

Considering a Separate Digital Brand in Times of Crisis

If you've been considering the launch of a separate digital brand, now is the time to do some real soul-searching. With the COVID-19 pandemic drastically impacting our economy and our everyday lives, people are desperately looking for reassurance and stability. This is why your long-standing brand, which may at times feel outdated, is actually a beacon of dependability right now. So when the dust settles, will you still be ready to make a change?

If you haven't focused on strengthening your current brand, and your marketing efforts to this point have been less than adequate, what makes you think you will be an expert with a new brand? If you have a truly unique idea, or want to target a specific demographic/affinity group, there could be a great business case to consider a new brand. Otherwise, the current crisis is showing why there is still great potential in the brand you already have.

While physical branches are making major adjustments for the COVID-19 pandemic, your digital offering is being put to the test, as even the die-hard laggards are making the plunge into digital and mobile banking. With this in mind, many would argue that now is the time to focus on your existing business. So should you still consider launching a new brand?

Know Your Why. Know Your How.

When deciding whether or not to go forward with a digital-only brand, it is important that you understand why you are doing it and how you will do it differently. Knowing why is pivotal not only to develop a strategy for your launch, it can also dictate how and to whom you target your marketing efforts. It can also help you to establish goals, metrics and benchmarks for success. For example, diversifying your deposit base may be part of your risk strategy for times when the economy is in crisis. How will you measure this diversification and determine which types of offerings will help you with new target markets?

Kristin Sundin Brandt is the President of Sundin Associates, a marketing company out of Natick, Mass., specializing in community banks. As she puts it, whether or not to launch a digital-only brand is the "elephant in the room" for the financial industry. "Should you have a separate and distinct brand for your deposit acquisition strategy?" she asks. "The answer is that it's up to you."

Brandt mentions four primary reasons, from a marketing perspective, that a community bank may look towards a separate digital-only brand as a main pillar of their deposit acquisition strategy.



1. You want to specialize

Perhaps you are uniquely set up to target a specific profession, type of business, or a specific affinity group, with a highly specialized offering. Expanding the base of your customers can help you mitigate performance fluctuations when there are unpredictable changes in the banking environment and the economy. Therefore, specializing a brand to suit a specific customer base and its unique needs may be a convincing reason to strike up a digital-only brand.

2. You want to do something different

A long-standing bank often brings with it a long-standing tradition and brand story. This is the whole point of branding. However, if you are looking to take a radical new approach in order to reach a new demographic, it may be worth separating from your established bank to reduce the risk of alienating your loyal customers.

3. You want to beta-test a re-brand

Perhaps you've already contemplated a complete overhaul of your brand, including a new name, logo, product suite, etc. Launching it as a separate digital brand first can give your bank a way to test the new brand's appeal with your customer base, as well as prospective customers just being introduced to your bank. While customers are depending on you to be a constant during uncertain times, this can minimize the risk to your existing brand while building and testing a possible replacement.

4. You want to expand your footprint

You may be tempted to reach a new client base outside of your geographic location. Offering a new and enticing product exclusively through the digital channel can give you the capability to reach people regardless of where they reside. In many cases, this can prove most effective if the target market is just a slight extension of your current footprint. Just remember, if you already have a limited marketing budget, your ability to market a new brand across the country will be far out of reach.

Know the Risks

Before diving into such an endeavor, it is important to understand the risks associated with such a move and to know what options you have to leverage. Cost, speed and scope are all things that should be taken into consideration in your planning.

For a community bank, costs can range from hundreds of thousands of dollars to several million dollars, over time. This may be acceptable to your bank or it may be prohibitive, depending on your strategic initiative. Considering development, marketing and operations, a separate brand does not come cheap, nor does it happen overnight. Therefore, it is important to define your strategy and goals to understand the cost and the return on investment.

There is also a very real risk of alienating your customers. Many people in our communities are currently facing unprecedented financial hardships, and they will be relying on their trusted community bank to help them through personal and business-related financial needs. Any major change, including a shifting business focus, could add to the uncertainty that your customers are facing and damage the trusted relationships you currently have.

If you determine that a separate brand doesn't make sense at this time, you can still achieve some of the same outcomes by enhancing and marketing your existing brand. With a focus on marketing your existing brand, you can highlight desired products, services and features without sacrificing the brand equity you've already built. By putting energy into your existing brand, you may be able to reach your objectives in a more efficient manner.

In such uncertain times, it's always worth leaning on your partners and seeking advice from the experts. Working with your existing partners, particularly your core provider and a marketing specialist, can help your bank formulate its plan. Such consultation can provide insight on how your bank can achieve its goals strategically using available technology. This way, when your bank creates a new digital brand or refines and enhances your current digital offering with your existing brand, you can do so with a clear intention and a goal-oriented strategy.