

FOCUS

ON FINANCIAL SALES, SERVICE & MARKETING

BROUGHT TO YOU BY IBAT & CBAO ? AUGUST 2004

HOW MUCH SHOULD YOUR BANK SPEND ON MARKETING? Banks often wonder how much is too much when it's time to budget for marketing-related items, but there is no one-size-fits-all answer. First, the term "marketing" must be defined for budgetary purposes. The Genesis Group recommends that marketing, sales and community relations budgets be three separate budgets that include line items such as:

MARKETING

- Product development and delivery
- Product promotion and merchandising
- Branding and image development and management
- Collateral (sales materials, brochures, statement stuffers, financial reports, etc.)
- Advertising and media
- Public relations
- Customer and employee communications
- Creative and agency expenses
- Special events
- Promotional advertising, giveaways

COMMUNITY RELATIONS

- Donations and sponsorships
- Non-monetary donations
- Community advertising
- Memberships and dues
- Entertainment and travel

SALES & SERVICE

- Training
- Sales management and tracking
- Business development entertainment and travel
- Customer satisfaction and service quality
- Employee recognition, special incentives

How much should your bank spend? A rule of thumb is one-tenth of one-percent of total bank assets for marketing and half of that amount for community relations and sales. In other words, a \$100 million bank would spend \$100,000 annually on marketing and \$50,000 on community relations and sales. Another rule is this: the marketing budget should not increase incrementally each year. One year, because the bank may be undertaking major initiatives such as entering a new market, introducing new products, etc., the budget may need to swell. Likewise, low demand years mean the budget may contract. Of course, banks in expensive markets may spend two to three times what a bank in less expensive markets might spend simply because expenses such as media may be more costly.

NEXT MONTH: HOW TO MAKE YOUR ANNUAL REPORT A SALES TOOL



THE GENESIS GROUP

Branding, marketing, sales, branching, product & advertising

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