

Cutting Through the Noise in Business Banking

Generic messages missing business customer targets

A by-product of Australia's highly competitive business banking markets in 2006 has been the surge in advertising, marketing and communications aimed at business customers. Until relatively recently, business banking struggled to gain any shelf space in branches, and marketers would return from budget meetings empty handed whilst their cashed up colleagues in retail rushed gleefully to their next meeting with the art department. A quick glance at advertising in newspapers, on hoardings, the sides of busses and at airports reveals that this is patently no longer the case. Business banking related advertising and marketing, both generalist and product specific, has never had greater prominence. The challenge now for marketers and strategists in business banking is to come up with initiatives which cut through the "noise" created by so much advertising and which clearly communicate a provider's proposition to business customers.

A prime example of this type of market "noise" – and the subsequent challenge to differentiate a bank's brand – can be found in the number of awards now dished out annually for the title of 'Best Business Bank'. Granted, it is a marketer's dream to be able to launch a campaign off the back of winning such a title. But the message is surely diluted when there is more than one bank proclaiming to be the 'best'. In fact, there are currently three 'best' business banks in Australia: National Australia Bank, ANZ and St George. NAB snared the moniker in *CFO* magazine's awards, ANZ in *Australian Banking & Finance* publication, and St George in *Money* magazine. Whilst these publications arrive at their results via different means, the outcome is effectively the same: bragging rights for the winner. The real value, of course, lies in the association made in the minds of business customers when they view advertising based on a bank winning one of these awards: "Bank X is the best business bank which means they must provide the best service and understand business customers like me"....is what advertisers want them to think.

To find out whether or not these types of awards resonate with business customers, East & Partners placed some additional questions in the October round of our Business Banking Sentiment Index. East asked Micro Businesses (A\$1 to 5 million turnover); SMEs (A\$5 to 20 million); and Lower Commercial companies (A\$20 to 100 million) whether they knew which bank was named 'Best Business Bank' for 2006 and would they be more likely to switch to a bank which claimed this title. The first surprising finding was that Westpac was overwhelmingly deemed to have won the title of Best Business Bank in 2006 with 29.8 percent of businesses interviewed that month nominating the bank, almost twice as many as NAB, which 16.3 percent of businesses thought was the current Best Business Bank.

Too many 'bests' spoil the message

The irony here, of course, is that Westpac did not actually win a "Best Business Bank in 2006, title whilst NAB did. Of the other banks that can lay claim to versions of the title, only 6.7 percent of businesses thought ANZ was Best Business Bank and just 3.1 percent thought it was St George. Furthermore,

there were strong similarities between the responses of the various segments. Micro Businesses and SMEs both placed Westpac out in front followed by NAB with ANZ quite a way back in third place. Lower Commercial companies, though, had Westpac and NAB practically neck and neck and way ahead of other providers.

It would be illuminating to delve deeper into the answers to the question to try and gauge whether responses were informed, semi-informed, or merely guesses – although a whopping 33.1 percent of interviewees said they were unsure or did not know. A clue to these outcomes may be found in another area covered by East's monthly Index, which is customer awareness of business banking advertising. Westpac regularly tops this monitor followed by NAB then ANZ with Commonwealth Bank scoring significantly poorer than its peers in this category. Given the correlation between these sets of results, high awareness of Westpac's business bank brand could be influencing responses to the award question. This is good news for Westpac as "share of mind" is a leading indicator (second only to customer satisfaction) of which direction a bank's market share is likely to head.

This then leads us to the most important question: Does holding the title of Best Business Bank influence the decisions of business customers? The overriding response is no with just one fifth of business customers indicating it might encourage them to consider switching bank – if they knew which bank to switch to. Responses to this question reveal greater disparities depending on the size of the business with more sophisticated (and importantly, relationship managed) larger businesses showing little inclination to switch based on the results of such awards. Almost a third of Micro Businesses, on the other hand, said it might have an influence on their bank engagement behaviour. Again this reinforces the fact that there are numerous channels to market with different business segments responding to different messages presented in different ways and locations. (Next year East will begin tracking this more closely). Generic messages will struggle to slice their way through what is sure to be an even "noisier" business banking market in 2007, testing the mettle of marketers to find the most effective ways of speaking to business customers. Knowing where and what catches the eye of these customers will be imperative.

Which bank was named "best business bank" in 2006?

	% of Enterprises			
	Micro Business (N: 178)	SME (N: 177)	Lower Commercial (N: 155)	TOTAL (N: 510)
Westpac	30.9	36.2	21.3	29.8
NAB	15.2	12.4	21.9	16.3
ANZ	6.7	8.5	4.5	6.7
St George	5.1	2.8	1.3	3.1
CBA	3.4	2.3	1.9	2.5
BankWest	2.8	1.1	0.6	1.6
HSBC	2.2	1.1	—	1.2
Suncorp	2.2	—	—	0.8
BOQ	1.1	0.6	—	0.6
Other	2.2	4.0	7.1	4.3
Don't Know / Unsure	28.1	31.1	41.3	33.1
TOTAL	100.0	100.0	100.0	100.0