

Rewriting the Rules of Financial Branding

Transforming Credit Unions
and Community Banks
into Small Giants



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Contents

Executive Summary.....	3
Lesson 1: Brand fails and traps.....	4
Lesson 2: Identifying everyday influencers and touchpoints.....	5
Lesson 3: Reinventing or developing a brand attitude	7
Lesson 4: Why should consumers (or employees) believe you	9
Lesson 5: The warmth and competence of local banks and credit unions	11
Tough Conversations.....	12
About Your Marketing Co.....	13

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Founded in 2008, Your Marketing Co. offers credit unions, community banks and other financial service firms with strategic planning, brand development, digital marketing, social media management and graphic design services. For more information, visit www.yourmarketing.co.

Executive Summary

Somewhere in America there's a local bank or credit union announcing a merger partnership. Ultimately the top criteria listed will be for better market position. There's also a good chance there will be a quote about how the regulatory environment is too costly for small financial institutions to compete.

While there are certainly cases for mergers and acquisitions, you may be shocked to find that there are small credit unions and community banks that are growing. In the face of the brutal facts, they have set forth a new vision and strategy around a core business and are making it work.

Among the 2,600 credit unions in the United States that are under \$20 million in assets, no one has made more net income than HopeSouth Federal Credit Union, according to research by Scott Butterfield of Your Credit Union Partner. The credit union's return on assets has been above 2% over the last four years.

Located in the rural county of Abbeville, SC, HopeSouth serves a low-income field of membership. Secure in their mission, the credit union formerly known as Greater Abbeville Federal Credit Union became simply known as GAFCU – an acronym that soon lost its meaning – then rebranded as HopeSouth to make a more emotional connection. In HopeSouth, the credit union has a brand that is distinctly Southern, a disruptor in the marketplace and is altering the perceptions of what's next for Abbeville County.

HopeSouth is just one example of credit unions and community banks that are shifting marketing perceptions. Brand positioning and messaging are in sync as they identify market growth opportunities.

But how do you do it?

In this special report, we dig deep on five lessons for financial branding in today's marketplace. There are also 15 tough conversations that will transform your organization to help it matter more to more people. ●

Lesson 1: Brand fails and traps

There have been many books written on how to build high octane companies. Some tend to do anything but get to the point. Then there are those eye-opening business studies that deliver an *aha!* moment. These are often simple steps that, if put into practice, can have a profound impact on an enterprise.

What do most strong brands have in common?

There's no miracle moment.

Let's look at Jim Collins' book, "Good to Great," where he quotes a representative from Walgreens on the growth of the second-largest pharmacy store chain in America: "There was no seminal meeting or epiphany moment, no one big bright light that came on like a lightbulb. It was sort of an evolution thing."

For credit unions and community banks seeking to rebrand, this can be very depressing news. One of the biggest pitfalls in brand development is the expectation that a new name, logo and brand identity will lead to more members, more loans and greater market share.

The truth is an organization will almost certainly have a honeymoon period following a rebrand, but its brand is an extension of a transformation from within. It means you have something to say – and that you say it with confidence and others respond to it. It's a perpetual brand story that is held in belief by staff and consumers. And great brand stories get retold and shared.

Otherwise, a rebrand can become idle talk or worse. The beliefs within an organization shape a brand. If under a new name, there is a return to one-sided chest thumping about how great your rates and services are, the brand will falter.

Seeking to fix internal issues, craving (or needing) an immediate outcome, and wishing to be a "cool kid" are some of the most common traps for credit unions and community banks. The most successful rebrands are executed out of a deeper understanding of mission.

Why are you in business? ●

Tough Conversations:

- Do we have a story worth sharing? If so, what's that story?
- Are we leading by example? If not, what things must happen for us to be successful?
- Do we have a strategic plan for growth? What are the actionable steps to get us to the next level?

Lesson 2: Identifying everyday influencers and touchpoints

Credit unions across the country are picking up more Select Employer Groups or are opting to abandon their SEGs for community charters. Both are strategies to increase membership growth by expanding field of membership.

Data compiled by the National Credit Union Administration, however, shows it's mostly the larger credit unions that continue to lead membership growth. In the second quarter of 2017, the NCUA reported that 50.3% of federally insured credit unions had fewer members, and about 75% of those with declining membership had assets of less than \$50 million. With the level of merger and acquisition activity among credit unions, organic growth becomes less likely the cause for the success of larger credit unions.

Is this all to say that we don't need small- to mid-sized credit unions, or community banks for that matter? After all, the FDIC reports the community banking sector has fallen to under 14% market share.

The challenge for most financial institutions is that they expand their service area, but stop there. Existing SEGs are forgotten while others are added. There's no follow through, complacency sets in, and we scratch our heads as to why we can't grow. There's no strategy on how to evolve and earn loyal, lasting relationships.

Great brands create an expectation, deliver a meaningful experience and build an emotional connection with consumers. Clarity comes by connecting with their deepest hopes and making better use of organizational talents. Your team will find greater personal satisfaction when you stop trying to be all things to all people and instead target your ideal consumer.

This doesn't mean chasing Millennials or Generation Z. Develop a brand attitude that can cross over in any generation. Are you fun? Assertive? Fun? Inventive? Serious? Maybe even zany? This can help identify who you do business with.

Take, for example, the real story of a woman in Shreveport, LA, who had three credit unions and two banks tell her to come back in six months to a year to get an auto loan. It wasn't until she walked into the fourth credit union that someone sat down with her and give her step-by-step instructions on how to improve her credit. Within two months, she got the new car she wanted.

This woman may not have been the ideal member at the other credit unions and banks. Not everyone can (or should) serve this type of borrower. However, confusion lies somewhere in the brand message, most likely via some blanket mantra of "people helping people."

Even if she wasn't the ideal consumer, what could these institutions have done so she wouldn't have walked through their doors in the first place? They could have still been viewed as an admired brand. There are high-end automakers, for example, that we appreciate their products for horsepower, elegant design and reliability but would never step foot onto their showrooms. If you are not attracting your ideal consumer, how are you positioning your brand story?

Sometimes it's what we stop doing that has the greatest impact. Identify your ideal consumer and stick to it. Your ideal consumer should be synonymous with what you believe as an organization. Word of mouth is key to beating objections and winning the admiration and loyalty of others. ●



Tough Conversations:

- Look at your current member and your ideal member. Are they the same? How are they different?
- How do you enliven and connect with the deepest hopes of your members/customers?
- What's your brand attitude?

Lesson 3: Reinventing or developing a brand attitude

Most credit unions and community banks are at a crossroads. The key to renewal rests on the shoulders of next-level leaders. These are CEOs, CFOs, COOs and others that kill the conventional wisdom of just meeting numbers.

These leaders ensure their people are trained to expect, adjust and welcome change. Change is not a project, but a way of life. Established and confirmed by top leadership, discipline throughout the organization is a fundamental law and must always and everywhere be intact.

It's puzzling why so many financial institutions feel they can't be remarkable. The stakes are high, and just as we don't see Samsung or Apple resting on the laurels, neither should credit unions or community banks. And yet, we know there are those in the C-Suite whose ambitions apply only to themselves, standing in the way of building a lasting culture.

Examine two national pizza chains, Domino's Pizza and Papa John's Pizza. After declining sales from 2006 to 2008, Domino's Pizza was referred to as having "cardboard crust" and "ketchup-y sauce." In 2010, then CEO J. Patrick

Doyle took on the brunt of the late-night jokes by sharing the results of focus groups. Facing their critics, they created strong brand awareness around the fixer-upper concept of, "Oh yes we did!"

Doyle also noted, "We are as much a tech company as we are a pizza company." Almost 60% of Domino's sales now come through digital channels, with nearly two-thirds coming through mobile devices. Domino's reinvented itself and has grown its share of the pizza-delivery market by 1% every year since 2011. The brand stands out as rebellious – one that seeks to defy and define the future of pizza making.

Compare Domino's position to that of Papa John's. Papa John's promise of "Better ingredients. Better pizza." took a backseat in 2017 when CEO John Schnatter, who is also the company's spokesperson, blamed the NFL players' protests during the national anthem for subpar sales. His remarks sparked a backlash. By year's end Schnatter stepped down as CEO but retained his role as chairman. In the wake of public scrutiny, the pizza chain has been forced to do more discount pricing of its product.

The company's wrong turn is recoverable, but it will need to reinvent itself. Consumers want to know where the pizza chain stands – not politically, as that is simply a distraction, but as an iconic brand. It's more than just tomato sauce, cheese and toppings, but how the Papa John's brand makes people feel.

Likewise, credit unions and community banks are more than just loans, checking and savings. How might your organization put life in motion for your members/customers? ●



Tough Conversations:

- What do consumers like about your current brand identity?
- What core problems do you solve for your ideal member?
- What is your primary competitive advantage in the marketplace?

Lesson 4:

Why should consumers (or employees) believe you?

The banking industry is a highly competitive marketplace made up of national, regional and local financial institutions seeking to gain market share. Most banks and credit unions aggressively promote low rates, longevity and a reputation for customer satisfaction.

A 2016 Gallup poll shows consumer confidence in the banking industry has gone from 49% in 2006 to just 27% in 2016. While there are those who tout this as a credit union win, the poll surveyed 14 different institutions – from organized religion to news media to congress – and Americans have lost confidence in 10 of those institutions.

Banks may have had the greatest swing in confidence with a drop of 22%, but the big takeaway is a clear lack of confidence across the board. Whether it be Wells Fargo Bank's 2016 fraudulent account scandal or its 2018 billing glitch, or the protests of Bank of America's 2018 rule change for free checking, credit unions and community banks are often unjustly held in the same regard. It's all

faceless commerce with the promise of better rates and service.

How can you take your brand and create meaning? What does it feel like to belong to your brand?

There are three types of influence:

1. Compliance – Membership out of necessity. Your products and services are commoditized by the consumer. They do business with you because your institution is (or is perceived to be) one of limited banking options.
2. Identification – Membership out of performance. Whether it be through technology, communication or product offerings, your organization is perceived to have something of importance.
3. Internalization – Membership out of shared values. What your organization thinks, says and does is embraced by the consumer. Doing business with you shapes how they feel.

Credit unions and community banks often look like the national competitors when they begin to describe the features and benefits of what they offer, serve or sell. Instead, tell the story of what it would be

like if your organization didn't exist. Humanize your products and services.

What are the questions worth asking that will unlock the unspoken desires of the consumer? ●



Tough Conversations:

- What do we have the power to change for the consumer and our employees?
- What are the root problems facing consumers? And what's our role in helping them to resolve it?
- How can we embed listening to the member/customer into our culture?

Lesson 5:

The warmth and competence of local banks and credit unions

We have established that authentic brands are not built on rates or service. So, what are people looking for?

Authentic brands are built on two things: warmth and competence. We interact with brands much the same way we interact with people. Prejudice is hardwired into human nature, and that includes where we do our banking.

When someone encounters your financial institution, how do they feel about your intentions? Likewise, how do they perceive your ability to carry out or keep those intentions?

It is this balance of warmth and competence that is key to the relationship renaissance in advertising,

marketing and branding. It begins with identifying the story you want consumers to believe about the value you create. When you can't deliver value, give meaning.

Remember this: people rarely buy a process, they buy a result. What do your members/customers want to live and believe? Set an expectation and live up to it. You can't build a reputation on what you are going to do.

If you want to disrupt your market, it's not just about offering great rates or service. It's about why you choose to do what you do.

Tell that story. ●

Tough Conversations:

- How do you make your members/customers feel?
- Why do your members/customers trust you?
- Does your organization have worthy intentions, and how do you hold your team accountable?

Tough Conversations

Below are 15 must-have conversations to have with yourself and your team. These questions are designed to bring clarity, balance and direction at your credit union or community bank. Remember this: If you have no fire, you cannot warm others.

1. Do we have a story worth sharing? If so, what's that story?
2. Are we leading by example? If not, what things must happen for us to be successful?
3. Do we have a strategic plan of growth? What are the actionable steps to get us to the next level?
4. Look at your current member and your ideal member. Are they the same? How are they different?
5. How do you enliven and connect with the deepest hopes of your members/customers?
6. What's your brand attitude?
7. What do consumers like about your current brand identity?
8. What core problems do you solve for your ideal member?
9. What is your primary competitive advantage in the marketplace?
10. What do we have the power to change for the consumer and ourselves?
11. What are the root problems facing consumers? And what's our role in helping them to resolve it?
12. How can we embed listening to the member/customer into our culture?
13. How do you make your members/customers feel?
14. Why do your members/customers trust you?
15. Does your organization have worthy intentions, and how do you hold your team accountable?

About Your Marketing Co.

We choose to work only with credit unions and community banks who care about the people and communities they serve because they're the ones who will ultimately affect change for the betterment of those around them.

Outsourced Marketing

This is the stand-out service that has made us one of the most sought-after marketing teams in the financial industry. Think of the functions you would entrust to an accomplished VP of Marketing.

That's us.

If you don't have a marketing department, we function as the equivalent of having an entire in-house marketing team without the overhead. We provide a one-stop shop for expertise and strategy. We truly integrate into your organization and become part of your leadership team.

For financial institutions with employees devoted to marketing and business development, our team complements yours. No more freelance contractors for copywriting, graphic design, social media or digital marketing. For brand consistency and target messaging, with YMC you have a strategic partner for execution and accountability.

We refuse to be labeled as another vendor. We build relationships and work with, not for, credit unions and local banks. It's what makes us successful, and more importantly what makes our clients successful.

Strategic Planning

Forget the tired SWOT analysis. We will peel back the layers of your financial institution. You will see where you have been, where you would like to go and how to convert challenges into opportunities to grow through an actionable to-do list.

Our strategic planning sessions are designed to get you unstuck and moving forward with vigor. We pride ourselves on delivering productive plans that deliver results while improving your bottom line.

Rebranding & Brand Development

You can't think outside the box unless you know what's in it. Our job is to integrate your voice into everything that connects to you. We promise to take the time and effort to get to know you, your fans, and your community to deliver a brand identity across all marketing channels that is altogether authentic, insightful and awesome.

The brands we really love make us feel like we belong. It goes beyond coining phrases and fun names. Our job is to help capture the warmth and competence of your organization.

Marketing Audits

Why are you not growing? You have the marketing budget and the right people, but something just isn't clicking. Let our team of marketing professionals objectively evaluate your team, strategy and marketing messaging to boost you to the next level.

We'll spend three days onsite with you. We'll assess what changes need to be made so your audience hears how you can make a difference in their financial lives. We'll show you ways to achieve success and make you the envy of your peers. We simply provide a fresh outside perspective that leaves you with great ideas and actionable steps to grow, no matter your size. ●