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Developing a Bank Marketing Plan

by Dick Pamperin

"Will our bank be sold to a large holding company bank?" That was a question our employees asked us during development of Marion State Bank's strategic plan in 1984.

In hindsight, I realize our first strategic plan fell short of fulfilling the need for viable and attainable goals. We didn't have the necessary tools to build a strategic plan that fit the area and customers we served.

With the planning guide from the American Bankers Association's Transition in Agriculture: A Strategic Assessment of Agriculture and Banking, we centered on developing our bank into a small vanguard bank. A vanguard bank develops new and different banking services for its community and takes an active role in the economic development of the rural economy. Early in the process of developing a marketing strategy, we decided we needed to know our customers' feelings about the bank, their demographics and the services they used.

Survey gives insight

The first step was to survey our present customer base. The survey was mailed to 2,100 bank customers. We received almost 1,600 replies.

We asked these questions:

1. Why did you select our bank?
2. Which of our financial services do you use?

3. When you call or visit, does our staff give you friendly, personal service?
4. When you call or visit, is our staff prompt and efficient?
5. When you have banking questions, is our staff knowledgeable?
6. Are our banking hours convenient?
7. Is our drive-up window and parking convenient?
8. Would you please tell us your age category?

Convenience was the primary reason customers said they selected our bank.

9. Which category best describes your annual household income?
10. Which radio, newspaper and shopper guides do you listen to or read?
11. Do you use the yellow pages of the phone directory?
12. If we included a newsletter with your checking account statement each month, would you read it?

Tabulation of these results gave us a good understanding of how our customers regard our bank. We also gained information on our customers' feelings toward media advertising in our bank's service area.

More than 220 customers gave us additional comments which were especially helpful in determining the services that customers found favorable and unfavorable.

Our results

We found, for example, that only about 30 percent of our respondents would read a newsletter if we included it in their monthly checking account statement or would refer to yellow pages for information about financial services.

Convenience was the primary reason customers said they selected our bank. A family bank atmosphere and reputation ranked

second and third, respectively. Advertising was the lowest ranking reason.

After combining information from the survey and following the considerations as outlined in the planning guide, we developed a five-year strategic plan for our bank.

Developing Staff Responsiveness

With the new strategic plan, we developed a marketing plan for the bank. First, we concentrated on developing staff members' skills and knowledge of banking. This was accomplished by encouraging the staff to attend banking schools. The bank paid the course fees, transportation and their time off work.

During the past three years, 15 of the bank's full-time employees have attended one and two week schools. These schools included seminars on teller functions, personal banking, commercial lending, agricultural lending, lending principles, basic banking, computers, auditing and bank management.

Also, all employees attended numerous seminars on accounting, business law, marketing, computer enhancements and communication techniques. These schools and seminars allowed our employees the benefit of rubbing elbows with other bankers, which gave them new marketing ideas. This also provided our employees with the opportunity to form valuable relationships with fellow students as a future resource.

Staff education is the most important ingredient of a marketing strategy for a rural bank. Employees must be trained to cover all the bases. If they get stranded on third base, the bank won't score.

Tune-in the marketing plan to meet customer needs

As a result of the survey, we gradually changed the annual marketing budget to reflect the needs and wants of our customers. The following information is a comparison of the changes in the bank's expenditures for marketing over several years.

Percent of Marketing Budget by Category

Type of	1984	1987	1988 Projected
Advertising			
Radio	17%	8%	6%
Newspaper	20%	14%	12%
Novelties	31%	19%	15%
Complimentary	13%	18%	20%
Public Relations	19%	41%	47%
TOTAL DOLLARS:	\$24,100	\$25,600	\$30,000

We determined, early, that more benefits were derived from direct and personal "good will" expenditures than spreading our marketing dollars over the many newspapers and radio stations that cover our bank's three locations. We have small population increases and little customer movement, so we targeted our non-customers and used personal items to gain them as customers.

Gift certificates, redeemable at local businesses that are present bank customers, are one of our best tactics. We have used the certificates: to recognize golden wedding

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anniversaries, to recognize customers' accomplishments and as prizes at community events.

Our marketing plan emphasized the need for employees to build personal relationships with customers. The employees did this in the past — to some extent — but now management vocally supports and encourages this technique. Our goal is to be the

"listening" and "caring" financial-service provider to the community.

Be service oriented

We decided, with the downturn in the agricultural sector, that we could market additional services to our dairy farmers. As a result we developed a dairy-farm analysis computer program, "The Farm Doctor." This program rates a dairy operation and is an effective marketing tool for present and prospective farmers. "The Farm Doctor" rates dairy operations in nine different financial and operating categories. The performance in each category is scored with an overall rating, based on the total score of all categories. The program is flexible so that the "what if" scenarios can be reviewed and compared by the farmer.

Look for new opportunities

Our bank is known in more than 10 counties because we clerk farm auction sales. We list between 100 and 300 prospective farmer-buyers at each auction sale, which gives us a huge list of farmers to whom we can market our services.

We also have reviewed the retail businesses of our community. During the past 10 years, the three communities that our banks

serve have lost two grocery stores, two bakeries, two farm implement dealerships, a variety store and a furniture store. We know we can't compete with larger cities in the retail trade, but we can compete for service businesses.

By involving the bank with the local economic development corporation, we have succeeded in landing a new district office for a public utility, a new medical building, a new farm-implement business and a live-stock auction barn. We also increased the employment of a manufacturing company. The expertise of our knowledgeable staff and the presence of our involvement in community economic development, has been a plus for marketing our bank. If we can't provide a particular service, we try to assist the customer by acting as a conduit with someone who can meet our customers' needs.

We also made a commitment in our marketing plan to reduce the daily mechanical functions our staff performs. The objective was to give our staff members more time to spend with customers to develop personal banking relationships. This was accomplished with the installation of an in-house computer. With the computer now handling functions like automatic payments, central file information and the storage of customer history information, the staff has

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more time for customers. Another part of our marketing plan centers on efficient responses to our customers' needs. The new computer allows us to provide customers with statements of checking accounts or loan payments as they wait in the bank. Previously, when the bank used a service

bureau for its accounting, it could take days to perform the customers' requests. During the past two years our data base on our customers has grown tremendously. We now can target letters and/or mailers to segments of our customer base almost instantly — right down to mailing labels.

We also can coordinate marketing to

The marketing objectives for your bank will vary, but the ingredients will closely resemble ours.

them on a weekly basis. The marketing effort is then handled in all three banking locations and uses all advertising mediums with the same themes. For example, we coordinate radio, newspaper and drive-in envelopes to sell safe deposit boxes in May when people are ready to leave on vacation. We coordinate other themes such as individual retirement accounts (IRA's), home improvement loans, student loans and agricultural loans to the time of year they are important to the customer.

As a result of our marketing plan, we now use our bank's potential to market our services more efficiently and effectively than in the past. Most importantly, the rural communities we serve are alive and flourishing.

The marketing objectives for your bank will vary, but the ingredients will closely resemble ours.

Your successful marketing plan should include:

- a strategic plan for your bank,
- a survey of your customer base,
- educated employees,
- ample time for employees to spend with customers,
- useful, unique products for your customers,
- efficient delivery of our services.