



Introducing The New

**PFI**

# Pays For Itself

*White Paper*



## The New PFI: Marketing and Branding that Pays for Itself

While there are numerous books and articles written about marketing and branding from a visual and theoretical perspective, it is also the bottom line on the balance sheet, health of the culture, and peoples satisfaction, communicating the effectiveness of their brand to the CEO and CFO of any company or organization.

This White Paper addresses the subject of Branding more from a financial perspective using facts, research and logic rather than buzzwords and advertising lingo. Why? Because we know that by investing in a solid brand that goes far beyond mere images you will achieve bottom line results.

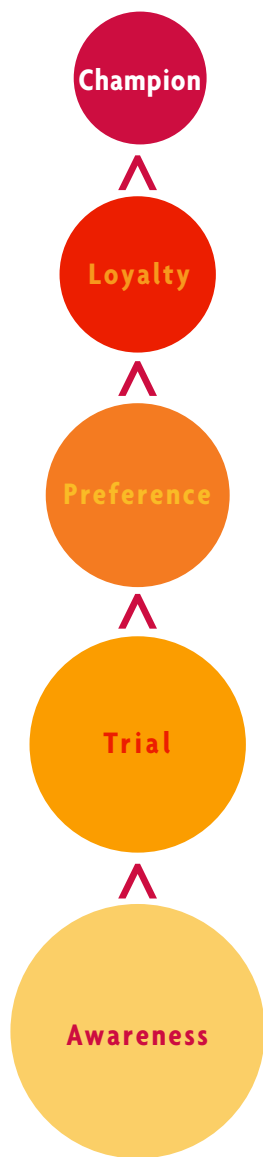
This document is divided into different sections that may be read in sequence or separately. In the sidebar, we have also placed some key facts from each section.

The White Paper is organized and focuses on the following impact areas:

- What is branding?
- Why your brand is your most important asset.
- It's been 50 years since opportunity knocked like this . . . will you be ready?
- Clarity guides a Purpose-Driven Brand to success.
- Consistency can build a brand.
- At a 500% replacement cost, each individual is irreplaceable.
- The choice is ALL theirs.
- The frontline has the greatest impact on the bottom-line.
- Summary: It's their choice – it's your future.

“ A brand is a living entity - and it is enriched or undermined cumulatively over time, the product of a thousand small gestures.”

**Michael Eisner**  
*Former CEO Disney*



## What is a Brand?

If you were to ask twelve different marketing and branding professionals their definitions of branding, you would get twelve different answers. You may feel you have a solid understanding about brands, or you may know it is important but not understand it. Branding impacts and influences everything your organization does.

In some ways it is easier to list what a brand is not. Many have focused on only the visual expression of the brand: logo, colors, and the look and feel of marketing materials. One cannot say a ten-gallon hat and boots makes someone a cowboy. Those items express the cowboy personality, but they do not make someone a cowboy. A true brand must be genuine and align its visual with its characteristics while connecting on a personal level.

In our twenty years of defining and building Purpose-Driven Brands, we've created this definition: *A brand is all the tangible and intangible distinctive characteristics, culture and reputation of a product, service, or organization. It is a promise that, when delivered consistently, creates a perception in the minds of the individuals, groups, and targeted audiences. It is the perception that defines the "Brand Value" which is a combination of their investment of their time, their money and their feelings.*

A brand is not a single campaign or event but is built over time as the persons experiences the five phases of brand engagement:

Awareness > Trial > Preference > Loyalty > Champion

## Why your brand is your most important asset

Everything from products to services is branded. Even if you have never experienced a formal branding process, you already have a brand. A critical part of branding is the public's perception of it, whether or not you have been managing and guiding the brand. Doesn't it make sense to build your brand, manage it effectively, use it to guide the internal culture, and build stronger connections with current and future patrons?

The next time you are trying a new brand, retail or product ask yourself: Did things go as you expected? Are you likely to return? Did you leave delighted or disappointed? Did you leave with a positive or negative experience to share? A person's perceptions and experiences are the core of defining and building strong brands. Gartner Research found that 92% of U.S. consumers form their primary and lasting impression of a company based on their initial experiences with the image, people, products, and services.

“Brand Value” has been included as part of an organization’s total value. Separate from all other assets, the brand’s image and reputation comprise its brand value. In Millward Brown Optimor’s list of companies’ brand values, the number one brand in the world is Google, and their brand value is set at \$114 billion. The number one financial institution in the U.S. is Wells Fargo Bank with a brand value of \$19 billion. Are you ready to define, formalize, express, and grow a valuable asset?

Any organization will have **greater success** when it achieves **clarity of purpose** and has a strategic plan as a guide. With everyone in the organization on the same page, the team moves forward with a collective vision. With the external communications and delivery systems supporting a singular focus and brand value, the organization becomes a distinctive brand in a leadership position. As Jim Collins states in his book *Good To Great*, “Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline. Define, build, and grow your distinctive brand.”

### **It’s been 50 years since opportunity knocked like this...are you ready?**

We all know that financial institutions have been undergoing very challenging and unique times for the last few years. But it brings to community banks and credit unions a once in a half century golden opportunity. Mega banks are at an all time low in consumer confidence and support by the public. Each day we see and hear about small yet positive micro-moves in the economy. CUNA recently reported that credit union deposits were up 10.3% while banks rose only 2.1% in 2009. The journey to recovery has started, but rebuilding the economy is a long-term process. The window is opening, and the public is investigating its banking options. Those with strong brands that are communicating and delivering a focused brand value will grow their market share. If one organization is growing market share, then another is losing market share.

The facts illustrate clearly that mega banks have never been more cornered than they are now.

- On the Better Business Bureau’s 2009 list of industries with the most complaints, mega banks ranked third behind cell phone and cable companies. All other companies had about a 2% to 9% increase from last year’s levels, but mega banks lead with a 42% increase of complaints.
- Mega banks made up 40% of the 2009 MSN Money Top Ten Hall of Shame list.

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*Source: Gartner Research 2009*

- American Customer Satisfaction Index (ACSI) surveyed customers, finding that 70% of the time, the top ten mega banks care more about themselves than customers.
- In the J.D. Power and Associates annual Retail Banking Satisfaction Studies, mega banks scores are down again for the 4th straight year and at an annual average drop of -7%.

Community banks and credit unions have better rates, lower fees, and better service. So why are mega banks growing? They can out spend and are very active in their selling efforts. People are ready and searching for better financial solutions. The institutions that will be successful in growing market share are the ones who are unified in having a Purpose-Driven Brand that they exemplify and are visible with consistent, targeted marketing. The product must also deliver brand value to people on your brand promise.

## Clarity guides a Purpose-Driven Brand to success

### Discovering Your Purpose-Driven Brand – Why are we here?

Brands are complex. At its core, every company or organization has a single idea and purpose that provides uniqueness. An organization whose employees can answer the question, “Why are we here and what do we do best?” will be the organization that creates a stronger connection with people in search of solutions that meet their needs. Although, the amount of attention and honest effort placed into discovering that singular distinction varies from organization to organization. If most organizations were honest, they would admit they have not yet identified their authentic brand. This lack of clarity and disconnect between vision and execution has a real impact on the bottom line.

Brands have many parts and perspectives. The only way effective branding can be sustained for any length of time is through a 360 degree review of your relevant internal and external factors that cultivate your unique and Purpose-Driven Brand. Many focus on the functional components and do not give equal measure to the emotional side of the brand. The staff needs to understand how all the facets of a brand interact and support each other, but they also need to share the same vision. When both the emotional and functional aspects are in balance, your team should continue to ensure brand alignment and be supportive of each other. The deeper you understand your unique culture and your target audiences’ needs, the more effective and results-oriented brand you will have.

**42%**  
increase in  
complaints about  
banks in 2009

Source: Better Business  
Bureau 2010

Most organizations can easily answer the data about their sales, revenue, and profit but not about how the marketplace perceives the brand. What are their brands' strengths and weaknesses? How does their brand compare to the competition? How well does the target audience identify with and value their brand? Key areas that must be researched and clarified:

- What is your unique internal culture?
- How are you perceived by your primary and secondary target audiences?
- How are you perceived by the community?
- What is your brand SWOT (Strengths/Weaknesses/Opportunities/Threats) against your competitors?
- How is your visual image perceived?
- What are your brand attributes and brand promise?

A simple and quick test of your brand perception and alignment is to survey people in a branch or online with these questions: What three attributes describe us? What does our logo say to you? What does our tagline say to you? How would you describe your experience at our website?

Select a recent ad and ask what it expressed to them? Collate these answers and see how well they represent the brand you want to deliver. That is a quick snap shot of your brand health. We also have a more in-depth Branding Self Examination White Paper available at [jcdi.com](http://jcdi.com).

#### **Are you a commodity or a distinctive brand?**

In a national survey, 86% of Americans said there is not really a difference between all financial institutions. Does the public see all credit unions and banks like gas stations? Is one the same as the one across the street? In many cases, unfortunately, the answer is yes. If you want people to “choose” your organization, you need them to consider you as the best and the leader in a particular service they value. You cannot be everything to everyone. Once you define the right group of people for you – you can be the right choice for them. With a clear and Purpose-Driven Brand, the staff will then be able to focus better on their job and the type of experience to deliver.

**70%**  
of people say  
that the top ten  
banks in the U.S.  
care more about  
themselves than  
the consumer.

*Source: ACSI 2009*

**86%**  
of American's said  
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a difference  
between all  
financial  
institutions.

## Consistency can build a brand or stop it in an instant

Consistency usually addresses the brand's visual appearance, but consistency goes beyond making sure the logo is the right color and the overall design follows guidelines. We have never heard of someone leaving a brand because of a certain color or font. It was the "experience" that determines whether a person says, "No, thank you," or returns as a loyal patron. An operations manager might say that consistency of procedure is most important. True, the public needs to know that the organization's policies and procedures are consistent across all touch-points. However, members or customers also want to feel connected to, value, and enjoy doing business with an organization. In the midst of a recession, people are seeking financial institutions with a consistent heritage of being safe and reliable as well as a reputation of caring about them. Bouncing around messaging, image, and experiences can be a brand, but it becomes known as an inconsistent, ever-changing brand. It is not easy to set a strategic plan and maintain a message. Even a creative campaign can erode your brand and make it confusing if consistency is not a part of the messaging. It seems like there are always special initiatives and short-term needs, but to grow your brand, you must be consistent in everything, everyday. That is why a main deliverable in our branding process is your Brand Atlas™, our proprietary manual that will keep you on course during your brand transitioning. Through this consistency, you will deliver brand experiences at lower costs that win loyal patrons for life.

Internally, we work with clients closely to identify all "touch-points" their brands have with targeted audiences. Our process includes: defining how the brand promise is best delivered at each location; collecting and sharing employees' brand stories that help clarify and inspire brand behavior; understanding how a winning experience for the individual builds loyalty and the staff person solidifies the brand reputation.

An organization with a brand that has built solid connections with its patrons by delivering its promise consistently finds that their brand is the most important asset when problems occur. People understand that problems arise, and they know when a situation does not align with their past experiences. If people have come to expect a certain level of quality and service, they will most likely not overreact to the situation. It can become an opportunity to demonstrate brand consistency by how the problem is handled. If addressed and executed on brand, it can actually enhance the relationship and loyalty. Research shows, and our own experience verifies, that many organizations do a poor-to-average job resolving a problem, risking the whole relationship. When an obstacle presents itself, it is critical to be consistent to your brand promise in how you respond.

**Tools that save money and build brands in many ways**

After the discovery, defining, crafting and creative for the new brand are complete, we deliver the brand specifically designed tools that fit your organization and your department. Marketing communicates and implements the new brand in many ways and at different levels. From the beginning, we focus on executing branded communication more effectively and consistently. We cater to your operating style and deliver brand tools that allow you to be most effective in directing your marketing.

Process-based improvements:

- Achieve greater brand consistency internally and externally with all partners and vendors.
- Wide range of pre-produced templates and guidelines.
- Reduce creative-to-print costs by as much as 25%.
- Shorten production cycles and quicker time to market by 25% and revision by 50%.
- With a well-defined brand, you control where projects are done.
- We support and help with the transition to having in-house capabilities.
- Reduce redundancies throughout the brand lifecycle and lessen stress on team.
- Improve communication and predictability of production processes.
- A system that is faster and easier to access brand assets that are consistent, eliminating costly creative and production costs.
- Expandable Brand Atlas™ that grows with the brand.

Clients are able to maintain control and consistency of the brand while using our deliverables in-house and with multiple vendors. The brand experience for the customer or member remains consistent and has strong brand impact, keeping costs low for the client.

Reduce creative-  
to-print costs by  
as much as  
**25%**

**5%**  
increase in  
member retention  
can increase a  
company's  
profitability by  
up to  
**75%**  
*Source: Baines and Company*

## **At a 500% replacement cost, each individual is irreplaceable**

All business expenses are important, and no one would willingly select a direction that is 500% more expensive. In many research studies on replacing lost customers or members, the findings estimate that the ratio is one to five or even one to seven. For every one dollar that could have been invested in keeping a patron happy, it will cost five to seven dollars to find and engage a new patron. Existing patrons also spend more, purchase higher margin products and services, and are more likely to refer additional people to the organization. They are low investment and high return for years. According to a study by the global business consulting firm Baines and Company, “A 5% increase in customer retention can increase a company’s profitability by up to 75%.” The study also reported that “when MBNA America, a Delaware-based credit card company, cut its 10% member loss rate in half, profits rose a whopping 125%.” Customer or member loss rates and the reasons behind them are not just a measurement of service, quality, and brand satisfaction, but they also serve as a guide for what is needed to improve the pattern. They are the platform to create long-term growth and sustainability for your organization.

### **Deep pockets versus better relationship**

It is practically impossible to compete with mega banks that have large marketing or operations budgets. Instead, focus on an area that your organization can excel at: “Quality Service and Relationships.” Any organization, no matter its size, can formalize and build a stronger brand at a relatively low cost. It is the brand promise and the emotional connection that people value, not the price. Richard Minitzer, author of *The Myth of Market Share*, studied whether market share is an indicator of brand health and concluded that it is not. Minitzer cited one study of 3,000 companies which found that more than 70% of the time, the firm with the biggest market share doesn't have the highest rate of return customers. More evidence that in most cases the larger the company, the lower customer loyalty is. Brand-based relationships are the asset that determines the present and future health of the organization.

## **The choice is ALL theirs**

### **Maintaining peoples’ happiness and loyalty is critical**

In an effort to grow market share and build stronger brands, organizations dedicate and spend millions every year in advertising, more powerful websites, celebrity endorsements, and loyalty reward programs. People remember some ads and enjoy rewards, but do they feel more connected to your brand because of these? No. Marketing builds awareness and

perceptions that lead to connections. It is the quality of the relationship that improves member retention, and a 5% increase in retaining current members can increase a company's profitability by up to 75%.

The main reason why patron loyalty is important is that for every one dollar you would spend to keep a person satisfied you need to spend five to seven dollars to attract and have a new person replace them. Loyal patrons contribute through:

**Repeat Business** - They purchase your products and services again and again. Create lifetime patrons who continue to use your products and services due to quality of an experience.

**Referrals** - Patrons at the brand stage of preference are champions of your organization by word of mouth and will refer new members to you. Happy and satisfied patrons are often your best business development associates.

**Cross-selling** - Patrons who are brand loyal trust your brand promise to deliver quality products and exceptional service.

**Insulate you from the competition** - The more a patron values your brand and its influence on their life, the harder it is for the competition to attract them.

In building strong connections with patrons, you must focus on the fact that "they may not remember the interest rate or the ease of the process, but they'll always remember how the experience made them feel." Also you cannot be all things to all people, but you can be the right place for the right target audience." The best rates and lowest fees will not overcome an error made by the organization but a strong emotional connection will. Your brand promise is working when a patron or a potential patron chooses your company over a competitor. Think of a brand you are loyal to and how often and to what degree you visit the brand. On the other hand, think of a brand that lost your loyalty. It only takes one awful experience or a few mediocre ones for a person to move on.

We engage brands every hour of everyday from the first cup of coffee, the car we drive to work, the radio station we listen to, and where we go for lunch. Some we select because they are convenient and the item is unimportant to us. Other brands we choose are essential, and we would rather go without than use another brand. Patrons decide who grows and who shrinks. As Sam Walton, Wal-Mart founder, stated, "There is only one boss... the customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else."

“Going through James Clark Designs’ formal branding process brought even more clarity and purpose at all levels to what was a very unified credit union to be a more consistent and brand focused.”

**Rich Jones**  
*Former VP of Marketing for Elevations Credit Union*

Selecting a retail  
bank decision is  
driven by

**36%**

brand image

**21%**

branch proximity

**14%**

products and  
services.

*Source: J.D. Powers  
and Associates 2009*

## **The frontline has the greatest impact on the bottom-line**

With all the changes in how financial institutions conduct business, the size of the institution is becoming less of a decision factor. Brick and mortar branches are being replaced with technology advancements making all businesses convenient. Product offerings are very different, but with regulations and market factors, a checking account is a checking account. Your staff is uniquely yours. The teller who makes a customer's weekly deposit, the familiar voice at the call center, or any other person to person touch-point is your brand. The engagement of the new person is more important than the actual product or service.

It is crucial that your staff understands and supports the organization's brand. A loyal staff encourages a loyal patron. Once the brand is defined and communicated, you must manage the brand experience. At every level of the organization, from the CEO down, employees must be on-board and at every touch-point. The best brand strategy or creative campaign will not fully succeed if the brand experience is not lived by the whole organization.

### **First impressions can last a lifetime and are major decision makers.**

In a 2009 report from J.D. Powers and Associates on selecting a retail bank, shoppers stated their selection decision is driven by - 36% brand image - 21% branch proximity - 14% products and services. Image was the number one reason why consumers select a particular financial institution. Most people have seen a logo, an ad, or visited the website before engaging an organization. Let your image communicate your outstanding service and brand value to project a positive, lasting impression.

An authentic brand promise delivered consistently is a win/win situation. The customer or members get an experience they value, and the organization is stronger, healthier, and a more satisfying place to work. People achieve more when they feel good about what they do, who they do it for, and see positive results for everyone. Brand training is a critical part of building a brand and keeping it healthy. To ensure strong communication regarding your brand information, ask yourself, when did you last discuss brand value with your staff?

### **Continuous Brand Training Workshops & Communications**

Once a quarter, each employee should spend at least an hour in a brand workshop of small or large groups. Once a month, post new brand stories on the intranet and create a contest. Communications from top management cannot be strictly about revenues and productivity but align results and activities while supporting the brand.

### **Annual Brand Training Event**

This can be an annual event that reminds the staff what a brand is, why it is important, and what yours is. Share stories of how your brand is delivered day-to-day throughout the organization and how it delights the individual patron. Recognize those who have lived the brand to the highest level.

### **New Employee Brand Training Orientation**

New employees always receive job training, but they need to understand the brand, too. Do you have brand mentors who show how their job aligns with and is delivered on brand?

### **Evaluating Potential Employees' Alignment to the Brand**

The organization's brand is defined and built so measure an employment candidate's with it. You know the brand culture, attributes and the brand promise. Develop questions directly built around the brand. In answering general questions, do you see they reflect your brand? The organization, the team, and their success are proportionate to how well each staff member lives the brand.

### **Reward Brand Behavior**

You know what brand success looks like and have set branding goals. Establish rewards for good, great, and outstanding brand behavior. People need to be recognized in their quality work or service and know it is appreciated. Based on the impact of brand behavior, you can have a range of rewards from a \$10 gift card to extra vacation days.

“ We truly feel our new brand fits us perfectly. Their training also helped our staff field questions from the members about the change and the new brand resulting in a very smooth transition. With the launch of the new brand and a new branch we have seen an initial **38% increase in new members.** ”

**Daniel W. Fiorino**  
*President/CEO*  
*MilePost Credit Union*

“The first reward after completing James Clark Design’s branding process was hearing our staff say ‘we now look like the professionals that we are’. Another important benefit has been how their templates and training have allowed us to create our own in-house capabilities, which has lowered our reaction and delivery times while also significantly reducing costs.”

**Shannon Childs**  
SVP of Marketing Kitsap Bank

## Summary: It’s their choice – It’s your future

How does all of this add up to “Pays For Itself”? The cost of branding is often based on the size of the organization because the larger the organization, the more staff to work with and more touch-points to address. Cost is also influenced by how much current research is available and other individual factors. The general costs usually can range \$25,000 to \$60,000 for a solid formal branding process. Based on these costs and the data in this White Paper demonstrating how much a strong brand can build an organization, how can the following items be improved?

- A more focused and Purpose-Driven Brand culture.
- A better understanding of who your target audience is.
- Your competitor brand SWOT defined.
- Define your distinctive brand and brand leadership position.
- Your visual brand and brand messaging more consistent and aligned with your distinctive brand.
- A better brand experience for the patrons and higher patron retention.
- Being able to produce consistent branded materials faster, and at a lower cost.
- A Brand Atlas™ that manages and guides the brand migration.
- Higher staff performance and retention.
- Better tools to hire the right person for the right position.
- Prepared for all the people who are starting to look for new financial institution relationships.

If each of these items had a 0.5, 1, or a 2 percent improvement in the next two years, would that pay for itself at cost? Once you start to build a stronger brand, improvements pay back each year again and again. We believe the cost would be repaid rather quickly.

Beyond being experts at branding and understanding financial institutions, our clients really enjoy working with us. As they say, if you don’t ask, you won’t know. Contact us at 206.623.0908 or [info@jcdi.com](mailto:info@jcdi.com) with a question or request a quote for your unique organization. We would love to discuss branding or any other marketing challenge you may be facing. At the core of our brand is being a Valued Partner. We know how valuable your time is and appreciate the opportunity to help.

