

Carolina Banks: Best Practices Branding



part 1

If a bank is perceived as no different from its competition, it's in trouble.

That's why you brand. Your brand is your difference.

Brands have a unique power. In a crowded and confusing marketplace, a recognizable, meaningful brand has become today's most valuable business asset. Over the past decade, smaller and mid-sized Carolina banks have faced increasing challenges from goliaths like Bank of America and Wachovia, while turf wars flared up between formerly friendly peer-banks crossing territorial lines to open new locations. To survive and thrive in this competitive climate, financial services executives are turning to a fresh but age-old strategy.

To brand or not to brand. It's no longer a question of marketing alone. The decision to launch a branding or re-branding program has evolved into a business concern often directly addressed by CEO-and-Board. They understand that the brand is, in fact, the institution. While marketing and advertising serve to illuminate branding, to deliver the brand's message across diverse media to intended audiences, bank branding really begins at the core of the organization and works its magic from the inside out.

Why brand? Or, more often, why re-design an existing brand? A spot-on new branding program has the power to breathe fresh life into operations on every level, while winning new business and securing the loyalty of current patrons. For existing brands that are tired or less-than-inspired, there are numerous benefits; key among them is that an energetic, trusted brand and the equity it produces allows a financial services company to capture opportunities while minimizing risks.

When you think "brand" what comes to mind?

Most of us automatically conjure up a parade of high-profile products: Kleenex. Jell-O. Q-Tips. Budweiser. Coca-Cola. Nike.

But benefitting equally (if not even more) from the advantages of strong branding are service businesses. Case in point: worldwide giants FedEx, CitiBank, McDonald's, Disney and American Express. They all started out small. Amazing but true: today's Chase began life as a humble one-bank location in Manhattan.

Product and Service Brands . . . Apples and Oranges

Products are easy. You can touch them. Services are different. You feel them. Because of the intangible nature of their offerings, leading service companies rely heavily on their brand identities, extending them boldly and consistently across all points of contact. Unlike product brands, service brands operate essentially on the promise of an excellent experience. Consumers choose one brand (i.e., bank, credit union, investment group) over another in the expectation that the experience it delivers will be the best of all available options.

The Financial Services Marketplace: Parity on All Fronts

In the banking and financial services industries, as in many service sectors, there are few if any inherent differences between products offered; money is a commodity, like phone calls, or supplies of gas and water. The technologies these sectors rely on are mature. It's not a novelty to have a phone that works, everyone wants to give you a credit card, we take electricity and running water for granted.

So for service brands, the key differentiator is the quality of the relationship promised to the customer. Differentiated, memorable and consistent branding is the way to communicate this.

Are you branded? (A logo alone does not a brand make.)

A logo/logotype treatment is one of many ingredients that when implemented consistently throughout communications, combine to create a full brand identity. Known as "brand standards," the final deliverable of a brand identity assignment identifies the guidelines for a complete branding system.

Standards manuals can run from 12 pages into the hundreds, depending on the size of the company. The manual is an invaluable resource that defines the many elements (color palettes, type fonts, etc.) contributing to the overall brand expression, and the relationships between them. Usage indication for brand extension into all envisioned marketing communications should be included.

When well executed, brand standards reflect a delicate balancing act between rigidity and flexibility. Consistent yet adaptable applications of brand elements are analogous to the walls that hold up a structure. The brand positioning, its prime directive and essence, serves as the foundation.

The Top 7 Brand Benefits

What advantages does a great brand deliver?

- 1.** Stronger branding strategies increase customer retention by building lifelong loyalty.
- 2.** The well-branded bank is primed and ready for growth, and positioned to seize opportunities as they occur.
- 3.** Brand-anchored communications produce an influx of new business over time.
- 4.** When larger established banks move into the local market, strong branding is the best defense.
- 5.** Clear branding provides a corporate umbrella under which assorted financial products/services can be marketed systematically while leveraging the power of the larger brand identity.
- 6.** Accumulative brand equity allows banks to charge premium prices while concurrently selling more products.
- 7.** Once critical-mass brand equity is achieved, there are no comparable substitutions to be had.
Competition is virtually eliminated.

By investing in long-term brand equity, the perception of a trusted and friendly financial resource emerges over time. This is the most efficient way for local and regional banks and credit unions to build wide recognition and respect within their marketplace.

For smaller financial institutions, the need for and inherent opportunity in branding has never been greater, precisely because the product offerings and quality of service offered by most local and regional banks have become virtually identical.

Good news: this is exactly the environment in which strong brands have historically prevailed.

Next month:

What does it take for a local bank to become a powerhouse brand?