

*In this issue*

More than a name, more than a logo, your brand is a promise that must be kept from the Boardroom to the mailroom.

Market smarts

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Branding: Calling all Customers

THE INTERNET explosion and globalization have given consumers easy access to a kaleidoscope of products and services they could only dream of less than a generation ago. And these same trends have revolutionized the business landscape for financial service providers. The once staid financial services sector has been transformed into an around-the-clock banking, insurance and wealth management industry, with no sign of a slow-down in its continuing evolution.

Competitors, like ING Direct, have taken advantage of deregulation and new business models to position themselves as streamlined successors to traditional banks and credit unions. These forces have effectively commoditized day-to-day financial services, as price and rate differentiation between them is unnoticeable. Never before have consumers had so much choice, nor such ease in comparing service providers. In this new competitive environment, it is critical that credit unions offer unique values that attract attention and promote sales. The need to create, build and sustain a brand position that drives home a powerful message to consumers is becoming vital for profitable growth – and, perhaps, in the long run, survival. This edition of *Market Smarts* examines the challenge of branding the credit union in the 21st century. □

What is a Brand?

Branding is always topical in marketing circles. Amazon.com offers more than 120 books on the subject and definitions abound. Simply put, a brand is a set of perceptions that a consumer has about a company or product. These perceptions provide information the consumer uses to distinguish between competing offers. The consulting firm Brand Solutions Inc. provides a more academic description: *brand is the proprietary visual, emotional, rational and cultural image that someone associates with a company or a product.*

The brand is particularly important when a consumer has limited time, or interest, in doing research prior to purchase and, therefore, his or her perceptions become paramount in the buying decision. Further, brand extends far beyond an organization's basic identifying elements, i.e. name, logo or tagline, to encompass all elements needed to support the brand, including customer service, product quality, and delivery channel.

The Need for an Effective Brand

People can have the Model T in any colour – so long as it's black.

The world has changed in the decades since Henry Ford uttered those words. Today's consumers have unprecedented choice in products and suppliers. Thus, it has never been more important to create a consistent and positive perception in the consumer's mind of what a product or service represents and what it can deliver. The Ivey Business Journal reports that in 1975, 50 percent of the value of Fortune 500 companies was attributed to tangible assets. By 1995, this figure had plummeted to 25 percent. Intangible assets, including brand, have become the dominant measure of an enterprise's worth.

Figure 1 Familiar Brand Associations

COMPANY	VALUE
Coca-Cola	Refreshment
Wal Mart	Value
Disney	Happiness
Lexus	Quality
Hallmark	Caring
Kodak	Memories

SOURCE: Peter Sealey, *Winning Loyalty in a Changing Marketplace*, presentation to Credit Union Central of British Columbia Semi-Annual Meeting, Nov. 29, 2001

The benefits of an effective brand cannot be underestimated:

- Reduces comparison-shopping and promotes customer loyalty.** When marketed effectively, a brand will trigger a positive emotion and expectation among consumers, making them predisposed to select the company's product again and again, and less likely to consider a competitive alternative when the need arises. The brand creates confidence in the consumer's mind that he or she will make the right decision if they select the product. Much like Wal-Mart and "value".

THE LANGUAGE OF BRANDING

Brand is the proprietary visual, emotional, rational, and cultural image associated with a company or a product.*

Brand Equity is created by a combination of name recognition, perceived quality, customer loyalty and brand associations.

Brand Awareness is created when the consumer is repeatedly exposed to brand attributes and characteristics.

Brand Image is developed through marketing programs that create favorable and unique associations.

Brand Identity includes brand names, logos, positioning, associations and personality. A good brand name makes a distinct first impression and evokes positive associations.*

Brand Associations are the attributes that customers think of when they hear or see the brand name.* (See Familiar Brand Associations, this page.)

Brand Personality is the set of human characteristics associated with the brand by consumers.**

Brand Position is communicated through a positioning statement: tells someone, in one sentence, what business the company is in, what benefits it provides and why it is better than the competition.*

Personal Brand is a knowledge-based identity statement, based on who you are, who you want to become, and what your organization and customers expect from you, relative to any competition.*

* SOURCE: Brand Solutions Inc.

** SOURCE: WOW! A Branding Company

- **Creates marketing efficiency.** Proper positioning of the brand makes future marketing programs more effective because consumers are already aware of the company's key messages and, therefore, can focus on new information. The world's most recognized brands have succeeded in communicating the essence of their product or service through a few enduring phrases or images, such as Coke's 'the real thing' or the Golden Arches that identify McDonald's.
- **Deflects attention from price.** Globally, pricing power for companies has been in decline, putting pressure on

margins across many industries. A brand that establishes a favourable reputation or image can shift pricing power back to the supplier because consumers will look beyond price to get the added value they find in the product. A DDB Worldwide study conducted in 2002 reviewed 900 brands and revealed that people will pay an average of 14 percent more for a brand they "love" than for one they merely "like." In one case, the research found that a "lover" of Diet Pepsi would pay 52 percent more for the drink than a person who was only a "friend" of the product.

HOME DEPOT:
CREATING A
WINNING
CUSTOMER
EXPERIENCE

Under CEO Bob Nardelli, "enhancing the customer experience" has become a centerpiece of Home Depot's branding strategy. Experiments at a few Home Depot stores led to minor adjustments in all outlets, including increased lighting and improved

floor surfaces to create greater reflectivity. Store clutter was reduced and deliveries scheduled at night so shoppers need not compete for aisle space with forklifts. This frees staff for customer interaction. Workshops for women only were introduced

and more room allowed for product viewing. Home Depot is banking on the belief that small changes, such as these, will create a winning customer experience.

Building the Brand

Though advertising and marketing spending may have tightened up over the past year, what we found is that those brands that have put the customer experience first and developed their businesses around that, have been rewarded with increases in brand value

— GERRY KHERMOUCH, associate editor, *Business Week*

Far beyond creating a catchy slogan or symbol, building a successful brand requires consistency in all activities at every corporate level.

Brand spans all aspects of corporate communication.

A company's brand identity is communicated through multiple media, including mass advertising, stationary, signage, collateral materials, the Internet, and staff contact. A coordinated approach that ensures a consistent brand message across all of these customer contact points is essential to good brand building.

Brand experience is reinforcing – for better or for worse. Every interaction a customer has with a company affects the brand's status in his or her mind going forward. Chatting with a salesperson, reading an article about the organization, seeing an ad, learning of a friend's experience, speaking to call centre staff, or using the company's web site, all influence the customer's perception of the brand. To be successful, companies must deliver what the brand promises, at all levels of the organization. Brand inspiration should come from multiple sources. Customers, competitors and internal stakeholders can all provide crucial input to building and maintaining an effective brand position. To define the brand vision, a company must examine and

understand its competitors' brand strategies, customer expectations, and the organization's internal culture. Remaining aware of these various influences will help keep the brand relevant and vital in the future.

Brand must be unique. A brand has the potential to evoke an emotional response from a target market that cannot be easily replicated by a competitor. Great brands don't seek to be all things to all people, and are successful despite not having universal appeal.

Take for example Red Bull.

Avoiding the traditional advertising campaigns and media blitzes staged by industry monoliths like Coke and Pepsi, energy drink maker Red Bull has quietly developed a leading brand and worldwide franchise through "grass roots" marketing.

They did so with a clever word-of-mouth campaign and an irreverent message that appeals to the fickle young consumer who's skeptical of glitzy marketing. Among its tactics, Red Bull had student "brand managers" distribute its drink to young people, establishing Red Bull's credibility with this segment more readily, at far less expense, than using traditional advertising methods. Even in its packaging – an 8.3 oz. can versus an 12 oz. can – Red Bull is distinct and non-conformist. Rumors that the drink is unsafe for minors and linked to teenage deaths have added to Red Bull's mystique. Marc Gobe, of desgrippes gobe group, a New York based branding firm, explains: "the beauty of Red Bull is that it's the anti-brand brand. The brand's emotion is over the edge; it's pushing the envelope. Danger is part of the deal. If you can survive Red Bull, you are cool".

Building Brand from Within

Brand development naturally emphasizes the elements most identifiable with a company's image – name, logo, advertising, web presence, etc. However, it is equally important to address internal corporate factors – people and processes – that are critical to delivery of the brand promise and sustain the brand's image over the long term. A 1998 study by the Conference Board of Canada identified four internal factors critical to successful branding:

- CEO leadership and support;
- a distinctive corporate culture that acts as a platform for the brand promise;
- the alignment of brand messages across functional areas within the organization; and,
- support for the branding effort from a broad cross-section of employees and management.

Creating Brand Champions

While competitors can match an organization's core business, the unique combination of individual talents that make up its human capital cannot be duplicated. In its personnel, the organization holds an important key to gaining a competitive advantage. Thus, aligning the brand internally is crucial. It is impossible to deliver on the brand promise when employees do not understand what the brand stands for.

The term “brand champion” describes an individual who's deeply committed to a given brand and excited about its prospects. Firms that can cultivate such dedication among staff are more likely to see a return on their brand investment. Because brand champions feel ownership over customer issues, they are more likely to find solutions to problems and thereby enhance customer satisfaction. Their familiarity with and loyalty to the company's products enables them to influence the purchase decisions of family, friends and neighbours, and develop insights on product strengths and weaknesses.

How can organizations nurture brand champions? By ensuring staff understand the brand promise, by empowering employees with the confidence to contribute to the brand's success in their individual roles, and by developing programs that encourage staff to purchase the company's products. In the words of Brad VanAuken, President of consulting firm BrandForward, Inc. and author of *Brand Aid*, “Ultimately, you want to create a company full of brand maniacs, champions and evangelists. Not until this happens can you be sure that you have developed a brand building organization”.

Despite best efforts to incite enthusiasm and support for a brand launch, about 30 percent of employees and managers are “brand pirates” who will typically resist any change, and worse, seek to influence others. Another 50 percent of staff will be uncommitted while they wait to see who prevails – brand champions or pirates. Meeting the main points of resistance with information and training is key to winning over pirates and fence-sitters but building buy-in among this group can be a 12 to 18 month process.

Creating the Foundation for Brand Building

Brand building efforts can face multiple barriers on the path to successful implementation, including:

- lack of senior management commitment;
- change-resistant organizational culture; and
- poor corporate communications that deliver multiple and inconsistent messages.

In creating a foundation for brand building, companies must adopt strategies to overcome barriers and manage several key issues.*

- *Corporate vision and mission:* are they congruent with brand essence and promise?
- *Business planning process:* is it linked to the brand building process?
- *Corporate culture, values, and behaviour:* do they support the brand essence, promise and personality?
- *Recruitment:* are you hiring people whose beliefs, values and personality reinforce the brand's essence, promise and personality?
- *Internal communication:* is it being used to communicate brand positioning, strategies and priorities?
- *Training and development:* are they being used to increase staff understanding about brand positioning, strategies and priorities?
- *Performance objectives:* do these include brand objectives?
- *Rewards and recognition:* do you recognize people who have furthered brand goals and compensate them for achieving brand objectives?
- *Performance appraisals:* do you provide feedback on how groups and individuals are delivering against the brand promise?
- *Product and services:* do they deliver against the brand promise?
- *Operations, systems and logistics:* do they support the delivery of the brand promise?

* SOURCE: BrandForward Inc.

Maintaining the Brand

Successful brands are not static. When carefully managed to respond to a changing marketplace, brands can endure and even be extended to other product areas. Several well-known global brands have maintained leadership positions they have enjoyed for decades, despite changing demographics, lifestyles, technology and economic circumstances.

Once the brand is launched, the organization must continuously commit resources to build and reinforce brand equity and customer loyalty over the long term. All facets of the organization, from customer service, to quality assurance to marketing programs, must deliver on the brand promise.

Senior management must view “brand” as an essential component of a company’s strategic plan and value. Some organizations keep brand front and centre with the support of an “executive brand council” (EBC). With representation from the various business units having a stake in brand decisions, an ECB can advise on brand management and advocate shared responsibility for the brand’s success throughout the rest of the organization.

Brand audits, customer research and other feedback channels are also pivotal in measuring how well an organization’s brand is being promoted by its business strategies. In addition, these mechanisms can apprise staff of customer satisfaction and suggest opportunities for remedial action.

Figure 2 Leading Consumer Brands

PRODUCT	LEADER 1925	LEADER 2001
Chewing Gum	Wrigley	Wrigley
Soap	Ivory	Ivory
Razors	Gillette	Gillette
Soft Drinks	Coca-Cola	Coca-Cola
Tea	Lipton	Lipton
Breakfast Cereals	Kellogg	Kellogg
Crackers	Nabisco	Nabisco
Beer	Budweiser	Budweiser

SOURCE: Peter Sealey, *Winning Loyalty in a Changing Marketplace*, presentation to Credit Union Central of British Columbia Semi-Annual Meeting, Nov. 29, 2001

ZIPPO'S LIFETIME GUARANTEE*

When John Hall’s engraved Zippo lighter, a gift from his brother 15 years earlier, fell into disrepair, he sent the lighter to Zippo with a note describing the damage, from dirt and scratches to a bent cover hinge. Two weeks later, Hall received his lighter back in mint condition. Not only had the identified damage been repaired, but the lighter also had its fluid and flints replenished.

Included in the package was a shiny penny encased in a silver emblem, the back of which read, “The cent never spent

to repair a Zippo product.” What Hall and other Zippo customers have discovered is that Zippo remains true to the lifetime product guarantee first made by the company’s founder 70 years earlier. The guarantee has no disclaimers. The company’s customer relations department sends a prepared packet to customers who wish to return merchandise for repairs, along with a letter that begins, “We will not only repair your Zippo Lighter without charge, we would consider it a privilege”. The

company’s technicians handle more than 131,000 lighters a year and not only repair what is broken, but will also take things a step further and proactively address other parts where repairs might be forthcoming. Zippo’s practices are a stellar example of how dependable customer service, and communicating this attitude through extra service touches, can be the foundation of an effective brand strategy.

* From Marketing News, April 1, 2002

Financial Services Branding

Historically, financial institutions operated in highly regulated environments that limited competition and consumer choice, creating little need for branding as a strategic tool. But today, with deregulation and technological advancements, it is increasingly difficult for any financial institution to sustain advantages in product, cost or distribution due to intensified competition and the shift of pricing power to consumers. Banks and credit unions now recognize the need to differentiate themselves through presenting a compelling brand proposition.

For most people, financial products trigger much lower emotional response than, say, automobiles, travel or fashion. Thus, financial services marketers face extra hurdles in

generating the level of customer involvement necessary to establish a winning brand.

However, the way customers use financial institutions – i.e., frequent interactions from simple (bill payments) to complex (estate planning) and ease of access to multiple channels and products – lends itself to branding based on customer experience. This is in contrast to approaches based on image appeal (Lexus, Tommy Hilfiger) or those communicating product-based benefits (Maytag, Tide). In short, financial service providers can, and must, strike an emotional chord with customers to stand apart in the marketplace.

Non-traditional competitors broaden their brands

Competitors with brands that have been established in other consumer industries are beginning to extend their brand power into financial services.

President's Choice Financial (PCF), established as a partnership between Loblaw and CIBC in 1998, has taken the very successful President's Choice grocery brand to the banking sector. Free online banking, and products with names like the "unbeatable, eatable mortgage" strongly connect the PCF brand to the parent grocery brand and highlight the point-rewards customers can earn toward groceries.

Other retailers, including **Sears Canada** and **Canadian Tire**, are seeking to add banking operations to enhance their profitable credit card businesses. With well-established retail networks and brand names, could mortgages and chequing accounts from these companies be far behind? A Fijitsu-ICL survey, found that Americans were interested in banking with non-banks possessing strong brands including Microsoft (36%), Coca-Cola (28%) and Disney (28%).

Credit Union Branding: *Blending Individual & Common Identity*

North Shore Credit Union is a good example of an institution aggressively bringing its brand to market. Despite operating in its community for more than six decades, NSCU management was concerned that consumers – including members – were not fully aware of what the credit union had to offer. When research uncovered many misconceptions about NSCU's capabilities, the credit union set out to correct those perceptions and strengthen its position with a new branding strategy. Launched in March 2003, the new brand advertising campaign features visuals that reflect the North Shore region's distinctive natural assets, plus a tagline – Thinking OUTSIDE the bank – that research shows effectively captures the essence of North Shore's intended message.

The goal is to brand the credit union as a full service, progressive organization, leveraging the best aspects of technology and personal service to meet member needs on a lifelong basis.

Building the brand internally is vitally important. This is no ordinary marketing campaign taking place at North Shore; rather, led by senior management, commitment to the brand is seen as a way of doing business throughout the organization. North Shore staff has been active in

developing the new brand position, from the early brand research to interpreting how they can personally 'live' the brand in their daily activities. NSCU uses its Intranet presence, in particular, to raise awareness of its brand by coordinating site aesthetics to the brand campaign's creative, and by delivering educational messages on the importance of branding to the credit union's future

Mergers: When Brands Come Together

Merger and acquisition activity – a credit union "constant" in recent years – brings the branding question front and centre. Should a merged entity adopt the brand of one of its legacy businesses? Or, should it create a completely new identity?

In all cases, the factors that need investigating before determining a brand position include *relevance, image and legal considerations*.

Relevance measures the flexibility or constraints of one brand versus the other. Is one brand more relevant given the combined entities' new trading area, business vision, or customer profile?

Image reflects the values the brand communicates about the organization. Does the message convey an impression

WORLD'S MOST VALUABLE BRANDS

To emphasize the point that financial services companies have difficulty establishing themselves as brand leaders, the following highlights the ten most valuable global brands.

Coca Cola	Nokia
Microsoft	Disney
IBM	McDonalds
GE	Marlboro
Intel	Mercedes

It is interesting to note that the most valuable global brands include soft drinks, software, fast food and cigarettes.

Not one bank made the top ten; as a matter of fact, only one (Citibank, ranked 13th) made the top 25.

SOURCE: *Business Week*, August 2003



Envision's Financial Enlightenment Kit

Envision executives were partnered with members of its marketing staff to form two-person teams – each responsible for delivering the message to employees on a branch-by-branch basis. Each team was thoroughly briefed and armed with a presentation kit that included samples of radio and newspaper advertisements and a branch binder that outlined the complete image strategy.

Envision's new tagline, "Financial Enlightenment" was introduced to staff for the first time this way. Why Financial Enlightenment? Donna Kantymir explains, "This tagline was selected because it reflects our positioning in that, like our name, it is aspirational, forward-looking, and suggests a better way. Gordon Huston, CEO of Envision Financial also states, "Our members have a relationship with Envision Financial. We listen to them, understand them and then inform and guide them with professional financial advice. In other words, as Envision members, they will be 'enlightened', both in terms of financial matters and in what it's like to have a positive relationship with a financial institution".

There were two distinctly unique pieces delivered in the branch presentations: a video of CEO Gordon Huston discovering the meaning of financial enlightenment; and a poster of Huston that all branch employees were required to fingerprint and sign, professing their commitment to providing members with financial enlightenment. The latter was a humorous and interactive way of building staff enthusiasm.

Each staff member also received a "Financial Enlightenment Kit," which included a customized flashlight, blue meditation stone, a tin of "enlightenmints" and the story of financial enlightenment told in a very humorous way.

All branch visits were conducted within ten days and were completed one week before the launch of the campaign to the public.

Envision's approach would get the thumbs-up from leading authorities on branding. "Imposing a brand culture

on an organization's staff simply doesn't work," states Allan Steinmetz, CEO of Inward Strategic Consulting. He adds that employing non-threatening and fun tools to educate staff and having the CEO participate makes the process itself enlightening. After all, "the best sponsor for an internal culture is the CEO."

What's in a Name

By weaving the brand messages into employees' everyday experiences, managers can ensure that positive brand behaviour becomes instinctive.

– COLIN MITCHELL, *Harvard Business Review*

Conexus Credit Union, with over 80,000 members and \$1.1 billion in assets, was created in January 2003 through the merger of Saskatchewan's largest credit union, Sherwood, with four others in the south-central area – Assiniboia, Bethune, Chamberlain and Moose Jaw. The word Conexus, Latin for "come together" or "join," fulfilled the credit union's need for a name that would be practical in appealing to a diverse membership base, representing markets from urban Regina to the province's numerous agricultural communities.

During member research on a short-list of potential names, "Conexus" was enthusiastically received by young and old alike, and was chosen to help impart the credit union's core values of security, prosperity and community. The community aspect of the brand message is increasingly important as the chartered banks continue to close branches in rural communities, the most recent being 17 CIBC locations.

To date, Conexus has emphasized "image" versus "product" in its advertising campaign, with creative that celebrates the breadth of the credit union's demographics. Employee input has been encouraged throughout the launch of the new brand, from organizing special evenings where staff has opportunities to consult with management, to Q & A forums in internal newsletters, and conducting ongoing staff surveys.

Rather than create a totally new identity, **Westminster Savings Credit Union** sought to harmonize the brand equity of Westminster Savings with that of Maple Ridge Community Credit Union when the two organizations merged in 1997. Research showed that, in addition to the fact that a relatively high percentage of local residents belonged to MRCCU, it also enjoyed high awareness among non-members. Concurrently, Westminster Savings understood the importance of promoting the larger branch network that the merger delivered. The solution was the creation of "Maple Ridge Community Savings," as a division of Westminster Savings Credit Union. The former MRCCU operation was given a new look, which preserved elements of its former identity, but incorporated the colours and logo of the WSCU parent. Unlike today when

member awareness and acceptance of credit union mergers is common, in 1997, the WSCU-MRCCU merger was the largest undertaken in the province in many years. Thus, it was seen as a new phenomenon by staff and members alike, making the task of managing the merger integration especially challenging. In that environment, identifying

Maple Ridge Community Savings as a local division served the credit union's interests well. However, Westminster Savings is conscious of the trend toward credit union consolidation encompassing wider geographic areas and the potential impact this will have on the evolution of its branding strategy.

Do Names Really Matter?

POINT — IT'S ALL IN THE NAME

The name is fundamentally important to a brand. One could argue that it is the most important feature: It can position the brand; it can support the identity; it can instantly tell you what the brand does or create an association in the buyer's mind; it can extend, or hinder expansion. Further, naming architecture or naming schemes are entirely dependent on the strategy behind the name. The name means everything.

COUNTER POINT — IT'S ALL THE SAME

No one cares what a brand is called. Starbuck was a character in Moby Dick. How does that equate with coffee? Yahoo!, Burberry, Samsung, Nescafe, even Adidas, have all got strong identities despite the originally meaningless nature of their names. It's the positioning and the identity that builds a brand around a name and establishes loyalty. The name itself eventually becomes synonymous with the brand, not the other way around.

SOURCE: brandchannel.com

Branding & Ethics

"To a society that holds an informed view about the social impact of business, there is an expectation that societal concerns need to be reflected in the "values" of the business".

— Branding Critical marketing, February 2002

"This social contract (between a business and the public) is the set of generally accepted relationships, obligations and duties that relate to the corporate impact on the welfare of society."

— Branding Critical marketing, February 2002

For consumers who take corporate responsibility as seriously as they do the price of a service, the lack of, or presence of, corporate ethics go a long way in making a purchase decision.

What this means is that consumers expect corporations to conduct business in a manner that is acceptable to the public, even to a point where it may affect bottom line results. Companies that fail to live up to the "social contract" may find themselves the subject of protests or activism. Bad management, ignorance or even alleged criminal activity may lead to such consequences.

How can credit unions avoid the possibility of upsetting members and society in general? A published code of ethics is a good place to start. This document should specify the organization's corporate values and go far beyond a simple code of conduct or list of philanthropic initiatives. While the latter two resources are still important, they do not define the framework under which a company operates, nor do they give employees solid knowledge of corporate values

to fall back on in times of uncertainty. A code of ethics can be "embedded into the daily experience of the business and management activities." (Source: Branding Critical marketing, February 2002.)

Consider the case of Enron, which was donating funds to schools and winning environmental awards at the same time corruption and human rights abuses were occurring. It may be true that certain employees simply don't care if they break corporate rules or even break the law, but if there is a published code of ethics under which the business is conducted, most employees will be fully aware of what is right or wrong and will respond appropriately to an uncertain situation. Day-to-day decisions are not always cut and dried and the ability to consult a code of ethics or manager who is responsible for corporate ethics and values may save a company embarrassment or costly legal bills in the future.

Is ethics part of your credit unions strategic planning process? Why wait for the public to dictate a set of values for your organization? Marketing should take the lead role and set the ground rules of ethical conduct and social responsibility. For example, Ericsson Mobile Communications took a very clear ethical position when it expressed its desire to be a "socially responsible global business and put corporate citizenship at the heart of its brand."

Using activities called "Living the brand" the company exposed employees to a series of initiatives that taught staff they could not only fulfill their corporate aspirations

but, through their work, they could also contribute to the communities they serve.

Measuring the success of ethical behaviour is difficult but it is reasonable to assume the public favours ethical behaviour. Conducting social audits and holding focus groups where the public is asked pointed questions will determine if the organization is living up to the “social contract” and stated code of ethics.

New branch reflects VanCity's community focus

Walk in to **Vancouver City Savings'** new Lynn Creek Branch in North Vancouver and you are immediately captivated by the culture and spirit of the North Shore portrayed by the interior design.

The branch's wilderness theme, inspired by the region's indigenous culture, attempts to express a unique banking experience for VanCity members. It reflects VanCity's brand as a financial institution built in consultation with members and the community.

“Based on extensive member research our approach at Lynn Creek was not by accident,” explains Patricia Chong, VanCity's Manager, Marketing Communications. “From a branding perspective we made a conscious effort to reflect the culture and environment of the North Shore.”

With 40 branches, VanCity has built a reputation for being a strong community supporter over the past 57 years. The new branch is the latest example to enhance VanCity's community reputation.

“Lynn Creek was designed to reflect the community with a distinct wilderness design including a rock wall, trees, an



abundance of natural light, a recycled lumber floor and an original 23-foot totem pole,” says Bruce Ralston, Chair of VanCity's Board of Directors.

VanCity commissioned David Neel, a well-known North Shore native artist, to create the totem pole. Its design was based on the legend of the Thunderbird and the Grizzly. And according to Ralston, “This resonates with VanCity's core values and our purpose, which is to help communities thrive and prosper.”

These words are an inspiration to Patricia Chong and the rest of VanCity's marketing team. “It certainly makes for a very strong brand when your corporate values are so clearly defined and embraced by the organization,” she says.

Figure 3 What Matters Most

What factors do British Columbians care about in rating the province's most respected companies?

(% of those rating the factor an 8, 9 or 10 where 10 means very important and 1 means not important.)

Quality of service provided customers	80	How much the company invests in BC	60
How company treats employees	73	How well the company is managed	59
Environmental practices	66	Credibility of company's statements	52
Whether company tries to do the right thing in decisions/actions	65	Contributions made to worthwhile causes/activities in BC	45
How well company listens to public concerns	64		

SOURCE: Ipsos-Reid, 2001

BRANDING COSTS

The rollout of a new image campaign or re-branding strategy across all points of contact is a complex and costly exercise. A brand will have limited value if it is not evident on all contact points from branch signage, business cards, stationary and website. It has been estimated that the cost to change

internal signage and communication pieces could range from \$50,000 to \$100,000 or higher depending on size of credit union. This estimate is based on HSBC Canada's experience when it implemented a new national brand across all points of customer contact in 1999. These costs do not include

management and administration expenses. Phasing in changes as supplies run out could reduce costs but this leads to inconsistency and dilutes the meaning of the new image or brand.

Cooperative Brand: Inside the Province-wide Communications Program

British Columbia's Province-Wide Communications Program (PWCP) is a "cooperative brand" initiative that promotes the common values and capabilities shared by its 61 credit unions. There are major benefits in establishing a common brand position that supplements the branding efforts of individual credit unions.

- *Increased awareness of credit unions* will translate into greater acceptance as viable alternatives to banks and other competitors.
- *Referral potential* – a cooperative brand can help the system retain members who are relocating within the province or across the country.
- *New business opportunities* - tactical elements of the PWCP aim to convince potential new members to try credit unions. When the cooperative message drives new members in the door, individual credit unions can turn the brand promise into repeat business by creating their own unique customer experience, which, in turn, positively reinforces both cooperative and corporate branding.
- *Consistency in key messages* can reinforce and enhance the brand messages promoted by individual credit union brand initiatives.

While the cooperative brand can enhance the effectiveness of individual corporate branding efforts, it cannot deliver on the promise, execute a sale or create a memorable customer experience. Ultimately, each credit union must be committed to ensuring customers' expectations are met to achieve bottom line benefit.

Evolution of the Province-Wide Campaign

To keep a brand alive over the long haul, to keep it vital, you've got to do something new, something unexpected. It has to be related to the brand's core position. But every once in a while you have to strike out in a new direction, surprise the consumer, add a new dimension to the brand, and reenergize it.

– Fast Company, What Great Brands Do

BC's province-wide branding effort has gone through several iterations since its 1992 launch, with objectives evolving from improving awareness and knowledge of credit unions to encouraging consideration and ultimately trial (or re-trial in the case of lapsed members).

Tracking the success of the Province-Wide Communications Program

Advertising tracking is conducted via telephone surveys of a representative sample of the BC population every week that TV commercials are aired. This research tracks the performance of the campaign against standards set at the outset of each season to measure advertising breakthrough, awareness of credit unions, willingness to consider a credit union, and other variable communication objectives. Typically, over 50 separate measures are monitored and reported on.

Advertising breakthrough is tracked to measure the effectiveness of the commercials in breaking through the advertising clutter. This is a crucial element in any new campaign because specific communication messages will not be assimilated or acted upon unless seen by a significant

Figure 4 An Overview of BC's Province-Wide Campaign

YEARS	CREATIVE EXECUTION	FEATURES
1992–1994	Jim Smith, interviewer	Educated British Columbians and dispel myths on credit unions.
1995–2000	Nature	Used lighthearted depiction of animals to encourage British Columbians to switch to a credit union.
2001–2002	Stone Heads	Encouraged trial of credit unions by non-members and re-trial by lapsed credit union members.
present	People before profits	Emphasizes that credit unions are more than just about the money and put member interests first.

EIGHT GREAT
REASONS TO
CARE ABOUT
YOUR BRAND

- Strong brands reduce the vulnerability and volatility of cash flows making the brand a risk management tool.
- Strong brands increase differentiation in the market place, again reducing vulnerability
- Strong brands increase the probability of line extensions being successful
- Strong brands create greater loyalty
- Strong brands increase the efficiencies in marketing spending by spreading the fixed costs over greater volume
- Strong brands increase the likelihood of increasing successful coop or strategic alliance opportunities
- Strong brands limit damage and hasten recovery during crises.
- Strong brands enable higher price premiums

SOURCE: Brands Matter: An Empirical Investigation of Brand-building Activities and the Creation of Shareholder Value, 2002, by T.J. Madden, F. Fehle and S.M. Fournier.

proportion of the target audience. When it is established that viewers are aware of the ads, the next important measure in this category is to determine the strength of the brand link. This refers to the percentage of people who have seen the commercial(s) and can correctly recall the sponsor.

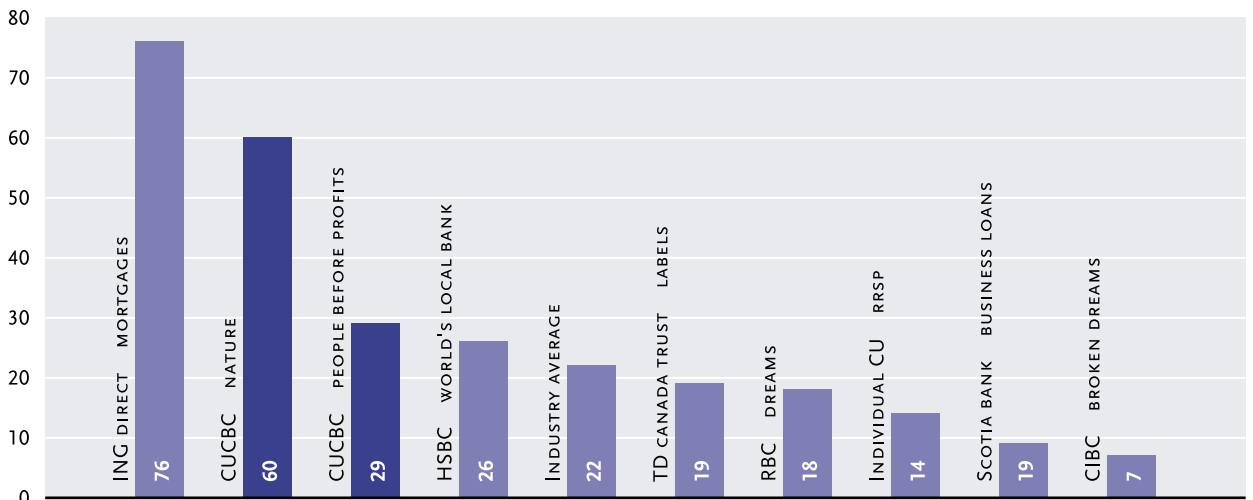
Figure 5 shows the brand link achieved by the new People Before Profits campaign during the first five months of TV advertising in 2003. Brand link recognition of 29 percent is compared to results of other financial services campaigns in B.C., including the PWCP's previous Nature series. The average brand link across the entire financial services industry in B.C. over recent years is 22 percent.

The statistics shown in the table indicate peak performance and, for many of these advertisers, represent

several years of advertising and many millions in media spending. It is interesting to note that the two most successful campaigns to date in B.C., ING and Nature, are also the two that received the least investment in terms of media dollars. These campaigns achieved their results with a consistent message over many seasons, creative that was sufficiently distinct from competitors' advertising to "break through" and be noticed, and – in the case of ING – a unique service proposition.

With a strong position reached in only the first five months of advertising, it is hoped that the People Before Profits campaign will follow its predecessor to increased brand link performance once it has had more exposure.

Figure 5 Brand Link Among Seen Ad



BIBLIOGRAPHY

The Corporate Information Centre maintains a comprehensive business library and archives of legal, periodical and newspaper collections with access to many commercial databases and subject files, including the sources of information provided within this issue. Contact: Diane Walker at 604 737 5971 or dwalker@cucbc.com for further information regarding the services of the Centre.

All analysis and research was undertaken by the Marketing and Research Department in partnership with John Trogrlich of Clear Marketing. If you require additional information regarding the contents of this issue of *Market Smarts*, please contact Maria Doyle at 604 730 6455 or mdoyle@cucbc.com.

Market Smarts is produced by the Marketing and Research Department, Credit Union Central BC 1441 Creekside Drive, Vancouver, BC, V6J 4S7. Please direct any questions or comments regarding this issue, including requests for additional copies to the Marketing & Research Department 604 730 6451.

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Summary

Credit unions are facing a competitive reality in which brand is becoming essential to positioning for a profitable future. A dominant brand can solidify customer loyalty, create marketing efficiency and deflect attention from price. These are critically important advantages for financial institutions facing shrinking margins and product commoditization as a result of deregulation and technological advances like the Internet. Non-traditional competitors such as ING Direct and President's Choice Financial have introduced creative brand propositions to the market, enticing consumers and opening the door to other non-banking organizations with strong brand equity to consider extending those brands to financial services. Consequently, credit union competitors of tomorrow might look drastically different than those they face today. Credit unions themselves are evolving quickly, particularly in response to the consolidation trend that has gained momentum in the last decade, which, in turn, presents new

challenges in creating and maintaining brand positions.

Brand is pervasive, extending beyond a simple name or logo, to all aspects of an enterprise. Thus, it is essential that not only external marketing to customers and prospects be effective, but that the organization's human resources and operation systems be aligned to optimally serve the customer and support the brand promise. Viewing brand as a long term, strategic component of a company's vision and gaining commitment from the boardroom to the mailroom are critical to seeing a brand investment pay off. For BC's credit unions, individual branding is also supported by the Province-Wide Communications Program, a cooperative branding initiative that promotes the system's common capabilities and values.

In an ever-changing financial service industry, credit unions must not overlook the opportunities that branding offers to improve bottom-line performance – today and tomorrow.