your customer is every other bank and credit union's prospect, and you better believe they are working every day to capture and steal that relationship. The risk of not doing retention marketing is not just the lost opportunity to deepen the relationship and add more products per household. The real risk is that the customer you fought so hard to get will be wooed away and take his business to someone else. That's a loss of real dollars from your bottom line—and now you not only need to bring in new relationships in order to grow, but just to stay at current levels. That makes your job much harder than it already is.

marketing strategy . advertising . graphic design



1345 South Broadway | Denver, CO 80210
303.871.9700 | www.thinkaor.com