

Time for a Marketing Audit?

by Charles B. Wendel

The activities of many bank Marketing groups have changed substantially in recent years, particularly with the increased emphasis on all things digital. As banks continue to focus on operating expenses, Marketing activities and the group's seemingly ever-growing organization merit analysis and, in many cases, restructuring.

During the last century, many Marketing areas concentrated on a few "soft" areas. This included developing slick product materials, leading product management bank wide, creating a unified brand image, working with ad firms, setting up both internal and customer-oriented events. But late in the last century I remember moderating a group of bank Marketing heads attended by Wells Fargo. When it came his turn to speak during the roundtable, he discussed the role his group placed in providing detailed analytics on present and expected customer needs, how well the bank was delivering on the needs, and highlighting the gaps that the bank needed to close. Those activities may be the norm for Marketing groups today, but not then.

Back then, and to this day at some banks, line of business leaders dismiss Marketing as being out of touch with market realities and failing to understand client needs. For example, our experience indicates that product management groups can introduce products faster than the ability of the line and customers to absorb them, resulting in confusing product proliferation.

But today with the increased focus on areas like data analytics, digitalization, and AI, understandably, Marketing has taken on a broader role, becoming a center for knowledge about these and related areas and a critical influencer on corporate policies. This group should possess the time and expertise (economy of focus) required to assess and recommend priorities for bank investment and action. That's the good news.

The bad news is that we see some Marketing groups operating in a self-created environment that is too closed off from the legacy bank. To bring in new approaches and enhance current activities, banks have hired new staff from bigger banks and/or from outside the banking world. In most cases that was a necessary and smart move. But in some instances, these new hires join with some preconceived notions. Without saying it directly their actions and attitudes imply a sense of superiority and condescension toward the bankers who have shepherded their institutions to past success. In these cases, it seems as if see bankers as a support group to them rather than the opposite.

As senior management increases its reliance on Marketing with its growing budget requests, now is the time to step back and review this group's performance and, in some case, redirect its activities. While each bank needs to tailor an approach, some steps include:

1. **Collect the fact base.** What is your bank's Marketing focus? How much is being spent on various activities? What have been recent trends? Which businesses are being allocated expenses and for what? These numbers should be readily available. If not, the bank has a huge issue.

2. **Return on investment.** Does the Marketing group provide senior management with an ROI for dollars spent? Does the CFO with the input of the line review and agree with the ROI? If ROIs are vague or nonexistent, they need to be developed.
3. **Organizational streamlining?** Does staff overlap exist and can be eliminated? Should some activities be shifted to the line, e.g., product management? Is the bank relying on third part providers to the extent it should?
4. **Culture.** Is Marketing sufficiently coordinating with key stakeholders such as IT and the line? In a sense, the line heads are Marketing's customers Are they satisfied customers? How can any cultural friction be resolved?
5. **Retrofitting.** What changes in focus, approach, or other areas should the Marketing group make to better meet the bank's future needs within ongoing budget constraints?

The above only hint at the complex issues that management should assess. Going forward, Marketing's importance will increase. Senior management needs to make certain that the bank is receiving maximum value per dollar spent.