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Looking Beyond Survival, Courting Growth Thru Ads

Wall Street may or may not be helping Main Street, but it is funneling money to another iconic address: Madison Avenue.

Some of the country's largest banks are ramping up spending on marketing after sharply scaling back advertising and other promotional expenses in the past year. The rebound shows how some lenders are shifting their attention from stanching losses to boosting earnings as the recession eases.

"We saw companies cutting back big time, given the financial crisis of a year ago," said Rich Weissman, the president and chief executive of DMA, a financial services marketing consultant in Portland, Ore. "When you're out of the survival mode, and you're now back into thinking about long-term sustainability, you come back to the marketing table and ask yourself: What kind of things should we now be doing?"

The bank units of JPMorgan Chase & Co., Wells Fargo & Co. and U.S. Bancorp reported some of the sharpest increases in marketing expenses in the quarter. Those three, among the healthier banking firms in the country, want to steal business from struggling rivals by peddling new products, such as credit cards with generous rewards, and business-friendly checking accounts. They are also spending more to rebrand branches and run ads in new markets following some high-profile acquisitions.

"What you're seeing is huge marketing spend by Chase integrating [Washington Mutual], and Wells Fargo integrating Wachovia," said Bart Narter, senior vice president in the banking group of Celent, part of Oliver Wyman Group, a unit of Marsh & McLennan Cos. "They've spent a lot of marketing dollars saying: 'Your bank is all right. Please come back to us.' I'm here in California where Chase is spending gobs and gobs of money."

The biggest banks are leading the marketing rebound. But some smaller outfits on less-sound financial footing, such as Huntington Bancshares Inc., are spending more, too. They see a chance to draw attention while rivals pull back on advertising.

"We are trying to grow our loan books and our deposit books," Stephen Steinour, the chief executive of Huntington, in Columbus, Ohio, said in an interview last month. "We view marketing as an investment. I believe there is great value in marketing."

Huntington was one of 29 of the 70 U.S. commercial banks with assets of at least \$10 billion that reported higher marketing expenses in the third quarter. The group spent \$2.12 billion, up 10% from the prior quarter yet down nearly 16% from a year earlier, according to SNL Financial. The data was culled from third-quarter call reports filed with the Federal Deposit Insurance Corp.

Banks' marketing costs fluctuate throughout the year, but industry experts say the bounce in the recent quarter is not seasonal.

That reaction was evident in the first quarter, when the 70 banks tracked by SNL cut marketing spending by 33% - or nearly \$1 billion - to \$2.02 billion. The deepest cuts were at subsidiaries with the most troubled parents, like Citigroup Inc., and Bank of America Corp. Players with huge credit card businesses like Capital One Financial Corp.'s Capital One Bank also retrenched heavily, given how dismal cards have been for the industry this year.

U.S. Bancorp, for one, has viewed the financial meltdown as an opportunity to raise its profile around the country, according to Jenny Powell, director of corporate marketing for the \$265.6 billion-asset company.

Its banking arm spent \$105 million in the third quarter on marketing, up 64% from the prior quarter and more than double from a year earlier.

U.S. Bancorp has increased its marketing budget in the past year to raise its brand awareness outside of the 24 states where it does most of its retail business, Powell said. In the past year it ran its first national television ads, on NBC, and placed more spots in mainstream publications like *The New York Times*.