

Mind share: something you can't just buy

Banks spend a significant amount of money on advertising their services but business customers, in particular, are hard to convince.

Advertising agencies work hard for their banking clients. Bank ads are variously well produced, inventive and sometimes quirky but perhaps the one which has really hit the nail on the head in the last few years has been the St George classic, with the banker coming clean on his profession at a weekend barbecue.

East & Partners research continues to show that for business customers it is suppliers, customers, peers and colleagues who are the largest influence on decisions to switch banks and engage products. Advertising and bank relationship managers are a negligible factor. The conversation between two business owners at the barbecue about their various banks is a much more significant influence than any ads each may have seen.

East's research shows that banks which have a greater mind share have a better chance of building their market share. Many factors go into building mind share, but advertising is not a dominant component. For example, the NAB has the highest mind share amongst business customers as a "business bank," with 22.4 percent, but has the second lowest unprompted advertising recall at 13.8 percent.

On the flip side of this, ANZ has 21.8 percent recalls for its advertising but only a 15.4 percent share of customers' mind. Institutional customers, in particular, are less swayed by advertising than customers in smaller market segments.

East's research in trade finance markets, for example, shows that HSBC has far and away the largest mind share in this product market despite having a significantly smaller market share. It is no coincidence, however, that the bank's share of the trade finance market is growing.

To build mind share is an incremental and "ground up" process. It is a combination of penetrating those networks of suppliers and peers who are the largest influence on decision makers within the business.

A second important component lies in building "a voice of authority", principally using thought leadership - a bank takes a key issue of relevance to its market and establishes some intellectual ownership over the subject matter.

This has dual benefits: it is more credible as an external marketing tool than pure advertising, and it also arms the banks' relationship managers with powerful collateral to use in significantly different conversations with their customers.

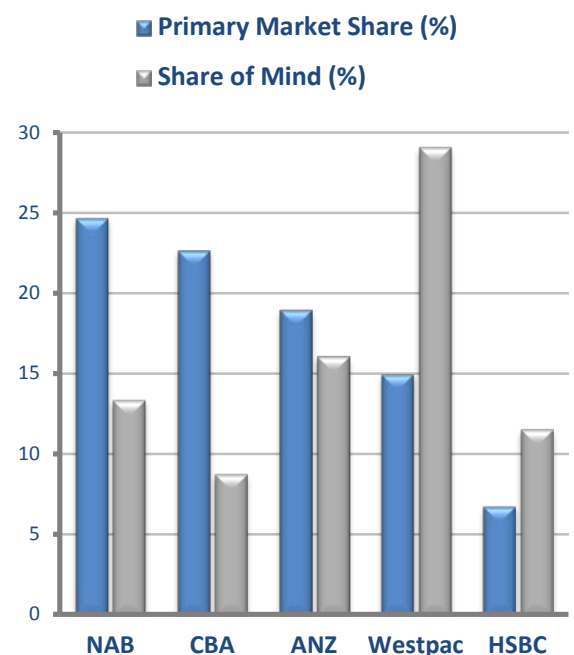
If a relationship manager has a conversation with a client, in which he or she talks with deep knowledge based on believable research the bank has done on a key and relevant issue; a considerably more powerful and lasting impact on the client's mind. It directly influences that crucial mind share question when business owners are asked which banks they think of when they think of particular products, services or competencies.

Not all conversations between bankers and potential clients can happen at barbecues, but building mind share clearly improves the likelihood that a particular bank's name is mentioned in these casual contexts.

Investing in making that happen through building mind share can be much more cost effective, and ultimately more powerful, than top of line brand or positioning advertising.

Account Services & Cash Management

Primary Institutional Market Share VS Bank Share of Mind



Source: East & Partners Australian Institutional Transaction Banking Markets – May 2012