No two downturns are similar. And this means that there is no fail-safe map for marketers when a recession hits - especially when it thunders in with the force of the current global economic maelstrom.

What US banks in particular have learned, however, is that now is not the time to go silent. The Nielsen IAG Financial Brand Confidence Study, a survey of 5 500 US respondents, found that marketing activity increased confidence in their financial institution. When asked what factors would increase their faith in their bank, respondents cited:

- Regular advertising (25%)
- Regular mail or e-mail offers (25%)
- Regular Internet offers/advertising (21%) and
- Positive media (44%).

So it’s not so much a case of ‘out of sight; out of mind’, as much as ‘out of sight; out of business’ - at least for US banks. Happy Ntshingila, Absa’s Chief Marketing and Communication Officer, agrees: “Presence and relevance is important for Absa. If you turn on the TV, try not to find the Absa brand, you aren’t going to succeed. This doesn’t mean we are indiscriminate; we are focused in our marketing efforts. Take our sponsorship strategy. A number of our competitors have pulled out of sport sponsorship but we have gone the other way. What you won’t find with our sponsorship associations, however, is vanilla branding. It’s not just about brand association; we always tie it back to a product and we are always out there.”

And of Capitec Bank’s client-comfort offering, Charl Nel, the bank’s head of strategic communications, says: “Our approach is to offer easy-to-understand options to the consumer. This puts them in control; they can make the best decisions based on their unique circumstances. In addition, our value-for-money offer is underpinned by technology, which brings down costs. These sustainable, technology-based cost-savings allow us to offer lower fees to our clients. But financial security is also a function of compliance and risk-taking, so Capitec Bank follows a conservative approach to liquidity and risk (as reported to the regulatory authorities and in the media at each financial year-end), and we comply with all the rules and regulations that govern the banking industry.”

While it’s true that South African banks didn’t face the full impact of the financial crisis which saw bank failures in many other countries, they have not gone unscathed. Budget cuts and pressure for marketing activity to produce returns have seen banking marketers here having to do more, with less. And this has meant some major strategic shifts.

In general, South African banks face significant marketplace challenges, made even more daunting by the recession, as consumers become more cost- and value-conscious - not to mention more cynical and better self-educated, thanks to the Internet.

Luisa Mazinter, CEO of theMarketingSite.com and GIBS MBA lecturer, has worked with many of SA’s large banks. In her view, “In general, the major banks don’t know their customers as they operate in silos and their databases don’t provide a 360-degree view of their clients. They have complicated legacy systems and structures aimed at meeting short-term, business unit-specific quarterly performance targets, rather than building long-term, personalised client relationships, so creating opportunities to grow the lifetime value of their customers through cross- and up-sell strategies. Customer relationship management is failing. Sending SMS notifications of banking transactions is not the same as having a conversation; a real relationship. And if customers aren’t engaging with their bankers, they are venting in their online networks.”

In Mazinter’s view, the banks’ operating environment here has changed radically; hyper-competition, new market entrants such as cell phone companies and retailers, and customers having a platform to vent their frustrations through social media channels are all in the mix. “Some banks are changing their approach to the market through customer-centric messaging,” she admits, “but generally the pace is slower than it should be.”
She cites Capitec Bank as a market-mover: "It has really upset the applecart because its positioning is so different: simplicity and fee transparency." Comments Nel: "Those people in the market who resonate with this promise will naturally gravitate towards us. As consumers are coping with increased financial pressure, the questions they are asking their financial service providers are getting more and more critical. These consumers have also made a mental leap in terms of absorbing and believing advertising. Consumers see advertising as 'Yeah, whatever'. However, they believe what their friends have to say about certain brands or services. What's more, social media have changed the way we interact. Consumers can share the good and the bad of offers and brands on online platforms such as Facebook, Twitter and hellopeter.com – it's there for everyone to see. "Brands, especially in the services industry, that got stuck in the 'advertising fluff' paradigm will become less relevant over time. Capitec Bank has always followed the approach of being straightforward, transparent, of benefit to the consumer. Fee discrepancies are driving consumers towards us. Our clients pay the same for each transaction whether you have R100 or R100 000 in your account. Some banks are now following our approach and we see that as a great compliment." As one of the top, largest banks in South Africa, being voted the No. 1 Banking Brand and Coolest Banking Brand, Absa has embraced change in recent years. Says Ntshingila: "Innovation is a big driver for us. Absa was the first bank to introduce Internet banking just as an example, and our first-to-market CashSend offering is another. Absa has also added other innovations such as contactless payment cards (known as tap 'n go) for easy low-value payments, our in-store point-of-sale banking solutions and a prepaid card solution for disbursing funds on cards by governments and corporate institutions. All of these extend our reach and make it easier for customers to transact. "Our big strategic driver remains the One Absa strategy. Based on customer segmentation we are seeking to make banking easier for customers, including broader inclusivity in the entry-level market, while deepening relationships and improving the overall customer experience, including incentivising customers for the number of products used. The objective is to continue creating value for customers. One Africa and One Barclays are natural strategic extensions of this approach, serving almost 15 million combined customers in 12 countries across the continent offers exciting growth prospects. In combination, Absa and Barclays have an outstanding set of businesses across Africa and a unique opportunity as ‘One Bank’ to be the financial services provider of choice." The bank's brand success is evidenced by the fact that it is has notch up a number of other accolades including: the Best Internet Bank in South Africa and the Best Islamic Bank in Africa and the Middle East, two years in a row as rated by Global Finance; the Best Islamic Bank in South Africa three years in a row as rated by Islamic Finance News and, most recently, The Asian Banker named Absa: Best Retail Bank in South Africa and Best provider of Mobile Phone Banking (International) "Absa's brand success is consistent. And it isn't just a fluke," says Ntshingila. As to its approach to innovation, Nel argues that Capitec Bank's offer is the best on the market. "We give full transparency and the best value. As one of our banners in our shop windows - note, I did not say 'branch' - says: 'if you are not banking with us, you are paying too much.'

"We designed our model from a consumer's point of view rather than from the bank's point of view. This is why it take minutes to get a transaction approved and not days, as is with traditional banks, or for clients being able to do paperless transactions just by swiping their cards and providing their fingerprints. And if they want to open a savings account and fix the savings term in order to get higher interest they can determine the period to fix it. They don't have to slot into pre-specified bands the bank has decided."

"On the question whether they have changed their strategy as the financial crisis deepened, Nel mentions that Capitec Bank's message hasn't changed. He quips: 'I can just imagine those briefing sessions at the other bank's agencies, trying to get a grip on our stripped-down approach to marketing…' He says that Capitec Bank read the signs "long before we started our more public messaging approach three years ago. "We may have even contributed to this new trend. Our success in the market place has made other players aware of our different approach to marketing and just looking at our results I can understand why they would want to follow our approach."

Indeed, it boasts an interesting accolade, too: In March 2010, Credit Suisse named Capitec Bank as one of the ‘Great Brands of Tomorrow’ — the only brand in Africa on the list. What's even more different, Nel posted a creative brief on Idea Bounty, a crowdsourcing site for advertising concepts, asking for print and online banner ad ideas that celebrated the honour. The prize for the winning concept was $5 000 and the deadline just seven days. In less than a week, 600 concepts had been submitted and, by the end of the month, Capitec Bank had made its selection and had the winning concept running in local papers. "I've always thought the 1970s agency model still used is past its sell-by date, but never considered crowdsourcing as a solution," said Nel at the time. "But this method — combined with a strong and experienced marketing team who controls strategy and packages tight briefs — might just be the next big thing in our industry, and it takes care of the issue of cost and in-house agencies getting stale."

Clearly banking marketers are in deep, but invigorating, waters. Aside from waiting to see marketing responses from the other major banks, it will be interesting to watch Absa and Capitec Bank, both distinguished banking brands, and track their tactics and execution in coming months.

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BY LYN SmerczaK

[the Journal]