



The Image of Business Banks

Proactive Rebuilding in a Financial Crisis

Like it or not, the spotlight is now on banks globally. The Big Four in Australia have seen much attention. Exposure to failed businesses, ongoing provisions and an inability to pass on the full rate cuts have tarnished the image of some banks.

Of course, all is not lost. Australian banks have solid fundamentals and can take a proactive stance to rebuild their image via a focus on mind share.

Mind share is an unprompted measure of the bank that first springs to mind for businesses. Whilst banks need compelling propositions and sound customer relationship management, mind share cannot be underestimated as a driver of market share win and loss.

East & Partners' monthly Business Banking Sentiment Index (BBSI), covering the segment of businesses with turnover between \$1m and \$100m, has been monitoring a range of customer recall metrics including mind share for the past few years. The BBSI has shown that there is a clear correlation between mind share and advertising recall in the business banking sector; that is, 'good' advertising does actually work!

In June 2006, 32.4 percent of business customers claimed that they could not recall any advertising in the business banking arena. Since then, this figure has decreased dramatically and in June 2008, it hit a low of just 0.1 percent. The increased recall demonstrates the competitive nature of business banking, the extra resources that business banks have channelled into advertising and the impact this is having on business customers.

While three of the Big Four banks make up three quarters of all advertising recall, smaller banks have solid mind share due in part to customer loyalty and service leveraged by recent advertising pushes (see Figure A).

Banks should not forget the importance of advocacy and relationships in building mind share. While advertising is certainly important in improving mind share, proactive rebuilding can be done both within and outside of the marketing budget.

Word of mouth based on positive personal experience is priceless and is the number one source of information about banking used by customers. Advocates are extremely valuable, but very rare in business banking. Negative Net Promoter Scores are the norm across the business banking landscape.

Relationship Managers have become increasingly important for businesses of all sizes. The more frequent and meaningful each contact is between a business and its Relationship Manager, the greater the mind share – and loyalty.

Mind share is affected by a range of internal and external factors. Sponsorship and sustainable business practices can be leveraged into mind share improvements by banks, while media coverage relating to the financial crisis and results reporting are not so easy to control.

Nonetheless, advertising is extremely useful in maintaining and increasing brand awareness and facilitating top of mind status. Business customers are influenced by the visibility and activity on the part of their providers in the wider markets, as this reinforces the choice that they have made.

In addition to the challenges associated with growing mind share, banks must also grapple with converting this into market share success. Mind Share which is significantly below a bank's market share needs to be addressed before it translates into customer attrition. Conversely, banks that build their image and a solid share of mind have the opportunity to gain market share and most importantly keep current customers.

In difficult times, customer advocacy, loyalty and mind share absolutely drive the maintenance and growth of market share. The question is which brave bank is going to increase its marketing investments to take advantage of today's credit climate?

Figure A: Mind Share versus Advertising Recall in Business Banking (\$1m-\$100m annual turnover)

