How bank brands have had to adapt ad strategies post-credit crunch

Humorous, rival-knocking ads to combat boredom are now inappropriate, so financial brands need to find real differentiation, says **Graham Fowles** WCRS

IN MOST PRODUCT CATEGORIES, brands are generally pretty keen to represent their own products or services in advertising. Apple, for one, seems set on demonstrating its wares in creative work. Even at the more functional end of the IT category, Dell is also keen to get its product in front of consumers.

However, in financial services, the rules are different. Before the credit crunch, a high proportion of UK-based financial services providers were happier to tell people what they weren't like and what they didn't do, rather than produce creative work that simply presented their products or themselves.

This approach, which can be thought of as a form of 'straw man knocking' copy, allowed clients and their agencies to produce distinctive and often highly amusing creative work. However, as consumers became increasingly concerned about financial risk, this approach seemed flippant and highly inappropriate. Consequently, all these campaigns have been pulled following the credit crisis, to be replaced with fundamentally different work.

Meanwhile, those financial brands that have resisted the temptation to develop comparative campaigns are arguably better placed to weather the current downturn because they have been able to offer consumers a consistent, coherent reason to consider them.

Examples of UK-based brands that have successfully maintained continuity throughout the past two years include Lloyds TSB, HSBC and Abbey. The Lloyds TSB work, 'For the journey', has sought to position the bank as a lifelong partner, using a distinctive creative vehicle which accommodates tactical messages. HSBC has positioned itself as The world's local bank', promising the customer a level of worldly expertise and local attention that won't be found elsewhere. Abbey has offered customers 'More ideas for your money', putting the focus squarely on the range of products offered by the brand.

The creative work in this sector clearly demonstrates a trade-off decision between short-term communications cut-through and longer term consistency of messaging. The communication strategies in the

Lloyds TSB's 'For the journey' ad rejects comparative advertising in favour of seeking to position the bank as a lifelong partner

category that simply focused on telling the consumer what a brand stood for have proved less vulnerable to changes in the broader environment. The straw man knocking copy approach, however, is necessarily more complex and the client has to consider more variables: for example, consumer confidence becomes important, as does the performance of the brand relative to its competitors. When brands pursue a strategy based on generating humour from the behaviour of their competitors, there's more to go wrong.

What is it about the financial services category that often encourages clients and their agencies to conclude that a comparative strategy is likely to be the most effective? There are three main factors: i) it's a low interest category; 2) differentiation is very difficult within the category; and 3) the pricing models employed by most players seem inequitable.

Low interest

It's often argued that the financial services sector is the archetypal low-interest category. Consumers like choosing new cars, sofas and kitchens, and they love choosing holidays, ice cream and chocolates. But they get less excited about ISAs, credit cards or changing their current account. This stuff is boring, and a bit of a chore.

Consequently, in communications, it is difficult to command the attention of an audience. In the UK, the Millward Brown Awareness Index average score for financial advertising consistently under-performs the overall broadcast average. This cannot be just a statistical anomaly: it either means that making effective finan-

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rial services advertising is more difficult than in other categories, or that consumers tend to switch off when confronted by sales messages that they are relatively less interested in. Comparative advertising is a tool to combat this problem, in that it allows for robust humour in creative work, which would be difficult or impossible to achieve if the focus of the messaging was on the client's brand itself.

The humour in the Nationwide campaign, featuring the comedian Mark Benton, comes from the portrayal of a rival brand's cynical employee. In turn, this use of humour serves to help capture the attention of the consumer.

Yet, the volumes of traffic to the various transactional price comparison sites demonstrate that consumers are often prepared to pay some attention to the category and invest some of their time if they think it will result in them finding a better deal. So, we can't ascribe the temptation to make comparative communications solely to a lack of consumer interest.

Post-credit crunch TV ads for NatWest portray the bank's staff as helpful, down-to-earth people

Problem of differentiation

Differentiation is particularly difficult to achieve in financial services. All financially prudent players share a broadly similar cost of capital, so financial service providers have very little room for manoeuvre in terms of fundamental pricing. Additionally, the quality of service offered provides a major dilemma for brands in the sector, given that the pressure of competition incentivises organisations to drive down costs. Given the twin pressures of a lack of opportunity to develop a competitive price advantage and the requirement to service a client base as cost-effectively as possible, perhaps it shouldn't be surprising that many brands find it easier to dramatise the shortcomings of their competitors than to focus on the often slender advantages they may hold in a given area.

Pricing models

The category is further complicated by the vagaries of pricing strategies employed, which give brands more sticks with which to beat each other.

One of the most paradoxical traits of the financial services sector is that promiscuous consumer behaviour tends to be rewarded, while loyalty is effectively penalised. Given the difficulty of establishing a differentiated position in the category, the default strategy of most suppliers is to incentivise brand switching by offering discounts or bonuses for an initial period when a product is taken out. •

Typical acquisition strategies include offering new customers discounted insurance for the first year, offering savers rates that exceed the base rate for a period of time, or targeting credit card users with interest-free periods. The inevitable result is that the front book of most providers is composed of the more fickle, less profitable customers, while the back book is where the margins are, sustained by more loyal, more profitable consumers. New business strategies are essentially predicated on recruiting new customers with relatively short term offers and then attempting to retain a proportion of them once they have been migrated to a viable, long-term, profitable price point.

The consequence of these idiosyncrasies is that it is very simple to criticise competitors (for not offering existing customers the best rates, or for having customer services based in overseas call centres), but it is more difficult to bring a

Nationwide's previous series of TV ads, featuring comedian Mark Benton as the archetypal bad bank manager, typified the pre-recession trend for highlighting the shortcomings of unnamed competitiors

unique (and profitable) differentiated product to market. The model for much advertising before the credit crunch essentially employed a form of distraction: the bulk of an ad would set up a problem, generally featuring an unnamed competitor, and then a product attribute or element of service from the advertising brand would be introduced as the solution.

UK financial services advertising

We can usefully employ transactional analysis (TA) as a model for classifying different trends in UK financial services advertising. Before the deregulation of the UK banking sector, and while the' local branch was still the dominant channel, consumers held a very different relationship with their bank than they do today.

For example, loans and overdrafts were things that might be granted, not something that providers would brazenly compete for. In TA terms, this quite asymmetric relationship between the banker and the customer was reflected in advertising that could be classified as 'parent to child'. Banks spoke with gravitas, in a voice of authority to the customer, who would appreciate the level of control (and possibly restraint) that the bank would exercise over them.

The late 198os and early 199os ushered in a new era of financial services advertising, with two campaigns sharing a very similar structure. The Alliance & Leicester work that ran during this period starred Stephen Fry as a vain, upper-class buffoon who banked with the fictional firm Sproggett & Sylvester. The Barclaycard campaign of the early 199os, starring Rowan Atkinson as an inept secret service agent and non-user of Barclaycard, employed a similar structure, in which the creative teams posed the question: 'What would a consumer who rejected this great brand look like?'

The brands in question, by taking a playful approach to the category, abandoned the long-held parent voice and adopted the voice of the child. Arguably, the customer then assumed the role of adult in the transaction. In the Barclaycard executions, while Atkinson was clearly the star, consumers were being asked to identify with the character of his assistant, Bough - the straight man and adult, whose role was to cover for his boss (and use Barclaycard).

Both the Alliance & Leicester and Barclaycard campaigns were successful and popular with the public, paving the way for financial brands to experiment further, moving from the dramatisation of the non-customer to the dramatisation of the competitor.

Between 2005 and 2008, there were three campaigns on air in the UK that focused on competitors, rather than themselves. Nationwide focused on the iniquities of front-book/back-book pricing, NatWest created the fictional 'bank A', which specialised in poor customer service, and Capital One railed against suppliers of credit cards that could not match their introductory rates or fraud protection measures. Much of this work was both funny and popular with consumers, and while the economy was bubbling along nicely, was an effective way to present both product and service messages. Again, the use of humour and the implicit acknowledgement that the consumer had a choice of suppliers

would allow us to classify this work as 'child to adult'.

Another mode of transaction emerged over the same period, which could be classified as 'child to child' communication. Brands such as Egg and Mint were launched into a world where credit was readily available and where the emergence of internet and telephone banking had left many younger consumers thinking that branch networks were redundant. Consequently, the 'adult to child' transactional mode seemed a world away and quite outdated. Finance was actually pretty straightforward and it wasn't something that people had to take too seriously. One Mint execution, involving a potential customer dangling trouser-less outside an office block, was tonally light years away from any financial advertising that was aired in the 197os or 198os.

Perhaps a prolonged period of relatively benign economic growth, combined with relatively stable inflation and interest rates, had led advertisers and their agencies to experiment with modes of communication which, while enabling heightened levels of cut-through and engagement, were quite inappropriate when consumers became concerned about the security of their money.

Ultimately, the financial decisions we make and the financial products we choose are important, life-changing decisions. Buying cars and houses, managing debt, building savings and planning for retirement are some of the big issues that we all face.

In TA terms, the only mode of communication that can both demonstrate responsibility on the part of the provider, equally acknowledge the responsibility of the consumer, and is appropriate regardless of the economic environment, is 'adult to adult'. Brands that pursued this approach, such as Lloyds TSB, HSBC and Abbey, were able to maintain a consistency of messaging both before and during the economic downturn.

NatWest and Nationwide, meanwhile, have both felt the need to adapt the mode of their communications significantly. Gone are the dramatisations of incompetent or uncaring competitors, to be replaced by humble, down-to-earth executions that talk about issues such as the quality

Abbey's 'Super Squirrel' is part of a consistent and long-running theme in its advertising

of staff or sound funding. This seems like an appropriate response from both brands to the current economic environment, but must, to a certain extent, leave consumers confused about each institution's core brand values.

The post-crunch future

Now, in 2009, it's not clear that the credit crunch has fundamentally changed the way in which financial services brands operate. The lack of liquidity in the global financial service markets certainly resulted in tighter lending criteria to individuals, and many brands consequently reined in their advertising budgets.

However, there has not been a stampede of consumers deserting the established players. The most obvious impact, so far, has been the extent to which the brands have become more conscious of how they are perceived. Now is clearly not the time to be jovially taking pot shots at the competition; a little humility and self-restraint is required.

The most obvious indication of the sector's need to rethink the way it presents itself to the public is the new NatWest work. Before the credit crunch, the 'Bank A' campaign was dramatising the brand's competitors as both cynical and complacent, while the brand's 2009 work focuses solely on the bank's own staff. They are presented as down-to-earth, helpful, ordinary people. The change in the tonality of the work is striking.

It remains to be seen whether economic recovery will lead to a resurgence of humorous comparative advertising in the category. The pressure and temptation to do so is unlikely to dissipate. Doubtless, financial services are set to remain of lower interest to consumers than other product categories. Differentiation will remain difficult, and as long as brands compete hard for new business, the inherent inequities of the typical pricing models will remain.

One positive consequence of the credit crunch may well be that marketing teams are empowered to demand better and more differentiated things to talk about from the product teams within the organisation. The comparative advertising approach is often adopted when the simpler alternative communication strategy looks weak. So, if a brand does not have a clear and obvious consumer benefit to offer, the strategy of comparing the best element of your business with the worst of a competitor (your introductory offer versus their ongoing price), begins to look attractive.

Effectively, the organisation has passed the business problem straight to the advertising agency, rather than trying to develop a more holistic solution. If brands remain nervous about adopting the comparative approach again, that can only be a good thing for consumers because it will force brands to develop products and services that are good enough to be simply presented to consumers in the first place.

In the long run, if a brand is to be successful, it needs to stand for something - to offer consumers a clear promise. Consistency is paramount if consumers are going to be able to readily articulate what a brand stands for. And it is certainly simpler and less risky to achieve this by telling consumers what you are, rather than what you are not.

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