

# Where Should Your Deposit Marketing Efforts Be Focused In 2018?

*A preview of a Report on Deposit Marketing Trends to be presented by the noted research firm Raddon at the Fall New England Financial Marketing Association Conference.*

**W**orking in the banking industry it seems obvious that rates have been going up. That insight is not nearly so obvious to consumers and the absence of that perception needs to figure into your marketing. In a study conducted by Raddon, only 10% of consumers perceived that rates had already gone up. That's a kick in the teeth to bankers who have been feeling the pain of increased cost of funds, but an important insight to marketers charged with finding deposits.

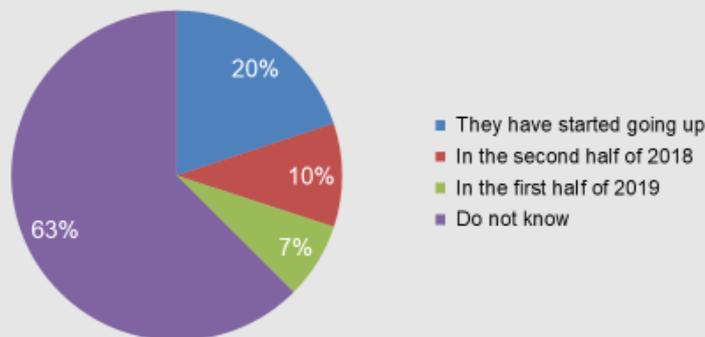
Here's the problem. The public is so far unimpressed by the magnitude of our rate offers. Raddon's research shows that while customers will shift their dollars around accounts in your insti-

tution for a small increase, it takes 3% extra to make them pack up and move their dollars elsewhere. The story is a little better among high balance customers—they'll change shops for 2.5%. Most promotions today don't approach that level of change.

That's where the marketing rub lies. Even if you are successful in bringing in dollars to your latest CD campaign, there's a good possibility that you're just shifting current customer dollars around without making a big dent on new to bank money. What's worse, in doing so, you may be producing increases in cost of funds that are significant to you without impressing the new customer.

## Consumers Lack Awareness of Rising Rates

When Do You Think Deposit Rates Will Start Increasing?



Source: Raddon Research Insights, 2018



2018 Fall Conference

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So, pending larger changes in interest rates, what are we to do? Raddon suggests looking at the way you are positioning your marketing and sales promotions. Too often they see one size fits all advertising for savings products that ignores the target—financial institutions are defining themselves by rate alone. Baby Boomers and Millennials have very different uses for their savings and they need to be addressed that way. And while they aren't a substitute for rates, special access features that enhance the flexibility of a savings product can help

FIs compete in a flat to low rate market.

Here's another reason to sharpen your savings messaging pencil. Those pesky online-only banks that have operated at the periphery for years now are starting to come center stage. Fully 21% of high balance customers currently use an online bank, while the percentage of high balance customers that would never consider an online bank is down to 51% - half the market. Every retail deposit manager needs to start putting heavier focus on the products, tactics and promotions of online competitors. ■

## High Balance Households More Likely to Use Internet-Only Savings Account

