

Four Strategic Marketing Pillars for Profit-Minded Bank CEOs

Editor's Note: This is the second of a three-part article; part one appeared in the previous issue of *Banking New England* and part three will appear in the next.

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The first article in this series described how to improve your bank's profitability through improved strategic marketing. The four strategic marketing pillars introduced in that article are the key to gaining a competitive advantage, acquiring more customers and increasing market share.

Those four pillars are brand promise, analytics and automation, referrals and leadership, and I briefly made these remarks about them:

- **Brand promise:** Identifies your value proposition, why you're in business, and what your customers can expect from you.
- **Analytics and automation:** Provides insights into your customers, products, and markets that can give you a competitive advantage.
- **Referral strategy:** Acquire new customers inexpensively through recommendations from existing ones.
- **Leadership:** The best marketing strategies are consistently successful when your bank's senior executives provide passionate support.

I asserted the pillars are hard to execute consistently, which is why many banks do not realize the strategic benefits and increased profitability available to them.

In contrast, this series will equip you to use them effectively to drive growth and profitability. Let's help you do that by examining brand promise and analytics and automation.

Brand Promise

The importance of your brand promise cannot be overstated. It is a statement that lets everyone in your bank know what you stand for, why you're in business, and what your customers can expect from you. It becomes a strategic force when everyone on your team embraces it. The key is stating your values and principles in a memorable, understandable way.

Below are some tips to get you started thinking about your brand promise. They are not exhaustive, but will certainly get you on the right path.

1. What makes you unique and special?
 - a. Your values
 - b. Why you are in business
 - c. How and why you want to serve your customers

2. How you will improve the lives of your customers?
 - a. Faster and/or superior service
 - b. Easier access
 - c. Better quality
 - d. Superior reliability
 - e. More secure future

3. How do you want your customers to feel when they do business with you?
 - a. Like you understand them and have products that meet their needs
 - b. Like you care about them and they are important to you
 - c. Like you have anticipated their needs and are delighted to serve them

Use questions like these to focus your thoughts until you come up with what you want to deliver, how you want to deliver it, and who you want to deliver it to. Then build your bank around it. It will take time, but the effort is worth it to build a stronger, more differentiated brand.

Analytics and Automation

Combined with a strong brand promise, analytics and automation can have an enormous impact on your bottom line. Turning analytics into a strategic function has allowed me to generate tens of millions of dollars for banks, and create a competitive advantage for them in the process.

The analytics gold mine is both tactical and strategic. Here's a relatively simple example of its strategic use: About 10 percent of bank customers account for 90 percent of profitability. While these may not be the precise numbers for your bank, a minority of your customers create the majority of your profitability. Who are these customers, and what should you know about them?

Here are some basics you should know about your most profitable customers:

- What makes them profitable?
- How solid are their relationships?
- What are their ages, income ranges, locations, educational backgrounds?
- What products do they have and how do they use them?
- Why did they choose our bank?

- What markets do their businesses serve and what products do they sell?
- How many are Baby Boomers who will soon be retiring?
- How many are Millennials starting families and buying their first homes?
- How many are business owners looking to grow from \$1 million to \$10 million in revenue?
- How many are looking to switch banks?

Knowing how to make this information actionable is critical, and that's why it takes a strategic thinker rather than a technical expert to deliver the goods for your bank.

To start, look at the information from a big picture level and summarize your findings about your most profitable customers. Then you want to do at least three things:

1. Retain your best customers, gain referrals from them and help them benefit from more of your services.
2. Determine which remaining customers have the potential to become like your top ones and focus your marketing resources on them.
3. Evaluate whether or not to realign your bank and products around the profile of your best customers.

You can see both the strategic and tactical implications of your questions and analysis. The key is knowing the right questions to ask about the primary drivers of your business, brand promise, and overall strategy.

Good partners and systems can take the mystery out of your data and use it to transform your profitability.

At \$16 billion Arvest Bank, we wanted to develop a low cost marketing strategy that would use our branch personnel more efficiently. With a strategic technology partner, we implemented an advanced set of marketing analytics and automation tools that let us automatically send qualified leads daily to every branch in our four states. As a result, each year we were able to speak with over 300,000 customers, open over 30,000 new accounts, and generate an incremental \$5 million in profits.

Similar results are available to small and medium sized banks at affordable pricing. Executives who might be concerned by either the cost or complexity of strategic marketing analytics and automation can now have the same tools as the big banks at cost effective pricing.

This article has focused on two of the four pillars of strategic marketing: brand promise and analytics and automation. Brand promise is the heart and soul of your bank, and needs to be a main element of your communications, training, hiring, operations and decisions. Creating a significant, authentic brand promise to energize your employees is the first pillar of profitable strategic marketing.

The second pillar is developing analytics and automation capabilities that let you build and execute scalable endeavors around key customer segments. Good systems are essential, but they must improve the ability of your employees to deliver on your brand promise.

In the final article of this series we will direct our strategic marketing focus on referrals and leadership. Until then, challenge your team to find ways to improve your brand promise and analytics and automation. [BNE](#)